

BLUEPRINT OF A SUCCESSFUL REIT

REITs Are Having a Moment

As REIT stocks climb, they offer investors the benefits of real estate investment with the ease and advantages of publicly traded stock. It is an exciting time for REITs: the office, industrial and retail space sectors are poised for growth and recent tax changes are sure to draw more REIT investors. This is a prime moment for REITs to operate optimally, use time wisely, and employ best practices to be successful.

For each role in the REIT organization, there are key outcomes to deliver and challenges to address. It's important to have experienced partners to turn to for guidance.



Tax

Deliver:

- > Pay out at least 90% of incomes to unitholders

Challenges:

- > 75% + of assets must be related to real property; judged quarterly
- > Majority of income and assets must derive from real estate sources
- > 100+ shareholders for 335 days of each tax year
- > 5 or fewer holders cannot own more than 50% of outstanding stock



Property Management

Deliver:

- > Property level savings
- > Increasing asset value
- > Improved net operating income (NOI)

Challenges:

- > Operation expense
- > Property liability
- > Meeting SSAE 16 compliance



General Legal

Deliver:

- > Entity management to ensure compliance and good governance
- > Business license management
- > LEI application and renewal services

Challenges:

- > Increasing regulatory demands
- > Complex compliance obligations
- > Rapid transmission of digital corporate data



Org Charts

Accurately tracking documents, ownership, and structure—and linking that back to the property—is crucial for REITs. An expert partner can help maintain current, accurate org charts:

- > **Ownership charts** from the parent entity down that show the macro view
- > **Sub-charts** by country, business division, or entity type can be useful

Key Stakeholders for Org Charts:

- > Corporate Secretary
- > General Counsel
- > Finance Department
- > Tax Department
- > External Auditors

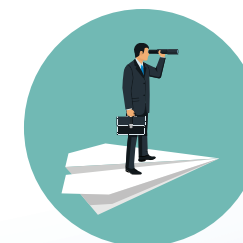
Finance & M&A

Deliver:

- > Industry- and jurisdiction-specific real estate due diligence
- > Spin-offs for rapid growth
- > Solvent SPV/SPEs
- > All post-acquisition tasks

Challenges:

- > Poor record keeping and governance
- > Engrained internal policies
- > Large amounts of data to be shared between entities



WHAT'S AT STAKE



Mismanagement of a REIT doesn't just mean loss of opportunity; potential risks include:

- > Falling out of compliance
- > Deals falling through
- > Valuation impacts from regulatory penalties or breach of fiduciary
- > Inability to secure financing
- > Increased/unnecessary overhead charges
- > Credit market and capital market impacts

TYPES OF REITS

There are multiple types of REITs that can vary in legal and compliance complexity. A partner with expertise can provide support and allow you to focus on core responsibilities.

- > Retail (ex. malls)
- > Residential
- > Lodging/Resorts
- > Office buildings
- > Industrial
- > Health Care
- > Data Centers
- > Mortgage/Debt
- > Billboards

We can help you draw your blueprint for REIT success.

Contact us at 844.701.2064 (Toll-free U.S.) or visit ct.wolterskluwer.com/real-estate-investment-trusts