

INTEGRATED GLOBAL REAL ESTATE SOLUTIONS

REIT Compliance Testing & Reporting

Alter Domus' REIT services assist managers on a quarterly and annual basis with identifying, analyzing, summarizing, and documenting any issues that may jeopardize REIT qualification status for any investment vehicle and its related investors.

In order to maintain entities' REIT status, they must adhere to the regulations set out in IRC 856. Our teams review these organizational requirements to verify that:

- The REIT is managed by one or more trustees or directors
- The beneficial ownership is evidenced by transferable shares or by transferable certificates of beneficial interest
- The REIT has established a minimum of 100 shareholders

When performing REIT asset testing, our teams verify that:

- 75% of the assets are secured by real estate agents, cash and cash items, and government securities
- No more than 25% of the value of the assets are represented by non-government securities that are not otherwise treated as real estate assets (including securities of TRS)
- The REIT has no more than 10% voting power or more than 10% of the total value of outstanding securities of any one issuer

- The REIT has no more than 5% of the value of the assets represented by securities of a single issuer

When performing REIT income testing, we verify that at least 75% of the income is derived from real estate sources, and at least 95% of income is derived from passive investments such as rents, dividends, interest and capital gains rather than non-active investments.

By liaising with the REIT tax preparers as required regarding financial statement adjustments required for REIT testing, our teams can help prepare the consolidate financial statements of your REIT entity based on the underlying assets it owns. We're able to produce an adjusted balance sheet, income statement, and trial balance.

Our teams also verify annual distribution requirements. Dividends must be paid to REIT shareholders annually and must equate to 90% of REIT taxable income, and 90% of REIT net income, if any, from foreclosure property.

KEY FIGURES

26/30
LARGEST REAL ESTATE HOUSES SERVED

1,150+
REAL ESTATE PROFESSIONALS

9,650+
STRUCTURES UNDER ADMINISTRATION

450+
REAL ESTATE FUNDS

\$170bn
REAL ESTATE AUA



The parties that acknowledge and agree that the information provided by Alter Domus per the aforementioned testing is for estimation use only. Do not rely solely on this information for tax preparation purposes. Alter Domus does not provide an official opinion on REIT qualifications, nor is Alter Domus providing an opinion on or ensuring that the REIT or fund is in compliance with applicable laws and regulations, including those promulgated by the Securities and Exchange Commission.

CONTACT

Stuart Wood
Managing Director, Sales, North America
Stuart.Wood@alterDomus.com
+1 312 262 3156

Michael Dombai
Managing Director, Sales, North America
Michael.Dombai@alterDomus.com
+1 312 564 5095

Stephanie Golden
Managing Director, Sales, North America
Stephanie.Golden@alterDomus.com
+1 212 796 1684