

## REITs

Since the 1960s, created real estate investment trusts (REITs) have been a tax-advantaged way for investors to buy, sell, and invest in commercial and residential property. Andrews Kurth has been in the forefront of REIT counsel, and a number of our lawyers have served as outside general counsel or issuer's counsel with major industry players before joining the firm. We have advised some of the nation's oldest and largest REITs.

Our lawyers are skilled in the tax and operational aspects of REITs, and we are active members of the National Association of Real Estate Investment Trusts (NAREIT). We have a practical understanding of REIT business needs, problems, and concerns, and we work closely our with clients to further their success.

### Financing leaders

We are one of the most active law firms at representing the underwriters of REIT debt and equity offerings, and directly assist REITs with initial public offerings, secondary offerings, and other securities matters. We have also advised Duff & Phelps Credit Rating Co. in its role of analyzing and rating commercial mortgage securitizations offered by various REITs.

### IPO counsel

We have had particular success in helping REITs with IPOs as underwriters' counsel, issuer's counsel, and contributor counsel. IPO clients have included:

- American Health Properties (1987)
- Annaly Mortgage Management, Inc.
- Ashford Hospitality Trust (2003)
- Columbus Realty Trust (1993)
- InnVest REIT
- Patriot American Hospitality, Inc.
- Weingarten Realty Investors (1985)

### Proxy battles and other challenges

In late 2000, in response to shareholder unrest, we worked with United Investors Realty Trust (UIRT) as it engaged an investment bank and auctioned the company. The proposals received were inadequate, so additional bids were solicited. In the meantime, a major investor waged a hostile proxy fight to oust UIRT's management. We continued to represent UIRT throughout the proxy fight, which ended in a negotiated settlement with Equity One, Inc. entering into a merger agreement and ultimately acquiring UIRT.

### Operational advisors

Our lawyers advise REIT clients on everyday operating issues, helping negotiate the complicated regulations. Because REITs operate within the requirements of the Internal Revenue Code, we help clients conform to all IRS regulations on qualification and structuring of transactions to help them remain competitive with other real estate companies that don't have the same tax restrictions. Because we are NAREIT participants, we keep up-to-date on all industry developments and play a key role in shaping its continuing growth.

The snapshot of clients below shows both the range of our lawyers' activities and the strength of our long-term client relationships:

- **Allied Capital Commercial Corporation and Business Mortgage Investors, Inc.** We have acted as outside general counsel to these mortgage REITs, assisting with loan origination and purchase, loan securitizations, tax compliance, and repurchase and other debt financings.
- **Ashford Hospitality Trust**, as counsel for a \$202.5 million initial public offering in 2003.

## REITs

- **Capstead Mortgage Corporation.** We have represented this Maryland REIT since its inception in 1985, helping with five separate common and preferred stock issues (including \$400 million in merger transactions) and more than \$13 billion in mortgage-backed securities issues.
- **Public Storage, Inc.** We provided real estate, financing, and transactional advice to this California REIT (formerly Storage Equities, Inc.) on its organization and initial public offering in 1980, and we have worked with affiliated entities since their inception in 1972.
- **Weingarten Realty Investors.** After advising the predecessor of this Texas REIT for many years, we helped it convert to REIT status in 1984, were issuer's counsel on its 1985 IPO, and assisted it with many other public and private debt and equity issues (including EuroBonds).

### Practical partners

REITs are complex creations of the tax code. Our job is to help REIT clients make profitable investment transactions while meeting all the necessary tax and regulatory requirements.

*After decades of working in partnership with our clients, we have developed a "real-world" perspective on what it takes for them to succeed. Rather than dwell on the complexities of IRS rules, we give straight talk and clear advice that helps them better compete in the crowded financial marketplace.*