TABLE OF CONTENTS

CHAPTER 1

Introduction

Introduction—Real Estate Meets M&A The REIT Revolution—Background Trends REIT, UPREIT and DownREIT Basics Clashes of Culture, Custom and Deal Structures at the Crest of the Revolution [1] Cultural Differences [2] Structural Differences	1-1 1-3 1-5 1-8 1-11 1-11 1-12
CHAPTER 2	
Structural Considerations in Consensual REIT M&A Transactions	
Overview	2-2 2-3 2-3 2-7
Real Estate Operating Company Unique Structural Considerations in REIT M&A Transactions [1] Overview [2] A REIT Cannot Be Closely Held— The Five/Fifty Rule [a] Beneficial Ownership [b] Derivative Ownership	2-10 2-11 2-11 2-12 2-15 2-16
	Trends REIT, UPREIT and DownREIT Basics Clashes of Culture, Custom and Deal Structures at the Crest of the Revolution. [1] Cultural Differences. [2] Structural Differences CHAPTER 2 Structural Considerations in Consensual REIT M&A Transactions Overview Transaction Structures. [1] Conventional REIT Combinations [2] UPREIT Combinations [3] Mismatch Combinations—Combining a REIT with an UPREIT or Non-REIT Real Estate Operating Company. Unique Structural Considerations in REIT M&A Transactions [1] Overview [2] A REIT Cannot Be Closely Held— The Five/Fifty Rule [a] Beneficial Ownership

xii REITs

	[3]	A REIT Must Be Owned by 100 or	2 10
	[4]	More Persons	2-19
	[ד]	REIT's Status as a "Domestically	
		Controlled" REIT	2-20
	[5]	Charter Restrictions that Prevent	
		Related Tenant Rent Income	2-21
	[6]	How Far Can a REIT Go in Limiting	
		Share Ownership?—Transferability	
		Issues	2-24
§ 2.04		llins in REIT Transactions	2-29
§ 2.05		s Relating to Tax Indemnities in Favor	
	of	OP Unitholders	2-31
		CHAPTER 3	
		Directors' Duties in REIT	
	•	and UPREIT M&A Transactions	
§ 3.01		duction	3-2
§ 3.02		Duties of Directors of Corporate	
		ITs	3-4
	[1]	Business Judgment Rule	3-9
	[2]	Enhanced or Intermediate Scrutiny	3-10
		[a] The <i>Unocal/Unitrin</i> Standard	3-11
	[3]	[b] The <i>Revlon</i> Test	3-15 3-17
	[4]	Duties in Change of Control	3-17
	[٦]	Transactions	3-24
		[a] Delaware	3-24
		[b] Maryland	3-25
	[5]	Fiduciary Duties of LLCs and	5 20
	[-]	LPs Under Delaware Law	3-27
		[a] Fiduciary Duties of LLCs	3-27
		[b] Fiduciary Duties of LPs	3-31
§ 3.03	Dutie	es to OP Unitholders and Other REIT	
	Co	mplications	3-34
	[1]	Resolving Conflicts of Interests	
		Between REIT Shareholders and	
		OP Unitholders	3-34
	[2]	Dealing with Potential Internal Board	
		Conflicts Arising from Board	
		Composition in UPREITs and	
		DownREITs	3-38

		TABLE OF CONTENTS	xiii
	[3]	Negotiating with Unitholders in	
	F 4 7	Structuring Deals	3-39
	[4]	Potential Anti-Takeover Effects of the Operating Partnership Structure	3-40
	[5]	Fiduciary Duties and Charter	3-40
	[2]	Ownership Limitations	3-40
§ 3.04	The	Use of Procedural Protections in REIT	
	and	d UPREIT Sale of Control Transactions	3-41
	[1]	When Should a Special Committee	
	F 2 3	Be Formed?	3-43
	[2]	Transactions Involving Conflicted Controllers or Differential	
		Consideration	3-48
	[3]	Disinterestedness and Independence of	J- 1 0
	[2]	Committee Members	3-50
	[4]	The Committee's Role and Process	3-53
	[5]	Selection of the Committee's	
		Advisors	3-56
	[6]	Standard of Review in Squeeze-Out	2.50
	[7]	Mergers	3-58
	[7]	Shareholder Approval and Shifting the Standard of Review	3-60
		[a] Standard-Shifting in Non-Control	3-00
		Transactions	3-60
		[b] Standard-Shifting in Controlling	
		Shareholder Transactions	3-65
	[8]	Buy-Side Claims	3-68
§ 3.05		ciples of Good Governance in REITs	3-71
	[1]	General Considerations	3-71
	[2]	Special REIT Considerations	3-72
		CHAPTER 4	
		Selling a REIT	
§ 4.01	Deci	ding to Sell	4-2
Ü	[1]	When to Sell	4-3
	[2]	Whom to Consult	4-4
	[3]	Takeover Preparedness	4-4
§ 4.02	_	d Considerations.	4-5
	[1]	Directors' Fiduciary Duties	4-5
	[2]	The Importance of Informed, Good-Faith Decision Making	4-12
	[3]	Third-Party Overbids	4-12
	[2]	Time-I arry Overeids	-1 -1/

xiv REITs

	[4]		cial Committee	4-19
	[5]	Applicable State S		
		Requirements.		4-19
		[a] Delaware		4-20
		[b] Maryland		4-21
	[6]	Antitrust Laws		4-23
	[7]	Applicable Stock	Exchange	
		Requirements.		4-23
§ 4.03	The	Auction Process		4-24
	[1]	Preparing to Sell		4-24
		[a] Due Diligen	ce	4-24
			ity Agreements	4-26
			tent	4-31
	[2]	Choice of Sale Pr		
	LJ		ecks	4-34
				4-34
			:k	4-35
			ning Market Check	4-36
			gning Market Check	4-36
			pps	4-39
			Auction Process	4-40
	[3]	Valuing Stock Co		1 10
	[2]	_	pposals	4-40
			Long-Term Values	4-40
			18	4-43
			No-Vote Stock	T-T3
			tion	4-43
		[d] Social Issues		T-TJ
			ncies	4-43
	[4]		al	4-44
	[4]	_	d Window-Shop	4-44
				4-45
		The "Don't Ask	S	4-43
			S	4-47
				4-4/
			ns, Break-Up Fees,	4.50
			Issuances	4-50
			nmendations, Fiduciary	
			"Force-the-Vote"	1.50
			S	4-56
		L 3	Commitments	4-59
			Rights, Advance	
			ovisions and	4 61
		_	Rights	4-61
		203	Deal Structures	
			onality	4-63
		[h] Crown Jewe	ls 21	4-67

	TABLE OF CONTENTS	XV
	[5] Preemptive Bids and Attempts to	
	Derail a Process	4-68
	[6] Timing	4-68
	[a] Sequence of Events[b] Board Deliberations and	4-69
	Decisions	4-70
0.404	[c] Federal Laws and Regulations	4-71
§ 4.04	Confidentiality	4-73
	[1] Secrets and Leaks	4-73
0.405	[2] Duty to Disclose	4-74
§ 4.05	The Role of Advisors	4-75
	[1] Financial Fairness Opinions	4-75
§ 4.06	[2] Advice of Legal Counsel The Art of Running and Winning	4-85
	an Auction	4-86
	CHAPTER 5	
	Acquisition Agreements	
§ 5.01	Introduction	5-2
§ 5.02	Structure and Pricing	5-3
	[1] Types of Structures; Key Advantages	
	and Disadvantages	5-3
	[a] Mergers	5-3
	[b] Stock Purchases	5-8
	[c] Tender Offers	5-9
	[i] Speed and Interloper Risk	5-11
	[ii] Dissident Shareholders	5-12
	[iii] Controller Transactions	5-13
	[iv] Top-Up Options	5-14
	[v] Dual-Track Tender Offers	5-15
	[vi] Subsequent Offering Periods	5-15
	[d] Asset Purchases	5-16
	Structural Issues	5-17
	[2] Pricing	5-18
	[a] Currency, Collars and Exchange Ratios	5-18
	[b] Other "Walk-Away" Rights	5-20.1
	[c] Contingent Value Rights	5-20.3
	[d] Factors Influencing Choice of	
	Pricing Structure	5-20.4
§ 5.03	Representations and Warranties	5-21

	DETE
XV1	REITs
2 L T I	112115

§ 5.04	Covenants	5-27
	[1] Conduct of Business Covenants	5-27
	[2] Covenants Necessary to Effect Closing	5-28
	[3] Covenants Relating to Post-Closing	
	Actions	5-31
§ 5.05	Closing Conditions	5-32
	[1] General Closing Conditions	5-32
	[2] REIT Qualification Opinion	5-35
	[3] Due Diligence Out	5-36
§ 5.06	Indemnification and Termination Provisions	5-38
	[1] Indemnification	5-38
	[2] Termination	5-39
§ 5.07	Miscellaneous Provisions	5-41
	[1] Anti-Assignment	5-41
	[2] Exclusivity, No-Shops and Fiduciary	
	Outs	5-41
	[3] Break-Up Fees	5-43
	[4] Material Adverse Effect	5-46
	[5] Transactions in Stock by Affiliates	5-52
	[6] Management/Stockholder Support	
	Agreements	5-55
	[7] Confidentiality Agreements	5-55
	CHADTED (
	CHAPTER 6	
	Tax Considerations in REIT Mergers	
	and Acquisitions	
§ 6.01	REITs: Background and Qualification Issues	6-2
3 0.01	[1] Asset Requirements	6-4
	[2] Income Tests	6-6
	[3] Distribution Requirement	6-11
§ 6.02	M&A Tax Considerations—Introduction	6-13
§ 6.03	Acquisition Structures—General	
0	Considerations	6-18
	[1] Tax-Free Reorganizations	6-18
	[a] Direct Merger	6-20
	[b] Forward Triangular Merger	6-23
	[c] Reverse Triangular Merger	6-24
	[d] Stock-for-Stock Exchange	6-27
	[e] Stock-for-Assets Exchange	6-28
	[2] Transactions that Are Wholly or	
	Partly Taxable	6-29
	[a] Cash Option Merger	6-30
	- · · · · · · · · · · · · · · · · · · ·	

	TABLE OF CONTENTS	xvii
	[b] Acquisitions Involving	
	Predominantly Cash	
	Considerations	6-31
	[i] Recapitalization Coupled	
	with a Freezeout Merger	6-32
	[ii] Merger of the Acquiror	
	into the Target	6-32
	[c] Section 351 Transactions	6-33
	[3] Taxable Acquisitions	6-37
	[a] Asset Acquisitions	6-37
	[b] Stock Acquisitions	6-37
	[4] Net Operating Losses and Other	
	Carryovers	6-40
	[a] In General	6-40
	[b] Section 382	6-40
	[c] Special NOL Rules Relating	
	to REITs	6-41
§ 6.04	UPREIT Mergers and Related Partnership	
	Issues	6-42
	[1] UPREITs—General Background	6-42
	[2] Overview of UPREIT Mergers	6-44
	[3] Disposition of Partnership Properties	c 4 =
	and Code Section 704(c) Issues	6-45
	[4] Debt Pay Down and Reallocation of	6.45
	Partnership Liabilities	6-47
0.605	[5] Disguised Sales Issues	6-50
§ 6.05	Tax Issues If the Target Is a C Corporation	6-52
	CHAPTER 6A	
	Cross-Border Acquisitions by REITs	
§ 6A.01	General Background	6A-3
y 011.01	[1] Characterization of a Subsidiary as a	011 3
	Taxable REIT Subsidiary	6A-4
	[2] Characterization of a Subsidiary as a	011 1
	Qualified REIT Subsidiary	
	(or Other Disregarded Entity)	6A-5
§ 6A.02	Acquisition Structures	6A-7
5 011.02	[1] Taxable Asset Purchase	6A-7
	[2] Taxable Stock Purchase	6A-7
	[a] Acquisition of Less than 100%	J11 /
	of the Stock of a Foreign	
	Target Corporation	6A-7
	Target Corporation	311 /

xviii **REITs**

		[b]	Acquisition of 100% of the Stock of a Foreign Target	
		[c]	Corporation	6A-7
		[-]	Target Corporation as a	
			Taxable REIT Subsidiary	6A-8
		[d]	Characterization of a Foreign	
			Target Corporation as a	
			Qualified REIT Subsidiary	6A-9
			[i] Inheritance of Non-REIT	
			Earnings and Profits	6A-9
			[ii] Recognition of Taxable	
			Income	6A-11
			[iii] Code Section 1374	
			Treatment	6A-15
		[e]		6A-15
	[3]		Free Reorganizations	6A-16
		[a]	Characterization of a Foreign	
			Target Corporation (or Foreign	
			Corporation that Will Hold the	
			Target Corporation's Assets	
			After the Reorganization) as	CA 10
		п. т	a Taxable REIT Subsidiary	6A-18
		[b]	Characterization of a Foreign	
			Target Corporation (or Foreign	
			Corporation that Will Hold the	
			Target Corporation's Assets	
			After the Reorganization) as a Qualified REIT Subsidiary	6A-18
			[i] Inheritance of Non-REIT	0A-10
			Earnings and Profits	6A-19
			[ii] Recognition of Taxable	0/1-17
			Income	6A-19
			[iii] Code Section 1374	071 17
			Treatment	6A-21
8 6A.03	Post-A	Acaui	sition Structure and Operations	6A-23
3	[1]		racterization of a Foreign Target	
			orporation as a Taxable REIT	
			ubsidiary	6A-23
		[a]	Impact on REIT Gross Income	
			Tests	6A-25
			[i] Subpart F Income	6A-26
			[ii] Code Section 956	6A-27
			[iii] GILTI	6A-27
		[b]	Impact on REIT Distribution	
			Requirement	6A-28

	[2]	[c] Impact on REIT Asset Tests Characterization of a Foreign Target Corporation as a Qualified REIT	6A-28
		Subsidiary[a] Impact on REIT Gross Income	6A-29
		Tests	6A-29
		[i] Code Section 987 Gains	6A-30
		[ii] Code Section 988 Gains	6A-32
		[b] Impact on REIT Distribution	
		Requirement	6A-33
		[c] Impact on REIT Asset Tests	6A-33
	[3]	Foreign Tax Credit Considerations	6A-33
		CHAPTER 6B	
		ross-Border Acquisitions of REITs:	
		S. Federal Income Tax Issues Arising	
For	eign A	Acquisition of REITs or Interests in RE	EITs
6B.01	Intro	duction	6B-3
6B.02	Acqu	nisition Structures	6B-6
	[1]		
		Applicable to Stock Transfers	6B-6
	[2]	Overview of FIRPTA as Applicable	
		to Nonrecognition Transactions	
		Involving United States Real	(D 0
(D 02	C	Property Interests	6B-8
6B.03	_	ial Tax Considerations Regarding	
		e Ownership and Disposition of	(D 12
		City Shares	6B-13
	[1]	Overview of the U.S. Federal Tax Regimes Applicable to Foreign	
		Persons	6B-13
	[2]	Sale of REIT Shares by Foreign	0D-13
	[4]	Shareholders	6B-17
		[a] U.S. Federal Income Tax and	OD 17
		FIRPTA	6B-19
		[b] U.S. Real Property Holding	02 17
		Corporation	6B-21
		[i] Publicly Traded Exception	6B-23
		[ii] Domestically Controlled	
		REIT Exception	6B-27
		[iii] Qualified Shareholder	
		Exception	6B-34
			(Rel. 34)

TABLE OF CONTENTS

xix

xx REITs

		[iv]	Exception for Interests Held by Foreign Retirement	
	[c]	HS	or Pension Funds Federal Withholding Tax	6B-34
	[c]		nd Information Reporting	6B-34
	[d]		Federal Withholding Tax and	
			formation Reporting Under	
		th	e Foreign Account Tax	
			ompliance Act	6B-37
	[e]		Tax Treaties	6B-37
[3]			ons by REITs to Foreign	
			olders	6B-39
	[a]		nary Distributions	6B-40
		[i]	U.S. Federal Income Tax	c= 40
			and FIRPTA	6B-40
		[11]	U.S. Federal Withholding	CD 40
			Tax	6B-43
			Information Reporting	6B-45
	F1 3		U.S. Tax Treaties	6B-46
	[b]		tal Gain Dividends and	(D. 10
			ection 897(h)(1) Distributions	6B-48
		[i]	Overview of Capital Gain	(D. 40
		F3	Dividends by REITs	6B-49
		[ii]	U.S. Federal Income Tax	(D. 71
		E3	and FIRPTA	6B-51
		[111]	U.S. Federal Withholding	(D (2
		г. т	Tax	6B-62
			Information Reporting	6B-66
	гэ	[v]	U.S. Tax Treaties	6B-66
	[c]		idating Distributions	6B-67
		[i]	Overview of the U.S. Federal	
			Income Tax Treatment of	(D (0
		F227	Complete Liquidations	6B-68
		[ii]	U.S. Federal Income Tax	
			Treatment of Distributions	
			by REITs to Foreign	
			Shareholders in Complete	6D 71
		F;;;7	Liquidation	6B-71
		[iii]	U.S. Federal Withholding	6D 76
		[iv]	Tax	6B-76
		[iv]	Information Reporting	6B-78
		$[\mathbf{v}]$	U.S. Tax Treaties	6B-79

TABLE OF CONTENTS

CHAPTER 6C

Cross-Border Acquisitions Involving REITs: Selected Corporate and Regulatory Issues

§ 6C.01	Over	rview	6C-2
§ 6C.02		pleting a Cross-Border Deal	
Ü	[1]	Political Considerations	
		[a] Committee on Foreign Investment	
		in the United States	6C-6
		[b] Non-U.S. Regimes	
		[c] Sovereign Wealth Funds	
	[2]	Antitrust/Competition Review	
	[3]	Deal Consideration and Transaction	
		Structures	6C-17
		[a] All Cash	
		[b] Equity Consideration	
		[c] Depository Receipts and	
		Global Shares	6C-20
		[d] Dual Listed Company Structures	
		[e] Joint Ventures	
		[f] Minority Stake	6C-20.3
	[4]	Takeover Regulation	6C-21
		[a] U.S. Tender Offer Rules	
		[i] Tier I Exemption	6C-23
		[ii] Tier II Exemption	
		[b] State Regulation	6C-24.1
		[c] Foreign Regulation of	
		Takeovers	6C-24.1
		[d] Fiduciary Duties of the	
		Target's Board	6C-24.3
	[5]	Litigation	
§ 6C.03	Spec	eial Considerations Post-Consummation	6C-25
	[1]	Securities Laws Applicable to the	
		Surviving Entity	6C-25
		[a] U.S. Securities Laws Applicable	
		to Foreign Acquirors	6C-25
		[b] Foreign Securities Laws	
		Applicable to U.S. Acquirors	6C-29
	[2]	Stock Exchange Listing	
		Requirements	
	[3]	Integration Planning	6C-30
	[4]	Deal Techniques and Cross-Border	
		Custom and Practice	6C-34

xxii REITs

CHAPTER 6D

Special Tax Considerations Regarding the Acquisition, Ownership and Disposition of REIT Shares by Foreign Governments and Their Sovereign Wealth Funds

§ 6D.01	Introduction	6D-2			
§ 6D.02	Sovereign Wealth Funds				
§ 6D.03	Overview of the U.S. Federal Income Tax				
	Regime Applicable to Foreign Governments				
	and Their Sovereign Wealth Funds	6D-7			
	[1] Advantages of Code Section 892	6D-8			
	[2] Foreign Governments	6D-9			
	[a] "Integral Parts"	6D-9			
	[b] "Controlled Entities"	6D - 9			
	[c] Sovereign Wealth Funds	6D-10			
	[d] Political Subdivisions and				
	Transnational Entities	6D-11			
	[3] Types of Exempt Income	6D-11			
	[4] Commercial Activities Exception	6D-13			
	[a] "Commercial Activities"	6D-13			
	[b] "Controlled Commercial				
	Entity"	6D-16			
	[c] Commercial Activities				
	Attribution	6D-20			
	[d] U.S. Real Property Holding				
	Corporation Attribution	6D-22			
§ 6D.04	Special Structuring Considerations for the				
	Acquisitions of REIT Shares by Foreign				
	Governments and Their Sovereign	c= • c			
	Wealth Funds.	6D-26			
	[1] General Structuring Considerations	6D-26			
	[2] Special U.S. Real Property Holding				
	Corporation Structuring	CD 20			
0 CD 05	Considerations	6D-30			
§ 6D.05	Special Tax Considerations Regarding the				
	Ownership and Disposition of REIT				
	Shares by Foreign Governments and	(D. 22			
	Their Sovereign Wealth Funds	6D-32			
	[1] Sale of REIT Shares by Foreign	(D. 22			
	Governments	6D-32			
	[2] Distributions by REITs to Foreign	(D 22			
	Governments	6D-33			
	[a] Ordinary Distributions	6D-33			

	TABLE OF CONTENTS	xxii
	[b] Section 897(h)(1) Distributions (Including Liquidating Distributions Attributable to Gain on the Sale or Exchange of U.S. Real Property Interests)	6D-33
	CHAPTER 6E	
	Tax Protection Agreements	
§ 6E.01 § 6E.02	Introduction	6E-2
§ 6E.03	Agreements	6E-3 6E-5 6E-5
§ 6E.04	[2] Prospective Acquirors	6E-5 6E-8 6E-10 6E-11
§ 6E.05	[a] Character of Interest [b] Economic Considerations [3] Deemed Sales [4] Debt Guarantees [5] Amount of Indemnity Payment [6] Code Section 704(c) Allocations Special Considerations [1] Private REITs [2] Troubled REITs [3] Fiduciary Duties	6E-11 6E-13 6E-15 6E-21 6E-24 6E-28 6E-29 6E-30
	CHAPTER 7	
	ests for Control: Enforcing Ownership Limit excess Share Provisions as Defensive Measure	
§ 7.01	Introduction	7-2.1 7-3
§ 7.02	[2] Proxy Contests	7-4 7-4
3 7.02	Share Provisions as Defensive Measure [1] Excess Share Provisions	7-6 7-6

xxiv **REITs**

			Beneficial Ownership	7-7 7-8
	[2]	[b]	Chateau/RocVulnorability	7-8 7-10
§ 7.03	[2]		ver as a Defensive Vulnerability	/-10
8 7.03			tainties Surrounding Enforcement	
			rship Limitation and Excess Share as in REIT Charters as Defensive	
				7 10
e 7.04			S	7-12
§ 7.04			ers' Rights Plans and Excess Share	7 10
			ns Compared	7-18
	[1]		valence of Poison Pills	7-18
	[2]		Advantages of Poison Pills Over	
			wnership Limitations and Excess	
			hare Provisions	7-21
	[3]		sion Between the REIT Rules	
			nd the Mechanics of Poison Pills	7-23
		[a]	Poison Pills; Adoption and	
			Mechanics	7-23
		[b]	Impact on a REIT's Nonclosely	
			Held Status of a Distribution	
			of Rights, a Flip-In or	
			Flip-Over of Rights	7-25
		[c]	Impact of a Separation of Rights	
			on the REIT Income	
			Distribution Requirement	7-29
	[4]	Case	e Law Regarding Rights Plans	7-31
	[5]		nts Plans and Economics	7-34
	[6]		ad Hand" Pills and "Shareholder	
			ights" Bylaws	7-34.1
		[a]	"Dead Hand" Pills	7-34.1
		[b]	"Shareholder Rights" Bylaws	7-34.2
§ 7.05	UPR		akeovers and Governance	7-34.4
3	[1]		REIT Structures	7-34.4
	[2]		der Offers	7-34.4
§ 7.06			ting, Hidden Ownership, and	, 5
3 7.00			s of Disclosure	7-36
	[1]		ty Voting and Hidden Ownership	7-36
	[2]		ential Abuses in Disclosing	7 30
	[2]		eneficial Ownership	7-38
		[a]	Historical Purpose of the 13(d)	, 50
		լսյ	Reporting Rules	7-38
		[h]	Ten-Day Reporting Window	7-38 7-39
		[b]	Derivatives and Beneficial	1-37
		[c]		7 /1
			Ownership	7-41

	TABLE OF CONTENTS	XXV
§ 7.07	Other Advance Takeover Preparedness Measures and Responding to Unsolicited Offers [1] Other Defensive Charters and Bylaw	7-45
	Provisions [a] Advance Notice of Nominations	7-45
	and Shareholder Business [b] Regulation of Shareholder	7-47
	Meetings	7-48
	[c] Vote Required	7-50
	[d] Action by Written Consent	7-50
	[e] Staggered Boards	7-51
	[f] Forum Selection Provisions[g] Fee-Shifting Bylaws and Mandatory	7-52
	Arbitration Provisions [h] Board-Adopted Bylaw	7-55
	Amendments	7-56
	Arrangements	7-57
	[3] "Poison Puts"	7-61
	[4] Defending Against an Unsolicited Offer—"Just Say No"	7-64
	[5] Active Responses to Unsolicited	7-65
	Offers	7-65 7-66
	[b] Restructuring Defenses	7-68
	[c] Making an Acquisition and the	
	"Pac-Man" Defense [d] Corporate Spin-Offs, Split-Offs	7-69
	and Split-Ups	7-69
	[e] Regulatory Action	7-70
	[f] Litigation Defenses	7-70
	CHAPTER 8	
	Taking REITs Private	
§ 8.01	Overview	8-2
	[1] Why Go Private?	8-2
0.000	[2] Structuring the Transaction	8-4
§ 8.02	Financial Considerations	8-7
	[1] Pricing	8-7
	[2] Source of Funds	8-7
	[3] Stapled Financing	8-8
	[4] Debt and Equity Bridges	8-8

xxvi	REITs

§ 8.03 § 8.04	Managing Conflicts of Interest Other Considerations	8-9 8-12 8-12
	Retention	8-12
	[3] Change of Control Employment	8-12.1
	Arrangements	8-12.1
	Guarantees	8-12.1
§ 8.05	[6] Strategic vs. Financial Bidders Treatment of Unitholders in UPREIT	8-12.2
	Going Private Transactions	8-12.3
	[1] The Hometown-Chateau Transaction	8-12.3
0.006	[2] The Arden-GE-Trizec Transaction	8-12.5
§ 8.06	Implications of the REIT Rules	8-13
§ 8.07	Applicable Federal and State Law	8-14
	[1] Federal Securities Law	8-14
	[2] State Law	8-16 8-16
	[a] Delaware	8-19
	CHAPTER 9	
	Financing the Deal	
§ 9.01	Introduction	9-1
§ 9.02	Financing Options	9-3
§ 9.03	Due Diligence	9-5
§ 9.04	Dealing with Conditionality	
	(The "Financing Contingency")	9-8
§ 9.05	Establishing a Debt Strategy and Making	
	a "Wish List"	9-10
§ 9.06	Obtaining a Commitment Letter	9-12
§ 9.07	Closing the Deal	9-13
	CHAPTER 10	
	Spin-Offs of REITs by Operating Businesses	
§ 10.01	Overview	10-1
§ 10.01 § 10.02 § 10.03	Formation of "Linked" REITs	10-5 10-7

	TABLE OF CONTENTS	xxvii
§ 10.04	Tax-Free Spin-Offs of REITs. [1] In General. [2] REIT Specific Spin-Off Issues [a] Active Trade or Business Issue. [b] Corporate Business Purpose [c] Not a Device	10-8 10-8 10-11 10-11 10-13 10-14
	CHAPTER 11	
	Compensation Issues in REIT Mergers and Acquisitions	
§ 11.01	In General	11-2
§ 11.02	Change of Control Definitions	11-4
	[1] Triggering Events	11-4
	[2] Objective Criteria	11-4
	[3] Impact of Section 409A	11-5
e 11 02	[4] Transaction Structure	11-5 11-6
§ 11.03	"Golden Parachute" Arrangements	11-0
	[1] Adoption of Golden Parachute	11-6
	Arrangements	11-0
	Arrangements	11-7
	[a] Triggering Events	11-7
	[b] Amount of Severance	11-8
	[c] Golden Parachute Excise Tax	11-9
	[d] Other Important Golden Parachute	11 /
	Arrangement Provisions	11-12
§ 11.04	Stock-Based and Other Incentive	
Ü	Compensation Plans	11-14
	[1] Treatment of Equity Awards	11-14
	[2] Accelerated Vesting	11-16
	[3] Performance-Based Awards	11-16
	[4] Annual Bonuses	11-17
	[5] LTIP Units	11-18
§ 11.05	Broad-Based Employee Benefit Plans	11-19
	[1] "Full-Company" Transactions vs.	
	Asset/Subsidiary Transactions	11-19
	[2] Employee Treatment Covenants	11-20
	[a] Benefit Continuation Covenant	11-20
	[b] Service Credit Covenant	11-21
	[c] Severance Covenant	11-21
	[d] Covenants Generally	11-22

xxviii REITs

	[3]	Qualified Retirement Plans	11-22 11-23
		Liabilities	11-24
	[4]	Corporation	11-24
		Nonqualified Arrangements	11-25
		[a] In General	11-25
	[5]	[b] Code Section 409A	11-25 11-26
	[6]	Labor Issues	11-27
	[7]	Retention Issues	11-28
		CHAPTER 12	
		Antitrust Issues in REIT/Real Estate Transactions	
§ 12.01 § 12.02		view	12-2 12-4
	[-]	Information Required	12-4
	[2]	Waiting Periods and Second Requests	12-5
		[a] Cash Tender Offers	12-6
		[b] Other Tender Offers[c] Open Market Purchases or Other Acquisitions from	12-7
		Third Parties	12-7
		[d] Mergers, Asset Acquisitions and Acquisitions of Securities	
		from the Issuer	12-7
		[e] Joint Ventures	12-7 12-8
	[3]	REIT Informal Exemption	12-8
	[4]	Explicit HSR Exemptions	12-9
		of Goods and Realty in the Ordinary Course of Business [b] 16 C.F.R. § 802.2: Acquisitions of	12-9
		Certain Real Property Assets	12-10

	TABLE OF CONTENTS	xxix
	[c] 16 C.F.R. § 802.4: Acquisitions of Voting Securities of Entity that Holds Exempt	
	Assets	
	Assets	
	[e] Passive Investor Exemptions	
\$ 12.02	[5] Gun Jumping Issues	
§ 12.03	[1] Substantive Antitrust Standards	
	[a] Analytic Framework	
	[b] Parties with Standing	
	[c] Remedies	
	[2] State Antitrust Laws	
	CHAPTER 13	
	Advantages of Delaware and Maryland	l
	as REIT Domiciles	
§ 13.01	Introduction	. 13-2
§ 13.02	Maryland's Advantages as a REIT Domicile	. 13-4
	[1] Maryland's Historical Primacy	
	[2] Statutory Advantages	
	[3] Procedural Responsiveness	
0 12 02	[4] Continuing Popularity	
§ 13.03	Delaware's Advantages as a REIT Domicile	
	[1] Structural Advantages	
	[3] Specialized Court System	
	[4] Responsiveness	
	[5] Skilled Bar	. 13-14
	[6] Statutory Advantages	. 13-15
	[7] Continuing Popularity	
§ 13.04	Delaware and Maryland's Common	
Ü	Advantage: Network Effects	. 13-18
	[1] Stock of Precedent and Creation of	
	Future Precedents	. 13-18
	[2] Development of Common Business	
	Practices	. 13-19
	[3] Larger and More Talented Markets	
	for Legal Services	. 13-20

xxx REITs

	[4]	Legal Familiarity and the Pricing of Securities	13-20
§ 13.05	Forun	1 Selection and Mandatory Arbitration	13-20
y 13.03		visions	13-22
	[1]	The Multiforum Shareholder Litigation	10
		Problem	13-22
	[2]	Forum Selection Provisions	13-23
	[3]	Mandatory Arbitration Provisions	12-25
	[4]	A Note on Provisions Governing	
		Federal Securities Law Claims	12-27
		Appendices	
APPEND	IX A:	Selected REIT M&A Transactions	A-1
APPEND	IX B:	Agreement and Plan of Merger	B-1
APPEND	IX C:	Sample Operating Partnership	
		Agreement	C-1
APPEND	IX D:	Sample Charter	D-1
APPEND	IX E:	Sample Commitment Letter	E-1
INDEX			I-1