

## TAX TREATMENT OF REITS

This global REIT chart compares general characteristics of REITs and REIT-type vehicles around the globe. Certain investment regimes listed in the chart do not follow the U.S. REIT model in that they do not, for example, require that a certain percentage of the entity's income be distributed, thereby achieving a dividends-paid deduction. Likewise, some of these regimes are used not only for real estate investments but also for passive investments generally. Nonetheless, certain such vehicles have been included in the chart because they have been used for investing in real estate and have become associated with REIT-type vehicles. A tax advisor should be consulted for more specific rules or for guidance on structuring an investment.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
AUSTRALIA	ALPT (Australian Listed Property Trust)	Rules enacted in 1981 and 1985	Div. 6, 6B, 6C of Part III of Income Tax Assessment Act of 1936, Corporations Act of 2001. Rules apply to a range of trusts, including ALPTs (i.e. no specific ALPT rules)	<ul style="list-style-type: none"> <li>■ Organized as a fixed trust</li> <li>■ ALPT may adopt one of two structures: <ul style="list-style-type: none"> <li>- Stand-alone, passively holding real estate portfolio, or</li> <li>- Form part of a listed stapled security with a company that undertakes a range of activities relating to ALPT's real estate (such as management, redevelopment, funds management etc.) - an investor acquires a stapled security that consists of one unit in ALPT and one share in the company</li> </ul> </li> <li>■ No minimum/maximum shareholder requirement</li> <li>■ Managed by a corporate trustee/fund manager</li> <li>■ If eligible, taxed as flow-through vehicle (i.e. the net income of the ALPT is taxed in the hands of the unitholders upon distribution and not in the trust)</li> <li>■ Otherwise taxable as a domestic company</li> </ul>	<ul style="list-style-type: none"> <li>■ In order to be eligible for flow-through treatment, ALPTs must not directly or indirectly carry on a "trading business" (i.e., a business that does not consist wholly of an eligible investment business)</li> </ul>	<ul style="list-style-type: none"> <li>■ Must invest in land either inside or outside Australia for the primary purpose of deriving rental income</li> </ul>	<ul style="list-style-type: none"> <li>■ No minimum distribution requirements</li> <li>■ Income that is not distributed to unitholders is taxed in the ALPT at the top marginal tax rate for individuals (i.e., 48.5 percent)</li> </ul>	<ul style="list-style-type: none"> <li>■ Trustee of ALPT must pay tax with respect to Australian source income distributed to foreign unitholders</li> <li>■ Foreign unitholders are taxed on an assessment basis (i.e., must file an Australian tax return) and receive a credit for tax paid by trustee - to the extent that the foreign unitholder has deductible expenses that relate to the units (i.e., interest), unitholder can obtain a refund of tax withheld by trustee following filing of return</li> <li>■ Disposal of ALPT units by foreign unitholders are only subject to Australian capital gains tax if the foreign unitholder owns 10 percent or more of issued units of ALPT</li> </ul>	<ul style="list-style-type: none"> <li>■ Thin-capitalization rules will apply if the ALPT is foreign controlled (either five or fewer foreign entities own 50 percent or more of the ALPT or a single foreign entity owns at least 40 percent of issued units). If thin-capitalization rules apply, the permissible debt to equity ratio is broadly 3:1 (interest-bearing debt compared to ¾ x (assets less non interest-bearing liabilities))</li> </ul>	<ul style="list-style-type: none"> <li>■ If ALPT fails eligibility criteria, it is treated as a corporation for tax purposes</li> </ul>	<ul style="list-style-type: none"> <li>■ Trust income taxed on a flow-through basis retains its character in hands of unitholders (i.e., as interest, rent, capital gains, etc.)</li> <li>■ Differences between the net income of the ALPT for income tax and accounting purposes due to variances in depreciation rates and capitalization policies will give rise to "tax-preferred" distributions to unitholders - broadly, this is a cash distribution that generally should not be subject to tax at either the trustee or beneficiary level</li> <li>■ The receipt of a tax-preferred amount by a unitholder will reduce the Capital Gains Tax (CGT) cost base of the ALPT units held by the unitholder. Where the tax-preferred distribution exceeds the cost base of the ALPT units, a taxable capital gain will arise</li> <li>■ Tax losses incurred by the ALPT will be trapped in the ALPT</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
AUSTRIA	<p>KAG ("Kapital Anlage Gesellschaft") Fund (Fund pursuant to the Real Estate Investment Fund Act).</p> <p>This chart describes the current state of Austrian real estate funds. Austria does not have real REIT legislation.</p>	Rules enacted in 2003	Immobilien-Investmentfonds-gesetz (ImmInvFG), 2003,	<ul style="list-style-type: none"> <li>Fund units are publicly offered, but not traded. Fund can also be structured as "special fund" for institutional investors – individuals are excluded (a maximum of 10 investors).</li> <li>Fund units must be redeemable at any time at the option of the unit owner –special rules govern deferral of redemption for up to two years if there is insufficient liquidity.</li> <li>Fund must be independently managed by an Austrian "Immobilien-Kapitalanlagegesellschaft" (KAG), which is a licensed banking institution, typically owned by an Austrian Bank.</li> <li>The KAG has to nominate a custodian bank. The custodian bank issues and redeems share certificates, disburses profits to unitholders and holds the funds assets.</li> <li>Only the KAG is authorized to dispose of and to exercise the rights connected with the fund assets. The KAG acts on its own behalf but for the economic interests of the unitholders.</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying assets (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>Must only own domestic or foreign real estate. Investments in real estate property companies are allowed if the general asset rules are also fulfilled in the real estate property company and the majority of voting rights is owned and the shareholders liability is limited to the equity contribution (minority participations are allowed up to 20 percent of the total funds assets).</li> <li>Investments in real estate companies are limited to 49 percent of the total funds assets</li> <li>A real estate fund may (in some cases if certain additional requirements are met) invest in the following assets in a member state of the EU or the EEA: <ul style="list-style-type: none"> <li>developed land (real estate)</li> <li>vacant land suitable for immediate development</li> <li>land under development;</li> <li>building leases (Baurechte), buildings on foreign land (Superadifikate) and flats.</li> </ul> </li> <li>Acquiring real estate outside the EU (or the EEA) is permissible if at the time of the acquisition the value, together with the value of real estate already held in the fund, does not exceed 20 percent of the total fund assets (a 10 percent limit applies if vacant land suitable for immediate development and/or land under development is held).</li> <li>Furthermore, a real estate fund must own at least 10 different assets and none of the assets at the time of their acquisition may exceed 20 percent of the fund assets. However, these restrictions will only apply 3 years after the fund is established.</li> <li>The KAG can own up to 49 percent of the fund assets in <ul style="list-style-type: none"> <li>(a) cash at banks</li> <li>(b) money market investments</li> <li>(c) bonds, cash bonds, convertible bonds, mortgage bonds, municipal bonds and federal savings bonds with a maximum residual term of three years</li> <li>(d) securities which are traded at an EU/EEA stock exchange.</li> </ul> </li> <li>The KAG is obliged to hold at least 10 percent of the above mentioned "liquid assets". Up to 5 percent of the fund assets can be held in securities and will not be included in the 10 percent limit (see previous bullet point) calculation.</li> <li>A real estate fund may make use of derivatives under specific conditions and only for hedging purposes.</li> </ul>	<ul style="list-style-type: none"> <li>The distribution rules are generally set by the Fund's organizational documents</li> <li>For tax purposes, it is irrelevant whether the income is distributed or not: the Fund's income is apportioned to each unitholder at the end of the fund's fiscal year, whether distributed or not</li> </ul>	<ul style="list-style-type: none"> <li>Profits derived from foreign real estate (assets) and foreign real estate companies can be exempted from tax depending on the relevant double taxation treaty.</li> <li>25 percent (withholding) tax on profits (distributed and/or undistributed) derived from domestic real estate and appreciation. Under the OECD Model Treaty Austria will have the taxation right.</li> </ul>	<ul style="list-style-type: none"> <li>The real estate portfolio may be financed with only 40 percent third party debt on an overall basis (50 percent in case of special real estate funds).</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>The fund itself is not subject to corporate income tax but the unitholders are subject to taxation. Effective distributions as well as fictitious distributions of retained profits are subject to income tax at unitholder level. Not only regular profits derived from real estate such as income from rent as well as profits from the liquidity reserve but also 80 percent of the increase in value of the real estate, even if not realized, is taxed. If the units are not offered to the general public, 100 percent of the increase in value of the real estate, even if not realized, is taxed.</li> <li>Acquisition of real property will trigger a real estate transfer tax.</li> <li>Inheritance and Gift Tax will apply if units are donated or inherited.</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
BELGIUM	SICAFI (Société d' Investissement à Capital Fixe Immobilière)	Enacted 1990 and 1995 (effective as of 1995)	Act of 4 Dec 90 and Royal Decree of 10 Apr 95	<ul style="list-style-type: none"> <li>Must be recognized by the Bank, Finance and Insurance Commission</li> <li>At least 30 percent of shares with voting rights must be offered to the public within one year following the registration</li> <li>Otherwise taxable as a domestic company, but has a specific determination of taxable basis, resulting in an effective tax burden that is almost non-existent</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>Permitted real estate investments include participations in real estate companies, holding of long leaseholds on real estate assets, debt-instruments that are linked to real estate, etc.</li> <li>May invest in other non-real estate assets provided the investment is secondary or temporary</li> <li>Value of an individual asset in which a SICAFI invests may not exceed 20 percent of the value of the entire investment portfolio – a two-year grace period may be granted to the SICAFI in order for the SICAFI to comply with the diversification rules</li> <li>Assets must allow for achieving an acceptable spread on the risk of tenants</li> </ul>	<ul style="list-style-type: none"> <li>At least 80 percent of income must be distributed annually</li> <li>Realized capital gains may be retained provided they are reinvested within four years</li> <li>Provided the distribution requirement is met, the taxable base of a SICAFI is limited to: <ul style="list-style-type: none"> <li>Disallowed expenses (i.e., specific expenses that are not tax deductible within the common corporate tax regime) – impact of these for SICAFI's is normally almost nil, except for regional taxes that often aim at taxing real estate (i.e., Brussels tax on office space)</li> <li>Non-arm's length income received by the SICAFI (i.e., above market rent)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>15 percent withholding on distributions (but exemptions and reductions may apply)</li> </ul>	<ul style="list-style-type: none"> <li>Maximum debt to equity ratio is 1:1</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>SICAFI must be quoted on a regulated stock exchange that is recognized as such by the Belgian Banking Commission</li> <li>"Exit tax" of 16.995 percent of the inherent capital gains will be payable by companies wishing to convert to SICAFI status in the year of conversion</li> <li>Annual tax of 0.06 percent on net book value of shares</li> </ul>
BRAZIL	FII (Fundos de Investimento Imobiliário)	Enacted 1993	Laws n. 8668/1993, 9779/1999, 11.033/2004 and 11.196/2005. This is the Corporate Tax Act. Instruction CVM n. 205 and n. 206/1994, 418/05 Normative Instruction SRF n. 25/2001 and Decree n. 4.494/2002	<ul style="list-style-type: none"> <li>Formation, operation of Brazilian FIIs, and the issuance of its quotas ( i.e. shares) must be authorized by the Brazilian Securities and Exchange Commission (CVM)</li> <li>Quotas are traded in the capital markets upon payment of the issuance price – quotas may be negotiated on the Stock Exchange or on the over-the-counter market</li> <li>FII must be formed and managed by institutions duly authorized by CVM, which must exclusively be financial institutions with investment portfolios, real estate assets, credit portfolios or other financial instruments</li> <li>Construction companies may not hold a greater than 25 percent participation in FII, otherwise the FII will be taxed as a corporation for income tax purposes</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>At least 75 percent of the FII's equity must be invested in real estate assets; otherwise it must get special approval from CVM</li> <li>The part of the FII's equity that is not invested in real estate (maximum 25 percent) must be invested only in financial fixed income funds or fixed income securities</li> </ul>	<ul style="list-style-type: none"> <li>At least 95 percent of the realized cash profits must be distributed every six months</li> <li>Brazilian investors are subject to a 20 percent withholding tax rate upon the distribution of the FII's earnings</li> </ul>	<ul style="list-style-type: none"> <li>Foreign investors are subject to the same 20 percent withholding tax rate as Brazilian investors</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Loss of status rules would subject FII's net income to a 34 percent corporate tax</li> </ul>	<ul style="list-style-type: none"> <li>The FII is not subject to PIS, COFINS, ISS, CPMF and Corporate Income Tax</li> <li>Subscription, assignment and renegotiation of FII quotas are subject to Tax on Financial Transaction ("IOF") at a maximum daily rate of 1.5 percent per day on the value of the transaction, up to 10 percent</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
BULGARIA	SPIE (Special purpose investment entities)	Enacted in 2003	Special Purpose Investment Entities Act	<ul style="list-style-type: none"> <li>Formation, operation of Bulgarian SPIE and the issuance of its shares, must be authorized by the Bulgarian Stock Exchange;</li> <li>Not less than 30 percent of the authorized capital must be subscribed by institutional investors;</li> <li>Not more than 50 persons/entities can be founders of a SPIE;</li> <li>Minimum authorized capital BGN 500,000 (approx. € 255,000) must be made as monetary contributions;</li> <li>Upon incorporation the SPIE must envisage an increase of the capital after receiving its license from the Financial Supervision Commission. The increase should be not less than 30 percent of the initial capital;</li> <li>SPIE's activity related to management of real estate and debt securities must be performed/managed by a management company;</li> <li>Mandatory use of depository bank, which keeps the funds and securities of the SPIE</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from real estate located in Bulgaria or debt from Bulgarian residents (local legal entities, branches of foreign companies, individuals with permanent residence in Bulgaria)</li> </ul>	<ul style="list-style-type: none"> <li>Investment in real estate located only in Bulgaria or in receivables from residents (debt instruments, which cannot be subject to execution);</li> <li>SPIEs can invest maximum 10 percent of their assets in mortgage bonds (debentures)</li> </ul>	<ul style="list-style-type: none"> <li>At least 90 percent of the realized annual profit must be distributed as dividend.</li> <li>No obligation for formation of "Reserve" fund (as for all other joint-stock companies)</li> </ul>	<ul style="list-style-type: none"> <li>Dividends from SPIEs are subject to withholding taxation under the general rules</li> </ul>	N/A	<ul style="list-style-type: none"> <li>If license is cancelled by the Financial Supervision Commission, the company will be treated as an ordinary company for tax purposes</li> </ul>	<ul style="list-style-type: none"> <li>Exempt from corporate taxation;</li> <li>SPIE must be quoted on the Bulgarian Stock Exchange.</li> </ul>
CANADA	REIT (Real Estate Investment Trust)	No specific REIT legislation	Income Tax Act (Canada) sections 108, 132, 132.1, and 132.11; Income Tax Regulation 4801	<ul style="list-style-type: none"> <li>Must be a unit trust resident in Canada and must not be established or maintained primarily for the benefit of non-residents of Canada (Note: the latter requirement is proposed to be amended to provide that a trust is not a mutual fund trust after a particular time if, at that time, more than 50 percent of the fair market value of the issued units of the trust is attributable to the fair market value of those issued units that are held by one or any combination of non-resident persons or partnerships other than Canadian partnerships. The proposal is unlikely to be enacted in its current form. Further discussions will be pursued with the private sector concerning the appropriate Canadian tax treatment of non-residents investing in resource property through mutual funds.)</li> <li>Issued units of the trust must have conditions attached that require the trust to accept, at the demand of the unitholder, and at prices determined and payable in accordance with the conditions of the trust, the surrender of the units</li> <li>The only activity must be (i) the investing of its funds in real property, interests in real property, or qualifying assets other than real property, (ii) the acquiring, holding, maintaining, improving, leasing, or managing real property (or an interest in real property) that is capital property of the trust, or (iii) a combination of the activities described in (i) and (ii)</li> <li>Must be qualified for distribution to the public and must have at least 150 unitholders, each of whom holds (i) at least one unit of the trust and (ii) units of the trust having an aggregate fair market value of not less than C\$ 500 (approximately U.S.\$ 400)<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>At least 95 percent of income must be derived from qualifying Investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>At least 80 percent of its property must consist of: any combination of shares; property convertible into, exchangeable for, or confers a right to acquire shares; cash; bonds, debentures, mortgages, notes and other similar obligations; marketable securities; real property in Canada and interests in such property; and rights to and interests in any rental or royalty computed by reference to the amount or value of production from a natural accumulation of petroleum or natural gas in Canada, from an oil or gas well in Canada or from a mineral resource in Canada</li> <li>No more than 10 percent of its properties may be shares, bonds, or securities of any one corporation or debtor (other than the Crown or a Canadian municipality)</li> </ul>	<ul style="list-style-type: none"> <li>REIT is not taxable to the extent that its capital gains, interest, and operating income are paid or become payable to unitholders. - if such income is not considered paid or payable, the REIT is taxed as an individual</li> </ul>	<ul style="list-style-type: none"> <li>25 percent withholding on distributions to non-Canadian investors where the source of the funds is from trust's taxable income or dividend, except from taxable capital gains. Reduced rates may apply under tax treaties</li> <li>In addition, if the REIT qualifies as mutual fund trust: 25 percent withholding on distributions to non-Canadian investors where the source of the funds is from trust's disposition of certain Canadian property. Reduced rates may apply under tax treaties. 15 percent withholding on distributions not otherwise subject to tax. No reduction of this rate under tax treaties</li> </ul>	N/A	N/A	<ul style="list-style-type: none"> <li>Provides unitholders with flow-through of income in underlying real estate assets held by the trust</li> <li>Losses cannot be allocated to unit holders</li> <li>If the trust qualifies as a mutual fund trust before the 91st day after the end of its first tax year, and it makes an election in its return for that year, the trust is deemed to be a mutual fund trust from the beginning of the year when the election is made</li> </ul>

<sup>2</sup> All U.S. equivalents of foreign currency were converted on February 15, 2006.

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
CHILE	FII (Fondo de Inversión Inmobiliario)	Rules enacted in 1989 and modified in 2001	Law No. 18,815 "Investment Funds Rules" published Jul. 29, 1989 as amended by Law No. 19,769 published Nov. 7, 2001. Decree No. 864 "Law No. 18,815 Regulations" Published Feb. 23, 1990.	<ul style="list-style-type: none"> <li>Funds are unincorporated entities (i.e., they do not have the status of a separate legal entity) formed by contributions made by individual and corporate investors.</li> <li>Participation quotas must be publicly traded securities registered with the Chilean Securities Authority (SVS) and in at least one local Securities Exchange Market.</li> <li>U.S.\$345,000 minimum equity must be paid within one year after commencement of fund's activities.</li> <li>Minimum of 50 members or alternatively at least one institutional investor member.</li> <li>Quotas may only be redeemed upon liquidation of the fund.</li> <li>Managed by corporate fund manager.</li> <li>Taxed as a flow-through (net income of the FII is taxed in the hands of the member investors upon distribution and not in the FII).</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules).</li> </ul>	<ul style="list-style-type: none"> <li>Real Estate located either inside or outside Chile, participation in real estate companies, qualified mortgage instruments, etc.</li> <li>Under 2001 amendment, eligible to invest in any asset provided it is an authorized investment. The types of assets authorized for investment are listed in Art. 5 of Law No. 18,815. The list of assets includes, but it is not limited to real estate investments. Some of the allowed real estate assets are urban real estate located in Chile, mortgage backed securities, shares in real estate corporations, interests in real estate cooperatives, and real property located outside of Chile. However, the fund may also invest in other types of listed assets. In addition, the internal rules of the funds must list in which specific category of assets (of the ones listed in Art. 5) the fund is allowed to hold its investments. The internal rules of the fund must be approved by the Chilean Securities and Insurance Agency.</li> </ul>	<ul style="list-style-type: none"> <li>At least 30 percent of annual net profits received must be distributed annually.</li> <li>Annual net profits correspond to the sum of all earnings, interest, dividends and capital gains received less the losses and expenses accrued.</li> </ul>	<ul style="list-style-type: none"> <li>35 percent withholding tax on distributions to non-resident investors less a credit for corporate tax paid by underlying earnings where applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Fund may issue bonds regulated under Chilean Securities Law.</li> <li>Liabilities cannot exceed 100 percent of the fund's equity.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Transfers of quotas in the FII are treated the same way as transfers of stock of publicly traded Chilean corporations (i.e., 17 percent capital gains tax provided certain conditions are met, otherwise 35 percent income tax applies).</li> <li>Redemption of quotas upon liquidation of the fund is exempt from corporate tax with respect to non-corporate taxpayers (including individuals and non-resident investors).</li> </ul>
COSTA RICA	FII (Fondos de Inversión Inmobiliarios)	Enacted 1997	Stock Markets Regulation Act (Ley Reguladora del Mercado de Valores)	<ul style="list-style-type: none"> <li>Both the company owning the real estate and the fund manager entity must be listed companies on the Costa Rican Stock Exchange</li> <li>Subject to minimum share capital of approximately U.S.\$ 126,582. This amount is adjusted every year</li> <li>Costa Rican Fund's corporate purpose is the acquisition and/or leasing of real property</li> <li>Composed of two entities: one holds the real estate and the other is the fund manager, which is fully regulated by the Costa Rican agency "Super Intendencia General de Valores," similar to the U.S. SEC</li> <li>25 or more investors</li> <li>Minimum participation: approximately U.S.\$ 4,520. per investor - this amount is adjusted every year</li> <li>Funds seeking Costa Rican Fund status apply for a license through the Costa Rican agency "Super Intendencia General de Valores"</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>At least 80 percent of its property must consist of real estate assets. Real estate assets are defined as passive real property or infrastructure located in Costa Rica</li> <li>Investments in non-Costa Rican real estate assets do not qualify for the 80 percent asset test</li> <li>The fund cannot have more than 25 percent of its portfolio leased to one tenant</li> <li>Minimum net assets are approximately U.S.\$ 415,913 - This amount is adjusted every year</li> </ul>	<ul style="list-style-type: none"> <li>Distribution rules are determined by each Fund Manager in the financial prospectus - In practice, Costa Rican Funds distribute substantially all of their income to their investors</li> </ul>	<ul style="list-style-type: none"> <li>No withholding tax applies on distributions</li> </ul>	<ul style="list-style-type: none"> <li>Loans limited to 35 percent of the book value of gross assets - Remainder must be equity, and only common shares may be issued - determination of book value is not specifically referred to in the law or regulations, but determined per informal communications with the Costa Rican Agency</li> </ul>	<ul style="list-style-type: none"> <li>If the Costa Rican Fund fails to comply with regulatory requirements, the Costa Rican "Super Intendencia General de Valores" could take control of the REIT or liquidate the fund</li> </ul>	<ul style="list-style-type: none"> <li>Costa Rican Fund's gross ordinary income and capital gains are subject to a 5 percent tax rate</li> <li>Costa Rican Fund may not engage in property development activities or provide other types of real estate services</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
EUROPEAN UNION	"EU REIT"	Does not exist; outline of possible EU REIT regime proposed by EPRA ("European Public Real Estate Association")	See EPRA Report, <i>European REIT Regimes and the Impact of the EC Treaty Freedoms</i> (August 2005).	<ul style="list-style-type: none"> <li>Does not have to fulfill shareholder requirements</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>Assets held directly and indirectly (through the interposition of an EU REIT) by the EU REIT must consist of at least 70 percent of immovable property held for investment purposes</li> </ul>	<ul style="list-style-type: none"> <li>Profits made by the EU REIT in a given financial year must be fully distributed within eight months after the end of the financial year</li> </ul>	<ul style="list-style-type: none"> <li>A withholding tax is levied at a rate of 20 percent of the profit distributions of the EU REIT. If so desired, this withholding tax may be a final tax with respect to participation holders in the EU REIT. In such case, the Member States in which the participation holders in the EU REIT are resident or established grant an exemption of the income arising from the holding of a participation in the EU REIT</li> <li>A special rule would apply to pension funds established in the European Union that hold participations in the EU REIT and which are either not subject to or are exempt from corporate income tax: these pension funds are entitled to a refund of the dividend tax that was withheld on the profit distributions they received. This refund is given by the Member State in which the pension fund is established. The Member State of residence of the pension fund receives a reimbursement from the other Member States for the refund by way of a clearing system</li> </ul>	<ul style="list-style-type: none"> <li>On a consolidated basis, the assets of the EU REIT are not financed for more than 60 to 70 per cent with loan capital</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Exempt from corporate income tax in the Member State in which it is actually established</li> <li>With respect to property held by the EU REIT located in a Member State other than the one in which it is established, it is subject to a source tax in the situs state at a flat rate, uniform within the European Union, of 20 percent</li> <li>The above source tax levied by the situs state may be set off (as a reduction of payment of tax) against the dividend withholding tax that the EU REIT has to withhold on its profit distributions</li> <li>Capital gains realized by the EU REIT on properties may be written off against the cost price of other property, subject to a term of three financial years, provided the property is located in the same Member State as the property that was sold</li> <li>Dividend withholding tax withheld on the profit distributions on shares in an EU REIT (subsidiary) held by another EU REIT (parent) may also be set off against the dividend tax owed by the latter EU REIT (parent) with regard to its own profit distributions</li> <li>The tax regime for the EU REIT would be laid down in a regulation on the basis of Art. 249, EC Treaty in conjunction with Art. 308 EC Treaty. In this way, the regulation has direct effect and, to the extent necessary, bilateral tax treaties can be adapted without reopening negotiations. Furthermore, when the EU REIT would be laid down in an EU-regulation, Art. 57(2) EC Treaty provides for the possibility of making a distinction in relation to third countries (for EU REITs resident in third countries or for EU REIT with shareholders in third countries). Unanimity is required for the adoption of a regulation, but an exception may be made, if so desired, under the provisions on 'enhanced cooperation' as provided for in Arts. 43 through 45 EU Treaty</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
FRANCE	SIIC (Sociétés d'Investissements Immobiliers Cotées)	Enacted 2003, amended 2005	2003 Budget Law, Revised Finance Bill for 2004, Finance Bill for 2005	<ul style="list-style-type: none"> <li>Must be a listed company on the French regulated Stock Exchange (no specific requirement regarding the minimum percentage of shares to be held by the public and subject to the approval of the French stock market authorities, this percentage can be very small, ie. Less than 5 percent)</li> <li>Primary listing on a non-French market with secondary listing in France is possible</li> <li>Minimum share capital of € 15 million (approximately U.S.\$ 18 million)</li> <li>Main corporate purpose must be the acquisition or construction of buildings for rental purposes and/or the direct or indirect holding of shares in companies having the same corporate purpose</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>Assets pertaining to ancillary activities (i.e., real property trading) are not eligible for SIIC regime and must not exceed 20 percent of the SIIC's total assets - there is no maximum percentage threshold for assets leased under finance lease arrangements</li> <li>Under the Finance Bill for 2005, certain assets not previously eligible to the SIIC regime are now eligible (i.e., immovable property rented to third parties and financed under a finance lease arrangement entered into as of 01 Jan 05)</li> </ul>	<ul style="list-style-type: none"> <li>At least 85 percent of rental income must be distributed annually</li> <li>At least 50 percent of capital gains must be distributed before the end of the second fiscal year following the one in which the gain was realized</li> <li>100 percent of dividends from SIIC subsidiaries must be redistributed by the SIIC within a year</li> <li>The 100 percent distribution requirement with respect to dividends from SIIC subsidiaries does not apply where the subsidiary is a pass-through partnership, in which case the 85 percent and 50 percent distribution requirement applies in proportion to the SIIC subsidiary's rental income and capital gains</li> </ul>	<ul style="list-style-type: none"> <li>25 percent withholding on foreign dividend distributions. Reduced rates may apply under tax treaties.</li> <li>No dividend withholding exemption is available under the EU Directive for dividends declared by an SIIC unless the dividend is appropriated from a basket of earnings which have been taxed at the standard corporate income tax rate</li> </ul>	<ul style="list-style-type: none"> <li>There are no specific thin-capitalization or long-term debt restrictions aimed at the SIIC.</li> <li>Nevertheless, general thin-capitalization and earnings stripping rules entering into force as from January 1, 2007 will impose new tax deductibility restrictions for related party interest expenses incurred by corporate taxpayers (including SIICs) which will be capped to (i) interest incurred on related party debt that does not exceed 1.5 times their net equity or (ii) to interest that does not exceed 25 percent of their adjusted current income, whichever is greater</li> <li>Note that the above thin-capitalization and earnings stripping rules are only relevant for SIICs carrying out non-qualifying activities which are taxable under the standard income tax rules</li> </ul>	<ul style="list-style-type: none"> <li>The loss of SIIC status by the quoted company within ten years from the election triggers taxation at the standard rate (i.e., 34.43 percent in most cases of the capital gains recognized by the SIIC election which have enjoyed the reduced 16.5 percent tax rate determined at the time of election of SIIC status). However, the exit tax paid upon election is creditable against the corporation tax - this recapture does not apply to the SIIC's qualifying subsidiaries that have elected the SIIC regime</li> </ul>	<ul style="list-style-type: none"> <li>The SIIC regime is elective. SIIC qualifying subsidiaries may also elect the regime under certain conditions (i.e., 95 percent ownership requirement for companies subject to corporate income tax)</li> <li>Upon election, a 16.5 percent exit tax is due on latent real estate capital gains - this exit tax is paid over four years in four equal installments</li> <li>The SIIC may perform non-qualifying activities within certain limits - these activities remain taxable under the standard income tax rules</li> <li>Under the Finance Bill for 2005, rental income from the sub-leasing of property leased by a SIIC under finance lease arrangements ("credit bail immobilier") entered into from 01 Jan 05 and gains realized from the disposal of rights pertaining to such finance lease arrangements may now be exempt from French CIT</li> <li>Also under the Finance Bill for 2005, legal restructurings involving SIICs as of 01 Jan 05, such as mergers or spin-offs, do not trigger negative tax consequences, so long as (i) the surviving company undertakes to fulfill the distribution requirement incumbent upon the merged or spun-off entity, and (ii) the surviving entity distributes at least 50 percent of the merger premium before the end of the second fiscal year following the one in which the restructuring occurs - additional distribution requirements are imposed on the surviving company where the reorganization is implemented between unrelated parties at fair market value</li> <li>In addition, effective for fiscal years starting from 01 Jan 04, the built-in-capital gains existing in connection with those newly eligible assets are immediately taxable at a reduced tax rate of 16.5 percent and the corresponding tax liability is payable in four installments over a four-year period exactly in the same manner as for built-in gains which existed at the time of the original election for the SIIC regime</li> <li>The Revised Finance Bill for 2004 has increased the rate of French transfer tax applicable to the sale of French immovable property and to the sale of shares in companies that primarily hold, directly or indirectly, such property from 4.8 percent to 5 percent for transactions entered into from 1/1/06</li> <li>French companies contributing or selling real estate assets to a SIIC prior to January 1, 2008 may enjoy a 16.5 percent reduced capital gains tax rate on the disposal of the properties provided that the SIIC undertakes to retain the properties for at least 5 years.</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
GERMANY	KAG Fund (Fund pursuant to the Investment Act and the Investment Tax Act).  This chart describes the current state of German real estate investing, however Germany is currently considering the introduction of real REIT legislation, which contemplates introducing publicly traded REITS only	Enacted 2003, replacing the prior KAG law from 1957	Investmentgesetz (InvG), 2003, and Investmentsteuergesetz (InvStG), both as of 15 Dec 03	<ul style="list-style-type: none"> <li>Fund units are publicly offered, but not traded. Fund can also be structured as "special fund" for institutional investors (a maximum of 30 investors)</li> <li>Fund units must be redeemable at any time at the option of the unit owner -special rules govern deferral of redemption for up to two years if there is insufficient liquidity</li> <li>Fund must be independently managed by German "Kapitalanlagesellschaft" (KAG), which is a licensed banking institution, typically owned by major German banking conglomerates</li> <li>Fund's assets and income are supervised by separate custodian bank</li> <li>Comprehensive regulatory rules govern investment obligations of the KAG</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying assets (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>Must only own real estate or investments in real estate property companies</li> <li>Property company can only own up to three investments, and no interests in other entities, other regulatory restrictions concerning debt funding, etc. apply</li> <li>Acquisition value of each property must not exceed 15 percent of the fund's total value. Other risk diversification rules apply, such as the restriction of investing not more than 49 percent of the fund's assets in real property companies -the 49 percent threshold is reduced to 20 percent for minority interests in real property companies. Rules address permitted foreign investments, and interim rules govern the treatment of newly set up funds</li> </ul>	<ul style="list-style-type: none"> <li>The distribution rules are generally set by the Fund's organizational documents</li> <li>The Fund itself is an exempt entity - there are distributing and reinvesting KAG funds. For tax purposes, it is irrelevant whether the income is distributed or not: the Fund's income is apportioned to each unitholder at the end of the fund's fiscal year, whether distributed or not</li> </ul>	<ul style="list-style-type: none"> <li>There is a 20 percent withholding tax on distributed and undistributed income derived from real estate investments, with the exception of capital gains from the disposition of properties owned for more than 10 years - reduced rates may apply under tax treaties</li> </ul>	<ul style="list-style-type: none"> <li>The property portfolio can be financed with only 50 percent third party debt on an overall basis</li> </ul>	<ul style="list-style-type: none"> <li>If the KAG deviates from its investment tax reporting obligations, the investors are subject to penalty-type taxation. All activities of the KAG are subject to regulatory scrutiny, and any deviation could result in regulatory action (i.e., penalty, withdrawal of license, etc.) - from a tax perspective, there is no loss of status if the obligations of the KAG are not carried out properly but a penalty-type tax applies</li> </ul>	<ul style="list-style-type: none"> <li>With respect to non-German investments, the Fund is typically in a position to avail itself of the benefits of a tax treaty. For example, direct investments of the fund in the U.S. are taxed only in the U.S., and the foreign income attributed to the German unit holder is exempted from German taxation</li> </ul>
GREECE	REMF (Real Estate Mutual Fund)	Enacted 1999	Law 2778/1999 (Government Gazette Issue no. 295/30.12.1999) "Real Estate Mutual Funds - Real Estate Investment Companies and other Provisions"	<ul style="list-style-type: none"> <li>REMF has no legal personality</li> <li>REMF units are publicly offered (i.e. freely offered to the public) but not listed on the Greek Stock Exchange</li> <li>REMF units must be redeemable at any time at the option of the unit owner</li> <li>REMF must be managed by a Mutual Fund Management Company</li> <li>REMF incorporation requires a prior operating license issued by the Capital Market Committee</li> <li>REMF's assets are supervised by a separate custodian bank</li> <li>The appointment of the custodian as well as its regulation must be approved by the Capital Market Committee</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying assets (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>REMF must invest at least 90 percent of its total assets in real estate, cash, bank deposits and securities of equal liquidity</li> <li>Investment in cash, bank deposits and securities must be equal at least to 10 percent of total assets</li> <li>Acquisition value of each property must not exceed 15 percent of the REMF's total value. Other risk diversification rules apply</li> </ul>	<ul style="list-style-type: none"> <li>There is no minimum distribution requirement in the law</li> <li>Distribution of profits takes place at year-end in accordance with REMF's Regulation, after the deduction of any expenses of the REMF</li> <li>Profits derived from sale of securities can be distributed only if no capital loss greater than or equal to the profits has occurred in the same year</li> </ul>	<ul style="list-style-type: none"> <li>Income generated from foreign securities is subject to withholding at a 20 percent rate upon repatriation</li> <li>Income tax treaties do not apply to reduce the rate of withholding</li> </ul>	<ul style="list-style-type: none"> <li>Financing (either loans or credits) must not exceed 33.33 percent of total REMF investment in real estate</li> </ul>	<ul style="list-style-type: none"> <li>REMF will not lose its tax status if it deviates from its obligations according to the applicable law - in general, the operation of a REMF is supervised by the Capital Market Committee and any violation may trigger the imposition of penalties</li> </ul>	<ul style="list-style-type: none"> <li>REMF is subject to special taxation at 0.3 percent on assets, payable by the Mutual Fund Management Company - unitholders have no further tax liability</li> <li>The REMF is the beneficial owner of the income locally generated and is liable to income tax in its own name - unitholders may receive, in the form of dividends, the profits already taxed in the name of the REMF and will not be subject to further Greek tax</li> <li>Given that the REMF does not have its own legal personality, it is not eligible for a Greek tax resident certificate in order to claim income tax treaty protection - any treaty protection should be claimed by unitholders, who should issue a Tax Residence Certificate in their names as the beneficial owners of the income</li> </ul>
GREECE	REIC (Real Estate Investment Company)	Enacted 1999	Law 2778/1999 (Government Gazette Issue no. 295/30.12.1999) "Real Estate Mutual Funds - Real Estate Investment Companies and other Provisions"	<ul style="list-style-type: none"> <li>REIC has the form of a "Societe Anonyme" (a Greek joint stock company)</li> <li>Minimum share capital of € 29,347,028.61 (approximately U.S.\$ 35 million) and mandatory registered shares</li> <li>The management of a portfolio is exclusively aimed toward marketable securities and real estate</li> <li>REIC incorporation requires a prior operating license issued by the Capital Market Committee</li> <li>REIC must file an application for its listing in the Greek Stock Exchange or in another EU Stock Exchange within one year from its incorporation</li> <li>REICs investments in securities (not in real estate) are supervised by a custodian bank operating in Greece</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying assets (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>REIC must invest at least 80 percent in real estate, cash, bank deposits and securities of equal liquidity</li> <li>The investment in cash, bank deposits and securities must be equal at least to 10 percent of total assets</li> <li>The investment in marketable securities should not exceed 10 percent of total assets</li> <li>REIC may also invest in other non-real estate assets serving the operational needs of REIC and which, together with real estate, do not exceed 10 percent of the value of the real estate at time of purchase</li> </ul>	<ul style="list-style-type: none"> <li>REIC should generally distribute at least 35 percent of its annual net profits to its shareholders</li> <li>The distribution of a lesser percentage or non-distribution is allowed pursuant to a Shareholders Meeting Resolution, provided a clause exists in the REIC Articles of Association for the creation of a tax-free reserve or for the distribution of free shares accompanied by a share capital increase</li> </ul>	<ul style="list-style-type: none"> <li>Income generated from foreign securities is subject to withholding at 20 percent upon repatriation</li> <li>Income tax treaties do not apply to reduce the rate of withholding</li> </ul>	<ul style="list-style-type: none"> <li>Financing (either loans or credits) for the exploitation of the real estate portfolio must not exceed 25 percent of REIC's total investment in real estate</li> <li>Loans received by REIC for the purchase of real estate must not exceed 10 percent of the total net equity of the REIC minus the total investments in real estate - the value of such loans is not included in the 25 percent threshold mentioned above</li> </ul>	<ul style="list-style-type: none"> <li>The REIC will not lose its tax status if it deviates from its obligations according to the applicable law - in general, the operation of a REIC is supervised by the Capital Market Committee and any violation may trigger the imposition of penalties</li> </ul>	<ul style="list-style-type: none"> <li>REIC is subject to a special taxation rate of 0.3 percent on investments plus available funds. Its shareholders have no further tax liability</li> <li>The REIC is the beneficial owner of the income locally generated and is liable to income tax in its own name -shareholders may receive, in the form of dividends, the profits already taxed in the name of the REIC and will not be subject to further tax</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
HONG KONG	REIT (Real Estate Investment Trust)	Enacted 2003	Code on Real Estate Investment Trusts; Securities and Futures Ordinance, §§ 104, 105	<ul style="list-style-type: none"> <li>Must be listed on the Stock Exchange of Hong Kong</li> <li>Must be structured in the form of a trust</li> <li>Must appoint a trustee that is functionally independent of the management company of the REIT and that acts in the best interest of unit holders</li> <li>Must appoint a management company acceptable to the Securities and Futures Commission (SFC)</li> <li>Must appoint an independent property appraiser</li> <li>Valuation of REIT assets must be done on an annual basis</li> <li>If the name of the REIT indicates a particular type of real estate, it must invest at least 70 percent of its non-cash assets in such type of real estate</li> <li>Funds seeking REIT status apply for a license through the SFC</li> </ul>	<ul style="list-style-type: none"> <li>Must invest primarily in real estate that generates recurring rental income</li> <li>Must not hold non-income generating real estate in excess of 10 percent of the total net asset value of the REIT</li> </ul>	<ul style="list-style-type: none"> <li>Must invest in real estate which should generally be income generating - on 17 Jun 05 restrictions for overseas real estate investments were removed</li> <li>Must not invest in vacant land or engage in property development activities, except refurbishments, retro fittings, or renovations</li> <li>Investment in hotels and recreation parks is allowed if held by special purpose vehicles</li> <li>Must not lend or become contingently liable for any indebtedness of any person or use its assets to secure any obligations without prior written consent of the trustee</li> <li>Must not acquire any asset that involves the assumption of any liability that is unlimited</li> <li>Must hold its real estate for a period of no less than 2 years unless otherwise approved by its unit holders</li> </ul>	<ul style="list-style-type: none"> <li>Must distribute at least 90 percent of net income as dividends to unit holders annually. No withholding tax is imposed on dividend income in Hong Kong</li> </ul>	N/A	<ul style="list-style-type: none"> <li>As of 17 Jun 05 the gearing ratio limit was increased to 45 percent of the gross asset value of the REIT following the removal of the restrictions for foreign investments</li> </ul>	N/A	N/A
ISRAEL	REIF (Real Estate Investment Fund)	Enacted on 01 Jan 06	Sections 64A2 - 64A11 to the Israeli tax ordinance	<ul style="list-style-type: none"> <li>Special purpose company that was established for this purpose</li> <li>Shares listed for trade in the Tel Aviv Stock Exchange</li> <li>At least 50 percent of the company's voting rights should be held by more than five shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investment which is not "prohibited income"</li> <li>"Prohibited income" is defined as income from business activity other than income-yielding real estate; income from the sale of inventory (real estate or otherwise) or sale of other real estate that is not income-yielding real estate; or income from traded securities, state bonds and deposits to the extent that such income exceed 5 percent of the revenues of the fund in that tax year</li> </ul>	<ul style="list-style-type: none"> <li>95 percent or more of the REIF assets' value consist of income-yielding real estate and liquid assets (cash, deposit etc.)</li> <li>75 percent or more of the REIF assets' value constitute of income-yielding real estate,</li> <li>Income-yielding real estate's value exceed 200 million NIS (Approximately \$40 million)</li> <li>75 percent of the income-yielding real estates' value located in Israel.</li> <li>The company's obligations (other than equity) do not exceed 60 percent of the income-yielding real estate's value</li> </ul>	<ul style="list-style-type: none"> <li>Every year the fund is obliged to distribute 90 percent of its profits calculated based on accounting principles, include amount equal to the depreciation and 100 percent of its capital gain from disposal of real estate</li> <li>The distribution must take place no later than April 30 of the following year</li> </ul>	<ul style="list-style-type: none"> <li>Upon distribution the fund has to withhold the tax that the shareholder would have paid had he made the investment directly in the real estate (i.e. capital gain of 25 percent, ordinary income based on the corporate tax or individual income tax rate).</li> <li>70 percent tax rate would apply on "prohibited income" on distribution; 60 percent if not distributed</li> <li>Treaty country's pension fund and mutual funds will be exempt from withholding to the extent those profits are exempt in their residence country.</li> </ul>	<ul style="list-style-type: none"> <li>Thin-capitalization limitation of 60 percent (3:2 ratio)</li> </ul>	<ul style="list-style-type: none"> <li>REIFs that do not meet the requirements or choose to cease REIF status will be taxed as a corporation from the end of the year, in case of election or from the day when requirements are no longer met.</li> </ul>	<ul style="list-style-type: none"> <li>The assets can not be contributed to the fund in a tax free contribution.</li> <li>The purchase of the real estate will be subject to reduced "purchase tax" (special tax for purchasing real estate).</li> <li>Undistributed income will be subject to corporate tax by the fund.</li> </ul>
ITALY	REIF (Real Estate Investment Fund)	Enacted 1994	Law No. 86, dated 01/25/1994. Specific beneficial tax regime applicable from 01/01/04 as modified by Law Decree 269 dated 09/30/2003	<ul style="list-style-type: none"> <li>No specific requirements are provided for the minimum number of unit-holders. However, having a sole investor holding all units of a REIF could be contrary to the definition of Fund provided for by the Law. A case-by-case analysis should be conducted in the case of a single investor holding all the units of the REIF</li> <li>The law allows only the incorporation of closed-end REIFs</li> <li>REIFs are managed by a "Societa di Gestione del Risparmio" (SGR), an independent management company</li> <li>SGRs are registered in a special list kept by the Bank of Italy and are subject to rules that limit and spread risk</li> <li>The REIF's available funds are deposited with a depositary Bank</li> <li>The participation in the REIF is regulated on the basis of the Fund's rules (Regolamento) to be approved by the Bank of Italy</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>At least 66.67 percent of the REIF's investment values must be in real estate, real estate real rights and real estate companies. This amount may be reduced to 51 percent when at least 20 percent of REIF's aggregate value is invested in securitized financial instruments related to real estate, real estate rights or credits guaranteed by real-estate mortgages</li> <li>Both the 66.67 percent and 51 percent limits must be met within 24 months from the beginning of the activity of the Fund</li> </ul>	<ul style="list-style-type: none"> <li>The Fund Regolamento (rules) establishes the distribution rules</li> <li>A 12.5 percent withholding tax generally applies on REIF's profits distributions</li> </ul>	<ul style="list-style-type: none"> <li>Full withholding tax exemption applies on the distribution of REIF profits to persons resident in Countries that entered into a tax treaty with Italy or that grant an adequate exchange of information with the Italian tax authorities ("white list" countries)</li> <li>Full withholding tax exemption also applies on the distribution of REIF profits to foreign institutional investors (i.e. pension funds) and central banks that are formed in a white-listed country</li> </ul>	<ul style="list-style-type: none"> <li>REIFs can be financed for an amount not higher than 60 percent of the aggregate value of real estate, rights relating to real estate and real estate companies, and can be further financed for an amount not higher than 20 percent of the aggregate value of the other assets</li> <li>REIF's advanced quota - shares - redemptions can be financed for an amount not higher than 10 percent of the REIF's value</li> </ul>	<ul style="list-style-type: none"> <li>REIF's beneficial tax regime ends if the rules set forth by Ministerial Decree 228 dated 05/24/1999 are no longer met. Among others, note that the fund beneficial tax regime ends if the ratios for the diversification of the different assets are not met within 24 months from the beginning of the activity of the Fund</li> </ul>	<ul style="list-style-type: none"> <li>Full exemption from 33 percent corporate income tax (IRES) and 4.25 percent Regional Income Tax (IRAP) applies</li> <li>If the real estate is primarily rented at the time of the contribution to the closed-end real estate fund, the contribution is outside the scope of VAT and is subject to registration, cadastral and mortgage taxes in the fixed amount of € 168 for each tax</li> <li>Real estate tax on ownership (ICI) is levied as for any other investment structure</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
JAPAN	J-REIT (Japanese Real Estate Investment Trust)	Enacted 2000	<ul style="list-style-type: none"> <li>Investment Trust Law Chapter 3</li> <li>Special Taxation Measures Law Article 67-15</li> </ul>	<ul style="list-style-type: none"> <li>J-REITs are generally formed as corporations rather than as trusts</li> <li>Registration based on Investment Trust Law is required</li> <li>One of the following must be met with regard to the investment certificates: <ul style="list-style-type: none"> <li>The certificates must be publicly offered and the issuing amount must be at least 100 million yen (approximately U.S.\$ 900,000) at the time of the incorporation</li> <li>The certificates must be owned by at least 50 investors at the end of the fiscal year; or</li> <li>Qualified institutional investors hold 100 percent of the J-REIT units at the end of the fiscal year</li> </ul> </li> <li>The offer for investment of the units in the J-REIT is mainly in the domestic market</li> <li>The J-REIT has a fiscal period of one year or less</li> <li>The asset management function has been outsourced to an asset manager</li> <li>The custody function for assets owned by the J-REIT has been outsourced to an asset manager</li> <li>The three largest investors must own less than 50 percent of the units</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Must not hold 50 percent or more of the equity in other companies except for investment in Tokutei Mokuteki Kaihsa (TMKs) where J-REIT holds 100 percent of the preferred investment certificates issued</li> </ul>	<ul style="list-style-type: none"> <li>At least 90 percent of profits must be paid as dividends to satisfy the requirements</li> </ul>	<ul style="list-style-type: none"> <li>20 percent withholding on foreign distributions. Reduced rates may apply for dividends from listed J-REITs 7 percent withholding tax rate (until March 31, 2008 and 15 percent thereafter) is applicable to dividends received by the foreign investor with an exception for the individual investor owning 5 percent or more of total units. Reduced rates may apply under tax treaties</li> <li>Capital gain from disposal of the units in J-REITs: J-REIT is generally treated as Japanese Real Property Holding Corporation (JRPHC), where at least 50 percent of the total assets consist of real estate located in Japan. Foreign investors are generally subject to Japanese income tax on capital gain from disposal of the units with the tax rate of 30 percent for corporations and 15 percent for individuals. However, if the foreign investor owns 5 percent or less of a listed J-REIT or 2 percent or less of an unlisted J-REIT the capital gain is not subject to Japanese income tax. Exemption may apply under tax treaties</li> </ul>	<ul style="list-style-type: none"> <li>All loans must be borrowed from qualified institutional investors. No special restrictions for long-term debt</li> </ul>	<ul style="list-style-type: none"> <li>Violation of the Investment Trust Law can lead to the loss of tax status, as well as REIT status</li> </ul>	<ul style="list-style-type: none"> <li>J-REIT is a special corporate entity incorporated under Investment Trust Law. In order to take the dividends paid deduction, J-REIT as a special corporation must satisfy the requirements under the tax law. The status of J-REIT follows from the Investment Trust Law and the eligibility of the dividends paid deduction follows from tax law.</li> </ul>
KOREA	REIT (Real Estate Investment Trust)	Enacted 2001	Real Estate Investment Act	<ul style="list-style-type: none"> <li>Need to obtain approval from Ministry of Construction &amp; Transportation</li> <li>Minimum capital requirement of KRW 25 billion (approximately U.S.\$ 24 million)</li> <li>Founders must own at least 10 percent and up to 30 percent of shares issued at the time of set-up</li> <li>At least 30 percent of shares must be offered to the public at the time of set-up</li> <li>In-kind contribution is allowed at the time of set-up, up to 50 percent of total paid-in capital - Only real estate can be contributed in-kind</li> <li>No single shareholder (including its related parties) is permitted to own more than 30 percent of shares</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>At least 70 percent of assets must be comprised of real estate at the end of each quarter</li> <li>At least 80 percent of assets must be comprised of real estate, securities and cash related to real estate as of the end of each quarter</li> </ul>	<ul style="list-style-type: none"> <li>There are three REIT structures in Korea - Type-A REIT (i.e. Regular REIT), Type- B REIT, and Type-C REIT (i.e. CR-REIT, Corporate Restructuring REIT). The Type-B and Type-C REIT receive a deemed dividend paid deduction when it declares a dividend payout of 90 percent or more from its total disposable earnings - Type-A REIT is currently taxed at 27.5 percent and does not have a dividend paid deduction</li> </ul>	<ul style="list-style-type: none"> <li>For the three REIT structures, there is a 27.5 percent withholding tax on foreign distributions. Reduced rates may apply under tax treaties</li> </ul>	<ul style="list-style-type: none"> <li>Long-term debt financing and issuance of corporate bonds are allowed for certain purposes (i.e., payback of existing loans, investment into real estate, etc), which cannot exceed two times net equity</li> </ul>	<ul style="list-style-type: none"> <li>Any deviation from its obligations according to the applicable law results in regulatory action (i.e., penalty, withdrawal of license, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>All three REIT are taxed as a company and not treated as a flow-through entity. For the three REITs, the progressive corporate tax rates (inclusive of the resident surtax) are 14.3 percent for taxable income up to KRW 100 million (approximately U.S.\$ 100,000) and 27.5 percent for taxable income exceeding that amount</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
LUXEMBOURG	Investment Funds (International and Domestic Real Estate): - FCP (collective investment fund); - SICAV (variable capital investment company) - SICAF (fixed capital investment company)	Enacted 1988; amended 2002	The Law of December 20, 2002, Part II, relating to Undertaking for Collective Investment (UCIs), which abrogates the 1988 law; The law of 19 Jul 91 relating to UCIs, the securities of which are not intended to be placed with the public (institutional UCIs)	<ul style="list-style-type: none"> <li>FCP has no separate legal personality and requires a management company. A SICAV is an open-ended fund organized as a corporation with variable capital always equal to its net assets. It does not require a management company. A SICAF is a closed-ended fund with fixed capital organized as a corporation. It also does not require a management company</li> <li>Regulated by Luxembourg CSSF (Commission de Surveillance du Secteur Financier/Commission for the Supervision of the Financial Sector)</li> <li>Requires an external auditor</li> <li>Minimum equity: € 1.25 million (approximately U.S.\$ 1.5 million) to be raised during a six month period following the agreement of the CSSF</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>No more than 20 percent of net assets may be invested in any one property (not applicable during a start up period not exceeding four years)</li> </ul>	<ul style="list-style-type: none"> <li>None, except that the net assets after distribution or the share capital (in case of companies - SICAV/F) must exceed the minimum € 1.25 million (approximately U.S.\$ 1.5 million) requirement</li> <li>SICAF is required to create a legal reserve (5 percent of net profits until the accumulated reserve equals 10 percent of the subscribed capital)</li> </ul>	<ul style="list-style-type: none"> <li>No withholding tax applies on distributions</li> <li>The new EU Tax-Saving Directive (due to take effect as of July 2005) implements an exchange of information between Member States with respect to cross border interest payments, redemption, sale or refund of shares / units to/by EU individuals. Luxembourg may levy a withholding tax during a transitional period instead of exchanging information, unless the beneficial owner opts for the exchange. The rate will be 15 percent initially, rising to 20 percent in 2007 and 35 percent in 2010</li> </ul>	<ul style="list-style-type: none"> <li>Basic rule is that total borrowings may not exceed 50 percent of the market value of all properties. In practice, however, the CSSF may grant an increase of up to 70 percent leverage</li> </ul>	<ul style="list-style-type: none"> <li>Any violation can lead to the withdrawal of the fund from the CSSF list and to the loss of its tax status</li> </ul>	<ul style="list-style-type: none"> <li>No profit or capital taxes, except the initial capital duty on incorporation of € 1,250 (approximately U.S.\$ 1,500) and an annual subscription tax of 0.05 percent of total net asset value. This subscription tax is reduced to 0.01 percent for institutional investors and UCIs or UCITs compartments whose exclusive policy is the investment in money market instrument or deposits with credit institutions. The subscription tax is reduced to 0 percent for funds of funds, for pension funds, pooling vehicles and for institutional cash UCIs.</li> <li>No stamp duty on share issues or transfers</li> </ul>
LUXEMBOURG	SICAR - Corporate form (SA, Sàrl, SCA, SC/SA) - Limited Partnership (SCS)	Enacted 2004	Law of 15 Jun 04 on venture capital companies	<ul style="list-style-type: none"> <li>Lightly regulated by Luxembourg CSSF (Commission de Surveillance du Secteur Financier/Commission for the Supervision of the Financial Sector)</li> <li>Requires an external auditor</li> <li>Minimum equity: € 1 million (approximately U.S.\$ 1.2 million) to be raised during a 12 month period following the agreement of the CSSF</li> <li>The SICAR is open to institutional investors, professional investors, and individual investors fulfilling certain conditions (for example, a € 125,000 minimum investment and a written acknowledgement of risk awareness)</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>The SICAR was established for the private equity industry. The CSSF may approve a SICAR for real estate investments as long as it has the operational and revenue model of a private equity fund. The purpose should be the development of real estate with the aim of capital gains rather than rental income</li> </ul>	<ul style="list-style-type: none"> <li>None, except that the net assets after distribution must exceed the minimum € 1 million (approximately U.S.\$ 1.2 million) requirement</li> </ul>	<ul style="list-style-type: none"> <li>No withholding tax applies on distributions</li> <li>Refer to above comment on new EU Tax-Saving Directive</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Any violation can lead to the withdrawal of the SICAR from the CSSF list and to the loss of its tax status</li> </ul>	<ul style="list-style-type: none"> <li>General: <ul style="list-style-type: none"> <li>Capital duty due on incorporation is capped at € 1,250 (approximately U.S.\$ 1,500)</li> <li>No stamp duty on share issues or transfers</li> <li>No subscription tax</li> </ul> </li> <li>Limited partnership form: <ul style="list-style-type: none"> <li>No Net Wealth Tax at the SICAR level</li> <li>No Corporate Income Tax at the SICAR level</li> <li>No Municipal Business Tax</li> <li>Tax transparent for Luxembourg tax purposes</li> </ul> </li> <li>Corporate form: <ul style="list-style-type: none"> <li>Exempt from Net Wealth Tax</li> <li>Fully taxable but exempt from Corporate Income Tax and Municipal Business Tax on income and gains from securities, including income arising from funds awaiting investment ("transit funds") effectively invested within a 12 month period</li> <li>No tax consolidation regime is applicable</li> <li>In principle the SICAR should benefit from the application of tax treaties and the EU directives (subject to a country-by country confirmation)</li> <li>No taxation on the disposal of the SICAR shares by a foreign resident investor</li> </ul> </li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
LUXEMBOURG	Securitization vehicle - Corporate form (SA, Sarl, SCA, SC/SA) - Funds (co-ownership, trusts)	Enacted 2004	Law of 22 Mar 04	<ul style="list-style-type: none"> <li>A Fund has no separate legal personality and requires a management company</li> <li>The securitization entity is regulated (i.e. subject to regulatory framework) if it issues securities to the public on a regular and continuous basis. It is not regulated if it does not issue securities to the public or does not do so on a regular and continuous basis</li> <li>Minimum equity: depends on legal form (minimum required for an SA, Sarl, SCA or SC/SA)</li> <li>Requires an external auditor</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>No limitations regarding the type of securitization transaction that can be performed under the Law. Therefore, any operation may relate to domestic or foreign immovable property risk (among others)</li> </ul>	<ul style="list-style-type: none"> <li>None, except for commercial law restrictions (creation of a legal reserve of 5 percent of net profit until the accumulated reserve equals 10 percent of the subscribed capital)</li> <li>Corporate form: <ul style="list-style-type: none"> <li>Fully taxable at a rate of 30.38 percent, (29.63 percent as from Jan. 1, 2006 for vehicles located in Luxembourg City) but commitments for dividend and interest payments made to investors and to other creditors are deductible</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Corporate form: Any distribution is deemed to be an interest payment so no withholding tax should apply (except under application of the EU Savings Directive)</li> <li>Fund: No withholding tax on distribution should apply (except under application of the EU Savings Directive)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>General: <ul style="list-style-type: none"> <li>Capital duty is due on capital increases, this is capped at € 1,250 (approximately U.S.\$ 1,500)</li> <li>No stamp duty on share issues or transfers</li> <li>No subscription tax</li> </ul> </li> <li>Corporate form: <ul style="list-style-type: none"> <li>Exempt from Net Wealth Tax</li> <li>Subject to a country-by country confirmation, the securitization vehicle should benefit from tax treaties and EU Directives</li> </ul> </li> <li>Fund: <ul style="list-style-type: none"> <li>No Corporate Income Tax, no Municipal Business Tax, and no Net Wealth Tax</li> </ul> </li> </ul>
MALAYSIA	(REIT) Real Estate Investment Trust	Specific REIT guidelines issued and REIT specific tax provisions introduced in 2004, 2005, and 2006	Securities Commission Act 1993; Securities Commission (SC) Guidelines on REIT of 20505; Malaysia Income Tax Act, 1967	<ul style="list-style-type: none"> <li>Malaysian registered trust: Malaysian trustees must be approved by SC</li> <li>Minimum fund size of RM100 million (USD27 million)</li> <li>The trust must be managed and administered by a management company approved by the SC</li> <li>Foreigners can only hold up to 49 percent of the equity of the Management company and further a minimum equity of 30 percent must be held by Bumiputra (indigenous) investors</li> <li>Real estate held by the fund must be managed by qualified property manager</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>For unlisted REITs: <ul style="list-style-type: none"> <li>At least 70 percent of total assets must be investment in real estate, single purpose companies or real estate-related assets</li> <li>At least 50 percent of total assets must be invested in real estate or single-purpose companies</li> <li>At least 20 percent of total assets must be invested in liquid assets at all times</li> <li>Balance of 10 percent may be invested in real estate-related assets, non-real estate-related assets</li> </ul> </li> <li>Note: different percentages apply for listed REITs</li> </ul>	<ul style="list-style-type: none"> <li>REIT will not be taxed on income distributed to unit holders. The amount distributed is taxable in the hands of unit holders</li> <li>Undistributed income will be taxed at 28 percent. - a credit for the taxes paid on said income is available for unit holders on the distribution of income that has been subject to tax</li> </ul>	<ul style="list-style-type: none"> <li>Distributions to non-resident unit holders are subject to a withholding tax of 28 percent</li> <li>Foreigners can only hold up to 49 percent of the management company</li> </ul>	<ul style="list-style-type: none"> <li>Basic rule is that total borrowings may not exceed 35 percent of the net asset value of the fund unless otherwise approved by the SC</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Stamp duty: exemption for instruments of transfer relating to properties disposed to approved REITs</li> <li>Capital gains: exemption for properties disposed to approved REITs.</li> <li>Gains from disposal of properties by REIT may be subject to Real Property Gains Tax at rates ranging from 5 percent - 30 percent if held for less than five years</li> <li>Corporate tax: It has been proposed that tax deduction be allowed on start-up expenses incurred on the establishment of REIT e.g. consultancy, legal and valuation fees with effect from 2006</li> </ul>
MALAYSIA	Islamic Real Estate Investment Trusts (Islamic REIT) i.e. a collective investment scheme in real estate, in which the tenant(s) operates permissible activities according to Islamic laws "Syariah".	Specific Islamic REIT guidelines issued	Guidelines for Islamic REITs of 2005	<ul style="list-style-type: none"> <li>As above.</li> </ul>	<ul style="list-style-type: none"> <li>A Syariah committee/ Syariah advisor must be appointed to assess any property acquired by an Islamic REIT is Syariah compliant.</li> <li>Permitted to acquire real estate in which its existing tenant(s) operates mixed activities. However, fund manager must test the rental from the non-permissible activities to ensure that such rentals do not exceed 20 percent of total turnover of the Islamic REIT.</li> <li>The Islamic REIT cannot accept new tenant(s) whose activities are fully non-permissible or buy a building where all the tenants operate non-permissible activities.</li> <li>Non-qualifying/permissible rental activities - financial services based on <i>riba</i> (interest), gambling/gaming, manufacture or sale of non-halal products or related products, conventional insurance, entertainment activities that are non-permissible according to the Syariah, manufacture or sale of tobacco-based products or related products, stockbroking or share trading in Syariah non-compliant securities and hotels/resorts.</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>As above.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>As above.</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
<b>MALTA</b>	Professional Investor Funds (PIFs) either targeting experienced investors or qualifying investors	First Enacted in 1994	Investment Services Act, 1994 ("ISA"), as amended by Act XVII of 2002	<ul style="list-style-type: none"> <li>Open-ended or closed-ended investment companies in the form of a SICAV or INVCO, or a limited partnership or a unit trust or a mutual fund.</li> <li>Minimum initial threshold for 'experienced investors' is USD 20,000 or its equivalent in foreign currency</li> <li>Minimum initial threshold for 'qualifying investors' is USD 100,000 or its equivalent in foreign currency</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from investments</li> </ul>	<ul style="list-style-type: none"> <li>Investing in real property, targeting investors who are not Malta residents. Investment in real property as the funds main asset class or significant asset class should represent more than 20 percent of the fund's net asset value.</li> </ul>	<ul style="list-style-type: none"> <li>No minimum distribution requirements</li> <li>No tax is payable by non-resident investors when they dispose of their investment or when they receive a dividend</li> </ul>	<ul style="list-style-type: none"> <li>The Malta Financial Services Authority (MFSA) will only license PIFs established overseas, as a pre-requisite for their listing on an Recognized Investment Exchange (RIE), if it is satisfied with the level of regulation of the PIF in its country of incorporation and its principal functionaries in their home jurisdictions.</li> </ul>	<ul style="list-style-type: none"> <li>Property PIFs established as experienced investor funds may not leverage their positions.</li> <li>Property PIFs established as qualifying investor funds may leverage up to 50 percent.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<p>In respect of PIFs:</p> <ul style="list-style-type: none"> <li>No duty on documents on share issues or transfers</li> <li>No tax on net asset value of the scheme</li> <li>No withholding tax on dividends paid to non-residents</li> <li>No taxation on capital gains on the sale of shares or CIS units by non-residents</li> <li>No taxation on capital gains on the sale of shares or CIS units held in prescribed funds by residents provided such shares are listed on the Malta Stock Exchange</li> </ul>
<b>MEXICO</b>	REIT (Real Estate Investment Trust – Fideicomiso Inmobiliario); 2006 Tax Reform extends REIT rules to existing companies if certain conditions are met	Enacted 2004; New rules in force since January 1, 2006	Mexican Income Tax Law (MITL), articles 223-224-A, 223-B, 223-C, 224 and 224-A	<ul style="list-style-type: none"> <li>Trusts organized pursuant to Mexican law</li> <li>Business activities must be related to real estate investments: acquisition of real estate, leasing of real estate and sale of real estate (property must have been leased for the previous year before its disposition).</li> <li>Trusts must file before the tax authorities during the 30-day period after its creation the following information: <ul style="list-style-type: none"> <li>Copy of the trust agreement</li> <li>Financial statements at the beginning of operation of the trust</li> <li>A description of its general operation and investment program</li> <li>Certification by a Mexican public accountant in which compliance of the trust with the Asset rule is expressed under oath</li> </ul> </li> <li>If the certificates of participation in the trust are not publicly traded, then the trust must have at least 10 investors and no investor may hold more than a 20 percent interest.</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>At least 70 percent of equity must be invested in the following real estate activities: acquisition of real estate, leasing of real estate and sale of real estate (property must have been leased during the previous year before its disposition)</li> <li>The remaining percentage must be invested in Mexican Government debt securities or in shares of mutual funds investing in debt instruments.</li> </ul>	<ul style="list-style-type: none"> <li>Trust must distribute, during the two-month period following the end of each tax year, at least an amount equivalent to the annual tax liability (taxable income multiplied by the corporate tax rate).</li> </ul>	<ul style="list-style-type: none"> <li>When beneficiaries of the trust are foreign tax residents (excluding exempt pension and retirement funds) who alienate certificates of participation, capital gains realized will be deemed taxable income received from real estate investments. Taxable income is determined as if the REIT was a Mexican resident company, with some specific requirements.</li> <li>Gain from the sale of publicly traded certificates of participation is exempt for Mexican individuals and foreign residents.</li> <li>Foreign exempt pension and retirements funds must be registered before the tax authorities in order to receive tax exempt treatment.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Upon non-compliance with Organizational and Asset rules the trust may lose its status as real estate investment trust</li> </ul>	<ul style="list-style-type: none"> <li>Annual obligation of the trust to inform the beneficiaries of their respective amounts of the assets' value pursuant to their participation in the trust</li> <li>The contribution of real estate to the trust is not considered a sale or disposition of property to the extent the trustee grants the use of such property to the settler and to third parties, with certain requirements.</li> <li>Notwithstanding the above, any gain from the real estate contribution would be recognized, indexed for inflation, when the settler alienates its certificates of participation or when the trust alienates said property.</li> <li>Foreign pension and retirement funds that are settlers or trustees of real estate trusts shall not be deemed to have permanent establishment in Mexico</li> <li>Real estate trusts are fiscally transparent entities that should calculate and pay annual income tax with respect to the real estate activities carried out. Mexican beneficiaries or trustees should include in their annual tax return the net income of the trust based on their participation.</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
THE NETHERLANDS	FBI (fiscal investment institution/ Fiscale Beleggingsinstelling)	Enacted 1969. A bill for the modernization of the FBI regime is currently pending in Dutch Parliament ("the FBI Modernization Bill").	Article 28 Dutch Corporate Tax Act; Resolution on Fiscal Investment Institutions	<ul style="list-style-type: none"> <li>■ An FBI is not a specific legal form, it merely refers to a special tax status.</li> <li>■ An FBI should be resident in the Netherlands and should have the legal form of a public company (NV), limited company (BV), or fund for joint account (FJA). Under the FBI Modernization Bill, the list of entities eligible for FBI status will be expanded to also include certain entities formed under foreign laws and certain entities that are resident outside of the Netherlands.</li> <li>■ FBIs can be either listed or unlisted companies</li> <li>■ If listed: <ul style="list-style-type: none"> <li>- Must be listed on Amsterdam Stock Exchange</li> <li>- Shareholder that is a taxable corporation (either Dutch resident or foreign) must own less than 45 percent unless that shareholder itself is a listed FBI</li> <li>- Shareholder that is a taxable foreign corporation must own less than 25 percent</li> <li>- Shareholder that is a Netherlands corporation must own less than 25 percent (directly or through related entities)</li> <li>- Shareholder that is an individual must own less than 25 percent</li> </ul> </li> <li>■ If unlisted: <ul style="list-style-type: none"> <li>- Shareholders that are taxable corporations (either Dutch resident or foreign) must own together less than 25 percent</li> <li>- Shareholder that is a Netherlands corporation must own less than 25 percent (directly or through related entities)</li> <li>- Shareholder that is an individual must own less than 5 percent</li> </ul> </li> <li>■ The FBI Modernization Bill will replace the current distinction between listed and unlisted FBIs for purposes of the shareholder requirements by a distinction between regulated and unregulated FBIs. In addition, the requirement that no foreign taxable corporation may hold 25 percent or more in an FBI will be cancelled.</li> </ul>	<ul style="list-style-type: none"> <li>■ Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>■ An FBI may invest in all sorts of assets, as long as they are of a passive nature. For example, an FBI is generally not allowed to engage in ground-up development activities. However, draft legislation is expected later this year that will allow an FBI to be engaged in development activities to a certain extent (e.g., subject to a minimum holding period)</li> </ul>	<ul style="list-style-type: none"> <li>■ 100 percent of annual taxable profit must be distributed within eight months after book year-end</li> <li>■ Capital gains can be transferred to a tax-free reinvestment reserve and do not have to be included in the net investment income which must be distributed</li> </ul>	<ul style="list-style-type: none"> <li>■ 25 percent Dutch dividend withholding tax on ordinary dividend distributions to foreign shareholders. Reduced rates may apply under tax treaties. Distribution of qualifying capital gain dividends from tax free reinvestment reserve are free from withholding</li> <li>■ There is currently a bill pending in Dutch Parliament that will reduce the general dividend withholding tax rate to 15 percent. Moreover, this bill will effectively provide for 0 percent dividend withholding tax on distributions made to EU tax-exempt institutions (such as pension funds)</li> </ul>	<ul style="list-style-type: none"> <li>■ 60 percent of book value of real estate property, 20 percent for other investments. Shares in subsidiaries owning real estate are subject to the 20 percent limit</li> </ul>	<ul style="list-style-type: none"> <li>■ Upon non-compliance with FBI requirements, the FBI may lose its status with retro-active effect to the year in which the FBI failed to comply</li> </ul>	<ul style="list-style-type: none"> <li>■ No capital duty or stamp duty</li> <li>■ No subscription tax</li> <li>■ Profit is subject to 0 percent Dutch corporate tax rate</li> <li>■ Capital gains can be reinvested in a tax-free reinvestment reserve</li> <li>■ Qualifies for tax treaty benefits</li> <li>■ The position of an FBI for purposes of the EU Parent-Subsidiary Directive depends on the implementation legislation of the EU Member State in question</li> <li>■ Subject to conditions, FBI may receive a credit for foreign withholding taxes</li> <li>■ Entrance tax when opting for FBI regime, i.e. taxable mark-to-market rule in year of adopting FBI regime</li> <li>■ The payment of entrance tax is due in year of status change - result is a step up</li> <li>■ The FBI Modernization Bill will allow foreign REITs to claim FBI-status in the Netherlands, thereby enabling them to benefit from a 0 percent tax rate on all their Dutch real estate investments.</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
NEW ZEALAND	<ul style="list-style-type: none"> <li>▪ No specific REIT structure.</li> <li>▪ Unit trusts are sometimes used for investing in real property (or other investments), particularly (but not necessarily) where funding is sought from the public.</li> <li>▪ Discretionary trusts may be used for private investments</li> </ul>	Trust	<ul style="list-style-type: none"> <li>▪ Trustee Act 1956 (applies to all trusts)</li> <li>▪ Unit Trusts Act 1960 (applies where units in a unit trust are offered to the public)</li> </ul>	<ul style="list-style-type: none"> <li>▪ The trust deed regulates the trust or unit trust.</li> <li>▪ Overseas Investment Office consent may be required for overseas investors.</li> <li>▪ Where units in a unit trust are offered to the public: <ul style="list-style-type: none"> <li>(i) the Unit Trusts Act 1960 regulates structural matters, and requires a management company to manage the investments and issue units and a trustee company (not controlled by the same persons who control the management company) to hold legal title to the assets;</li> <li>(ii) the Securities Act 1978 regulates the offering of units to the public, prospectus and related requirements;</li> <li>(iii) the Financial Reporting Act 1993 regulates accounting and audit requirements;</li> <li>(iv) the NZ Stock Exchange Listing requirements apply if units are to be traded on the stock exchange.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ There is no special income tax treatment for trusts or unit trusts holding real estate interests.</li> <li>▪ The NZ income tax treatment of trusts other than unit trusts can be complex.</li> <li>▪ Unit trusts (whether or not units are offered to the public) are generally treated as companies for income tax purposes, subject to income tax at the corporate rate of 33 percent.</li> <li>▪ Income tax exemptions for overseas venture capital investors do not apply where the underlying NZ investments involve owning or developing real property.</li> </ul>	There are no specific rules regarding types of assets held.	<ul style="list-style-type: none"> <li>▪ Distributions from unit trusts are generally treated as dividends for income tax purposes.</li> <li>▪ In certain circumstances, amounts distributed as returns of unit capital or on buy backs of units may be excluded from treatment as dividends and thus be free of NZ income tax.</li> <li>▪ For trusts other than unit trusts, current year income which is paid, applied to or vested in beneficiaries within the income year plus 6 months may be taxed only at the beneficiary level. Where trusts meet certain "qualifying trust" criteria (including being liable to full NZ income tax on all income flowing through the trust which is not treated as current year beneficiary income), no further NZ income tax or withholding tax will apply to subsequent distributions of retained earnings or capital gains.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non-resident withholding tax ("NRWT") is deductible from dividends (including distributions from unit trusts) at 30 percent (unless limited by an applicable double tax treaty, typically to 15 percent, or imputation (franking) or similar credits are attached to the dividend, which limits the NRWT rate to 15 percent). NRWT may be at a zero rate if fully imputed (franked) non-cash dividends, such as certain bonus issues (if allowed by the terms of the trust deed), are made.</li> <li>▪ Overseas investors need to consider their ability to claim foreign tax credits in their home jurisdiction for NRWT deducted, particularly where the NZ unit trust pays supplementary dividends under NZ's "foreign investor tax credit" ("FITC") regime.</li> <li>▪ Investments in unit trusts holding real property interests may be treated as real property interests under some of NZ's double tax treaties.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There are generally no restrictions on debt, other than: <ul style="list-style-type: none"> <li>(i) the need for arm's length terms where any related party debt is provided; and</li> <li>(ii) possible thin capitalization limitations for interest (and related foreign exchange) deductions if a single overseas person (together with associates) holds (directly or indirectly) or controls at least 50 percent of the NZ unit trust;</li> <li>(iii) for trusts other than unit trusts, there must be sufficient connection to the derivation or possible derivation of taxable income.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ While capital gains are generally not taxable in NZ, gains on disposal of real property interests can be taxable in a number of situations specified in the income tax legislation.</li> <li>▪ Unit trusts treated as companies for income tax purposes are subject to income tax at the standard corporate rate of 33 percent and, if solely NZ tax resident, are subject to the imputation (franking) regime whereby they can pass the benefit of income tax paid to unit holders by attaching imputation credits to distributions.</li> <li>▪ For trusts other than unit trusts, trustees are subject to tax at 33 percent on income that is not paid, applied to or vested in beneficiaries on a current year basis. The extent to which income from non-NZ sources is taxable in NZ generally depends on complex rules relating to the residence of settlors or deemed settlors of such trusts.</li> <li>▪ Goods and Services Tax ("GST") treatment needs to be considered and managed.</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
POLAND	<ul style="list-style-type: none"> <li>No specific REIT legislation</li> <li>Legislation related to Investment Funds which may invest in real estate (REIF) could potentially be used (investment funds are exempt from corporate income tax ("CIT"))</li> </ul>	Investment Funds Act enacted in 2004	<ul style="list-style-type: none"> <li>Investment Fund Act of May 2004; CIT Act of 1992</li> </ul>	<ul style="list-style-type: none"> <li>REIF is a legal entity</li> <li>REIF can be created by an investment funds society (IFS) upon permit issued by Stock Exchange Commission. An IFS is a joint stock company. As a rule a REIF is managed and represented by an IFS</li> <li>REIF must adopt the form of closed-end investment fund</li> <li>REIF can issue public or non-public investment certificates</li> <li>The articles of association of the REIF determines whether public or non-public certificates will be issued</li> </ul>	<ul style="list-style-type: none"> <li>REIF is exempt from CIT</li> <li>Consequently, tax regulations do not refer to specific categories of income derived by the REIF. However, the Polish Investment Fund Act imposes restrictions regarding investments for closed-end funds (see next columns)</li> </ul>	<p>An outline of rules regarding investments by REIF:</p> <p><b>MAIN QUALIFYING INVESTMENTS:</b></p> <ol style="list-style-type: none"> <li>securities</li> <li>receivables (with exception for receivables from individuals)</li> <li>shares in limited liability companies</li> <li>foreign currencies</li> <li>derivatives</li> <li>certain property rights that are subject to trade on a commodity exchange, and</li> <li>money market instruments. (Items 1-7 must be tradable). In addition:</li> <li>bank deposits, provided that they are tradable</li> <li>loans</li> <li>real estate investments</li> </ol> <p><b>REAL ESTATE</b></p> <ul style="list-style-type: none"> <li>A REIF can invest in ownership or co-ownership of land, buildings or separate parts of it and marine ships, or perpetual usufructs (single item can not exceed 25 percent of the total value of the REIF's assets)</li> <li>The legal status of real estate, in which the REIF invest, must be clear and as a rule real estate can not be the subject of collateral or execution</li> <li>REIF should hold at least 4 properties or perpetual usufructs (rights to use properties)</li> </ul> <p><b>NON REAL ESTATE ASSETS</b></p> <ul style="list-style-type: none"> <li>In general, securities, money market instruments, and receivables of a single entity; shares in this entity can not exceed 20 percent of the REIF's assets unless such securities are issued or guaranteed by the Treasury, National Bank of Poland, other OECD countries or one of the international financial organizations of which Poland or other OECD countries are a member</li> <li>A REIF can invest up to 50 percent of its assets in participation units or investment certificates of one investment fund or in participation titles issued by one institution of common investment with the registered office aboard; under some circumstances investment can increase to 100 percent</li> <li>Bank deposits in one bank or credit institution can not exceed 20 percent of the asset value of REIF</li> <li>No more that 20 percent of the REIF's assets value can be invested in a single foreign currency or in Euro</li> <li>A REIF may make cash loans up to 50 percent if the value of the REIF's assets, provided that cash loans granted to one entity do not exceed 20 percent of the REIF's asset value. Similar rules for suretyships and guarantees</li> </ul>	<ul style="list-style-type: none"> <li>No minimum distribution requirements</li> </ul>	<ul style="list-style-type: none"> <li>Gains from the sale of certificates (units) to other investors is subject to 19 percent CIT/personal income tax ("PIT"), unless relevant tax treaty provides otherwise</li> <li>Other events generating income (e.g. liquidation / redemption) should be analyzed as to whether they constitute capital gains (subject to 19 percent tax at the level of investors) or dividend income (subject to 19 percent withholding tax). In all cases applicable double tax treaties should be taken in consideration</li> </ul>	<ul style="list-style-type: none"> <li>No tax restrictions on loan financing taken up by REIF</li> <li>According to Investment Fund Act, loans, credits drawn by REIF should not exceed 75 percent of REIF assets value; bonds - no more than 15 percent</li> </ul>	n/a	n/a

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
PUERTO RICO	REIT (Real Estate Investment Trust)	Enacted 1972, amended 2000	Puerto Rico Internal Revenue Code of 1994, as amended (PR IRC) § 1500 to 1502	<ul style="list-style-type: none"> <li>At least 50 shareholders or partners</li> <li>At no time during the last half of its taxable year may more than 50 percent of total value of outstanding shares be owned by more than 5 individuals, based on the attribution rules of section 1024 of the PR IRC</li> <li>Not a financial institution or a life insurance company subject to taxation under Subchapter G of the PR IRC</li> <li>Otherwise taxable as a domestic corporation</li> <li>Managed by one or more trustees or directors</li> <li>All of its stocks, shares or interests must be issued exclusively in exchange for cash</li> <li>Make an election in a period of 5 years from June 30, 1999.</li> </ul>	<ul style="list-style-type: none"> <li>95 percent or more of gross income must be derived from dividends; interest; rents from real property; gain from the sale of real property and rights to real property; and payments received or accrued for entering into agreements to execute loans guaranteed with mortgages on real property, or acquire or lease real property</li> <li>75 percent or more of gross income must be derived from rents derived from real property located in Puerto Rico; interest on obligations secured by mortgage on real property or rights to real property located in Puerto Rico; gain from the sale or other disposition of real property that is not of the type of property that qualifies as inventory; dividends or other distributions derived from, and gains derived from, the sale or other disposition of shares of transferable stock, certificates, or participation in another REIT; amounts received or accrued as consideration for entering into agreements to make loans secured by mortgages on real property and/or rights to real property located in Puerto Rico, and/or to buy or lease real property and/or rights to real property located in Puerto Rico</li> </ul>	<ul style="list-style-type: none"> <li>At the end of each quarter of a each taxable year: <ul style="list-style-type: none"> <li>At least 75 percent of the value of total assets must be represented by real estate assets, cash or equivalents, and securities and obligations of Puerto Rico</li> <li>Not more than 25 percent of the value of total assets must be represented by securities other than those mentioned above</li> </ul> </li> </ul> <p>For purpose of these sections, real property means land located in Puerto Rico or improvements thereon (including but not limited to buildings or other structures of permanent nature including the structural components of such buildings or structures constructed after June 30, 1999, or that have been substantially renewed, if constructed after that date) used as: hospitals, schools, universities, public or private housing, transportation facilities and/or public or private roads, office building, governmental facilities, facilities of manufacture industry, recreational center (does not include shopping centers), parking facilities, etc</p>	<ul style="list-style-type: none"> <li>At least 90 percent of its net income must be distributed annually as taxable dividends</li> <li>If it does not distribute such net income, it will be taxable as a regular corporation, partnership or trust (at a maximum of 39 percent tax rate)</li> </ul>	<ul style="list-style-type: none"> <li>17 percent withholding on taxable dividends, as defined in section 1501 of PR IRC, for a period of 10 years</li> </ul>	<ul style="list-style-type: none"> <li>No restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Loss of REIT status requires 5-year waiting period to re-elect unless waived by Government for reasonable cause</li> <li>Reasonable cause exception for income failure to avoid loss of REIT status</li> </ul>	<ul style="list-style-type: none"> <li>Income from prohibited transaction (sales or other dispositions) of stock in trade or other property of a kind that would properly be included in inventory, and property held primarily for sale to customers in the ordinary course of a trade or business is taxed at 100 percent</li> </ul>
RUSSIA	(CEMF) Closed-end mutual fund, also referred to as closed-end unit investment fund	Enacted 2001	Federal Law No. 156-FZ of 29 Nov 01 "Concerning Investment Funds", Russian Tax Code	<ul style="list-style-type: none"> <li>CEMF is not a legal entity - it is a pool of assets managed by a management company on the basis of an asset management agreement on behalf of unit holders</li> <li>The term of agreement with the management company on establishment of a CEMF may not exceed 15 years and may not be less than one year</li> <li>Minimum share capital requirements for CEMF</li> <li>Licensing requirements for management companies</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived only from investment activity (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>CEMF can invest in real estate and other investment assets (i.e. securities). Certain limitations apply regarding composition of the portfolio</li> </ul>	<ul style="list-style-type: none"> <li>No distribution requirements</li> <li>It is possible to distribute profit to unit holders in a manner akin to dividend payment</li> <li>Profit can also be distributed to unit holders upon redemption of units</li> </ul>	<ul style="list-style-type: none"> <li>No Russian withholding tax applies to the disposal of a CEMF unit by a foreign unit holder.</li> <li>There are currency control requirements in Russia that could apply</li> </ul>	<ul style="list-style-type: none"> <li>No debt can be taken out</li> </ul>	<ul style="list-style-type: none"> <li>Upon non-compliance with the requirements management company may lose its license</li> </ul>	<ul style="list-style-type: none"> <li>CEMF is not a legal entity, thus is not a taxpayer for corporate income tax purposes.</li> <li>Unit holders are taxed upon disposal of units or upon distribution of income from the CEMF. Unit holders are not taxable on undistributed income earned by CEMF</li> <li>A unit of CEMF is treated as a security and taxed accordingly, (i.e. no VAT upon realization)</li> <li>VAT at 18 percent applies to rental incomes generated by CEMF and the sale of real estate</li> <li>The contribution of real estate to a CEMF may potentially avoid taxation</li> <li>Special rules apply to input VAT recovery in respect of assets received by CEMF as an in-kind contribution</li> <li>Property tax at 2.2 percent on net book value of real estate is potentially payable by the unit holders in the fund</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
<b>RUSSIA</b>	(JSIF) Joint-stock investment fund	Enacted 2001	Federal Law No. 156-FZ of 29 Nov 01 "Concerning Investment Funds", Russian Tax Code	<ul style="list-style-type: none"> <li>JSIF is a legal entity which should be managed by a licensed management company</li> <li>Minimum share capital requirements for JSIF</li> <li>Licensing requirements for JSIF Licensing requirements for management companies</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived only from investment activity (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>JSIF can invest in real estate and other investment assets (i.e. securities). Certain limitations apply regarding composition of the portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>No distribution requirements</li> <li>It is possible to distribute dividends to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Dividends on shares to foreign shareholders are subject to 15 percent withholding tax. Reduced rates may be applied under tax treaties</li> <li>Disposal of JSIF share by a foreign shareholder may be subject to 20 percent Russian withholding tax rate on gross revenue (24 percent on net profit) if real estate represents more than 50 percent of the net book assets of JSIF; unless exempt under tax treaties</li> <li>There are currency control requirements in Russia that could apply</li> </ul>	<ul style="list-style-type: none"> <li>No debt can be taken out</li> </ul>	<ul style="list-style-type: none"> <li>Upon non-compliance with the requirements JSIF/management company may lose its license</li> </ul>	<ul style="list-style-type: none"> <li>JSIF pays profits tax on its income at rates applicable to regular Russian companies, i.e. standard rate of 20 percent -24 percent depending on the place of registration. Certain types of incomes are taxed at different rates (i.e. dividends are taxed at 9 percent)</li> <li>JSIF is subject to property tax at 2.2 percent from net book value of real estate and other fixed assets</li> <li>VAT at 18 percent usually applies to rental income generated by CEMF and sale of real estate</li> <li>Special rules apply to input VAT recovery in respect of assets received by JSIF as an in-kind contribution</li> </ul>
<b>SINGAPORE</b>	REIT (Real Estate Investment Trust)	Regulatory framework was first released in 1999	Securities and Futures Act – Code on Collective Investment Schemes (regulatory framework)	<ul style="list-style-type: none"> <li>REITs must comply with the listing rules (i.e., at least 25 percent of the units issued held by at least 500 public shareholders) to be listed on the Singapore Exchange</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>At least 70 percent investment in real estate and real estate related assets inside or outside Singapore</li> </ul>	<ul style="list-style-type: none"> <li>At least 90 percent of income must be distributed annually</li> <li>Income not distributed is taxed at 20 percent corporate tax rate</li> </ul>	<ul style="list-style-type: none"> <li>20 percent withholding on foreign distributions. This is reduced to 10 percent for distributions made during the period from 18 Feb 05 to 17 Feb 2010</li> </ul>	<ul style="list-style-type: none"> <li>Maximum leverage is 35 percent of the fair market value of the real estate assets of the REIT. Leverage may exceed 35 percent (but capped to 60 percent) provided REIT discloses its credit rating from a major rating agency</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory requirements apply to public REITs only (whether or not listed)</li> <li>REIT cannot engage in property development activities, unless it intends to hold the developed property upon completion and total contract value of property development activities must not exceed 10 percent of its deposited property</li> <li>Stamp duty at approximately 3 percent for acquisition of properties. Remission of stamp duty is granted for transfer of properties located in Singapore by a company or an individual to a REIT listed or to be listed on the Singapore Exchange if the transfer is executed during the period 18 Feb 2005 to 17 Feb 2010</li> <li>No stamp duty on transfer of units</li> </ul>
<b>SOUTH AFRICA</b>	Although other structures may be possible, REITs in South Africa are usually, if not always, structured in a form of a South African Trust, holding shares in property companies and managed by a further company which makes a market in the participation units	Regulated by Collective Investment Schemes Act	Part 5 of the Collective Investment Schemes Act	<ul style="list-style-type: none"> <li>A Property Unit Trust (PUT) holds a portfolio of investment grade properties and is listed on the JSE Securities Exchange (SA) in the "Real Estate" sector</li> <li>PUTs are highly regulated vehicles in that they are governed by the Collective Investment Schemes Act</li> <li>The affairs of the PUT are managed by a management company – these include buying and selling 'units' in the PUT to/from the public</li> <li>Generally PUT's invests in, shares in property companies (fixed property company) – PUT's can, but rarely invest directly in immovable property</li> <li>The fixed property company is entitled to deduct the amount of such dividends distributed (other than those distributed out of profits of a capital nature) from its income, whether they are distributed to another company or otherwise (s 11(s)) – effectively, therefore, the fixed property company is liable to normal tax on the difference between its income and the dividend (excluding the capital-profit element) it distributes</li> </ul>	<ul style="list-style-type: none"> <li>Capital profits are to be reinvested and cannot be distributed to unitholders (except on termination of the PUT)</li> </ul>	<ul style="list-style-type: none"> <li>May invest in shares in property companies, immovable property</li> </ul>	<ul style="list-style-type: none"> <li>No minimum distribution requirements</li> <li>Income distributed by the PUT to unitholders is not taxed in the trust</li> <li>However income not distributed by the PUT will be taxed within the trust</li> </ul>	<ul style="list-style-type: none"> <li>A PUT may invest in property in a foreign country and participatory interests in a collective investment scheme in property in a foreign country if such foreign country has a foreign currency sovereign rating by a rating agency, which rating and rating agency must be determined by the registrar – provided that if the country has been rated by more than one agency the lower of the ratings applies</li> </ul>	<ul style="list-style-type: none"> <li>PUTs are now permitted to gear to levels of up to 30 percent of the value of the underlying assets</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Owing to their structure, PUTs do not pay tax on the income they earn, which is distributed to the investor (unitholder)</li> <li>Distributions are therefore taxed only in the hands of the unitholders. The South African tax situation dictates that PUT distributions are treated as ordinary income. For tax purposes unitholders will be allowed to reduce the taxable distributions using the interest exemption, section 10(1)(i) – Limited to R15 000 (approximately U.S.\$ 2,500)</li> <li>Non-resident unitholders, not carrying on business in the Republic of South Africa, are not liable for normal tax on PUT distributions –section 10(1)(h). Note that there is also no withholding tax on the distribution</li> <li>PUTs are currently exempt from capital gains tax when selling shares in property companies, but not when the underlying properties are bought or sold by the property company</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
SPAIN	REIF (Real Estate Investment Funds; Fondos de inversión inmobiliaria) REIC (Real Estate Investment Companies; Sociedades de inversión inmobiliaria)	Enacted 2003	Collective Investment Institutions Act; Law 35/2003 and Royal-Decree 1309/2005	<ul style="list-style-type: none"> <li>REIC/REIF: <ul style="list-style-type: none"> <li>Main purpose is to invest in rental real property. Both must primarily invest in rental "urban real estate" - as defined in Law - and both are subject to special investment rules and activity limitations</li> <li>Minimum stock capital: € 9,000,000 (approximately U.S.\$ 106 million) fully subscribed and paid in</li> <li>Minimum number of investors: 100</li> <li>Supervised by the Spanish authorities (Spanish SEC)</li> <li>Contributions can be in the form of cash, real state or securities</li> <li>"Significant Shareholding Rules" are applicable</li> </ul> </li> <li>REIC: <ul style="list-style-type: none"> <li>Organized as a corporation. Custodian owns the legal title of the REIC's investments</li> </ul> </li> <li>REIF: <ul style="list-style-type: none"> <li>Structure without legal personality similar to a "trust" but with special features</li> <li>Administered by a separate managing company jointly with the entity holding investment deposits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>REIF: <ul style="list-style-type: none"> <li>At least 70 percent of the total assets must be invested in real estate properties, as defined in Law. The remainder may be invested in listed fixed-income securities</li> </ul> </li> <li>REIC: <ul style="list-style-type: none"> <li>At least 90 percent of the total assets must be invested in real estate property</li> <li>Remainder may be invested in listed securities</li> </ul> </li> <li>REIC/ REIF: <ul style="list-style-type: none"> <li>Maximum value of single real estate asset: 35 percent of the value of the REIC/REIF's total assets</li> <li>In order to benefit from the special tax regime, 50 percent of the total assets must be invested in urban real estate for renting / leasing purposes.</li> <li>Properties must be owned at least three years unless the Spanish authorities agree to reduce this period</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>No distribution requirement</li> </ul>	<ul style="list-style-type: none"> <li>REIC/REIF: <ul style="list-style-type: none"> <li>Dividends distributed by REIC to foreign investors are subject to a 15 percent withholding tax. Reduced rates may apply under tax treaties</li> </ul> </li> <li>REIC/REIF: <ul style="list-style-type: none"> <li>Capital gains distributed to foreign investors are subject to 35 percent tax rate, unless a tax treaty allows for an exemption</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>REIC: <ul style="list-style-type: none"> <li>External financing cannot exceed 10 percent of the assets of the company</li> <li>General Spanish thin-capitalization rules should also be considered</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>REIC/REIF: <ul style="list-style-type: none"> <li>Corporate Tax: <ul style="list-style-type: none"> <li>Tax rate: 1 percent of net income</li> <li>No entitlement to any deduction</li> <li>The REIC/REIF is not a flow-through entity for Spanish investors</li> </ul> </li> <li>Transfer tax: <ul style="list-style-type: none"> <li>Rebate of 95 percent for housing purchased for subleasing</li> </ul> </li> <li>Capital Tax: <ul style="list-style-type: none"> <li>Exemption in relation to incorporation, capital increase and merger transactions</li> </ul> </li> </ul> </li> </ul>
TAIWAN	REIT (Real Estate Investment Trust)	Enacted 2003	Real Estate Securitization Act	<ul style="list-style-type: none"> <li>In accordance with the Real Estate Securitization Act, the trustee institution must meet the following criteria: <ul style="list-style-type: none"> <li>Be engaged in the trust business pursuant to the Taiwan Trust Law</li> <li>Be established for at least three years</li> <li>Meet the standards set by credit rating institution recognized by competent authority</li> </ul> </li> <li>For companies purely engaged in the businesses of real estate investment trust or real estate asset trust, the competent authority may set forth rules for the minimum outstanding capital, shareholders' structure, qualifications of the person responsible for the company, the expertise and experience of the company's management, and the business activities</li> <li>Certificates shall be held by at least 50 persons for at least 335 days during a fiscal year - except for independent professional investors, it is not required for the 50 persons to be the original holders of certificates. Any five certificate holders shall not own more than 1/2 of the total value of the certificates issued</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>The real estate investment trust fund must invest in the following: <ul style="list-style-type: none"> <li>Real estate, including land, building and other real estate, with a constant revenue stream</li> <li>Rights derived from real estate with stable revenue</li> <li>Certificates or asset backed securities issued or delivered by trustee institutions or certain special purpose companies</li> <li>Certain other assets prescribed or approved by the competent authority</li> </ul> </li> <li>Restrictions are set forth for the use of excess cash</li> <li>The total investment in short-term commercial paper of any company shall not be greater than 10 percent of the net worth of the real estate investment trust at the investment date</li> <li>The total amount of bank deposit, bank guarantee, bank acceptance, short-term commercial papers in one financial institution shall not be greater than 20 percent of the net worth of the REIT and 10 percent of the net worth of the financial institute at the investment date</li> <li>The total investment in certificates or asset backed securities issued or delivered by trustee institutions or special purpose companies shall not be greater than 20 percent of the net worth of the REIT at the investment date</li> </ul>	<ul style="list-style-type: none"> <li>The investment income of the real estate investment trust fund must be distributed and the profit of the REIT shall be distributed within six months after the closing of the fiscal year</li> <li>The distributed amount is deemed to be interest income and is subject to a 6 percent withholding tax</li> </ul>	<ul style="list-style-type: none"> <li>A 6 percent withholding tax rate applies to distributions</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>According to Article 55 of the Taiwan Real Estate Securitization Act, if the trustee is not in compliance with the related law and regulations, it may be requested to transfer REIT to other trustee recognized by the competent authority</li> </ul>	<ul style="list-style-type: none"> <li>The certificates, issued or delivered in accordance with the Taiwan Real Estate Securitization Law, that have been sold or redeemed by the trustee pursuant to the trust agreement are exempted from security transaction tax</li> <li>The trustee institution is the taxpayer of land value tax</li> <li>Income tax on gains derived from securities transactions is not imposed, but losses on securities transactions are no longer deductible</li> <li>The disposal of REIT certificates is exempt from Taiwanese income tax</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
THAILAND	Property Fund	Enacted 1992	Securities and Exchange Act B.E. 2535	<ul style="list-style-type: none"> <li>Only Type I Property Fund (property fund for public offering - PFPO) is available in Thailand.</li> <li>PFPO is established for the purpose of raising funds from the public to invest in income-producing real property, e.g., office building, service apartments, industrial factories, etc.</li> <li>Who can set up and manage PFPO? <ul style="list-style-type: none"> <li>Asset Management Company ("AMC") is responsible for setting up and managing the fund.</li> <li>Expertise property service provider is occasionally appointed by AMC to carry on a day-to-day operation of the property.</li> <li>Fund supervisor will ensure that the AMC will operate the fund in accordance with the scheme.</li> </ul> </li> <li>Property Fund Characteristics <ul style="list-style-type: none"> <li>Type: Closed-end fund and listed in Stock Exchange of Thailand ("SET")</li> <li>Minimum Size: THB 500 million</li> <li>Minimum Number of Unit Holders: 250 unit holders for IPO and 10 unit holders after listed in SET</li> <li>Maximum Holding of Units: Former property owners and related persons shall not acquire more than 1/3 of total units sold</li> <li>Units Allocation: "Small lot first" practice</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>At least 75 percent of total income of the fund must be generated from rental income.</li> </ul>	<ul style="list-style-type: none"> <li>Property to be invested must be located in Thailand.</li> <li>The AMC is required to conduct feasibility study for making investment decision.</li> <li>The fund shall invest in completed property or property with at least 80 percent completion.</li> <li>No less than 75 percent of NAV must be invested in property.</li> <li>Acquisition price and disposal price must be based on appraisal price.</li> <li>Real property in dispute relating is not allowed to purchase or lease.</li> <li>Property insurance is required.</li> <li>To purchase/dispose property, AMC must appoint property appraiser approved by SET to appraise the property and disclose to the investors.</li> <li>Property must be revalued every two years.</li> </ul>	<ul style="list-style-type: none"> <li>At least 90 percent of net profit must be distributed to unit holders within 90 days after the end of each annual accounting period.</li> </ul>	<ul style="list-style-type: none"> <li>Foreign individual/corporation unit holders not carrying on a business in Thailand earning capital gain/dividend income from PFPO is not subject to Thai tax.</li> </ul>	<ul style="list-style-type: none"> <li>PFPO is prohibited from borrowing.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Property fund approved by the SET is <u>not</u> subject to income tax.</li> <li>Value Added Tax ("VAT") <ul style="list-style-type: none"> <li>Service income/rental of movable and immovable properties income/income on disposal of properties other than immovable properties are <u>exempt</u> from VAT.</li> </ul> </li> <li>Specific Business Tax ("SBT") <ul style="list-style-type: none"> <li>Interest income/income on disposal of immovable properties are <u>exempt</u> from SBT.</li> </ul> </li> <li>Stamp Duty: Exemption</li> <li>Transfer Fee <ul style="list-style-type: none"> <li>1 percent on the amount of rental fee of immovable properties</li> <li>2 percent of official appraised price for the income on disposal of immovable properties, but the transfer fee is reduced to 0.01 percent for the transfer of immovable properties to property fund.</li> </ul> </li> <li>Land and Building Tax <ul style="list-style-type: none"> <li>12.5 percent of annual rental income of immovable properties</li> </ul> </li> </ul>
TURKEY	REIT (Real Estate Investment Trusts Gayrimenkul Yatırım Ortaklığı)	Enacted 1998	Communique of Capital Markets Law, Commercial Law	<ul style="list-style-type: none"> <li>Must deal primarily with portfolio management</li> <li>Name must include "real estate investment trust"</li> <li>One of the shareholders must be "leader entrepreneur"</li> <li>Start up capital should not be less than the amount determined by CMB (Capital Markets Board)</li> <li>Shares must be quoted on the Stock Exchange</li> <li>Administered by Board of Directors and Board of Auditors</li> <li>Must not be involved in commercial, industrial, or agricultural activities other than those which are mentioned in the relevant Communiqué (such as operating hotels, residences, parking lots, malls for commercial purposes).</li> <li>Must not be involved in any capital markets activities other than portfolio management</li> <li>Must not directly undertake construction activities</li> <li>Capital should not be less than TRY 7,200,000 (approximately U.S.\$ 4.8 million)</li> <li>At least 49 percent of the capital of the REIT should be offered to the public</li> <li>At least 25 percent of the shares that represent the initial capital must be issued for cash</li> </ul>	<ul style="list-style-type: none"> <li>Income must be derived from qualifying investments (see Asset Rules)</li> </ul>	<ul style="list-style-type: none"> <li>REIT must invest at least 50 percent of its portfolio value in real estate, rights relating to real estate and real estate projects</li> <li>REIT may invest at most 10 percent of its portfolio in time deposits or demand deposits</li> <li>REIT may invest at most 10 percent of its portfolio in foreign real estates and capital market instruments regarding foreign investments</li> <li>The lands and lots in the portfolio of REIT on which any project has not been realized for three years as from the acquisition date, must not exceed 10 percent of its portfolio value</li> </ul>	<ul style="list-style-type: none"> <li>REITs must distribute a minimum of 30 percent of their profit as dividends</li> </ul>	<ul style="list-style-type: none"> <li>0 percent withholding tax applies on distributions</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>REITs lose their status if they cannot meet the 50 percent requirement for their portfolio value to be composed of real estate, rights concerning real estate, and real estate projects during the previous three months - the Capital Market Board extends the status of the company once for one year - if requirements cannot be met within the extended period, the REIT loses its status within one month following the extension period</li> </ul>	<ul style="list-style-type: none"> <li>Exempt from corporate tax pursuant to Corporate Tax Law, art. 8-4/d</li> </ul>

Country	Structure	Legal Status	Citation	Organizational Rules	Income Rules	Asset Rules	Distribution Rules	Foreign Considerations	Restrictions on Long-Term Debt	Loss of Status Rules	Other Tax Considerations
UNITED KINGDOM	UK-REIT (Real Estate Investment Trust)	Formally introduced in Budget 2006. Regime to be effective as of January 1, 2007.	The UK-REIT rules have been published in draft legislation. Final legislation is expected to be passed into law as part of the Finance Bill 2006. The details included here are intended only as a description of potential rules.	<ul style="list-style-type: none"> <li>REIT must be a UK resident company and not dual resident in the UK and another jurisdiction</li> <li>Subsidiary entities must be tax resident in the UK and not resident for tax purposes in any other country</li> <li>REIT must be a corporation</li> <li>Closed-ended and listed on Stock Exchange</li> <li>Only one class of ordinary share and the only other class of share it can issue are non-participating fixed rate preference shares</li> <li>Management may be internal or external</li> <li>No additional landlord requirements</li> </ul>	<ul style="list-style-type: none"> <li>At least 75 percent of income must be derived from qualifying property investment activities to be tax exempt</li> <li>Non-qualifying activities may include property development</li> <li>Non-qualifying activities are taxable under the normal corporation tax rules</li> </ul>	<ul style="list-style-type: none"> <li>At least 75 percent of the UK-REIT's gross value of assets must be investment properties</li> <li>Qualifying properties may be of any type and in any location worldwide</li> <li>Rents must be derived from at least three properties, with no one property representing more than 40 percent of the total value of the properties involved in the rental business</li> <li>A property which is occupied by the REIT or by a company whose shares are stapled to those of the REIT does not qualify as an investment property</li> </ul>	<ul style="list-style-type: none"> <li>Minimum distribution requirement of 90 percent of income from qualifying activities</li> <li>Dividends from qualifying activities are treated as property income in the hands of the investors</li> <li>Distributions should be subject to 22 percent withholding tax (i.e., the basic rate of UK income tax)</li> <li>Distributions arising from non-qualifying profits are treated as ordinary dividends in the hands of the investors</li> </ul>	<ul style="list-style-type: none"> <li>The REIT is required to withhold tax at the rate of 22 percent on its dividend distributions. Distributions to non-UK resident shareholders will be subject to treaty withholding rates. Non-UK residents may receive a credit for UK taxes withheld in accordance with the treaty rate and remit any appropriate taxes in their home country</li> </ul>	<ul style="list-style-type: none"> <li>Subject to an interest-cover test on REIT qualifying activities whereby the sum of profits before tax in the accounting period from tax-exempt activities divided by the financing costs incurred in the period, should be equal to or greater than 1.25. Failure of the test will result in a tax charge on the excess financing costs</li> </ul>	<ul style="list-style-type: none"> <li>If a UK-REIT exceeds any operational parameters, it should revert to being fully taxable as if it were a company subject to corporation tax</li> <li>A deemed capital gain should be crystallized on the conversion of a REIT to a normal limited company</li> </ul>	<ul style="list-style-type: none"> <li>Aims to align after-tax returns from holding real estate indirectly more closely with those obtained from holding real estate directly</li> <li>UK-REIT is subject to a conversion charge equal to 2 percent of the fair value of property transferred to the REIT tax-exempt business</li> <li>No shareholder may be beneficially entitled to 10 percent or more of the dividends or shares of the REIT. Failure of the test may result in a tax charge. The REIT may take "reasonable steps" to prevent anyone from acquiring a 10 percent or greater interest and avoid a tax consequence.</li> <li>Income from the UK -REIT treated as taxable as Schedule A income (UK properties) or Schedule D Case IV income (non-UK properties) for UK taxpayers (i.e., equivalent to current taxation system for UK individuals on income from real estate)</li> </ul>
UNITED STATES	REIT (Real Estate Investment Trust)	Enacted 1960	I.R.C. §§ 856-860	<ul style="list-style-type: none"> <li>100 or more shareholders</li> <li>Five or fewer individual shareholders hold no more than 50 percent of value</li> <li>Not a bank or financial institution</li> <li>Otherwise taxable as a domestic corporation</li> <li>Managed by one or more trustees or directors</li> <li>Ownership evidenced by transferable shares</li> <li>REIT must distribute C-Corp earnings and profits by end of taxable year</li> </ul>	<ul style="list-style-type: none"> <li>At least 75 percent of gross income annually (excluding prohibited income) must come from real estate related sources</li> <li>At least 95 percent gross income annually (excluding prohibited income) must come from real estate related sources plus passive sources such as dividends and interest</li> <li>Rents may be disqualified if: (i) based on net income or profits of tenant; (ii) rents from a related party (10 percent or more ownership threshold); or (iii) &gt; 1 percent of amounts derived from each property is from performance of impermissible tenant services by REIT</li> </ul>	<ul style="list-style-type: none"> <li>At least 75 percent of assets is comprised of real estate, cash or cash items, and Government securities</li> <li>Not more than 20 percent of assets consist of securities of all taxable REIT subsidiaries (TRSs) combined</li> <li>Not more than 5 percent of assets consist of securities of any one issuer (other than Government and TRS securities)</li> <li>Not more than 10 percent of outstanding vote or value of the securities of any one issuer is held (except for Government and TRS securities and excluding qualifying real estate assets) by the REIT</li> <li>REIT asset tests must be met quarterly</li> </ul>	<ul style="list-style-type: none"> <li>At least 90 percent of REIT taxable income must be distributed annually</li> <li>Certain distributions are treated as paid in prior year to meet requirement</li> <li>Receives dividends paid deduction for qualifying dividend distributions</li> <li>Subject to 4 percent excise tax on certain undistributed amounts</li> <li>Subject to corporate tax on amounts retained and not distributed</li> <li>Deficiency dividend procedure and throw-back election may be available to satisfy distribution requirement</li> </ul>	<ul style="list-style-type: none"> <li>30 percent withholding on foreign distributions. Reduced rates may apply under tax treaties</li> <li>Under the Foreign Investment in Real Property Taxes Act (FIRPTA), 35 percent tax is withheld on distributions of REIT capital gain dividends to foreign shareholders attributable to the sale of real estate assets by the REIT.</li> <li>Capital gain dividends may be eligible for ordinary dividend treatment if the foreign shareholder does not own more than 5 percent of any class of stock in a publicly traded REIT</li> </ul>	<ul style="list-style-type: none"> <li>No restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Loss of REIT status requires a five-year waiting period to re-elect status unless waived by Government for reasonable cause</li> <li>Reasonable cause exception for income failure to avoid loss of REIT status</li> <li>Beginning in 2005, relief provisions available for asset and other REIT qualification violations</li> </ul>	<ul style="list-style-type: none"> <li>Enactment of TRS rules to permit partially or wholly owned taxable subsidiary corporations to provide impermissible services to REITs other than hotel or lodging activity</li> <li>REIT subject to 100 percent tax on non-arm's length transactions with TRS</li> <li>REIT subject to 100 percent tax on gain from "dealer" activity</li> <li>REIT may own property through partnerships; look-through rule applies to income and assets</li> <li>REIT may be subject to built-in gains tax on property</li> </ul>