

NAREIT Alert (September 30, 2016)

NAREIT Alert Important Industry Updates from NAREIT

September 30, 2016

Reporting Pro-Rata Information

On September 27 at NAREIT's Senior Financial Officer Workshop, a representative of the Securities and Exchange Commission's (SEC) Division of Corporation Finance indicated that certain pro-rata financial information, which is provided by most REITs that invest in joint ventures, does not comply with the SEC's May 17, 2016 *Compliance and Disclosure Interpretations* (the C&DI) of the rules and regulations on the use of non-GAAP financial measures.

Subsequently, NAREIT discussed this matter with SEC staff. NAREIT understands that SEC staff would not object to the following presentation of elements of pro-rata financial statements:

Elements of Pro-Rata Statement of Operations	Noncontrolling Interest Share of Consolidated Ventures	Company Share of Unconsolidated Ventures
Minimum rent	-	-
Overage rent	-	-
Tenant reimbursements	-	-
Other income	-	-
Property operating expenses	-	-
Depreciation and amortization	-	-
Real estate taxes	-	-
Repairs and maintenance	-	-
Advertising and promotion	-	-
Provision for credit losses	-	-
Other	-	-
Interest Expense	-	-

Elements of Pro-Rata Balance Sheet	Noncontrolling Interest Share of Consolidated Ventures	Company Share of Unconsolidated Ventures
Investment properties, at cost	-	-
Less - accumulated depreciation	-	-
Cash and cash equivalents	-	-
Tenant receivables and accrued revenue, net	-	-
Investment in unconsolidated entities, at equity	-	-
Deferred costs and other assets	-	-
Mortgage and unsecured indebtedness	-	-
Accounts payable and accrued expenses	-	-
Other liabilities	-	-
Commitments and contingencies	-	-
Limited partners' preferred interest in the Operating Partnership	-	-

Important notes:

- The consolidated GAAP financial statements may not be reported on the same table with the pro-rata information.
- The elements shown in this illustration of reporting pro-rata information may be different for each company's facts and circumstances.
- No totals or subtotals should be presented.
- Analysts could deduct the non-controlling interest share of consolidated ventures from the consolidated amounts.
- Analysts could add the company share of unconsolidated ventures to the consolidated amounts.

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