

U.S. Income Tax Return for Real Estate Investment Trusts

1987

Department of the Treasury
Internal Revenue Service

For calendar year 1987 or tax year beginning _____, 1987, ending _____, 19 _____

▶ For Paperwork Reduction Act Notice, see page 1 of the instructions.

A Year REIT status was elected B <input type="checkbox"/> Check if this is a Personal Holding Company	Use IRS label. Otherwise, please print or type.	Name _____ Number and street (or P.O. box number if mail is not delivered to street address) _____ City or town, state, and ZIP code _____	C Employer identification number _____ D Date REIT established _____ E Total assets (See Specific Instructions.) \$ _____
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F Check applicable boxes: (1) Final return (2) Change in address (3) Amended return

Part I—Computation of Real Estate Investment Trust Taxable Income

Income (EXCLUDING income required to be reported in Part II or Part IV)

1 Dividends	1	
2 Interest	2	
3 Gross rents from real property	3	
4 Other gross rents	4	
5 Capital gain net income (attach Schedule D (Form 1120))	5	
6 Net gain (or loss) from Form 4797, Part II, line 18 (attach Form 4797)	6	
7 Other income (see instructions—attach schedule)	7	
8 Total income—Add lines 1 through 7 and enter here	8	

Deductions (EXCLUDING deductions directly connected with income required to be reported in Part II or Part IV)

9 Compensation of officers	9	
10a Salaries and wages b Less jobs credit Balance ▶	10c	
11 Repairs	11	
12 Bad debts	12	
13 Rents	13	
14 Taxes	14	
15 Interest	15	
16 Depreciation (attach Form 4562)	16	
17 Advertising	17	
18 Other deductions (attach schedule)	18	
19 Total deductions—Add lines 9 through 18 and enter here	19	
20 Taxable income before net operating loss deduction, deduction for dividends paid, and section 857(b)(2)(E) deduction (line 8 less line 19)	20	
21 Less: a Net operating loss deduction (see instructions) 21a	21d	
b Deduction for dividends paid (Schedule A) 21b		
c Section 857(b)(2)(E) deduction (Schedule J, line 3c) 21c		
22 Real estate investment trust taxable income (line 20 less line 21d)	22	

Tax and Payments

23 TOTAL TAX (Schedule J)	23	
24 Payments: a 1986 overpayment credited to 1987		
b 1987 estimated tax payments		
c Less 1987 refund applied for on Form 4466		
d Tax deposited with Form 7004		
e Credit from regulated investment companies (attach Form 2439)		
f Credit for Federal tax on gasoline and special fuels (attach Form 4136)	24	
25 Enter any PENALTY for underpayment of estimated tax—check <input type="checkbox"/> if Form 2220 is attached	25	
26 TAX DUE—If the total of lines 23 and 25 is larger than line 24, enter AMOUNT OWED	26	
27 OVERPAYMENT—If line 24 is larger than the total of lines 23 and 25, enter AMOUNT OVERPAID	27	
28 Enter amount of line 27 you want: Credited to 1988 estimated tax ▶ Refunded ▶	28	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer _____	Date _____	Title _____
Paid Preparer's Use Only	Preparer's signature ▶ _____	Date _____	Check if self-employed <input type="checkbox"/> Preparer's social security number _____
	Firm's name (or yours if self-employed) and address ▶ _____	E.I. No. ▶ _____	ZIP code ▶ _____

Part II— Computation of Tax on Net Income From Foreclosure Property

(As defined in Section 856(e)) (**Caution:** See instructions before completing this part.)

1	Net gain (or loss) from the sale or other disposition of foreclosure property described in section 1221(1) (attach schedule)				1
2	Gross income derived from foreclosure property (attach schedule)				2
3	Total income from foreclosure property (add lines 1 and 2)				3
4	Deductions directly connected with the production of income shown on line 3 (attach schedule)				4
5	Net income from foreclosure property—line 3 less line 4				5
6	Tax on net income from foreclosure property (see instructions for Part II Tax Computation Worksheet). Enter here and on Schedule J, line 3b				6

Part III— Computation of Tax Imposed Under Section 857(b)(5) for Failure To Meet Certain Source-of-Income Requirements (**Caution:** See instructions.)

1a	Enter total income from Part I, line 8	1a			
b	Enter total income from foreclosure property from Part II, line 3	1b			
c	Total—add lines 1a and 1b				1c
2	Multiply line 1c by 95% and enter the result here				2
3	Enter the amount of income shown on line 1c that is derived from sources referred to in section 856(c)(2)				3
4	Line 2 less line 3. (If less than zero, enter zero.)				4
5	Multiply line 1c by 75% and enter the result here				5
6	Enter the amount of income shown on line 1c that is derived from sources referred to in section 856(c)(3)				6
7	Line 5 less line 6. (If less than zero, enter zero.)				7
8	Enter the greater of line 4 or line 7. (If this line is zero, do not complete the rest of Part III.)				8
9	Enter the amount shown in Part I, line 20.				9
10	Enter the net capital gain from Schedule D (Form 1120), line 10				10
11	Line 9 less line 10				11
12a	Enter total income from Part I, line 8	12a			
b	Enter the net short-term capital gain from Schedule D (Form 1120), line 4. (If line 4 is a loss, enter zero.)	12b			
c	Add lines 12a and 12b				12c
13	Enter capital gain net income from Part I, line 5				13
14	Line 12c less line 13				14
15	Divide line 11 by line 14 and enter the result. Carry out your answer to 5 decimal places				15
16	Amount of section 857(b)(5) tax—Multiply line 8 by line 15 and enter the result here and on Schedule J, line 3c				16

Part IV— Computation of Tax on Net Income From Prohibited Transactions

1	Gain from the sale or other disposition of property described in section 1221(1) which is not foreclosure property (Do NOT include sales that meet the requirements of section 857(b)(6)(C) or losses from prohibited transactions.)				1
2	Deductions directly connected with the production of income shown on line 1				2
3	Net income from prohibited transactions—line 1 less line 2				3
4	Tax on net income from prohibited transactions—Enter 100% of line 3 here and on Schedule J, line 3d.				4

Schedule A Deduction for Dividends Paid

1	Dividends paid other than dividends paid after the end of the tax year (do not include dividends considered as paid in the preceding tax year under sections 857(b)(8) or 858(a), or deficiency dividends as defined in section 860)				1
2	Dividends paid in 12-month period following the close of your tax year which you elect to be treated as paid during the tax year under section 858(a)				2
3	Dividends declared in December deemed paid on December record date under section 857(b)(8) (do not include any amounts shown on lines 1 or 2)				3
4	Consent dividends (attach Forms 972 and 973)				4
5	Total dividends paid—Add lines 1 through 4.				5
6	Deduction for dividends paid—If there is net income from foreclosure property (Part II, line 5), see instructions for limitation on deductible amount. Otherwise, enter amount from line 5 here and on line 21b, page 1				6

Schedule J Tax Computation (See instructions.)

1 Check if you are a member of a controlled group (see sections 1561 and 1563)

2 If line 1 is checked, see instructions and enter your share of tax bracket amounts. If your tax year includes June 30, 1987, complete both a and b below. Otherwise, complete only b.

a (i) \$ (ii) \$ (iii) \$ (iv) \$

b (i) \$ (ii) \$

3a Tax on real estate investment trust taxable income (see instructions to figure the tax; enter this tax or alternative tax from Schedule D (Form 1120), whichever is less). Check if from Schedule D (Form 1120)

b Tax from Part II (line 6, page 2)

c Tax from Part III (line 16, page 2)

d Tax from Part IV (line 4, page 2)

e Total—Add lines 3a through 3d

Table with columns 3a, 3b, 3c, 3d, 3e

4a Foreign tax credit (attach Form 1118)

b General business credit. Enter here and check which forms are attached Form 3800 Form 3468 Form 5884 Form 6478 Form 6765 Form 8586

c Total—Add lines 4a and 4b

Table with columns 4a, 4b, 4c

5 Line 3e less line 4c

6 Personal holding company tax (attach Schedule PH (Form 1120))

7 Tax from recomputing prior-year investment credit (attach Form 4255)

8a Alternative minimum tax (see instructions—attach Form 4626)

b Environmental tax (see instructions—attach Form 4626)

Table with columns 5, 6, 7, 8a, 8b, 9

9 Total tax—Add lines 5 through 8b. Enter here and on line 23, page 1

Additional Information (See instruction F.)

G Did the REIT claim a deduction for expenses connected with:

- (1) An entertainment facility (boat, resort, ranch, etc.)?
(2) Living accommodations (except employees on business)?
(3) Employees attending conventions or meetings outside the North American area?
(4) Employees' families at conventions or meetings?
If "Yes," were any of these conventions or meetings outside the North American area?
(5) Employee or family vacations not reported on Form W-2?

Yes No

Table with columns Yes, No for questions G through Q

(e) Enter highest amount owed to the REIT by such owner during the year

Note: For purposes of H(1) and H(2), "highest amount owed" includes loans and accounts receivable/payable.

I Was the REIT a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each such corporation.

J At any time during the tax year, did the REIT have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instruction F and filing requirements for form TD F 90-22.1.) If "Yes," enter name of foreign country

K Was the REIT the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not the REIT has any beneficial interest in it? If "Yes," the REIT may have to file Form 3520, 3520-A, or 926.

L During this tax year, did the REIT pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the REIT's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452.

M During this tax year did the REIT maintain any part of its accounting/tax records on a computerized system?

N Check method of accounting:

- (1) Cash
(2) Accrual
(3) Other (specify)

O Check this box if the REIT issued publicly offered debt instruments with original issue discount. If so, the REIT may have to file Form 8281.

P Enter the amount of tax-exempt interest received or accrued during the tax year

Q If the REIT is a member of a controlled group, enter the amount of taxable income for the entire group

Yes No

Table with columns Yes, No for questions I through Q

Schedule L Balance Sheets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash				
2 Trade notes and accounts receivable				
a Less allowance for bad debts				
3 Federal and state government obligations				
4 Other current assets (attach schedule)				
5 Loans to stockholders				
6 Mortgage and real estate loans				
7 Other investments (attach schedule)				
8 Buildings and other depreciable assets				
a Less accumulated depreciation				
9 Land (net of any amortization)				
10 Intangible assets (amortizable only)				
a Less accumulated amortization				
11 Other assets (attach schedule)				
12 Total assets				
Liabilities and Stockholders' Equity				
13 Accounts payable				
14 Mortgages, notes, bonds payable in less than 1 year				
15 Other current liabilities (attach schedule)				
16 Loans from stockholders				
17 Mortgages, notes, bonds payable in 1 year or more				
18 Other liabilities (attach schedule)				
19 Capital stock: a Preferred stock				
b Common stock				
20 Paid-in or capital surplus				
21 Retained earnings—Appropriated (attach schedule)				
22 Retained earnings—Unappropriated				
23 Less cost of treasury stock		()		()
24 Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income per Books With Income per Return

You are not required to complete this schedule if the total assets on line 12, column (d), of Schedule L are less than \$25,000.

1 Net income on books		7 Income recorded on books this year not included in this return (itemize)	
2a Federal income tax (Schedule J, line 9) \$		a Tax-exempt interest \$	
b Less: Section 857(b)(5) tax \$ (.....)		8 Deductions in this tax return not charged against book income this year (itemize)	
c Balance		a Depreciation \$	
3 Excess of capital losses over capital gains		b Net operating loss deduction (line 21a, page 1) \$	
4 Income subject to tax not recorded on books this year (itemize)		c Dividends paid deduction (line 21b, page 1) \$	
5 Expenses recorded on books this year not deducted in this return (itemize)		9 Net income from foreclosure property	
a Depreciation \$		10 Net income from prohibited transactions	
b Section 4981 tax \$		11 Total of lines 7 through 10	
6 Total of lines 1 through 5		12 REIT taxable income (line 22, page 1)—line 6 less line 11	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 22, Schedule L)

You are not required to complete this schedule if the total assets on line 12, column (d), of Schedule L are less than \$25,000.

1 Balance at beginning of year		5 Distributions: a Cash	
2 Net income per books		b Stock	
3 Other increases (itemize)		c Property	
4 Total of lines 1, 2, and 3		6 Other decreases (itemize)	
		7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less line 7)	