

2017 BDO RISKFACTOR REPORT FOR REITS

CH...CH...CH...CH...CHANGES DRIVING RISK SENSITIVITY FOR REITS IN 2017

A shifting political and regulatory environment, concerns over the tightening capital markets and falling asset values, and the growing implications of cyberthreats are all weighing heavily on the minds of Real Estate Investment Trusts in 2017. **BDO's 2017 RiskFactor Report for REITs** takes a deeper look at how the top 100 REITs rank these and other risks to their business in the year ahead.

THE TRUMP CARD: REITS ADJUST TO SHIFTING POLITICAL LANDSCAPE



44% list concerns related to the **new administration**



>1 in 4 REITs mentioned **President Trump by name** in their 10-K filings

Among those 26 REITs, **Trump's name** was cited **59 times**

TAX, ACCOUNTING & REGULATORY CHANGES DRIVING UNCERTAINTY



99% point to **federal, state and local regulations**



97% cite risks tied to **tax laws and potential increases in rates**, up from 85% in 2014



71% list **accounting standards changes and financial reporting** as a risk



37% reference the **PATH Act**, up from 10% last year¹

CAPITAL SCARCITY AND FALLING REAL ESTATE VALUES HIGH ON REITS' RISK RADAR



100% cite **access to capital, financing and liquidity**, up from 96% in 2016



84% list **falling or flat business and real estate values**, up from 79% last year



86% say **property foreclosure or bankruptcy** is a risk this year, up from 80% in 2016

CYBERSECURITY CONCERNS GROWING FAST



92% list **cyber risks** as a top concern in 2017, up from 63% in 2014

Cybersecurity concerns were cited by

100% of **retail REITs**, and

93% of **hospitality REITs**

¹Methodology changed. In 2016, the analysis included only specific mentions of the PATH Act. In 2017, the analysis included mentions of specific provisions of the Act as well.

The **2017 BDO RiskFactor Report for REITs** examines the risk factors in the most recent 10-K filings of the largest 100 publicly traded U.S. real estate investment trusts; the factors are analyzed and ranked by order of frequency cited.