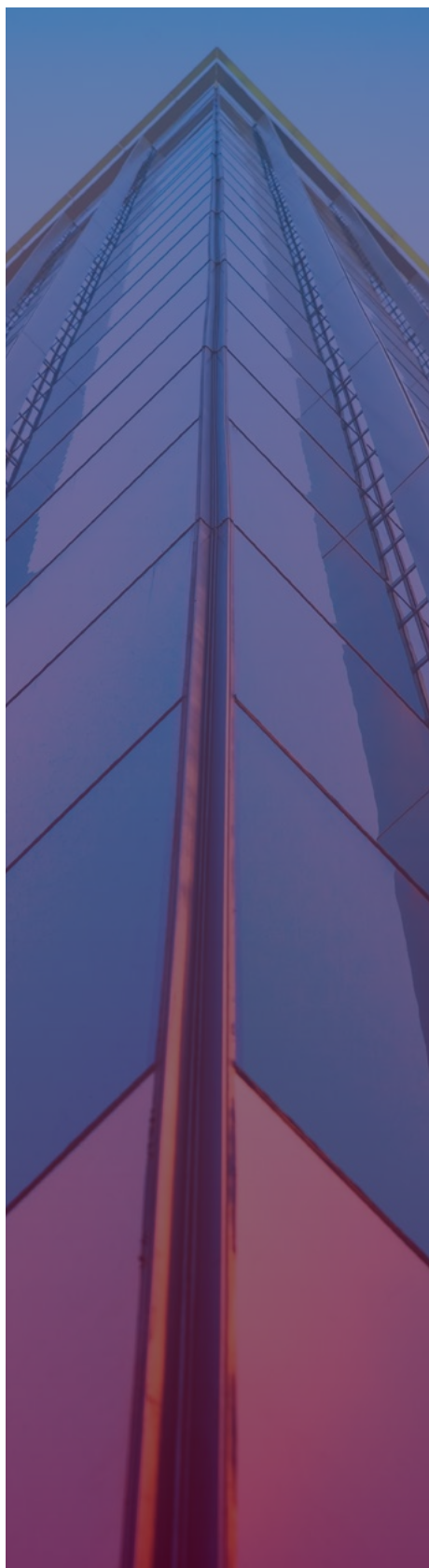




Real Estate Capital Markets Report

Summer 2025

- | | | | |
|----------|---|-----------|---|
| 2 | Letter From Our Team | 5 | Our Thought Leadership
(In Case You Missed It) |
| 3 | Deal Spotlight: Hunton
Represents Chimera in Acquisition
of HomeXpress Mortgage | 11 | Market Data |
| 4 | Team Member Spotlight:
Mark Connolly | 12 | Contact Us |
| | | 13 | About Us |



We are excited to share with you some highlights of our Real Estate Capital Markets team from the second quarter of 2025. During the quarter, we observed a noticeable uptick in activity. Some of the first quarter's extreme volatility created by geopolitical concerns and uncertainty regarding the new Administration's trade policy gave way to more constructive conditions. Many REITs are seeking to raise capital through strategic joint ventures and other fund structures, even as others consider accretive M&A transactions. As discussed below, we were busy on a number of fronts.

Our practice continued to demonstrate breadth. For example, we recently represented Chimera Investment Corporation in negotiating and executing a definitive agreement to acquire HomeXpress Mortgage Corp. from certain affiliates of Seer Capital Management and certain management sellers. HomeXpress Mortgage is a leading originator of consumer non-QM, investor business purpose and other non-Agency mortgage loan products with a nationwide presence across 46 states and Washington, DC. This was Chimera's second major acquisition in less than a year. In late 2024, we represented Chimera in connection with its acquisition of Palisades Group, a US-based alternative asset manager specializing in residential real estate credit. Please read more about the Chimera/HomeXpress deal in our Deal Spotlight beginning on [page 3](#).

The Chimera transactions are reflective of conditions we have observed in the industry, and we are currently engaged on additional M&A deals in the space, including for commercial-focused equity and mortgage REITs. We are hopeful our clients will be able to announce those transactions in the Fall of 2025.

Another area of focus in the space is fund formation, with its related private structures that include REITs. We are engaged on numerous private offerings in the industry, and our real estate fund practice has been very active. Along those lines, we encourage you to read more about that practice and one of its leaders, **Mark Connolly**, in our Team Member Spotlight beginning on [page 4](#). Mark works seamlessly with our REIT capital markets, tax and related practice areas on numerous fund and similar private structures, and the transactions noted there are instructive for market participants considering different capital-raising structures.

Certainly, traditional REIT capital markets volume continues to be lower on a historical level. That said, we see REITs tapping markets when they can, particularly for debt and using ATM offering programs for equity (and we are currently establishing multiple, new ATMs for clients across REIT sectors).

In terms of thought leadership, please refer to [page 5](#) and [page 8](#) for two articles we think are relevant to all public REITs. The first relates to recent NYSE and Nasdaq regulatory updates on reverse stock splits (an important topic, as many REITs have effected such splits, and there are many legal hurdles to consider). The second relates to new SEC accommodations for the nonpublic review process for registration statements, a potentially useful topic for any public issuer of securities, including REITs. Please reach out to us if you have any questions on these topics.

Finally, we were thrilled to see many of our clients, colleagues and friends recently in New York City during REITweek. We appreciate the opportunity to partner with you, and look forward to working with you for the remainder of 2025.

Deal Spotlight: Hunton Represents Chimera in Acquisition of HomeXpress Mortgage

We recently represented Chimera Investment Corporation in negotiating and executing a definitive agreement to acquire HomeXpress Mortgage Corp. from certain affiliates of Seer Capital Management and certain management sellers. HomeXpress Mortgage is a leading originator of consumer non-QM, investor business purpose, and other non-Agency mortgage loan products with a nationwide presence across 46 states and Washington, DC.

The Hunton team advising on the matter was led by M&A partners **Michael Goldman** and **Austin Maloney** with associates **Christian Sheets**, **Marissa Rogers**, and **Nate Jones**. The team also included partner **Richard Warren** for representations and warranties insurance; partner **Rob Smith** and associate **Tianlu Zhang** for REIT capital markets; partner **Kendal Sibley** and associate **Patrick Tricker** for tax; partner **Ryan Glasgow**

and associate **Tyler Laughinghouse** for labor; partners **Michelle Lewis** and **Anthony Eppert** and associate **Tyler Richardson** for employee benefits; partner **John Gary Maynard** and counsel **Mathew Ricciardi** for intellectual property; partner **Adam Solomon** and associate **Peter Birghoffer** for data privacy; associate **Bennett Sooy** for antitrust; and partner **J.C. Chenault** and associate **Matthew Chris** for real estate.

Hunton is proud to be one of the top, fully integrated and multidisciplinary legal platforms in the US for advising companies in the mortgage and financial services industry on transactional matters, having represented financial services clients in M&A and other strategic transactions worth more than \$13.5 billion in the past 12 months.

View Chimera Investment Corporation's [press release](#).



Team Member Spotlight: Mark Connolly

Mark is a partner on the Private Investment Funds team where he represents clients in a broad range of alternative investment transactions, including private fund formations, private equity, joint ventures, acquisitions, divestitures, and related matters. Mark advises a variety of real estate investment vehicles, including REITs, with respect to fund formations, joint ventures, and mergers and acquisitions. He also regularly represents investment advisers with respect to regulatory compliance matters.

Frequently working with the Real Estate Capital Markets/REITs practice, the Private Investment Funds practice regularly handles these matters in real estate and real estate related asset classes, including equity investments in a variety of property types, mortgage and other credit strategies, single-family rental, residential whole loans and mortgage servicing rights (MSRs), among others. The group also frequently handles major life events for fund managers, including the addition or departure of partners and teams and GP stakes investments.

Prior to joining the firm, Mark was General Counsel of Aquarian Holdings and Vice President and Legal Counsel at Guggenheim Partners. Mark received his JD from William & Mary Law School and his AB from Brown University.

Our Thought Leadership (In Case You Missed It)

Recent NYSE and Nasdaq Regulatory Updates Regarding Reverse Stock Splits

(Originally published March 31, 2025)

Reverse stock split is a common corporate action taken by public companies to improve market perception, maintain compliance with certain stock exchange listing requirements or help keep stock prices at levels where certain investors can buy shares. Indeed, Hunton has recently assisted a number of clients with reverse stock splits in light of the market turmoil. Companies that are contemplating reverse stock splits should be reminded of the recent regulatory updates involving the use of reverse stock splits by companies listed on NYSE or Nasdaq.

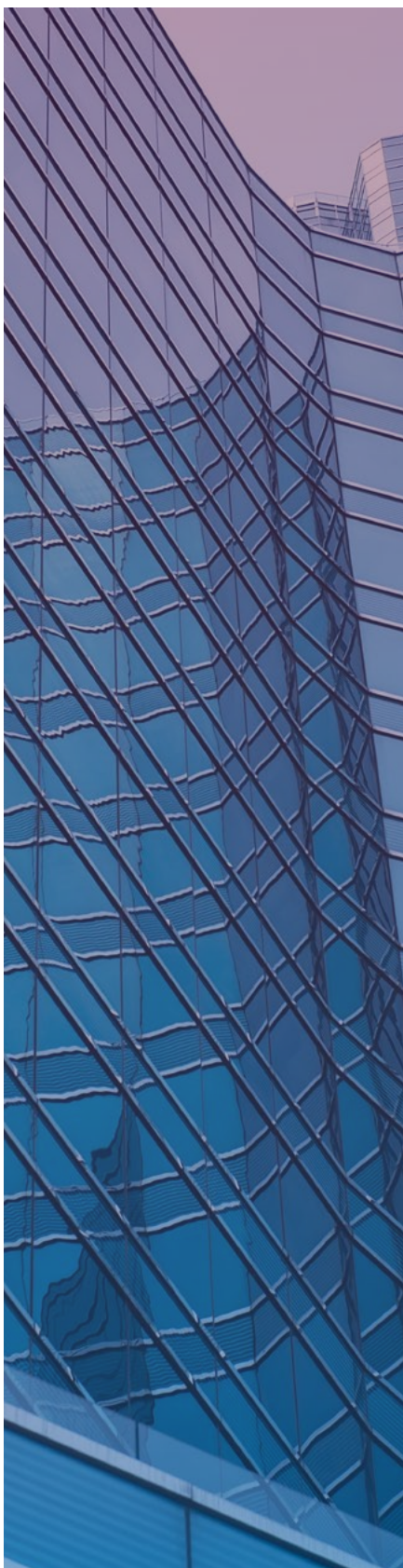
Limitations on the Use of Reverse Stock Splits

Nasdaq

In October 2024, the US Securities and Exchange Commission (SEC) approved the proposed amendment to Nasdaq Rule 5810(c)(3)(A), submitted by Nasdaq in July 2024, which modifies the compliance periods for companies seeking to regain compliance with Nasdaq listing requirements in connection with reverse stock splits. Nasdaq rules generally require that a listed security maintain a minimum bid price of \$1.00 (the “Minimum Price Requirement”). Under the prior rules, if a Nasdaq-listed company’s stock price fails to meet the Minimum Price Requirement for

30 consecutive business days, the company would typically be granted an initial 180-day period to regain compliance (the “Initial Compliance Period”), often by doing a reverse stock split. However, a reverse stock split may cause the company to fall below the numeric threshold for another listing requirement (such as minimum number of publicly held shares) (a “Secondary Deficiency”). In the event of a Secondary Deficiency, under the prior rules, Nasdaq would notify the company about the new deficiency and the company could be granted an additional period of up to another 180 days to cure the deficiency and regain compliance (the “Additional Compliance Period”) if it satisfies certain conditions. Under the amended rules, however, companies will no longer be afforded the Additional Compliance Period. If a company effects a reverse stock split to regain compliance with the Minimum Price Requirement but the reverse stock split results in a Secondary Deficiency, the company will not be considered to have regained compliance with the Minimum Price Requirement. To avoid delisting, the company must, within the Initial Compliance Period, (i) cure the Secondary Deficiency and (ii) thereafter meet the Minimum Price Requirement for 10 consecutive business days.

In addition, the amended Nasdaq Rule 5810(3)(A) imposes limitations on how many times a company can effect reverse stock splits within a certain



period of time. If a company's stock fails to meet the Minimum Price Requirement but such company has (i) effected a reverse stock split over the prior one-year period or (ii) effected one or more reverse stock splits over the prior two-year period with a cumulative ratio of 250 shares or more to 1, then the company will not be eligible for any compliance period (including the Initial Compliance Period) to cure the price deficiency, but will be issued a listing determination instead.

NYSE

In January 2025, the SEC approved the proposed amendment to Section 802.01C of the NYSE Listed Company Manual, submitted by the NYSE in September 2024 with subsequent amendments, which, similar to the amended Nasdaq rules, limits the circumstances under which NYSE-listed companies could use reverse stock splits to regain compliance with the price requirements for continued listings. The NYSE requires listed companies to maintain an average closing price of at least \$1.00 over any consecutive 30-trading-day period (the "Price Criteria"). Under the prior rules, if a company's stock fails to meet the Price Criteria, the NYSE will notify the company of its noncompliance; the company must, within 10 business days of receipt of the notification, notify the NYSE of its intent to cure the deficiency or be subject to suspension and delisting procedures. The company will then have a six-month period (the "Cure Period") to regain compliance with the Price Criteria, typically by effecting a reverse stock split; the company will be deemed to have regained compliance if on the last trading day of any calendar month during the Cure Period, the company has a closing share price of at least \$1.00 and an average closing share price of at least \$1.00 over the 30-trading-day period ending on the last trading day of that month. Under the amended rules, however, if a company's stock has failed to meet the Price Criteria and the company has (i) effected a reverse stock split over the prior one-year period or (ii) effected one or more reverse stock splits over the prior two-year period with a cumulative ratio of 200 shares or more to 1, then the company will not be eligible for the Cure Period; instead, the NYSE will immediately commence suspension and delisting procedures.

In addition, under the amended Section 802.01C, an NYSE-listed company who fails to comply with the Price Criteria will be prohibited from effecting any reverse stock split if doing so would result in the company falling below the continued listing requirements set forth under Section 802.01A, such as the number of publicly-held shares. If a company effects a reverse stock split notwithstanding the prohibition, the NYSE could immediately commence suspension and delisting procedures.

Halt of Trading in Stock Undergoing Reverse Stock Splits

In November 2023 and May 2024, the SEC approved the proposed amendments to Nasdaq and NYSE rules, respectively, which set forth specific requirements for halting and resuming trading in a security that is subject to a reverse stock split. The amended NYSE Rule 123D provides that the NYSE will halt trading in a security before the end of post-market trading on other markets (generally at 7:50 p.m.) on the day immediately before the market effective date of a reverse stock split. Trading in the security will resume with a Trading Halt Auction (as defined in NYSE Rule 7.35(a)(1)(B)) starting

at 9:30 a.m. on the effective date of the reverse stock split. The NYSE believes that this halt and delayed opening “would give sufficient time for investors to review their orders and the quotes for the security and allow market participants to ensure that their systems have properly adjusted for the reverse stock split.”¹ Similarly, under the amended Nasdaq Rule 4120(a), Nasdaq generally expects to initiate the halt of trading at 7:50 p.m.² prior to the close of post-market trading at 8:00 p.m. on the day immediately before the split in the security becomes effective, and resume trading at 9:00 a.m. on the day the split is effective.

Other Considerations

Companies contemplating reverse stock splits should also note the advance notice requirements of NYSE and Nasdaq, currently requiring notification at least 10 calendar days in advance of the reverse stock split effectiveness date. The NYSE or Nasdaq may also request to review other documents (press release, amendment to the articles of incorporation, etc.) and companies should keep the representatives at the NYSE or Nasdaq engaged throughout the process so that their requests and questions will be addressed in a timely manner. We encourage companies to work closely with legal counsel to coordinate each step of a reverse stock split and ensure compliance with all applicable rules and regulations, which may be constantly changing. If you have any questions or we can be of assistance, please reach out to our firm.

1 SEC Release No. 34-99974, April 17, 2024.

2 SEC Release No. 34-98878, November 14, 2023.



SEC Expands Nonpublic Review Process for All Companies Intending to Issue Securities

(Originally published March 11, 2025)

On March 3, 2025, the Securities and Exchange Commission's Division of Corporation Finance [announced](#) that it has enhanced its accommodations for companies submitting draft registration statements for nonpublic review. The enhancements, which took effect immediately, arrive as the SEC recalibrates its regulatory approach under new leadership, signaling a broader shift toward enhancing capital formation by accommodating a broader range of issuers and transactions.

Here are the key changes, and we provide additional detail and each enhancement's expected impact below:

- nonpublic review now available for follow-on offerings;
- underwriter names now not required initially in a draft registration statement;
- greater flexibility for de-SPAC transactions and subsequent offerings; and
- foreign private issuers now have more options as well.

What Is the Nonpublic SEC Staff Review Process?

The SEC Staff's nonpublic review process allows eligible issuers to submit a confidential draft registration statement to the SEC Staff before making a public filing. This process helps companies refine their disclosures by addressing SEC Staff comments and delay public scrutiny until they are ready to proceed with their offering or listing.

Originally introduced under the Jumpstart Our Business Startups Act of 2012 (JOBS Act) for Emerging Growth Companies (EGCs), the SEC Staff expanded the process in 2017 to include all issuers conducting initial public offerings (IPOs) and extended the accommodation to an issuer's initial Exchange Act Section 12(b) registration statements.

What Do the SEC Staff's Expanded Accommodations Mean for Companies?

The latest changes build on the 2017 expansion of the availability of the nonpublic review process and now allow a broader range of issuers, for a broader range of transactions, to take advantage of nonpublic SEC Staff feedback before filing publicly.

What Are the Key Changes and Their Impact?

1. Nonpublic Review Now Available for Follow-On Offerings

The SEC Staff will now accept nonpublic draft submissions for subsequent securities offerings or Exchange Act registration, even if more than 12 months have passed since the issuer became an SEC-reporting company. Now, every company—regardless of when its IPO took place—gets the benefit of reducing market speculation before finalizing its intended transaction by privately submitting a draft registration statement for nonpublic review.

2. Omission of Underwriter Names in Initial Drafts

Companies may now omit underwriters' names in their initial draft registration statement submissions, provided they include them in subsequent submissions and public filings. This change gives issuers more flexibility in structuring underwriting syndicates without prematurely signaling deal participants to the market.

3. Greater Flexibility for De-SPAC Transactions and Subsequent Offerings

When a SPAC, as a publicly traded entity, moves to finalize its de-SPAC transaction by acquiring a private company, it typically files a Form S-4 registration statement. Historically, if this filing took place more than a year after the SPAC's IPO, it had to be submitted publicly from the outset. However, under the updated guidance, such registration statements may now qualify for nonpublic review (provided they meet certain criteria). Additionally, any operating company that became publicly traded through a de-SPAC transaction, regardless of its structural framework, can now submit a Form S-1 for nonpublic review within its first year as a public company, irrespective of the date of the original SPAC's IPO.

4. Foreign Private Issuers Now Have More Options

Foreign private issuers registering securities under Section 12(g) of the Exchange Act (on Forms 10, 20-F or 40-F) may now submit draft registration statements for nonpublic SEC Staff review. Now, a foreign private issuer preparing to list under Section 12(g) may privately submit its draft Form 20-F for SEC Staff review, delaying public disclosure while refining regulatory compliance. Such issuers may still choose between expanded accommodations or the existing EGC procedures if they qualify.

What Else Should Issuers Consider?

Consistent with prior guidance, the SEC Staff noted the following three points as well in the announcement:

- 1. Expedited Processing Requests:** The SEC Staff is willing to consider "reasonable requests" to expedite processing for draft and filed registration statements. Issuers with tight deal timelines should engage the SEC early to discuss review timing.
- 2. Financial Information Flexibility:** Companies do not need to delay submitting a nonpublic draft registration statement if certain financial information is incomplete, provided they reasonably believe the omitted data will not be required at the time of public filing.
- 3. No More Revised Draft Filings After SEC Comments:** After the SEC Staff provides comments on a nonpublic draft registration statement, issuers must respond via a public filing, rather than through another confidential draft submission. Companies should prepare for transparency once SEC feedback is received.

What Should Companies Do Next?

Assess Eligibility

If your company is considering an IPO, a follow-on offering or a de-SPAC transaction, determine whether taking advantage of these changes could offer strategic benefits.

Evaluate Timing Considerations

The ability to engage privately with the SEC Staff can help issuers control disclosure timing, but SEC review periods and investor expectations should still be factored into transaction planning.

Engage Legal Counsel Early

Navigating SEC review timelines, disclosure requirements and capital market strategies requires careful planning and legal expertise. Consult experienced securities counsel to optimize your approach.

Important Reminder: Nonpublic Does Not Mean Permanent Confidentiality

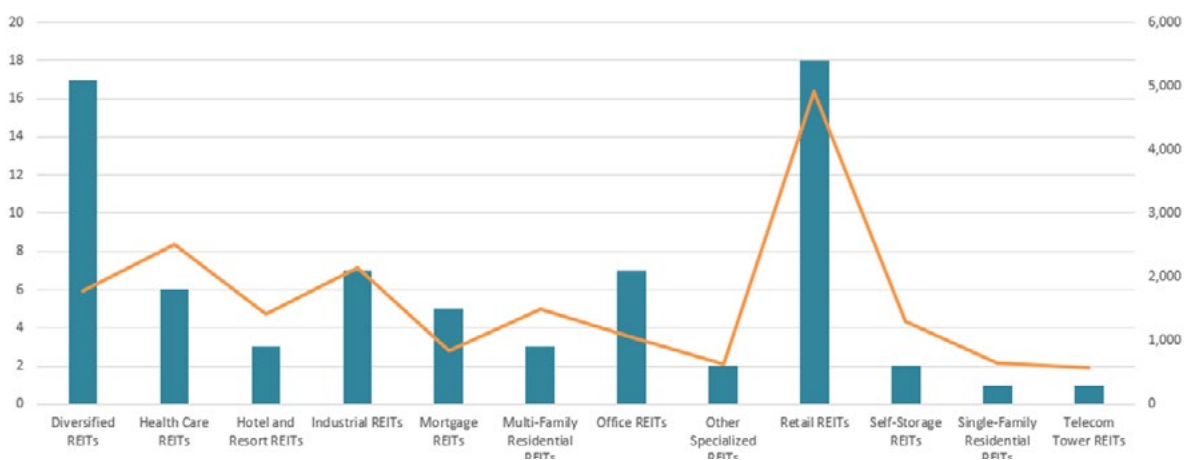
While the SEC Staff's nonpublic review process provides issuers with the ability to submit draft registration statements privately, companies should remain aware that all nonpublic draft registration statement submissions must be made public at least two business days before the registration is finalized and becomes effective. Moreover, the SEC Staff will publicly release all comment letters and issuer responses no earlier than 20 business days after effectiveness of the registration statement. Companies should ensure that any information disclosed in nonpublic filings is prepared with the expectation of eventual public disclosure. Advance planning on investor relations and market positioning remains essential.

Market Data

Top Five REIT Sectors in Terms of Capital Markets Deal Volume (Q2 2025)



REIT Capital Market Transactions Q2 2025 Deal Counts and Deal Value by Sector



Source: S&P Capital IQ Pro

Contact Us

About Us

Hunton Andrews Kurth LLP consistently ranks as one of the most experienced law firms with respect to real estate capital markets transactions, representing issuers, underwriters, sponsors and lenders in connection with structuring and financing publicly and privately owned real estate companies, including in particular real estate investment trusts (REITs). The firm regularly receives top tier national rankings for its work as both issuer's and underwriters' counsel in *Chambers USA*, *Legal 500*, *Bloomberg* and *Refinitiv*.

Hunton has extensive experience in taking real estate companies public, both as REITs and as C corporations, and in subsequent financing transactions. We have handled approximately 155 IPOs and Rule 144A equity offerings and more than 1,100 capital markets transactions involving more than 215 REITs and other real estate companies. In the course of those and other engagements, we have worked closely with the leading investment banking firms, accounting firms and other professionals active in the real estate finance industry. As a result, our Real Estate Capital Markets practice group is particularly well-qualified to assist companies accessing the public capital markets as well as private capital sources.

