

Internal Revenue Service

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Washington, DC 20224

Third Party Communication: None

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CC:CORP:B05

PLR-134410-05

January 26, 2006

Legend:

Taxpayer =

StateA =

Operating Partnership =

Exchange =

A% =

B% =

\$C =

\$D =

\$E =

Dear :

This letter responds to your June 23, 2005, request for rulings on certain federal income tax consequences related to your proposed Dividend Reinvestment and Stock Purchase Plan described below. Additional information was provided in letters dated

August 17, 2005, September 6, 2005, and October 24, 2005. The material information provided for consideration is summarized below.

FACTS:

Taxpayer is a StateA corporation that is treated as a real estate investment trust ("REIT") under section 856(c) of the Internal Revenue Code of 1986, as amended (the "Code"). Taxpayer is the general partner of Operating Partnership, a StateA limited partnership. Taxpayer conducts substantially all of its operations through Operating Partnership and lower-tier partnerships. Taxpayer owns the majority of the interests in Operating Partnership.

Taxpayer has maintained a dividend reinvestment plan (the "DRIP") for approximately years. The Service previously ruled as to the tax treatment of Taxpayer's original DRIP. Taxpayer has modified the DRIP slightly over the years. Taxpayer now proposes to add to the DRIP a stock purchase plan (the "SPP," and collectively with the DRIP, the "Plan").

Taxpayer describes the salient parts of the Plan as follows:

1. Under the DRIP, shareholders of Taxpayer can elect to reinvest the cash dividends received with respect to some or all of their common stock. Stock is purchased directly from Taxpayer as newly issued common stock on an investment date in each quarter, currently the quarterly dividend payment date.
2. Taxpayer determines the price at which it sells the stock by using the average of the high and low prices of Taxpayer's stock, which is listed on the Exchange, on the investment date, and applying a discount (the "Discount") of up to A% (the "Discounted Price"). The current Discount is B%. Because the stock is purchased directly from Taxpayer, no brokerage commissions are involved.
3. Under the SPP, shareholders, and other interested parties who do not currently own any common stock, can buy common stock at the same Discounted Price and without paying any fees. They each may invest a minimum of \$C and a maximum of \$D in any one quarter. The investment date for purchases under the SPP is the same date as for purchases under the DRIP. There is an overall limit of \$E per quarter on the amount of common stock which may be issued pursuant to the SPP. Taxpayer may change the dollar amounts of these limitations in the future.

CONCLUSIONS:

Based solely on the information submitted and representations made, we hold as follows:

- (1) A shareholder of Taxpayer who participates in the DRIP will be treated as receiving, and Taxpayer will be treated as making, a distribution of property to which section 301 applies with respect to, and in the amount of, any cash dividend declared by Taxpayer that the shareholder would be entitled to receive, regardless of how it is applied by the shareholder.
- (2) Stock sold by Taxpayer through the SPP will not be treated as a distribution of property to which section 301 applies.
- (3) For purposes of section 857, distributions to shareholders under the DRIP will not be treated as preferential dividends under section 562(c) and thus will not fail to qualify for the dividends paid deduction under section 561.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. No opinion is expressed concerning whether Taxpayer otherwise qualifies as a REIT under subchapter M, part II, of Chapter 1 of the Code.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

T. Ian Russell

T. Ian Russell
Senior Counsel, Branch 5
Office of Associate Chief Counsel
(Corporate)

cc: