

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

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Date:
January 14, 2015

Legend

Taxpayer =

StateX =

Exchange =

Date1 =

Date2 =

Dear :

This letter responds to your September 12, 2014, request for rulings under sections 301 and 305(b)(1) of the Internal Revenue Code (the "Code"). The information provided in that request and in later correspondence is summarized below.

The rulings contained in this letter are based upon information and representations submitted on behalf of Taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings; it is subject to verification if there is an examination.

SUMMARY OF FACTS

Taxpayer is a StateX corporation that qualifies as a real estate investment trust (REIT) under subchapter M, part II of Chapter 1 of the Code. Taxpayer has one class of common stock outstanding that is publicly traded on the Exchange.

During its taxable years ending Date1 and Date2, Taxpayer may make one or more distributions to its shareholders with respect to its common stock in--at the election of each shareholder--cash, common stock of equivalent value, or a combination thereof, subject to proration adjustments as described below (a "Stock and Cash Distribution").

For each Stock and Cash Distribution, the total amount of cash available will be limited to a specified percentage (the "Cash Percentage") equal to 20 percent or more (but less than 100 percent) of the aggregate value of the respective Stock and Cash Distribution (the "Cash Limitation"). In no event will the Cash Limitation for any Stock and Cash Distribution be less than 20 percent of the aggregate value of the respective Stock and Cash Distribution. For each Stock and Cash Distribution, each shareholder will have the right to elect to receive their entire entitlement under the distribution in (i) cash (the "Cash Option"); (ii) common stock of equivalent value (the "Equity Option"); or (iii) in a mixture of cash (corresponding to the Cash Percentage) and common stock (the "Mixed Option"). In the event Taxpayer does not receive an election from a shareholder, that shareholder will default to the Equity Option. Taxpayer anticipates paying cash in lieu of issuing fractional shares of common stock, though cash paid in lieu of fractional shares will not count against the Cash Limitation.

If the cash component of a Stock and Cash Distribution is not oversubscribed, each shareholder electing to receive the Cash Option will receive their entire entitlement under the distribution in cash. If the cash component of a Stock and Cash Distribution is oversubscribed, then each shareholder electing to receive the Cash Option will receive a pro rata amount of cash corresponding to the shareholder's respective entitlement under the declaration. In no event will any shareholder electing to receive the Cash Option or the Mixed Option receive cash in an amount less than the Cash Percentage corresponding to the shareholder's entire entitlement under the distribution.

The calculation of the number of shares to be received by any shareholder in connection with a Stock and Cash Distribution will be determined, over a period of up to two weeks ending as close as practicable to the payment date, based upon a formula utilizing market prices that is designed to equate in value the number of shares to be received with the amount of money that could be received instead.

With respect to a Stock and Cash Distribution and any shareholder participating in Taxpayer's Dividend Reinvestment and Stock Purchase Plan ("DRIP"), the DRIP will apply only to the extent that, in the absence of the DRIP, the participating shareholder would have received the distribution in cash under the Stock and Cash Distribution.

RULINGS

Based solely on the information provided and the representations made, we rule as follows. Any and all of the cash and common stock distributed in a Stock and Cash Distribution (as described above) by Taxpayer shall be treated as a distribution of property with respect to its stock to which section 301 applies. Sections 301 and 305(b). The amount of a distribution of common stock received by any shareholder in a Stock and Cash Distribution (as described above) will be considered to equal the amount of the money which could have been received instead. Section 1.305-1(b)(2).

CAVEATS

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. Moreover, no opinion is expressed concerning whether Taxpayer otherwise qualifies as a REIT under subchapter M, part II of Chapter 1 of the Code. Furthermore, no opinion is expressed as to whether any Stock and Cash Distribution will satisfy the distribution requirements of section 857(a)(1). Finally, no opinion is expressed as to whether any Stock and Cash Distribution is to be considered preferential under section 562(c).

PROCEDURAL INFORMATION

This letter 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 ruling is being sent to two of your authorized representatives.

A copy of this letter ruling 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.

Sincerely,

T. Ian Russell

T. Ian Russell
Branch Chief, Branch 6
Office of Associate Chief Counsel (Corporate)

cc: