

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201544015**
Release Date: 10/30/2015

Third Party Communication: None
Date of Communication: Not Applicable

Index Number: 301.00-00, 305.00-00,
305.03-00

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:3
PLR-106611-15

Date:
July 29, 2015

Legend

Taxpayer =

State X =

Exchange =

Date 1 =

Date 2 =

Date 3 =

Dear :

This letter responds to your January 30, 2015, request for rulings under §§ 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 by Taxpayer and accompanied by a penalties 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.

Summary of Facts

Taxpayer is a State X corporation that files its federal income tax returns on a calendar year basis. Taxpayer has two classes of voting common stock outstanding, Class A Common Stock and Class B Common Stock. The Class A Common Stock is publicly traded on the Exchange, and is entitled to dividends and other distributions. The Class B Common Stock is not publicly traded, and is not entitled to dividends or other distributions.

Taxpayer intends to elect under § 856 to be treated as a real estate investment trust (REIT) beginning with the taxable year ending Date 1 (the First REIT Taxable Year). During the last three months of the First REIT Taxable Year, Taxpayer intends to declare a dividend, to be distributed no later than Date 2, to its shareholders with respect to the Class A Common Stock in – at the election of each shareholder – cash or Class A Common Stock of equivalent value, subject to proration adjustments as described below (Stock and Cash Distribution). Taxpayer may also make one or more Stock and Cash Distributions during its taxable year ending Date 3.

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 of the aggregate value of the respective Stock and Cash Distribution (the Cash Limitation). In no event will the Cash Limitation for any Stock or 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 its entire entitlement under the distribution in (i) cash (the Cash Option) or (ii) Class A Common Stock of equivalent value. In the event Taxpayer does not receive an election from a shareholder, that shareholder will default to the option determined by Taxpayer in Taxpayer's sole discretion. Taxpayer anticipates paying cash in lieu of issuing fractional shares of 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 its 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, but in no event will any such shareholder 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 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 cash that could be received instead.

Taxpayer does not currently have a dividend reinvestment plan (DRIP) in effect, but with respect to a Stock and Cash Distribution and any shareholder participating in a future 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 representations made, we rule as follows. Any and all of the cash and Class A Common Stock distributed in a Stock and Cash Distribution (as described above) by Taxpayer will be treated as a distribution of property with respect to its stock to which § 301 applies. Sections 301 and 305(b). The amount of a distribution of Class A Common Stock received by any shareholder in a Stock and Cash Distribution (as described above) will be considered to equal the amount of the cash 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. In particular, we express no opinion regarding whether Taxpayer otherwise qualifies as a REIT under part II of subchapter M of chapter 1 of the Code, whether any Stock and Cash Distribution will satisfy the distribution requirements of § 857(a)(1), or whether any Stock and Cash Distribution is to be considered preferential under § 562(c).

Procedural Statements

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

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 this ruling letter.

In accordance with the power of attorney on file in this office, a copy of this ruling letter is being sent to your authorized representative.

Sincerely,

Stephanie D. Floyd
Assistant to Branch Chief, Branch 3
Office of Associate Chief Counsel (Corporate)

cc: