

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
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Person To Contact:
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Refer Reply To:
CC:CORP:3
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Date:
December 12, 2017

Legend

X =

LP =

GP =

Fund H =

A =

B =

C =

State A =

Operations =

Operating Assets =

Agreement =

Unit Exchange Program =

Dear :

This letter responds to your letter dated June 15, 2017, submitted by your authorized representative, requesting rulings under sections 351(e) and 721(b) of the Internal Revenue Code (Code) and related regulations with respect to the Proposed Transaction (described below). The information provided in that request and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the 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. Verification of the information, representations, and other data may be required as part of the audit process.

This letter is issued pursuant to section 6.03 of Rev. Proc. 2017-1, 2017-1 I.R.B. 1, regarding one or more significant issues under section 332, 351, 355, 368, or 1036. The rulings contained in this letter only address one or more discrete legal issues involved in the transaction. This office expresses no opinion as to the overall tax

consequences of the transactions described in this letter or as to any issue not specifically addressed by the rulings below.

Summary of Facts

X is a State A publicly traded limited partnership and a partnership for federal tax purposes. LP, a State A limited liability company and a partnership for federal tax purposes, owns, through a disregarded subsidiary, limited partner interests in X. GP, a State A limited liability company and a disregarded indirect subsidiary of LP, is X's general partner. Private Funds are partnerships for federal tax purposes that are managed by LP and its affiliates.

X is engaged in Operations and has acquired the majority of its Operating Assets from Private Funds. X is subject to the Agreement, by and among itself, GP, and certain Private Funds (the Funds), including Fund H. Pursuant to the Agreement, X has a right of first offer with respect to all of the assets then owned or thereafter acquired by the Funds. X also has acquired Operating Assets from unrelated third parties pursuant to X's Unit Exchange Program.

Proposed Transaction

X proposes to form a new entity that will elect to be taxed as a real estate investment trust (REIT) as defined in section 856 of the Code (New REIT) and to contribute substantially all of X's Operating Assets to New REIT (the Restructuring).

Subsequent to the Restructuring, X will acquire additional Operating Assets. Specifically, X will acquire the assets of Fund H pursuant to the Agreement (the Fund H Dropdown) and will acquire assets from A, B, and C pursuant to the Unit Exchange Program (the Exchanges). Once these acquisitions are complete, X plans to transfer substantially all of the acquired assets to New REIT in exchange for additional interests in New REIT.

Representations

X makes the following representations:

- (a) Immediately after the Restructuring, the total value of X's direct ownership interests in New REIT will be more than 50 percent of the total value of all equity interests outstanding in New REIT.
- (b) At the time of the Restructuring, there will be no plan in existence pursuant to which the total value of X's direct ownership interests in New REIT will become less than 50 percent of the total value of all equity interests outstanding in New REIT.

- (c) X will maintain a minimum ownership of at least 80 percent of the voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of New REIT.

Rulings

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

- (1) Provided that immediately after the Restructuring, X's direct ownership interests in New REIT will represent 50 percent or more of the total value of all New REIT equity interests, X's New REIT equity interests will be disregarded and X will be deemed to own its ratable share of New REIT's assets for purposes of determining whether X is an investment company under section 351(e).
- (2) Provided that X will maintain a minimum ownership of at least 80 percent of the voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of New REIT, a transfer of assets to X in the Fund H Dropdown and in the Exchanges followed by a transfer of the same assets to New REIT as part of the same plan will be respected as separate transactions for purposes of applying section 721 and section 351, respectively.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transaction under any provision of the Code and regulations or the tax treatment of any condition existing at the time of, or effects resulting from, the Proposed Transaction that is not specifically covered by the above rulings. In particular, no opinion is expressed regarding whether New REIT will qualify as a REIT under subchapter M, part II of Chapter 1 of the Code.

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

Stephanie D. Floyd

Assistant to Branch Chief, Branch 3

Office of Associate Chief Counsel (Corporate)