

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact: _____, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B05
PLR-152794-05

December 7, 2005

Re:

Legend:

Parent =

Parent LP =

Buyer =

Buyer Parent =

Company =

Company LP =

Company GP =

Merger Sub =

LP Merger Sub =

State X =

State Y =

State Z =

Exchange =

Parent Common =

Parent Preferred 1 =

Parent Preferred 2 =

Parent LP Common =

Parent LP GP =

Parent LP Mirror 1 =

Parent LP Mirror 2 =

Company Common =

Company Preferred =

a% =

b% =

c% =

d% =

e% =

f =

\$g =

\$h =

Date 1 =

Date 2 =

Business AA =

Business BB =

Asset XX: =

Dear :

This letter replies to your authorized representative's letter dated October 17, 2005, requesting rulings regarding a proposed transaction. Additional information was provided in letters dated November 2, 2005, November 17, 2005, November 21, 2005, November 29, 2005, December 2, 2005, and December 6, 2005. The information submitted for consideration is summarized below.

Summary of Facts

Parent, a calendar year taxpayer, is a publicly traded, self-administered and self-managed State X real estate investment trust ("REIT"). Parent is engaged in Business AA through its a% ownership interest in Parent LP, a State Y limited partnership, and its subsidiaries. The remaining interest in Parent LP is owned by unrelated persons. Parent LP has the following classes of units: Parent LP Common, Parent LP GP, Parent LP Mirror 1, and Parent LP Mirror 2. Parent is a publicly traded company whose stock, Parent Common, is traded on the Exchange. Parent has two other classes of stock issued and outstanding, Parent Preferred 1 and Parent Preferred 2.

Parent LP has formed, solely for the purposes of the transactions that are the subject of this ruling request, two limited liability companies: Merger Sub, and LP Merger Sub.

Company, a calendar year taxpayer, is a publicly traded, self-administered and self-managed State X REIT that is engaged in Business AA through its b% interest in Company LP and its subsidiaries. The remaining interest in Company LP is owned by unrelated persons. Company is a publicly traded company whose stock, Company Common, is traded on Exchange. Company has another class of stock issued and outstanding, Company Preferred. Company is the owner of 100% of Company GP, a wholly owned State Y qualified REIT subsidiary. Company GP is the sole general partner of Company LP. Immediately before the transactions that are the issue of this request, Company GP will elect to be treated as a taxable REIT subsidiary.

Buyer, a State Z corporation, is an indirect, wholly owned subsidiary of Buyer Parent, a publicly traded company whose common stock is traded on Exchange. As part of its overall business, Buyer is involved in Business BB.

Proposed Transactions

As described below, pursuant to an agreement and plan of merger entered into on Date 1, among Parent, Parent LP, Merger Sub, LP Merger Sub, Company, and Company LP (the "Agreement"), Company will be merged with and into Merger Sub, with Merger Sub surviving (the "REIT Merger"). The shareholders of Company will receive cash and shares of Parent in the REIT Merger. Company will cease to exist as a result of the REIT Merger. Pursuant to a separate Date 1 agreement between Parent LP and Buyer (the "Master Agreement"), immediately after the REIT Merger, Buyer will acquire certain of the assets that were held by Company LP. The REIT Merger and the other transactions proposed in the Agreement and the Master Agreement represent the "Transaction."

The following steps summarize the Transaction:

1. Parent LP has formed Merger Sub and LP Merger Sub.
2. Parent will transfer approximately f newly issued shares of Parent common stock to Parent LP, which will retransfer them to Merger Sub, to be used in the REIT Merger as part of the consideration payable to the holders of Company common shares for their interests in Company. By operation of Parent LP's partnership agreement, Parent will receive additional partnership units in exchange for the Parent stock.
3. Parent LP will transfer approximately \$g to Merger Sub to be used in the REIT Merger as part of the consideration payable to the holders of Company common shares for their interests in Company.

4. Buyer will transfer approximately \$h to Merger Sub to be used in the REIT Merger as part of the consideration payable to the holders of Company common shares for their interests in Company. In exchange, Buyer will receive an interest in Merger Sub.
5. Company will be merged with and into Merger Sub in the REIT Merger. Merger Sub will be the surviving entity in the REIT Merger, with Parent LP and Buyer as the members of Merger Sub. In the REIT Merger, Merger Sub will receive two assets of Company: partnership interests in Company LP and all of the stock of Company GP.
6. In the REIT Merger, Company's common shareholders will receive consideration in the form of cash and Parent common shares.
7. Immediately after the REIT Merger, LP Merger Sub will be merged with and into Company LP with Company LP surviving (the "OP Merger"). Prior to the OP Merger, Merger Sub, Company GP, and third parties will own Company LP. The purpose of the OP Merger is to cause the third-party holders of Company LP units to exchange their Company LP units for units of Parent LP. After the OP Merger, Merger Sub and Company GP will be the sole owners of Company LP.
8. Immediately after the OP Merger, Buyer will transfer its Merger Sub interest to Company LP in exchange for certain Company LP properties. These properties represent approximately c% of the fair market value of Company LP's gross operating assets and approximately d% of the fair market value of Company LP's net operating assets.
9. Immediately after the preceding step, Merger Sub will dissolve; Parent LP's interest and Company LP's interest in Merger Sub will be eliminated. As a result, Parent LP will own 100% of the limited partnership interests in Company LP and Company GP will own the general partnership interest in Company LP.

Representations

The following representations have been made in connection with the Transaction:

- (a) All of the steps of the Transaction described above are interrelated and each would not be effectuated without all of the steps being consummated.
- (b) Company LP is classified as a partnership for federal income tax purposes and has been since its inception in Date 2.

- (c) In the Transaction, Parent LP will acquire approximately e% of the total gross and net assets of Company held by Company immediately prior to the Transaction.
- (d) All of the assets to be purchased by Buyer consist of Asset XX and historic operating assets of the business.
- (e) Buyer's acquisition of certain properties held by Company LP will occur in a bona fide arm's length transaction.
- (f) The cash consideration to be paid by Parent LP to the shareholders of Company in the REIT Merger will principally originate from borrowings by Parent LP.
- (g) Parent LP, Merger Sub, and LP Merger Sub are not classified as qualified REIT subsidiaries or taxable REIT subsidiaries for federal income tax purposes.
- (h) None of the entities in the Transaction will make an election under Treasury Regulation section 301.7701-3 to be taxed as anything other than its current or default entity classification.
- (i) Parent LP, through its newly acquired Company LP interest, will continue to operate a portion of the historic business of Company LP.
- (j) The Agreement does not grant Parent any rights to acquire Company LP interests from Company in the REIT Merger. Parent has no intention of acquiring Company LP interests from Parent LP after the Transaction.
- (k) The shareholders of Company will receive cash from Parent LP and Buyer and Parent common shares from Parent LP that will, collectively, be approximately equal to the value of the Company stock exchanged.
- (l) Parent LP has no plan or intention to dispose of any of the assets it acquires in the Transaction.
- (m) To the best of Parent's knowledge, and after consultation with its financial advisors, no shareholder or group of shareholders of Company will be in control (within the meaning of section 368(a)(2)(H) of the Code) of Parent immediately after the Transaction.

Ruling

Based solely on the information submitted and the representations set forth above, we hold as follows:

The Transaction is not described in section 368(a) of the Code, but will be treated for federal income tax purposes as a taxable sale of Company's assets, followed by a liquidation of Company to its shareholders pursuant to section 331 of the Code.

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, no opinion is expressed regarding whether any of the entities discussed in this letter qualifies as a REIT or the treatment of the Transaction under the partnership rules of Subchapter K of the Code.

Procedural Statements

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 representative.

A copy of this letter must be attached to any income tax return to which it is relevant.

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,

William Alexander
Associate Chief Counsel
(Corporate)

By: *Virginia S. Voorhees*
Virginia S. Voorhees
Senior Technician Reviewer, Branch 5
(Corporate)