**Internal Revenue Service**

Department of the Treasury
Washington, DC 20224

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Telephone Number:

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Date:
October 18, 2010

LEGEND:

Parent =

Majority Shareholders =

Group2 =

Services =

Services2 =

Services3 =

Services4 =

Year1 =

LLC 1 =

LLC 2 =

LLC 3 =

LLC 4 =

LLC 5 =

Sub 1 =

Sub 2 =

B =

C =

D =

E =

F =

G =

Stock Exchange =

Dear :

This ruling responds to your letter dated April 16, 2010, and subsequent correspondence in which you requested rulings as to certain Federal income tax consequences of the transactions discussed below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support

of the request for rulings. Verification of the information and other data may be required as part of the audit process.

FACTS

Parent is the common parent of an affiliated group of corporations, including Sub 1 and Sub 2, which file a consolidated return for Federal income tax purposes (the "Parent Group"). The Parent Group is engaged in providing a range of Services, including Services2, and files its consolidated returns on a calendar year basis. Parent has one class of common stock outstanding which is not publicly traded, of which B percent is held by the Majority Shareholders, each of which is indirectly controlled by Group2.

Sub 1 owns and operates properties through various wholly-owned limited liability companies, including LLC 1, LLC 2, and Sub-lessees (discussed below) which are disregarded as entities separate from its owner for U.S. Federal tax purposes (a "disregarded entity"). The properties are leased to LLC 1, which subleases them to other companies (the "Sub-lessees").

LLC 2 wholly owns certain disregarded entities. LLC 2, together with its disregarded entities, is hereinafter referred to as "Manager". Manager has at various times since Year1 owned and/or operated at least C different Service2 facilities through two wholly owned limited liability companies, LLC 3 and LLC 4. Manager is responsible for all of the operational and management functions at these facilities, including Services3. Sub 2, a corporate subsidiary of Manager, has been in the business of managing and operating Services facilities for over D years. Sub 2 has been actively engaged in the business of providing substantial Services4 to facilities owned in whole or part by third parties.

Pursuant to a plan, Parent intends to undertake an initial public offering of its common stock (the "IPO") in a taxable year ending on or before December 31, 2011, and to elect to be taxed as a real estate investment trust ("REIT") pursuant to section 856(c)(1) of the Internal Revenue Code for its taxable year beginning January 1 of the following year. Parent will undertake certain transactions to permit it to qualify as a REIT (the "Restructuring").

As part of the Restructuring, certain assets will be contributed to Manager, and Manager will be distributed to Parent's pre-IPO shareholders pro rata. Sub 2 will continue to remain a corporate subsidiary of Manager. As another part of the Restructuring, Parent intends to transfer certain assets related to the operation of its Services business, including its interests in LLC 1 and Sub-lessees, to a new corporation that it will own. The new corporation will jointly elect with Parent to be treated as a taxable REIT subsidiary ("TRS") of Parent. Following the TRS election—(i) the properties retained by Parent will continue to be leased to LLC 1, which will continue to sublease them to the

Sub-lessees, and (ii) Manager, through LLC 5, will operate and manage the properties for the TRS pursuant to a management agreement entered into at the time of the IPO.

Also as part of the Restructuring, approximately two weeks prior to completion of the IPO, Parent intends to declare a distribution, payable in a combination of cash or stock (the "Special Dividend"). The Special Dividend will be contingent on the successful completion of the IPO, payable to stockholders of record as of the day after the dividend declaration date. The Special Dividend will be paid immediately after the closing of the IPO and listing of the shares on the Stock Exchange.

Parent intends to declare the Special Dividend using an election mechanism whereby each stockholder of record may elect to receive its distribution as follows:

Option A – 100 percent cash (the "Cash Option");

Option B – 100 percent common stock (the "Stock Option"); or

Option C – A combination of 20 percent cash and 80 percent common stock (the "Mixed Option").

If a stockholder fails to make a valid election by the election deadline, that stockholder will be deemed to have made an election to be determined by Parent at Parent's sole discretion. To the extent necessary, Parent will issue cash in lieu of fractional shares of stock. It is intended that the Special Dividend will be paid no later than one week following the date of the election deadline.

It is anticipated that Parent shareholders will have an approximately two-week election period, which will close on the date (the "IPO Pricing Date") that the IPO price per share is set by Parent and underwriters. The IPO Pricing Date will be approximately three business days prior to completion of the IPO. The total number of shares of stock to be issued in the Special Dividend will be determined on the IPO Pricing Date, by dividing (i) the difference between (A) the total amount of the Special Dividend, and (B) the total amount of cash to be distributed in the Special Dividend, by (ii) the per share value of Parent common stock.

The total amount of cash payable in the Special Dividend will be limited to approximately 20 percent of the total value of the Special Dividend; Parent may, in its discretion, increase the percentage of the Special Dividend that is payable in cash (the "Cash Limit"). If the percentage of cash payable in the Special Dividend is increased, there will be a corresponding increase in the percentage of cash offered in the Mixed Option. In no event will the Cash Limit be less than 20 percent of the total value of the Special Dividend. Any cash paid in lieu of fractional shares will not count towards the Cash Limit.

While each stockholder will have the option to elect to receive cash in lieu of stock for all or a portion of the stockholder's entire entitlement under the Special Dividend, such

election will be subject to the Cash Limit. If the total number of shares of common stock with respect to which the Cash Option or the Mixed Option is elected (the "Cash Election Shares") would result in the payment of cash in an aggregate amount that is less than or equal to the Cash Limit, then all holders of Cash Election Shares will receive cash equal to the amount elected; the stockholders who elect the Cash Option will receive the Special Dividend entirely in cash, and the stockholders who elect the Mixed Option will receive the Special Dividend in 20 percent cash and 80 percent common stock (or such higher percentage of cash and corresponding lower percentage of common stock that Parent elected to pay). If the number of Cash Election Shares would result in the payment of cash in an aggregate amount that is greater than the Cash Limit, then each stockholder electing to receive the Cash Option will receive a pro rata portion of available cash (i.e., the Cash Limit minus the aggregate amount of cash payable to stockholders electing the Mixed Option), and the remainder in shares of common stock. As a result, the Cash Election Shares will in no event receive less than 20 percent of their share of the Special Dividend in cash.

Immediately after the Restructuring and IPO, it is expected that public shareholders (i.e., shareholders other than Majority Shareholders) will own more than E percent of Parent's stock. Manager will be owned by Parent's pre-IPO shareholders. However, after the Restructuring and before the first day of the first taxable year in which Parent qualifies as a REIT, the Majority Shareholders will, if necessary, reduce their ownership interest in Parent so they will own less than F percent of Parent.

Taxpayer makes the following representations:

(a) After the Restructuring and IPO, Parent will not derive any income from Manager or Sub 2.

(b) Depending on the ultimate disposition of options in Parent, it is expected that, after the IPO, the Majority Shareholders will own approximately G percent of Manager.

(c) Manager does not now own, and in the future is not expected to own, any Parent stock.

(d) Parent fully expects Manager to continue to seek additional management contracts with third parties after the IPO.

(e) Following the TRS election, the Services properties retained by Parent will be leased to the TRS and operated and managed by Manager, pursuant to a management agreement entered into at the time of the IPO.

RULINGS

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

(1) Any and all of the cash and stock distributed by Parent in the Special Dividend will be treated as a distribution of property with respect to its stock to which section 301 applies (sections 301 and 305(b)).

(2) Provided that the Majority Shareholders own, directly and indirectly, less than F percent of Parent on the date that Parent intends for its REIT election to be effective, Manager satisfies the statutory requirements under section 856(d)(9)(A) to be treated as an eligible independent contractor with respect to the Services facilities it manages or operates for the TRS.

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 as to whether or not Parent otherwise qualifies as a REIT under part II of subchapter M of Chapter 1 of the Code.

PROCEDURAL STATEMENTS

This ruling letter is directed only to the taxpayers 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, any taxpayer filing its return electronically may satisfy this requirement by attaching a statement to the 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 will be sent to your authorized representative.

Sincerely,

Mark Weiss
Reviewing Attorney, Branch 1
Office of Associate Chief Counsel (Corporate)

cc: