



# CONTRIBUTION SCENARIOS

## CORPORATE OWNER II

Property is owned by a C-Corporation and all shareholders want to exchange their property without recognizing a taxable gain.

### SCENARIO

The C-Corporation can contribute the property to the fund in exchange for units. Barring any ownership restrictions, the C-Corporation can then elect to convert to an S-Corporation and avoid double taxation. To avoid the built-in gains tax, the S-Corporation shareholders should avoid selling their units in the fund for the next five years after conversion.

This scenario will typically only work if the land has less than 25% debt to value. Whether such a transaction can be done on a tax deferred basis requires careful analysis and is fact specific. Please consult with your tax advisor before proceeding.