

March 3, 1987

Mr. Patrick Sharp
Compliance Specialist
Pre-Merger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Sixth Street and Pennsylvania Avenue
Washington, D. C. 20580

VIA FACSIMILE

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FEDERAL TRADE COMMISSION

Dear Mr. Sharp:

As I advised you in our telephone conversation today, a group trust consisting of corporate pension plans and government employee retirement systems (the "Trust") is about to acquire title to eight separate buildings and the land underlying them (collectively the "Property") as part of a single transaction. The buildings are currently approximately 75% occupied. The tenants utilize their demised premises as office and warehouse space. At the present time, the Property is owned by a number of inter-related partnerships with both individual and corporate partners. None of the plans or systems within the Trust is related in any way to the entities comprising the present owner of the Property.

The parties to this transaction meet the "size of the parties" test under the Hart-Scott-Rodino Act (the "Act").

The value of the office space component of the Property (including the improvements as well as a pro-rata allocation of the underlying land) is, in our opinion, approximately \$19.1 million. The value of the non-office space component of the Property (including the improvements as well as a pro-rata allocation of the underlying land) is, in our opinion, approximately \$7.1 million. As a consequence, the purchase price which the Trust has agreed to pay for the entire Property is approximately \$26.2 million. A portion of the purchase price for the Property will be paid by taking title to the Property subject to existing mortgages with an aggregate outstanding balance at the time of closing equal to approximately \$5.2 million. The holder of the mortgage indebtedness is unrelated to the Trust or the present owners.

It is my understanding from you that the Federal Trade Commission still takes the position that office space is non-productive while warehouse space is productive and, therefore, engaged in commerce. Because the value of the warehouse space is less than \$15 million, it is my understanding that the "commerce" test is not met

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I would appreciate your telephoning me after your receipt of this letter to confirm verbally that my conclusions as stated in this letter are correct.

Thank you very much.

Very truly yours,
[REDACTED]

I concur
3-7-88
called Mr. Katz.
B.S.