

802.63

[REDACTED]

November 19, 1990

BY FEDERAL EXPRESS

Ms. Nancy M. Ovuka  
Compliance Specialist  
Premerger Notification Office  
Bureau of Competition, Room 303  
Federal Trade Commission  
Washington, DC 20580

Re: [REDACTED]

Dear Ms. Ovuka:

[REDACTED] of all of the outstanding capital stock of [REDACTED]  
[REDACTED] from [REDACTED] in respect  
of which [REDACTED]

As [REDACTED] explained to you in his letter dated  
November 13, 1990, a portion of the financing for the acquisition  
will be furnished by [REDACTED]

[REDACTED] facilities. [REDACTED] will purchase [REDACTED] of the facilities in  
exchange for [REDACTED] payable in cash plus [REDACTED] of [REDACTED]  
common shares of beneficial interest. Such facilities will be

[REDACTED] will mortgage finance  
the remaining [REDACTED] facilities for [REDACTED] for [REDACTED]  
The larger [REDACTED] [REDACTED]

in patient revenues of the financed facilities. Upon the  
conclusion of these transactions, [REDACTED] will own and/or  
operate [REDACTED] facilities including the [REDACTED] which are the  
subject of the financing transactions. [REDACTED] and other

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subsidiaries and affiliates will grant [redacted] mortgage liens on the [redacted] which are not included in the financing transactions, as additional security for the obligations of [redacted] under the leases and mortgage loans.

As an integral and essential part of the overall transaction, [redacted] will immediately offer to the public [redacted] of the shares so acquired in a "firm commitment" underwritten public offering. The remaining [redacted] shares will be contributed by [redacted] to [redacted].

*Continuous theory not reported if [redacted] but they should be for this*

The successful consummation of the entire series of transactions is dependent upon each public offering being consummated immediately following the financing transactions. Upon conclusion of the public offering [redacted] will [redacted]

[redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]

You have advised me that:

1. No notification is required in connection with the acquisition of common shares of beneficial interest by [redacted]

[redacted] transaction are only the [redacted] to be retained by [redacted] following the public offering, which acquisition does not satisfy the statutory size of transaction threshold.

[redacted] lease transaction satisfies the following six criteria: *Financial*

- a. The transaction is "purely financial" in character.
- b. The transaction is primarily entered into for purposes of providing a stream of payments to the lessee and providing the lessee with use and control of the properties.
- c. Even though title to the properties passes to the lessor, day-to-day management and control of the properties is retained by the lessee.

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d. The properties will be subject to a long-term  
~~lease, or a lease which extends for~~  
substantially the entire useful life of the

f. The lessee of the properties is not selling  
all or substantially all of its assets or an  
entire business division.

As we discussed, [REDACTED] if it wishes to maintain its  
qualification as a real estate investment trust, may not

following the default under a mortgage or lease, and then  
only for limited periods of time. You have advised that [REDACTED]

be considered to be a competitor of [REDACTED]

The properties will be subject to long-term leases (in  
this case, an initial term of ten years and renewal options,  
exercisable at the option of the lessee, for renewal terms  
aggregating an additional 30 years). The properties will  
also be subject to rights of first refusal and purchase  
options in [REDACTED]. Upon the termination of the  
leases for any reason, unless [REDACTED] exercise a  
purchase option, the residual value in the facilities at the  
termination of the leases will belong to [REDACTED]

On the basis of these facts as well as those set forth  
above, you have advised that these six criteria appear to be  
met, and that, accordingly, the purchase lease transaction

Thank you for your assistance. If I have not accurately  
reflected our discussion, please do not hesitate to call me at  
[REDACTED]

Yours very truly,  
[REDACTED]

cc: [REDACTED]