

7A(c)(1)

February 17, 1993

VIA FAX - (202) 326-2050

Richard Smith, Staff Attorney
Premerger Notification Office
Room 301
Federal Trade Commission
Washington, D.C. 20580

Re: Duty of Real Estate Investment Trust to Make
Premerger Notification and Report

Dear Mr. Smith:

~~As discussed today~~ I am writing to request your
opinion as to whether a certain transaction described below
involving two real estate investment trusts would require
filing of the premerger notification and report under the
Hart-Scott-Rodino Act

REIT A and REIT B are both California business trusts
formed in compliance with Section 23000 et seq. of the
California Corporations Code. Each REIT operates in a manner
so as to qualify as a real estate investment trust under
Section 856 et seq. of the Internal Revenue Code of 1986, as

~~\$100,000,000 and REIT B has assets which exceed \$100,000,000~~

REIT A proposes to acquire all of the assets of REIT B
in exchange for newly issued shares of REIT A (the "New
Shares"). REIT B will dissolve and distribute the New Shares

Richard Smith, Staff Attorney
February 17, 1993
Page 2

to its shareholders at an exchange ratio of 1.5 New Shares for

about \$2,000,000. REIT B will receive in exchange 6,266,585 New Shares, which are worth around \$13,500,000 based on the trading price of REIT A Shares immediately prior to public announcement of the proposed transaction. REIT B will hold

convenience.

Very truly yours,

[REDACTED]

[REDACTED]

[REDACTED]

REIT A's

REIT B is exempt from 1120 reporting A

REIT A

she used their value to approximate the value of stock going to
and then to its shareholders, which are numerous. I advised that it appears
that this procedure was a reasonable proxy for fair market value and
the value of the stock was below 15% and did not constitute
50% of REIT A. modified last sentence in the last
paragraph to state that REIT B would hold the 40% of
REIT A's voting stock for an instant before it distributed it to

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