

SENT BY: [REDACTED]

302-11
307.1 (C)
Hold (Beneficial
ownership)
Leases

[REDACTED]

December 18, 1990

Case #: 76197
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VIA FACSIMILE (202) 326-2050

Mr. Patrick Sharpe
Federal Trade Commission
Premerger Notification Office
Bureau of Competition
Room 303
6th Street and Pennsylvania Avenue
Washington, D. C. 20580

Re: Leasehold and Fee Purchases

Dear Mr. Sharpe:

This letter confirms our conversation today regarding the Federal Trade Commission's ("FTC") position with respect to the simultaneous purchase of a leasehold interest in real property and the leased fee interest ("reversionary interest") in that same real property. When a leasehold interest in real property is purchased for a premium and the reversionary interest in that property is also purchased simultaneously, the leasehold portion of the acquisition is not reportable, but the fee purchase may be reportable if the filing threshold requirements are met. This is true even though the leasehold property may contain revenue generating operations such as a golf course. The rationale for this position is that because the buyer will be acquiring title to the property, the buyer will be deemed to have cancelled the lease and therefore the reversionary interest acquisition is the transaction that is of interest to the FTC.

Very truly yours,

[REDACTED]

This material may be subject to
the confidentiality provisions of
Section 74 (b) of the Clayton Act
which restricts release under the
Freedom of Information Act

reportable

when a person
acquires an
income producing
property from
another person.
It is reportable
(given thresholds
are met).
Simultaneously
acquiring a lease
on the property
is merely cancelling
the lease - not
reportable.

cc: [REDACTED]