Federal Trade Commission

§ 802.5

Examples: 1. “A,” a real estate investment company, proposes to purchase 100 percent of the voting securities of C, a wholly-owned subsidiary of “B,” a construction company. C’s assets are a newly constructed, never-occupied hotel, including fixtures, furnishings and insurance policies. The acquisition of the hotel would be exempt under § 802.2(a) as a new facility and under § 802.2(d). Therefore, the acquisition of the voting securities of C is exempt pursuant to § 802.2(a) since C holds assets whose direct purchase would be exempt under § 802.2 and does not hold non-exempt assets exceeding $50 million (as adjusted) in value.

2. “A” proposes to acquire 60 percent of the voting securities of C from “B.” C’s assets consist of a portfolio of mortgages valued at $55 million and a small manufacturing plant valued at $35 million. The manufacturing plant is an operating unit for purposes of § 802.4(a). Since the acquisition of the mortgages would be exempt pursuant to Section 7A(c)(2) of the Act and since the value of the non-exempt manufacturing plant is less than $50 million (as adjusted), this acquisition is exempt under § 802.4(a).

3. “A” proposes to acquire from “B” 100 percent of the voting securities of each of three issuers, M, N and O, simultaneously. M’s assets consist of oil reserves worth $160 million and coal reserves worth $40 million. O has assets consisting of $130 million of gas reserves and $100 million of coal reserves. O’s assets are oil shale reserves worth $50 million and a coal mine worth $80 million. Since “A” is simultaneously acquiring the voting securities of three issuers from the same acquired person, it must aggregate the assets of the issuers to determine if any of the limitations in § 802.3 is exceeded. As a result of aggregating the assets of M, N and O, “A’s” holdings of oil and gas reserves are below the $500 limitation for such assets in § 802.3(a). However, the aggregated holdings exceed the $200 million limitation for coal reserves in § 802.3(b). “A’s” acquisition therefore is not exempt, and it must report the entire transaction.


§ 802.5 Acquisitions of investment rental property assets.

(a) Acquisitions of investment rental property assets shall be exempt from the requirements of the act.

(b) Investment rental property assets. “Investment rental property assets” means real property that will not be rented to entities included within the acquiring person except for the sole purpose of maintaining, managing or