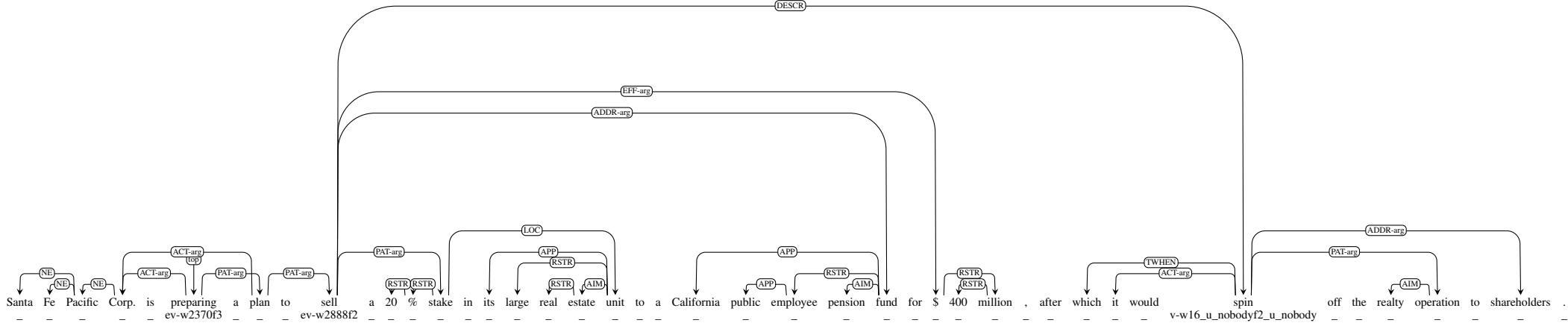
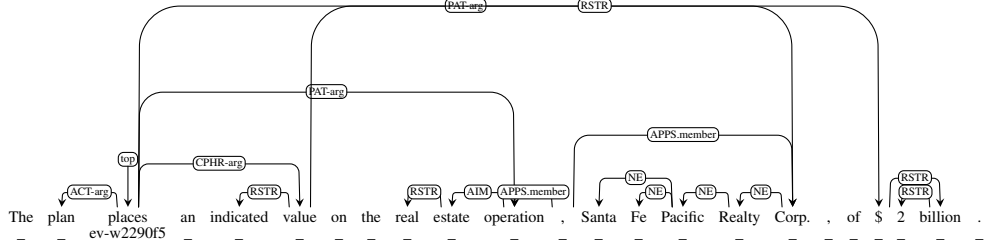


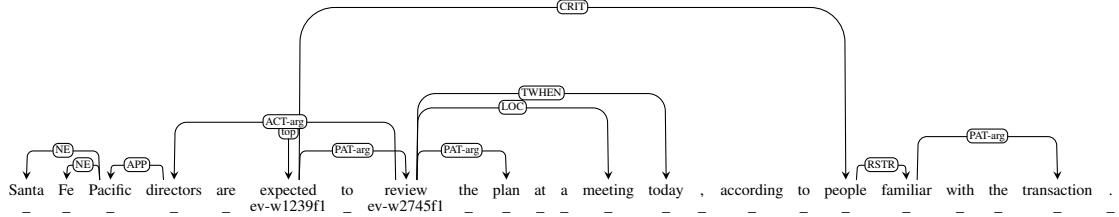
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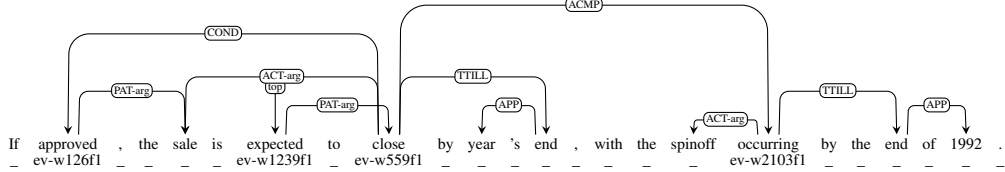
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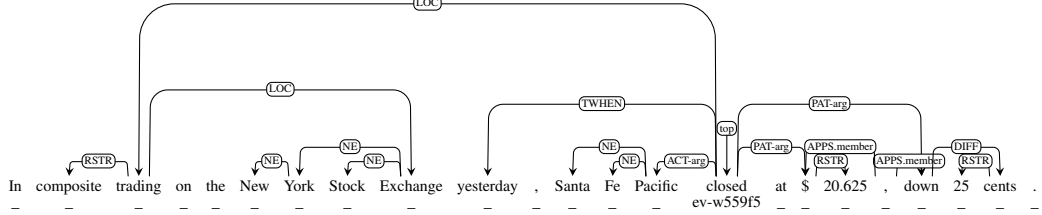
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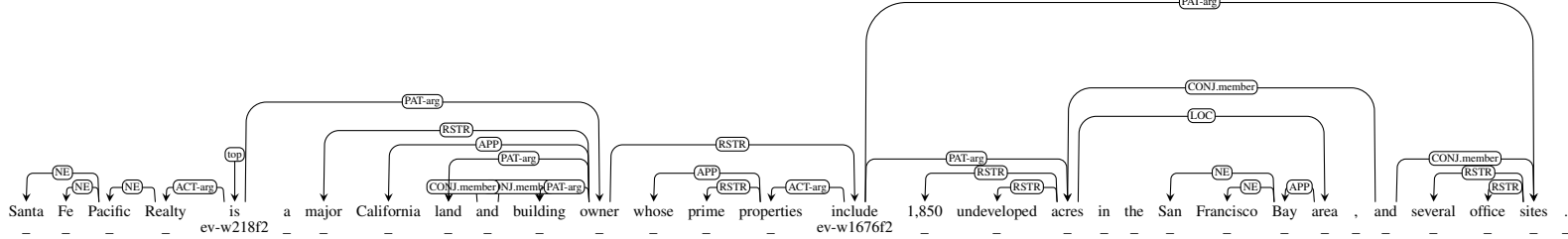
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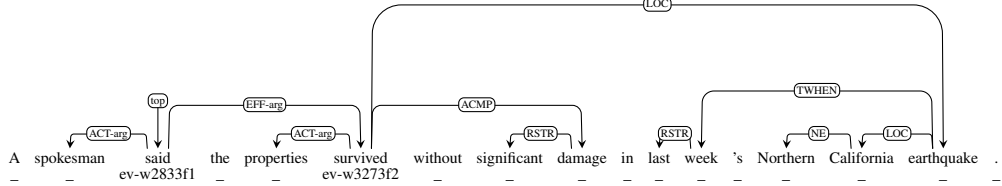
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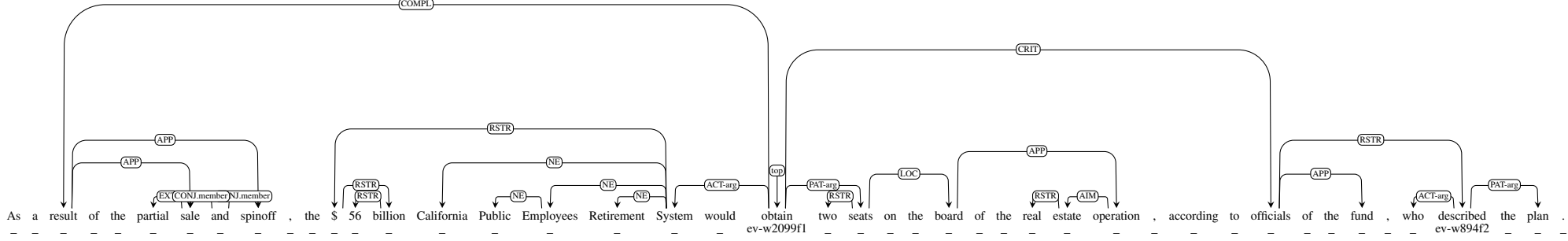
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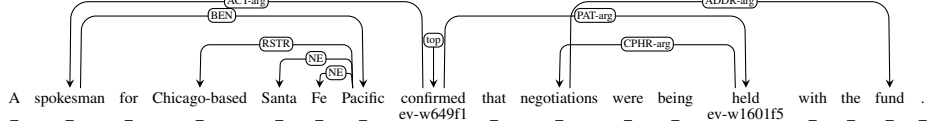
[21330007]



[21330008]



[21330009]



[21330010]



Under the proposed plan , the fund would also lend Santa Fe Pacific Realty \$ 75 million in the form of a note that would be convertible into additional shares of the realty company after the second year at the then-prevailing market price .

[21330022]

The note would accrue interest at the rate of 13.5 % a year , which would be payable to the fund after five years , according to Stephen E. Roulac , a real estate consultant working for the fund .

[21330023]

The purpose of the note is to provide added capital for the spun-off company in a form that will save it spending cash on immediate interest payments , Mr. Roulac said .

[21330024]

The spun-off concern " clearly will be one of the dominant real estate development companies with a prime portfolio , " he said .

[21330025]

For the last year , Santa Fe Pacific has redirected its real estate operations toward longer-term development of its properties , hurting profits that the parent had generated in the past from periodic sales from its portfolio .

[21330026]

Real estate operating income for the first nine months fell to \$ 71.9 million from \$ 143 million a year earlier , the company said .

[21330027]

In a statement late yesterday , Santa Fe Pacific 's chairman , Robert D. Krebs , said that Santa Fe Pacific Realty would repay more than \$ 500 million in debt owed to the parent before the planned spinoff .

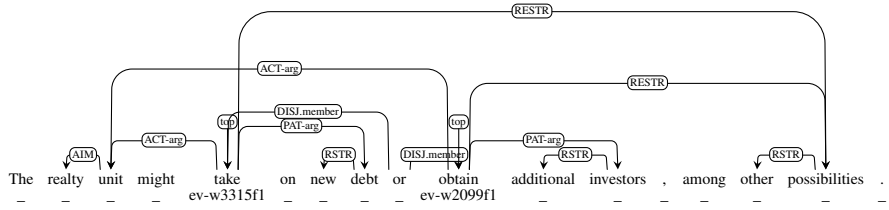
[21330028]

That would help reduce Santa Fe Pacific 's remaining debt to about \$ 600 million from a high of \$ 3.7 billion in early 1988 .

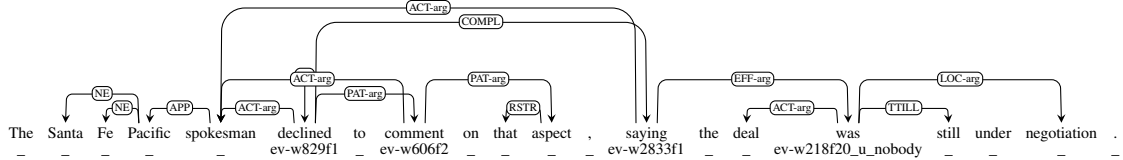
[21330029]

It was n't clear where Santa Fe Pacific expected to obtain the payment of more than \$ 500 million , which would be well above the \$ 400 million that California pension fund officials say they plan to provide .

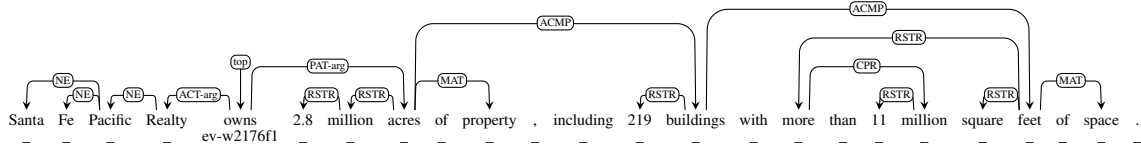
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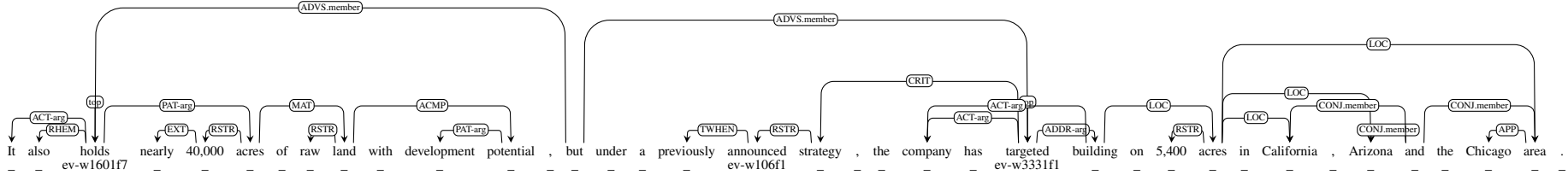
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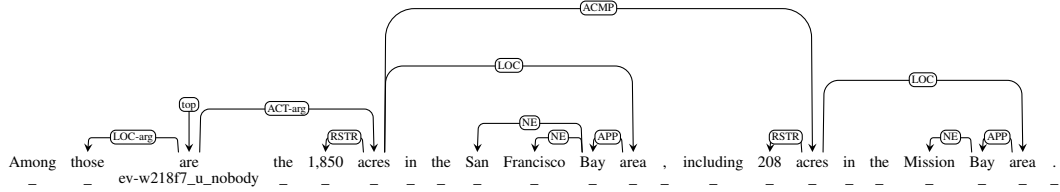
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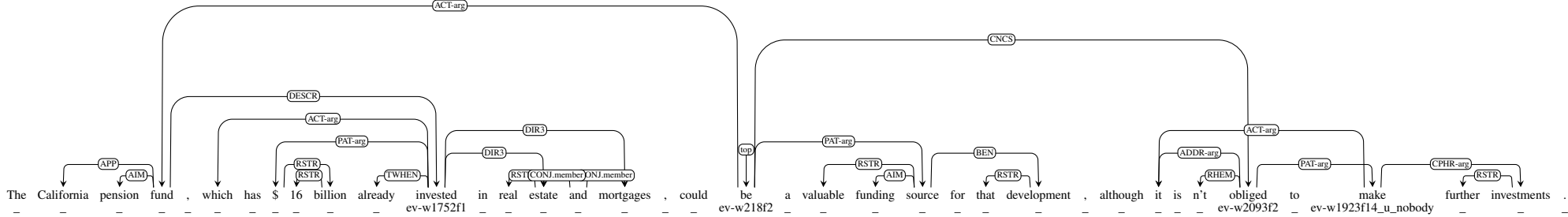
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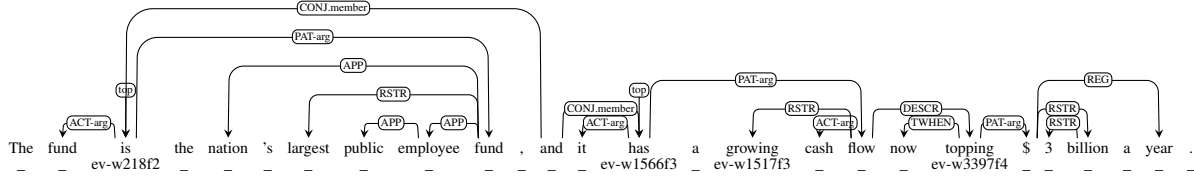
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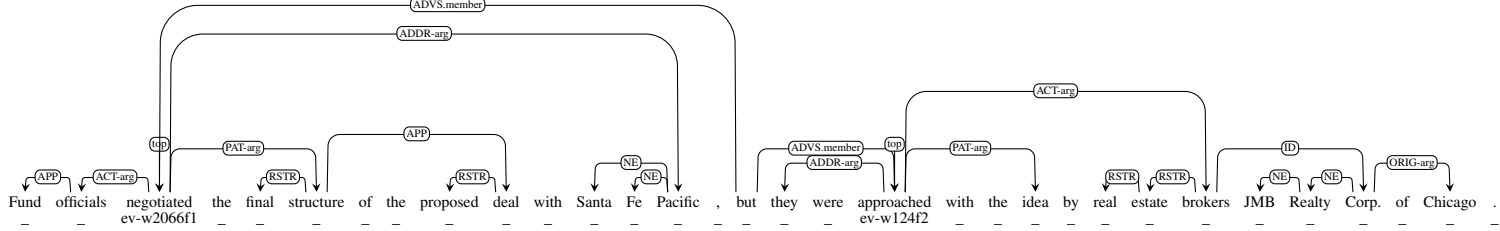
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[21330036]



[21330037]



[21330038]

