

AGRACEL, INC.

Industrial Developers

Guide to Understanding a Sale-Leaseback

Sale-Leaseback: Making The Most of Your Equity

*A Sale-Leaseback is simply this:
A transaction wherein the owner of a property
(the manufacturer) sells that property and then
leases it back for a designated period from the
buyer. The purpose is to free up the original
owner's capital while allowing the owner to retain
possession and use of the property.*

Focused on Where America is Growing

Agracel (The Buyer) Advantages

1. A New Lease

Leases are Agracel's "Core Competency." A sale-leaseback secures a new lease for the company as soon as the transaction closes. Our lease format is fair and structured so that the deal is a win-win for both the buyer and seller.

2. Negotiable Lease Terms

As industrial development professionals, we have looked to acquire properties before that just didn't make sense. The rent was "x" when we needed it to be "y" or the annual rent escalators were not going to work. The sale-leaseback process allows Agracel and the manufacturer to work together to customize the lease creating a win-win for both parties.

3. The Owner/Operator Relationship

In a sale-leaseback transaction where both parties take part in the lease negotiation, the buyer (Agracel) has the chance to work directly with the manufacturer thus establishing a relationship from the start. Should issues arise during the lease term, a direct contact has been made.

Throughout the leaseback negotiations, Agracel is also granted an in-depth look into the operator's historical sales and financials, allowing Agracel a true understanding of the company and discuss strategies to help achieve long-term success.



Seller Advantages

1. Financial Gain

A manufacturer's main objective is running their day to day business, whether it is making automobile components or manufacturing plastic containers - not owning real estate! Through a sale-leaseback, the manufacturer can turn the illiquid asset on their balance sheet to liquid capital to reinvest in people, equipment, and processes to enhance their core operations.

3. Receive 100% of the Fair Market Value (FMV) of the Property

Unlike most traditional bank financing where you may only borrow 60-70% of the equity value, a sale-leaseback allows for the extraction of 100% of the property's FMV. Thus, from the start, you, the manufacturer, are gaining an additional 30-40% of additional capital to put into an expansion, more equipment, additional people... wherever you need it most.

5. Long-Term Partnership

Agracel is a long-term investor interested in lasting partnerships with both the tenants and the communities.

2. Lease Customized to the Manufacturer

The manufacturer and Agracel will work together to customize the lease. Manufacturers can negotiate lease terms such as rent, rental increases, options at the end of the lease term and length of lease. The ability to set a strong rent to sales ratio is key for you, the manufacturer, as you look to profit on unused capital.

4. Making the Most of Your Returns

A sale-leaseback provides liquidity for the manufacturer. When this excess cash is reinvested back into the core operation, a company will experience significant returns in a very short amount of time.



Testimonial From A Client:

"The sale and leaseback of your real estate assets is an important business decision. Over the years, I believe it has worked for our businesses. If you are considering it, make sure you do it with a firm of the highest integrity -- like Agracel, Inc. Others must have agreed with me as I see from their website that their client portfolio and locations continue to grow exponentially."

- Bill Morton, Chairman
Morton Industries LLC

Agracel Who We Are:

Agracel, Inc., an industrial development firm, provides development services to owners, managers, and investors of industrial and commercial facilities. Agracel has developed projects in **20 states** totaling over **18 million square feet**. So...what makes Agracel so unique from other developers? The difference is where we choose to develop. The small town market is one that many developers ignore. Not Agracel. As an industrial development company that focuses on developing projects and creating jobs in rural towns, Agracel has created a unique model in the industry.

The team at Agracel, Inc. has over two hundred eighty-five years of combined experience in development and investment consulting. Our group of highly trained and experienced professionals can take a project from site selection to move-in day and beyond. With expertise in economic development, leasing, engineering, construction management, marketing, financing, and facility management, the Agracel Team stands ready to help a company or community prosper.

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