The Build-to-Suit Program

site purchase and development
incentive negotiation
building design
project supervision

Committed to developing solutions centered around your needs.
Who Should Consider a Build-to-Suit?

- Are you having trouble finding suitable space in your market?
- Does your business represent a long term commitment?
- Is your business in growth mode where capital needs to be reserved for operations?

What are the Benefits of the Agracel Build-to-Suit Program?

- If you decide to lease:
  - Lease is off balance sheet
  - Flexibility at the end of the lease
- Cost effective energy systems
- Location to maximize business needs
- Maximum space efficiency
- Control of design process
- As your business grows, we can expand your facility if needed and modify lease
The above table illustrates the difference between owning a facility and leasing it. In this example, the building is 100,000 square feet in size with a minimal amount of office space. The project is valued at $4 million, excluding any costs associated with the land price. The calculations are based on a ten year project commitment; the loan to purchase the building is amortized over ten years, or the client has agreed to a ten year lease on the building. The interest rate on the loan is assumed to be 4.5%.

For the client who chooses to own their building, there is typically a 25 percent down payment required in order for the bank to finance the remainder of the project. The remaining 75 percent of the project cost would be spread over ten years in monthly payments. However, for a company going through a period of growth strong enough to warrant a newer/larger facility, capital is in high demand to pay for equipment, job training and other related costs. This need for available capital is what makes leasing a very favorable option.

As you can see from the lease option, there are no up front costs for the project. This allows you the opportunity to use your capital to explode into action in the new facility. Though the monthly payments would typically be higher because 100 percent of the project costs are spread over a ten year period, so would the tax deduction. Legally, you could realize a greater tax deduction for the total cost of your lease payment than on the depreciation for the building. The net present value calculation given shows the value of ten years of payments and deductions. With a lease arrangement, the cash outflows would be lower over the ten year period.

Not only does a lease arrangement cost your company less, it allows you the freedom and flexibility to advance ahead of the competition now with excess capital and in the future with the luxury of not being tied down to an existing building.

From the Desk of Dean Bingham, President

The thought of constructing a new manufacturing or distribution facility can be overwhelming. We understand that and will work diligently to make the process easy, allowing you to focus on your core business while we take care of the rest.

Industrial Development is what we do and our experience speaks volumes. Successful property development requires adequate capital, financial expertise, knowledge of government support programs, and general management skills. Agracel provides all of these services, and more.

Team Agracel has a proven track record of coming in on time and under budget and will take the necessary measures to accommodate the special needs of our clients. All of this is done in a seamless manner from start to finish, including developing a long term lease.