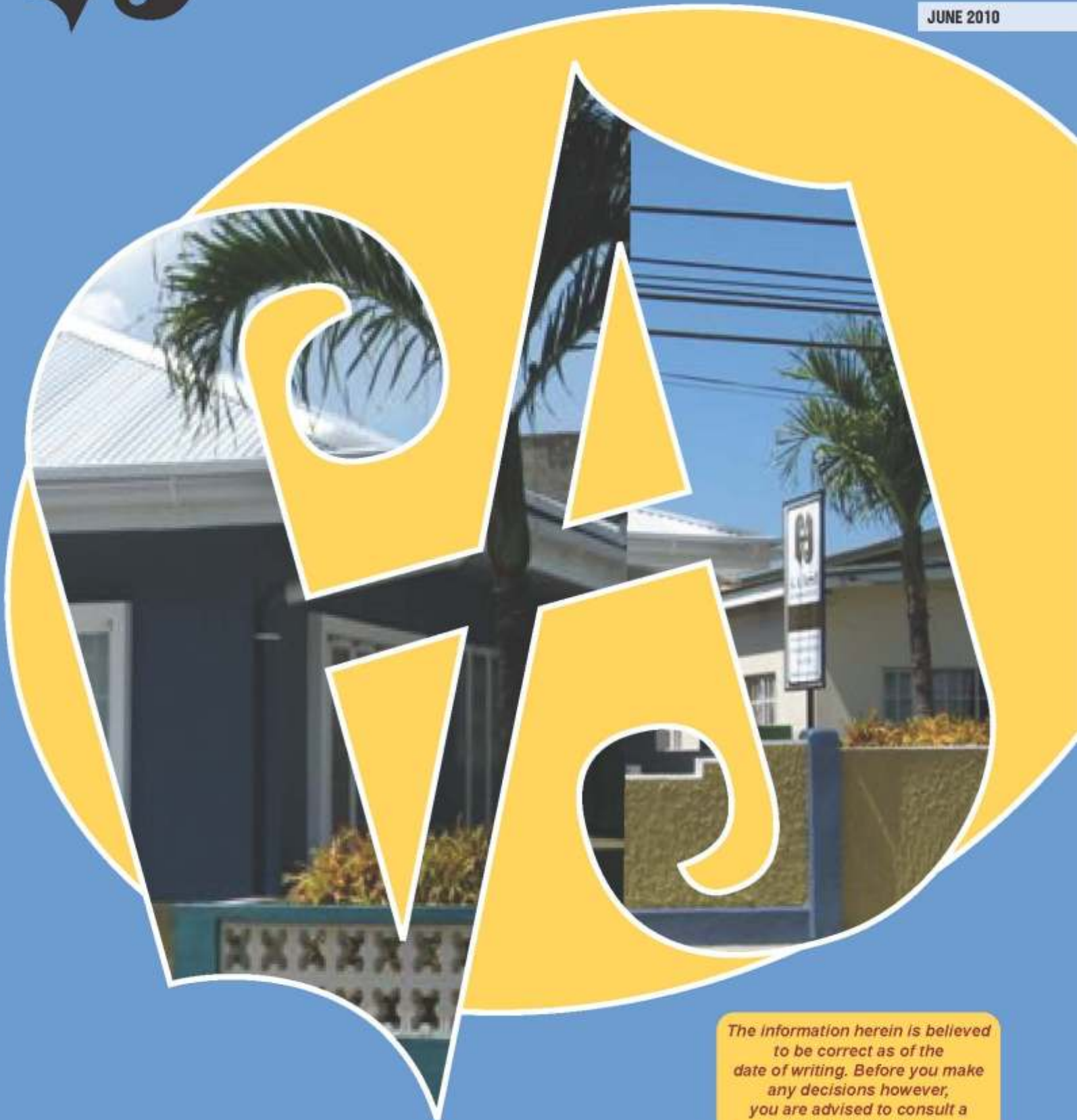




G.A. Farrell & Associates Limited

CHARTERED VALUATION & QUANTITY SURVEYORS
FINANCIAL & PROPERTY CONSULTANTS

JUNE 2010



The information herein is believed to be correct as of the date of writing. Before you make any decisions however, you are advised to consult a suitable professional.

Could a Sale/Leaseback Transaction benefit you?

For those not familiar with the term, a Sale Leaseback transaction is where an owner and sole occupier of a property sells it and simultaneously, leases it back from the purchaser. This is a tactic that has been used for decades by several owners due to its many advantages if structured properly. Potential prospects who could benefit from this type of arrangement include, but are not limited to, the following:

- Medium-size to large companies (e.g. retailers, financial institutions) who could earn a higher rate of return on the cash derived from the sale versus the return they derive on the real estate.
- Small closely-held companies (e.g. family concerns) where key members are approaching retirement. By selling the real estate separately, it will tend to maximize the selling prices of both the real estate as well as the business by splitting the amount a purchaser of the business has to put out.
- Health-care facilities. Due to the rapid rate of change in medical science, these facilities can use the capital derived to expand as well as purchase state-of-the-art medical equipment.

Some of the benefits to the seller include:

- Converts a non-liquid asset (the real property) into a liquid asset (the cash) while still retaining utilization and a fair amount of control over the property.
- Could improve the balance sheet of the company.
- In cases where the real estate has been owned for several years, the cash derived from the sale of the real estate -will often be greater than its book value.
- If a loan had been taken out instead of the sale/leaseback transaction, it would be reflected as a liability on the balance sheet.
- The lease payments are fully tax-deductible.
- Provides owners of small companies with an exit strategy.

There are however some disadvantages to the seller. Among them are:

- Depending on the terms of the lease, the seller may not be able to renovate the building in the future to suit any changes in the business that occur.
- At the end of the lease and any options to renew, the seller may have to vacate the building.
- The seller no longer enjoys any capital appreciation on

the real estate should the market go up.

- If the seller wants to leave the property before the end of the lease, he could incur a liability.

From the standpoint of the investor, some of the advantages include:

- A real estate investment that is likely to require a lower-than-customary level of management as there is only one tenant and most leases in this type of transaction, are "net" leases meaning little or no outgoings relating to the maintenance of the property.
- A probable stable, income stream over an extended period of time.
- As with all other real estate investments, there is the probability of capital appreciation.
- With an immediate tenant and one that has been in that location for some time, obtaining mortgage financing can be expected to be easier than for other investments.
- Can provide a hedge against inflation if the lease is structured accordingly.
- Tax allowances on the depreciation of the building as well as on the mortgage interest (if any) paid.

However, as was the case of the seller/user, there are disadvantages from the investor's standpoint. These include:

- The real estate has one tenant. In the event the tenant decides to vacate, the entire building is vacant and not earning any income.
- In addition, if the building is a "special-use" building, there might be significant costs (when the tenant vacates) to convert it for general use.
- The rental that can be obtained from one tenant is often less than what can be obtained from several tenants occupying the same building. While this may be true, it must be mentioned that on the other side of the coin, many tenants require more management and creates more opportunities for voids.

Summary

Properties that are ideal for a sale/leaseback arrangement are those that are owned and occupied solely by the owner. These may be office or retail buildings, warehouses, and manufacturing.

A sale leaseback transaction is a complicated maneuver. Therefore, before embarking on any sale leaseback transaction, it is critical to not only examine all aspects, but also to seek professional advice from an attorney and an accountant.

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WORK

*the respectable
addiction*

Time management is good for a lot of things. It can help you identify your most important tasks and can help you plan your life so those most important things get done. Time management can help you delegate more effectively, work more efficiently, and become more productive; all while helping you to balance all aspects of your life in a more satisfying way. Time management is great for a lot of things, but it can only help you if you are willing to be helped. I run into plenty of people these days that seem to prefer their lives stay jam-packed with high stress, late hours, multi-tasking, and work-related activities. If they take time management training at all, it is only so that they can squeeze more efficiency out of their already hard-driven days. They believe living this way is not only necessary; it is normal. These people are sick.

The dirty little secret about the corporate world is that it is largely populated by workaholics. This problem goes unrecognized most of the time because, even though *workaholism* has a serious impact on the mental, emotional, physical, and relationship health of people who suffer from it; this disorder initially produces remarkably productive people. In a country founded on the Protestant work ethic, what company isn't thrilled to have employees who come in early, work late into the evening, take home work at night, and pretty much never quit thinking about ways to work harder and faster than they did yesterday? Also, these employees are generally rewarded with good salaries, bonuses, and promotions, which – in effect – reward them for obsessive compulsive behavior!

Unfortunately, *workaholism* soon begins to take its toll. Many *workaholics*

are adrenalin junkies who only feel really alive when they are in the middle of high stakes, fast and furious action. This keeps them in a constant state of stress as their "fight or flight" response stays active 24-7. It also elevates blood pressure, disrupts sleep patterns, and makes them more vulnerable to heart disease, cancer and certain autoimmune disorders.

But that's nothing compared to the damage workaholism does to relationships. Most *workaholics* genuinely love their families, but anyone observing their behavior would easily assume they love their jobs more. The amount of time and energy devoted to working or thinking about work – at the office, on the road, at home, during the weekends, late at night, during vacations, and unfortunately, attending to work instead of keeping important promises to spouse and children – leaves very little time to focus on nurturing important relationships. Even when they do make time for a date with their spouse or to attend a child's school activity, they may be checking their Blackberry frequently.

What factors contribute to workaholism? The roots may stem back to childhood issues; but closer to the surface, there are five different issues that combine to drive this behavior -- a need to feel important, a need to be needed, fear of failure connected to anxiety about financial security, adrenalin addiction, and perfectionism. However, the first step is not identifying the cause, but facing the problem.

Below is a list of possible *workaholism* warning signs:

- Do you get more enthusiastic about your work than about family or anything else?
- Do you have this nagging feeling that you should be working, even when you don't have to be working?
- Do you take work with you to bed? on weekends? on vacation?
- Is work the activity you like to do best and talk about most?

- Do you work more than 40 hours a week?
 - Do you turn your hobbies into money-making ventures?
 - Do you take complete responsibility for the outcome of your work efforts?
 - Have your family and friends given up expecting you on time?
 - Do you take on extra work because you are concerned that it won't otherwise get done?
 - Have you had to miss an important family activity or break a promise more than once in the past 3 months because of work?
 - Do you believe that it is okay to work long hours if you love what you are doing?
 - Do you get impatient with people who have other priorities besides work?
 - Are you afraid that if you don't work hard you will lose your job or be a failure?
 - Is the future a constant worry for you even when things are going very well?
 - Are you by nature a highly energetic and competitive person?
 - Do you get irritated when people ask you to stop doing your work in order to do something else?
 - Have your long hours hurt your family or other relationships?
 - Do you think about your work while driving, falling asleep or when others are talking?
 - Do you work or read during meals?
 - Is making more money a central focus in your life?
- You don't think you have a problem? I knew of a guy once whose family held an intervention to help him face his *workaholism*. Finally, he agreed to check into a treatment facility. He showed up at the hospital with his laptop, a portable fax, and his Blackberry. He assumed that he would be able to at least work a little between sessions. *Don't be that guy; that's all I'm saying.*

Current Mortgage Terms Available:

| Property Type | Loan to Value Ratio | Term (years) | Interest Rate | Payment Factor |
|---------------|---------------------|--------------|---------------|-------------------|
| Residential | 80 - 90% | 30 | 6.75 - 9% | .006486 - .008046 |
| Commercial | 65 - 70% | 15 | 8.5 - 10% | .009847 - .010746 |
| Land | 70 - 75% | 15 | 8.25 - 10.25% | .009701 - .010900 |

Dates to Note

Sunday 30th May
Indian Arrival Day

Thursday 3rd June
Corpus Christi

Saturday 19th June
Labour Day

Sunday 20th June
Father's Day

Sunday 1st August
Emancipation Day

Tuesday 31st August
Independence Day

Friday 24th September
Republic Day

Quotations

"The secret of getting ahead is getting started. The secret of getting started is breaking your complex overwhelming tasks into small manageable tasks and then starting on the first one."

"Buy land, they're not making it anymore"
~ *Mark Twain*

"Pleasure in the job puts perfection in the work."

"We are what we repeatedly do. Excellence, then, is not an act, but a habit."
~ *Aristotle*

"The ability to convert ideas to things is the secret of outward success."

"Hold yourself responsible for a higher standard than anyone else expects of you. Never excuse yourself."
~ *Henry Ward Beecher*



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Useful Information

| | Multiply By | To Obtain |
|---------------|-------------|-------------|
| 1 Acre | 43,560 | Square Feet |
| 1 Acre | 4 | Roods |
| 1 Acre | 160 | Perches |
| 1 Rood | 40 | Perches |
| 1 Perch | 272.25 | Square Feet |
| 1 Mile | 5,280 | Feet |
| 1 Mile | 1,760 | Yards |
| 1 Square Mile | 640 | Acres |
| 1 Link | 6.9 | Inches |
| 1 Chain | 66 | Feet |
| 1 Quarree | 3.2 | Acres |

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