

# POLLINA CORPORATE REPORT

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## SALE/LEASEBACKS Are They Right For Your Company?

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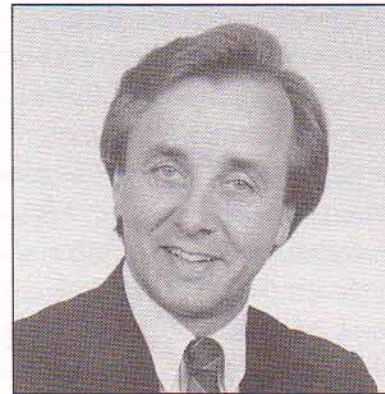
The concept of a sale/leaseback is not new. The sale/leaseback can be defined as a situation in which the fee owner transfers an estate for cash, and simultaneously receives a leaseback on the same property. Corporate executives have long viewed the sale and leasing back of their facilities as a means of accomplishing specific financial objectives. This report will examine those objectives and examine the accounting rules (specifically, FASB Statement #98) which are important to guiding corporate executives to the proper decision.

Sale/leaseback is in reality a financing vehicle which allows the corporate seller, the tenant, to capitalize on the value of its lease and credit rating. It allows the corporation to sell brick, mortar, and dirt for a price in excess of their value without the lease. A sale/leaseback transaction, if properly structured, also allows a company to keep the property and related debt off of its books and avoid the negative impact of depreciation on the financial statement.



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Mr. Milnes is an audit partner in the Chicago office of KPMG Peat Marwick. In his 18 years with Peat Marwick, he has had extensive accounting and auditing experience in all sectors of the real estate and construction industries, including institutional investment vehicles, development projects, operating properties, and syndication of private and public real estate partnerships. Mr. Milnes is a member of the Urban Land Institute, National Council of Real Estate Investment Fiduciaries, and the National Association of Industrial and Office Parks. He is an associate SEC reviewing partner with the Firm.



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