



## Meeting Clients Needs Kraft

Seeking to develop a 735,000 square-foot warehouse distribution facility adjacent to its existing 1.6 million square-foot manufacturing/ distribution plant in Champaign, Illinois, Kraft Foods once again looked to Becknell Industrial to overcome its real estate challenges. Kraft preferred to allocate capital to equipment and operations rather than the bricks and mortar of the facility. Kraft also needed complete control of the facility. Becknell developed a comprehensive solution that met all of Kraft's objectives.

Becknell recommended a capital lease structure whereby Becknell would design and build the facility for Kraft in a long-term lease structure while providing Kraft control of the facility and ultimate ownership. The capital lease held several key advantages for Kraft:

- Viable lease alternative (eliminated) Kraft's initial capital outlay for bricks and mortar
- Low cost of capital provided a lower lease rate than possible with a traditional, long term lease scenario
- Ownership upon expiration of a 20-year lease without the initial capital outlay
- Flexibility in budgeting - a funding commitment including up to 10% of additional funds above the project budget to cover scope changes or other discretionary project related costs.

Upon Kraft electing a capital lease structure, Becknell worked closely with several financial firms to achieve the most flexible, cost effective option for Kraft. Only one month after initial discussions, Kraft indemnified Becknell to move forward with land acquisition due diligence and full building design as Becknell finalized the capital lease structure. Within 60 days, the capital lease was executed and funding for the project was in place. The project broke ground in early October 2013 and was delivered to Kraft 1 year later, on-time and under budget.

