

Case Illustration: Real Estate Sale Leaseback

	Before Real Estate Sale <u>Leaseback</u>	After Real Estate Sale <u>Leaseback</u>
Current assets	20,000	20,000
Real estate	10,000	0
Other assets	2,000	2,000
Total assets	<u>32,000</u>	<u>22,000</u>
Operating line	15,000	10,000
Other current liabilities	4,000	4,000
Current portion of real estate mortgage	500	0
Current liabilities	<u>19,500</u>	<u>14,000</u>
Real estate mortgage	4,500	0
Other liabilities	1,000	1,000
Total liabilities	<u>25,000</u>	<u>15,000</u>
Shareholders' equity	7,000	7,000
Total liabilities & shareholders' equity	<u>32,000</u>	<u>22,000</u>
EBITDA	\$7,000	\$6,400
Funded debt	\$20,000	\$10,000
Funded debt to Equity	2.86x	1.43x
Total liabilities to Equity	3.57x	2.14x
Funded debt to EBITDA	2.86x	1.56x
Working capital ratio	1.03x	1.43x
Net working capital	\$500	\$6,000
Debt service	\$1,500	\$500
EBITDA to Debt service	4.67x	12.80x