

Business & Careers

CANWEST

Media giant gets extension on debt obligations, **B5**



MARKET WATCH

S&P/TSX composite

▼ 63.80 to 8,123.02
-0.78%

Canadian dollar

▼ 1.20¢ U.S. to 78.60¢
\$1 U.S.=\$1.2723 Cdn.

Dow Jones industrials

▼ 119.15 to 7,062.93
-1.66%

Oil

▼ 46¢ U.S. a barrel
to \$44.76

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GE slashes dividend to conserve cash

First cut to payout since 1938 will bolster balance sheet, provide 'flexibility,' CEO says

STEPHEN MANNING
ASSOCIATED PRESS

WASHINGTON—For the first time since the Great Depression, General Electric Co. is cutting its quarterly dividend, a move that allows the struggling conglomerate to save \$9 billion (U.S.) a year as it braces for a tough 2009.

GE, one of the largest companies in the United States, said yesterday

it will pay shareholders a 10-cent-per-share dividend starting in the third quarter, 68 per cent lower than the company's original plan of 31 cents.

The dividend cut is the company's first since 1938 and follows similar actions by other industrial titans amid the worst financial crisis in seven decades. Dow Chemical Co. announced its first dividend cut in

97 years earlier this month.

In a statement yesterday, CEO Jeff Immelt said GE's board of directors cut the payout to strengthen its balance sheet and provide "additional flexibility."

"We believe it is the right precautionary action at this time to further strengthen our company for the long-term," Immelt said in the statement. He said GE does not

have plans to raise any additional equity following the dividend cut.

Shares of the Fairfield, Conn.-based company fell 59 cents, or 6.5 per cent, to close at \$8.51 yesterday.

Analysts had questioned GE's ability to pay a generous dividend while it hunted for money to shore up its ailing lending arm, GE Cap-

CRISIS continued on B5



Torontonian Frank Heaps, 67, is CEO of The Landings, a residential resort project launched in 2005 on the Caribbean island of St. Lucia. CHRISTOPHER PIKE PHOTOS FOR THE TORONTO STAR

Happy Landings

Upper Canada Brewing Co. founder Frank Heaps reinvents himself as a vacation property developer

TONY WONG
BUSINESS REPORTER

Frank Heaps sits on his veranda while sailboats bob on the horizon and children play in the sand in front of his beachfront home.

"It really is pretty perfect down here," says Heaps, talking on his BlackBerry from the Caribbean island of St. Lucia.

"You wake up in the morning, have breakfast on the patio. You could putt a golf ball from my place to the water."

If you ever wondered what happened to the 67-year-old founder of the iconic Upper Canada Brewing Company, let's just say he has land-

ed in a good place.

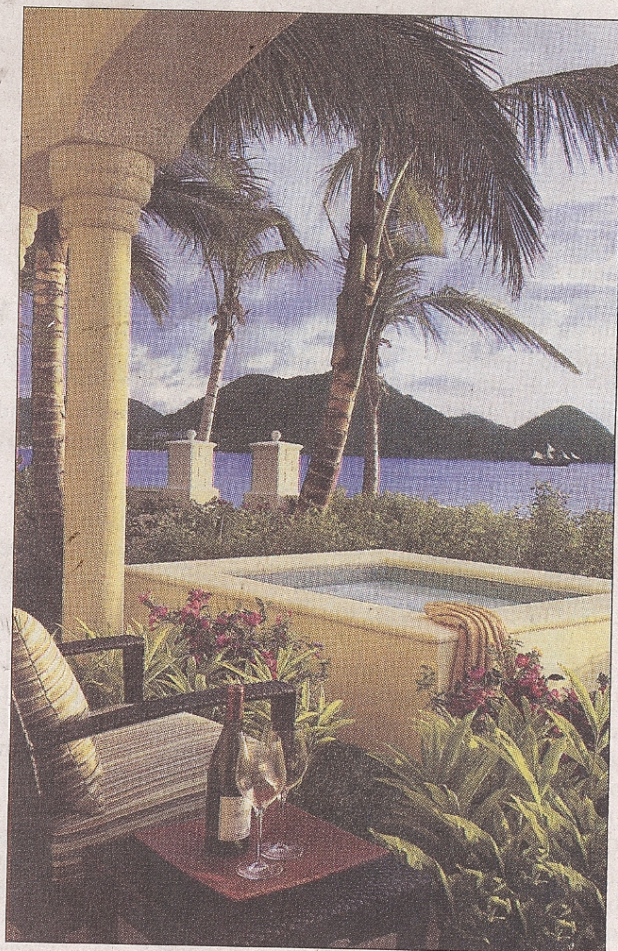
Still, despite the idyllic surroundings, Heaps is working harder than ever.

After he famously pioneered the micro-brewery craze in Canada with Upper Canada, which has since been sold to Sleeman Breweries Ltd., Heaps has reinvented himself as a property developer in the Caribbean.

But between beer and real estate, it seems the operating philosophy hasn't changed.

Selling premium real estate, it turns out, isn't much different than

HEAPS continued on B2





Promotional image shows The Landing, where condo prices range from \$600,000 to \$3 million. Heaps says the economic crunch hasn't hit the project as badly as it could have, since he has already sold the first two phases of his property. Of the 122 units, only five are left for sale.

'You have to offer the customer more incentive'

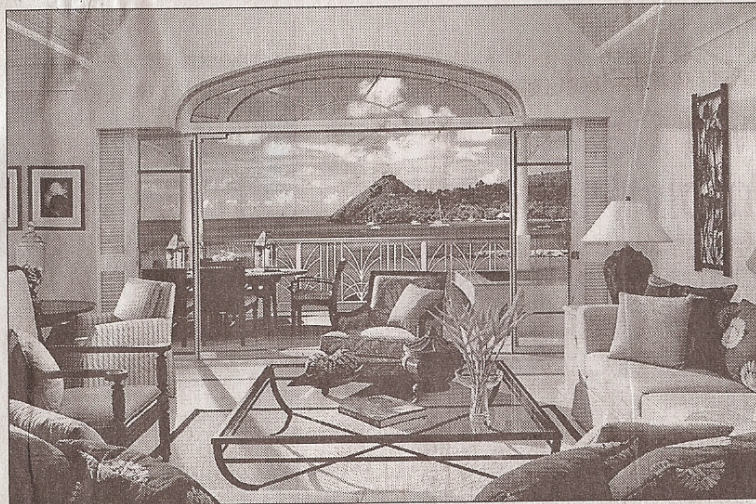
HEAPS from B1

selling premium beer.

"When you start out you never know if your venture is going to be successful. All you can do is make the best possible product you can. That's what I started out to do with beer and that's what I'm doing here," Heaps says.

"If you don't compromise on quality, even if you're premium priced, it will sell."

Heaps's story resonates with anyone who has ever wanted a home in the sun. It's also an entrepreneur's tale that says someone with smarts, tenacity and a bit of luck can have a second act in them — even if it's selling real estate during one of the



An interior view of a Landing freehold beachfront home in St. Lucia, complete with a glimpse of the residence's idyllic surroundings.

Heaps acknowledges he has had to work harder to move units.

"During a downturn there is no question you have to offer the customer more incentive," he says.

When things get tough, the first instinct is to slash costs, but one thing he won't cut he says is his marketing budget.

It has remained constant at around \$600,000 (Canadian) annually.

But he says that his project is already a success because it was on a smaller scale and his sales are past the halfway mark.

"I think we just got it right. Very few people in the Caribbean have done the number of sales we have over the last couple years."

selling real estate during one of the worst global housing markets in history.

First the product: The Landings is St. Lucia's first residential private yacht harbour, with the only freehold beachfront homes on the island.

On 19 acres of one of the best beaches, the apartments are built on a 60-berth harbour, with water views for every unit.

Condos start from \$600,000 for 1,200 square feet to \$3 million for 2,600 square feet. Owners have the option of placing their properties in a hotel rental pool when they're not using them.

Heaps hopes to build 232 units by the time he's finished.

So far, the economic crunch hasn't hit the Torontonian as badly as it could have, since he has already sold the first two phases of his property. Of the 122 units, only five are still for sale.

Good timing helped immensely, since Heaps started selling three years ago, before the downturn.

Still, he acknowledges that he was averaging two sales a month last year, a number that has been halved to one sale a month this year.

"Sales have definitely slowed, and certainly many of our customers have been hit by the economic down cycle. But they are still buying."

So far Heaps hasn't slashed prices. "That would not be in our previous purchasers interests or our own interests" he says.

But he has relaxed payment terms, allowing buyers a more flexible payment schedule.

Like his Upper Canada customers,

complete with a glimpse of the residence's idyllic surroundings.

Heaps is aiming for the "top 5 per cent of the market" someone who is willing to pay extra to have the best.

In 1985, he founded the Upper Canada Brewing Co., which brewed a premium dark ale and lager using an old Bavarian recipe and top quality ingredients. It ended up becoming one of the largest independent breweries in Canada.

"I travelled a lot, and what I did know was that there was a lot of better beer out there than what the big three were offering in Canada at the time," Heaps says.

He sold control of the company in 1995 and the new owners later sold the brand to Guelph-based Sleeman Breweries Ltd.

"I was retired and absolutely hated it," he says.

"A friend started talking about the concept of building in St. Lucia and I was intrigued."

Heaps had lived in St. Lucia in the 1970s as an economic and land-use planner for the United Nations development program in the West Indies.

On a sailing trip around the island he cruised past the Rodney Bay area and he saw the possibilities for development.

"I had never done this before and I had no idea, to be honest, that this was going to turn out to be a quarter-billion-dollar project."

Of course, when he started Upper Canada brewing, he didn't know anything about beer, either.

So as with his first venture, Heaps assembled a team, including local partners with the development

know-how to get the project off the ground.

What may help somewhat is that some of his potential competitors who were selling units on the island have already stalled as financing and sales dried up. His larger competition, though, may be from other Caribbean islands. Jamaica, Turks and Caicos and the Dominican Republic, for example, have large-scale condo/hotel projects that have also been wooing foreign investment.

And they're not shy about taking their shows on the road.

Representatives from the mammoth Cap Cana luxury development in the Dominican Republic hosted would-be buyers at the posh Hazelton Hotel in Toronto last year to entice them to buy luxury villas and play golf at the Donald Trump golf course.

Meanwhile, developers from Jamaica's upscale Half Moon Hotel, where then-Jacqueline Kennedy stayed on holiday with JFK, were also in Toronto last year, hosting a Jamaican-themed party attended by runner Donovan Bailey and former *Flare* editor Suzanne Boyd at the members-only Spoke Club. Prices start at \$2.4 million (U.S.) and range up to \$6.5 million.

"There is an awful lot of competition out there, everybody is flogging a luxury home in the Caribbean," says Stephen Chan, a property investor who owns a vacation home in Jamaica and a portfolio of apartment buildings in Canada and the U.S.

over the last couple years."

Heaps owns 25 per cent of the St. Lucia project, which has 19 shareholders.

"People keep asking me, which property did you give yourself? I have to remind them that when you have 19 shareholders, you have to buy your own property," says Heaps.

Phase three is currently for sale and he says he only needs to sell 20 more units to break even on the entire project.

Meanwhile, most of the infrastructure has been built and paid for, including the yacht harbour and the spa, he says.

"All the expensive stuff has been done, and we aren't highly leveraged."

Heaps still calls Toronto home, and he isn't completely out of the beer business. He is the chair of Toronto's Steam Whistle Brewing, which is run by his son Cameron.

Like Upper Canada, Steam Whistle has a folksy image that appeals to an upscale crowd.

And while he says he needs to slow down to spend more time with his grandchildren, he is already on another project.

This time he is trying to convince the government of St. Lucia that he should build a wind farm, especially since electricity prices in the Caribbean are far higher than in North America.

"This kind of power is eminently viable here, and I think it can really help save the economy," says Heaps.

"But yes, I really have to start slowing down and enjoying the views a little more."