
RNY Finally Refinances

After suggesting both February and March that a deal was 'imminent', RNY has finally resolved its one remaining legacy debt issue. Today's announcement suggests it was hardly worth the wait.

RNY got lenders to take a big haircut on the loans outstanding on the much larger Pool A assets (refinanced more than a year ago), and we had high hopes for this tranche too. But the lenders did what you would expect them to do and kept most of the assets. The US\$43.8m worth of assets in Pool B have been refinanced, including an extension to the senior debt facility for another two years.

But the subordinated (B-Note) lender has taken most of the equity, leaving RNY with just a 7.8% interest in the assets (down from 100%, and for which they had to tip in an additional US\$500,000). Using the 31 December valuation, that is worth less than US\$1m.

RNY's reported NTA was US\$0.45 per unit at year-end and this pool was detracting roughly \$US0.02 from the total. No longer consolidating the debt will increase NTA to at least \$US0.47 and the depreciation of the AUD means that is worth more than \$0.50 to us Australians. Not bad compared to today's \$0.29 unit price. The assets are not particularly significant relative to RNY's overall size (less than 10% of gross asset value) but the deal is mildly disappointing.