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More compelling Aussie event-driven stuff

APRIL 7, 2022 / PUPPYEH / EDIT

The event-driven/special situations bucket at the small cap end of the pool remains incredibly compelling. Today's opportunity is slightly liquidity-limited but I think most timely, so this writeup will be shorter than usual. As always, I believe it is highly asymmetric and think the risk/reward is most favorable from current levels.

US Masters Residential (Australia: URF) – last price 24c – \$500k ADV, \$95mm market cap

Thesis summary: **URF**, an externally-managed REIT focused on US residential housing in the NY/NJ area, is currently subject to one of the most abusive takeover transactions I have seen in my history of the markets. Despite selling over \$200mm of assets at a gross *premium* to book value in the last two years, the board has inexplicably agreed to sell the vast bulk of the assets at an effective 19% *discount* to book value in this mooted transaction, engaging in all manner of marketing kabuki to try to dress up the transaction as acceptable. In reality, I believe this deal is destined to either fail, or be renegotiated substantially higher – and in either outcome, there is a huge amount of latent value for holders of the common, partially due to the leverage on the entity, and partially due to the unique capital structure (to be discussed). I believe a renegotiated transaction could see the acquirer pay a more reasonable 10% discount to NAV –

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which would imply ~39-40c per common, or ~70% upside versus current. I believe it is almost inevitable some aggrieved shareholder (perhaps me) pens a withering open critique of the transaction, and lack of proper due process, to the Board, casting further light on the case for a renegotiation. But even in the scenario where the buyer walks and the entity continues as is, I believe the shares will rerate to the low-30s – a similar level to where they were pre-bid – since the equity is likely to be structurally recapitalized through the prefs, as soon as next January.

Before continuing, you should read these two excellent notes ([here](#); and [here](#), in order) from CSK Capital blog. You can also review the last Quarterly Report [here](#) which gives a summary for the assets and run-rate of the REIT as it is today (and as it is likely to be if it persists standalone, more or less). There is a lot of background on the structure of this entity and the historical ‘hair’ that is quite relevant to the case but which I will only summarize or touch upon briefly, in the interests of getting this out whilst the price is still an attractive one.

Before proceeding to an analysis of the just-announced, flawed transaction, we should be cognizant of a few historical items (mostly discussed at length in the pieces linked above). Firstly, as an externally-managed REIT that has historically been (very) FFO negative, this has always traded at a deep discount to NAV. Even though the entity had (until this deal) been quite successful at disposing properties at NAV or higher on a gross basis (meaning before customary transaction fees), the underlying equity always reflected this idea that the entity as constructed – expensive debt; incredibly bloated cost structure; crazy external management fees – would never actually justify trading at NAV. This is why many minority holders were pushing for a structured full sale, and why this deal was ultimately pursued – even though the terms finally agreed turned out to be wildly insufficient.

Secondly, the capital structure here is quite unique and worth spending some time on upfront. Other than the secured term loan against all the properties (\$478mm AUD at Dec’21), as you can see from the last stated accounts, there is a large convertible preferred share class outstanding, about \$194mm AUD at stated book (but it is \$200mm at par), in addition to the ~400mm common units outstanding:

BRL.AX BWMX CLMT CNE.LN
CVN.AX DXLG E2N eml.ax EVO.AX
FAR.AX GAN hdg.na HRBR
IDA.AX INTL KAR.AX LMN MBR MET.NZ
MFD.AX NIO NLOP PAC.AX
PBIT.TO PTEC.LN RE4.SI SAVE SF3.DE
SHVA.TA SMR.AX SNEX SQZ.LN tnk.ax TRQ
TWTR UNTC URF.AX WOW WRKS.LN
WTE

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February 2024 (11)

January 2024 (11)

December 2023 (9)

18. Capital and reservesOrdinary Units

	2021 \$	2020 \$
395,934,429 fully paid ordinary units (2020: 385,211,242)	453,173,851	450,704,528
(a) Issued ordinary units		
Balance at beginning of the year	450,704,528	448,400,079
1,345,971 units issued at \$0.82	-	1,103,725
4,140,426 units issued at \$0.29	-	1,200,724
5,211,755 units issued at \$0.22	1,146,584	-
5,511,432 units issued at \$0.24	1,322,739	-
Balance at end of the year	453,173,851	450,704,528

(b) Movements in ordinary units

Date	Details	2021 No.	2020 No.
1 January	Balance at beginning of the year	385,211,242	379,724,845
25 February 2020	Distribution reinvestment	-	1,345,971
25 August 2020	Distribution reinvestment	-	4,140,426
23 February 2021	Distribution reinvestment	5,211,755	-
25 August 2021	Distribution reinvestment	5,511,432	-
31 December		395,934,429	385,211,242

Convertible step-up preference units

	2021 \$	2020 \$
1,990,707 convertible step-up preference units fully paid (2020: 1,990,707)	194,822,929	194,822,929
(a) Issued convertible step-up preference units		
Balance at beginning of the year	194,822,929	194,822,929
Balance at end of the year	194,822,929	194,822,929

Face value of issued convertible step-up preference units at 31 December 2021: \$199,070,700 (2020: \$199,070,700).

There are a number of oddities about these prefs worth considering straight away. Firstly they are 'convertible step-up preference securities', which pay a 6.375% coupon currently but which will 'step up' to 8.5% on 1 January 2023. Moreover they are convertible (at a maximum of 205 units per pref), but only at the option of the Responsible Entity (ie the external manager), at any time from 1 Jan 2023 (again – this is key). From the converts 2017 prospectus:

Units or otherwise repurchased in accordance with applicable law.		
Distribution rate	6.25% per annum until 31 December 2022 stepping up to 8.75% from 1 January 2023 (Standard Distribution) if not converted before that time. The payment of distributions is subject to the Responsible Entity determining to pay the distributions. There is no guarantee that distributions will be paid. Distributions are payable semi-annually to CPU Holders as at 30 June and 31 December.	step up 250bps in 9mos
Right to convert convertible only at option of manager, not pref holders	CPUs may be converted into Units on 1 January 2023 or on the first day of any subsequent Distribution Period at the election of the Responsible Entity. CPU Holders may convert CPUs to Units only if the Responsible Entity breaches its obligations under the distribution stopper undertaking.	
Conversion number	CPUs convert to the aggregate of: (a) the number of Units determined by dividing the Issue Price by the VWAP of Units over the 10 business days prior to conversion less a discount of 2.5% (whether or not trading of Units occurs on those business days) up to but excluding the conversion date (Conversion VWAP) subject to a minimum conversion number of 44 Units per CPU (Minimum Conversion Number) and a maximum conversion number of <u>205 Units per CPU</u> (Maximum Conversion Number) subject to adjustment; and (b) the number of Units determined by dividing the aggregate of all distributions that remain outstanding at the date of conversion by the Conversion VWAP. This additional conversion number is not subject to the maximum or minimum conversion number.	

It has been quite a while since I could really dig my teeth into a capital structure trade like this, so the intricacies at play really grabbed me. Essentially it comes down to this:

- the prefs would (in most all scenarios) be converted very soon, given the explicit step up language and current FFO negative nature of the entity;

November 2023 (14)

October 2023 (11)

September 2023 (9)

August 2023 (10)

July 2023 (12)

June 2023 (11)

May 2023 (12)

April 2023 (9)

March 2023 (14)

February 2023 (13)

January 2023 (11)

December 2022 (6)

November 2022 (9)

October 2022 (7)

September 2022 (7)

August 2022 (10)

July 2022 (8)

June 2022 (8)

May 2022 (10)

April 2022 (7)

March 2022 (7)

February 2022 (7)

January 2022 (7)

December 2021 (5)

November 2021 (8)

October 2021 (7)

September 2021 (6)

- converting all the prefs at the maximum rate (205 per pref) would create another 400mm shares (vs the ~400mm outstanding);
- prefs owners **cannot** choose to convert to common at all (important consequences for voting on the mooted transaction).

We will discuss why this is important with regard to the announced deal, but for now consider that with the prefs in the capital structure at the moment, any par payout claim on said prefs really kneecaps your common unit recovery today (given absolute priority)...but NOT so in 9 months if the prefs were to be converted to common.

The announced transaction: farcical in every sense

That should be enough background to proceed to recent events. A few days ago, URF announced a **shocker** of a transaction, whereby the vast bulk (>97%) of the assets would be sold to an American JV (Brooksville/Rockpoint), at ostensibly an 11% discount to 'post-tax, unencumbered book value as at December 31st.' Proceeds will be used to repay all the prefs at par (which currently trade in the mid-80s, by the way), with the common only recovering 22c. Note that the price of the common at the time of the deal was >35c and the stock immediately fell 45%+ on announcement of this shambolic transaction.

There are a few interesting conditions to closing the deal, including a 60 day due diligence period, and the passing of an ordinary resolution in support, from a meeting of common unitholders. Crucially, URF investor relations has confirmed to me, in writing, *that pref owners will NOT be entitled to vote on the sale*, since under ASX Listing Rules this will be deemed 'the disposal of a main undertaking' and NOT a resolution to wind-up the company. Thus, unitholders alone will have to vote to support a transaction in which their equity value is getting completely and permanently subordinated to providing a par return to pref owners – the very same pref owners who, by rights, would likely be turned into common unitholders of the exact same class a mere 9 months from now. Hmm.

There are other intricacies here that jump out. Whilst not a requirement to pass the deal, the board appears to already be anticipating not getting a 'clean' fairness opinion on the deal, by including this proviso with regard to an independent valuation:

- Subject to successful completion of the Examination Period and receipt of an Independent Expert Report concluding that the Transaction is fair and reasonable (or not fair but reasonable) and in the best interests of unitholders (a "**Positive Opinion**"), the Responsible Entity intends to:
 1. Recommend the Transaction to investors. Directors of the Responsible Entity who hold ordinary units in URF intend to vote in favour of the Transaction if permitted to do so under the Corporations Act;
 2. Convene a meeting of ordinary unitholders to vote on the Transaction (see the indicative timetable included on page 5); and
 3. Provide investors with detailed transaction documentation including an Explanatory Memorandum containing the Independent Expert's Report.

Independent experts aside, the Board has clearly resorted to major sleight of hand to get to a proclaimed 11% marketed discount to NAV. Last stated NAV – as published [here](#) on 24 March – was **68c on a pre-tax basis and 59c on a post tax basis**. marginally lower than year-end figures – but only due to FX/pref div payments:

August 2021 (7)

July 2021 (7)

June 2021 (7)

May 2021 (9)

April 2021 (8)

March 2021 (7)

February 2021 (8)

January 2021 (5)

December 2020 (7)

November 2020 (7)

October 2020 (6)

September 2020 (7)

August 2020 (10)

July 2020 (7)

June 2020 (6)

May 2020 (7)

April 2020 (5)

March 2020 (4)

February 2020 (4)

January 2020 (4)

December 2019 (2)

November 2019 (1)

October 2019 (1)

August 2019 (2)

July 2019 (3)

April 2019 (1)

March 2019 (3)

Name of entity US Masters Residential Property Fund		
ARSN 150 256 161	Reporting period 1 January 2021 to 31 December 2021	Previous corresponding period 1 January 2020 to 31 December 2020
Results for announcement to the market		
		31-Dec-21
Total revenue ("revenue from ordinary activities – investment property income and interest income")	Down by 15% to	\$38,794,223
Net operating profit for the year ("profit from ordinary activities after tax attributable to unitholders")	Up by 122% to	\$21,140,021
Total comprehensive income ("net income for the year attributable to unitholders")	Up by 132% to	\$45,095,079
Commentary on results Refer to attached Annual Financial Report, including the Directors' Report to Unitholders. Additional Appendix 4E disclosure requirements can be found in the notes to the financial statements.		
Distributions		
Convertible Preference Units	Amount per unit	Franked amount
Distribution (paid on 23 February 2021)	\$3.15	-
Distribution (paid on 25 August 2021)	\$3.10	-
Distribution (paid on 23 February 2022)	\$3.15	-
Total distribution	\$9.40	-
A further distribution of \$3.15 per convertible preference unit was declared on 14 December 2021. There is a distribution reinvestment plan in operation in respect of this distribution.		
Distribution dates: Ex-Distribution date: Thursday, December 30, 2021 Record date: Friday, December 31, 2021 Payment date: Wednesday, February 23, 2022		
Net tangible assets per ordinary unit	31-Dec-21	31-Dec-20
Pre-tax attributable to ordinary units	\$0.71	\$0.66
Post-tax attributable to ordinary units	\$0.62	\$0.55

July 2016 (1)

March 2016 (1)

February 2016 (2)

December 2015 (1)

October 2015 (1)

September 2015 (2)

August 2015 (3)

July 2015 (1)

June 2015 (1)

May 2015 (2)

April 2015 (4)

March 2015 (6)

Still, how is URF management claiming a 22c price for the common reflects an 11% discount to post-tax NAV? Simply using the last stated post-tax NAV, an 11% discount would still imply something north of 50c. The gross sales price here – \$507mm – is essentially a 20% discount to the gross NAV being sold – which I calculate as ~\$630mm (derived from the year-end investment properties less the residual small assets not being sold of ~\$10mm. Why is URF management claiming the discount is so much lower?

Well, buried in the footnotes of the PR, URF management is pre-deducting a total of \$57mm USD from 'unencumbered' NAV, constituting \$28mm of tax and \$27mm of 'debt yield management' expense (otherwise known as make whole payments, for those more used to typical fixed income language):

- Remaining proceeds will be distributed to URF ordinary unitholders, implying a realisable value of approximately \$0.22 per URF ordinary unit at an AUD:USD exchange rate of 0.75. This represents

¹ The unencumbered, post-tax basis accounts for tax \$28m and debt yield maintenance \$27m expenses.

² Based on last traded price of URFPA being \$81.00 per security as at 25 March 2022 and 3 month VWAP as at 25 March 2022 of \$73.50.

If we were to then consider the value 'waterfall' provided by the company to deduce this 22c of final value, and add-back these two discrete items, we would see that the true look-through price to the common unitholder *absent these spurious deductions would be more like 40.5c:*

Estimated sources of Funds (USD)	US\$m
Transaction - gross sale price	\$506.6
Deduction for Buyer's assumption of Global Atlantic loan	(\$348.0)
Transaction costs of bulk sale, real estate taxes & URF winding up costs	(\$13.0)
Cash on URF balance sheet	\$46.0
Release of Global Atlantic loan-related cash reserves	\$5.6
Sale of remaining three 1-4 Family assets	\$11.3
Transaction costs of direct sales	(\$0.7)
Sale of NY multi-family investments ⁷	\$10.8

⁷ At 31 December 2021 fair value.

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Allowance for OPEX until dissolution	(\$0.9)
Allowance for URFPFA accrued interest	(\$3.8)
Indicative total (USD)	\$214.1
Indicative total (AUD at 0.75:USD)	\$285.4
Anticipated total investor distributions (AUD)	
URFPFA - full redemption at \$100/URFPFA security	\$199.1
Total indicative capital return to URF ordinary unitholders	\$86.3
Anticipated investor distributions (per unit, AUD)	
URFPFA ⁸	\$100
URF ordinary units ⁹	\$0.22

add back \$57mm

= \$271.1mm

implies 40.5c per unit
at 75 AUD/USD

And why do I say 'spurious'? *Because these two costs are entirely fictitious from the perspective of an Australian unitholder.* Firstly, the withholding tax on selling properties individual is of course paid, but Australian tax residents (the overwhelming majority of unitholders here) would receive a Foreign Tax Credit for this paid tax that they could then use to offset their own investment income – meaning it has value to the unitholder and should not be surrendered *gratis* in a sale.

But the yield maintenance deduction is even more ridiculous, simply because this applies only if the debt outstanding against the sold properties – the General Atlantic term loan – were actually to be prepaid. *But it is going to remain outstanding*, the buyers will simply step into the loan on the same terms! And even if this transaction were never consummated, and the entity continued running, selling properties piecemeal, with US 3 year rates now pushing 2.5%, this loan is basically in the money and is no longer expensive financing. *There is simply no financial rationale to prepay any of this loan at all in the current environment* – indeed it may well become cheap financing in the next 6-12 months as the current rates cycle plays out.

In other words, URF management has used two extremely dubious mischaracterizations of elements in the accounts to portray this sale as 'not too bad' when actually it is horrendous. As it stands, there are two main reasons why this deal will fail: one, it is far, far worse than the 'no-deal' status quo of gradual wind-down; and two, common unitholders would be far better off waiting 9 months, converting the prefs, and then running another process.

This deal is worse than the status quo

Any deal needs to make a compelling argument for why unitholders are substantially better off than maintaining the status quo. In this case, that argument should not be too difficult, given the FFO negative nature of URF; the sordid operating history; and the limited prospect for strong FFO growth going forward. Still, even before any transaction had been contemplated, URF had been aggressively cutting costs and the external manager (Evans) agreed to waive their management fees from 2022, meaning they were actively guiding to achieving FFO positive rates by 2H 2022:

US MASTERS RESIDENTIAL PROPERTY FUND ARSN 150 256 161

CHAIR'S LETTER

FOR THE YEAR ENDED 31 DECEMBER 2021

Dear Investors,

I am pleased to provide you with the full-year report for the US Masters Residential Property Fund (**URF** or **Fund**) for the year ended 31 December 2021.

The Fund recorded a total comprehensive income of A\$45.1 million for 2021. This was assisted by the 1-4 Family property portfolio achieving asset growth of 4.2% for the 2021 year, led by the New Jersey Workforce segment which grew 9.8%. Favourable currency movements also provided a tailwind for the Fund's results in Australian-dollar terms. As outlined in the 2021 half year accounts, the Fund's deferred tax liability was also reduced during the year, reflecting updated assumptions surrounding the potential tax liability of the Group.

Throughout the year, the Responsible Entity and local US management team have been executing the Fund's stated strategic goals, and the result has been a productive period for the Fund. Despite the ongoing disruption caused by COVID-19, significant operational improvements have been achieved. The management team delivered US\$91.7 million of sales throughout the year, largely completing the Fund's targeted asset sales program set in 2019. This facilitated the full early repayment of the Global Atlantic Bridge Loan, with over A\$117.6 million in debt being repaid throughout the year. The Fund's operating results continued to improve, with the month of December 2021 seeing both the portfolio occupancy and monthly rent collection rate (relative to expected income) at their strongest levels since the Fund began reporting such statistics. General and Administrative (**G&A**) costs for the year reduced 14%, and the Fund's interest expense fell 33%. These factors resulted in a 34% improvement in Funds from Operations (**FFO**) for the year¹. We anticipate further improvements in Net Operating Income and G&A cost savings throughout 2022, and the Fund is expected to achieve a positive FFO run-rate by the end of the 2022 calendar year.

Importantly, URF had been quite successful at selling properties at NAV (on a gross basis, before 5-7% transaction costs), in a piecemeal fashion, over the last two years. Indeed they had already disposed of a quarter of their extant portfolio on these terms, through gradual sales:

We believe the results that have been achieved against these performance goals across the last two years are exceedingly positive:

- US\$188.4 million worth of property was sold from the portfolio since the beginning of the sales program, including US\$91.7 million during FY21. Of this sales volume, 82% came from the lower-yielding New York and New Jersey Premium segments of the portfolio, which has rebalanced the 1-4 Family portfolio and will increase the portfolio weighting of the higher-yielding workforce segment from 22% in mid-2019 to 30% at the conclusion of the sales program.
- At balance date, the Fund had US\$18.9 million worth of property under contract, the settlement of which would conclude the Fund's targeted asset sales program. US\$8.0 million settled in January, with the remaining US\$10.9 million expected to settle in the coming months, bringing the total sales volume on completion of the asset sales program to US\$207.3 million.

In sum, if the entity is almost running breakeven; has line of sight to breakeven in a matter of 6 months; is not levered and in fact has almost in-the-money financing in place; and has successfully sold assets at much closer to NAV (on a net basis) over time – why on earth would you sign off on a transaction that locks in a 20% discount to gross NAV and a 40% discount to diluted NAV to the unitholder? It simply beggars belief.

Unitholders would be better off nixing the deal and pushing to convert prefs in 9 months

The deal is completely indefensible with respect to the pre-deal status quo. But it becomes laughably, hilariously bad when we consider that the prefs – whose par claim is largely responsible for our current subordination – can be converted into the same common we own, just a short 9 months from now. If today's terrible deal was on the table on January 2, 2023, as insufficient as it is, **common unitholders would still receive ~35c a share on the same terms**, simply because pref holders will have turned their par claim into common units, per below:

	Current	Post Pref conversion	Notes
Stated net deal proceeds (A\$mm)	285.4	285.4	
Prefs - full redemption at par	199.1	0	full conversion
Residual for common	86.3	285.4	ignores 500k break fee
Common units outstanding (mm)	401	809	max conversion implies 408mm new shares
Value per common share (A\$)	\$0.22	\$0.35	

Thus, irrespective of your views on asset quality; the sustainability of the entity; or what have you, there is zero reason for any common unitholders to support the current transaction, today. This is perhaps why the units are trading modestly through the deal price. I should highlight, I have already spoken with ~20% of the common unitholders, all of whom are incensed with the announced terms and I believe almost certainly will vote against it at current terms. Since the deal requires 50% of votes cast at the meeting (and some shares inevitably won't be voted), with shares trading north of the deal price, and likely to continue to do so for the interim period (another two months), it seems quite likely the deal will have a very tough time going through.

Scenario analysis: what are the outcomes?

As I see it, there are four possible ways this could play out: 1) deal goes through at terms; 2) deal gets amended upwards with existing counter-party through shareholder pressure; 3) new bidder enters the picture given it is now in the public domain that URF is willing to sell at 20% discount to NAV; 4) deal breaks totally, status quo returns. Let's examine what happens in each scenario to the URF units.

1. **Deal goes through at terms:** with the stock at 23.5-24c, a deal closing at terms would result in a modest loss for common unitholders (titular deal price is 22c, but in reality there would likely be a further discount on the residual small asset disposal, so I think 21-21.5c would ultimate recovery to unitholders). Whilst a ~10-15% loss seems unpalatable, I think this outcome is actually extremely unlikely. As discussed, a large number of shareholders have already communicated their extreme displeasure with the price; the stock is trading well through bid price and likely continues to do so over the next month plus; and I think it is quite likely, if not inevitable, that some aggrieved shareholder (perhaps me) formalizes the inadequacies with the current deal in an open letter to the board, in the coming weeks. So I think at this point – with the prefs unable to vote the transaction through – that this outcome is probably a < 10% chance at this point.

2. **Deal gets amended upwards with current counter-party:** this is probably the most likely outcome and most preferable one at this stage. If the current bidder was willing to simply return the \$28mm USD make-whole payment to unitholders – in the form of raising their gross bid by said amount, to \$535mm USD – then common unitholders would receive ~31.5c, not 22c. Since they are not even paying this make whole amount, and are fully benefiting from existing funding that is basically in-the-money, I would view this as a bare minimum requirement in any negotiation. Still – *that alone provides a ~34% gain from the current quote*. Moreover there is certainly scope for returning an additional portion of the tax deduction, as well, perhaps all of it. Paying up to a true 10-11% discount to NAV – still a big discount given the strength of US resi – would, as previously discussed, generate a ~40.5c unit price for common holders (*or a 70% return from current levels*). This sounds like a large bump, but it is really only paying up 10% on the gross asset value of the properties – just magnified through the waterfall value distribution by the financial leverage and fully paying out the prefs. Some shareholders I have already spoken with have suggested this kind of outcome is basically a minimum requirement for them (ie high 30s cents for the units).
3. **New bidder enters picture:** there were 80 bidders who apparently entered the auction, with only Brooksville/Rockpoint coming to the party in the end on these ridiculous terms. We know very little about how the auction was conducted and what inducements/incentives insiders (at URF) have; nor indeed if any of these other bidders were truly given the opportunity to properly bid. Still, with such a gargantuan discount now agreed and in the public domain as the current price, I would expect at least one other party may attempt to bid and shake this up. In this scenario, I would target something around the 40c level, again, using the similar logic to point 2 about, as basically a starting point for valuation on the units. Again – the end result is deep, deep upside.
4. **Deal breaks, return to status quo:** it is also possible the buyer refuses to pay up at all (given current outlook on US resi is trickier than it was a few months ago, etc), and this deal does not go through. In that case, I find it hard to see how the stock doesn't trade AT LEAST to the high 20s if not low 30s, given the lowest traded price in the last year prior (when there was little or no prospect of an immediate whole company sale transaction) was 25c; when it is patently likely that the prefs will be force converted in the near-term, creating windfall value of the common; and when the entity is likely to be FFO positive from 2H and (probably) buying back units in the market with excess cash (as management directly signposted before the sales process was concluded). Thus, whilst perhaps not a windfall upside, I still think this scenario would generate ~15%+ *upside from current levels, immediately* – and more like low/mid 30s price in the medium term (once the prefs are converted and/or buybacks of the illiquid units start in 2H).

In other words, this seems a pretty compelling and asymmetric event set-up, even if liquidity is limited and it has moved a bit off its best levels. Please feel free to ask any follow-ups in the comments as I may have missed something given I wrote this quite quickly in an attempt to get it out in a timely fashion.

Disclosure: long URF.AX