

# Vornado Prices Notes to Fund Eligible Green Projects - Analyst Blog

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**Vornado Realty Trust** ( [VNO](#) ) disclosed the pricing of 2.50% senior unsecured notes worth \$450 million. In particular, the company's operating arm, Vornado Realty L.P., priced the 5-year senior notes at 99.619% of their face amount, with a yield of 2.581%. The offering is expected to close on Jun 16, upon fulfillment of customary closing conditions.

Beginning Dec 30, 2014, the interest on these notes are payable semiannually on Jun 30 and Dec 30 of every year. The company will use the reaped amount of around \$445 million to invest in its Eligible Green Projects.

Eligible Green Projects refers to all the new or existing assets developments that have achieved or are expected to get any LEED certification level (Certified, Silver, Gold or Platinum). Also, it includes all the company's tenant improvement projects and capital projects, which are likely to get this energy efficiency label.

Several renowned financial institutions assisted Vornado in this public offering. Deutsche Bank Securities Inc. of **Deutsche Bank AG** ( [DB](#) ), Wells Fargo Securities, LLC of **Wells Fargo & Company** ( [WFC](#) ) and RBS Securities Inc. of **The Royal Bank of Scotland Group plc** ( [RBS](#) ) are among those who acted as joint book-running managers.

The aforementioned notes offering is a strategic fit for Vornado, as this will increase its financial flexibility and enable the company to pursue its portfolio enhancement activity. This will go a long way in boosting its top line.

As of Mar 31, 2014, Vornado had \$1.2 billion of cash and cash equivalents, up from \$583.3 million as of Dec 31, 2013. In addition, the company's FFO payout ratio (based on FFO as adjusted for comparability) in the quarter was 60.8%, lower than 64.6% in the year-ago quarter.

Vornado currently carries a Zacks Rank #3 (Hold).

*Note: FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.*

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