



## assignment | challenge

**RTRON LTD.**

RTRON is an electronics manufacturing services company specializing in cable assemblies and electromechanical assemblies.

RTRON exclusively engaged IRES to assist with sale/leaseback advisory and execution services surrounding its newly developed corporate headquarters and primary manufacturing facility in Stafford, TX. Specific challenges surrounding this assignment were as follows:

- RTRON is in the semi-conductor industry which had experienced a significant 70%+ drop in market capitalization during the preceding period
- The transaction required IRES to educate investors as to the semi-conductor industry and specifically about RTRON's business and financials
- The company required a premium to market for facility disposition proceeds
- The facility was burdened by significant contingencies including "punch-list" completion, take-out financing obligations and construction liens
- RTRON required a 90-day transaction process for commencement through closing

## outcome | results

IRES developed and implemented a sale/leaseback transaction structure. The merits of a real estate-based operating lease maximized net proceeds to RTRON. The IRES strategy for this assignment utilized the Colliers closed-bid auction process to access investor capital and ensure a timely close. Through its recommendations and implementation, IRES assisted our client in obtaining the following important benefits:

- Monetization of its new headquarters and manufacturing facility with long-term control of the facility for operational purposes
- Fifteen-year operating lease, providing the best overall earnings impact
- Cash premium to development cost for the facility
- An immediate infusion of cash, subsequently reinvested into higher-yielding core business activities
- The transaction was closed within the prescribed 90-day time period required for corporate financing purposes

*RTRON has since been acquired by Flextronics International.*

### QUICK FACTS

#### STRUCTURED FINANCE Sale/Leaseback Financing

145,120 square feet  
\$10,000,000  
Stafford, TX

### IRES CONTACT

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### CLIENT REFERENCE

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