Delisting Provides Rare Opportunity

The Forager International Shares Fund recently acquired a position in a **Winthrop Realty Trust**. Within a few months of purchase, the trust delisted from the New York Stock Exchange.

Rather than being cause for concern, the delisting is part of the opportunity.

Liquidating REITS

Winthrop is a US real estate investment trust (REIT) currently in liquidation mode. Under listing rules, a liquidating REIT has two years to sell its assets. After this two-year window, any remaining assets go into a liquidating trust where the process continues but absent a stock exchange listing.

After selling assets and returning cash to shareholders for the past two years, Winthrop has reached the end of its window. While we can no longer sell the shares, we still expect a good outcome from here.

So far, $2.25 in dividends have been received and there remains another $9.55 in estimated net asset value (NAV) to be liquidated. Relative to the Fund's $9.70 original purchase price, receiving those proceeds over the next 18 months or so would represent a healthy 22% return. There is some prospect of doing better.

A valuable piece of Times Square

The company’s current portfolio consists of properties in places ranging from New York City to Hawaii to Texas. The jewel in the crown is its development at 20 Times Square in Manhattan.

Winthrop is constructing a mixed-use building which will include a boutique hotel, premier retail tenants like the NFL and Hershey, and one of the biggest digital billboards in the world. Depending on how these negotiations shake out, the building could provide meaningful upside to the current NAV.

Home town Houston

The second most important property is a luxury apartment building in Houston. While the real estate market in Houston has dipped in the last two years due to the local influence of the oil & gas industry, don’t believe all of the headlines.

Houston is my home town, and I can attest that there is plenty of activity going on. The demise of the real estate market has been greatly exaggerated. And as the energy markets improve, the company’s ability to monetise this asset should boost the NAV further.

Delistings are not for everyone. Part of the reason this opportunity existed was because many investment funds were forced to sell their stakes due to mandate restrictions. There are risks—we will no longer see traditional quarterly updates nor receive revised estimates of net

asset value. The investment will have no liquid market and the Fund will not be able to sell its position. We must ride it out to the finish.

But in this specific instance, the potential returns look prospective.