

FAT PROPHETS GLOBAL PROPERTY FUND

ARSN 619 970 786

(FPP)

NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY MEMORANDUM

In accordance with s252B of the *Corporations Act 2001* (Cth), notice is hereby given that an Extraordinary General Meeting of Fat Prophets Global Property Fund (ARSN 619 970 786) (**FPP**) will be held in person at **2:00pm** (Sydney time) on **Wednesday, 29 January 2025** at **Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000**.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting includes an Explanatory Memorandum as an appendix. The Explanatory Memorandum has been prepared to assist Unitholders in determining whether or not to vote in favour of the Resolution set out in this Notice of Meeting.

The Explanatory Memorandum should be read in conjunction with this Notice of Meeting.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay:

- By post to Link Market Services Limited: **Fat Prophets Global Property Fund, C/- Link Market Services Limited, Locked Bag A14 Sydney South NSW 1235 Australia.**
- By hand delivery to Link Market Services Limited at: **Link Market Services Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150** (during business hours Monday to Friday (9:00am – 5:00pm)).
- By fax to Link Market Services Limited: **+61 2 9287 0309.**
- Online to Link Market Services Limited: **by visiting <https://investorcentre.linkgroup.com> and following the instructions.**
- By mobile device to Link Market Services Limited: **By scanning the QR code on the Proxy Form and following the instructions.**

FAT PROPHETS GLOBAL PROPERTY FUND

ARSN 619 970 786

NOTICE OF EXTRAORDINARY GENERAL MEETING

WEDNESDAY, 29 JANUARY 2025

Notice is hereby given that, in accordance with s252B of the *Corporations Act 2001 (Cth)* (**Act**), Lanyon Asset Management Pty Ltd (ACN 140 631 714) has requested that One Managed Investment Funds Limited (ACN 117 400 987) in its capacity as responsible entity (**Responsible Entity**) of Fat Prophets Global Property Fund (**FPP**) convene an Extraordinary General Meeting of Unitholders (**Meeting**) and the Responsible Entity has determined it will be held **in-person at 2:00pm** (Sydney time) on **Wednesday, 29 January 2025 at Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000**.

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered at the Meeting. Please ensure you read the Explanatory Memorandum in full.

AGENDA

RESOLUTION – WINDING UP OF FPP

To consider and, if thought fit, to pass, the following resolution as an extraordinary resolution:

*"That in accordance with Section 601NE(1)(b) of the Corporations Act 2001 (Cth), the responsible entity of Fat Prophets Global Property Fund (ARSN 619 970 786) (**FPP**) is directed to wind up FPP."*

The resolution (**Resolution**) is an extraordinary resolution. This means that to be approved, the Resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the Resolution. Eligible Unitholders who are not present in person or by proxy are included for the purpose of determining if the Resolution has been passed.

The Resolution was requisitioned by Lanyon; it was not proposed by the Responsible Entity.

Fat Prophets Management Pty Ltd (**Current Manager**) does not support the Resolution.

Please refer to the accompanying Explanatory Memorandum for more information on the Resolution.

By order of the board of One Managed Investment Funds Limited (ACN 117 400 987).

Yours sincerely



Frank Tearle
Director
One Managed Investment Funds Limited

EXPLANATORY NOTES ON THE NOTICE OF MEETING

Voting Exclusion Statement

The Responsible Entity will disregard any votes cast on the Resolution by or on behalf of:

- the Responsible Entity; and
- an associate of the Responsible Entity.

However, the Responsible Entity need not disregard a vote if:

- it is cast by a person or proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Defined terms

Unless otherwise stated, capitalised terms have the meaning given in this Notice of Meeting.

Other Information

Entitlement to Vote

In accordance with Section 1074E(2)(g)(i) of the Act, and Regulation 7.11.37 of the Corporations Regulations, the Responsible Entity has determined that, for the purposes of voting at the Meeting, Unitholders are those persons who are the registered holders of Units at **2:00pm** (Sydney Time) on **Monday, 27 January 2025**.

How to vote

Unitholders entitled to vote at the Meeting may vote by:

- **attending the meeting and voting in person**, by attending the physical Meeting and voting in person; or
- **by an attorney**, by appointing an attorney to attend the Meeting and vote on their behalf or, in the case of corporate Unitholders or proxies, a corporate representative to attend the Meeting and vote on its behalf; or
- **by proxy**, by appointing a proxy to attend and vote on their behalf, using the Proxy Form accompanying this Notice of Meeting. A proxy may be an individual or a body corporate; or
- **online**, by visiting <https://investorcentre.linkgroup.com> and following the instructions on your Proxy Form to submit your voting intentions by **2:00pm** (Sydney time) on **Monday, 27 January 2025**.

Voting in person (or by attorney)

Unitholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at the Meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by Link Market Services Limited before **2:00pm** (Sydney time) on **Monday, 27 January 2025** any of the following ways:

- | | |
|---------------|---|
| By Email: | By emailing registrars@linkmarketservices.com.au |
| By Mail to: | Fat Prophets Global Property Fund
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia |
| In Person at: | Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150
(during business hours Monday to Friday (9:00am – 5:00pm)) |

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the Meeting to be held in-person at **Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000** on **Wednesday, 29 January 2025** commencing at **2:00pm** (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Units in respect of which the vote was cast,

unless FPP received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

Voting by proxy

Unitholders wishing to vote by proxy at the Meeting must:

- complete and sign or validly authenticate the Proxy Form, which is enclosed with this Explanatory Memorandum; and
- deliver the signed and completed Proxy Form to FPP by **2:00pm** (Sydney time) on **Monday, 27 January 2025** in accordance with the instructions below.

Submitting proxy votes

Unitholders wishing to submit proxy votes for the Meeting must return the enclosed Proxy Form to FPP in any of the following ways:

- hand deliveries: **Link Market Services Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150** (during business hours Monday to Friday (9:00am – 5:00pm)).
- postal deliveries: **Fat Prophets Global Property Fund, c/- Link Market Services Limited, Locked Bag A14 NSW 2150.**
- by fax: **Link Market Services Limited** on +61 2 9287 0309.
- online: **By visiting <https://investorcentre.linkgroup.com> and following the instructions.**
- by mobile device to Link Market Services Limited: **By scanning the QR code on the Proxy Form and following the instructions.**

A Unitholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote at the Meeting on that Unitholder's behalf.

Notes for proxies

- A proxy need not be a Unitholder.
- A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Unitholder's proxy.
- If a Unitholder appoints two proxies and the appointment does not specify the proportion or number of the Unitholder's votes each proxy may exercise, each proxy may exercise half the votes.
- A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution;
 - if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
 - if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
- If a proxy appointment is signed or validly authenticated by the Unitholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more directors of the Responsible Entity.
- If:
 - a Unitholder nominates the Chairman of the meeting as the Unitholder's proxy; or
 - the Chairman is to act as proxy if a proxy appointment is signed by a Unitholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.

- The Chairman of the Meeting will vote all undirected proxies **AGAINST** the Resolution.

Notes for corporate representatives

- To vote in person at the Meeting, a Unitholder or proxy which is a body corporate may appoint an individual to act as its representative.
- To vote by corporate representative at the Meeting, a corporate Unitholder or proxy should obtain an Appointment of Corporate Representative Form from Link Market Services Limited at www.linkmarketservices.com.au, complete and sign the form in accordance with the instructions on it. The appointment must be received at registrars@linkmarketservices.com.au prior to admission to the Meeting.
- The appointment of a representative may set out restrictions on the representative's powers.
- The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
- The Chairman of the Meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

Questions and Comments from Unitholders

Reasonable opportunity will be given to Unitholders to ask about the management of FPP at the Meeting.

Unitholders may submit written questions to FPP in advance of the Meeting by email to the Responsible Entity at fatprophets@oneinvestment.com.au.

Questions must be received by FPP at least **five (5)** days before the Meeting.

By order of the Board of directors of One Managed Investment Funds Limited as responsible entity for Fat Prophets Global Property Fund.



Frank Tearle
Director
One Managed Investment Funds Limited
20 December 2024

EXTRAORDINARY GENERAL MEETING EXPLANATORY MEMORANDUM

This Extraordinary General Meeting (**Meeting**) Explanatory Memorandum has been prepared by One Managed Investment Funds Limited (**Responsible Entity**) as responsible entity for Fat Prophets Global Property Fund (**FPP**) in relation to a Unitholders' meeting called by Lanyon Asset Management Pty Limited (ACN 140 631 714) (**Lanyon**), pursuant to section 252B of the Corporations Act to consider and vote on an extraordinary resolution concerning the winding up of FPP (**Resolution**).

The purpose of this Explanatory Memorandum is to provide information which the Responsible Entity believes to be material to Unitholders in deciding whether to pass the Resolution.

1. INTRODUCTION

1.1. ACTIONS REQUIRED BY UNITHOLDERS

Step 1 – Read this Explanatory Memorandum

Unitholders should read this Explanatory Memorandum in full before voting on the Resolution. If Unitholders have any questions regarding the Resolution they should contact the Responsible Entity, on 02 8277 0000 or email **fatprophets@oneinvestment.com.au**.

Step 2 – Consider and consult

Unitholders should consider all advantages, disadvantages, risks and other information provided in this Explanatory Memorandum in light of their own investment objectives and circumstances. Unitholders should seek independent advice if required.

Step 3 – Vote on the Resolution

It is very important that Unitholders vote on the Resolution.

The Meeting is to be held in-person at **Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000** at **2:00pm** (Sydney Time) on **Wednesday, 29 January 2025**.

If Unitholders are unable to vote in person, they may vote by attorney, or by corporate representative, or by completing and returning the enclosed Proxy Form. Proxy Forms must be received by **Link Market Services Limited** no later than **2:00pm** (Sydney Time) on **Monday, 27 January 2025**.

Enclosed is a reply-paid envelope addressed to **Link Market Services Limited**.

1.2. WHY HAS THE MEETING BEEN CALLED?

On 5 December 2024, the Responsible Entity received a notice of requisition of meeting (**Requisition Notice**) from Lanyon pursuant to section 252B of the Corporations Act.

In the Requisition Notice, Lanyon proposed that the Responsible Entity call and arrange to hold a general meeting of Unitholders to consider, and if thought fit, pass an extraordinary resolution to direct the Responsible Entity to wind up FPP, pursuant to section 601NB of the Corporations Act.

The Responsible Entity received a statement about the proposed resolution for the purpose of section 252B(3) of the Corporations Act on 16 December 2024 (**1000 Word Statement**), set out in **Schedule 1** of this Notice of Meeting. Lanyon prepared the 1000 Word Statement.

The Responsible Entity received a statement from the Current Manager with respect to the 1000 Word Statement (**Current Manager Statement**), set out in **Schedule 2** of this Notice of Meeting.

Under law, FPP is obliged to call a meeting of Unitholders to consider and vote on the Resolution set out within the Requisition Notice.

1.3. WHAT IS THE SUBJECT MATTER OF THE RESOLUTION?

The extraordinary resolution, which Lanyon requested to be put to Unitholders concerns the winding up of FPP. The Resolution to be proposed at the Meeting and to be voted on by you and all Unitholders is set out in the Notice of Meeting.

The wording of the Resolution has been prepared by Lanyon. The Responsible Entity takes no responsibility for the content of this the Resolution.

2. INFORMATION RELATING TO THE RESOLUTION

2.1. WINDING UP OF A REGISTERED SCHEME

Under section 601NB of the Corporations Act, if unitholders of a registered scheme wish to wind up the registered scheme, they may take action under Division 1 of Part 2G.4 of the Corporations Act through the calling of a members' meeting to consider and vote on a resolution that the responsible entity wind up the scheme.

Under section 601NE(1)(b) of the Corporations Act, the kind of resolution that unitholders must pass to compel the responsible entity to wind up the scheme is an extraordinary resolution.

The resolution (**Resolution**) is an extraordinary resolution. This means that to be approved, the Resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the Resolution. Eligible Unitholders who are not present in person or by proxy are included for the purpose of determining if the Resolution has been passed.

2.2. NO RECOMMENDATION FROM RESPONSIBLE ENTITY

Given its role as set out in the Constitution and the Act, the Responsible Entity does not consider it appropriate to provide a recommendation on the Resolution.

The Current Manager does not support the Resolution.

2.3. CONSEQUENCES IF THE RESOLUTION IS PASSED

If the Resolution is passed, the Responsible Entity is directed to wind up FPP in accordance with the Constitution of FPP and the Corporations Act.

Winding up will involve realising all of the assets of the scheme, the payment of deductible reasonable costs (including unpaid creditors) and distributing the balance, if any, amongst Unitholders pursuant to the Constitution of FPP.

Key reasons that Unitholders may consider relevant when deciding to vote for or against the Resolution are set out in Section 3 (For) and Section 4 (Against). We recommend Unitholders consider these sections carefully before deciding how to vote on the Resolution.

3. KEY REASONS TO VOTE AGAINST THE RESOLUTION

3.1. WIND-UP UNLIKELY TO DELIVER OPTIMAL RESULTS

Unitholders may consider that winding up FPP may not deliver optimal results for a number of reasons, including:

- Winding up FPP may be considered to impose the will of one Unitholder to the detriment of Unitholders who would like to remain invested in FPP.
- A windup of FPP, if approved, will trigger payment of a termination fee to the Current Manager, reducing Fund assets available for distribution to Unitholders;

- FPP's return has exceeded its benchmark return target over the past two years and more recently in 2024;
- Winding up could prevent the opportunity for FPP to continue through the market cycle and be successful in realising greater expected benefits.
- Winding up FPP may be considered short-term orientated and not consider or take account of the long-term interests of all Unitholders.
- Winding up FPP may be considered to result in the Responsible Entity being a forced seller of certain investments by FPP which in turn may not maximise the proceeds available to be distributed to Unitholders.
- Winding up of FPP may be considered to result in unexpected transaction costs, reducing the proceeds available to Unitholders.
- The assets of FPP may increase in the future, depending on the performance of the underlying investments, resulting in unit values and distributions in excess of those contemplated under the Resolution.
- The winding up and return of capital in FPP may be considered to have tax implications for individual investors that should be considered with your tax professional.

3.2. FPP'S PERFORMANCE

The Unitholder that has requisitioned the Meeting contends that performance of FPP has been below market.

The Current Manager considers that:

- significant disruption caused by COVID had a major impact on REIT and equity markets globally and domestically;
- this impacted FPP's performance longer term with some embedded underperformance;
- post COVID there has been a period of strong overall returns for REITs generally and FPP's returns (after management fees and other expenses); and
- recently FPP's performance has exceeded market returns (as measured by Net Asset Value per unit).

The following table shows the most recent near term performance data to 30 November 2024.

The Current Manager considers that this demonstrates FPP has outperformed the market over the past month, six months and two year periods (after management fees and expenses).

Historic returns	Fund*	Index
1 month	3.5%	2.8%
3 months	5.8%	5.8%
6 months	16.9%	15.7%
1 year	25.9%	26.6%
2 year	27.8%	26.3%
2 year annualised	13.0%	12.4%

Return: NAV per unit

3.3. TRANSACTION COSTS

A forced sale of FPP's assets and the winding up of FPP generally, may result in unexpected transaction costs reducing the overall pool of funds available to be distributed to Unitholders. Utilisation of the Resolution to exit the Fund in this manner may also be to the long-term detriment of Unitholders and may be considered as a notable opportunity cost.

One of the largest transaction costs will be a termination fee payable to the Current Manager.

Winding up of FPP also poses further transactional costs and risks which may outweigh any potential benefits, including disposing of the assets of FPP below market value, before expected returns can be generated on maturity of some of the more illiquid investments, and liquidation of FPP itself. The ability to achieve exit outcomes at optimum value on all of the investments, where some are illiquid or have longer time frames attached to achieve full returns, may be impeded and also have unintended value consequences as cash generated too early will struggle to achieve reasonable returns while the manager of the wind up seeks to dispose of the more illiquid positions prior to completion of the wind up and returning of any remaining capital.

3.4. OTHER CONSIDERATIONS

Should the Resolution to wind up be passed by Unitholders, the assets and investments of FPP would need to be realised/sold. Unitholders may consider that the realisation of assets in this manner could result in lower returns that may otherwise be achieved if those assets were sold at a later time, potentially for higher proceeds, in the normal course of operation.

4. KEY REASONS TO VOTE FOR THE RESOLUTION

Reasons for voting in favour of the Resolution are given in Lanyon's 1000 Word Statement at **Schedule 1** to this Notice of Meeting.

You may agree with Lanyon that FPP should be wound up and decide to vote for the Resolution. Lanyon has included the following main reasons in its 1000 Word Statement (summarised below):

- FPP's performance has been poor repeatedly, compared to:
 - stock market increases; and
 - other global real estate trusts.
- Keeping the status quo FPP is expected to continue to deliver what Lanyon considers to be substandard returns.
- The wind up of FPP can occur quickly and see Unitholders receive an uplift in value.

The Responsible Entity notes it has not verified the statements of fact or opinion provided by Lanyon in its 1000 Word Statement.

The Responsible Entity notes it has not verified the statements of fact or opinion provided by the Current Manager in its Current Manager Statement.

5. GLOSSARY

The following terms used in this Explanatory Memorandum have the meanings given to them below, unless the context otherwise requires.

Constitution	means the Constitution of FPP.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Current Manager	means the current investment manager of FPP, Fat Prophets Funds Management Pty Ltd (ACN 112 465 371).
Current Manager Statement	means the statement given by the Current Manager in relation to the Statement, annexed as Schedule 2.
Explanatory Memorandum	means the explanatory memorandum for the Meeting.
FPP	means Fat Prophets Global Property Fund (ARSN 619 970 786).
Lanyon	means Lanyon Asset Management Pty Ltd (ACN 140 631 714), the requesting member.
Meeting	meeting of Unitholders to be convened to consider the Resolution at 2.00pm (Sydney time) on Wednesday, 29 January 2025 .
Notice of Meeting	means the notice of meeting issued by the Responsible Entity for the Meeting.
Proxy Form	the Proxy Form attached to the Notice of Meeting.
Resolution	the resolution set out in the Notice of Meeting.
Responsible Entity	means One Managed Investment Funds Limited (ACN 117 400 987).
Statement	means the statement given by Lanyon to the Responsible Entity in accordance with s252B(3) of the Corporations Act and annexed as Schedule 1.
Units	ordinary units in the Fund.
Unitholder	a registered holder of a Unit.

SCHEDULE 1 – 1000 WORD STATEMENT

16 December 2024

Statement accompanying section 252B(1) request given pursuant to section 252B(3) of the *Corporations Act 2001* (Cth)

Dear fellow FPP unitholder,

Proposal to wind up the Fat Prophets Global Property Fund.

The Lanyon Investment Fund (ASX: LNYN) is the largest unitholder in the Fat Prophets Global Property Fund owning 32.1% of all of the units on issue.

FPP continues to deliver poor investment returns to all unitholders with the fund's returns being below the benchmark over 1 year, 3 years, 4 years, 5 years and since inception. Since 2016, extraordinarily, there has not been one single year where FPP has delivered returns in excess of its benchmark. **Performance has been abysmal.** The current unit price is \$0.75 which means investors have lost 25% of their initial investment (\$1.00 issue price) over 7 years. This has occurred while both stock markets and global real estate investment trusts have performed very strongly.

Over the last 2 months, Lanyon has engaged on multiple occasions with the principles of the Investment Manager (Fat Prophets Funds Management) and with the responsible entity of the fund (One Investment Group) suggesting a number of initiatives to improve the sub-standard performance. These initiatives have included, amongst other things:

- a detailed proposal for the merger of FPP with the Lanyon Investment Fund (ASX: LNYN) which would have resulted in a **substantial and realisable immediate uplift in value for all FPP unitholders to over \$0.93 per unit** (at current NTA). FPP unitholders would have benefitted from improved liquidity, on market trading at NTA, better fund performance and likely scrip for scrip rollover relief;
- discussions on a conversion to an unlisted trust or other structures where FPP unitholders could exit the fund at NTA; and
- discussion on a wind up of the fund.

Unfortunately, the principles of Fat Prophets Funds Management have dismissed each of these initiatives, preferring to keep the "status quo". In our view, with no change to the way this fund is being managed or the investment strategy, the status-quo is most likely to continue to deliver substandard returns, with below benchmark investment performance and a unit price that will continue to trade at a discount to net asset value. In short, with no change suggested to what has been happening now for 7 years, we expect Fat Prophets will continue to impair our capital.

As per the ASX release dated 12 December 2024, the current net asset value of FPP units is ~\$0.98.

Lanyon is now proposing a resolution to wind up FPP. This wind up of the fund can occur quickly and will result in investors receiving ~\$0.97 (adjusted by any distributions paid to unitholders over this period). We have assumed a modest level of wind-up costs of \$0.01 per unit. Investors will receive an immediate uplift in value, a +30% premium to the current market value of FPP units.

When you receive the notice of meeting, Lanyon strongly encourages you to **vote FOR the resolution** so that we can commence the process of restoration of value for all FPP unitholders and put this sorry tale behind all of us.

We have published further detail on the proposal at www.fatprophetswindup.com.au

We will also be holding a **webinar for all unitholders and interested parties** on Tuesday 21 January at 11am AEST. Further details on the webinar will be published on the fatprophetswindup.com.au website and will also be emailed to all unitholders.

We invite all unitholders to contact us anytime, should you wish to discuss any aspect of your investment and the proposals to restore value for us all.

Regards

David Prescott

Managing Director - Lanyon Asset Management Pty Limited

E: ir@lanyonam.com P: (08) 8432 0460

SCHEDULE 2 – CURRENT MANAGER STATEMENT



19 December 2024

Fat Prophets Global Property Fund (FPP) – Statement from Manager

REJECT THE WINDUP PROPOSAL

A major investor in FPP (**Lanyon**) has requisitioned an extraordinary general meeting (**EGM**) for investors to consider their proposal to wind up FPP (**Proposal**). We urge unitholders to take no action or to reject the Proposal.

The same investor Lanyon has at various times made various attempts to influence the outcome of FPP which have either been rejected by unitholders and/or the manager and in our view in hindsight were arguably ill conceived.

These include:

- Lanyon suggesting to and supporting a rights issue by FPP at a meaningful discount to NTA which embedded dilution underperformance into FPP. Lanyon underwrote the issue, taking up all unsubscribed discounted units. Lanyon does not refer to this fact, or adjust for it, when considering FPP's long term performance.
- Lanyon contacting FPP's investment manager at the depths of COVID urging it to convert the entire FPP portfolio to cash. This would have meant that FPP would have entirely missed out on the major rebound from March COVID lows, resulting in very substantial underperformance.
- Lanyon calling an EGM two years ago seeking to remove the investment manager and install itself as the new manager. Lanyon was unsuccessful and voted down by unitholders.
- Lanyon proposing for FPP to merge with its Lanyon Investment Fund. However returns vary markedly and this was rejected by FPP's investment manager for various reasons including Lanyon's significantly weaker performance;
 - Lanyon reported to the ASX that the NTA of its Fund rose 5.3% in the three months to 30 September 2024. By contrast the NTA of FPP rose 14.1% over the same period; some 270% higher return.
 - The NTA of the Lanyon Investment Fund has **declined** 6.3% from 30 September 2024 to 19 December 2024 at a time when FPP's NTA increased by a meaningful +3.2% and during which time both domestic and global equity indices posted positive returns.
 - Lanyon's Fund assets **reduced** with Lanyon reporting a meaningful net outflow of investors since it listed the Lanyon Investment Fund just a number of months ago at the beginning of August.
 - Lanyon additionally sought to impose significant cost imposts on FPP relating to the merger proposal including a substantial 'success fee' it wanted to pay itself from FPP's assets.

We consider that Lanyon's requisition of an EGM is a further attempt to impact FPP's outcome in contravention of the Fund's stated aim in the original PDS.

We also consider that this will arguably be detrimental to other investors.

If the EGM resolution is passed, this:

- Will trigger a substantial termination fee payment to the investment manager which will be payable from and reduce unitholder funds available for distribution; this alone results in value dilution of more than the Lanyon assumed windup costs.
- Will cash out of the FPP portfolio at a time in the cycle when we consider there is meaningful recovery opportunity for the REIT sector domestically and globally.
- Ignores and misinforms FPP outperformance over recent months and over the longer time frame of the last two years (after expenses).

The most recent available return data for FPP over various periods over the past two years is shown below. Additional return data is available at the FPP website.

FPP most recent Returns data

Historic returns	Fund*	Index	Excess Return
1 month	3.5%	2.8%	0.6%
3 months	5.8%	5.8%	0.0%
6 months	16.9%	15.7%	1.2%
1 year	25.9%	26.6%	-0.7%
2 year	27.8%	26.3%	1.4%
2 year annualised	13.0%	12.4%	0.6%

* Measured by NTA

to 30 Nov 2024

In short, as global interest rates continue to decline from their recent peaks, we expect a period of recovery and outperformance from REITs. They continue to trade at a discount to their net asset value which is below the through the cycle valuation norm, and well below the through the cycle peaks for the sector. REITs have a strong correlation with interest rates, with prices typically rising as rates decline.

Further, FPP has demonstrated strong recent total return to investors though NTA increases and distributions, exceeding market returns. **A rejection of the Proposal will allow continuing opportunity for upside return in the sector.** Investors can alternatively TAKE NO ACTION which will be the same as voting NO. Voting for the resolution will however cap future opportunity for growth for investors and result in significant wind up costs to FPP.

Angus Geddes
CEO
Fat Prophets Funds Management

Simon Wheatley
Fund Manager
Fat Prophets Funds Management