

Ventus 2 VCT plc – VEN2 Company share class decision
Released 14:01 03-May-2017

RNS Number : 0807E
Ventus 2 VCT PLC
03 May 2017

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Company Share Class Decision

The Board of Ventus 2 VCT plc (the “Company”) announces that it does not intend to proceed with the merger of the Ordinary and C share classes of the Company.

The principal benefit of a merger was considered to be the creation of a larger pool of shares leading to improved liquidity in the market and a reduction in the discounts to net asset value at which the shares were trading. In recent months, the discounts have narrowed significantly and the benefits of a merger would be much reduced.

The legal, professional and administration costs of a merger would however be unchanged and substantial. The Directors now consider that from a shareholder cost-benefit point of view the case for a merger is much less compelling.

The Directors also have a duty to ensure that a share class conversion would not disadvantage one group of shareholders over another, both at the time of the merger and in the future. Given the lack of homogeneity between the portfolios behind the Ordinary and C classes of shares it will always be difficult to determine a fair conversion ratio. The Directors have found it impossible to be certain that, after a merger, divergent paths for the underlying asset values would not emerge with the result that unintended transfers of value would occur.

A further problem for which no totally satisfactory answer has yet been found arises from the contractual obligation to pay a performance fee to the Investment Manager if certain conditions are met. Given the respective total shareholder returns (as disclosed in the most recent financial reports), it seems likely that such conditions may be met in the case of the C class of shares but not in the foreseeable future for the Ordinary shares. A merger could mean that some shareholders would help meet the cost of the performance fee despite not having shared in the benefits which gave rise to the payment.

Taking all these factors into account the Directors have decided at present to retain the existing share structure. However, the possibility of a merger of the share classes in the future, including eventually the D shares, will be reviewed by the Directors on a regular basis.