



09 May 2019

Nittofc (4033) (2.3% of AJOT's NAV) announced on 7th May 2019 that it received a tender offer for all of its outstanding shares at ¥1,200 per share, representing a 37.6% premium to the undisturbed price. AJOT has been acquiring shares in Nittofc since launch in October 2018 and built its stake at an average price of ¥772 per share.

AJOT sold its entire position in Nittofc on 9th May 2019 for a price of ¥1,202, crystallising a +57% gain in both JPY and GBP. The investment added +1.2% to AJOT's NAV.

The acquirer, Integral Corporation, is a Japanese private equity investment firm. Their interest in Nittofc highlights how compelling deeply undervalued Japanese companies are to private equity buyers, and that the management of these companies can see the appeal of private ownership.

Prior to the tender offer, Nittofc traded on a multiple of 3.2x EV/EBIT, with net cash covering 76% of its market cap and a further 34% covered by leased-out real estate. AJOT invested in Nittofc due to its undervaluation, the stability of its core fertiliser business, and the growing importance of stable real estate income to its profits.

AJOT's search for quality companies with a high level of net cash results in a portfolio of companies that have good underlying businesses yet are inefficiently run with respect to their balance sheets. AJOT engages with its portfolio companies to improve balance sheet efficiency and crystallise value for shareholders.