

AVI Japan Opportunity Trust plc (“AJOT”) NAV up +3.3% after Secom announcement

London 28 May 2021

Today, after market close in Japan, Secom announced a tender offer for its subsidiary company Secom Joshinetsu at a share price of ¥6,350, a 66% premium to the undisturbed closing price. Secom Joshinetsu accounted for 5.0% of AJOT’s NAV at the undisturbed closing price, and, at the tender price, will result in a 3.3% increase in AJOT’s NAV.

AJOT has been a shareholder in Secom Joshinetsu since January 2019 and we have been engaging with its Board of Directors and parent company, Secom, on ways in which to improve its corporate governance and valuation. We argued the benefits of Secom Joshinetsu being acquired by Secom, highlighting that the conflict of interests between minority shareholders and Secom was leading to a depressed valuation, which could be resolved by taking Secom Joshinetsu private at a materially higher share price. Today’s tender offer proves the value of Secom Joshinetsu and endorses the benefits of our engagement strategy.

The potential for take-outs of listed subsidiaries on the back of improvements in corporate governance is a key theme within AJOT’s portfolio, and the Secom Joshinetsu tender offer follows similar successes with two of Toshiba’s listed subsidiaries in November 2019. An additional 15% of AJOT’s portfolio aside from Secom Joshinetsu remains exposed to the listed subsidiary theme.

Contact

Daniel Lee

daniel.lee@assetvalueinvestors.com