

Update on Proposals for Future of the Company

GABELLI VALUE PLUS+ TRUST PLC

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GABELLI VALUE PLUS+ TRUST PLC ("the Company")

Legal Entity Identifier: 213800FZFN1SD1GNNZ11

Further Update on Proposals for the Future of the Company

Further to the Company's announcement on 15 September 2020 and the statement released that day by Associated Capital Group, Inc. ("**ACG**") in connection with the Company, the Board of Directors of the Company (the "**Board**") is making this announcement to update shareholders as to what options for the future of the Company are under consideration, in the same spirit of active consultation with all shareholders with which it has acted leading up to, and since, the Company's Annual General Meeting held on 30 July 2020 (the "**AGM**").

In addition, this announcement is both, as noted below, to facilitate a further short period of extensive shareholder consultation on the available options and, regrettably, partly in response to a letter received by the Board from the general counsel to ACG on 2 October 2020 indicating that (unspecified) litigation concerning the Company may be a distinct possibility. The Board is fully aware of its fiduciary duties to act in the best interests of shareholders of the Company as a whole and is working to achieve the best possible outcome for all shareholders, in the specific context of this Company and the overwhelming shareholder rejection of the Continuation Resolution at the AGM.

The Board has consulted with ACG, both before and after the AGM, and, whilst the brief overall proposals put forward by ACG in its announcement on 15 September 2020 are unacceptable to the majority of shareholders, as they involve the continuation of the Company and the retention of Gabelli as investment manager, the Board encourages ACG to discuss with the Board what it would like to do with its shareholding should the Company discontinue. Given ACG's public statements in support of the Company's existing investment strategy, the Board would be happy to discuss with it options that the Company could offer as part of a members' voluntary liquidation of the Company, such as potentially distributing to ACG its pro rata share of the Company's assets *in specie*, or, offering the option of a rollover vehicle with a similar strategy and manager to the Company for those shareholders not requiring a cash exit.

Background

The prospectus issued by the Company in connection with its initial public offering in 2015 (the "IPO") contained a provision to potentially call a continuation vote in 2020, stating that if after the end of the fifth full financial year of the Company's existence (being 31 March 2020) (or at the end of any subsequent fifth financial year), the Company's ordinary shares had traded, on average, at a discount in excess of 10 per cent. of the Net Asset Value per Share in that financial year, the Directors would consider proposing a special resolution at the Company's next annual general meeting that the Company ceases to continue in its present form. It was announced by the Company on 31 July 2019 that it would amend the existing continuation vote provisions and propose a continuation vote every two years, commencing from the annual general meeting of the Company to be held in 2020, and that the continuation vote would be carried out by an ordinary resolution and not subject to any pre-conditions such as the average discount.

As noted in the Company's announcement in connection with the continuation vote and the Board's voting recommendation to shareholders on 15 June 2020, the Board was particularly concerned by the poor investment performance of the Company and that shareholder consultation had highlighted not only the poor performance of the Company's net asset value since the IPO, particularly when compared to that of the Russell 3000 Value Index, but also the persistent discount at which the Company's shares have traded to their underlying net asset value and the relative lack of liquidity of the Company's shares, in part due to its size.

As stated in the Company's announcement on 15 September 2020, the Board, following extensive shareholder consultation, was due to put forward proposals for the members' voluntary liquidation of the Company. However, ACG announced on 15 September 2020 that it would not support proposals for a members' voluntary liquidation and associated return of cash to shareholders. As ACG holds more than 25% of the voting rights of the Company, and the proposals would require the approval of not less than 75% of the votes cast by shareholders at a general meeting pursuant to a special resolution, the Board therefore announced that it was not putting the proposals forward to shareholders at that time.

The Board has continued to consult all shareholders, including ACG, since the announcement made by the Company on 15 September 2020. Both the majority of all shareholders (by percentage of the Company's issued share capital) and the overwhelming majority of shareholders other than ACG have continued to indicate that their preference is for a cash exit.

As previously announced by the Company, at the AGM an ordinary resolution was put to shareholders in connection with the continuation of the Company (the "**Continuation Resolution**"). The Continuation Resolution required over 50% of all votes cast to be in favour of continuation for it to be passed. The Board, with one abstention, recommended that shareholders vote against the Continuation Resolution.

The number of shares in issue and eligible to vote at the meeting was 98,282,193 ordinary shares of 1 penny each ("**Ordinary Shares**"). The total number of votes cast (i.e. for, against and withheld) on the Continuation Resolution was 91,612,481 Ordinary Shares representing a 93.2% turnout. The result was as set out below:

	Votes For	% (of votes cast excl. withheld)	Votes Against	% (of votes cast excl. withheld)	Total	Votes Withheld
Resolution 12 (Continuation Resolution)	31,429,010	34.31	60,183,317	65.59	91,612,327	154

As announced on 30 July 2020, the Continuation Resolution was not passed, and the Board is therefore required to put forward to shareholders plans to wind-up, reorganise or reconstruct the Company. As a result of the vote, following the AGM, and in accordance with the terms of the investment management agreement, the Company served 24 months' protective notice on Gabelli Funds, LLC, the Company's discretionary investment manager (the "**Investment Manager**").

The Investment Manager's ultimate parent company is GAMCO Investors, Inc. ("**GAMCO**"), of which Mr. Mario J. Gabelli, is the Chairman and Chief Executive Officer. Mr Gabelli is one of the senior portfolio managers responsible for the discretionary management of the Company and is also the executive chairman of Associated Capital Group, Inc. a US publicly traded company whose Class A common stock is admitted to trading on the New York Stock Exchange. ACG was admitted to trading on 30 November 2015 following the spin-out of the business from GAMCO.

The Board understands, pursuant to an announcement made on 7 May 2020, that Mr Mario J. Gabelli is interested in 27.8% of the voting rights of the Company (being 27,326,000 Ordinary Shares), 0.4% directly and 27.4% indirectly through ACG, the Company's largest shareholder. ACG announced on 20 July 2020 that it would be voting in favour of the Continuation Resolution.

ACG also noted in its announcement on 15 September 2020 that it had formed a subcommittee to evaluate the proposal to liquidate the Company and that "...the subcommittee welcomes the opportunity to open a conversation with the GVP board and its shareholders on other measures that can be taken to enhance value for Trust shareholders. This may, for example, include share buybacks (akin to a limited discount policy), establishment of annual distribution targets, the reduction of the management fee and management alternatives, possibility of leverage to enhance returns, and any other strategies that may enhance and improve shareholder returns."

Potential proposals and further shareholder consultation

Following careful consideration of shareholders' views, the current size and operational costs of the Company and the Takeover Code, the Board continues to believe that it would be in the best interests of the Company and its shareholders as a whole to put forward proposals for the members' voluntary liquidation of the Company.

Further, the resounding feedback from an absolute majority of all shareholders is that they want a liquidation of the Company and return of their (and their underlying investors') capital as soon as practicable. Aside from ACG's support for the continuation of the Company with its current Investment Manager, the result of the Continuation Resolution demonstrates that there is hardly any other shareholder backing for this course of action and, therefore, the counter proposals outlined briefly by

ACG in the announcement above do not form the basis of an acceptable way forward for significant majority of shareholders in the Company. The Board is in agreement with the view expressed since 15 September 2020 by many shareholders that it should explore all available options for the future of the Company should ACG continue to use its ability to block a special resolution to liquidate the Company.

Despite having consulted extensively with shareholders in connection with the Continuation Resolution, before formally publishing its proposals for the future of the Company the Board will consult further with shareholders from the publication of this announcement to the close of business on Wednesday 14 October 2020, and, actively encourages further dialogue with all shareholders. Soon after that period ends, the Board intends to announce what proposals it will put to a general meeting of the Company. Shortly after that it then intends to publish a circular to convene the general meeting of the Company at which resolutions will be put to shareholders pertaining to the future of the Company.

The Board is aware that a number of investment banks, brokers and market commentators have published a range of suggestions as to the best course of action for the Company, following its announcement on 15 September 2020. In addition, many shareholders in the Company have contacted the Board with their own suggestions.

Whilst open to further suggestions during the above consultation period, the Board would summarise the main options currently under consideration to be put to a general meeting as focussed on a combination of:

- A members' voluntary liquidation of the Company
- A significant return of shareholders' capital, most likely by way of a tender offer
- A material change to the Company's investment objective and investment policy to reflect realisation of the portfolio and a reinvestment into cash and cash equivalent securities

The Board intends to continue with its original intention and put forward proposals for the members' voluntary liquidation of the Company. This is the most straightforward means to effect shareholders' clear expressed desire for a discontinuation of the Company, *inter alia* from a tax perspective. It does, of course, require a special resolution to be passed and ACG may again decide to block it but the Board appeals to ACG to take full account of the wishes of the clear majority of shareholders, since this voluntary liquidation represents the best means of effecting discontinuation for shareholders as a whole.

However, if the Board puts forward the above as a resolution to a general meeting and should the special resolution not pass at the general meeting, the Board at the same general meeting is minded to propose a separate ordinary resolution (requiring not less than 50% of the votes cast by shareholders) to effect a substantial capital return to shareholders by way of a tender offer. The Company as at 31 March 2020 had distributable reserves of approximately £97m and the intention would be that the majority of those reserves would be used to fund any tender offer. The unaudited net assets of the Company as at 1 October 2020 were approximately £122m. The making of a tender offer would be subject to further consultation with shareholders but the shareholder feedback received to date by the Board reflects a widespread desire that if discontinuation of the Company by way of a voluntary liquidation is blocked in the near-term, then the majority of shareholders want to have a material return of capital as an initial step. The Board would note that its preference is for a voluntary members' liquidation of the Company and shareholders, including ACG, should appreciate that a tender offer will not return all shareholders' capital, and, will likely leave a smaller residual

Company that could be uneconomic, could potentially be delisted if it fails to meet the free float requirements of the FCA's Listing Rules and may suffer deleterious tax consequences should it lose its investment trust status, such as through being delisted. In addition, should any shareholder go through certain ownership levels of the Company's ordinary shares as a result of a tender offer by the Company they may have to make a mandatory offer for the entire Company under the Takeover Code. The Board also notes the Investment Association's Share Capital Management Guidance (section 2.1.1), which advises that "Companies should seek authority to purchase their own shares whether on market or off market by special resolution and not simply an ordinary resolution as is allowed by Sections 694 and 701 of the Companies Act 2006". The Board brings this to shareholders' attention and notes that it considers it appropriate under the specific circumstances attaching to the Continuation Resolution to conduct a tender offer pursuant to an ordinary resolution.

The obvious alternative to a tender offer as a means of returning a significant amount of shareholder capital would be by way of dividend, which does not require shareholder approval. Whilst the Board is open to further shareholder views on this option, from conversations to date it believes that the tax consequences for many shareholders would be materially less favourable than those associated with a tender offer, and, unlike a tender offer it does not allow shareholders to decide whether or not to participate.

In addition to the above, the Board will consider proposing an ordinary resolution, requiring not less than 50% of the votes cast by shareholders, to change the investment objective of the Company to be to conduct an orderly realisation of its assets with the intention of returning cash to Shareholders as soon as reasonably practicable, and, to change the investment policy so that the Company will not make any new investments save that realised cash may be invested in liquid cash-equivalent securities, including short-dated corporate bonds, government bonds, cash funds or bank cash deposits pending its return to Shareholders, whilst aiming to maintain the Company's investment trust status.

The Board will continue to evaluate the options available to the Company and consult widely with shareholders in coming days. In addition, the Board encourages ACG to engage directly with its fellow shareholders to learn their respective views on the future of the Company. A further announcement will be made as soon as practicable after the above consultation period ends, with a circular expected to be published shortly thereafter.

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