



Chislehurst Business Centre
1 Bromley Lane
Chislehurst, BR7 6LH

07709465772

Email: charles.henderson@uksa.org.uk

Web: www.uksa.org.uk

1 October 2023

Letters Editor
Financial Times
Bracken House
1 Friday Street
London
EC4M 9BT

Sent by email: letters.editor@ft.com

Dear Sir

The recent fund raising by Severn Trent can be deemed a success by the company and by the investors who had access to it. But by nobody else.

The company announced that it '...values its retail investor base and is therefore pleased to provide retail investors with the opportunity to participate in the Retail Offer...'. The Retail Offer was limited to just €8million (£7million) of a £1billion fundraising - 0.7% - and via a mechanism that not all retail investors would access. The placing price was at a discount of 7.1% to the market price when the placing price was set and, to that extent, reflected a transfer of value from those who were denied access to the placing to those who were not.

It is also noteworthy that half the issue was reserved for the Qatar wealth fund despite the latter holding just 4% of the shares prior to the issue.

The Offer was apparently within the Pre-emption Group's (PEG's) new Statement of Principles, which provides guidance on the disapplication of pre-emption rights. This guidance includes use of soft pre-emption and the issue of a post transaction report. If so, it will be interesting to see how the post transaction report clarifies due consideration was given to the interests and involvement of retail investors. If it doesn't, it will then be interesting to see how PEG alerts Severn Trent's shareholders to this, so the shareholders can stop giving Severn Trent any authority to disapply preemption rights in future.

Yours faithfully

Charles Henderson
Chairman