

FS KKR Capital Corp. II to List on the NYSE Next Month, Announces Reverse Stock Split

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FS KKR Capital Corp. II (FSK II), a non-traded business development company, has commenced the final steps to prepare for listing on the New York Stock Exchange next month.

FSK II was formed from the December 2019 merger of four non-traded BDCs including FS Investment Corporation II, FS Investment Corporation III, FS Investment Corporation IV, and Corporate Capital Trust II.

Subject to market conditions, the company currently anticipates that its shares of common stock will start trading on the NYSE under the ticker symbol "FSKR" around June 17, 2020.

In preparation for the proposed listing, the company changed the record and payment dates of its \$0.15 per share quarterly distribution, which will now be paid on June 8, 2020 to stockholders of record as of June 8, 2020. The distribution payment was previously expected on July 2, 2020.



Following the payment of the distribution, the company plans to enact a 4-to-1 reverse stock split where every four shares of common stock issued and outstanding will be automatically combined into one share.

Thus, the number of outstanding shares will be reduced from approximately 684.8 million to approximately 171.2 million, and the net asset value per share as of March 31, 2020 would have been \$24.68, instead of \$6.17 per share.

The company plans to eliminate any outstanding fractional shares of common stock and will round up the number of fractional shares held by each shareholder to the nearest whole number prior to the listing.

The board also authorized a stock repurchase program where the company may repurchase up to \$100 million of its outstanding common stock in the open market at prices below the current net asset value per share. The timing, manner, price and amount of share repurchases will be determined by the company, and the program is expected to be in effect for one year from the effective date.

FS KKR Capital Corp. II is advised by FS/KKR Advisor LLC, a partnership between FS Investments and KKR Credit Advisors. FS/KRR also manages publicly traded business development company, FS KKR Capital Corp. (NYSE: FSK).

In addition to the fund share repurchase program, affiliates of FS Investments and KKR recently announced the creation of a co-investment vehicle to purchase up to \$350 million in FSK and FSK II stock, once listed.

FS Investments and KKR committed \$100 million to this vehicle with the balance committed by institutional investors. On webinar held yesterday, the company said that it expects that \$100 million of this vehicle will be earmarked for FSK II purchases, bringing the total secondary market support to \$200 million.

FSK II invests primarily in the senior secured debt and, to a lesser extent, the subordinated debt of private middle market companies. As of the first quarter of 2020, the company's portfolio was comprised by 179 portfolio companies with a fair value of approximately \$7.5 billion.

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