

Downing Strategic Micro-Cap Investment Trust plc  
29 January 2025

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED. ON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.**

For immediate release.

**Downing Strategic Micro-Cap Investment Trust plc (the "Company" or "DSM")**  
**LEI Number: 213800QMYPUW4POFFX69**  
**Publication of Circular**

The Board of the Company announces that it has today published a circular (the "**Circular**") to the Company's shareholders (the "**Shareholders**") setting out the recommended proposals for the members' voluntary liquidation of the Company (the "**Proposals**"). The Circular also contains the Notice of the General Meeting of the Company to be held at the offices of Dickson Minto LLP, Dashwood House, 69 Old Broad Street, London EC2M 1QS on 21 February 2025 at 10.00 a.m. at which Shareholders will be asked to vote upon the special resolution to approve the Proposals (the "**Resolution**").

**All Shareholders are encouraged to vote in favour of the Resolution to be proposed at the General Meeting, and if their Shares are not held directly, to arrange for their nominee to vote on their behalf. Shareholders who hold their Shares indirectly through a platform are recommended to contact their platform for further details.**

#### **Summary**

- With the Company's portfolio reduced to one listed investment, a secured loan note and cash, and the special dividends paid, your Board has determined that it is now the appropriate time to put proposals to Shareholders to undertake a members' voluntary liquidation of the Company.
- This requires Shareholder approval of the Resolution, which will be proposed as a special resolution at the General Meeting to be held on 21 February 2025 at 10.00 a.m.
- It is proposed that Derek Neil Hyslop and Richard Peter Barker, both licensed insolvency practitioners of Ernst & Young LLP, be appointed as joint liquidators of the Company (the "**Liquidators**").
- The Board believes it is vital that the Investment Manager's services be retained during the liquidation period in order to maximise the return of value to Shareholders whilst ensuring this is done in a timely manner. Accordingly, the Investment Manager has agreed that, subject to the passing of the Resolution at the General Meeting, it will continue to manage the remaining portfolio of the Company on the terms of the current Investment Management Agreement (adjusted as necessary so as to reflect the fact that the Company will be in liquidation).
- It is expected that the Liquidators will be able to make an Initial Distribution during the week commencing 3 March 2025 of approximately 2.0 pence per Share

#### **Introduction**

In the Company's 2023 Half Year Report, which was released on 9 November 2023, your Board described that it had been a dispiriting time for micro-cap stocks and, as a result, for the Company, and that your Board had therefore taken a blunt decision to start a return of capital earlier in 2024 than had originally been anticipated. It was further reported that, despite modest buy-back activity, in the 6 month period covered by the 2023 Half Year Report, the Shares traded at a discount of around 15 per cent. to 17 per cent. to the Company's NAV per Share, and given the market's continued undervaluation of both micro-cap stocks and small investment companies (demonstrated, in part, by the Company's Share price discount to NAV) your Board had concluded that it would advantage all Shareholders

equally and fairly to commence a managed wind-down of the Company's investment portfolio (the "**Managed Wind-Down**").

Such a material change to the Company's investment policy required Shareholder approval and, after consultation with major Shareholders, the Company published a Shareholder circular on 2 February 2024 that: (i) provided Shareholders with the background to your Board's decision and the expected realisation timeframe; and (ii) set out the Managed Wind-Down investment policy (the "**New Investment Policy**") in full. The ordinary resolution to adopt the New Investment Policy was proposed at a general meeting of the Company held on 28 February 2024 and received overwhelming support from Shareholders, with 86.58 per cent. of the votes cast (amounting to 41.23 per cent. of the Company's issued Share capital) voting in favour.

Since the adoption of the New Investment Policy, the realisation of the Company's portfolio by the Investment Manager has been proceeding well: Shareholders have already received a series of special dividends of, in aggregate, 63.9 pence per Share, and the Company's remaining portfolio comprises just one listed investment in Centaur Media plc, a secured loan note in Real Good Food plc and cash. As a result, as at 24 January 2025, Company's NAV was approximately £2.32 million. Seeking to obtain the best achievable value for Shareholders, the Investment Manager has not yet realised the Company's investment in Centaur Media plc due to indications of strategic action by the management team.

Your Board now seeks the most effective way to return cash to Shareholders and limit further costs. With the Company's portfolio significantly reduced and the special dividends paid, your Board has determined that it is now the appropriate time to put proposals to Shareholders to undertake a members' voluntary liquidation of the Company, which will eliminate certain of the costs associated with running a listed vehicle.

## **The Proposals**

### *Summary of the Resolution*

Your Board has determined that it would be in the best interests of the Company and Shareholders as a whole to have the Company enter into members' voluntary liquidation. This requires the approval of Shareholders by way of the Resolution at the General Meeting. As the Resolution will be proposed as a special resolution, it will be passed if at least 75 per cent. of the votes are cast in favour.

In summary, the Resolution relates to the approval of the Company being wound up voluntarily and the appointment of the Liquidators for the purpose of the winding up. It grants the Liquidators authority to make distributions in cash to Shareholders (after payment of the Company's liabilities and after deducting the costs of implementation of the Company's winding up), in proportion to their holdings of Shares in accordance with the provisions of the Articles. It also grants the Liquidators authority to exercise certain powers laid down in the Insolvency Act 1986 and determines the remuneration of the Liquidators by reference to the time spent attending to matters.

### *Appointment of the Liquidators*

As to the Liquidators, it is proposed that Derek Neil Hyslop and Richard Peter Barker, both licensed insolvency practitioners of Ernst & Young LLP, be appointed as the Liquidators, whose remuneration shall be determined by the Company. The appointment of the Liquidators becomes effective immediately upon the passing of the Resolution at the General Meeting. At this point, the powers of the Directors will cease and the Liquidators will assume responsibility for the winding up of the Company, including the realisation of its remaining assets, the payment of fees, costs and expenses, the discharging of liabilities of the Company and the distribution of its surplus assets to Shareholders. The winding up of the Company will be a solvent winding up, in which it is intended that all creditors will be paid in full. Once the Company's remaining assets have been realised by the Liquidators (and after settling the Company's liabilities and providing for the costs of the winding up), the cash proceeds will be distributed to Shareholders as set out in the section titled "Distributions to Shareholders" below.

To facilitate the implementation of the Proposals, the Shares will be suspended from listing on the Official List and from trading on the London Stock Exchange with effect from 7.30 a.m. on 21 February 2025, being the date of the General Meeting.

If the Resolution is passed, the Company's Shares are expected to remain suspended from listing until, at least, after the payment of the Initial Distribution and, as such, should continue to be "qualifying investments" for ISA purposes. Shareholders are strongly recommended to consult their professional advisers regarding their own tax position and their own ISA provider in advance of the General Meeting.

### *Continued appointment of Investment Manager*

Due to the nature of the Company's remaining investments and the Investment Manager's expertise and intimate knowledge of such investments, the Board believes it is vital that the Investment Manager's services be retained during the liquidation period in order to maximise the return of value to Shareholders whilst ensuring this is done in a timely manner.

Accordingly, the Investment Manager has agreed that, subject to the passing of the Resolution at the General Meeting, it will not exercise its right to terminate the current Investment Management Agreement as a result of the Company entering into members' voluntary liquidation (which it would otherwise be entitled to do) and that it will continue to manage the Company on the terms of the Investment Management Agreement (adjusted as necessary so as to reflect the fact that the Company will be in liquidation).

#### *What happens if the Resolution is not passed?*

If the Resolution is not passed, your Board would assess the options available to the Company at that time. However, on the basis that the Company will continue to have distributable reserves, your Board anticipates that distributions would likely continue by way of dividends. Additionally the panoply of requirements of running a listed company, such as regulatory costs, listing fees, the costs of producing and publishing annual reports and audited financial statements, brokers' fees and directors' fees, amongst others, would continue. The entire weight and costs of these requirements would ultimately fall on Shareholders. It is therefore your Board's view that the Proposals would ensure the value-maximisation of cash returned to Shareholders.

#### **Distributions to Shareholders**

The remaining investments in the Company's portfolio are expected to be realised following the Liquidators' appointment, with the benefit of continuing advice from the Investment Manager. There can be no guarantee as to the value, if any, and/or timing of the distribution(s) that may result from the realisation of these investments. Both of these factors depend on, among other things, prevailing market conditions.

The Liquidators will retain sufficient funds to meet the current, future and contingent liabilities of the Company, including the costs and expenses (inclusive of VAT, if applicable) of the Proposals not already paid at the point of liquidation and an additional retention of £100,000 for unknown contingencies (the "**Liquidation Fund**").

Assuming the Resolution is passed, and notwithstanding the retention of the Liquidation Fund, it is expected that the Liquidators will be able to make an initial distribution of the balance of cash currently held by the Company during the week commencing 3 March 2025 (the "**Initial Distribution**"). It is currently expected that the Initial Distribution will be approximately 2.0 pence per Share.

Once the Liquidators, with the assistance of the Investment Manager, have realised the Company's remaining assets, made the Initial Distribution, satisfied the claims of creditors of the Company and paid the costs and expenses of the Proposals, it is expected that the Liquidators will make a final distribution to Shareholders. The final distribution, if any, will be made solely at the discretion of the Liquidators.

The final distribution, if any, will not be made until the Liquidators have completed their statutory duties to seek out, adjudicate and pay creditors' claims and HMRC has confirmed its agreement to the Company's tax returns and that it has no objection to the closure of the liquidation. Accordingly, there can be no certainty as to the timing of the final distribution, if any.

All Shareholders on the Register of Members at 6.00 p.m. on 20 February 2025 (who are not Sanctions Restricted Persons) will be entitled to the distribution(s) from the Liquidators, including the Initial Distribution.

Nothing in the Proposals shall impose any personal liability on the Liquidators.

#### **Exchange dealings**

The expected last day for dealings in the Shares on the London Stock Exchange through CREST on a normal rolling two day settlement basis is expected to be 18 February 2025. After that date, dealings should be for cash settlement only and will be registered in the normal way if the transfer, accompanied by the documents of title, is received by the Registrar by 6.00 p.m. on 20 February 2025. Transfers received by the Registrar after that time will be returned to the person lodging them and, if the Resolution is passed, the original holder will receive any proceeds from distributions made by the Liquidators. After the liquidation of the Company and the making of the final distribution to Shareholders (if any), existing certificates in respect of the Shares will cease to be of value and any existing credit of the Shares in any stock account in CREST will be redundant.

Following the cancellation of the listing of the Shares on the Official List and the Shares ceasing to trade on the London Stock Exchange, there will be no liquidity in the Shares and it will, therefore, be difficult for Shareholders to realise value from the Shares other than through the liquidation process over time.

#### **Expected Timetable**

**2025**

Last day of dealings in the Shares through CREST on a normal rolling two day settlement basis

18 February

Deadline for receipt of Forms of Proxy	10.00 a.m. on 19 February
Close of Register and record date for participation in the members' voluntary liquidation	6.00 p.m. on 20 February
Suspension of Shares from listing on the Official List and from trading on the London Stock Exchange	7.30 a.m. on 21 February
General Meeting	10.00 a.m. on 21 February
Appointment of Liquidators	21 February
Initial Distribution to Shareholders*	Week commencing 3 March

\*Actual date to be determined by the Liquidators.

#### Notes:

1. All references to time in this document are to London (UK) time, unless otherwise stated.
2. The times and/or dates set out in the expected timetable above and mentioned throughout this document may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.

Capitalised terms used and not defined in this announcement have the meanings given to them in the Circular, which is available on the Company's website at <https://www.downingstrategic.co.uk/> and will shortly be submitted to the National Storage Mechanism which is located at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

For further information please contact:

#### Chairman

Hugh Aldous tel: 020 7416 7780

#### Dickson Minto Advisers LLP

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## IMPORTANT NOTICES

### Information regarding forward-looking statements

This announcement and any information incorporated by reference into this announcement contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements in this announcement other than statements of historical fact are forward-looking statements. They are based on intentions, beliefs and/or current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of a date in the future or forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims", "projects" or words or terms of similar substance or the negative of those terms, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations or events that are beyond the Company's control.

Forward-looking statements include statements regarding the intentions, beliefs or current expectations of the Company concerning, without limitation: (a) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (b) business and management strategies and the expansion and growth of the Company's operations and assets; and (c) the effects of global economic conditions on the Company's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause the actual results, performance or achievements of the Company to differ materially from the expectations of the Company include, amongst other things, general business and economic conditions globally, industry and market trends, competition, changes in government and changes in law, regulation and policy, including in relation to taxation, interest rates and currency fluctuations, the outcome of any litigation, the impact of any acquisitions or similar transactions, and IT system and technology failures. Such forward-looking statements should therefore be construed in the light of such factors.

Neither the Company nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Forward-looking statements contained in this announcement apply only as at the date of this announcement. Other than in accordance with its legal or regulatory obligations (including under the Prospectus Regulation Rules, the UK Listing Rules, the Disclosure Guidance and

its legal or regulatory obligations (including under the Prospectus Regulation Rules, the UK Listing Rules, the Disclosure Guidance and Transparency Rules and UK MAR) the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**No profit forecast or estimate**

No statement in this announcement is intended as a profit forecast or profit estimate for any period and no statement in this announcement should be interpreted to mean that earnings, earnings per Share or income, cash flow from operations or free cash flow for the Company, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per Share or income, cash flow from operations or free cash flow for the Company, as appropriate.

There is no guarantee that the expected distributions will be able to be paid. The Company's ability to make distributions will be dependent on a number of factors, including in relation to the realisation of the Company's remaining assets, prevailing market conditions as well as the level of claims of creditors of the Company.

**Presentation of financial information**

References to "£", "GBP", "pounds", "pounds sterling", "sterling", "p" and "pence" are to the lawful currency of the United Kingdom.

Certain financial data has been rounded, and, as a result of this rounding, the totals of data presented in this announcement may vary slightly from the actual arithmetic totals of such data.

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