

JANUS HENDERSON FUND MANAGEMENT UK LIMITED

THE EUROPEAN SMALLER COMPANIES TRUST PLC

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**THE EUROPEAN SMALLER COMPANIES TRUST PLC**  
("ESCT" or the "Company")

**Publication of a Circular**  
**Tender Offer for up to 42.5 per cent. of the issued share capital of the Company**

The Company announces that it has today published a circular to Shareholders (the "**Circular**") which contains details of a tender offer for up to 42.5 per cent. of the issued share capital of the Company. The Tender Offer is open only to Eligible Shareholders on the Register as at the Record Date, being 6.00 p.m. on 16 April 2025.

**Background to, and reasons for the Tender Offer**

On 18 December 2024, the Company received a requisition notice on behalf of Saba Capital Management, L.P. ("**Saba**"), requiring the Company to convene a general meeting to consider, and if thought fit approve, resolutions to remove all the current independent directors of the Company and to appoint two new directors proposed by Saba (the "**Requisitioned General Meeting**"). At the Requisitioned General Meeting, 62.1 per cent. of the total votes cast (or 99.5 per cent. of the Ordinary Shares voted excluding the Ordinary Shares held by Saba) were voted against those resolutions.

On 11 February 2025, the Company received a second requisition notice on behalf of Saba (the "**Second Requisition Notice**"), requiring the Company to call a general meeting to approve a proposal for the Company to implement a scheme or process by which Shareholders would become (or have the option to become) shareholders of a UK-listed open-ended investment company (or similar open-ended investment vehicle).

The Requisitioned General Meeting process was disruptive for the Company and resulted in a financial cost to Shareholders. As a result, the Directors were of the view that convening a general meeting in response to the Second Requisition Notice would not be in the best interests of all Shareholders. Whilst the Board anticipated the continued support from Shareholders, Saba's ongoing significant holding in the Company also had the potential to represent an overhang on the Ordinary Shares.

In order to protect the interests of those Shareholders that wish to continue their investment in the Company, the Board concluded that it would find a solution that would allow Shareholders, including Saba, that wish to exit their position in the Company the opportunity to do so.

The Company commenced discussions with Saba and announced on 14 February 2025 that Saba had agreed to withdraw the Second Requisition Notice for a period of 30 days to allow both parties to enter into good-faith negotiations aimed at achieving an outcome that benefits all Shareholders. The Company announced on 14 March 2025 that the Company and Saba continued to have constructive discussions and had agreed to allow the good-faith negotiations to continue for a further 30 days, with the aim of achieving an outcome that benefits all Shareholders.

The Board conducted a review of several possible options and following discussions with Saba, has decided to implement a Tender Offer which provides Shareholders that may wish to exit their investment in the Company the ability to do so. The Board believes this will put the Company in a strong position going forward as it will allow it to focus on its fundamentals with a supportive Shareholder base - delivering for Shareholders through its proven investment strategy and the quality of its experienced and well-respected team.

The Board continues to believe in the opportunity within the European smaller companies sector. The sector is attractively valued, and it remains an exciting time for the sector, with Europe being a provider of key enablers of big structural growth trends such as artificial intelligence, the 'green transition' and industrial automation. While the Board is of the view that now is not the time to divest from European smaller companies, the Tender Offer will provide those Shareholders that wish to exit the opportunity to do so.

The structure of the Tender Offer, comprising a Cash Exit Option and an In Specie Consideration Option, has been designed to allow Shareholders to exit whilst safeguarding the interests of continuing Shareholders. The Board believes that this structure is beneficial as it will likely have time and cost benefits for all Shareholders. The operation of the Cash Exit Pool will ensure that the costs associated with the realisation of the assets do not fall on continuing Shareholders and the In Specie Consideration Option will reduce the total assets to be realised under the Cash Exit Option which will reduce the time needed to sell underlying holdings and any potential short-term volatility. The structure is described in further detail below.

The Company has received an irrevocable undertaking from Saba pursuant to which Saba has, in respect of the Committed Shares, undertaken to use best endeavours: (i) to vote or procure a vote in favour of the Resolution; and (ii) to elect or procure an election for the In Specie Consideration Option. A summary of the provisions of the irrevocable undertaking is set out in paragraph 5 of Part 5 of the Circular.

The Company has also entered into a Standstill Agreement with Saba pursuant to which Saba has agreed, amongst other things:

- a) that Saba shall not, and shall procure that its affiliates shall not, during the Standstill Period, (i) require the Board to convene a general meeting of the Company pursuant to section 303 of the Companies Act, or (ii) exercise any voting rights available to remove, or publicly propose the removal of, any member of the Board; and
- b) that Saba shall use best endeavours to, and shall use best endeavours to procure that its affiliates shall, procure that the registered holder of any Ordinary Shares in respect of which it or any of its affiliates is able (at the relevant record time for voting) to control the right to exercise (or procure the exercise of) any voting rights, shall, during the Standstill Period, exercise such voting rights in respect of specified ordinary course resolutions to be proposed at any general meeting of the Company, including any Continuation Resolution, in line with the Board's recommendation.

A summary of the provisions of the Standstill Agreement is set out in paragraph 5 of Part 5 of the Circular.

In connection with Saba's participation in the In Specie Consideration Option, the Company has also entered into the Share Sale Agreement with Saba relating to the acquisition of the relevant proportion of the Company's portfolio of assets within the In Specie Consideration Pool in respect of Accepted Saba Shares. A summary of the provisions of the Share Sale Agreement is set out in paragraph 7 of Part 5 of the Circular.

## **The Tender Offer**

### *Introduction and Summary*

Shareholders are being invited by Winterflood to tender up to 42.5 per cent. of the Ordinary Shares in issue on the Record Date (excluding Ordinary Shares held in treasury). The Tender Offer is open only to Eligible Shareholders on the Register as at the Record Date, being 6.00 p.m. on 16 April 2025. Any shareholding that is not recorded on the Register on the Record Date will not be eligible to participate in the Tender Offer.

Eligible Shareholders will be able to tender up to 42.5 per cent. of the Ordinary Shares registered in their name on the Register as at the Record Date (the "**Basic Entitlement**"), rounded down to the nearest whole number of Ordinary Shares. Eligible Shareholders tendering up to their Basic Entitlement will have their election satisfied in full. Registered Eligible Shareholders who hold Ordinary Shares on the Record Date for multiple beneficial owners may decide allocations among such beneficial owners at their own discretion.

Eligible Shareholders may tender Ordinary Shares in excess of their Basic Entitlement (an "**Excess Application**"), with such Excess Applications being satisfied if there are sufficient remaining Available Shares. Such remaining Available Shares will be apportioned to Eligible Shareholders *pro rata* to their Excess Applications should other Eligible Shareholders not tender the full amount of their Basic Entitlement and as a result of certain Overseas Shareholders not being permitted to participate in the Tender Offer.

The Tender Offer will include a Cash Exit Option and an *In Specie* Consideration Option, as summarised below.

Eligible Shareholders should note that if they choose to participate in the Tender Offer, the Tender Price will be determined, for those electing for the Cash Exit Option, based on the realisation value of the Cash Exit Pool net of the relevant proportion of the Tender Offer Costs, net of the stamp duty and commission payable on the repurchase of the Cash Exit Shares and net of accrued liabilities as at the Cash Exit Pool Determination Date (or, for those electing for the *In Specie* Consideration Option, based on the value of the holdings in the *In Specie* Consideration Pool net of the relevant proportion of the Tender Offer Costs and net of the stamp duty and commission payable on the repurchase of the *In Specie* Exit Shares and net of the amount of any transfer or registration taxes which the Company is required to pay as transferor in relation to any assets which may be transferred to any Qualifying Shareholder), which may be less than the price at which they bought their Ordinary Shares or the price or value at which they might ultimately realise their Ordinary Shares should they continue to hold them.

### *Cash Exit Option*

Eligible Shareholders may elect for the Cash Exit Option, pursuant to which they will receive cash in respect of successfully tendered Cash Exit Shares. The Tender Price per Cash Exit Share will be the Cash Exit Tender Offer Final Asset Value of the Cash Exit Pool divided by the total number of Cash Exit Shares.

Eligible Shareholders on the Register on the Record Date electing for the Cash Exit Option will be invited to tender for sale some or all of their Ordinary Shares to Winterflood who will, as principal, purchase validly tendered Cash Exit

Shares (subject to the overall limits of the Tender Offer) at the Tender Price per Cash Exit Share.

Winterflood will sell the Cash Exit Shares validly tendered to the Company by way of an on-market transaction once all of the assets in the Cash Exit Pool have been realised. Tendering Shareholders who have successfully elected for the Cash Exit Option will receive the full Tender Price per Cash Exit Share only once all of the assets in the Cash Exit Pool have been realised.

All transactions will be carried out on the London Stock Exchange.

#### *In Specie Consideration Option*

Qualifying Shareholders will be permitted to elect for the *In Specie* Consideration Option, pursuant to which they will receive a relevant proportion of the Company's portfolio of assets within the *In Specie* Consideration Pool in respect of successfully tendered *In Specie* Exit Shares. The Tender Price per *In Specie* Exit Share will be the *In Specie* Tender Offer Asset Value divided by the total number of *In Specie* Exit Shares.

Qualifying Shareholders on the Register on the Record Date electing for the *In Specie* Consideration Option will be invited to tender for sale some or all of their Ordinary Shares to Winterflood who will, as principal, purchase validly tendered *In Specie* Exit Shares (subject to the overall limits of the Tender Offer) at the Tender Price per *In Specie* Exit Share.

Winterflood will sell the *In Specie* Exit Shares validly tendered to the Company by way of an on-market transaction. The *In Specie* Consideration Option is expected to settle on or around 27 May 2025.

The *In Specie* Consideration Option is available only to Qualifying Shareholders being Eligible Shareholders that: (i) if they were clients of Winterflood, would be categorised as "professional clients" pursuant to Chapter 3 of the FCA's Conduct of Business Sourcebook; (ii) can demonstrate to Winterflood's satisfaction that they are capable of taking custody of a *pro rata* share of the Company's portfolio; and (iii) agree to enter into the relevant documentation required to effect the lawful transfer of a *pro rata* share of the Company's portfolio, including, without limit, an agreement on substantially the same terms as the Share Sale Agreement.

#### *Cash Exit Pool*

All of the Company's assets will, following valuation on the Calculation Date, be allocated between the Continuing Pool, the Cash Exit Pool and the *In Specie* Consideration Pool.

The net value of the assets allocated on the establishment of the Cash Exit Pool will equal the Cash Exit Tender Offer FAV (calculated in accordance with paragraph 8 of Part 2 of the Circular) being an amount representing the proportionate value of the Company attributable to the Cash Exit Shares.

The assets in the Cash Exit Pool will be realised, the relevant liabilities settled, the associated costs paid (in accordance with the paragraph "Costs of the Tender Offer" below) and the net cash proceeds will be paid to Shareholders who validly elected for the Cash Exit Option.

Shareholders who successfully tendered their Ordinary Shares under the Cash Exit Option will receive a *pro rata* share of the net proceeds of the Cash Exit Pool, less associated costs.

It is currently expected that the assets in the Cash Exit Pool will be realised not later than 25 June 2025. However, the realisation period will depend on the market environment, and the Company will provide an update by way of a RIS announcement once the realisation of the Cash Exit Pool is complete with the Tender Price per Cash Exit Share and payment date being advised at that time. For technical reasons, to support the Euroclear CREST corporate action event, a Cash Exit Option payment date of 2 July 2025 is stated within CREST, but will be amended (as required) to the announced CREST cash payment date once the RIS announcement is issued.

Shareholders should be aware, therefore, that cash payments under the Cash Exit Option will not be made immediately.

#### *In Specie Consideration Pool*

The net value of the assets allocated on the establishment of the *In Specie* Consideration Pool will equal the *In Specie* Tender Offer FAV (calculated in accordance with paragraph 8 of Part 2 of the Circular) being an amount representing the proportionate value of the Company attributable to the *In Specie* Exit Shares. Shareholders who successfully tendered their Ordinary Shares under the *In Specie* Consideration Option will receive a *pro rata* share of the portfolio assets in the *In Specie* Consideration Pool, less associated costs (in accordance with the paragraph "Costs of the Tender Offer" below).

It is expected that the portfolio assets equal to the *In Specie* Tender Offer Asset Value will be transferred to Exiting Shareholders electing for the *In Specie* Consideration Option on or around 27 May 2025.

#### *Costs of the Tender Offer*

The fixed costs and expenses relating to the Tender Offer, which excludes portfolio realisation costs, assuming the Tender Offer is fully subscribed, are expected to be approximately £690,000 including VAT, where applicable. In addition, stamp duty on the repurchased Ordinary Shares is 0.5 per cent. of the repurchase amount and commission on the repurchased Ordinary Shares is 0.2 per cent. of the repurchase amount.

Each of the Cash Exit Pool and the *In Specie* Consideration Pool will bear the Tender Offer Costs in proportion to the value of such pools as at the Calculation Date. The Cash Exit Pool will bear the costs of realising the assets in the

Cash Exit Pool. Each of the Cash Exit Pool and the *In Specie* Consideration Pool will bear the amount of the stamp duty and commission payable on the repurchase of the Cash Exit Shares and the *In Specie* Exit Shares, respectively. The *In Specie* Consideration Pool will also bear the amount of any transfer or registration taxes which the Company is required to pay as transferor in relation to any assets which may be transferred to any Qualifying Shareholder.

No Tender Offer Costs, stamp duty or commission payable on the repurchase of any Exit Shares will be borne by the Continuing Pool.

A Qualifying Shareholder electing for the *In Specie* Consideration Option will also be responsible for and will bear any stamp duty, stamp duty reserve tax or transfer or registration taxes (whether UK or non-UK), as appropriate, in relation to any assets which may be transferred to such Qualifying Shareholder and which it is required to pay as transferee.

#### *Conditions of the Tender Offer*

The Tender Offer is conditional on Shareholder approval of the Resolution, which will be sought at the General Meeting. The Tender Offer is subject to certain further conditions, and may be suspended or terminated in certain circumstances, as set out in paragraphs 2 and 8 of Part 3 of the Circular.

#### **Related Party Transactions**

The acquisition of *In Specie* Exit Shares from Saba in respect of the *In Specie* Consideration Option and Saba's entry into the Share Sale Agreement are related party transactions pursuant to UKLR 8.1.7R and UKLR 8.2.1R (the "**Related Party Transactions**"). In the opinion of the Board, which has been so advised by Winterflood, the Related Party Transactions are fair and reasonable as far as Shareholders are concerned. In providing its advice to the Board, Winterflood has taken into account the Board's commercial assessments.

#### **The Company's Performance and Prospects**

The Company has delivered NAV total return performance over the five years to 31 March 2025 of 127.2 per cent. against the benchmark return of 102.1 per cent. Share price total return over the same period was 166.7 per cent. This consistent strong performance has led to multiple awards with the Company winning the Citywire Investment Trust award for Best European Equities Trust in 2022 and 2023, and the Company being shortlisted for the award in 2024. It has also received a 4-star rating from Morningstar.

The table below shows the Company's performance, alongside the benchmark and the peer group, to 31 March 2025 over one, three, five and ten years, and since inception under the existing management team.

<b>Total Return performance (%)</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>	<b>Inception<sup>1</sup></b>
ESCT NAV total return	2.8	13.6	127.2	177.0	284.0
ESCT share price total return	10.0	25.9	166.7	192.2	355.3
MSCI Europe (ex-UK) Small Cap Index <sup>2</sup>	5.5	4.2	102.1	147.6	267.6
AIC European Smaller Companies sector NAV <sup>3</sup>	0.0	2.0	79.8	141.1	223.7

1 Being 1 July 2011, the date that Ollie Beckett was appointed as portfolio manager of ESCT.

2 Prior to 30 June 2022, the benchmark was the Euromoney Smaller European Companies (ex UK) Index.

3 Peer group simple average.

Source: Morningstar Direct

Past performance is not a guarantee of future results

It is an exciting time for the European smaller companies space. The European small cap sector is trading at the widest discount to European large caps over the last 15 years. The small cap sector has tended to outperform the European large cap sector during economic recoveries and while the outlook remains uncertain, as interest rates fall, it should be positive for the sector. It is the opinion of the Board and the Investment Manager that now is not the time to divest from European small caps, and that the Company is ideally positioned to benefit from any European economic recovery.

In addition, Europe is fortunate to be the provider of key enablers of big structural growth trends such as artificial intelligence, the 'green transition' and industrial automation. In applying the Investment Manager's balanced investment strategy and remaining disciplined with a 'valuation aware' approach, the Board is confident that your Company can continue to find strong investment returns for Shareholders.

#### **General Meeting**

The implementation of the Tender Offer requires the approval of Shareholders of the Resolution. A notice convening a General Meeting of the Company, which is to be held at 201 Bishopsgate, London EC2M 3AE at 2.00 p.m. on 7 May 2025, and at which the Resolution will be proposed, is set out at the end of the Circular. The notice includes the full text of the Resolution.

The Resolution is a special resolution. To become effective, the Resolution must be passed by Shareholders

representing 75 per cent. (or more) of the total voting rights of Shareholders who, being entitled to vote, do so in person or by proxy at the General Meeting.

The Resolution will be voted on by way of a poll. The Board believes a poll is more representative of Shareholders' voting intentions because Shareholders' votes are counted according to the number of Ordinary Shares held and all votes validly tendered are taken into account. The results of the poll will be published on the Company's website and will be released via a Regulatory Information Service as soon as practicable following the close of the General Meeting.

The quorum for the General Meeting is not less than two Shareholders who, being entitled to vote, are present in person or by proxy.

### **Action to be Taken**

#### *Action to be taken in respect of the General Meeting*

All Shareholders are encouraged to vote on the Resolution to be proposed at the General Meeting and, if their Ordinary Shares are not held directly, to arrange for their nominee to vote on their behalf.

All Shareholders are encouraged to vote on the Resolution to be proposed at the General Meeting and, if their Ordinary Shares are not held directly, to arrange for their nominee to vote on their behalf.

Shareholders are requested to complete and return proxy appointments to the Receiving Agent by one of the following means:

- (a) by logging on to [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the instructions; or
- (b) by completing and signing the enclosed Form of Proxy for use in relation to the General Meeting, in accordance with the instructions printed thereon and returning by post; or
- (c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the notice of General Meeting; or
- (d) for institutional shareholders, via Proxymity.

In each case, the proxy appointments must be received by the Receiving Agent as soon as possible and, in any event, no later than 2.00 p.m. on 2 May 2025. Shareholders holding their Ordinary Shares through investor platforms, such as Hargreaves Lansdown, AJ Bell, Interactive Investor and others, are also encouraged to attend, and to vote, ahead of the proxy voting deadline of 2.00 p.m. on 2 May 2025 through their nominee platforms. Shareholders should be aware that the deadlines for voting through platforms may be earlier than the Company's proxy voting deadline.

#### *Action to be taken in respect of the Tender Offer*

**Shareholders are not obliged to tender any Ordinary Shares. Shareholders who do NOT wish to sell any Ordinary Shares under the Tender Offer should NOT complete or return a Tender Form or submit a TTE Instruction in CREST.**

Only those Eligible Shareholders who wish to elect for the Cash Exit Option and who hold their Ordinary Shares in certificated form should complete and return a Tender Form. Eligible Shareholders who hold their Ordinary Shares in uncertificated form do not need to complete or return a Tender Form.

Eligible Shareholders who wish to elect for the Cash Exit Option and hold their Ordinary Shares in certificated form should complete the Tender Form in accordance with the instructions set out therein and return the completed Tender Form by post using the reply-paid envelope provided (for use in the UK only) along with the relevant share certificate(s) and/or other document(s) of title to the Receiving Agent at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, to arrive as soon as possible and, in any event, by no later than 1.00 p.m. on 16 May 2025.

Eligible Shareholders who wish to elect for the Cash Exit Option and hold their Ordinary Shares in uncertificated form (that is, in CREST) should arrange for the relevant Ordinary Shares to be transferred to escrow by means of a TTE Instruction as described in paragraph 2 of Part 2 of the Circular.

**Completed Tender Forms and/or TTE Instructions (as appropriate) must be received by the Receiving Agent no later than 1.00 p.m. on 16 May 2025.**

Shareholders holding their Ordinary Shares through investor platforms may tender their Ordinary Shares through their nominee platforms. Shareholders should be aware that the deadlines for tendering Ordinary Shares through platforms may be earlier than the Tender Closing Date.

Qualifying Shareholders who wish to elect for the *In Specie* Consideration Option should contact Winterflood at [ESCT@winterflood.com](mailto:ESCT@winterflood.com) by no later than 5.00 p.m. on 25 April 2025 in order to participate in the *In Specie* Consideration Option. Winterflood may require any Qualifying Shareholder who wishes to elect for the *In Specie* Consideration Option to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as Winterflood (in its absolute discretion) may require, the terms of which may amend, vary and/or supersede the terms and conditions of the Tender Offer as set out in Part 3 of the Circular. In particular, but without limit, Qualifying Shareholders wishing to participate in the *In Specie* Consideration Option will be required to enter into a share sale agreement with the Company on substantially similar terms as the Share Sale Agreement.

### **Recommendation**

## Recommendation

The Board considers that the proposed Tender Offer is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings totalling 77,800 Ordinary Shares.

The Directors do not intend to tender any of their own Ordinary Shares. The Directors make no recommendation to Shareholders as to whether or not they should tender their Ordinary Shares in the Tender Offer. Whether or not Shareholders decide to tender their Ordinary Shares will depend, among other factors, on their view of the Company's prospects and their own individual circumstances, including their own tax position. Shareholders who are in any doubt as to the action they should take should consult an appropriate independent professional adviser.

The Circular is available on the Company's website at [www.janushenderson.com/general-meeting-esct](http://www.janushenderson.com/general-meeting-esct).

The Circular will shortly be available for inspection at the National Storage Mechanism which is located at <https://data.fca.org.uk/#nsm/nationalstoragemechanism>.

## Expected Timetable

	2025
Tender Offer opens	15 April
Record Date for the Tender Offer	6.00 p.m. on 16 April
Latest date for Qualifying Shareholders to contact Winterflood to participate in the <i>In Specie</i> Consideration Option	5.00 p.m. on 25 April
Latest time and date for receipt of Forms of Proxy and electronic proxy appointments for the General Meeting	2.00 p.m. on 2 May
<b>General Meeting</b>	<b>2.00 p.m. on 7 May</b>
Results of General Meeting announced	7 May
Tender Closing Date: latest time and date for receipt of Tender Forms and TTE Instructions	1.00 p.m. on 16 May
Calculation Date	close of business on 19 May
Results of Tender Offer announced	20 May
CREST accounts credited with unsuccessfully tendered uncertificated Ordinary Shares	expected to be by 23 May
Transfer of portfolio assets to Qualifying Shareholders that have elected for the <i>In Specie</i> Consideration Option	on or around 27 May
Repurchase of the <i>In Specie</i> Exit Shares announced	on or around 27 May
Return of share certificates in respect of unsuccessfully tendered certificated Ordinary Shares and balancing certificates despatched	expected to be by 30 May
Tender Price per Cash Exit Share and payment date announced	as soon as practicable but expected to be by 25 June
Repurchase of the Cash Exit Shares announced	as soon as practicable but expected to be by 27 June
Payments through CREST made in respect of the Cash Exit Shares held in uncertificated form	within 5 Business Days from the announcement of the Tender Price per Cash Exit Share
Cheques despatched in respect of the Cash Exit Shares held in certificated form	within 10 Business Days from the announcement of the Tender Price per Cash Exit Share

*\*All references to times in the Circular are to London time unless otherwise stated.*

*The times and dates set out in the expected timetable may be adjusted by the Company in consultation with Winterflood, in which event details of the new times and/or dates will be notified to Shareholders by an announcement made by the Company through a Regulatory Information Service. In particular, the realisation period for the Cash Exit Pool will depend on the market environment, and the Company will provide an update by way of a RIS announcement once the realisation of the Cash Exit Pool is complete with the Tender Price per Cash Exit Share and payment date being advised at that time.*

Defined terms used in this announcement shall, unless the context requires otherwise, have the meanings ascribed to them in the Circular.

## James Williams, Chairman of The European Smaller Companies Trust PLC, said:

*"Following constructive discussions, the Board has today proposed a Tender Offer which provides Shareholders that may wish to exit their investment in the Company, including Saba, the ability to do so. This Board believes this is the best course of action to protect the interests of those Shareholders that wish to continue their investment in the Company. It will allow the Board and the manager to continue to focus on delivering value for shareholders through its proven investment strategy of disciplined, long-term investment in European smaller companies."*

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## IMPORTANT INFORMATION

The person responsible for arranging for the release of this announcement on behalf of The European Smaller Companies Trust PLC is Janus Henderson Secretarial Services UK Limited.

This announcement does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to subscribe for or to acquire, any ordinary shares in the Company in any jurisdiction.

This announcement does not contain all the information set out in the Circular. Shareholders should read the Circular in full before deciding what action to take in respect of the General Meeting and the Tender Offer.

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment, you may get back less than you originally invested. Figures refer to past performance and past performance should not be considered a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "might", "will" or "should" or, in each case, their negative or other variations or similar expressions. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's financial position, strategy, plans, and objectives, are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties and, accordingly, the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These forward-looking statements speak only as at the date of this announcement and cannot be relied upon as a guide to future performance. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligations or undertaking to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority.

### Notice for US Shareholders

The Tender Offer relates to securities in a non-US company registered in England and Wales and listed on the London Stock Exchange and is subject to the disclosure requirements, rules and practices applicable to companies listed in the United Kingdom, which differ from those of the United States in certain material respects. The Circular has been prepared in accordance with UK style and practice for the purpose of complying with the laws of England and Wales and the rules of the FCA and of the London Stock Exchange, and US Shareholders should read the entire Circular. The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the United States pursuant to Section 14(e) of, and Regulation 14E under, the US Exchange Act, subject to the exemptions provided by Rule 14d-1(d) thereunder and otherwise in accordance with the requirements of the rules of the FCA and the London Stock Exchange. Accordingly, the Tender Offer will be subject to disclosure and other procedural requirements that are different from those applicable under US domestic tender offer procedures and law. The Company is not listed on a US securities exchange, is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the SEC thereunder.

It may be difficult for US Shareholders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since the Company is located outside the United States and its officers and directors reside outside the United States. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.

To the extent permitted by applicable law and in accordance with normal UK practice, the Company, Winterflood or any of their affiliates, may make certain purchases of, or arrangements to purchase, Ordinary Shares outside the United States during the period in which the Tender Offer remains open for acceptance, including sales and purchases of Ordinary Shares effected by Winterflood acting as market maker in the Ordinary Shares.

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