

For promotional purposes

Montanaro European Smaller Companies Trust plc

Share Split FAQ

Q: Why is the Company proposing the Share Split?

A: Due to the Company's strong investment returns over recent years, the price of the existing ordinary shares of 50p each has approximately trebled over the last 5 years and, as at 15 June 2021, the closing mid-market price was 1,742.5p. To assist monthly savers and those who reinvest their dividends or are looking to invest smaller amounts, the Board believes that it is appropriate to propose a sub-division of the Company's Existing Ordinary Shares in order to improve the liquidity in and marketability of the Company's shares, which would benefit all shareholders.

Q: How many ordinary shares will I hold after the Share Split?

A: Following the passing of the Share Split resolution (resolution 13) at the AGM and the conditions to such resolution being met, you will hold ten New Ordinary Shares for every Existing Ordinary Share you currently hold. Therefore you will hold ten times the number of New Ordinary Shares as you do Existing Ordinary Shares but the nominal value of your total shareholding and your percentage interest in the Company's share capital will not change.

Q: What effect does the Share Split have on the value of my investment in the Company?

A: It is expected that the market price of each New Ordinary Share will be approximately one-tenth of the market price of an Existing Ordinary Share immediately before the Share Split. Subject to normal market movements and the costs incurred by the Company in relation to the Share Split (which the Board believes are insignificant), the total value of your shareholding in the Company immediately following the Share Split should remain the same. However, you should remember that variations in the share price cannot be predicted and are out of the control of the Company.

Q: Will the Share Split affect my rights as a shareholder of the Company?

A: No. As a shareholder of the Company, your rights are set out in the articles of association of the Company. Changes are being proposed to the articles of association of the Company at the AGM but these are distinct from, and not related to, the Share Split.

Q: When will this come into effect?

A: It is expected that admissions will become effective, and that dealings in the New Ordinary Shares will commence, at 8.00am on Tuesday, 14 September 2021, at which time the Share Split will become effective. The last day of trading in the Existing Ordinary Shares is therefore expected to be, Monday, 13 September 2021 and the record date for the Share Split is 5.00pm on that date.

Q: What does this mean for my dividend?

A: The New Ordinary Shares will have the same rights to participate in dividends paid by the Company, but any dividend declared will have been adjusted to take into account the division of the share capital as a result of Share Split becoming effective.

Q: Are there any tax implications resulting from the Share Split?

A: The Share Split does not itself give rise to any liability to UK income tax (or corporation tax on income) for shareholders. For the purposes of UK capital gains tax and corporation tax on chargeable gains, the receipt of the New Ordinary Shares from the Share Split will be a reorganisation of the share capital of the Company. Accordingly, a shareholder's holding of New Ordinary Shares will be treated as the same asset as the shareholder's holding of Existing Ordinary Shares and as having been acquired at the same time, and for the same consideration, as that holding of Existing Ordinary Shares.

Q: What other steps does the Company have to take to allow the New Ordinary Shares to be traded?

A: The Company is required to inform the Financial Conduct Authority and London Stock Exchange plc of the Share Split. Subject to the passing of the Share Split resolution at the AGM, the Financial Conduct Authority has confirmed that the premium category of the Official List of the Financial Conduct Authority will be amended to reflect the subdivision of the Existing Ordinary Shares.

Q: What is the process for shareholders who hold their shares on a platform?

A: The majority of the platforms allow shareholders to exercise their right to vote their shares at the Company's AGM. However it is advisable that shareholders, who hold their shares via a platform, contact their individual provider directly as each service has a different election process. Subject to the passing of the Share Split resolution at the AGM, the New Ordinary Shares will be credited and appear on your account on the day the Official List is amended.

Q: Are there any direct costs to shareholders from this transaction?

A: The costs of the transaction will be borne by the Company. As a result there will be no additional direct costs to shareholders.

Q: How will I receive my New Ordinary Shares?

A: If you hold your Existing Ordinary Shares in certificated form (i.e. you have (a) share certificate(s) in respect of your Existing Ordinary Shares), you will receive a new share certificate which records the number of New Ordinary Shares you hold. On receipt of your new share certificate, you should destroy your old share certificate(s). If you hold your Existing Ordinary Shares in uncertificated form (i.e. through CREST), your CREST account will be credited with the New Ordinary Shares on the day the Official List is amended.

Q: Will the ticker, ISIN and SEDOL change?

A: The ticker for the New Ordinary Shares will remain the same as the ticker for the Existing Ordinary Shares (MTE).

The New Ordinary Shares will have a new ISIN and SEDOL, as follows:

New ISIN: GB00BM8H3X05

New SEDOL: BM8H3X0

If any shareholder has any further questions in relation to the Share Split, you should contact the Company Secretary using the following email address: MESCT@linkgroup.co.uk.