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26 April 2017

Invesco Perpetual UK Smaller Companies Investment Trust plc

Announcement of tender offer

In May 2012, Invesco Perpetual UK Smaller Companies Investment Trust plc (the "Company") announced that it intended to make a number of options available to Shareholders on or around the date of the annual general meeting in 2017, which may include one or more of a continuation of their existing investment in the Company, a rollover into a similar or other investment vehicle and/or the provision of a cash exit at a price close to NAV per Share.

The Board today announces that, in the light of the strong performance of the Company and after consultation with major Shareholders, it has resolved to provide Shareholders with the opportunity to retain their investment in the Company together with the alternative of a tender offer for up to 40 per cent. of the Company's total Shares in issue for those who wish to realise part or all of their investment in the Company (the "Tender Offer").

The Company expects to publish a circular in the coming weeks in respect of the tender offer (the "Circular") setting out the background to and reasons for the proposed Tender Offer.

Investment performance and outlook

The Company has enjoyed strong absolute and relative total returns over the last five financial years, outperforming its benchmark index, the Numis Smaller Companies Index (excluding Investment Companies) with income reinvested, over one, three and five years. NAV total return over the five years to 31 January 2017 was 123.0 per cent and share price total return was 169.5 per cent compared with 98.6 per cent for the benchmark and 57.0 per cent for the FTSE All-Share Index. The discount to net asset value at which the Shares have traded has also substantially narrowed over the same period which has contributed to the strong share price performance. The Company's positive performance has continued in the current financial year.

The Board believes that two specific initiatives in particular have helped narrow the discount from persistently above the sector average to now being one of the narrowest discounts within its peer group and which at 25 April 2017 stood at 3.5 per cent. The first of these initiatives was a commitment by the Board in 2012 to offer Shareholders a number of options on or around the date of the annual general meeting in 2017 as described above. This was followed by a significant increase in the level of dividend to an initial yield target of 4 per cent. per annum (based on the prevailing share price at the time of the announcement in March 2015), with any revenue shortfall supplemented from profits retained as capital reserves, and the payment of dividends on a quarterly basis, enhancing shareholder cashflow.

Details of the investment outlook for the Company are included in the Chairman's Statement and the Portfolio Manager's Report which are set out in the annual financial report announcement for the year ended 31 January 2017.

Reasons for the Tender Offer

The Board is mindful of the strong historical performance of the Company together with the financial returns provided for Shareholders and the outlook for the Company. As a result, in line with its previous announcements, the Board has resolved to enable Shareholders to retain their investment in the Company whilst offering those Shareholders who wish to realise their investment, either in part or in whole, a chance to do so.

The decision to proceed with the Tender Offer was taken following discussions with regard to the future of the Company held with major Shareholders, the Company's broker and the Manager. The Board believes that many Shareholders will wish to continue with their investment in the Company unchanged, but in order to deliver on its commitment to offer Shareholders options in line with its previous commitment, the Board proposes that:

For Shareholders wishing to retain their investment in the Company:

- the Company will continue to be managed by the Manager in the same way that it is now;
- consistent with the current dividend policy, in the absence of unforeseen circumstances, the Board intends to pay a dividend for the year to 31 January 2018 of 17.1 pence per Share (which equates to a yield of approximately 4 per cent. on the share price as at 31 January 2017)¹;
- the Board may seek to limit discount volatility through the prudent use of Share buybacks; and
- a further range of options will be put to Shareholders on or around the time of the 2020 AGM.

Those Shareholders wishing to realise part or all of their investment in the Company will have a chance to do so through the Tender Offer for up to 40 per cent. of the Company's Shares in issue. Shareholders tendering in excess of 40 per cent. of their shareholding may be able to realise those Shares through the Tender Offer to the extent that other Shareholders do not tender any of their Shares or tender less than their Basic Entitlement.

J.P. Morgan Cazenove, as the Company's corporate broker, will endeavour to match those Shareholders wishing to realise part of all of their investment in the Company with other investors seeking an increased investment in the Company's Shares.

The Board is satisfied that following the Tender Offer the Company will remain an attractive size with sufficient liquidity.

¹ This is a target only and not a profit forecast. There is no guarantee that any dividends will be paid in respect of any financial year or period.

Further information on the proposed Tender Offer is set out below.

Share buy backs

The Board intends to renew its authority to buy back up to 14.99 per cent. of the Shares currently in issue at the upcoming annual general meeting and on an annual basis as appropriate. The Board may, subject to normal market conditions, seek to limit the discount to Net Asset Value at which the Shares trade through the prudent use of this authority to repurchase Shares in the market. Any buy back of Shares will be at the absolute discretion of the Board. It should be noted that this is a mechanism primarily to limit discount volatility and there is no guarantee that such limitation will be achieved or that any Shares will be bought back.

Tender Offer

The Tender Offer enables those Shareholders (other than certain Overseas Shareholders) who wish to sell some or all of their Shares to elect to do so, subject to the overall limits of the Tender Offer. All of the Company's assets and liabilities will, following valuation on the Calculation Date and following deduction of the fixed costs of the Tender Offer which are estimated at £0.6 million (including VAT) and borne by Shareholders as a whole, be allocated *pro rata* between the Continuing Pool and the Tender Pool at the Calculation Date.

The net value of the assets and liabilities allocated on the establishment of the Tender Pool will equal the NAV per Ordinary Share on the Calculation Date (which will reflect the deduction of the fixed costs of the Tender Offer) multiplied by the number of tendered Shares (the "Tender Offer Formula Asset Value"). The Tender Pool assets will be realised and the liabilities settled and the net cash proceeds paid to Shareholders who successfully tendered their Ordinary Shares.

The Tender Pool will bear (i) an exit charge calculated as 1.5 per cent. of the Tender Offer Formula Asset Value (which will be applied for the benefit of the Continuing Pool), (ii) the costs of realising the assets in the Tender Pool, (iii) its share of the operating costs of the Company on a *pro rata* basis and (iv) the amount of stamp duty payable on the repurchase by the Company of the Ordinary Shares acquired from J.P. Morgan Cazenove under the Tender Offer. All changes in value of the assets allocated to the Tender Pool will be attributed solely to the Tender Pool. Shareholders who successfully tender will receive a *pro rata* share of the net proceeds of the Tender Pool, less associated costs. The assets of the Tender Pool will be fully realised as soon as practicable after the commencement of the realisation of the Tender Pool such that final cash payments can be made to the tendering Shareholders as soon as practicable thereafter.

Following the date upon which all of the assets contained in the Tender Pool have been fully realised, and all liabilities to be borne by the Tender Pool (other than stamp duty) met, the Directors will select a date upon which the Final Tender Offer Asset Value of the Tender Pool will be calculated (the "Tender Pool Determination Date"). The Final Tender Offer Asset Value will equal the unaudited Net Asset Value of the assets in the Tender Pool on the Tender Pool Determination Date less any stamp duty arising on the repurchase of shares by the Company.

Under the terms of the Tender Offer, which is being made by J.P. Morgan Cazenove, Shareholders (other than certain Overseas Shareholders) will be entitled to tender up to their Basic Entitlement, being 40 per cent. of the Shares they held as at the close of business on the Record Date, 28 April 2017. Shareholders may also tender additional Shares, but any such excess tenders above the Basic Entitlement will only be satisfied, on a *pro rata* basis, to the extent that other Shareholders tender less than their aggregate Basic Entitlement.

The Tender Offer is subject to the conditions to be set out in the Circular which will be published in due course, which will also include the expected timetable. The Tender Offer may also be terminated in certain circumstances to be set out in the Circular. Details of how Shareholders will be able to tender Shares will be set out in the Circular.

Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

The Company's authority to repurchase its own Shares, which is expected to be granted at the annual general meeting of the Company to be held on 8 June 2017 in respect of up to 14.99 per cent. of the Company's issued share capital as at the date of that meeting, will remain in force and be unaffected by the Tender Offer.

Overseas Shareholders

The making of the Tender Offer to persons outside the United Kingdom, the Channel Islands or the Isle of Man may be prohibited or affected by the laws of the relevant overseas jurisdictions. Overseas Shareholders should read the Circular for further details.

It is the responsibility of all Overseas Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such holders to participate in the Tender Offer.

Enquiries

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Definitions

Calculation Date	means the day on which the Company calculates the Tender Offer Formula Asset Value for the purposes of the Tender Offer
Continuing Pool	means the pool of stocks, cash and assets to be created in accordance with the terms of the Tender Offer and relating to those Shareholders who are not tendering Shareholders
Final Tender Offer Asset Value	means the unaudited Net Asset Value of the assets in the Tender Pool on the Tender Pool Determination Date (which for the avoidance of doubt will take account of the costs of realisation of the Tender Pool) less any stamp duty arising on the repurchase of Ordinary Shares by the Company.
Overseas Shareholders	Shareholders with registered or mailing addresses outside the United Kingdom, the Channel Islands or the Isle of Man or who are citizens or nationals of, or resident in, a jurisdiction other than the United Kingdom, the Channel Islands and the Isle of Man
Tender Pool	means the pool of stocks, cash, assets and liabilities to be created in accordance with the terms of the Tender Offer and relating to the Tendering Shareholders
Tender Pool Determination Date	means the date specified by the Directors being as soon as practicable following the date on which all assets in the Tender Pool (other than any contingent assets, if any) have been fully realised and settled and liabilities (other than stamp duty to be payable) have been met

The information contained within this announcement is considered to be inside information prior to its release as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), which is authorised and regulated by the Prudential Regulation Authority and by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the tender offer and the contents of this announcement, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove nor for providing advice in connection with the tender offer and the contents of this announcement or any other matter referred to herein.

J.P. Morgan Cazenove is not responsible for the contents of this announcement.