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6 October 2022

The Monks Investment Trust PLC (MNKS)
LEI: 213800MRI1JTUKG5AF64

Publication of Prospectus and Circular in relation to the proposed combination of the Company with The Independent Investment Trust plc

Introduction

The Monks Investment Trust PLC (the "**Company**" or "**Monks**") announced on 9 August 2022 that the Board had agreed heads of terms with the Board of The Independent Investment Trust plc ("**IIT**") for a combination of the assets of the Company with the assets of IIT. If approved, the combination is to be implemented through a scheme of reconstruction and voluntary winding-up of IIT under section 110 of the Insolvency Act 1986 (the "**Scheme**").

The Board announces that the Company has today published a prospectus (the "**Prospectus**") in relation to the issue of new Ordinary Shares in the Company pursuant to the Scheme ("**New Shares**"), together with a circular to provide the Company's shareholders (the "**Shareholders**") with further details of the Proposals and to convene a general meeting of the Company (the "**General Meeting**") to seek approval from Shareholders for the implementation of the Proposals (the "**Circular**").

Following completion of the Scheme, the Monks portfolio will continue to be managed on the same basis as it is currently. In particular, the Monks investment policy and investment objective will not be amended in connection with the Proposals and the portfolio will continue to be managed by Baillie Gifford's Global Alpha team.

Details of the Scheme

Subject to the passing of the Resolution, and to the satisfaction of the other conditions of the Scheme, IIT will be placed into members' voluntary liquidation and the Scheme will take effect. The Scheme will become effective on the Effective Date (expected to be 8 November 2022) whereupon the cash, undertaking and other assets of IIT comprising the Rollover Pool will be transferred to the Company pursuant to the Transfer Agreement in consideration for the issue of New Shares to those IIT Shareholders who have elected, or are deemed to have elected, for the Rollover Option. The relevant number of New Shares will be allotted to the Liquidators who will renounce the New Shares in favour of such IIT Shareholders.

The issue of New Shares under the Rollover Option will be effected on a formula asset value ("**FAV**") for formula asset value basis as at the Calculation Date (expected to be as at market close on 2 November 2022). For the purposes of the Scheme, the NAVs of each of the Company and IIT will be adjusted to take account of debt calculated at fair value and dividends, or any other distributions, declared but not paid prior to the Effective Date, in order to determine their respective FAVs.

The New Shares will be issued on a non pre-emptive basis and will rank equally in all respects with the existing issued Shares other than in respect of dividends declared with a record date prior to the Effective Date.

The Cash Option

As part of the Proposals, IIT Shareholders may elect to receive cash instead of New Shares in respect of some or all of their holdings in IIT. There will be no limit on the amount of IIT Shares which may be elected for the Cash Option, and IIT Shareholders are entitled to elect for the Cash Option in respect of their entire holding of IIT Shares. IIT Shareholders who elect, or are deemed to elect, for the Cash Option will receive an amount in cash equal to a discount of 2 per cent. to the Residual NAV per IIT Share (the "**Cash NAV per IIT Share**") multiplied by the number of IIT Shares in respect of which such IIT Shareholder has elected for the Cash Option. The benefit of the discount applied under the Cash Option will accrue to those IIT Shareholders who elect, or are deemed to have elected, for the Rollover Option.

Conditions of the Proposals

Implementation of the Proposals is subject to a number of conditions, including

- the passing of the Resolution to be proposed at the General Meeting, or any adjournment thereof, and upon any conditions of such Resolution being fulfilled;
- the IIT Resolutions being passed and becoming unconditional in all respects;
- the approval of the Financial Conduct Authority and the London Stock Exchange to the Admission of the New Shares to the Official List and to trading on the Main Market, respectively; and
- the Directors and the IIT Directors resolving to proceed with the Scheme.

If any condition is not satisfied, the Proposals will not become effective and no New Shares will be issued.

Benefits of the Proposals

The Board believes that the Proposals will offer Shareholders of the Enlarged Company the following benefits:

- an increase in scale, allowing the Enlarged Company to spread costs over a larger asset base, while also potentially improving liquidity and aiding marketing;
- the addition to the Portfolio of a ready-assembled collection of UK growth stocks which the Investment Manager has assessed for potential upside and Portfolio fit; and
- the possibility of a cash inflow to the Portfolio which can be redeployed at a potentially advantageous stage of the performance, discount and market cycles.

Transfer Agreement

If the resolution to be proposed at the Second IIT General Meeting is passed, the Company will enter into the Transfer Agreement on or around the Effective Date, pursuant to which the Rollover Pool will be transferred to the Company in consideration for the issue of New Shares to the Liquidators on behalf of the relevant IIT Shareholders. The parties to the Transfer Agreement have entered into irrevocable undertakings to enter into the Transfer Agreement on the Effective Date in the event that all of the conditions to the Scheme are satisfied in full.

Costs and expenses of the Proposals

The Proposals will not result in any equity capital being raised by the Company. The New Shares are being issued to IIT Shareholders who elect, or are deemed to have elected, for the Rollover Option in consideration for the transfer to the Company of the Rollover Pool.

Subject as noted below, if the Scheme is implemented, the Company and IIT have each agreed to bear their own costs associated with the Scheme. The fixed costs of the Proposals payable by the Company are expected to be approximately £600,000 inclusive of VAT which, for the purposes of this calculation, is assumed to be irrecoverable, where applicable. In addition, the Company will also incur listing fees in respect of the listing of the New Shares and SDRT based on the value and constitution of the Rollover Pool.

The Liquidators' Retention is estimated at £100,000 and will be retained by the Liquidators to meet any unknown or unascertained liabilities of IIT. To the extent some or all of the Liquidators' Retention remains when the Liquidators decide to close the liquidation, this will be returned to IIT Shareholders on the IIT Register as at the Record Date.

Any costs of the realignment and/or realisation of the IIT Portfolio prior to the Scheme becoming effective will be borne by IIT. Any stamp duty, SDRT or other transaction tax, or investment costs incurred by the Company in acquiring the Rollover Pool, or the deployment of the cash therein upon receipt, will be borne by the Enlarged Company.

In the event that either Shareholders or IIT Shareholders do not resolve to proceed to implement the Scheme on the terms described in the Circular (including if either Shareholders or IIT Shareholders do not pass any resolution required to implement the Scheme) then either the Company or IIT (whichever company does not resolve to proceed with the Scheme) will bear the reasonable costs of both parties in connection with the Proposals, subject to bearing a maximum of £125,000 (exclusive of VAT) of the other party's reasonable costs.

In the event that both of the parties do not resolve to proceed to implement the Scheme on the terms described in the Circular (including if both Shareholders and IIT Shareholders do not pass any of the resolutions required to implement the Scheme) then each party will bear its own costs.

The AIFM has agreed to waive the management fee payable by the Company in respect of the net assets transferred to the Company under the Scheme for the first 182 days following the completion of the Scheme. The financial value of this amount (which is estimated at approximately £171,000 based on IIT's NAV as at 29 September 2022, and assuming that no IIT Shareholders exercise their right to dissent from participation in the Scheme and 50 per cent. of IIT Shares are elected for the Cash Option) shall be for the benefit of the shareholders of the Enlarged Company, including those IIT Shareholders who elect, or are deemed to have elected, for the Rollover Option. For the avoidance of doubt, this amount shall not be taken into account in the calculation of either the MNKS FAV per Share or the IIT FAV per Share.

Admission and Dealings

Applications will be made by the Company to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List and to trading on the Main Market, respectively. If the Proposals become effective, it is expected that the New Shares will be admitted to the Official List, and dealings on the Main Market will commence, on 9 November 2022.

General Meeting

The Proposals are conditional, among other things, upon Shareholders' approval of the Resolution to be proposed at the General Meeting. The General Meeting will be held on 7 November 2022 at the offices of Baillie Gifford & Co, Grimaldi House, 28 St James's Square, London SW1Y 4JH. The Resolution will be proposed as an ordinary resolution and in order to be passed will, accordingly, require more than 50 per cent. of the votes cast to be voted in favour of it.

The Resolution will, if passed, authorise the Directors to allot up to 30 million New Shares to IIT Shareholders who have elected, or are deemed to have elected, for the Rollover Option pursuant to the Scheme. Notice of the General Meeting is set out at the end of the Circular and contains the full text of the Resolution.

Expected Timetable

Publication of Circular	6 October
Calculation Date	market close on 2 November
Latest time and date for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 3 November
General Meeting	11.00 a.m. on 7 November
Effective Date for implementation of the Scheme	8 November
Announcement of the results of the elections, the IIT FAV per Share, the Cash NAV per Share and the MNKS FAV per Share	8 November
CREST Accounts credited with, and dealings commence in, New Shares	8.00 a.m. on 9 November
Share certificates in respect of New Shares despatched (or as soon as possible thereafter)	by 12 November

All times are UK times. Times and dates are subject to change.

Capitalised terms used but not defined in this announcement have the meaning as set out in the Circular unless the context otherwise requires.

The Prospectus and Circular have been submitted to the Financial Conduct Authority and will shortly be available for inspection at the National Storage Mechanism which is located at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and on the Company's website at www.monksinvestmenttrust.co.uk.

Enquiries

The Monks Investment Trust plc

Karl Sternberg (Chairman)

Contact via Investec

Investec Bank plc (Corporate Broker)

David Yovichic

T: 020 7597 4000

This announcement is an advertisement for the purposes of the Prospectus Regulation Rules of the UK Financial Conduct Authority ("FCA") and is not a prospectus. 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, including in or into Australia, Canada, Japan, the Republic of South Africa, the United States or any member state of the EEA (other than any member state of the EEA where the Company's securities may be lawfully marketed). A copy of the Prospectus is available for inspection, subject to certain access restrictions, from the Company's registered office, for viewing at the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and on the Company's website (www.monksinvestmenttrust.co.uk). Approval of the Prospectus by the FCA should not be understood as an endorsement of the securities that are the subject of the Prospectus. IIT Shareholders are recommended to read the Prospectus before making a decision in order to fully understand the potential risks and rewards associated with a decision to invest in the Company's securities.