

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES OF AMERICA (INCLUDING ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA), AUSTRALIA, CANADA, JAPAN, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA, ANY MEMBER STATE OF THE EEA (OTHER THAN THE UNITED KINGDOM) OR ANY OTHER JURISDICTION IN WHICH THE SAME COULD BE UNLAWFUL OR TO U.S. PERSONS.

JPMorgan Japan Smaller Companies Trust plc

Publication of Prospectus in respect of proposed Bonus Issue of Subscription Shares

14 November 2014

Further to the announcement made by the Board of JPMorgan Japan Smaller Companies Trust plc (the “**Company**”) on 17 September 2014 in which it was stated that the Company was considering a bonus issue of subscription shares to the Company’s existing shareholders, the Company has today published a prospectus (the “**Prospectus**”) setting out details of the proposed Bonus Issue and convening a General Meeting to consider a resolution to give effect thereto.

Implementation of the Bonus Issue requires certain amendments to the Company’s articles of association to provide for the rights of the Subscription Shares and to obtain authority to allot the Subscription Shares. The Bonus Issue is conditional on the passing of the special resolution to be proposed at the General Meeting of the Company to be held on 12 December 2014, as well as on the admission of the Subscription Shares to the standard segment of the Official List and to trading on London Stock Exchange plc’s main market for listed securities.

The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every five Existing Ordinary Shares held on the Record Date, subject to the passing of the Resolution set out in the Notice of General Meeting.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share on exercise of the Subscription Share Rights and on payment of the Subscription Price.

Notice of the exercise of the Subscription Share Rights may be given on the last Business Day of each month commencing in January 2015 and finishing on the last Business Day in November 2016, after which the Subscription Share Rights will lapse. The Ordinary Shares arising on exercise of the Subscription Share Rights will be allotted within ten Business Days of the relevant exercise date.

Qualifying Shareholders' entitlements will be assessed against the register of members on the Record Date, which is expected to be 5.00 p.m. on 12 December 2014.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company or to attend and/or vote at general meetings of the Company (although the holders of the Subscription Shares have the right to vote in certain circumstances where there is a variation of the rights attached to the Subscription Shares).

The Subscription Price will be equal to the unaudited published NAV per Ordinary Share as at 5.00 p.m. on 12 December 2014, plus a 2 per cent. premium to such NAV per Ordinary Share, rounded up to the nearest whole pence.

The NAV for the purpose of calculating the Subscription Price will be the unaudited value of the Company's assets calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their par value (including the costs of the Bonus Issue). Prior charges include all loans and overdrafts that are to be used for investment purposes.

The New Articles will provide that the Subscription Price is subject to adjustment upon the occurrence of certain corporate events affecting the Company before the last Business Day in November 2016. The relevant corporate events include consolidations or sub-divisions of share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares, or both.

The percentage premium applying upon exercise and the resulting Subscription Price reflect the Board's confidence in the Company's medium to long term prospects and its hope that Qualifying Shareholders will be able to exercise their Subscription Share Rights and acquire Ordinary Shares on favourable terms in the future.

Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

It is expected that an announcement setting out the Subscription Price will be made on 15 December 2014.

Benefits of the Bonus Issue

The Directors believe the Bonus Issue will have the following advantages:

- (a) Qualifying Shareholders will receive securities which they may convert into Ordinary Shares at a predetermined price in order to benefit from any future growth in the Company;

- (b) Qualifying Shareholders will receive securities which may be traded in a similar fashion to their Existing Ordinary Shares;
- (c) Qualifying Shareholders will receive securities which are qualifying investments for the purposes of a stocks and shares ISA and permitted investments for the purposes of a SIPP;
- (d) the ongoing charges per Ordinary Share may fall on the exercise of the Subscription Share Rights as the capital base of the Company will increase and the Company's fixed costs are spread across a larger number of Ordinary Shares; and
- (e) liquidity in the market for the Company's Ordinary Shares may improve on exercise of the Subscription Share Rights as the number of Ordinary Shares in issue will increase.

Implementation of the Bonus Issue

The implementation of the Bonus Issue will require Shareholders to approve the Resolution which is to be proposed at the General Meeting as a special resolution. If passed, the Resolution will:

- (a) approve the adoption of New Articles containing the rights attaching to the Subscription Shares;
- (b) authorise the Directors to allot the Subscription Shares pursuant to the Bonus Issue;
- (c) waive statutory pre-emption rights in relation to the issue of the Subscription Shares and the allotment of Ordinary Shares pursuant to the exercise of the Subscription Share Rights;
- (d) authorise the capitalisation of sums standing to the credit of the Company's capital redemption reserve, other reserve and any other available reserves (excluding the profit and loss account) in paying up in full at par the Subscription Shares to be issued pursuant to the Bonus Issue;
- (e) authorise the consolidation, sub-division or redemption of any share capital in connection with the exercise of the Subscription Share Rights so as to enable conversion of the Subscription Shares into Ordinary Shares in accordance with the Subscription Share Rights; and

- (f) authorise the purchase by the Company of Subscription Shares representing up to 14.99% of the Company's issued Subscription Share capital following Admission (subject to certain conditions).

Admission and Dealings

The Subscription Shares will be in registered form and may be issued either in certificated or uncertificated form. No temporary documents of title will be issued. Pending despatch of definitive certificates, transfers of Subscription Shares in certificated form will be certified against the Company's share register. All documents or remittances sent by or to Shareholders will be sent through the post at the risk of the Shareholder.

Applications will be made to the UK Listing Authority for the Subscription Shares to be admitted to the standard segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on its main market. It is expected that Admission will occur, and that dealings will commence, in respect of the Subscription Shares on 16 December 2014. On Admission, the Subscription Shares will confer rights to subscribe for new Ordinary Shares representing, in aggregate, up to 20 per cent. of the then issued ordinary share capital of the Company.

The Ordinary Shares resulting from the exercise of the Subscription Share Rights will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Ordinary Shares arising on the exercise of the Subscription Share Rights).

The ISIN of the Subscription Shares will be GB00BSFWJ549 and the ticker will be JPSS.

Restricted Shareholders

The issue of the Subscription Shares to persons who have a registered or mailing address in Restricted Territories, meaning any jurisdiction other than the United Kingdom, Jersey and Guernsey, may be affected by the law or regulatory requirements of the relevant jurisdiction.

The Subscription Shares to be issued under the Bonus Issue are not being issued to Restricted Shareholders. The Board will allot any Subscription Shares due under the Bonus Issue to Restricted Shareholders to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the Restricted Shareholders entitled to them save that entitlements of less than £5.00 per Restricted Shareholder will be retained by the Company for its own account.

Notwithstanding any other provision of the Prospectus the Company reserves the right to permit any Shareholder to take up Subscription Shares under the Bonus Issue

if the Company, in its sole and absolute discretion, is satisfied at any time prior to the General Meeting that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Restricted Shareholders who believe that they are entitled to take up Subscription Shares under the Bonus Issue should contact the Secretary as soon as possible to discuss the matter. The telephone number for the Secretary is +44 (0) 20 7742 4000.

General Meeting

The Bonus Issue is conditional on, amongst other things, the approval by Shareholders of the Resolution to be proposed at a General Meeting of the Company which has been convened for 11.00 a.m. on 12 December 2014 at J.P. Morgan's offices at 60 Victoria Embankment, London EC4Y 0JP.

Expected Timetable

2014

Latest time and date for receipt of Voting Instruction Forms from Plan Participants	11.00 a.m. on 5 December
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 10 December
General Meeting to approve Bonus Issue	11.00 a.m. on 12 December
Subscription Price of Subscription Shares calculated	Close of business on 12 December
Record Date for the Bonus Issue	5.00 p.m. on 12 December 2014
Announcement of the Subscription Price	15 December
Admission of the Subscription Shares to the standard segment of the Official List and dealings in the Subscription Shares commence	16 December
Crediting of CREST stock accounts in respect of the Subscription Shares	16 December
Share certificates despatched in respect of the Subscription Shares	Week commencing 22 December

Publication of the Prospectus

The Prospectus has been approved by the UK Listing Authority. A copy of the Prospectus will be available for inspection at the National Storage Mechanism which is located at www.morningstar.co.uk/uk/NSM. Copies are also available for collection, free of charge during normal business hours from the registered office of the Company up to and including the date of Admission. The Prospectus will also shortly be available to view on the Company's website at www.jpmmjapan.com.

Capitalised terms used in this announcement shall have the same meaning ascribed to them in the Prospectus.

Enquiries:

JPMorgan Funds Limited

Richard Plaskett / Christopher Legg / Rebecca Burtonwood 020 7742 4000

Canaccord Genuity Limited

David Yovichic / Helen Goldsmith 020 7523 8000

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as sponsor to JPMorgan Japan Smaller Companies Trust plc and is acting for no-one else in connection with the Bonus Issue 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 Canaccord Genuity Limited nor for providing advice in connection with the Bonus Issue and the contents of this announcement or any other matter referred to herein. Canaccord Genuity Limited is not responsible for the contents of this announcement. This does not exclude or limit any responsibilities which Canaccord Genuity Limited may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.