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20 April 2020

Caledonian Trust plc

("Caledonian Trust" or the "Company")

Update on proposed sale of St Margaret's House

Further to the update provided in the Company's interim results for the six months ended 31 December 2019 announced on 31 March 2020 (the "**Interim Results**") and the Company's previous announcements, Caledonian Trust, the Edinburgh-based property investment holding and development company, provides a further update on its proposed sale of St Margaret's House, 151 London Road, Edinburgh ("**St Margaret's**" or the "**Property**") to Drum Property Group Limited ("**Drum**" or the "**Purchaser**") (the "**Proposed Disposal**").

Drum's proposal underlying its conditional purchase of St Margaret's involved Drum entering into a pre-let agreement with a specific third-party tenant (the "**Prospective Tenant**") for the student accommodation (the "**student accommodation**") to be built on part of the Property. However, that pre-letting has not yet occurred and there is now material uncertainty on the Prospective Tenant pursuing its interest in the location. As a consequence of this, and in order for Drum to proceed with the purchase of St Margaret's, the missives in relation to the Proposed Disposal (the "**Missives**") have now been varied and a variation agreement was entered into on 17 April 2020 by the Company and Drum to accommodate different pre-letting outcomes.

The amended Missives include a potential reduction in the overall consideration for the Proposed Disposal to £11.5 million (exclusive of VAT), payable to the Company on completion in cash in the event Drum do not agree a pre-let to the Prospective Tenant. The Proposed Disposal remains conditional, *inter alia*, on Drum securing a pre-let of the student accommodation and Drum obtaining detailed planning permission and all other consents to its entire satisfaction all as previously agreed.

The terms of the amended Missives specifically allow for the consideration for the Proposed Disposal to revert to the original sum of £15.0 million (exclusive of VAT), if Drum enters into a lease (or certain other forms of letting agreement) in respect of the student accommodation with the Prospective Tenant prior to the first student taking occupation of any student bedroom within the Property.

The amended Missives reflect the planning application which Drum submitted to the City of Edinburgh Council Planning Committee in September 2019, which is for 377 student bedrooms and 107 residential flats.

Aside from the details stated above, there are no other changes relative to the previously amended Missives entered into by Drum and Caledonian Trust announced on 23 August 2019 and previously.

The Directors currently expect that completion of the Proposed Disposal will take place in the summer of 2021. The Company intends to use the net proceeds from the Proposed Disposal to fund the Company's existing property development programme, re-invest into new property developments, repay certain existing debt and provide working capital.

St Margaret's is the Company's largest property development and is located in Edinburgh, approximately one mile from the Parliament and Princes Street and adjacent to Meadowbank Stadium. The existing building is a 92,000ft² multi-storey building. A book value of £11 million was attributed to the Property as at 30 June 2019 in the last audited accounts published by the Company. For the year ended 30 June 2019, the Property generated gross rental income of £194,395 for the Company and an operating profit of £167,020.

The Company will release further announcements on the Proposed Disposal at the appropriate time.

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