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17 February 2017

Caledonian Trust plc

("Caledonian Trust" or the "Company")

Update on Brunstane development and additional unsecured loan from Leafrealm Limited

Update on Brunstane development

On 16 September 2016, the Company announced that it had entered into an agreement with Leafrealm Limited ("**Leafrealm**") to put in place a loan facility of up to £360,000 (the "**Brunstane Loan Facility**") in order to provide funding for the anticipated costs to be incurred in the construction of two new semi-detached houses at Brunstane Road South, Edinburgh, Scotland (the "**Construction**"). Leafrealm is a company controlled by Douglas Lowe, Caledonian Trust's Chairman, Chief Executive and major shareholder.

As at the date of this announcement, a total of £310,000 has been drawn down under the Brunstane Loan Facility. The Board intends to continue to draw down on the Brunstane Loan Facility until the Construction has been completed.

As previously announced, the Company had entered into a building contract with Richmond Homes (Scotland) Limited ("**Richmond**") for the Construction, which the Board originally had envisaged would be complete by the end of January 2017.

However, the Construction has experienced unexpected delays with the building contractor and the Board has recently been notified that Richmond appointed a liquidator in February 2017. As a consequence, the Company is now seeking a replacement building contractor to complete the Construction.

The Board now expects the Construction to complete in Q2 2017. As previously announced, the Board intends to repay amounts drawn down under the Brunstane Loan Facility from the future sale proceeds of the two houses.

Additional unsecured loan from Leafrealm

Leafrealm has provided an additional loan of £100,000 to the Company (the "**Further Loan**") to provide the Company with further working capital. The Further Loan is separate to the Brunstane Loan Facility already in place.

The Further Loan was agreed on the following key terms:

- The Further Loan accrues an annual interest rate equivalent to the base rate of the Bank of Scotland from time to time (currently 0.25%). Interest shall be paid in quarterly instalments;
- The Further Loan will not be convertible into new ordinary shares in the Company;
- The Further Loan is repayable on demand by Leafrealm giving 12 months and 1 day's written notice requiring repayment;
- The Further Loan has no specific loan maturity date; and
- The Further Loan is unsecured.

Following the provision of the Further Loan, the aggregate amount advanced by Leafrealm to the Company across the various loan arrangements (including the amount drawn down under Brunstane Loan Facility) totals £3,990,000 as at the date of this announcement.

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