

1 July 2016

## **Caledonian Trust plc**

**("Caledonian Trust" or "the Company")**

### **Variation to terms of Loan Notes with Leafrealm Limited**

The Company announces that, on 30 June 2016, it has reached agreement with Leafrealm Limited ("**Leafrealm**"), a company which is controlled by Douglas Lowe, Caledonian Trust's Chairman, Chief Executive and majority shareholder, to vary the terms of two existing loan note instruments (collectively, the "**Existing Loan Notes**"). As at 30 June 2016, the Company owed a total of approximately £2,725,000 to Leafrealm pursuant to the Existing Loan Notes.

The first loan note agreement was originally entered into on 30 June 2003 and has subsequently had its repayment date extended on several occasions. The key terms to this loan note involved Leafrealm agreeing to make an unsecured, non-convertible loan of £1 million to Caledonian Trust, which attracted interest at a rate of 3% over the base rate of the Bank of Scotland (the "**Existing First Loan Note**"). No arrangement fee nor administrative charge is applicable to this loan note, which is repayable at any time by the Company.

The second loan note agreement was created on 24 June 2010, on the same terms as the loan note described above, with a facility which was originally for up to £2.5 million (the "**Existing Second Loan Note**"). Its repayment date has also been extended on previous occasions. As at 30 June 2016 £1,725,000 of loan notes had been issued to Leafrealm under this instrument.

In addition to the amounts owed to the Company by Leafrealm pursuant to the Existing Loan Notes, the Company has an additional unsecured loan totalling £805,000 with Leafrealm and therefore the total amount of outstanding loans with Leafrealm amounts to £3,530,000 (this excludes accrued but unpaid interest of £328,662 under the existing loan note agreements).

On 30 June 2016 the Company entered into a new agreement with Leafrealm to replace the Existing First Loan Note, the Existing Second Loan Note and the unsecured loan of £805,000 with a new loan note on the following key terms (the "**New Loan**"):

- New Loan amount: £3,530,000 (representing the current outstanding principal advanced by Leafrealm to the Company);
- The New Loan carries an annual interest rate of 3% above the base rate of the Bank of Scotland from time to time. Interest shall be paid in quarterly instalments in arrears. Leafrealm has agreed to waive the margin element of the interest from 1 April 2015 until further notice but Leafrealm will be entitled to re-instate the margin at any time;
- The New Loan is not capable of being convertible into new ordinary shares in the Company;
- The New Loan is repayable at any time by the Company, in part or in whole;
- The New Loan is repayable on demand by Leafrealm giving 12 months and 1 day's written notice requiring repayment;
- The New Loan has no specific loan maturity date; and
- The New Loan is unsecured.

Mr Lowe is a director of the Company and a substantial shareholder of the Company and, as such, he is a related party of the Company pursuant to Rule 13 of the AIM Rules for Companies. Therefore, the Company's replacement of the Existing First Loan Note, the Existing Second Loan Note and the unsecured loan of £805,000 with the New Loan, constitutes a related party transaction under Rule 13 of the AIM Rules for Companies. The Company's directors, with the exception of Mr Lowe, consider,

having consulted with the Company's nominated adviser, Allenby Capital Limited, that the terms of the New Loan are fair and reasonable insofar as Caledonian Trust's shareholders are concerned.

Enquiries:

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