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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED. ON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

28 November 2023

Troy Income & Growth Trust plc

Combination with STS Global Income & Growth Trust plc

Introduction

Further to the Company's announcement on 2 November 2023, the Board of Troy Income & Growth Trust plc ("TIGT") is pleased to announce that heads of terms have been agreed for a proposed combination of TIGT with STS Global Income & Growth Trust plc ("STS").

The combination, if approved by each company's shareholders, will be implemented through a scheme of reconstruction pursuant to section 110 of the Insolvency Act 1986 (the "Scheme"), resulting in the voluntary liquidation of TIGT and the rollover of its assets into STS in exchange for the issue of new shares of STS (the "New STS Shares") to holders of TIGT shares (the "TIGT Shares") with TIGT shareholders ("TIGT Shareholders") offered the option of up to 100% cash exit (the "Cash Option") (the "Proposals").

Following implementation of the Proposals, the enlarged STS will continue to be managed, on the same basis as currently, by Troy Asset Management Limited ("Troy") with James Harries continuing as the lead portfolio manager, supported by Tomasz Boniek and the wider Troy investment team.

The Proposals are subject to the approval of TIGT and STS Shareholders, and also to regulatory and tax approvals.

Bridget Guerin, Chair, commented:

"The Board is pleased to have reached an agreement with the board of STS over the proposed combination of the two companies. The combination will create a larger investment trust that is expected to be more liquid and have reduced overall costs, and will continue to follow Troy's long term, quality focussed, conservative investment management style with a global opportunity set."

Benefits of the Proposals for TIGT Shareholders

- Proposals provide continuity for TIGT Shareholders wishing to remain invested:
 - STS is also an equity income investment trust which targets a growing level of income and steady capital growth over the long term;
 - STS provides continued exposure to Troy's investment ethos and process. STS is managed by Troy's global income management team, led by James Harries who has managed global equity portfolios since 2002, following a quality focussed, long-term, conservative investment approach;
 - STS has a global approach to achieving its investment objective, providing enhanced opportunities to invest in the world's highest quality companies and to diversify sources of income. However, STS has a similar view to TIGT that the UK is currently an undervalued market and STS currently has 32% of its gross portfolio invested in UK companies, and STS and TIGT currently have 15 stocks in common representing 49% of TIGT's current gross portfolio; and
 - STS has operated a discount control mechanism since November 2020 which aims to ensure, in normal market conditions, that the shares trade consistently close to their net asset value, providing liquidity for all shareholders.
- The Proposals include the following additional features which are expected to have a beneficial effect for TIGT Shareholders:
 - The proposed combination will result in reduced overall costs for TIGT Shareholders, supported by STS's management fees being reduced following implementation of the Proposals to align with TIGT's;

- TIGT Shareholders receiving New STS Shares will have exposure to a larger investment trust which is expected to be more liquid;
- Significant cost contribution by Troy equivalent to an eighteen-month fee waiver on the assets transferred from TIGT to STS under the Scheme (the “Cost Contribution”) which is expected to reduce TIGT Shareholders’ exposure to costs in connection with the Proposals;
- TIGT Shareholders electing for the Cash Option will receive cash at a 2% discount to NAV and will therefore receive value equivalent to 98% of their TIGT NAV per share;
- Due to the effect of the Cost Contribution, the 2% discount on the Cash Option, and the New STS Shares being issued on a nil-premium basis, TIGT Shareholders receiving New STS Shares are estimated to receive value equivalent to 99.7% of their TIGT NAV per share through their STS shareholding (based on current transaction assumptions including a 20% take up of the Cash Option); and
- Assets to be transferred to STS from TIGT pursuant to the Scheme are to be agreed by both parties prior to the transfer. Given there are a number of common holdings between the two companies, a material portion of the rollover assets is expected to consist of TIGT existing holdings.

Further details of the Scheme

TIGT Shareholders will receive New STS Shares as the default option if no election is made under the Scheme.

For each company a Formula Asset Value (“FAV”) will be calculated using the companies’ respective net asset values (cum income and debt at fair value) (“NAV”). New STS Shares will be issued based on the ratio of the STS FAV per share to the TIGT FAV per share. In calculating the FAVs, each party will bear its own costs incurred in relation to the Proposals, with the Cost Contribution applied first to offsetting STS’s costs (to the point that STS Shareholders will not suffer NAV per share dilutions) and second with any surplus applied to offset TIGT’s costs.

TIGT Shareholders may elect to receive cash in respect of all or part of their holding, with no limit on the number of TIGT Shares which can be elected for the Cash Option. TIGT Shareholders electing for the Cash Option will receive an amount in cash equal to the NAV per TIGT Share less 2%, multiplied by the number of TIGT Shares elected for the Cash Option.

Under the terms of the Proposals, any costs of realignment and/or realisation of the TIGT portfolio prior to the Scheme becoming effective will be borne by TIGT. The anticipated costs of stamp duty, stamp duty reserve tax or other transaction tax for the acquisition of the TIGT portfolio by STS will be borne by TIGT, together with the anticipated London Stock Exchange admission fees.

In accordance with customary practice for such transactions, the City Code on Takeovers and Mergers is not expected to apply to the Proposals.

Cost Contribution and Troy fee reduction

Troy has agreed to contribute towards the costs of the Proposals an amount equal to the management fees payable to it in respect of the assets transferred to STS under the Scheme for a period of 18 months, subject to a cap of £1.1 million.

In addition, for the enlarged STS, Troy will reduce its annual management fee to 0.55% of shareholders’ funds up to £250m and 0.50% above £250m (currently 0.65% of shareholders’ funds).

Troy will also waive the termination fee payable to it in respect of the termination of the TIGT investment management delegation agreement.

STS Board

Following completion of the Proposals, it is expected that the STS Board will comprise the current STS Directors and two directors from the current Board of TIGT. It is expected that two current STS directors will retire from the Board at, or immediately or prior to, the next STS AGM, which is expected to be held in July 2024, and they will not stand for re-election. The Chairman of the Board of STS will continue in that role.

Expected timetable

It is intended that the documentation in connection with the Proposals will be posted to shareholders in February 2024, with a view to convening general meetings and completing the Scheme by the end of March 2024.

Enquiries

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Important Information

This announcement is released by the Company and the information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Article 7 of the UK version of the EU Market Abuse Regulation (Regulation (EU) No. 596/2014) which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended. Upon the publication of this announcement via a Regulatory Information Service, such information is now considered to be in the public domain.

Legal Entity Identifier (LEI): 213800HLNMQ1R6VBLU75