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28 November 2023

STS Global Income & Growth Trust plc
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Combination with Troy Income & Growth Trust plc

Introduction

The Board of STS Global Income & Growth Trust plc ("STS") is pleased to announce that heads of terms have been agreed for a proposed combination of STS with the assets of Troy Income & Growth Trust plc ("TIGT").

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.

Benefits of the Proposals

- An increase in scale, allowing the enlarged STS to spread its fixed costs over a larger cost base, while also improving expected liquidity.
- A reduction in management fees to 0.55% of shareholders' funds up to £250m and 0.50% above £250m (currently 0.65% of shareholders' funds).
- A significant cost contribution by Troy, the investment manager of STS, equivalent to an eighteen month fee waiver on the assets transferred from TIGT to STS (the "Cost Contribution").
- A material portion of the rollover assets being transferred in specie given there are a number of common holdings between the two companies.

- An increase in shareholder diversification.

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 of Directors

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 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.

The Chairman of STS, John Evans, commented:

"The Board of STS is very pleased to have reached agreement with the TIGT Board over the proposed combination of the two Investment Companies.

The combined entity will create a larger investment trust with significantly reduced overall costs and expected improved liquidity which will continue to follow Troy's long term, quality focussed, conservative investment management style with a global opportunity set. We believe it is an attractive strategy for those with irreplaceable capital and looking for both income and capital growth.

We hope this represents an important step in us being able to offer this investment approach at scale in a closed ended vehicle."

Enquiries

STS Global Income & Growth Trust plc

John Evans (Chairman)

Contact via J.P Morgan Cazenove

J.P. Morgan Cazenove

William Simmonds
Rupert Budge

0203 493 8000

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.