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23 February 2024

STS Global Income & Growth Trust plc
(the "Company" or "STS")
LEI: 549300UZ1Y7PPQYJGE19

Publication of Prospectus and Circular in connection with the proposed combination of the Company with Troy Income & Growth Trust plc

Introduction

As announced by the Company on 28 November 2023, the Board has agreed terms with the board of Troy Income & Growth Trust plc ("**TIGT**") in respect of a proposed combination of the assets of the Company with TIGT. If approved, the combination will be implemented by way of a scheme of reconstruction and members' voluntary liquidation of TIGT under section 110 of the Insolvency Act (the "**Scheme**") and the associated transfer of part of TIGT's cash, assets and undertaking to the Company in exchange for the issue of new ordinary shares of one penny each in the capital of the Company (the "**New Shares**") to TIGT Shareholders who are deemed to have elected to roll over their investment in TIGT into the Company (the "**Issue**"). The proposals for the Company's participation in the Scheme, including the Issue, constitute the "**Scheme Proposals**".

The Board announces that the Company has today published a prospectus (the "**Prospectus**") in relation to the Issue, together with a circular to provide Shareholders with further details of the Scheme Proposals and to convene a general meeting of the Company (the "**General Meeting**") to seek approval from Shareholders for the implementation of the Scheme Proposals (the "**Circular**").

Following implementation of the Scheme Proposals, the Company will continue to be managed by Troy Asset Management Limited ("**Troy**") and it is intended that the Company's Portfolio will continue to be managed on the same basis as it is currently. In particular, the Company's investment policy and investment objective, to achieve rising income and long-term capital growth which it seeks to deliver for shareholders through investment in a balanced portfolio constructed from global equities, will not be amended in connection with the Scheme Proposals.

As noted below, whilst not a requirement or condition of the Scheme, the Board is also proposing to renew the Company's authority to buy back Shares and to make certain amendments to the Company's existing articles of association ("**Existing Articles**") at the General Meeting convened in connection with the Scheme Proposals. Further details are set out in the section titled "General Meeting" below and in the Circular.

Benefits of the Scheme Proposals

The Board believes that the Scheme Proposals will offer a number of benefits to shareholders of the enlarged Company, including:

- **Reduction in the Company's management fees:** As part of the Scheme Proposals, Troy has agreed to reduce the annual management fees payable by the enlarged Company to align with those currently payable by TIGT. These annual management fees will be 0.55 per cent. of net assets up to and including £250 million and 0.50 per cent. of net assets in excess of £250 million (the "**New Fee Arrangements**"). As a result of the combination of assets under the Scheme, shareholders in STS, including TIGT Shareholders that roll over, are expected to benefit from the lower marginal management fee rate charged on the value of net assets above £250 million.¹ Neither the Company nor TIGT currently meet that threshold.
- **Lower ongoing charges ratio:** As the enlarged Company will be able to spread its fixed costs over a larger asset base and because of the New Fee Arrangements, the Scheme Proposals are expected to result in a decrease of approximately 22 per cent.² in the ongoing charge ratio ("**OCR**") for Existing Shareholders, based on the pro forma OCR of the enlarged Company and the most recent OCR of the Company (as at 31 March 2023).
- **Enhanced marketability:** The scale of the enlarged Company is expected to improve the marketability of the Shares.
- **Significant cost contribution from Troy:** Troy will make a significant cost contribution equivalent to an eighteen-month fee waiver on the assets transferred to the Company under the Scheme (the "**Troy Cost Contribution**"). This is expected to fully offset the costs that would otherwise be borne by Existing Shareholders in connection with the Scheme Proposals. The Troy Cost Contribution, together with the other terms of the Scheme, means that there should be no dilution to the Company's NAV per Share as a result of the Scheme Proposals. Further details of the Troy Cost Contribution are set out below.
- **Shareholder register:** The Scheme Proposals will allow a number of Shareholders to consolidate their holdings across the Company and TIGT while also possibly creating a more diversified shareholder base through a combination of the balance of the two share registers.
- **Cost savings from the rollover of TIGT's existing holdings:** As at 20 February 2024, the Company and TIGT had 15 stocks in common, representing approximately 50 per cent. of their respective gross portfolios (excluding cash). Given there are a number of common holdings between the two companies, a material proportion of the Rollover Pool is expected to consist of TIGT's existing holdings. The Company's acquisition of such assets pursuant to the Scheme is expected to be more cost effective for the enlarged Company than investing cash upon receipt under the Scheme in the same investee companies (assuming there is no significant change in such companies' share prices between the Calculation Date and the Effective Date).

Overview of the Scheme

The Scheme Proposals will be effected by way of a scheme of reconstruction of TIGT under section 110 of the Insolvency Act, resulting in the voluntary liquidation of TIGT and the transfer of part of TIGT's

¹ Based on a combination of the net assets of the Company and TIGT as at 20 February 2024 (£202.9 million and £171.2 million respectively), current cost estimates and assuming no TIGT Shareholders dissent from the Scheme pursuant to section 111(2) of the Insolvency Act and 25 per cent. of TIGT Shares are elected for the Cash Option.

² Figures assume 25 per cent. of TIGT Shares are elected for the Cash Option and exclude any impact from the TIGT Portfolio realisation costs in connection with the Scheme. All figures are illustrative only, using currently available information and estimates. All figures are subject to change. The value of investments, and the income or capital entitlement which may derive from them, if any, may go down as well as up and is not guaranteed.

cash, assets and undertaking (the "**Rollover Pool**") to the Company in exchange for the issue of New Shares by the Company on a formula asset value ("**FAV**") for FAV basis.

Under the Scheme, TIGT Shareholders will be entitled to elect to receive in respect of some or all of their TIGT Shares:

- New Shares (the "**Rollover Option**"); and/or
- cash (the "**Cash Option**").

The Cash Option will be unlimited, and all valid Elections for that option will be accepted. TIGT Shareholders that elect, or are deemed to have elected, for the Cash Option will receive cash equal to the Cash NAV per TIGT Share multiplied by the number of TIGT Shares they own and in respect of which they have validly elected, or are deemed to have elected, for the Cash Option. The Cash NAV per TIGT Share will be equal to the TIGT NAV (which excludes any provision for the costs of the Scheme Proposals or any costs of the Scheme Proposals already accrued in TIGT's net asset value as at the Calculation Date) divided by the number of TIGT Shares in issue as at the Calculation Date (excluding TIGT Shares held in treasury) less a discount of 2 per cent. (the "**Cash Option Discount**"). The value arising from the application of the Cash Option Discount will be credited to the TIGT FAV for the benefit of the TIGT Shareholders that roll over their investment under the Scheme.

New Shares will be issued as the default option under the Scheme in the event that TIGT Shareholders do not make a valid Election under the Scheme for the Cash Option, or to the extent that they do not make an Election for the Cash Option in respect of their entire holding of TIGT Shares.

Further details of the Scheme and illustrative FAV calculations of each of the Company and TIGT are set out in Part 2 of the Circular.

The New Shares will be issued on a non pre-emptive basis and will rank equally in all respects with the existing issued Shares other than in respect of dividends declared with a record date prior to the Effective Date. For the avoidance of doubt, TIGT Shareholders receiving New Shares in connection with the Scheme will not, in respect of those New Shares, be entitled to receive the STS Third Quarterly Interim Dividend (being the Company's third quarterly interim dividend in respect of the financial year ending on 31 March 2024, which is due to be paid on 19 April 2024). However, such TIGT Shareholders will be entitled to participate in any dividends declared by the Company with a record date after the date of the issue of New Shares to them.

Conditions of the Scheme Proposals

The Scheme Proposals are conditional on:

- the passing of the TIGT Resolutions to approve the Scheme and the winding up of TIGT at the TIGT General Meetings and the Scheme becoming unconditional in all respects (including the Transfer Agreement becoming unconditional in all respects);
- the passing of Resolution 1 (to approve the issue of the New Shares pursuant to the Scheme) and Resolution 1 becoming unconditional in all respects;
- the FCA agreeing to admit the New Shares to the Official List and the London Stock Exchange agreeing to admit the New Shares to trading on the Main Market, subject only to allotment; and
- the Directors and the TIGT Directors resolving to proceed with the Scheme.

Unless the conditions referred to above have been satisfied or, to the extent permitted, waived by both the Company and TIGT on or before 31 March 2024, the Scheme Proposals will not become effective and the New Shares will not be issued.

Costs and Expenses of the Scheme Proposals

Save as described below, the Company and TIGT have each agreed to bear their own costs in relation to the Scheme Proposals. The fixed direct costs of the Scheme Proposals payable by the Company are expected to be approximately £790,000 inclusive of VAT (which is assumed to be irrecoverable where applicable). Such costs are expected to be fully offset by the Troy Cost Contribution (as defined below).

Any costs of realignment and/or realisation of the TIGT Portfolio will be borne by TIGT. The Acquisition Costs, being the anticipated costs of stamp duty, stamp duty reserve tax or other transaction tax for the acquisition of the Rollover Pool by the Company (but not, for the avoidance of doubt, any stamp duty, stamp duty reserve tax or investment costs incurred by the Company on the deployment of the cash therein upon receipt under the Scheme) will be borne by TIGT, together with the London Stock Exchange's Admission Fees. Such costs are not reflected in the estimate of costs above.

Troy has agreed to make a contribution to the costs of the Scheme Proposals by means of a reduction in the management fee payable by the enlarged Company to Troy. This fee reduction will constitute a waiver of the management fee that would otherwise be payable by the enlarged Company to Troy in respect of the assets transferred by TIGT to the Company pursuant to the Scheme for the first 18 months following the completion of the Scheme at the blended rate of the enlarged Company's New Fee Arrangements (the "**Troy Cost Contribution**"). The financial value of the Troy Cost Contribution will first be credited to the STS FAV against the STS Direct Costs (which for these purposes are capped at £900,000 (inclusive of VAT)) and, in the event that the Troy Cost Contribution exceeds the STS Direct Costs, an amount equal to the difference between the Troy Cost Contribution and the STS Direct Costs will be credited to the TIGT FAV. Based on the net assets of TIGT and the Company as at 20 February 2024, and assuming there are no Dissenting TIGT Shareholders, it is currently estimated that the total value of the Troy Cost Contribution will be between £970,000 (if there is a 30 per cent. take up of the Cash Option) and £1.1 million (if there is a 20 per cent. take up of the Cash Option), which would fully offset the Company's fixed direct costs in relation to the Scheme Proposals.

In the event that implementation of the Scheme does not proceed, each party will bear its own costs. No expenses will be charged directly to investors by the Company in connection with the Issue or Admission.

Proposed changes to the Board

It has been agreed as part of the Scheme Proposals that Bridget Guerin and Brigid Sutcliffe (the "**Prospective Directors**"), both of whom are currently TIGT Directors, will be appointed as non-executive Directors of the Company from the date of Admission. As such, the Board will then, initially, consist of eight Directors, comprising the six current Directors of the Company and two current TIGT Directors. It is expected that two current Directors, Angus Cockburn and Mark Little, will retire from the Board at the Company's upcoming annual general meeting, which is expected to be held in June 2024, and that they will not stand for re-election. Therefore, subject to the Directors' re-elections and the Prospective Directors' elections being approved by Shareholders, following the 2024 AGM the Board will consist of four of the incumbent Directors and two of the current TIGT Directors.

Following the implementation of the Scheme Proposals, the current Chairman of the Company will continue in that role.

Admission and Dealings

Applications will be made by the Company to the FCA and to the London Stock Exchange for the New

Shares to be admitted to listing on the premium segment of the Official List and to trading on the Main Market, respectively. If the Scheme Proposals become effective, it is expected that the New Shares will be admitted to the Official List, and dealings on the Main Market will commence, on 28 March 2024.

General Meeting

Implementation of the Scheme Proposals is conditional on, amongst other things, the passing of the Resolution to be proposed at the General Meeting to approve the Issue and the approval of the Scheme by TIGT Shareholders at the TIGT General Meetings.

In addition, whilst not a requirement of the Scheme, the Board is proposing to seek Shareholder approval for the renewal of the Company's authority to buy back Shares based on the issued Share capital of the Company at the time of the General Meeting and, due to the dilutive effect of the Issue, based on the on enlarged Share capital of the Company following the implementation of the Scheme Proposals.

The Board is also proposing, whilst not a requirement of the Scheme, to make certain amendments to the Company's existing articles of association ("**Existing Articles**"). The proposed changes to the Existing Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted and also include some additional minor or technical amendments. The proposed amendments to the Existing Articles are summarised in Part 3 of the Circular.

The General Meeting of STS will be held at the offices of Troy Asset Management Limited, 33 Davies Street, London W1K 4BP at 3.00 p.m. on 13 March 2024.

Notice of the General Meeting is set out at the end of the Circular and contains the full text of the Resolutions.

Expected timetable

Publication of the Circular and the Prospectus	2024 23 February
Latest time and date for receipt of Forms of Proxy and CREST voting instructions in respect of the General Meeting	3.00 p.m. on 11 March
General Meeting	3.00 p.m. on 13 March
Announcement of results of the General Meeting	13 March
Announcement of the results of the Elections under the Scheme	15 March
Calculation Date in relation to the Scheme	Market Close on 21 March
Effective Date for implementation of the Scheme	27 March
Announcement of the TIGT FAV per Share, the Cash NAV per TIGT Share and the STS FAV per Share	27 March
CREST Accounts credited with, and dealings commence in, New Shares	at, or soon after, 8.00 a.m. on 28 March
Share certificates in respect of New Shares held in certificated form despatched	no later than 10 Business Days from the Effective Date

All references to time are to London (UK) time, unless otherwise stated. Each of the times and dates in the above expected timetable (other than in relation to the General Meeting) may be subject to change. If any of the above times and/or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.

Defined terms used in this announcement shall, unless the context requires otherwise, have the meanings ascribed to them in the Circular.

The Prospectus and Circular have been submitted to the Financial Conduct Authority and will shortly be available for inspection at the National Storage Mechanism which is located at <https://data.fca.org.uk/a/nsm/nationalstoragemechanism> and on the Company's website at www.stsplc.co.uk.

Enquiries

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IMPORTANT NOTICES

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This announcement does not contain all the information set out in the Circular or the Prospectus. Shareholders should read the Circular and the Prospectus in full before deciding what action to take in respect of the proposals.

Approval of the Prospectus by the FCA should not be understood as an endorsement of the securities that are the subject of the Prospectus. TIGT Shareholders are recommended to read the Prospectus before making a decision in order to fully understand the potential risks associated with a decision to invest in the Company's securities.

Sponsor

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