

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolution to be voted on at an Extraordinary General Meeting of the Company to be held at 10.00 a.m. on 4 October 2017. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of the text of this document should be read.**

If you have sold or transferred all of your Ordinary Shares in Specialist Investment Properties plc, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold part only of your holding of Ordinary Shares in the Company, you should retain these documents.

The Directors, whose names appear on page 5, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Specialist Investment Properties plc ("SIPP" or the "Company") which is set out in this document and which contains the unanimous recommendation of the Directors that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting to be held at 10.00 a.m. on 4 October 2017.**

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**Specialist Investment Properties plc**

*(Incorporated in Isle of Man with registered number 111066C)*

**Proposed Cancellation of Trading on AIM**

**Unaudited Interim Results for the six months ended 30 June 2017**

**and**

**Notice of Extraordinary General Meeting**

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A notice convening an Extraordinary General Meeting of the Company to be held at Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB on 4 October 2017 at 10.00 a.m. is set out at the end of this document. A Form of Proxy for use at the meeting accompanies this document. To be valid, Forms of Proxy must be completed and returned so as to be received at the offices of the Company's Transfer Agent Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not later than 10.00 a.m. on 2 October 2017. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you wish to do so. Please refer to the detailed notes contained in the Notice of Extraordinary General Meeting and Form of Proxy.

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## EXPECTED TIMETABLE OF EVENTS

2017

Despatch of this document	11 September
Last date and time for receipt of Forms of Proxy	10.00 a.m. on 2 October
Extraordinary General Meeting	10.00 a.m. on 4 October
Last day for dealings in Ordinary Shares on AIM	11 October
Expected time and date of cancellation of Ordinary Shares from Admission	with effect from 7.00 a.m. 12 October

### Notes:

1. References to time in this document are to London time.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.
3. All events in the above timetable following the EGM are conditional upon approval by Shareholders of the Resolution to be proposed at the EGM.

## FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Company's view with respect to future events as at the date of this document and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations and strategy. Save as required by law, the Company has no obligation to release publicly the results of any revisions to any forward looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

## DEFINITIONS

"Admission"	the admission of the Ordinary Shares to trading on AIM
"AIM"	the AIM securities market operated by the London Stock Exchange plc
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange plc from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
"Cancellation"	the proposed cancellation of the Company's Ordinary Shares from admission to trading on AIM, subject to the passing of the Resolution
"City Code"	the City Code on Takeovers and Mergers
"Company" or "SIPP"	Specialist Investment Properties plc
"CREST"	the electronic settlement system established under the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) which enables title to units of relevant securities to be evidenced and transferred without a written instrument and in respect of which Euroclear UK and Ireland Limited is the operator
"Directors" or "Board"	the directors of the Company whose names are set out on page 5 of this document
"Form of Proxy"	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM
"Extraordinary General Meeting" or "EGM"	the Extraordinary General Meeting of the Company convened for 10.00 a.m. on 4 October 2017, notice of which is set out at the end of this document, and any adjournment thereof
"Form of Proxy"	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM
"Group"	the Company and its subsidiaries
"Notice of Extraordinary General Meeting"	the notice of Extraordinary General Meeting which is set out at the end of this document
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Resolution"	the special resolution to be proposed at the EGM, details of which are set out in the notice of EGM set out at the end of this document
"RIS"	Regulatory Information Service
"Shareholders"	the holders of Ordinary Shares and "Shareholder" means any one of them

LETTER FROM THE DIRECTORS

# Specialist Investment Properties plc

*(Incorporated in Isle of Man with registered number 111066C)*

*Directors:*

John Le Poidevin (Non-executive Director)

Lynn Bruce ((Non-executive Director)

Simon Clements (Non-executive Director)

*Registered Office:*

Burleigh Manor

Peel Road

Douglas

Isle of Man

IM1 5EP

11 September 2017

*To the holders of Ordinary Shares and, for information only, to holders of options and warrants over Ordinary Shares*

Dear Shareholder,

## **PROPOSED CANCELLATION OF ADMISSION TO TRADING ON AIM, UNAUDITED INTERIM RESULTS AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

### **Introduction**

The Company has today announced that it intends to seek Shareholder approval for the cancellation of admission of its Ordinary Shares to trading on AIM.

The purpose of this letter is to explain the rationale behind the proposed Cancellation and why the Directors unanimously consider the proposed Cancellation to be in the best interests of the Company and its Shareholders as a whole, and to seek your approval for it. The Notice of Extraordinary General Meeting is set out at the end of this document.

### **Background to the Cancellation**

The Company announced its final results for the year ended 31 December 2016 on 26 May 2017 and has published its unaudited results for the six months ended 30 June 2017 today. In the results for the year ended 31 December 2016 the Company disclosed that SIPP had some months ago sought to raise additional equity capital as it had used the majority of its available capital in making acquisitions in its three identified target asset classes of children's homes, supported living accommodation and short term accommodation for local authorities. The equity fundraising did not proceed because the current size of the Company and the extent of its investment pipeline limited the market capitalisation of the Company post fund-raising, which diminished the attractiveness for institutional investors (who were generally positive about the investment strategy but were looking for a larger market capitalisation).

Accordingly, the Company announced in the same results that it was considering the best option to realise value in the Group which might include seeking shareholder approval for the cancellation of the Company's Ordinary Shares from trading on AIM in order to preserve shareholder value and/or a sale of

the Group's assets. Following careful consideration, the Board has now concluded that it is in the best interests of the Company and its shareholders to seek the Cancellation and once effected seek to dispose of the Company's assets and subsequently pursue an orderly winding up of the Company.

### **Reason for the Cancellation**

The Board has concluded that, given the difficulties in raising equity funds described above, the Company will not be able to reach critical mass to fully execute its strategy and that, while its assets are performing well and the Group is generating a small operating profit, its current size means that the fixed costs of running the Company, including the costs of being admitted to trading on AIM, are disproportionate to the amount of income the Company generates from its assets. The Company's current administration costs are running in excess of £150,000 and following delisting would be expected to be reduced by at least 50%.

Following careful consideration, the Directors have therefore concluded that it is no longer in the best interests of the Company or its Shareholders to maintain the Company's admission to trading on AIM. Consequently, the Board has decided to propose the Cancellation. The Directors' intention is to reduce the Company's costs through the Cancellation and following which they will seek to dispose of the Company's assets to realise as much value as possible for Shareholders. As well as reducing the Company's costs, the Board believes that not being a Company admitted to trading on AIM will provide it with greater flexibility to realise the best value for its assets. Any sale of assets after the Cancellation comes into effect which is to an entity/person which is in any way a related party (as defined in the AIM Rules and/or under IOM Law) will be made only after obtaining an independent valuation and the approval of the independent directors.

### **Effect of the Cancellation on Shareholders**

The principal effects of the Cancellation would be that:

- (a) there would no longer be a formal market mechanism enabling Shareholders to trade their Ordinary Shares on AIM or any other recognised market or trading exchange;
- (b) the Company would not be obliged to announce material events, administrative changes or material transactions nor to announce interim or final results;
- (c) the Company would no longer be required to comply with any of the additional specific corporate governance requirements for companies admitted to trading on AIM;
- (d) the Company would no longer be subject to the AIM Rules and Shareholders would no longer be required to vote on certain matters as provided in the AIM Rules; and
- (e) The Company will cease to have a nominated adviser. The Company is currently required under the AIM Rules to consult with its nominated adviser on, for example, transactions constituting "related party transactions" under those rules, and to inform the nominated adviser of key decisions such as any proposed changes to the Board. Following Cancellation, the Shareholders will also no longer benefit from the protection afforded by the nominated adviser.

It is possible that the Cancellation could have taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent adviser.

**Shareholders should be aware that following the Cancellation, the Company intends to dispose of its assets and subsequently to pursue an orderly winding up of the Group with the resultant net cash being distributed to shareholders. Based on the Directors' estimation of value of the Company's assets and the expected costs which are likely to be incurred up to and including the winding-up of the Company, the Directors expect that shareholders will receive in excess of 18p per share on the winding-up of the Company on the assumption it is completed by 31 December 2017.**

## **Unaudited Interim Results for the six months ended 30 June 2017**

The Unaudited Interim Results of the Company show a profit before and after taxation of £12,000 for the six months to 30 June 2017. The Company's balance sheet at 30 June 2017 comprised net assets of £2.2m, of which £0.2m was held in cash at the balance sheet date. Investment properties were carried at an aggregate value of £6.6m, with £4.5m of associated borrowings in place.

### **The City Code**

The City Code provides an orderly framework within which takeovers and mergers are conducted and operates principally to ensure that shareholders are treated fairly and not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. Shareholders should note that following the Cancellation the Company will remain subject to the provisions of the City Code on the basis set out in those provisions.

### **Share dealing following Cancellation**

Following Cancellation, the Company intends to use reasonable endeavours to facilitate introductions and communication among Shareholders who wish to sell their Ordinary Shares and those persons who wish to purchase Ordinary Shares. To do this, Shareholders or persons wishing to acquire or sell Ordinary Shares will be able to leave an indication with the Company that they are prepared to buy / sell Ordinary Shares at a specified price. In carrying out such introductions, the Company will not arrange transactions and will take no responsibility to match up Shareholders wishing to sell and purchase Ordinary Shares, and no responsibility in respect of the time frame and manner in which introductions or communications (if any) are made or as to the price at which any trades might take place. Shareholders wishing to make such an indication to the Company should do so by writing to the offices of the Company at Burleigh House, Peel Road, Douglas, Isle of Man, IM1 5EP.

### **Approving the Cancellation and General Meeting**

Under the AIM Rules, it is a requirement that the Cancellation must be approved by not less than 75 per cent. of the Shareholders voting in the Extraordinary General Meeting. Accordingly, the Notice of Extraordinary General Meeting to be held at 10.00 am on 4 October 2017 at Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, is set out at the end of this document and contains a special resolution to approve the application to the London Stock Exchange for the Cancellation.

If the Resolution is approved, it is expected that the Cancellation will take effect at 7.00 a.m. on 12 October 2017, being at least 20 business days following the date of this letter and 5 clear business days following the date of the Extraordinary General Meeting.

### **Action to be taken by Shareholders**

A Form of Proxy for use by Shareholders in connection with the Extraordinary General Meeting accompanies this document. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete and sign the Form of Proxy and return it to the Company's Transfer Agent, Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA so as to be received no later than 48 hours before the Extraordinary General Meeting.

Unless the Form of Proxy is received by the date and time mentioned in the instructions, it will be invalid. The completion and return of the Form of Proxy will not prevent you from attending the General Meeting and voting in person, if you so wish.

## **Recommendation to Shareholders**

**The Directors consider the Resolution to be in the best interests of the Company and its Shareholders as a whole. The Directors therefore unanimously recommend Shareholders to vote in favour of the Resolution at the Extraordinary General Meeting.**

Yours faithfully

John Le Poidevin (Non-executive Director)

Lynn Bruce (Non-executive Director)

Simon Clements (Non-executive Director)



## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

### **Specialist Investment Properties plc (the "Company")**

**NOTICE** is hereby given that an Extraordinary General Meeting of Specialist Investment Properties plc (the "Company") will be held at Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB on 4 October 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the below resolution which will each be proposed as a special resolution.

#### **SPECIAL RESOLUTION**

**THAT** the cancellation of admission of the ordinary shares of 1 pence each in the share capital of the Company to trading on AIM, a market operated by London Stock Exchange plc, be and is hereby approved and the directors of the Company be authorised to take all action reasonable or necessary to effect the said cancellation.

By order of the Board

Peregrine Secretarial Services Limited  
Company Secretary

Registered office:  
Burleigh Manor  
Peel Road  
Douglas  
Isle of Man,  
IM1 5EP

Dated: 11 September 2017

#### **Notes:**

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. On a poll demanded, all of a member's voting rights may be exercised by one or more duly appointed proxies. Any such member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the Proxy Form (as defined below). Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope. A proxy need not be a member of the Company. Appointing a proxy will not prevent a member from attending in person and voting at the meeting. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy must vote in accordance with any instructions given by the appointing member.
2. A form of appointment of proxy is enclosed (the "Proxy Form"). To appoint a proxy using the Proxy Form, the form must be completed and signed, sent or delivered to Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney of the company. If you return more than one Proxy Form, that received last by the registrar before the latest time for the receipt of proxies will take precedence.
3. The Proxy Form includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any particular resolution to be proposed at the meeting.
4. The Proxy Form and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should be deposited with the Company's Transfer Agent at the address shown on the Proxy Form not later than 10.00 a.m. on 2 October 2017 or 48 hours before the time for holding any adjourned meeting or (in the case of a poll not taken on the same day as the meeting) adjourned meeting for the taking of the poll at which it is to be used.
5. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the Proxy Form submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
6. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005 (Isle of Man), specifies that only those members registered in the register of members of the Company as at 10.00 a.m. on 2 October 2017 (or in the event that the meeting is adjourned, on the register of members of the Company 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register of members of the Company after 10.00 a.m. on 2 October 2017 (or, in the event that the meeting is adjourned, on the register of members of the Company less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by the latest time(s) for receipt of proxy appointments specified in the Notice of Extraordinary General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4) of the Uncertificated Securities Regulations 2005 of the Isle of Man. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.