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For immediate release

THE SCOTTISH INVESTMENT TRUST PLC

1 February 2017

Share Repurchase Agreement

The Board of The Scottish Investment Trust PLC (the “**Company**”) announces that it has entered into a share repurchase agreement (the “**Repurchase**”) with Aviva Investors Global Services Limited (“**Aviva**”) acting as agent (in its capacity as investment manager) for and on behalf of Friends Life Limited (“**Friends Life**”). Under the terms of the Repurchase, the Company will purchase Friends Life’s entire holding of 11,404,178 Ordinary Shares in the Company (the “**Aviva Shares**”), which represents 11.88 % of the Company’s issued share capital as at today’s date.

Aviva has agreed to sell all of the Aviva Shares at a price per Ordinary Share representing a discount of 10.75% to the Net Asset Value per Ordinary Share (the “**NAV**”) as at close on the business day immediately prior to the date of the Repurchase. For the purpose of this transaction, the NAV is calculated cum income and with borrowings at market value. All of the Aviva Shares will be cancelled immediately following repurchase.

Aviva gained control of a substantial shareholding in the Company in November 2015. Aviva has not previously been a long term investor in the Company and therefore, given the size of Aviva’s shareholding, the Board entered into discussions with Aviva to understand whether Aviva would retain its shareholding over the longer term. Aviva indicated to the Board that it was seeking to sell its entire holding in the Company and the implementation of the Repurchase would allow Aviva to achieve this.

Friends Life and its associates together constitute a related party for the purposes of the Listing Rules on account of the size of their shareholding in the Company; and as a result the Repurchase may only be effected with the prior approval of the Company’s independent shareholders at a general meeting. The Board will therefore publish a circular shortly, in which further details of the Repurchase will be set out, together with notice of a general meeting of the Company at which approval will be sought from shareholders for the Repurchase.

The Board believes that the Repurchase is in the best interests of the Company and shareholders as a whole. There will be an immediate financial benefit that will accrue to ongoing shareholders, as there will be an uplift to the cum income NAV per Share (with borrowings at market value) of 1.3%. The Repurchase will also remove a substantial shareholder who is known to be seeking an exit.

Assuming the Repurchase is approved and effected, the Board considers that the costs of running the Company should remain competitive with other actively managed investment vehicles and that gross gearing, which was 10% as at 31 December 2016, will remain at an appropriate level.

Accordingly, the circular will contain a unanimous recommendation from the Board that shareholders should vote in favour of the requisite resolutions for approval of the Repurchase.

For the avoidance of doubt, the proposal to undertake the Repurchase in no way affects the Company’s existing discount policy which, in normal market conditions, aims to maintain the discount to the ex-income NAV (with borrowings at market value) at or below 9%.

A further announcement will be made upon publication of the shareholder circular.

Enquiries

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Important information

This Announcement contains Inside Information as defined under the Market Abuse Regulation (EU) No. 596/2014.