

1 June 2018

The Brunner Investment Trust PLC

Long term fixed rate borrowing

The Brunner Investment Trust PLC (the Company) has today priced an issue of a £25 million fixed rate 30 year unsecured private placement note at a coupon of 2.84% (the Notes). The funding date for the Notes, subject to final documentation, will be 28 June 2018.

The proceeds of the Notes will be used towards an early repayment of the Company's portion of Fintrust Debenture PLC borrowings of £28m (Fintrust). Brunner has two tranches of debt from Fintrust. The first tranche of £15 million was issued in 1993 at an effective interest rate of 9.3%. The second tranche of £13 million was assumed from an existing borrower in 1998 at an effective interest rate of 6.0%. The Fintrust debt is due to mature in 2023. The total cost of redeeming the debt is £39.4m including accrued interest. The balance of the cost will be funded from a combination of existing assets and bank debt.

Following this refinancing exercise, the Company's weighted average interest on all structural borrowings and preference stock will be 2.9%, compared with 7.7% currently.

The Board has taken the decision to repay Fintrust early in order to achieve a balance of financing sources and maturities and to lock into a long term rate at pricing levels that the Company considers to be highly attractive. While the cost of redemption will initially reduce the NAV per share by 0.7% (or 5.9 pence per share) with debt at fair value (the Board's preferred measure, following industry practice) and 2.4% (or 21.5 pence per share) at book value, the refinancing exercise described above is expected to reduce the total annual interest cost by approximately £1.3m (or 3.0 pence per share) which will enhance both the revenue earnings and capital returns*.

* The Company charges 70% of the cost of debt to its capital account and 30% to its revenue account

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