

**15 December 2016**

**Specialist Investment Properties plc**

(the "Company" or "SIPP")

**Acquisition of Property**

The Company is pleased to announce the acquisition of a newly refurbished residential development in Northamptonshire, consisting of 13 apartments and a single house (the "Development") to be used to supply short-term accommodation for local authorities to enable them to meet their housing obligations.

The Development has been acquired by EA Capital Limited ("EA Capital"), a subsidiary of SIPP, a joint venture company which is owned 75 per cent. by SIPP and the remaining 25 per cent. by three minority interest partners being Marc Goodkind, via Thorsden Development Limited, Lester Leviton, via Quadelle Limited, and Bradley Leviton, via Sadie Lou Limited.

EA Capital has entered into a property management agreement (the "Property Management Agreement") with Centennial Properties Limited ("Centennial"), a company owned by two of the EA Capital joint venture partners Marc Goodkind and Lester Leviton. Under the terms of the Property Management Agreement, Centennial will manage the Development and let the properties to local authorities for a daily rental rate. Centennial will receive a management fee from EA Capital equivalent to 10 per cent. of rental income received. As the properties will be used by local authorities to place people requiring short-term accommodation, EA Capital will be making short-term arrangements rather than entering into a medium or longer term lease agreement for the Development.

The directors of SIPP believe that the short-term accommodation sector provides an important diversification in the Company's investment portfolio and offers exposure to a sector with strong demand from local authorities and consequently typically high occupancy rates with targeted gross income yields of over 10 per cent. per annum. Marc Goodkind has over 15 years' experience of purchasing residential properties for a property fund and has latterly focused on the short-term accommodation sector, managing over 350 properties in the Home Counties. Mark's expertise is expected to enable Centennial to maximise the rental opportunity of the properties owned by EA Capital.

The consideration for the acquisition of the Development was £1,868,000 with a total of £1,588,000 being satisfied by funds drawn down under the Company's existing loan agreements with Heritage Square Limited, SIPP funding £256,676 and the other three EA Capital joint venture partners funding a total of £23,324. The Development was purchased from 1<sup>st</sup> Class U Limited.

**For further information:**

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**Note to editors:**

SIPP is an investment property company acquiring and holding freehold properties (and, in rare cases, long lease-hold properties) in specialised sectors of the property market. The Company is currently targeting acquisitions in three core sectors. The largest proportion of the Company's portfolio is made up of properties which provide supported living accommodation for adults with learning difficulties ("Supported Living"). The other two sectors are properties which provide accommodation for children with emotional or behavioural difficulties ("Children's Homes") and properties which provide short-term accommodation for use by local authorities to enable them to meet their housing obligations ("Short Term Accommodation"). Properties are managed and operated by organisations with specialist experience in these sectors.

The Company's property investment adviser is Puma Investment Management Limited ("Puma Investments"), authorised and regulated by the Financial Conduct Authority and a subsidiary of the Shore Capital group of companies. Puma Investments has substantial experience of investing in property and in the care sector specifically. Puma Investments and the directors of SIPP believe that the Company's investment strategy offers exposure to a defensive sector with assets which attract higher rental yields than mainstream property portfolios.