

15 September 2016

Specialist Investment Properties plc

(the "Company" or "SIPP")

Acquisition of Property

The Company is pleased to announce that it has exchanged contracts to acquire, on completion of construction, a newly refurbished and extended freehold property. This property will comprise 16 one bedroom flats providing supported living accommodation and is in Workington, Cumbria (the "Property"). This is the fourth acquisition in the supported living care sector and the ninth acquisition overall.

The Property is being constructed by converting and extending a former hotel; construction is currently underway and is expected to be completed by the end of 2016. Completion of the acquisition will not take place until all construction has been completed as attested by an independent monitoring surveyor. A further announcement will be made by the Company upon completion of the acquisition. The acquisition is being made through a sale agreement entered into by a subsidiary of SIPP, SL Workington Limited ("SL Workington"). SL Workington will not be involved in, or be obliged to provide any funding in conjunction with the construction process.

An agreement has been entered into to lease the Property on a 25-year inflation linked, full repair and insuring lease to Inclusion Housing Community Interest Company ("Inclusion Housing") from completion of the acquisition. The initial annual rent under the terms of the lease will be approximately £178,000 per annum.

Inclusion Housing is an established housing association and will be responsible for placing adults with physical and mental disabilities into the Property and care services will be provided by Lifeways Finance Limited.

The consideration for the acquisition will be approximately £2.34m. SIPP has two alternative proposals for funding this. As discussed in the Interim Statement of 2 August 2016, the Company is reviewing its options for raising further equity finance. If this is done before the construction of the Property is complete, SIPP expects to fund approximately £910,000 from cash resources with the balance coming from funds drawn under the Company's existing loan facility agreement with Heritage Square Limited ("Heritage Square"). In the event that the Company does not proceed with an equity fundraising, SIPP would fund approximately £410,000 from cash resources, with the balance coming from funds drawn down under the new framework agreement described in its interim statement of 2 August 2016.

The Properties are being acquired from The Viaduct Hotel Limited, a company owned by Mr Patrick Roe and Mr James Lancaster.

John Le Poidevin said:

"We are delighted to be making good progress in another of our core sectors, supported living. As we stated in our interim statement, we believe this is an

attractive area for investment and we have a strong further pipeline of acquisitions to make in this sector.

For further information:

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