

This announcement contains inside information within the meaning of the Market Abuse Regulation (EU) (No 596/2014).

22 December 2020

BCRE – Brack Capital Real Estate Investments N.V.

(“BCRE” or the “Company”)

Business update

Further to the Company’s announcements, dated 21 May 2020, and 11 September 2020 as well as the Company’s Annual Report, the Company would like to share its view and information on the ongoing COVID-19 crisis effect on its major residential project in Manhattan – 720 West End Av (the Project).

Following a period of an already weak Manhattan residential market, the outbreak of Covid 19 instigated major negative developments: a regulatory freeze of construction works in the city; a virtual freeze in residential sales; and an extreme tightening of credit availability. These negative developments forced the Company to alter course from the Project’s original business plan.

During the first months of the pandemic the Company examined extensively various alternatives and structures for the development financing of the Project. Dozens of potential lenders were approached, and many undertook relatively detailed diligence processes. This process did not produce a viable financing offer, mainly due to the high uncertainty level, general market environment and scarcity of financing appetite as well as relative complexity of the Project.

Consequently, the Company’s board and management quickly adopted an alternative approach, suitable to the current risk-averse environment – an approach involving a significantly lower leverage accompanied by a high proportion of presale at attractive price levels. The strategic thinking behind the Company’s new approach was to construct the Project in anticipation of a potential market pick - up towards the end of the construction period (2-3 years), while offering to investors a low risk hard asset, attractively priced and inflation resilient, which is scarce in the economic backdrop of low interest rates and inflation concerns due to rising money supply and budget deficits.

The Company is currently reviewing alternatives based on the above structure. If a viable development scheme is not formulated by the end of January, the Company will face one of two main alternatives (or a combination thereof): extend the current loans per existing contractual options (by up to six months) or put the Project for sale, despite the suboptimal circumstances (still hesitant buyer pool even with the positive vaccine news and high uncertainty regarding economic environment and the city tax regime).

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About BCRE

BCRE is an international real estate development and investment group, headquartered in the Netherlands and listed on the Cyprus Stock Exchange. Through its subsidiary and associated undertakings, the Company is interested in, develops and operates an international portfolio of real estate assets in the markets it operates.

The Company has established local management team platforms with significant local market expertise. At present, the Company has offices and teams in New York, Moscow, Amsterdam and Limassol.