

Castle Street Investments plc (“Castle Street” or “the Company”)

Potential Reverse Acquisition, Trading Update and Suspension of dealings in Castle Street Ordinary Shares

Castle Street Investments plc (AIM: CSI), today announces that it is in advanced discussions with a potential acquisition target in the IT managed services sector (“the Acquisition”) which, given Castle Street’s status as an investing company, would constitute a reverse takeover for the purposes of the AIM Rules for Companies. The Company and its advisers have identified and are working with a new management team to lead the Enlarged Group if the Acquisition completes. The Acquisition is of a size that would require a placing of New Castle Street Ordinary Shares (“the Placing”) to supplement Castle Street’s existing cash resources in order to meet the cash acquisition price and also provide additional capital to implement the Enlarged Group’s growth plan, including meeting its working capital requirements together with the costs associated with the Acquisition. If the transaction proceeds, completion of the Acquisition and the Placing will be subject to, *inter alia*, shareholder approval, publication of an admission document in respect of the Enlarged Group and the admission of shares in the Enlarged Group to trading on AIM becoming effective.

The Company has continued to make good progress in closing out its trading liabilities, as well as collecting the final deferred consideration payment from Grendall in respect of the disposal during 2013 of the Company’s casual dating business. As a result the Company’s closing cash position at the end of December 2015, net of liabilities, is expected to be in excess of £22m (representing 31p per share). Distributable reserves are expected to be in excess of £21.5m.

It is now twelve months since the Company became an investing company as defined under the AIM Rules for Companies and the Company has yet to implement its Investing Policy. Accordingly, in accordance with Rule 15 of the AIM Rules for Companies, trading in the Company’s shares has today been suspended at the Company’s request pending completion of the Acquisition.

It is currently expected that definitive terms for the Acquisition will be agreed during January 2016. However there can be no certainty at this stage either that definitive terms for the Acquisition will in fact be agreed or, if such terms are agreed, that the proposed Acquisition and Placing will actually complete. In the event that the potential Acquisition does not complete, the Company will then, in line with its Investing Policy, bring forward proposals to return surplus cash to shareholders.

A further announcement will be made in due course.

For further information please contact:

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