2022 ANNUAL REPORT

Eurocastle Investment Limited

Eurocastle Investment Limited

EUROCASTLE INVESTMENT LIMITED is a publicly traded closed-ended investment company. The Company previously focused on investing in Italian performing and non-performing loans, Italian NPL servicing platforms and other real estate related assets primarily in Italy. In July 2022, the Company announced the relaunch of its investment activity by initially focusing on opportunistic real estate investments in Greece with a plan to expand across Southern Europe. The Company is currently in the early stages of pursuing its new investment strategy.

The Company is Euro denominated and is listed on Euronext Amsterdam under the symbol "ECT". Eurocastle is managed by an affiliate of Fortress Investment Group LLC, a leading global investment manager. For more information regarding Eurocastle Investment Limited and to be added to our email distribution list, please visit www.eurocastleinv.com.

2022

Financial Highlights at a Glance[1]

Adjusted YE 2022 NAV per share[2]:

€10.33ps

(YE 2021: €9.79ps)
(Q3 2022: €10.26ps)

YE 2022 IFRS NAV of €22.45ps
YE 2021 IFRS NAV of €17.73ps

Adjusted YE 2022 NAV:

€10.3mm

(YE 2021: €18.2mm)
(Q3 2022: €10.2mm)

YE 2022 IFRS NAV of €22.4mm
YE 2021 IFRS NAV of €32.9mm

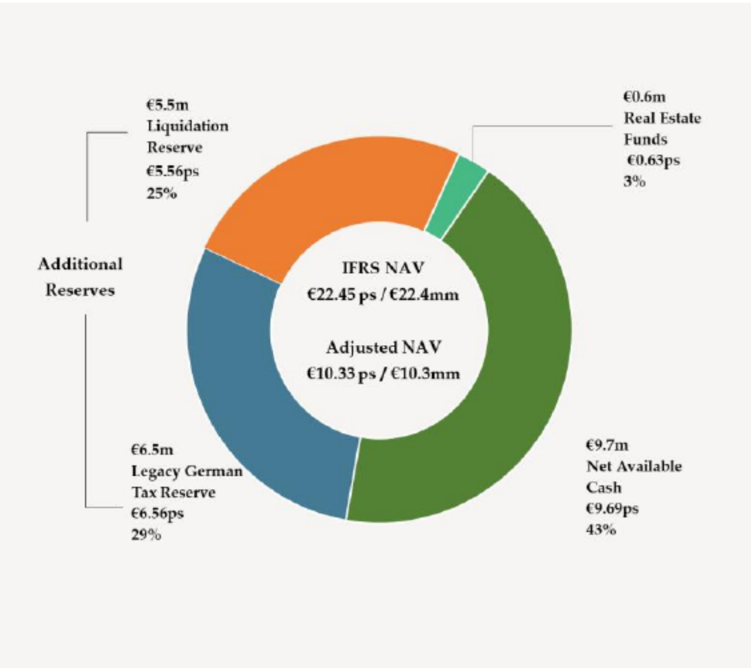
Strategic Review

Eurocastle Investment Limited (the "Company" or "Eurocastle") is a publicly traded closed-ended investment company. The Company previously focused on Italian performing and non-performing loans ("NPLs") and other real estate related assets in Italy which it is currently in the final stages of exiting in accordance with the plan announced on 18 November 2019, to realise the majority of the Company's assets with the aim of accelerating the return of value to shareholders (the "Realisation Plan"). In March 2021, Eurocastle launched a strategic review of the Company's options going forward.

On 8 July 2022, the Company announced the conclusion of the strategic review and the decision to relaunch the Company's investment activity (the "Relaunch"). It also announced a tender offer to provide a liquidity opportunity for those shareholders who did not wish to participate in the Relaunch (the "Tender Offer"). The Tender Offer closed on 4 August 2022 with 67% of eligible shares tendered, resulting in Eurocastle accepting 864,980 shares in exchange for €10.26 of cash per share tendered, or €8.9 million in total.

Portfolio Overview[3]

Following implementation of the Realisation Plan in December 2019, Eurocastle's remaining portfolio of Italian Investments is made up of Real Estate Funds, with the balance comprising Net Corporate Cash (after taking into account reserves for future costs and potential liabilities considered by the Board in light of the Realisation Plan). The chart below shows a breakdown of Eurocastle's net assets as at **31 December 2022**.



Real Estate Funds: Interests in:

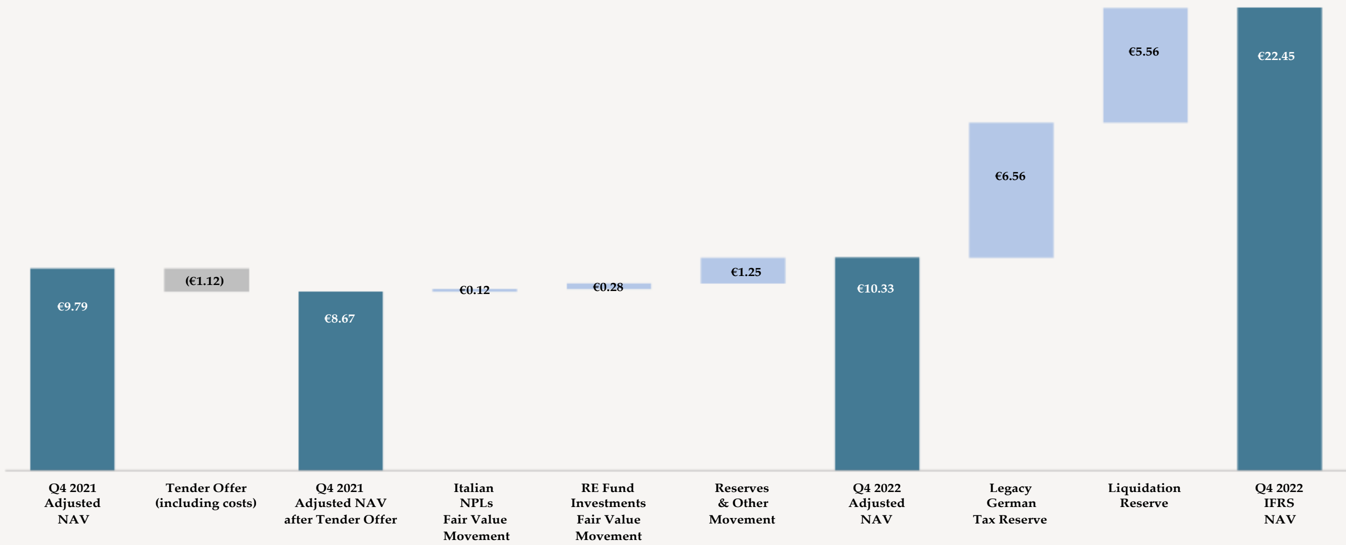
- Two private Italian real estate development funds which are now in liquidation following completion of the development work and the sale of all underlying apartment units.
  - Remaining NAV is represented entirely by the net cash of the funds.

Additional Reserves: Reserves required for the Company to continue in operation and fund its future costs and potential liabilities in light of the Realisation Plan. These reserves are not accounted for under IFRS. No commitments for these future costs and potential liabilities existed as at 31 December 2022.

Net Available Cash: Corporate cash net of liabilities and additional reserves.

FY 2022 NAV Bridge

In € per share



Relaunch Update & New Investment Strategy

Eurocastle intends to commence its new investment strategy by initially focusing on opportunistic real estate in Greece with a plan to expand across Southern Europe, where the Manager has an extensive footprint and a long track record investing in this asset class. The Company expects to invest primarily in assets sold at real estate auctions leveraging the Manager's deep knowledge of the sector, which offers significant investment opportunities in the current market cycle. The Board believes that this strategy will allow Eurocastle to deploy available cash in order to establish a platform and create a meaningful track record, while generating attractive risk adjusted returns in the short term. The Company is currently working with the Manager to finalise the investment structure and expects to commence investing in the coming weeks.

At the same time, the Board will continue to monitor the market environment for raising new capital in order to assess pursuing all elements of its new investment strategy, which would require additional capital to achieve meaningful scale.

The Board considers that any potential additional costs resulting from this phased approach are adequately covered by the Company's existing Additional Reserves. The Board will continue to evaluate these reserves and the Company's available capital, taking into account investment opportunities and the performance of the new strategy.

Shareholders should however be aware that the implementation and performance of the Company's new investment strategy is subject to risks, uncertainty, and assumptions. The Manager is currently in the early stages of pursuing the new investment strategy and there can be no certainty that it will have success in doing so. There is likewise no certainty that it will be able to attain sufficient scale to achieve the desired returns. In addition, changes in economic conditions generally and the real estate market specifically, the availability of appropriate investment opportunities and the ability to raise financing on suitable terms, may also affect the success of the Relaunch. Accordingly, there is no guarantee that the Company's new investment strategy will be effectively implemented nor will there necessarily be a future opportunity for shareholders to achieve an exit from their investment in the Company at a price equal to or higher than the current share price.

For further details of the Relaunch, the Company's new investment strategy and the Additional Reserves, please refer to the Circular published in July 2022 and available on the Company's website under the Periodic Reports and Shareholder Communications section.

2022 Business Highlights

FY 2022 Overview

During 2022, the Company made significant progress on realising its remaining assets as part of its Realisation Plan with 95% of its YE 2021 NAV relating to investments realised in the period. As at 31 December 2022, the Company had realised 106% of the NAV of the investments reported at the time of the announcement of the Realisation Plan in November 2019.

In particular, Eurocastle disposed of the two remaining loan pools that the Company had an interest in and all remaining apartment units in its two real estate fund investments were sold. As a result, Eurocastle's investment interests now comprise the residual net assets of its two RE Fund Investments with a NAV of €0.6 million, or 6% of the Company's total Adjusted NAV.

Investment Realisations & Highlights

- During 2022, the Company realised €4.8 million from its investments, of which €3.4 million came from its RE Fund Investments (~91% of their YE 2021 NAV) and €1.5 million from its minority NPL and Other Loan holdings (~109% of their YE 2021 NAV).

- **RE Fund Investments – REFI II & REFI V:**

- Both funds are now in liquidation with all apartment units sold.

- During 2022, Eurocastle received €3.4 million comprising (i) €1.0 million from REFI II (~70% of its YE 2021 NAV) and (ii) €2.4 million from REFI V (~103% of its YE 2021 NAV).

- **Italian NPLs & Other Loans:** The Company disposed of its residual minority interest in 2 loan pools, which were under contract to be sold once the underlying portfolio level financing on each was repaid, realising €1.3 million and a further €0.2 million in distributions during the year.

- **Additional Reserves:** The Company reduced these reserves from €14.8 million to €12.1 million during the year. The reduction of €2.7 million reflects €1.4 million of reserves being utilised, in line with anticipated costs, and a release of €1.3 million of the existing reserves in the year. The majority of this release relates to the legacy German tax matter following a revision to the estimated total liability. As at 31 December 2022, of the total Additional Reserves of €12.1 million, €6.5 million related to the legacy German tax matter with the balance of approximately €5.5 million in place to allow for an orderly liquidation process.

- As previously announced, the Company made a payment of €4.6 million in March 2022 in relation to the legacy German tax matter against which it raised a corresponding tax asset, with the current remaining financial impact (excluding associated costs of €0.2 million) estimated to be €1.7 million. As at 31 December 2022, the remaining expected financial impact has not been reflected within the IFRS NAV of the Company. Notwithstanding the Company's expectation that the tax matter will eventually be resolved in the Company's favour, as at 31 December 2022, the full potential liability is fully reserved for within the Additional Reserves.

Net Available Cash for Relaunch

As at 31 December 2022 the Company has €17.1 million of net corporate cash and approximately €9.7 million of net available cash to commence seeking new investments under the new investment strategy.

Subsequent Event to 31 December 2022

As at 2 March 2023, there were no material subsequent events to disclose.

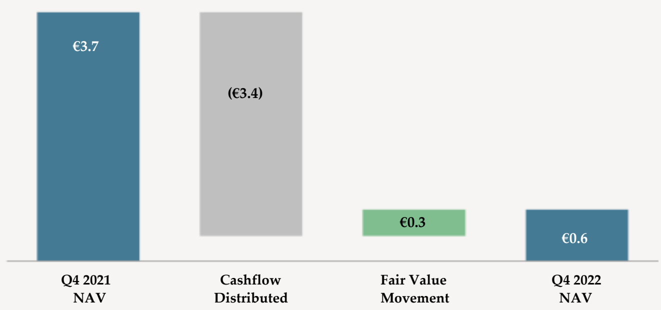
ITALIAN REAL ESTATE FUNDS

Since 2014, Eurocastle has made several investments in this asset class, investing €67.2 million in five separate real estate funds; of which three have been fully realised.

The Company opportunistically targeted either public or private funds that could be acquired at a significant discount to the value of their underlying assets.

Following adoption of the Realisation Plan, the Company plans to continue to hold and realise these assets in accordance with existing business plans. It will support these investments to the extent required to optimise returns and distribute cash to shareholders when available.

Italian RE funds – FY 2022 Adjusted NAV Bridge
(€ million)



RE Fund Investments	Equity Invested *€ million*	Total Cash flows Distributed to Eurocastle *€ million*	*Of which Received in 2022* *€ million*	Adjusted NAV *€ million*	Adjusted NAV *€ per share*	Total Return (Cash flows Distributed +Adj. NAV) *€ million*
II	15.4	15.1	*1.0*	-	-	15.1
V	5.6	7.4	*2.4*	0.6	0.63	8.0
TOTAL	***21.0***	***22.5***	***3.4***	***0.6***	***0.63***	***23.1***

RE Fund Investments Update

During 2022, the Company's RE Fund interests comprised two private Italian real estate redevelopment funds.

- RE Fund II - As at 31 December 2022, all units in both buildings were sold with the fund now in liquidation. In 2022, the Company received €1.0 million, or 70% of the 2021 YE NAV of this investment. The investment's carrying value at year end reflects no further cash flows from the fund while the fund manager resolves certain potential liabilities and seeks to liquidate the fund. During 2022, a fair value decrease of €402k, or €0.40 per share, was recognised.

- RE Fund V – As at 31 December 2022, all units in both buildings sold with the fund now in liquidation. The Q4 2022 NAV is represented by the net cash of the fund together with the value of units under contract. In 2022, the Company received distributions of €2.4 million, or 103% of the 2021 YE NAV of this investment. During 2022, a fair value increase of €684k or €0.69 per share was recognised.

Further details of all remaining RE Fund Investments as at 31 December 2022 can be found in the table below:

	Fund Investment II	Fund Investment V
Investment Date	Jul-14	Q2-17
Eurocastle Ownership	49.7%	49.6%
Fund Type	Private	Private
Collateral Type	2 luxury residential redevelopments	1 luxury residential redevelopment
Collateral Location	Rome	Rome
Eurocastle YE 2022 Adjusted NAV per share	-	€0.63
Fund Leverage	0%	0%
Legal Fund Maturity	In liquidation	In liquidation

Income Statement For The Year Ended 31 December 2022

	Income Statement 2022 *€ Thousands*	Income Statement 2021 *€ Thousands*
Portfolio Returns		
Italian NPLs & Other Loans realised gain	116	114
Italian NPLs & Other Loans unrealised fair value movement	-	488
Real Estate Funds realised fair value movement	-	129
Real Estate Funds unrealised fair value movement	282	1,932
Fair value movement on Italian investments	**398**	**2,663**
Fair value movements on residual Legacy entities	9	275
Interest income	68	-
Loss on foreign currency translation	(7)	(5)
Total income	**468**	**2,933**
Operating Expenses		
Interest expense	**12**	**7**
Manager base and incentive fees	92	175
Remaining operating expenses	1,247	1,687
Other operating expenses	**1,339**	**1,862**
Total expenses	**1,351**	**1,869**
(Loss) / profit for the year	**(883)**	**1,064**
€ per share	***(0.58)***	***0.57***

Balance Sheet and Adjusted NAV Reconciliation as at 31 December 2022

	Italian Investments *€ Thousands*	Corporate *€ Thousands*	Total *€ Thousands*
Assets			
Cash and cash equivalents	-	17,721	17,721
Other assets	-	109	109
Legacy German tax asset	-	4,645	4,645
Investments:			
Real Estate Funds	628	-	628
Total assets	**628**	**22,475**	**23,103**
Liabilities			
Trade and other payables	-	736	736
Manager base and incentive fees	-	17	17
Total liabilities	**-**	**753**	**753**
IFRS Net Asset Value	**628**	**21,722**	**22,350**
Liquidation cash reserve	-	(5,537)	(5,537)
Legacy German tax cash reserve	-	(1,888)	(1,888)
Legacy German tax asset	-	(4,645)	(4,645)
Adjusted NAV	**628**	**9,652**	**10,280**
Adjusted NAV (€ per Share)	***0.63***	***9.69***	***10.33***

Additional Reserves

The table below summarises the movement of Eurocastle's Additional Reserves, set as part of the Realisation Plan in 2019. In light of the disposal of the majority of its investments, the Company has taken a prudent view in managing its cash and accordingly implemented various reserves which sought to ensure that the Company could continue to meet known, potential and unknown future liabilities over the period which it anticipated would be required for the Company to complete the realisation of its investments and then be liquidated in an orderly fashion. The Additional Reserves are not accounted for under IFRS as no formal commitments for these future costs and potential liabilities exist.

As at 31 December 2022, the Additional Reserves totalled €12.1 million, of which €6.5 million is specifically related to the disposal of a legacy German property subsidiary in prior years, with the balance of approximately €5.5 million in place to allow for an orderly liquidation process. Notwithstanding the Company's expectation that the legacy German tax matter will eventually be resolved in the Company's favour, as at 31 December 2022, the potential liability was fully reserved for within the Additional Reserves.

Eurocastle started the year with €14.8m of Additional Reserves to fund future costs and potential liabilities. These reserves currently stand at €12.1 million as at 31 December 2022 after utilising €1.4 million of reserves in line with anticipated costs and a release of the existing reserves of €1.3 million in the year.

	Dec 2021 Additional Reserves *€ million*	**Reserves paid/ payable in 2022** *€ million*	**Dec 2021 Reserves after paid/ payable in 2022** *€ million*	**Q4 2022 Reserves** *€ million*	**2022 Net Movement on Reserves** *€ million*
Legacy German Tax Reserve[4]	(7.4)	0.0	(7.3)	(6.5)	0.8
Liquidation Reserve	(7.4)	1.4	(6.0)	(5.5)	0.5
Total	**(14.8)**	**1.4**	**(13.3)**	**(12.1)**	**1.3**
Per Share[5]	*(14.82)*	*1.43*	*(13.39)*	(12.12)	*1.26*

	Additional Reserves as at announcement of Realisation Plan *€ million*	**Reserves paid/ payable since Realisation Plan** *€ million*	**Reserves after paid/ payable since Realisation Plan** *€ million*	**Q4 2022 Reserves** *€ million*	**2022 Net Movement on Reserves** *€ million*
Legacy German Tax Reserve[4]	(7.1)	0.2	(6.9)	(6.5)	0.3
Liquidation Reserve	(12.9)	6.1	(6.8)	(5.5)	1.3
Total	**(20.0)**	**6.3**	**(13.7)**	**(12.1)**	**1.6**
Per Share[5]	*(20.05)*	*6.28*	*(13.77)*	*(12.12)*	*1.64*

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Distribution

During the year ended 31 December 2022, no distributions were declared or paid (during the year ended 31 December 2021, the Company declared and paid a distribution €1.0 million or €0.54 per share relating to 2020).

Directors

The Directors who have held office during the year were:

Randal A. Nardone (resigned 23 August 2022)
Constantine (Dean) Dakolias (appointed at the AGM on 8 September 2022)
Claire Whittet[6]
Jason Sherwill[6]
Peter Smith
Simon J. Thornton[6]

Directors Interests

The interests of the Directors in the voting shares of Eurocastle are as follows:

	As at 31-Dec-22	As at 31-Dec-21
Randal A. Nardone[7] (resigned 23 August 2022)	7,662	7,662
Dean Dakolias (appointed at the AGM on 8 September 2022)	-	-
Claire Whittet	6,324	5,324
Jason Sherwill	14,965	13,965
Peter Smith	-	-
Simon J. Thornton	13,427	12,427

Substantial Shareholdings

Per the shareholder register and as at 28 February 2023, the following shareholders had an interest in 3% or more of Eurocastle's share capital:

	% Holdings[8]
Nederlands Centraal Instituut Voor Giraal Effectenverkeer BV	60%
Euroclear Nominees Limited	25%
Vidacos Nominees Limited	8%

Eurocastle is subject to EU transparency rules as a result of its listing on an EU regulated market and, consequently, shareholders are required to notify the relevant regulators of certain changes to the percentage of voting rights in Eurocastle held by them.

A number of individual shareholders have made a notification of exceeding the reporting thresholds per the EU transparency rules as implemented in the Netherlands. These notifications are registered in the public register maintained by the Netherlands Authority for Financials Markets (AFM) and can be found at the following website www.afm.nl. The shareholding above has been obtained from the share register, which records legal title to the Company's shares. The shareholdings listed above may therefore not reflect beneficial ownership.

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Auditors

BDO LLP were re-appointed during the period and have expressed a willingness to continue in office.

Corporate Governance

The Directors have applied the principles of the Guernsey Code of Corporate Governance which came into effect from the 1 January 2012.

As a Guernsey incorporated company which is managed and controlled in Guernsey, Eurocastle Investment Limited is subject to the provisions of the UK City Code on Takeovers and Mergers.

Management Agreement

The Independent Directors have reviewed the continued appointment of the Manager. In carrying out the review, the Independent Directors considered the past performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance and have concluded that the continued appointment of the Manager is in the best interest of the shareholders.

Directors' Statements As To Disclosure Of Information To Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 7. Having made enquiries of fellow Directors and of Eurocastle's auditors, each of these Directors confirms that:

– to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which Eurocastle's auditors are unaware; and
– each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that Eurocastle's auditors are aware of that information.

Going Concern

Following the announcement of the Realisation Plan in 2019, the Directors have assessed, and continue to have a reasonable expectation, that the Company will be able to continue in operation and meet its liabilities as they fall due. The Directors have reviewed the Company's processes to control those risks to which the Company is exposed, as disclosed in note 3, as well as reviewing the annual budget, including the additional reserves set aside as part of the Realisation Plan. As a result of the Realisation Plan, no contractual commitments have become onerous and no commitments for further realisation costs have been made. Therefore, no provisions have been recorded in the financial statements for the future costs of the business. In particular, neither COVID-19 nor the ongoing war in Ukraine is expected to have a significant impact on the Company's liquidity. The Directors have also reviewed forecasts that have been sensitised to reflect plausible downside scenarios. The Directors have determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. The Directors have also considered the above in light of the Relaunch.

As a result of this, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors' Statements Pursuant To The Disclosure And Transparency Rules

Each of the Directors as at 31 December 2022 (whose names are listed on page 7) confirms that, to the best of each person's knowledge and belief:

– the financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
– the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face as disclosed in note 3 of the Annual Report.

Statement Of Directors' Responsibilities In Respect Of The Financial Statements

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Forward Looking Statements

This release contains statements that constitute forward-looking statements. Such forward-looking statements may relate to, among other things, future commitments to sell real estate and achievement of disposal targets, availability of investment and divestment opportunities, timing or certainty of completion of acquisitions and disposals, the operating performance of our investments and financing needs. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may", "will", "should", "potential", "intend", "expect", "endeavor", "seek", "anticipate", "estimate", "overestimate", "underestimate", "believe", "could", "project", "predict", "project", "continue", "plan", "forecast" or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. The Company's ability to predict results or the actual effect of future plans or strategies is limited. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, its actual results and performance may differ materially from those set forth in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause the Company's actual results in future periods to differ materially from forecasted results or stated expectations including the risks regarding Eurocastle's ability to declare dividends, or achieve its targets regarding asset disposals or asset performance.

Registered Office

Oak House
Hirzel Street
St. Peter Port
Guernsey
GY1 2NP

On behalf of the Board

Simon J. Thornton
Director and Audit Committee Chairman
Date: 2 March 2023

Independent Auditor's Report To The Members Of Eurocastle Investment Limited

Opinion On The Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Eurocastle Investment Limited (the 'Company') for the year ended 31 December 2022 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

Basis Of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusion Relating To Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the forecasted cash flows that support the Directors' assessment of going concern by comparing the forecasted cash flows due to be received to actual cash flows received after year-end, as well as taking into account any new investments made after year end following the relaunch of the Company's investment activity;
- Assessing the sensitivity of the forecasted cash flows to changes in the future financial performance of the Company and its investments; and
- Challenging the appropriateness of the Directors' assumptions and judgements made with regards to the going concern forecasts specifically the forecast level of expenditure and the sufficiency of cash reserves to cover this in both base case and stress-tested scenarios which considered the outcome of any contingent liabilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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Overview

<table>
<tr><td rowspan="1">Key audit matters</td><td>
<table>
<tr><td></td><td>2022</td><td>2021</td></tr>
<tr><td>Recoverability of the legacy German tax asset</td><td>✓</td><td>×</td></tr>
<tr><td>Valuation, existence and ownership of investments —Non Performing Loans and Real Estate Funds</td><td>×</td><td>✓</td></tr>
</table>
Valuation, existence and ownership of investments — Non Performing Loans and Real Estate Funds is no longer considered to be a Key Audit Matter due to the full realisation of the Non-Performing Loans portfolio and the balance of the Real Estate funds investments being immaterial.
Due to the materiality and judgement involved in assessing the recoverability of the Legacy German Tax Asset, we considered this to be a Key Audit Matter.
</td></tr>
<tr><td>Materiality</td><td>Company financial statements as a whole
€0.7m (2021: €1.0m) based on 3% (2021: 3%) of Net assets (2021: Net assets)</td></tr>
</table>

An Overview Of The Scope Of Our Audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement. In particular, we looked at where the Directors made subjective judgements, for example in respect of assessing the recoverability of the legacy German tax sset.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Recoverability of the Legacy German Tax Asset Refer to note 2, 7 and 17	During the year the German Tax Authorities finalised their review of historic tax returns filed between 2008-2012 by the entities that owned the Turret portfolio, a German property portfolio disposed of by the Company in prior years. The Company is in the process of appealing the judgement. However to avoid incurring interest on the assessed tax liabilities, payment on account has been made. The Company believes that the German Tax Courts will ultimately find in their favour, and therefore in line with the requirements set out in IFRIC 23 and IAS 12, the Company has concluded that the amount is fully recoverable. There is a risk that while the judgement is being appealed the legal position changes and that it is no longer probable that the German Tax Courts will find in the Company's favour and that the relevant tax asset should be impaired. Given the judgement involved and the materiality to the financial statements as a whole, we considered the recoverability of this balance to be a key area of our overall audit strategy and allocation of our resources and hence a Key Audit Matter.	We consulted directly with our internal tax expert and the Company's advisors, to consider whether the legal position regarding the recoverability of the Legacy German Tax Asset has changed and reviewed the evidence presented by the Company to support their position. We assessed the competence, capabilities and expertise of the Company's advisors ('the expert'), through consideration of the qualifications held by the expert and the position held in the firm employing the expert. We also considered the services provided by the firm, which employs the expert and the independence and objectivity of the expert. We also reviewed the most recent correspondence including the appeal notice to identify any matters which could impact the recoverability of the Legacy German Tax Asset. Key observations: Based on the procedures we performed we found the judgements made by management in assessing the recoverability of the Legacy German Tax Asset to be appropriate.

Our Application Of Materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2022	2021
Materiality	€0.7m	€1.0m
Basis for determining materiality	3% of Net assets	
Rationale for the benchmark applied	We consider net assets to represent the most appropriate basis for setting materiality as it represents the interest of the users of the financial statements.	
Performance materiality	€0.5m	€0.75m
Basis for determining performance materiality	75% of total materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €33,000 (2021: €20,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies (Guernsey) Law 2008 Reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Other Reporting - European Single Electronic Format (ESEF)

The Company has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML-format, including the financial statements of Eurocastle Investment Limited, has been prepared in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements, in accordance with the RTS on ESEF.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

Our procedures included:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in XHTML-format; and
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including examiningwhether the annual financial report in XHTML-format is in accordance with the RTS on ESEF.

Responsibilities Of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be Companies (Guernsey) Law, 2008, Euronext Rule Book and International Financial Reporting Standards as adopted by the European Union.

Our procedures included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of Board meetings throughout the period for any non-compliance with laws and regulations; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be the Recoverability of the Legacy Tax Asset and management override of controls.

Our procedures included:

- Recalculated investment management fees in total;
- Obtained independent confirmation of bank balances;
- The procedures set out in the Key Audit Matters section of our report; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use Of Our Report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Chris Young
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Christopher Young
For and on behalf of BDO LLP
Chartered Accountants and Recognised Auditor
London, UK
2 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

[1] Per share calculations for Eurocastle throughout this document are based on the weighted average or outstanding voting shares and therefore exclude shares held in treasury. As at 31 December 2022, a total of 1.0 million shares were in issue of which 1.0 million were voting shares and no shares were held in treasury. Amounts per share are therefore calculated on the following basis: Q4 2022 Net Asset Value per share ("NAV per share") – 1.0 million voting shares in issue; Q4 2021 NAV per share based on 1.9 million voting shares; Q3 2022 NAV per share based on 1.0 million voting shares.

[2] In light of the Realisation Plan, the Adjusted NAV reflects the additional reserves for future costs and potential liabilities, which have not been accounted for under the IFRS NAV.

[3] Refer to page 5 for further details.

[4] In March 2022, the Company made a payment of €4.6 million in relation to the legacy German tax matter. Notwithstanding the Company's expectation that the tax matter will eventually be resolved in the Company's favour, as at 31 December 2022, this tax asset was fully reserved for within the Additional Reserves

[5] Per share calculation based on 1.0 million shares post Aug 22 tender offer.

[6] Independent director.

[7] Randal A. Nardone is a member of Fortress Operating Entity I LP (registered holder of 38 shares) and Principal Holdings I LP (registered holder of 750 shares) and as a result of these relationships he is interested in the shares owned by these entities. The Manager and its principals hold an additional 13,514 shares in the Company.

[8] Percentages calculated on 1.0 million voting shares in issue.

INCOME STATEMENT

	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Portfolio Returns			
Realised fair value gain on Italian investments	4	116	243
Unrealised fair value movements on Italian investments	4	282	2,420
Realised fair value movements on other investments	4	9	275
Other income			
Interest income		68	-
Loss on foreign currency translation		(7)	(5)
Total income		**468**	**2,933**
Operating expenses			
Interest expense		12	7
Other operating expenses	5	1,339	1,862
Total expenses		**1,351**	**1,869**
Net operating (loss) / profit before taxation		**(883)**	**1,064**
Tax on (loss)/ profit	2	-	-
Total tax expense		**-**	**-**
(Loss) / Profit for the year		**(883)**	**1,064**
Attributable to:			
Ordinary equity holders of the Company		(883)	1,064
(Loss) / profit for the year		**(883)**	**1,064**
		€	€
Earnings per ordinary share[(1)]			
Basic and diluted	11	(0.58)	0.57

The Company had no other comprehensive income in the year ended 31 December 2022 and the year ended 31 December 2021.

[(1)] Earnings per share is based on the weighted average number of shares in the year of 1,514,850 (31 December 2021: 1,856,158). Refer to note 11.

See notes to the financial statements (page 21 to 34) which form an integral part of these financial statements.

BALANCE SHEET

	Notes	As at 31 December 2022 €'000	As at 31 December 2021 €'000
Assets			
Cash and cash equivalents	6	17,721	28,356
Other assets	7	109	115
Investments	8	628	5,062
Legacy German tax asset	7	4,645	-
Total assets		**23,103**	**33,533**
Equity and Liabilities			
Capital and reserves			
Issued capital, no par value, unlimited number of shares authorised		1,615,091	1,624,762
Accumulated losses		(1,592,741)	(1,591,830)
Total equity		**22,350**	**32,932**
Liabilities			
Trade and other payables	10	753	601
Total liabilities		**753**	**601**
Total equity and liabilities		**23,103**	**33,533**

See notes to the financial statements (page 21 to 34) which form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 2 March 2023 and signed on its behalf by:

Simon J. Thornton
Director and Audit Committee Chairman

CASH FLOW STATEMENT

	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Cash flows from operating activities			
(Loss) / profit for the year before taxation		**(883)**	**1,064**
Adjustments for:			
Realised fair value gain on Italian investments	4	(116)	(243)
Unrealised fair value movements on Italian investments	4	(282)	(2,420)
Realised fair value movement on other investments	4	(9)	(275)
Interest expense		12	7
Interest income		(68)	-
Loss on foreign currency translation		7	5
Total adjustments to (loss) / profit for the year		**(456)**	**(2,926)**
(Increase) / decrease in other assets		6	(4)
(Decrease) in trade and other payables		(206)	(423)
Movements in working capital		**(200)**	**(427)**
Disposal of Italian investments	8	1,254	-
Cash distribution from Italian investments	8	3,578	6,284
Cash distribution from other investments		-	28
Interest received		54	-
Interest paid		(12)	(7)
Cash movements from operating activities		**4,874**	**6,305**
Cash (used in) / generated from operations		**3,335**	**4,016**
Taxation paid - Legacy German Tax	17	(4,645)	-
Net cash flows from operating activities		**(1,310)**	**4,016**
Cash flows from financing activities			
Repurchase of share capital including costs	12	(9,325)	-
Distribution paid	13	-	(1,001)
Net decrease in cash flows from financing activities		**(9,325)**	**(1,001)**
Net (decrease) / increase in cash and cash equivalents		**(10,635)**	**3,015**
Cash and cash equivalents, beginning of the year	6	**28,356**	**25,341**
Total cash and cash equivalents, end of the year	6	**17,721**	**28,356**

See notes to the financial statements (page 21 to 34) which form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital €'000	Accumulated losses €'000	Total equity €'000
As at 1 January 2021	**1,625,741**	**(1,592,872)**	**32,869**
Profit for the year	-	1,064	1,064
Total comprehensive profit for the year	**-**	**1,064**	**1,064**
Contributions by and distributions to owners:			
Shares issued to Directors (note 12)	22	(22)	-
Distributions declared and paid (note 13)	(1,001)	-	(1,001)
As at 31 December 2021	**1,624,762**	**(1,591,830)**	**32,932**
Loss for the year	-	(883)	(883)
Total comprehensive loss for the year	**-**	**(883)**	**(883)**
Contributions by and distributions to owners:			
Shares issued to Directors (note 12)	28	(28)	-
Shares Tender (note 12)	(9,699)	-	(9,699)
As at 31 December 2022	**1,615,091**	**(1,592,741)**	**22,350**

1. BACKGROUND

Eurocastle Investment Limited ("Eurocastle", the "Company") was incorporated in Guernsey, Channel Islands on 8 August 2003 and commenced its operations on 21 October 2003. Eurocastle is a Euro denominated Guernsey closed-end investment company listed on Euronext Amsterdam (formerly listed on the London Stock Exchange) regulated by the Nederlands Authority for Financial Markets ("AFM"), which is also now its home state regulator as a result of Brexit. Eurocastle is subject to EU transparency rules as a result of its listing on an EU regulated market and, consequently, shareholders are required to notify Eurocastle and the AFM when their holding of the issued share capital and/or of the voting rights in Eurocastle reaches, exceeds or falls below certain thresholds, whereby the lowest threshold is 3%.

Until December 2019, the activities of the Company included investing indirectly in Italian performing and non-performing loans ("PLs" / "NPLs"), distressed loan assets and other credit receivables, Italian loan servicing platforms, real estate related assets and other related businesses in Italy. On 18 November 2019 the Board of Directors ("Board") announced a plan to realise the majority of the Company's assets in order to accelerate the return of value to the Company's shareholders (the "Realisation Plan"). On 8 July 2022, the Company announced the relaunch of its investment activity and will initially focus on opportunistic real estate in Greece with a plan to expand across Southern Europe, where the Manager has an extensive footprint and a long track record investing in this asset class (the "Relaunch"). The Company's new investment strategy seeks to leverage the Manager's deep knowledge of the sector, which offers significant investment opportunities in the current market cycle.

Eurocastle is externally managed by its investment manager, FIG LLC (the "Manager"). The Manager was acquired by Softbank Group Corp (9984: Tokyo) ("Softbank") on December 27, 2017 and operates as an independent business within Softbank under the continuing leadership of Pete Briger, Wes Edens and Randal Nardone. Eurocastle has entered into a management agreement (the "Management Agreement") under which the Manager advises the Company on various aspects of its business and manages its day-to-day operations, subject to the supervision of the Company's Board of Directors. For its services, the Manager receives an annual management fee and incentive compensation (as well as reimbursement for expenses, including expenses of certain employees providing asset management and finance services), as described in note 14. The Company has no ownership interest in the Manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Following the announcement of the Realisation Plan in 2019, the Directors have assessed, and continue to have a reasonable expectation, that the Company will be able to continue in operation and meet its liabilities as they fall due. The Directors have reviewed the Company's processes to control those risks to which the Company is exposed, as disclosed in note 3, as well as reviewing the annual budget, including the additional reserves set aside as part of the Realisation Plan. As a result of the Realisation Plan, no contractual commitments have become onerous and no commitments for further realisation costs have been made. Therefore, no provisions have been recorded in the financial statements for the future costs of the business. COVID-19 and the ongoing war in Ukraine is not expected to have a significant impact on the Company's liquidity. The Directors have also reviewed forecasts that have been sensitised to reflect plausible downside scenarios. The Directors have determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. The Directors have also considered the above in light of the Relaunch. As a result of this, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union on a going concern basis and under the historical cost basis of accounting, except for investments at fair value through profit and loss, which are measured at fair value. These financial statements are also prepared in accordance with Guernsey Company Law.

Following the classification of the Company as an investment entity under IFRS 10 in July 2017, the Company does not consolidate the entities it controls and therefore fair values all of its investments (whether through subsidiaries or joint ventures). These separate financial statements of the Company are its only financial statements.

Significant estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas involving significant judgements are:
- treatment of a potential tax liability associated with the disposal of a legacy property subsidiary in prior years - refer to note 17
- recognition of tax asset associated with the disposal of a legacy property subsidiary in prior years - refer to note 17

Fair value movements on investments

Fair value movements on un-quoted investments includes revaluation gains and losses from the underlying investments. The Company's investments during the period comprised Italian NPLs & other loans, real estate fund units and intermediate holding companies (refer to note 8).

Interest expense

Interest charges on Euro corporate cash deposits are recognised in the income statement on an effective interest rate method.

Interest income
Interest income on Euro corporate cash deposits are recognised in the income statement on an effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The Company falls under the Collective Investment Schemes exemption for Guernsey tax purposes and is charged €1,400 per annum (2021: €1,400). The Company is granted this exemption status on an annual basis and therefore the Company is treated as not being resident in Guernsey for tax purposes and is not liable for Guernsey tax on non-Guernsey source income (which for these purposes includes Guernsey bank deposit interest).

Tax asset

Tax assets are recognised when amounts have been paid in relation to a disputed matter where there is uncertainty over the tax treatment and the Company deems it probable that the ultimate tax authority (i.e. the relevant jurisdictional tax court) will determine that the tax is not due. The accounting policy adopted by the Company relating to the tax balance is to account for the transaction at amounts that do not reflect time value of money considering that there is no clear guidance on long term receivable tax assets under IAS 12.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit and in hand with an original maturity of three months or less.

Capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity via the reserves as a deduction from the issue proceeds.

Where the Company purchases and cancels its own equity shares (see note 12), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders.

Dividends

Dividends are recognised when they become legally payable. In the case of interim and final dividends to equity shareholders, this is when declared and approved by the board of directors.

Financial Instruments

Recognition

A financial asset or liability is recognised on the date the Company becomes party to contractual provisions of the instrument.

All financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Classification

Financial Assets

Financial assets held at fair value through profit or loss are investments that are initially recognised at fair value with any subsequent movements in fair value recognised in the income statement.

Financial liabilities

Financial liabilities are composed of trade and other payables.

Unless otherwise indicated, the carrying amounts of the Company's financial liabilities are a reasonable approximation to their fair value.

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

The presentation currency and the functional currency of the Company is the Euro. Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Segment Reporting

The company operates in one geographical segment, being Europe. The Board of Directors assesses its business through one primary segment, Italian investments. The Company's Italian investments are predominantly made up of Italian Real Estate Funds and included NPL and Other Loans until their disposal during the year.

New standards, interpretations and amendments effective from 1 January 2022

New amendments were enacted during the year which had no impact on the financial statements of the Company. New standards issued after 31 December 2022 have been considered and it has been determined that these new standards will not have a material impact on the financial statements of the Company.

3. FINANCIAL RISK MANAGEMENT

Alternative Investment Fund Managers Directive ("AIFMD") Leverage

The AIFMD prescribes two methods of measuring and expressing leverage and requires disclosure of the maximum amount of leverage the Company might be subject to. The definition of leverage is wider than that of gearing and includes those assets on balance sheet that are subject to market based valuation changes. For the purposes of AIFMD reporting, leverage is the ratio between the fair value of the assets under management and the net asset value of the Company. The ratio is required to be calculated on a gross basis and a commitment basis, under the European Commission's Delegated Regulation (commonly known as the Level 2 Regulation). The gross basis does not take into account any netting or hedging, whereas the commitment basis takes into account both netting and hedging. As at 31 December 2021, the leverage (as defined by this measure) under the gross and commitment basis was 24.08% and 24.08% respectively (31 December 2021: 15.72% and 15.72%).

Risk Management

This section provides details of the Company's exposure to risk and describes the methods used by the Company to control risk. The most important types of financial risk to which the Company is exposed are market and liquidity risk.

Capital Risk Management

The Company's capital is represented by ordinary shares with no par value and which carry one vote each. The shares are entitled to dividends when declared. The Company has no additional restrictions or specific capital requirements on the issuance and re-purchase of ordinary shares. The movements of capital are shown in the statement of changes in equity.

In order to meet the Company's capital management objectives, the Manager and the Board monitor and review the broad structure of the Company's capital on an ongoing basis. This review includes:

- Working capital requirements and follow-on investment capital for portfolio investments along with investments under the Company's new investment strategy;
- The possible timing and extent of returning capital to shareholders through distributions and share repurchases.
- The potential raising of new capital in order to pursue opportunities arising from the new investment strategy.

The Company's objectives when managing capital are to safeguard the Company's ability to meet its obligations as they fall due and to achieve positive returns in all market environments. In order to maintain or adjust the capital structure, the Company may raise or return capital from or to shareholders through the issue and repurchase of voting shares and/or capital distribution. At 31 December 2022, the Company had net equity of €22.4 million (31 December 2021: €32.9 million) and no direct leverage (31 December 2021: no direct leverage).

Credit Risk

Credit risk is the risk of the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents. As at 31 December 2022, the Company's cash and cash equivalents was €17.7 million (31 December 2021: €28.4 million).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Banking arrangements

The Company's banking arrangements are with major financial institutions with investment grade credit ratings with which the Company and its affiliates may also have other financial relationships. While it is not anticipated that any of these counterparties will fail to meet their obligations, there is no certainty in current market conditions that this will be the case. As at 31 December 2022, the Company has placed €15.7 million of its corporate cash in a 35 day notice money market account and €1.7 million in a cash management account, with a financial institution rated long term: A by Fitch; A1* by Moody's; and A negative by S&P (31 December 2021 €24.7 million - rated long term: A by Fitch; A3 by Moody's; and A negative by S&P). As at 31 December 2022, the remaining corporate cash of €0.3 million was held with a financial institution rated long term: A+ stable by Fitch; A1 Stable by Moody's; and A positive by S&P (31 December 2021: €3.7 million - rated long term: A+ stable by Fitch; A1 negative by Moody's; and A positive by S&P). The Company monitors on a regular basis the credit worthiness of the various financial institutions to mitigate credit risk exposure with respect to its banking arrangements.

Market Risk

Market risk encompasses the following macro-economic and political risks:

Macro-economic and political risks

Market risk encompasses the following macro-economic and political risks: The value of the Company's investments in its Italian real estate is dependent on macroeconomic and political conditions prevailing in Italy. The majority of the Company's remaining investments comprise interests in two real estate redevelopment funds where construction is fully completed and all the units in one fund are fully sold with all the units in the second fund sold or under contract as at year end. As a result the current instability in the wider geopolitical environment, exacerbated initially by COVID and now by the war in Ukraine and the ongoing energy and cost of living crisis, is not expected to have a material impact on the Company's ability to realise its assets at its target prices and in the timeline envisaged. While the expected yield on these portfolios is sensitive to the performance of the underlying assets, the value at which these investments are held by the Company is sensitive to the market yields at which they trade. Refer to note 8 for details of sensitivity analysis on the Italian investments.

The Company aims to manage this risk within acceptable parameters while optimising the return and does so by regular monitoring of the underlying performance and realisation strategy for all investments.

Interest rate risk

The Company's interest rate risk is not considered to be significant. The Company is exposed to interest rates on banking deposits held in the ordinary course of business. Management monitors this risk on a continuous basis.

Foreign Currency Risk

The majority of the Company's assets and liabilities are denominated in Euros. The Company's foreign currency risk is not considered to be significant.

Liquidity Risk

The Company's objectives when managing capital are to safeguard the Company's ability to meet its financial obligations as they fall due in order to support the business and to maximise shareholder value. Eurocastle's liquidity is primarily generated by distributions from its Italian Investments. The Company expects that its cash in hand and cash flow provided from realisations of its remaining investments will satisfy its liquidity needs over the next twelve months.

The Board have assessed future costs and potential liabilities in conjuction with the Realisation Plan and Relaunch and have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due.

4. PORTFOLIO RETURNS

Movements on investments are summarised below:

	Year ended 31 December 2022			Year ended 31 December 2021		
	Realised fair value movements €'000	**Unrealised fair value movements €'000**	**Total fair value movements €'000**	**Realised fair value movements €'000**	**Unrealised fair value movements €'000**	**Total fair value movements €'000**
Italian NPLs & Other Loans (note 8)	116	-	116	114	488	602
Real Estate Funds (note 8)	-	282	282	129	1,932	2,061
Portfolio returns on Italian investments	**116**	**282**	**398**	**243**	**2,420**	**2,663**
Fair value movements on other investments	9	-	9	275	-	275
Total portfolio returns	**125**	**282**	**407**	**518**	**2,420**	**2,938**

5. OTHER OPERATING EXPENSES

	Year ended 31 December 2022 €'000	**Year ended 31 December 2021 €'000**
Professional fees	216	224
Manager base and incentive fees (related party, note 14)	92	175
Manager recharge (related party, note 14)	571	815
General and administrative expenses	460	648
Total other operating expenses	**1,339**	**1,862**

6. CASH AND CASH EQUIVALENTS

	As at 31 December 2022 €'000	**As at 31 December 2021 €'000**
Cash at bank	1,977	3,652
Cash on deposit	15,744	24,704
Total cash and cash equivalents	**17,721**	**28,356**

7. OTHER ASSETS & LEGACY GERMAN TAX ASSET

	As at 31 December 2022 €'000	As at 31 December 2021 €'000
Prepaid expenses and other receivables	109	115
Legacy German tax asset	4,645	-
Total other assets and Legacy German tax asset	**4,754**	**115**

All prepaid expenses and other receivables are expected to mature in less than one year. The Legacy German tax asset is expected to be resolved in more than one year (refer to note 17).

8. INVESTMENTS

The Company indirectly holds the following investments:

	As at 31 December 2022 €'000	As at 31 December 2021 €'000
Italian investment portfolio	628	5,062
Total investments	**628**	**5,062**

As at 31 December 2022, the movements in the Italian investment portfolio were as follows:

	Italian NPLs & Other Loans	Real Estate Funds	
	Fair value accounted	Fair value accounted	Total Investments
	€'000	€'000	€'000
Balance as at 1 January 2022	**1,337**	**3,725**	**5,062**
Disposals	**(1,254)**	**-**	**(1,254)**
Distributions received	**(199)**	**(3,379)**	**(3,578)**
Realised fair value movement	**116**	**-**	**116**
Unrealised fair value movement	**-**	**282**	**282**
Balance as at 31 December 2022	**-**	**628**	**628**

As at 31 December 2021, the movements in the Italian investment portfolio were as follows:

	Italian NPLs & Other Loans	Real Estate Funds	
	Fair value accounted	Fair value accounted	Total Investments
	€'000	€'000	€'000
Balance as at 1 January 2021	**1,248**	**7,435**	**8,683**
Distributions received	**(513)**	**(5,771)**	**(6,284)**
Realised fair value gain	**114**	**129**	**243**
Unrealised fair value movement	**488**	**1,932**	**2,420**
Balance as at 31 December 2021	**1,337**	**3,725**	**5,062**

Refer to the portfolio summary on page 27 for further details on investments .

8. INVESTMENTS (CONTINUED)

Portfolio summary

During the year, the Company's investments were categorised as follows:

I. Italian NPLs & Other Loans
II. Real Estate Funds

I. Italian NPLs & Other Loans

Following the Realisation Plan in 2019, the Company retained a residual minority interest in three Italian NPL & Other Loan pools which were held in 2 portfolio structures. Both portfolios were under contract to be sold once the underlying portfolio level financing on each was repaid. During the year ended 31 December 2022, the Company completed the sale of both of these portfolios. The two portfolios were serviced by doValue (refer to note 14)

II. Real Estate Funds

The Company has the following Real Estate Fund investments:

Real Estate Fund Investment II:

On 22 July 2014, the Company indirectly invested in a newly established real estate development fund (Real Estate Fund Investment II) which purchased two office buildings in Rome for redevelopment into high-end residential properties for resale. As at 31 December 2022 both projects have been completed, with all units sold and the fund is in the process of liquidating.

The Company's investment is held through a joint venture (ownership percentage: 49.7%) investment in Torre Real Estate Fund III Value Added – Sub fund A ("RE Torre Fund"). Real Estate Fund Investment II is managed by Torre, an affiliate of the Manager.

Real Estate Fund Investment V:

In April 2017, building on Real Estate Fund Investment II, the Company closed on the purchase of an office to residential conversion development site in Rome ("Real Estate Fund Investment V") through a joint venture interest (ownership percentage: 49.6%) in Torre Real Estate Fund III Value Added – Sub fund B. As at 31 December 2022, the project has been fully completed with all units sold or under contract or to be sold and the fund is in the process of liquidating.

Real Estate Fund Investment V is managed by Torre, an affiliate of the Manager.

8. INVESTMENTS (CONTINUED)

Fair value hierarchy

The following table shows an analysis of the fair value assets on the balance sheet by level of hierarchy:

As at 31 December 2022:

	Level 3 €'000	Total fair value €'000
Italian NPLs & Other Loans	-	-
Real Estate Funds	628	628
Total	**628**	**628**

As at 31 December 2021:

	Level 3 €'000	Total fair value €'000
Italian NPLs & Other Loans	1,337	1,337
Real Estate Funds	3,725	3,725
Total	**5,062**	**5,062**

Explanation of the fair value hierarchy:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Use of a model with inputs (other than quoted prices included in Level 1) that are directly and indirectly observable market data.
- Level 3: Use of a model with inputs that are not based on observable market data.

Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Company recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

8. INVESTMENTS (CONTINUED)

Transfers between levels

There were no transfers between levels for the year ended 31 December 2022 (31 December 2021: no transfers).

The following table shows a reconciliation for the Level 3 fair value measurements as at 31 December 2022:

	Italian NPLs & Other Loans €'000	Real Estate Funds €'000	Total €'000
As at 1 January 2022	1,337	3,725	5,062
Distributions received	(199)	(3,379)	(3,578)
Unrealised fair value movement in the year	-	282	282
Realised fair value movement in the year	116	-	116
Disposals in the year	(1,254)	-	(1,254)
As at 31 December 2022	**-**	**628**	**628**

The following table shows a reconciliation for the Level 3 fair value measurements as at 31 December 2021:

	Italian NPLs & Other Loans €'000	Real Estate Funds €'000	Total €'000
As at 1 January 2021	1,248	7,137	8,385
Distributions received	(513)	(5,344)	(5,857)
Unrealised fair value movement in the year	488	1,932	2,420
Realised fair value movement in the year	114	-	114
As at 31 December 2021	**1,337**	**3,725**	**5,062**

Expected recoveries of investments

The following table summarises the expected recoveries for the Italian investments held by the Company:

	2022		2021	
	Within one year (1) €'000	More than one year €'000	Within one year (2) €'000	More than one year €'000
Italian NPLs & Other Loans	-	-	62	1,275
Real Estate Funds	642	-	1,940	1,785

(1) Amounts recoverable within one year represent projected cash flows as at the reporting date.

(2) Amounts recoverable within one year represent actual and known cash flows as at the reporting date with the residual balance for the carrying value of the investments shown as amounts due to mature in over one year.

8. INVESTMENTS (CONTINUED)

Fair value methodology and sensitivity analysis

Real Estate Funds

The Company's investment in Real Estate Fund Investment II and Real Estate Fund Investment V were classified as level 3 in the fair value hierarchy.

The table below presents the sensitivity of the valuation to a change in the most significant assumptions:

For the year ended 31 December 2022	**Real Estate Funds**	**Total**
Expected profit multiple	1.1	1.1
Remaining weighted average life	0.3	0.3
Discount rate	9%	9%

For the year ended 31 December 2021	**Real Estate Funds**	**Total**
Expected profit multiple	1.1	1.1
Remaining weighted average life	0.8	0.8
Discount rate	11%	11%

8. INVESTMENTS (CONTINUED)

The table below presents the sensitivity of the valuation to a change in the most significant assumption:

For the year ended 31 December 2022	**Real Estate Funds €'000**	**Total €'000**
Fair value	628	628
Increase in discount rate by 25bps	628	628
Value sensitivity	**-**	**-**

For the year ended 31 December 2021	**Real Estate Funds €'000**	**Total €'000**
Fair value	3,725	3,725
Increase in discount rate by 25bps	3,720	3,720
Value sensitivity	**(5)**	**(5)**

9. CONTRACTUAL MATURITIES

Contractual maturities

The Company's Italian investments have been funded through equity.

As at 31 December 2022, the Company had no contractual maturities on financial liabilities, outside of trade and other payables which are all due within one year.

Fair values of financial assets and financial liabilities

The Company's financial assets consist of investments, other debtors, tax asset and cash and cash equivalents. The Company's financial liabilities consist of trade and other payables. All financial assets and liabilities are held at fair value.

10. TRADE AND OTHER PAYABLES

	As at 31 December 2022 €'000	**As at 31 December 2021 €'000**
Due to Manager (related party, refer note 14)	151	253
Accrued expenses and other payables	602	348
Total trade and other payables	**753**	**601**

All the trade and other payables are recognised at amortised cost and are expected to mature in less than one year.

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit after taxation by the weighted average number of ordinary shares outstanding during the year.
There are currently no instruments that would give rise to a dilutive effect on the Company's shares.

The following is a reconciliation of the weighted average number of ordinary shares outstanding on a diluted basis:

	As at 31 December 2022	**As at 31 December 2021**
Weighted average number of ordinary shares*	1,514,850	1,856,158
Weighted average number of ordinary shares - dilutive	**1,514,850**	**1,856,158**

*weighted average shares for the year

12. SHARE CAPITAL AND RESERVES

As at 31 December 2022, there were 995,555 shares (31 December 2021: 1,857,535) issued of which no shares (31 December 2020: no shares) were held in treasury. All shares are fully paid up.

The movement in issued share capital is shown as follows:

			Number of shares
			Voting shares
As at 1 January 2021			**1,854,535**
Shares issued to the Directors as part of their in-place compensation arrangements for €nil consideration - 17 June 2021			3,000
As at 31 December 2021			**1,857,535**
Shares repurchased and cancelled - 9 August 2022			(864,980)
Shares issued to the Directors as part of their in-place compensation arrangements for €nil consideration - 9 September 2022			3,000
As at 31 December 2022	**-**	**-**	**995,555**

On 8 July 2022, the Company announced a tender offer to repurchase up to 1,286,181 shares at a price of €10.26 per ordinary share. In August 2022, the tender closed with the Company repurchasing 864,980 shares for a total tender amount, excluding costs, of €8.9 million.

Date	**Description**	**Number of shares**	**Price Per share**	**Value of Share repurchase (€'000)**	**Directly attributable costs (€'000)**
9 August 2022	Share tender - shares repurchased and cancelled	864,980	€ 10.26	8,875	825

As at 31 December 2022, €0.4 million of costs associated with the tender offer remain unpaid.

As at 31 December 2022, the Company held no shares in treasury (31 December 2021: no shares in treasury).

Accumulated loss

The reserve represents the cumulative gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.

13. DIVIDENDS PAID AND DECLARED

As a result of the Realisation Plan, the Company's distribution policy, including the regular quarterly dividend, did not apply with effect from Q3 2019.

During the year ended 31 December 2022, no distributions were declared or paid (capital distribution of€1.0 million declared and paid in the year ended 31 December 2021):

Declaration date	Ex-date	Record date	Payment date	Distribution per share	Amount €'000
04 March 2021	10 March 2021	11 March 2021	30 March 2021	€ 0.540	1,001
Total				**€ 0.540**	**1,001**

14. MANAGEMENT AGREEMENT AND RELATED PARTY TRANSACTIONS

The Company entered into the Management Agreement with the Manager in August 2003. Pursuant to the Management Agreement, the Manager, under the supervision of the Board of Directors, will formulate investment strategies, arrange for the acquisition of assets, arrange for financing, monitor the performance of the Company's assets and provide certain advisory, administrative and managerial services in connection with the operations of the Company. Since 1 January 2015 the management fee paid to the Manager is equal to (i) 1.5% of the Company's Adjusted NAV reported quarterly, excluding net corporate cash, and (ii) 0.75% on net corporate cash attributable to certain reserves.

Incentive compensation was equal to 25% of the euro amount by which the Company's Normalised FFO derived from Italian Investments, after allocated corporate costs, exceeded the net invested capital in the Company's Italian Investments multiplied by the hurdle rate of 8% per annum (calculated on a cumulative but not compounding basis). In light of the Realisation Plan, the Manager agreed to amend the calculation of its incentive fee to treat the Company's other remaining investments, which predominantly comprise investments in Italian real estate funds, as fully realised at an agreed value in 2019 to better reflect the price per ordinary share represented in the initial Exchange Ratio. These amendments reduced the fee payable by the Company to the Manager in the fourth quarter of 2019 by €2.4 million to €19.5 million and no further fees will be due in relation to the Company's remaining investments. The Manager will be entitled to earn back a portion of this discount if excess amounts are released from certain reserves put in place by the Board to fund future costs and potential liabilities. As at 31 December 2022, the amount due to the manager was nil (31 December 2021: nil).

The Management Agreement provides that the Company will reimburse the Manager for various expenses incurred by the Manager or its officers, employees and agents on the Company's behalf, including the cost of legal, accounting, tax, auditing, finance, administrative, asset management, property management and other similar services rendered for the Company by providers retained by the Manager or, if provided by the Manager's or its affiliates' employees, in amounts which are no greater than those that would be payable to external professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arms-length basis. Such expenses have been included in the income statement.

When it was signed in 2003 the Management Agreement provided for an initial term of ten years with automatic three year extensions, subject to certain termination rights. The Management Agreement may be terminated by the Company by payment of a termination fee, as defined in the Management Agreement, equal to the amount of management fees earned by the Manager during the 12 consecutive calendar months immediately preceding the termination, upon the vote of a majority of the holders of the outstanding ordinary shares. In addition, unless an arrangement is made between the Company and the Manager, incentive compensation (as outlined above) will continue to be payable to the Manager post-termination.

In connection with the Relaunch, certain terms of the Management Agreement will be amended to reflect the expected return profile of the new investment strategy. Refer to the July 2022 Tender Offer Circular on the Company's website for further details.

The Manager is deemed to be the key employee for reporting purposes. As at 31 December 2021, management fees, incentive fees and expense reimbursements of €0.2 million (31 December 2021: €0.3 million) were due to the Manager. During the year ended 31 December 2022, management fees of €0.1 million (31 December 2021: €0.2 million), nil incentive fees (31 December 2021: nil), and expense reimbursements of€0.6 million (31 December 2021: €0.8 million) were charged to the income statement.

Total annual remuneration for the Eurocastle directors as at 31 December 2022 was €0.1 million (31 December 2021: €0.1 million), payable quarterly in equal instalments. Randal A. Nardone, Dean Dakolias and Peter Smith do not receive any remuneration from the Company.

In addition to the shares in the Company held by the Manager and its principals (see page 7), certain employees of the Manager hold a total of 517,674 shares in the Company, of which 433,462 are beneficially owned by a senior executive of the Manager with primary responsibility for the Company.

Fortress Italian NPL Opportunities Series Fund LLC (which owned the NPL pools) and Fortress Italian Real Estate Opportunities Series Fund LLC (being the entity through which the majority of the Company's interest in Real Estate Fund Investments are held) are managed by an affiliate of the Manager. The total management fee expense for the year ended 31 December 2022 is €0.0 million (31 December 2021: €0.1 million) and offsets fully against the Company's Management Fee payable to the Manager.

The Company's non-controlling interest in its joint venture investment in Real Estate Fund Investment II and Real Estate Fund Investment V (refer to note 8) are held in funds managed by Torre SGR S.p.A, which is majority owned by an affiliate of the Manager. The total management fee expense, across these funds, for the year ended 31 December 2022 was €0.0 million (31 December 2021: €0.1 million).

15. INVESTMENT IN SUBSIDIARIES

The Company has investments in the following subsidiaries (unless otherwise stated the Company has a 100% interest in the entity):

Luxembourg:
Luxgate S.à r.l

United States of America:
Fortress Italian Real Estate Opportunities Series Fund LLC - Series 2

As at 31 December 2022, the unconsolidated subsidiaries do not have any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability to transfer funds to the Company in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the Company.

16. SUBSEQUENT EVENTS

As at 2 March 2023, there were no material subsequent events to disclose.

17. CONTINGENT LIABILITIES

The Company is exposed to a potential tax risk of up to €6.5 million associated with the disposal of a legacy property subsidiary in prior years. In February 2022, the Company received revised tax assessments related to this risk covering the period 2008 - 2012 determining a liability of €4.6 million. In respect of the same legacy property subsidiary, the years 2013 - 2015 remain subject to ongoing tax audits, the timings of which are uncertain. The Company estimates that the remaining financial impact (excluding associated costs of €0.2 million) for all these audits, including interest, is approximately €1.7 million. The Company intends to appeal the current and any future assessments through the German tax system and, having taken independent advice, considers it probable that the matter will finally be determined in the Company's favour. In light of this, the Company has recognised a tax asset of €4.6m following payment of this amount in March 2022. The Company has been advised that, based on average court timings for both the German fiscal and federal court systems, this matter can be expected to be resolved in approximately four years, but notes that it can take considerably longer and, in rare cases, up to ten years in total. Notwithstanding the Company's expectation that the tax matter will eventually be resolved in the Company's favour, as at 31 December 2022, the full potential liability is fully reserved for within the Additional Reserves(see page 5).

18. COMMITMENTS

As at 31 December 2022, the Company had no formal commitments.

Corporate Information

BOARD OF DIRECTORS

Randal A. Nardone

(resigned 23 Aug 2022)

Jason Sherwill

Peter M. Smith

Dr. Simon J. Thornton

Claire Whittet

Constantine (Dean)

Dakolias (appointed at

AGM on 8 Sept 2022)

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FORWARD-LOOKING STATEMENTS

This report contains statements that constitute forward-looking statements. Such forward-looking statements relate to, among other things, future commitments to sell real estate and achievement of disposal targets, availability of investment and divestment opportunities, timing or certainty of completion of acquisitions and disposals, the operating performance of the investments and financing needs. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may”, “will”, “should”, “potential”, “intend”, “expect”, “endeavour”, “seek”, “anticipate”, “estimate”, “overestimate”, “underestimate”, “believe”, “could”, “project”, “predict”, “continue”, “plan”, “forecast” or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. The Company’s ability to predict results or the actual effect of future plans or strategies is limited. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance may differ materially from those set forth in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause the Company’s actual results in future periods to differ materially from forecasted results or stated expectations, including the risks regarding Eurocastle’s ability to achieve its targets regarding asset disposals or asset performance.

Eurocastle Investment Limited

www.eurocastleinv.com