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Eurocastle Releases First Half 2024 Financial Results

Guernsey, 7 August 2024 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) (“Eurocastle” or the “Company”) today has released its interim management statement for the quarter ended 30 June 2024.

- ◆ **IFRS NAV** of €21.59 million, or €21.56 per share (€21.63 million, or €21.66 per share as at Q1 2024).
- ◆ **ADJUSTED NET ASSET VALUE (“NAV”)**¹ of €11.08 million, or €11.07 per share² (€11.09 million, or €11.11 per share as at Q1 2024).

	Q1 2024 NAV		Q2 Cash Movement		Q2 FV Movement		Q2 2024 NAV	
	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.
New Investment Strategy - Greece	0.10	0.10	0.15	0.15	0.02	0.02	0.27	0.27
Legacy Italian Real Estate Funds	0.07	0.07	-	-	(0.01)	(0.01)	0.06	0.06
Net Corporate Cash ³	17.73	17.76	(0.15)	(0.15)	(0.05)	(0.10)	17.53	17.51
Legacy German Tax Asset	3.73	3.73	-	-	-	(0.01)	3.73	3.72
IFRS NAV	21.63	21.66	-	-	(0.04)	(0.10)	21.59	21.56
Additional Reserves ⁴	(10.54)	(10.55)	-	-	0.03	0.06	(10.51)	(10.49)
Adjusted NAV	11.09	11.11	-	-	(0.01)	(0.04)	11.08	11.07
<i>Ordinary shares outstanding</i>	998,555						1,001,555	

As at 30 June 2024, the Company’s assets comprise:

1. €17.5 million, or €17.51 per share, of net corporate cash³ which is primarily available to fund new investments under the New Investment Strategy.
2. Advances of €0.3 million, or €0.27 per share, made in relation to the Company’s first investment under the New Investment Strategy.
3. A tax asset of €3.7 million, or €3.72 per share, representing amounts paid in relation to additional tax assessed against a German property subsidiary. The Company is currently appealing the assessment through the German fiscal court and expects the matter will eventually be resolved in the Company’s favour.
4. Residual interests in two legacy Italian Real Estate Fund Investments with a NAV of €0.1 million, or €0.06 per share, where the underlying apartments are now all sold with both funds currently in liquidation.

¹ In light of the Realisation Plan announced in 2019, the Adjusted NAV as at 30 June 2024 reflects additional reserves for future costs and potential liabilities, which have not been accounted for under the IFRS NAV. No commitments for these future costs and potential liabilities existed as at 30 June 2024.

² Per share calculations for Eurocastle throughout this document are based on 1,001,555 shares, unless otherwise stated.

³ Reflects corporate cash net of accrued liabilities and other assets.

⁴ Reserves that were put in place when the Company realised the majority of its investment assets in 2019 in order for the Company to continue in operation and fund its future costs and potential liabilities. These reserves are not accounted for under IFRS.

BUSINESS UPDATES

- **New Investment Strategy –**

Eurocastle has now launched a Luxembourg regulated fund, European Properties Investment Fund S.C.A., SICAV RAIF (the “Fund”), to make opportunistic real estate investments across Southern Europe. The Fund completed its first close on August 6, 2024 for €10 million, with the Company committing €8 million alongside a €2 million commitment from its JV partner. The Fund is now being marketed to potential investors with a target fund size of €100 million. In addition to generating attractive risk adjusted returns on its share of any investments made by the Fund, Eurocastle also anticipates receiving a 60% share of fees and promote generated from external investors with the remaining 40% paid to the JV Partner. Such amounts include annual management fees representing 1.5% of the Fund’s net asset value and promote of 20% of the Fund’s total net profit (subject to a return hurdle of 8% per annum). The Company sees the Fund as an attractive opportunity to earn enhanced returns on the capital it invests while also building a meaningful base for future investments⁵.

In addition, Eurocastle’s first acquisition under its new strategy, being part of a boutique retail complex in an affluent part of Athens, has now met all closing conditions and is intended to be purchased by the Fund in September. The asset is being acquired from one of the largest Greek banks out of a distressed situation. Eurocastle’s strategy is to lease-up the last 20% of the building which is currently vacant and then seek an exit in the open market. The total expected investment is approximately €6.3 million. In parallel with executing this first investment, the Company has been underwriting a number of additional opportunities.

- **Additional Reserves –** During H1 2024, the Company reduced these reserves from €10.7 million to €10.5 million, or €10.49 per share, with the reduction of €0.2 million reflecting reserves being utilised in line with anticipated costs. As at 30 June 2024, of the total Additional Reserves of €10.5 million, €5.4 million related to the legacy German tax matter with the balance of approximately €5.1 million in place to allow for future costs and potential liabilities while the Company establishes in parallel the New Investment Strategy. The Board anticipates reviewing the appropriate level of reserves once it has further clarity on the amount of commitments received by the Fund.

⁵ References to the Fund in this document do not constitute an offer to sell or a solicitation of an offer to buy any security and may not be relied upon in connection with the purchase or sale of any security. Any such offer would only be made by means of formal offering documents, which would govern in all respects.

Income Statement for the Quarter ended 30 June 2024 and First Six Months of 2024 (unaudited)

	Income Statement Q2 2024 € Thousands	Income Statement H1 2024 € Thousands
<u>Portfolio Returns</u>		
Legacy Real Estate Funds unrealised fair value movement	(8)	(18)
Fair value movement on Investments	(8)	(18)
Other income	12	17
Interest income	176	322
Total income	180	321
<u>Operating Expenses</u>		
Manager base and incentive fees	20	40
Remaining operating expenses	203	430
Total expenses	223	470
(Loss) for the period	(43)	(149)
€ per share	(0.04)	(0.15)

Balance Sheet and Adjusted NAV Reconciliation as at 30 June 2024 and as at 31 December 2023

	New Investment Strategy - Greece € Thousands	Legacy Italian Investments € Thousands	Corporate € Thousands	30 June 2024 Total € Thousands	31 December 2023 Total € Thousands
Assets					
Other assets	266	-	20	286	210
Legacy German tax asset	-	-	3,727	3,727	3,727
Investments – Legacy Real Estate Funds	-	63	-	63	82
Cash, cash equivalents and treasury investments:					
Cash and cash equivalents	-	-	17,874	17,874	13,951
Treasury Investments	-	-	-	-	4,236
Total assets	266	63	21,621	21,950	22,206
Liabilities					
Trade and other payables	-	-	339	339	425
Manager base and incentive fees	-	-	20	20	41
Total liabilities	-	-	359	359	466
IFRS Net Asset Value	266	63	21,262	21,591	21,740
Liquidation cash reserve	-	-	(5,081)	(5,081)	(5,185)
Legacy German tax cash reserve	-	-	(1,701)	(1,701)	(1,728)
Legacy German tax asset reserve	-	-	(3,727)	(3,727)	(3,727)
Adjusted NAV	266	63	10,753	11,082	11,100
Adjusted NAV (€ per Share)	0.27	0.06	10.74	11.07	11.12

NOTICE: This announcement contains inside information for the purposes of the Market Abuse Regulation 596/2014.

ADDITIONAL INFORMATION

For investment portfolio information, please refer to the Company's most recent Financial Report, which is available on the Company's website (www.eurocastleinv.com).

Terms not otherwise defined in this announcement shall have the meaning given to them in the Circular.

ABOUT EUROCASTLE

Eurocastle Investment Limited ("Eurocastle" or the "Company") is a publicly traded closed-ended investment company. On 8 July 2022, the Company announced the relaunch of its investment activity and is currently in the early stages of pursuing its new strategy by initially focusing on opportunistic real estate in Greece with a plan to expand across Southern Europe. For more information regarding Eurocastle Investment Limited and to be added to our email distribution list, please visit www.eurocastleinv.com.

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", "endeavour", "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.