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**Eurocastle Releases First Half 2021 Financial Results**

Guernsey, 4 August 2021 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its financial report for the six months ended 30 June 2021.

◆ **Adjusted Net Asset Value (“NAV”)** of €17.8 million<sup>1</sup>, or €9.60 per share<sup>2</sup>, up €0.83 per share vs. €8.77 per share at Q1 2021 (up €1.14 per share<sup>3</sup> since Q4 2020) due to:

1. Valuation movements:
  - €0.71 per share, or 26%, increase in Q2 2021 (€0.98 per share increase in H1 2021) on its remaining real estate fund investments as a result of realisations being ahead of expectations.
  - €0.19 per share, or 27%, increase in Q2 2021 (€0.23 per share increase in H1 2021) on the remaining three NPL and other loan interests.
2. Increase in existing reserves and other movements resulting in a decrease of €(0.07) per share in Q2 2021 (€0.07 per share decrease in H1 2021).

The tables below summarise the Adjusted NAV by segment:

	Q1 2021 NAV		Q2 Cash Movement		Q2 FV Movement		Q2 2021 NAV	
	€ million	€ per share	€ million	€ per share	€ million	€ per share	€ million	€ per share
Real Estate Funds	5.1	2.77	-	-	1.3	0.71	6.4	3.47
Italian NPLs & Other Loans	1.3	0.70	(0.0)	(0.01)	0.4	0.19	1.6	0.88
Net Corporate Cash <sup>4</sup>	9.8	5.30	0.0	0.01	(0.1)	(0.07)	9.7	5.25
<b>Adjusted NAV</b>	<b>16.3</b>	<b>8.77</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>0.83</b>	<b>17.8</b>	<b>9.60</b>

As at 30 June 2021, the Company’s remaining assets comprise:

1. Interests in two fully developed, luxury residential real estate redevelopment funds in Rome where all of the apartments in Real Estate Fund Investment II (“REFI II”) are now **100%** sold or under contract to be sold and less than **20%** of the units in Real Estate Fund Investment V (“REFI V”) remain to be sold.
2. Residual minority interests in three predominantly secured NPL & Other Loan pools where the underlying assets of one pool are under binding contract to be sold in Q3 and, as previously announced, the remaining two NPL pools are under contract to be sold once the underlying portfolio level financing of each is repaid.
3. Net corporate cash of €9.7 million, comprising corporate cash net of liabilities and additional reserves.

<sup>1</sup> In light of the Realisation Plan announced in November 2019, the Adjusted NAV as at 30 June 2021 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 2021. The IFRS NAV, as at 30 June 2021, is €33.2 million, or €17.86 per share.

<sup>2</sup> Per share calculations for Eurocastle throughout this document are based on 1.9 million shares.

<sup>3</sup> After taking into account payment in Q1 2021 of €0.54 per share of 2020 capital distribution.

<sup>4</sup> Reflects corporate cash net of liabilities and additional reserves.

## **H1 2021 BUSINESS HIGHLIGHTS**

### **H1 2021 Overview**

During the first half of 2021, the Company continued to make significant progress on realising its remaining assets as part of its Realisation Plan. Sales of residential units across both of its real estate redevelopment funds have proved resilient despite the ongoing challenges from COVID-19. This positive activity in the RE Funds, where results were achieved above and ahead of what was anticipated, after being adjusted in 2020 for the projected impact of COVID-19, has been the primary driver for a 26% valuation increase in the period for these investments.

In addition, Eurocastle received its last material distribution from its publicly listed fund investment and agreed the sale of all underlying assets in one of the three remaining loan pools the Company has an interest in, comprising 19% of the segment's Q2 2021 NAV. This activity has left the Company well positioned while it undertakes its strategic review, announced in March 2021. The strategic options are under ongoing review by the Board, with the outcome of the review anticipated to be announced to shareholders before the end of 2021.

### **Investment Realisations & Highlights**

- During the first half of 2021, the Company realised €2.9 million from its investments, of which €2.8 million came from its Real Estate Funds (~38% of their YE 2020 NAV) and €0.1 million from its minority NPL and Other Loan holdings (~4% of their YE 2020 NAV).
- **RE Redevelopment Funds - REFI II & REFI V:**
- Following sales activity during the period and assuming all units under contract to be sold in REFI II and REFI V close, only 18% of units in REFI V as at 30 June 2021 will remain to be sold.
- Received €2.4 million in Q1 2021 comprising (i) €0.5 million from REFI II (~22% of its YE 2020 NAV) and (ii) €1.9 million from REFI V (~39% of its YE 2020 NAV). The remaining proceeds from closed sales together with those under contract to be sold are expected to be distributed to Eurocastle in H2 2021 (representing 62% of the Q2'21 NAV).
- **REFI I:** Following the sale of all the assets in Real Estate Fund Investment I in 2019, the Company received its last expected material distribution of €0.4 million, or 143% of its YE 2020 NAV, in Q1 2021.
- **Italian NPLs & Other Loans:** During the year the pools generated and distributed €0.1 million, or ~4% of its YE 2020 NAV. In June the underlying assets of one of these 3 pools went under contract to be sold with closing expected in Q3 2021. The H1 2021 fair value reflects the impact of this offer which is expected to generate ~€0.3 million to the Company (~19% of Q2'21 NAV).
- **Additional Reserves:** The Company reduced these reserves from €16.2 million to €15.4 million during the first half of the financial year. The reduction of €0.8 million reflects €0.9 million of reserves being utilised, in line with anticipated costs, and an increase of €0.1 million in the existing reserves in H1 2021.

### **SUBSEQUENT EVENT TO 30 JUNE 2021**

REFI V signed an additional 8% of units under contract and fully repaid the financing facility, leaving **10%** of units remaining with closings expected by the end of the year.

**Income Statement for the Six and Three Months ended 30 June 2021 (unaudited)**

	H1 2021 € Thousands	Q2 2021 € Thousands
<b>Portfolio Returns</b>		
Italian NPLs & Other Loans	437	354
Real Estate Funds	1,809	1,316
<b>Fair value movement on Italian investments</b>	<b>2,246</b>	<b>1,670</b>
Fair value movements on residual Legacy entities	28	-
Gain / (loss) on foreign currency translation	-	(1)
<b>Total gain</b>	<b>2,274</b>	<b>1,669</b>
<b>Operating Expenses</b>		
Manager base and incentive fees	96	50
Remaining operating expenses	867	501
<b>Other Operating expenses</b>	<b>963</b>	<b>551</b>
<b>Total expenses</b>	<b>963</b>	<b>551</b>
<b>Net profit for the period</b>	<b>1,311</b>	<b>1,118</b>
<i>€ per share</i>	<i>0.71</i>	<i>0.60</i>

**Balance Sheet and Adjusted NAV Reconciliation as at 30 June 2021 (unaudited)**

	Italian Investments € Thousands	Corporate € Thousands	Total € Thousands
<b>Assets</b>			
Cash and cash equivalents	-	26,324	26,324
Other assets	-	48	48
Investments:			
Italian NPLs & Other Loans	1,630	-	1,630
Real Estate Funds	6,444	-	6,444
<b>Total assets</b>	<b>8,074</b>	<b>26,372</b>	<b>34,446</b>
<b>Liabilities</b>			
Trade and other payables	-	1,212	1,212
Manager base and incentive fees	-	55	55
<b>Total liabilities</b>	<b>-</b>	<b>1,267</b>	<b>1,267</b>
<b>IFRS NAV</b>	<b>8,074</b>	<b>25,105</b>	<b>33,179</b>
Additional Reserves <sup>1</sup>	-	(15,356)	(15,356)
<b>Adjusted NAV</b>	<b>8,074</b>	<b>9,749</b>	<b>17,824</b>
Adjusted NAV (€ per share) <sup>2</sup>	<i>4.35</i>	<i>5.25</i>	<i>9.60</i>

<sup>1</sup> In light of the Realisation Plan, the Adjusted NAV as at 30 June 2021 reflects the additional reserves for future costs and potential liabilities of €15.4 million which have not been accounted for under the IFRS NAV.

<sup>2</sup> Amounts per share calculated on 1.9 million outstanding ordinary shares.

## 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](http://www.eurocastleinv.com)).

### **ABOUT EUROCASTLE**

Eurocastle Investment Limited ("Eurocastle" or the "Company") is a publicly traded closed-ended investment company, focused on Italian performing and non-performing loans, Italian loan servicing platforms and other real estate related assets in Italy. On 18 November 2019, the Company announced a plan to realise the majority of its assets with the aim of accelerating the return of value to shareholders. The Company will not currently seek material new investments from the proceeds of the realisation but will continue to support its existing investments to the extent required in order to optimise returns and distribute cash to shareholders when available (the "Realisation Plan"). For more information regarding Eurocastle Investment Limited and to be added to our email distribution list, please visit [www.eurocastleinv.com](http://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", "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.