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Eurocastle Releases First Half 2020 Financial Results

Guernsey, 7 August 2020 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its financial report for the six months ended 30 June 2020.

- ◆ **Adjusted Net Asset Value (“NAV”)** of €13.4 million¹, or €7.26 per share² up €0.48 per share vs. €6.78 per share at Q1 2020 (down €1.06 per share vs. €8.32 per share at Q4 2019) due to:

- Valuation movements:
 - €0.19 per share increase (4%) in Q2 2020 (€1.43 per share decrease in H1 2020) on the remaining three real estate fund investments
 - €0.05 per share increase (9%) in Q2 2020 (€0.03 per share decrease in H1 2020) on the remaining three NPL and other loan interests
- Positive reserve and legacy movements of €0.24 per share in Q2 2020 (€0.40 per share increase in H1 2020)

The table below summarises the movements in the Adjusted NAV for the quarter:

	Q1 2020		Q2 Cash Movement		Q2 FV Movement		Q2 2020	
	€million	€per share	€million	€per share	€million	€per share	€million	€per share
Real Estate Funds	9.9	5.32	0.1	0.06	0.4	0.19	10.3	5.57
Italian NPLs & Other Loans	1.0	0.56	(0.0)	(0.01)	0.1	0.05	1.1	0.60
Net Corporate Cash ³	1.6	0.90	0.1	0.05	0.5	0.24	2.0	1.09
Adjusted NAV	12.5	6.78	-	-	1.00	0.48	13.4	7.26

The Company’s current assets comprise:

- Interests in two real estate redevelopment funds where construction is fully completed. The units are in the process of being sold but encountering delays due to the coronavirus outbreak. Both developments offer luxury residential apartments with high specification furnishings in Rome.
- Interest in a public fund which is in the process of being liquidated and the assets of which predominantly comprise cash.
- Residual minority interests in three predominantly secured NPL & Other Loan pools.

¹ In light of the Realisation Plan, the Adjusted NAV as at 30 June 2020 reflects additional reserves for future costs and potential liabilities, which have not been accounted for under the IFRS NAV. The IFRS NAV, as at 30 June 2020, is €30.5 million, or €6.45 per share.

² Per share calculations for Eurocastle throughout this document are based on 1.9 million ordinary shares that were in issue throughout H1 2020.

³ Reflects corporate cash net of liabilities and additional reserves.

H1 2020 INVESTMENT REALISATIONS AND MARKET OUTLOOK

COVID-19 has had an extraordinary impact across all sectors of the economy. The Company's move to realise the majority of its assets in Q4 2019 and its prudent management of cash reserves have left the Company well placed to maximize the value of its remaining assets from a position of strength. This has been evidenced in the performance of its remaining assets where in the first half of 2020 the Company achieved the following milestones:

- Closed or collected offers under contract on 25% of remaining real estate units available for sale as at 1 January 2020 in Real Estate Fund Investment II and 23% in Real Estate Fund Investment V. Assuming that all these offers close, only 19% of units in one building in Real Estate Fund Investment II (with the second building already fully sold) and 48% of the units in Real Estate Fund Investment V will remain to be disposed of. Since the end of the lockdown phase in Italy in May 2020 there has been renewed interest in the apartments due to pent-up demand in the market for quality, semi-central residential real estate in Rome.
- Following the disposal of all of the assets in Real Estate Fund Investment I in 2019, the Company received €1.0 million, or 41% of its Q4 2019 NAV, in the first half of 2020. The fund is in the process of being liquidated and its assets predominantly comprise of cash. The fund is currently trading at a c.10% discount to its last published NAV.
- The residual NPL & Other Loan interests, which are predominantly secured, have continued to generate cash proceeds, in spite of the turmoil created by COVID-19. In the first 6 months of the year the pools generated and distributed €0.1 million, or ~6% of the Q4 2019 NAV.
- Following favourable outcomes on certain potential liabilities along with various cost savings, the Company was able to generate a total net reduction on reserves of €0.6 million in the first half of the year. Since implementation of the Realisation Plan in 2019, the Company has generated total savings of €0.8 million against these reserves. Part of these savings are as a result of the Board of Directors agreeing to reduce their annual remuneration from €0.2 million to €0.1 million.
- The cash received in the first half of the year across the Company's investments, along with the current cash set aside for reserves as part of the Realisation Plan, leave the Company well capitalised and in a strong position to weather the uncertainty that COVID-19 has created.

Income Statement for the Six and Three Months ended 30 June 2020 (Unaudited)

	H1 2020 € Thousands	Q2 2020 € Thousands
Portfolio Returns		
Italian NPLs & Other Loans	(66)	91
Real Estate Funds	(2,975)	351
Fair value movement on Italian investments	(3,041)	442
Fair value movements on residual Legacy entities	207	216
Other income	16	16
Loss on foreign currency translation	-	(3)
Total (loss) / income	(2,818)	671
Operating Expenses		
Interest expense	42	17
Manager base and incentive fees	21	126
Remaining operating expenses	1,047	586
Other Operating expenses	1,068	712
Total expenses	1,110	729
Loss for the period	(3,928)	(58)
€ per share	(2.12)	(0.03)

Balance Sheet and Adjusted NAV Reconciliation as at 30 June 2020 (Unaudited)	Italian Investments € Thousands	Corporate € Thousands	Total € Thousands
Assets			
Cash and cash equivalents	-	20,663	20,663
Other assets	-	47	47
Investments:			
Italian NPLs & Other Loans	1,120	-	1,120
Real Estate Funds	10,315	-	10,315
Total assets	11,345	20,710	32,145
Liabilities			
Trade and other payables	-	1,547	1,547
Manager base and incentive fees	-	138	138
Total liabilities	-	1,685	1,685
IFRS NAV	11,435	19,025	30,460
Additional Reserves ¹	-	(17,016)	(17,016)
Adjusted NAV	11,435	2,009	13,444
Adjusted NAV (€per share) ²	6.18	1.08	7.26

¹ In light of the Realisation Plan, the Adjusted NAV as at 30 June 2020 reflects the additional reserves for future costs and potential liabilities of €17.0 million, which have not been accounted for under the IFRS NAV.

² Amounts per share calculated on 1.9 million outstanding ordinary shares.

PDMR UPDATE

The Company issued 1,000 ordinary shares to each of its three independent directors as part of their in-place compensation arrangements. By reference to its obligations under Article 19 of EU Regulation 596/2014, the Company is making public the following details of those dealings in its shares by persons discharging managerial responsibilities:

Name of the PDMR	Financial Instrument	Nature of Transaction	Date and place of transaction	Volume and price of transaction
Dr. Simon John Thornton	Ordinary Shares	Acquisition for nil consideration as part of compensation arrangements	6 August 2020, Guernsey	1,000 shares Nil consideration
Mrs. Claire Elizabeth Ann Whittet	Ordinary Shares	Acquisition for nil consideration as part of compensation arrangements	6 August 2020, Guernsey	1,000 shares Nil consideration
Mr. Jason de Beauvoir Sherwill (via Forein Limited, Closely Associated Person)	Ordinary Shares	Acquisition for nil consideration as part of compensation arrangements	6 August 2020, Guernsey	1,000 shares Nil consideration

As a consequence of the above:

- The total number of Ordinary Shares of the Company in issue is 1,854,535; and
- The total number of voting rights exercisable by holders of Ordinary Shares of the Company is 1,854,535.

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).

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.

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.