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## Eurocastle Releases First Half 2022 Financial Results and Announces Annual General Meeting on 8 September 2022

Guernsey, 9 August 2022 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its financial report for the six months ended 30 June 2022.

◆ **Q2 ADJUSTED NET ASSET VALUE (“NAV”)**<sup>1</sup> of €18.9 million, or €10.16 per share<sup>2</sup>, down €0.37 per share vs. €10.53 per share at Q1 2022 (up €0.37 per share since 31 December 2021) due to:

1. Valuation increases:
  - €0.06 per share, or 8% increase in Q2 2022 (€0.08 per share increase in H1 2022) on the valuation of the remaining two NPL and other loan interests.
  - €0.04 per share, or 4% decrease in Q2 2022 (no movement in H1 2022) on the valuation of the remaining two real estate fund investments.
2. Recognition of tender offer costs in Q2 2022 of €0.38 per share.
3. No movement in reserves in Q2 2022 (release of €0.68 per share of reserves in H1 2022).

◆ **TENDER OFFER**

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 was set at a price of €10.26 per share, a 28% premium to the closing share price of €8.00 per share on 6 July 2022, and the maximum share buyback price authorised by the Company’s shareholders.

On 20 July 2022, the Company held a general meeting (the “General Meeting”) to vote on a resolution to waive the requirement for the Company’s Manager and its affiliates (the “FIG Concert Party”) to make a general offer for the Company should their ownership interest in the Company exceed 30% as a result the Tender Offer. This resolution was passed and as a result the Tender Offer proceeded and 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.

### **H1 2022 BUSINESS HIGHLIGHTS**

	Q1 2022 NAV		Q2 Cash Movement		Q2 FV Movement		Q2 2022 NAV	
	€ million	€ per share	€ million	€ per share	€ million	€ per share	€ million	€ per share
Real Estate Funds	1.9	1.00	-	-	(0.1)	(0.04)	1.8	0.96
Italian NPLs & Other Loans	1.3	0.71	(0.1)	(0.04)	0.1	0.06	1.3	0.72
Net Corporate Cash <sup>3</sup>	16.4	8.82	0.1	0.04	(0.7)	(0.38)	15.7	8.48
<b>Adjusted NAV</b>	<b>19.6</b>	<b>10.53</b>	<b>-</b>	<b>-</b>	<b>(0.7)</b>	<b>(0.37)</b>	<b>18.9</b>	<b>10.16</b>

<sup>1</sup> In light of the Realisation Plan announced in November 2019, the Adjusted NAV as at 30 June 2022 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 2022. IFRS NAV as at 30 June 2022 was €31.6 million or, €17.04 per share.

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

<sup>3</sup> Reflects corporate cash, plus other assets, net of liabilities and additional reserves.

## **H1 2022 Overview**

During H1 2022, the Company continued to make progress on realising its remaining assets as part of its Realisation Plan with 41% of its YE 2021 NAV relating to investments realised in the period. As at 30 June 2022, the Company's investments comprised of two RE Fund Investments and two NPL pools with a NAV of €3.1 million, or 10% of the Company's NAV.

## **Investment Realisations & Highlights**

- During H1 2022, the Company realised €2.1 million from its investments, of which €1.9 million came from its Real Estate Funds (~52% of their YE 2021 NAV) and €0.1 million from its minority NPL and Other Loan holdings (~11% of their YE 2021 NAV).
- **RE Redevelopment Funds – REFI II & REFI V:**
  - In REFI II, all units have been sold and the fund is now in liquidation. In REFI V, assuming all units currently under contract successfully close, only 3% of units will remain to be sold.
  - During H1 2022, Eurocastle received €1.9 million comprising (i) €1.0 million from REFI II (~70% of its YE 2021 NAV) and (ii) €1.0 million from REFI V (~42% of its YE 2021 NAV).

## **Additional Reserves:**

The Company reduced these reserves from €14.8 million to €12.8 million during the period. The reduction of €2.0 million reflects €0.7 million of reserves being utilised, in line with anticipated costs, and a release of €1.3 million of the existing reserves in H1 2022. The majority of this release relates to the legacy German tax matter following a revision to the Company's estimated total liability. As at 30 June 2022, of the total Additional Reserves of €12.8 million, €6.7 million related to the legacy German tax matter with the balance of approximately €6.1 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. The current remaining financial impact (excluding associated costs of €0.2 million) is estimated to be between €1.7 million and €1.9 million. Notwithstanding the Company's expectation that the tax matter will eventually be resolved in the Company's favour, as at 30 June 2022, the full potential liability is fully reserved for within the Additional Reserves.

## **Subsequent Events To 30 June 2022:**

### **Tender Offer**

As stated above, the Tender Offer closed on 4 August 2022 and the Company bought back 864,980 shares, or €8.9 million, resulting in a current share count at the date of this announcement of 992,555.

### **Investment Realisations**

Subsequent to H1 2022, the Company received €1.5 million from its investments, or just under half of the Company's total Q2 2022 NAV for its investments, comprising:

- €1.3 million from REFI V, or ~90% of its Q2 2022 NAV.
- €0.3 million from one of the two remaining NPL pools following the completion of its sale on 29 July 2022 in line with its Q2 22 NAV.

Following these distributions, Eurocastle's remaining Q2 '22 NAV for all of its investments would be €1.6 million, or 8% of the Company's Adjusted NAV, which is expected to be realised within the next 15 months.

## Net Available Cash for Relaunch

Taking into account the Tender Offer settlement and cash flows received from the investments subsequent to H1 2022, the Company has a cash position of €17.8 million and approximately €8.4 million of net available cash to commence seeking new investments under the new investment strategy.

The tables below show the Company's balance sheet and Net Corporate Cash as at 30 June 2022 as well as pro forma for the Tender Offer and investment cash flows received subsequent to H1 2022.

	Q2 2022 NAV		Q2 2022 NAV PRO FORMA FOR TENDER & Q3 REALISATIONS	
	€ million	€ per share	€ million	€ per share
Investments	3.1	1.68	1.6	1.61
Cash	25.2	13.54	17.8	17.94
German Tax <sup>1</sup> and Other Assets	4.7	2.53	4.7	4.73
<b>Total Assets</b>	<b>33.0</b>	<b>17.75</b>	<b>24.1</b>	<b>24.28</b>
Accrued Liabilities	(1.3)	(0.72)	(1.3)	(1.34)
<b>IFRS NAV</b>	<b>31.6</b>	<b>17.04</b>	<b>22.8</b>	<b>22.94</b>
Liquidation Cash Reserves	(6.1)	(3.30)	(6.1)	(6.17)
Legacy German Tax Cash Reserve	(2.0)	(1.08)	(2.0)	(2.02)
Legacy German Tax Asset Reserve <sup>1</sup>	(4.6)	(2.50)	(4.6)	(4.68)
<b>Adjusted NAV</b>	<b>18.9</b>	<b>10.16</b>	<b>10.0</b>	<b>10.07</b>
<i>Share count</i>	<i>1,857,535</i>		<i>992,555</i>	

  

	Q2 2022 NET CORPORATE CASH		Q2 2022 NET CORPORATE CASH PRO FORMA TENDER & Q3 REALISATIONS	
	€ million	€ per share	€ million	€ per share
Cash	25.2	13.54	17.8	17.94
Other Assets	0.1	0.03	0.1	0.05
Accrued Liabilities	(1.3)	(0.72)	(1.3)	(1.34)
Liquidation Cash Reserves	(6.1)	(3.30)	(6.1)	(6.17)
Legacy German Tax Cash Reserve	(2.0)	(1.08)	(2.0)	(2.02)
<b>Net Corporate Cash</b>	<b>15.7</b>	<b>8.48</b>	<b>8.4</b>	<b>8.46</b>
<i>Share count</i>	<i>1,857,535</i>		<i>992,555</i>	

<sup>1</sup> 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 30 June 2022, this tax asset was fully reserved for within the Additional Reserves.

## Income Statement for the Six and Three Months ended 30 June 2022 (unaudited)

	H1 2022 € Thousands	Q2 2022 € Thousands
<b>Portfolio Returns</b>		
Italian NPLs & Other Loans	152	104
Real Estate Funds	(5)	(82)
<b>Fair value movement on Italian investments</b>	<b>147</b>	<b>22</b>
<b>Loss on foreign currency translation</b>	<b>(2)</b>	<b>(1)</b>
<b>Total gain</b>	<b>145</b>	<b>21</b>
<b>Operating Expenses</b>		
<b>Interest expense</b>	<b>11</b>	<b>6</b>
Manager base and incentive fees	75	26
Remaining operating expenses	635	303
<b>Other Operating expenses</b>	<b>710</b>	<b>329</b>
<b>Total expenses</b>	<b>721</b>	<b>335</b>
<b>Net loss for the period</b>	<b>(576)</b>	<b>314</b>
<b>€ per share</b>	<b>(0.31)</b>	<b>(0.17)</b>

## Balance Sheet and Adjusted NAV Reconciliation as at 30 June 2022

	Italian Investments € Thousands	Corporate € Thousands	Total € Thousands
<b>Assets</b>			
Cash and cash equivalents	-	25,153	25,153
Other assets	-	50	50
Tax Asset	-	4,645	4,645
Investments:			
Italian NPLs & Other Loans	1,347	-	1,347
Real Estate Funds	1,780	-	1,780
<b>Total assets</b>	<b>3,127</b>	<b>29,848</b>	<b>32,975</b>
<b>Liabilities</b>			
Trade and other payables	-	545	545
Tender offer costs	-	710	710
Manager base and incentive fees	-	74	74
<b>Total liabilities</b>	<b>-</b>	<b>1,329</b>	<b>1,329</b>
<b>IFRS Net Asset Value</b>	<b>3,127</b>	<b>28,519</b>	<b>31,646</b>
Liquidation cash reserves	-	(6,122)	(6,122)
Legacy German tax cash reserve	-	(2,006)	(2,006)
Legacy German tax asset reserve <sup>1</sup>	-	(4,645)	(4,645)
<b>Adjusted NAV</b>	<b>3,127</b>	<b>15,746</b>	<b>18,873</b>
<b>Adjusted NAV (€ per Share)</b>	<b>1.68</b>	<b>8.48</b>	<b>10.16</b>
Tender Offer settlement	-	(8,875)	(8,875)
Distributions received subsequent to Q2 2022	(1,530)	1,530	-
<b>Q2 2022 PRO FORMA ADJUSTED NAV</b>	<b>1,597</b>	<b>8,401</b>	<b>9,998</b>
<i>€ per Share based on 992,555 shares</i>	<i>1.61</i>	<i>8.46</i>	<i>10.07</i>

<sup>1</sup> 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 30 June 2022, this tax asset was fully reserved for within the Additional Reserves.

## **ANNUAL GENERAL MEETING**

The Company will hold its Annual General Meeting on Thursday, 8 September 2022, at the Company's registered office at 3:00 pm Guernsey time (4:00 pm CET). Notices and proxy statements will be posted on 24 August 2022 to shareholders of record at close of business on 23 August 2022.

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)).

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 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. On 8 July 2022, the Company announced the relaunch of its investment activity with the aim to build a Southern European speciality finance and real estate platform. 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", "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.