



## Contact:

Oak Fund Services (Guernsey) Limited  
Company Administrator  
Attn: Hannah Crocker  
Tel: +44 1481 723450

### Eurocastle Releases Third Quarter 2023 Interim Management Statement

Guernsey, 30 November 2023 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) (“Eurocastle” or the “Company”) today has released its interim management statement for the quarter ended 30 September 2023.

- ◆ **ADJUSTED NET ASSET VALUE (“NAV”)**<sup>1</sup> of €11.1 million, or €11.14 per share<sup>2</sup>, up €0.89 per share vs. Q2 2023 mainly due to the release of €0.9 million of reserves linked to the legacy German tax matter following a partial reimbursement received in July as a result of an appeal made by the Company.
- ◆ **IFRS NAV** of €21.9 million, or €21.89 per share (€22.0 million, or €21.99 per share as at Q2 2023).

	Q2 2023		Q3 Cash Movement		Q3 FV Movement		Q3 2023 NAV	
	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.
Real Estate Funds	0.08	0.08	-	-	0.00	0.00	0.08	0.08
Net Corporate Cash <sup>3</sup>	17.06	17.08	1.09	1.10	(0.10)	(0.10)	18.05	18.08
Legacy German Tax Asset	4.82	4.83	(1.09)	(1.10)	-	-	3.73	3.73
<b>IFRS NAV</b>	<b>21.96</b>	<b>21.99</b>	-	-	<b>(0.10)</b>	<b>(0.10)</b>	<b>21.86</b>	<b>21.89</b>
Additional Reserves <sup>4</sup>	(11.73)	(11.74)	-	-	0.99	0.99	(10.74)	(10.75)
<b>Adjusted NAV</b>	<b>10.23</b>	<b>10.25</b>	-	-	<b>0.89</b>	<b>0.89</b>	<b>11.12</b>	<b>11.14</b>
<i>Ordinary shares outstanding</i>	998,555						998,555	

As at 30 September 2023, the Company’s assets comprise:

1. €18.1 million, or €18.08 per share, of net corporate cash<sup>3</sup> which is primarily available to fund new investments under the New Investment Strategy.
2. A tax asset of €3.7 million, or €3.73 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.
3. Residual interests in two legacy Italian Real Estate Fund Investments with an NAV of €0.08 million, or €0.08 per share, where the underlying apartments are now all sold with both funds currently in liquidation.

### **BUSINESS HIGHLIGHTS**

- **Legacy German Tax Matter** – In July, the Company received revised tax assessments in relation to the legacy German tax matter which resulted in a total reimbursement to the Company of €1.1 million of the €4.8 million of additional tax paid by Eurocastle in 2022 and 2023. This follows an appeal by the Company against the additional tax assessed in relation to a property subsidiary for the period 2008 to 2012. The revised tax assessments represent a full reversal of the additional tax

<sup>1</sup> In light of the Realisation Plan announced in 2019, the Adjusted NAV as at 30 September 2023 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 September 2023.

<sup>2</sup> Per share calculations for Eurocastle throughout this document are based on 998,555 shares, unless otherwise stated.

<sup>3</sup> Reflects corporate cash and treasury investments net of accrued liabilities and other assets. Treasury investments mainly comprise notice accounts and short term Italian Government Bonds.

<sup>4</sup> 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.

for 2008 as well as part of the amount for 2009. The years 2013 - 2015 remain subject to ongoing tax audits. Prior to the appeal, the Company estimated its total exposure to the tax matter, which relates to the period 2008 – 2015, at up to €6.5 million. and now estimates its total maximum potential liability to be €5.6 million. Eurocastle has paid all additional tax assessed to date to avoid interest charges and reserved for the estimated additional potential liability in respect of the 2013-2015 audit. However, the Company continues to believe that none of the additional tax assessed or reserved for is due. While it plans to continue to hold reserves until the matter is finally resolved, Eurocastle intends to pursue all available legal means to appeal the findings of the German tax authorities and to be reimbursed (with accrued interest) all amounts paid in connection with these tax audits.

- **Real Estate Funds** –The remaining NAV for these investments of €0.1 million, or €0.08 per share, reflects cash currently reserved in the funds that is expected to be released once the fund manager resolves certain potential liabilities and liquidates each fund.
- **Additional Reserves** – The Company reduced these reserves during the third quarter of the year from €11.7 million to €10.7 million, or €10.75 per share, mainly due to the release of €0.9 million reflecting reserves linked the legacy German tax matter. As at 30 September 2023, of the total Additional Reserves of €10.7 million, €5.6 million related to the legacy German tax matter with the balance of approximately €5.1 million in place to cover future costs and potential liabilities while the Company pursues in parallel the New Investment Strategy.

### **SUBSEQUENT EVENTS TO 30 SEPTEMBER 2023**

#### **New Investment Strategy update**

In mid-November 2023, Eurocastle agreed to acquire the first investment under its new strategy, being part of a boutique retail complex in an affluent part of Athens, Greece. The asset is being purchased from one of the largest Greek banks out of a distressed situation where the main leaseholder is in default. 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.

Eurocastle is acquiring the asset alongside a local partner who is anticipated to take a 20% interest in the asset. The total expected investment is approximately €6.3 million, of which Eurocastle’s share is approximately €5.0 million with a closing targeted before the end of 2023, subject to certain conditions precedent.

As previously announced, Eurocastle intends to leverage the relationship of the Company’s investment manager with a local partner in Greece to source investment opportunities. In parallel with executing this first investment, the Company has been underwriting a number of additional opportunities.

In order to support its new investment program, Eurocastle has been working on establishing an investment structure through which it expects to invest the majority of its current net corporate cash of over €18 million alongside selected external co-investors. In addition to generating attractive risk adjusted returns on its share of any investments made through the platform, Eurocastle anticipates also receiving market standard management and incentive fees from the external investors.

## Income Statement for the Nine Months and Quarter ended 30 September 2023 (unaudited)

	Income Statement 9 months 2023 € Thousands	Income Statement Q3 2023 € Thousands
<b>Portfolio Returns</b>		
Italian NPLs & Other Loans realised gain	2	-
Real Estate Funds unrealised fair value movement	(49)	1
<b>Fair value movement on Italian investments</b>	<b>(47)</b>	<b>1</b>
<b>Other income</b>	<b>-</b>	<b>(2)</b>
<b>Interest income</b>	<b>378</b>	<b>168</b>
<b>Total income</b>	<b>331</b>	<b>167</b>
<b>Operating Expenses</b>		
Manager base and incentive fees	73	20
Remaining operating expenses	775	251
<b>Other operating expenses</b>	<b>848</b>	<b>271</b>
<b>Total expenses</b>	<b>848</b>	<b>271</b>
<b>(Loss) for the period</b>	<b>(517)</b>	<b>(104)</b>
<b>€ per share</b>	<b>(0.52)</b>	<b>(0.10)</b>

## Balance Sheet and Adjusted NAV Reconciliation as at 30 September 2023

	Total € Thousands
<b>Assets</b>	
Other assets	150
Legacy German tax asset	3,727
Investments - Real Estate Funds	83
Cash, cash equivalents and treasury investments:	
Cash and cash equivalents	14,100
Treasury Investments	4,223
<b>Total assets</b>	<b>22,283</b>
<b>Liabilities</b>	
Trade and other payables	404
Manager base and incentive fees	20
<b>Total liabilities</b>	<b>424</b>
<b>IFRS Net Asset Value</b>	<b>21,859</b>
Liquidation cash reserve	(5,163)
Legacy German tax cash reserve	(1,850)
Legacy German tax asset reserve	(3,727)
<b>Adjusted NAV</b>	<b>11,119</b>
<b>Adjusted NAV (€ per Share)</b>	<b>11.14</b>

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 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](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.