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Eurocastle Releases Third Quarter 2022 Interim Management Statement

Guernsey, 21 December 2022 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its interim management statement for the quarter ended 30 September 2022 and provides an update on the relaunch of its investment activity which was announced in July 2022 (the “Relaunch”).

Q3 2022 BUSINESS HIGHLIGHTS

◆ **Q3 ADJUSTED NET ASSET VALUE (“NAV”)**¹ of €10.2 million, or €10.26 per share² vs. €10.16 per share at 30 June 2022. Pro Forma for the Tender Offer that closed in August, the 30 June 2022 NAV was €10.07 per share.

- Q3 NAV reflects the following movements:
 - €0.24 per share, or 13%, increase in the valuation of the remaining two real estate fund investments primarily following sales.
 - €0.04 per share, or 3%, decrease in the valuation of the remaining NPL interest reflecting its subsequent sale in Q4.

	Q2 2022		Q2 2022 PF NAV ³		Q3 Cash Movement		Q3 FV Movement		Q3 2022 NAV	
	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.
Real Estate Funds	1.8	0.96	1.8	1.79	(1.3)	(1.27)	0.2	0.24	0.8	0.76
Italian NPLs & Other Loans	1.3	0.72	1.3	1.36	(0.3)	(0.31)	(0.0)	(0.04)	1.0	1.01
Net Corporate Cash ⁴	23.9	12.85	15.0	15.11	1.6	1.57	(0.4)	(0.42)	16.2	16.27
Legacy German Tax Asset	4.6	2.50	4.6	4.68	-	-	-	-	4.6	4.67
IFRS NAV	31.6	17.04	22.8	22.94	-	-	(0.2)	(0.22)	22.6	22.72
Additional Reserves ⁵	(12.8)	(6.88)	(12.8)	(12.87)	-	-	0.4	0.40	12.4	(12.46)
Adjusted NAV	18.9	10.16	10.0	10.07	-	-	0.2	0.19	10.2	10.26
<i>Ordinary shares outstanding</i>	<i>1,857,535</i>		<i>992,555</i>						<i>995,555</i>	

◆ **BUSINESS UPDATE**

- On 8 July 2022, the Company announced the conclusion of its strategic review and the decision to relaunch its 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”).
- In August 2022, the Tender Offer closed with ~47% of Ordinary Shares in issue as at 4 August 2022 tendered, resulting in Eurocastle accepting 864,980 shares in exchange for €10.26 per share, or €8.9 million in total.
- During the third quarter, the Company received €1.6 million, or over 50% of its Q2’22 NAV relating to its investments, comprising (i) a €1.3 million distribution from Real Estate Fund Investment V (~90% of its Q2’22 NAV), and (ii) €0.3 million from the sale of one of the two remaining NPL pools.

¹ In light of the Realisation Plan announced in November 2019, the Adjusted NAV as at 30 September 2022 reflects existing 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 2022. IFRS NAV as at 30 September 2022 was €22.6 million or, €22.72 per share.

² Per share calculations for Eurocastle throughout this document are based on 995,555 shares, unless otherwise stated.

³ The Company’s IFRS and Adjusted NAV as at 30 June 2022 pro forma for the Tender Offer.

⁴ Reflects corporate cash net of accrued liabilities and other assets.

⁵ Reserves that were put in place when the Company realised the majority of its investment assets in December 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.

◆ **SUBSEQUENT EVENTS TO 30 SEPTEMBER 2022**

- On 6 December 2022, the Company completed the sale of its second and last remaining NPL pool resulting in €1.0 million of proceeds, in line with its Q3 2022 NAV.
- Following this realisation, the Company's assets mainly comprise:
 - Two Real Estate Fund investments with a Q3 NAV of €0.8 million, or €0.76 per share, where all underlying apartments are now sold or currently under contract to be sold.
 - €17.2 million of net corporate cash¹

RELAUNCH UPDATE

Eurocastle will commence its new investment strategy by initially focusing on opportunistic real estate in Greece with a plan to expand across Southern Europe, where the Manager has an extensive footprint and a long-term track record investing in this asset class. The Company will invest primarily in real estate auctions leveraging the Manager's deep knowledge of the sector, which offers significant investment opportunities in the current market cycle. The Board believes that this strategy will allow Eurocastle to deploy available cash in order to establish a platform and create a meaningful track record, while generating attractive risk adjusted returns in the short term.

At the same time, the Board will continue to monitor the market environment for raising new capital in order to assess pursuing all elements of its new investment strategy, which would require additional capital to achieve meaningful scale.

The Board considers that any potential additional costs resulting from this phased approach are adequately covered by the Company's existing Additional Reserves. The Board will continue to evaluate these reserves and the Company's available capital, taking into account investment opportunities and the performance of the new strategy.

Shareholders should however be aware that the implementation and performance of the Company's new investment strategy is subject to risks, uncertainty, and assumptions. The Manager is currently in the early stages of pursuing a new investment strategy and there can be no certainty that it will have success in doing so. There is likewise no certainty that it will be able to attain sufficient scale to achieve the desired returns. In addition, changes in economic conditions generally and the real estate market specifically, the availability of appropriate investment opportunities and the ability to raise financing on suitable terms may also affect the success of the Relaunch. Accordingly, there is no guarantee that the Company's new investment strategy will be effectively implemented nor will there necessarily be a future opportunity for shareholders to achieve an exit from their investment in the Company at a price equal to or higher than the current share price.

For further details of the Relaunch, the Company's new investment strategy and the Additional Reserves, please refer to the Circular published in July 2022 and available on the Company's website under the Periodic Reports and Shareholder Communications section.

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

¹ The Company's reported Q3 Net Corporate Cash pro forma for the €1.0 million of proceeds received in December from the sale of its last NPL portfolio.

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 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 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.