

FINANCIAL HIGHLIGHTS AT A GLANCE¹

Q2 2024 IFRS NAV per share:

€21.56ps

(Q1 2024: €21.66ps)

(YE 2023: €21.77ps)

Q2 2024 Adjusted NAV² of €11.07ps

Q2 2024 IFRS NAV :

€21.6mm

(Q1 2024 : €21.6mm)

(YE 2023: €21.7mm)

Q2 2024 Adjusted NAV² of €11.1mm

COMPANY OVERVIEW

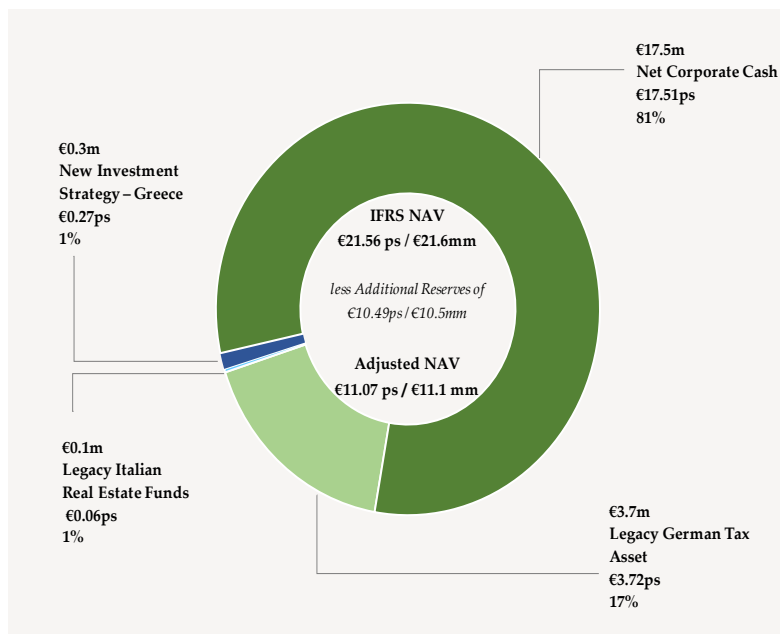
Eurocastle Investment Limited (the “Company” or “Eurocastle”) is a publicly traded closed-ended investment company. Having previously focused on Italian performing and non-performing loans (“NPLs”) and other real estate related assets in Italy (the “Legacy Italian Investments”), in 2022 the Company announced the decision to refocus its investment programme on opportunistic real estate in Greece with a plan to expand across Southern Europe, where the Manager has an extensive footprint and a long track record of investing in this asset class (the “New Investment Strategy”). The Company’s New Investment Strategy seeks to leverage the Manager’s deep knowledge of the sector, which offers significant investment opportunities in the current market cycle.

PORTFOLIO OVERVIEW

Eurocastle’s net assets comprise

- i) Net Corporate Cash available to commence seeking new investments under the New Investment Strategy,
- ii) advances made in relation to the Company’s first investment under the New Investment Strategy,
- iii) a tax asset representing amounts paid in relation to additional tax assessed against a legacy German property subsidiary and
- iv) residual interests in two legacy Italian real estate funds.

The Company’s adjusted net asset value (the “Adjusted NAV”) is after taking into account reserves for future costs and potential liabilities considered by the Board in light of the realisation plan announced in November 2019 (the “Realisation Plan”). The chart below shows a breakdown of Eurocastle’s net assets as at **30 June 2024**.



Net Corporate Cash:

€17.5 million of corporate cash after deducting current liabilities (“Net Corporate Cash”) of which €8 million is currently committed for the New Investment Strategy.

New Investment Strategy – Greece:

In Q4 2023, Eurocastle committed to its first investment under the new strategy, a retail complex in Athens which is expected to close in Q3 '24 (against which advances of €0.3 million have been paid).

Legacy German Tax Asset:

Amounts paid in relation to additional tax assessed against a legacy 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.

Legacy Italian Real Estate Funds:

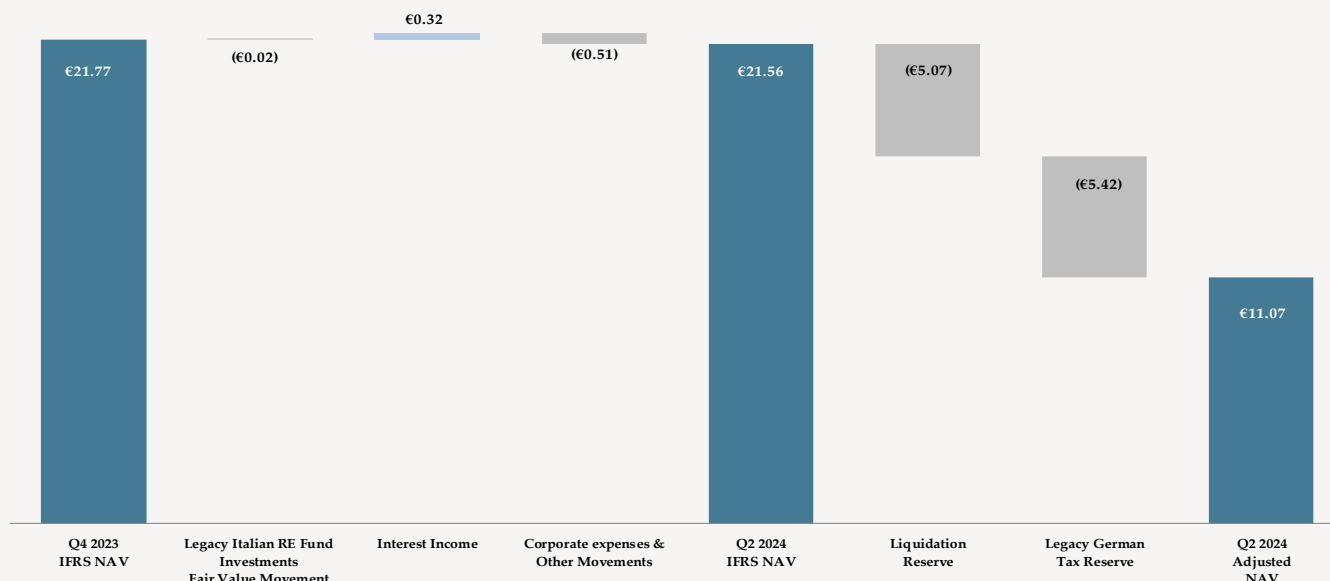
Interests in two private Italian real estate development funds which are now in liquidation following the sale of all underlying apartment units. The remaining NAV is represented entirely by cash currently reserved in the funds.

Additional Reserves:

Total of €10.5 million of which €5.4 million relates to the legacy German tax matter with the balance of approximately €5.1 million in place to allow for future costs and potential liabilities while the Company establishes in parallel the New Investment Strategy.

H1 2024 NAV Bridge

In € per share



NEW INVESTMENT STRATEGY

Eurocastle is pursuing 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 track record of investing in this asset class. Eurocastle expects to leverage the relationship of the Company's investment manager with a local partner in Greece (the "JV Partner") to source investments, with a focus on opportunities arising from judicial auctions and consensual sales through which it can potentially acquire real estate assets that are currently collateral to defaulted claims or owned by banks or investors as a consequence of a repossession process.

In order to support its new investment programme, shortly following the end of the second quarter Eurocastle launched a Luxembourg regulated fund, European Properties Investment Fund S.C.A., SICAV RAIF (the "Fund"). The Fund completed its first close on August 6, 2024 for €10 million, with the Company committing €8 million alongside a €2 million commitment from its JV partner. The Fund is now being marketed to potential investors with a target fund size of €100 million. In addition to generating attractive risk adjusted returns on its share of any investments made by the Fund, Eurocastle also anticipates receiving a 60% share of fees and promote generated from external investors with the remaining 40% paid to the JV Partner. Such amounts include annual management fees representing 1.5% of the Fund's net asset value and promote of 20% of the Fund's total net profit (subject to a return hurdle of 8% per annum). The Company sees the Fund as an attractive opportunity to earn enhanced returns on the capital it invests while also building a meaningful base for future investments³.

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 the 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 New Investment Strategy. 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 on 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.

H1 2024 BUSINESS HIGHLIGHTS

Overview

In H1 2024, having largely concluded its Realisation Plan, the Company has focused on establishing the platform through which it can make investments under its New Investment Strategy while also working towards closing on the first investment made as part of this strategy.

Investment Realisations & Highlights

- **New Investment Strategy** – In August, Eurocastle launched the Fund through which it intends to initially make investments under the New Investment Strategy, committing to invest €8 million alongside a €2 million commitment from its JV Partner. The Fund is now being marketed to potential investors with a target size of €100 million.
- Eurocastle's first acquisition under its new strategy, being part of a boutique retail complex in an affluent part of Athens, has now met all closing conditions and is intended to be purchased by the Fund in September. The asset is being acquired from one of the largest Greek banks out of a distressed situation. 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. The total expected investment is approximately €6.3 million. In parallel with executing this first investment, the Company has been underwriting a number of additional opportunities.
- As at 30 June 2024, the Company has €17.5 million of Net Corporate Cashof which €8 million has been committed to the Fund.
- **Legacy Italian Real Estate Funds** –The remaining NAV for these investments of €0.1 million, or €0.06 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 from €10.7 million to €10.5 million, or €10.49 per share, during H1 2024, with a reduction of €0.2 million reflecting reserves being utilised in line with anticipated costs. As at 30 June 2024, of the total Additional Reserves of €10.5 million, €5.4 million related to the legacy German tax matter with the balance of approximately €5.1 million in place to allow for future costs and potential liabilities while the Company pursues in parallel the New Investment Strategy. The Board anticipates reviewing the appropriate level of reserves once it has further clarity on the amount of commitments received by the Fund.
- As previously announced, to date the Company has paid a net amount of €3.7 million in relation to the legacy German tax matter against which it raised a corresponding tax asset. The Company is now pursuing the reimbursement of this amount paid through the German fiscal court. The current remaining financial impact (excluding associated costs of €0.1 million) is estimated to be €1.5 million and relates to the years 2013 to 2015 which remain subject to ongoing tax audits. As at 30 June 2024, this remaining expected financial impact has not been reflected within the IFRS NAV of the Company. Notwithstanding the Company's expectation that the tax matter will eventually be resolved in the Company's favour, as at 30 June 2024, the full potential liability is fully reserved for within the Additional Reserves.

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Income Statement H1 2024 <i>€ Thousands</i>	Income Statement H1 2023 <i>€ Thousands</i>
Portfolio Returns		
Legacy Italian NPLs & Other Loans realised gain	-	2
Legacy Italian Real Estate Funds unrealised fair value movement	(18)	(49)
Fair value movement on Investments	(18)	(47)
Other income	16	2
Interest income	322	210
Gain on foreign currency translation	1	-
Total income	321	165
Operating Expenses		
Manager base and incentive fees	40	52
Remaining operating expenses	430	526
Total expenses	470	578
(Loss) for the period	(149)	(413)
€ per share	(0.15)	(0.41)

BALANCE SHEET AND ADJUSTED NAV RECONCILIATION AS AT 30 JUNE 2024

	New Investment Strategy - Greece <i>€ Thousands</i>	Legacy Italian Investments <i>€ Thousands</i>	Corporate <i>€ Thousands</i>	Total <i>€ Thousands</i>	Total <i>€ Thousands</i>
				30 June 2024	31 December 2023
Assets					
Other assets	266	-	20	286	210
Legacy German tax asset	-	-	3,727	3,727	3,727
Investments – Legacy Italian Real Estate Funds	-	63	-	63	82
Cash, cash equivalents and Treasury Investments:					
Cash and cash equivalents	-	-	17,874	17,874	13,951
Treasury Investments	-	-	-	-	4,236
Total assets	266	63	21,621	21,950	22,206
Liabilities					
Trade and other payables	-	-	339	339	425
Manager base and incentive fees	-	-	20	20	41
Total liabilities	-	-	359	359	466
IFRS Net Asset Value	266	63	21,262	21,591	21,740
Liquidation cash reserve	-	-	(5,081)	(5,081)	(5,185)
Legacy German tax cash reserve	-	-	(1,701)	(1,701)	(1,728)
Legacy German tax asset reserve	-	-	(3,727)	(3,727)	(3,727)
Adjusted NAV	266	63	10,753	11,082	11,100
Adjusted NAV (€ per Share)	0.27	0.06	10.74	11.07	11.12

ADDITIONAL RESERVES

The table below summarises the movement of Eurocastle's Additional Reserves, set as part of the Realisation Plan in 2019. In light of the disposal of the majority of its investments, the Company has taken a prudent view in managing its cash and accordingly implemented various reserves which sought to ensure that the Company could continue to meet known, potential and unknown future liabilities over the period which it anticipated would be required for the Company to complete the realisation of its investments and then be liquidated in an orderly fashion. The Additional Reserves are not accounted for under IFRS as no formal commitments for these future costs and potential liabilities exist.

As at 30 June 2024, the Additional Reserves total €10.5 million, of which €5.4 million is specifically related to additional tax assessed in relation to a legacy German property subsidiary, with the balance of approximately €5.1 million in place to allow for future costs and potential liabilities while the Company pursues in parallel the New Investment Strategy. Notwithstanding the Company's expectation that the legacy German tax matter will eventually be resolved in the Company's favour, as at 30 June 2024, the potential liability was fully reserved for within the Additional Reserves.

Eurocastle started the year with €10.7m of Additional Reserves to fund future costs and potential liabilities. These reserves currently stand at €10.5 million as at 30 June 2024 after utilising €0.2 million of reserves in line with anticipated costs.

	Q4 2023 Additional Reserves € million	Reserves paid/ payable in 2024 € million	Q4 2023 Reserves after paid/ payable in 2024 € million	Q2 2024 Reserves € million	2024 Net Movement on Reserves € million
Legacy German Tax Reserve ³	(5.5)	0.1	(5.4)	(5.4)	-
Liquidation Reserve	(5.2)	0.1	(5.1)	(5.1)	-
Total	(10.7)	0.2	(10.5)	(10.5)	-
<i>Per Share</i>	<i>(10.65)</i>	<i>0.16</i>	<i>(10.49)</i>	<i>(10.49)</i>	<i>-</i>

	Additional Reserves as at announcement of Realisation Plan € million	Reserves paid/ payable since Realisation Plan € million	Reserves after paid/ payable since Realisation Plan € million	Q2 2024 Reserves € million	Net Movement on Reserves since Realisation Plan € million
Legacy German Tax Reserve ⁴	(7.1)	0.5	(6.6)	(5.4)	1.2
Liquidation Reserve	(12.9)	6.5	(6.4)	(5.1)	1.3
Total	(20.0)	7.0	(13.0)	(10.5)	2.5
<i>Per Share</i>	<i>(20.05)</i>	<i>7.04</i>	<i>(13.01)</i>	<i>(10.49)</i>	<i>2.52</i>

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.

STATEMENT OF DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

To the best of our knowledge, and in accordance with the applicable reporting principles of interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit for the Company, and the interim management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

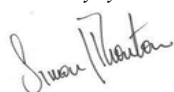
INDEPENDENT AUDITORS REVIEW

These interim financial statements as at 30 June 2024 have not been reviewed or audited by our auditors, BDO LLP.

Registered Office

Oak House
Hirzel Street
St. Peter Port
Guernsey
GY1 2NP

On behalf of the Board



Simon J. Thornton
Director and Audit Committee Chairman
Date: 6 August 2024

-
- ¹ Per share calculations for Eurocastle throughout this document are based on the weighted average number of outstanding voting shares and therefore exclude shares held in treasury. As at 30 June 2024, a total of 1,001,555 shares were in issue all of which were voting shares and no shares were held in treasury. Amounts per share are therefore calculated on the following basis: H1 2024 Net Asset Value per share (“NAV per share”) – 1,001,555 voting shares in issue; Q4 2023 NAV per share based on 998,555 voting shares; Q1 2024 NAV per share based on 998,555 voting shares.
- ² In light of the Realisation Plan, the Adjusted NAV reflects the additional reserves for future costs and potential liabilities, which have not been accounted under the IFRS NAV.
- ³ References to the Fund in this document do not constitute an offer to sell or a solicitation of an offer to buy any security and may not be relied upon in connection with the purchase or sale of any security. Any such offer would only be made by means of formal offering documents, which would govern in all respects.
- ⁴ Since March 2022, the Company has made net payments totalling €3.7 million in relation to the legacy German tax matter. Notwithstanding the Company’s expectation that the tax matter will be eventually resolved in the Company’s favour as at 30 June 2024, this tax asset was fully reserved for within the Additional Reserves.

EUROCASTLE INVESTMENT LIMITED

INCOME STATEMENT (UNAUDITED)

	Notes	Six months ended 30 June 2024 (unaudited) €'000	Six months ended 30 June 2023 (unaudited) €'000
Portfolio Returns			
Unrealised fair value movements on Legacy Italian investments	4	(18)	(47)
Other income			
Other income		16	2
Interest income	5	322	210
Gain on foreign currency translation		1	-
Total income		321	165
Operating expenses			
Interest expense		-	-
Other operating expenses	6	470	578
Total expenses		470	578
Net operating (loss) before taxation for the period		(149)	(413)
Taxation expense - current		-	-
Total tax expense		-	-
Net (loss) after taxation for the period		(149)	(413)
Attributable to:			
Ordinary equity holders of the Company		(149)	(413)
Net (loss) after taxation		(149)	(413)
		€	€
Earnings per ordinary share⁽¹⁾			
Basic and diluted	13	(0.15)	(0.41)

The Company had no other comprehensive income for the six months ended 30 June 2024 and for the six months ended 30 June 2023.

⁽¹⁾ Earnings per share is based on the weighted average number of shares in the period of 998,440 (30 June 2023: 995,829). Refer to note 13.

See notes to the financial statements which form an integral part of these financial statements.

EUROCASTLE INVESTMENT LIMITED

BALANCE SHEET (UNAUDITED)

	Notes	As at 30 June 2024 (Unaudited) €'000	As at 31 December 2023 €'000
Assets			
Cash and cash equivalents	7	17,874	13,951
Other assets	8	286	210
Treasury investments held at amortised cost	9	-	4,236
Investments held at fair value	10	63	82
Legacy German tax asset	8	3,727	3,727
Total assets		21,950	22,206
Equity and Liabilities			
Capital and reserves			
Issued capital, no par value, unlimited number of shares authorised		1,615,158	1,615,136
Accumulated losses		(1,593,567)	(1,593,396)
Total equity		21,591	21,740
Liabilities			
Trade and other payables	12	359	466
Total liabilities		359	466
Total equity and liabilities		21,950	22,206

See notes to the financial statements which form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 6 August 2024 and signed on its behalf by:



Simon J. Thornton
Director and Audit Committee Chairman

EUROCASTLE INVESTMENT LIMITED
CASH FLOW STATEMENT (UNAUDITED)

	Notes	Six months ended 30 June 2024 (unaudited) €'000	Six months ended 30 June 2023 (unaudited) €'000
Cash flows from operating activities			
(Loss) for the period before taxation		(149)	(413)
Adjustments for:			
Unrealised fair value movement on Legacy Italian investments	4	18	47
Interest income	5	(322)	(210)
(Loss) on foreign currency		(1)	-
Other operating income and expenses non-cash		(11)	-
Total adjustments to (loss) for the period		(316)	(163)
Decrease / (increase) in other assets		74	(119)
Increase / (decrease) in trade and other payables		(113)	(201)
Movements in working capital		(39)	(320)
Cash paid in relation to New Investment Strategy - Greece	8	(149)	-
Cash distribution from Legacy Italian investments	10	-	499
Interest received		334	381
Cash movements from operating activities		185	880
Cash generated from operations		(319)	(16)
Taxation paid - Legacy German Tax	19	-	(174)
Net cash flows from operating activities		(319)	(190)
Cash flows from investing activities			
Disposal / (Acquisition) of Treasury Investments held at amortised cost	9	4,241	(4,401)
Net cash flows from investing activities		4,241	(4,401)
Cash flows from financing activities			
Repurchase of share capital including costs		-	25
Return of distributions paid	15	1	2
Net increase in cash flows from financing activities		1	27
Net increase / (decrease) in cash and cash equivalents		3,923	(4,564)
Cash and cash equivalents, beginning of the period	7	13,951	17,721
Total cash and cash equivalents, end of the period	7	17,874	13,157

See notes to the financial statements which form an integral part of these financial statements.

EUROCASTLE INVESTMENT LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital €'000	Accumulated loss €'000	Total equity €'000
As at 1 January 2023	1,615,091	(1,592,741)	22,350
(Loss) after taxation for the six months ended 30 June 2023 (unaudited)	-	(413)	(413)
Total comprehensive (loss) for the six months ended 30 June 2023 (unaudited)	-	(413)	(413)
Contributions by and distributions to owners:			
Shares issued to Directors (note 14)	20	(20)	-
Share Tender	25	-	25
As at 30 June 2023 (unaudited)	1,615,136	(1,593,174)	21,962
(Loss) after taxation for the six months ended 31 December 2023	-	(222)	(222)
Total comprehensive (loss) for the six months ended 31 December 2023	-	(222)	(222)
As at 31 December 2023	1,615,136	(1,593,396)	21,740
(Loss) after taxation for the six months ended 30 June 2024 (unaudited)	-	(149)	(149)
Total comprehensive loss for the period (unaudited)	-	(149)	(149)
Contributions by and distributions to owners:			
Shares issued to Directors (note 14)	22	(22)	-
As at 30 June 2024 (unaudited)	1,615,158	(1,593,567)	21,591

1. BACKGROUND

Eurocastle Investment Limited ("Eurocastle", the "Company") was incorporated in Guernsey, Channel Islands on 8 August 2003 and commenced its operations on 21 October 2003. Eurocastle is a Euro denominated Guernsey closed-end investment company listed on Euronext Amsterdam (formerly listed on the London Stock Exchange) regulated by the Netherlands Authority for Financial Markets ("AFM"), which is also now its home state regulator as a result of Brexit. Eurocastle is subject to EU transparency rules as a result of its listing on an EU regulated market and, consequently, shareholders are required to notify Eurocastle and the AFM when their holding of the issued share capital and/or of the voting rights in Eurocastle reaches, exceeds or falls below certain thresholds, whereby the lowest threshold is 3%.

Until December 2019, the activities of the Company included investing indirectly in Italian performing and non-performing loans ("PLs" / "NPLs"), distressed loan assets and other credit receivables, Italian loan servicing platforms, real estate related assets and other related businesses in Italy. On 18 November 2019 the Board of Directors ("Board") announced a plan to realise the majority of the Company's assets in order to accelerate the return of value to the Company's shareholders (the "Realisation Plan"). On 8 July 2022, the Company announced the relaunch of its investment activity and will initially focus on opportunistic real estate in Greece with a plan to expand across Southern Europe, where the Manager has an extensive footprint and a long track record investing in this asset class (the "New Investment Strategy"). The Company's New Investment Strategy seeks to leverage the Manager's deep knowledge of the sector, which offers significant investment opportunities in the current market cycle.

Eurocastle is externally managed by its investment manager, FIG LLC (the "Manager"). The Manager is indirectly owned by affiliates of Mubadala Investment Company PJSC ("Mubadala") and by certain members of FIG LLC management and employees. The Manager continues to operate as an independent investment manager under the Fortress brand, with full autonomy over investment processes and decision making, personnel and operations. Eurocastle has entered into a management agreement (the "Management Agreement") under which the Manager advises the Company on various aspects of its business and manages its day-to-day operations, subject to the supervision of the Company's Board of Directors. For its services, the Manager receives an annual management fee and incentive compensation (as well as reimbursement for expenses, including expenses of certain employees providing asset management and finance services), as described in note 16. The Company has no ownership interest in the Manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Following the announcement of the Realisation Plan in 2019, the Directors have assessed, and continue to have a reasonable expectation, that the Company will be able to continue in operation and meet its liabilities as they fall due. The Directors have reviewed the Company's processes to control those risks to which the Company is exposed, as disclosed in note 3, as well as reviewing the annual budget, including the additional reserves set aside as part of the Realisation Plan. As a result of the Realisation Plan, no contractual commitments have become onerous and no commitments for further realisation costs have been made. Therefore, no provisions have been recorded in the financial statements for the future costs of the business. The Directors have also reviewed forecasts that have been sensitised to reflect plausible downside scenarios. The Directors have determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. The Directors have also considered the above in light of the New Investment Strategy. As a result of this, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The six months ended 30 June 2024 interim condensed financial statements of the Company have been prepared in accordance with International IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ("IASB") as adopted by the European Union on a going concern basis and under the historical cost convention, except for investments which are measured at fair value. The financial information has been prepared in accordance with the Company's principal accounting policies as set out in the Annual Report for the year ended 31 December 2023.

Significant estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas involving significant judgements are:

- treatment of potential tax liability associated with the disposal of a legacy property subsidiary in prior years - refer to note 19
- recognition of a tax asset associated with the disposal of a legacy property subsidiary in prior years - refer to note 19

Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The Company falls under the Collective Investment Schemes exemption for Guernsey tax purposes and is charged €1,400 per annum (2023: €1,400). The Company is granted this exemption status on an annual basis and therefore the Company is treated as not being resident in Guernsey for tax purposes and is not liable for Guernsey tax on non-Guernsey source income (which for these purposes includes Guernsey bank deposit interest).

Tax asset

Tax assets are recognised when amounts have been paid in relation to a disputed matter where there is uncertainty over the tax treatment and the Company deems it probable that the ultimate tax authority (i.e. the relevant jurisdictional tax court) will determine that the tax is not due. The accounting policy adopted by the Company relating to the tax balance is to account for the transaction at amounts that do not reflect time value of money considering that there is no clear guidance on long term receivable tax assets under IAS 12.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit and in hand with an original maturity of three months or less.

Capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity via the reserves as a deduction from the issue proceeds.

Where the Company purchases and cancels its own equity shares (see note 14), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders.

Financial Instruments

Recognition

A financial asset or liability is recognised on the date the Company becomes party to contractual provisions of the instrument.

All financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Classification

Financial Assets

Financial assets held at fair value through profit or loss are investments that are initially recognised at fair value with any subsequent movements in fair value recognised in the income statement.

Financial assets held under a business model whose objective is to collect contractual cash flows representing solely payments of principal and interest are measured at amortised cost, and tested for impairment based on credit rating and fair value.

Segment Reporting

The Company operates in one geographical segment, being Europe. The Board of Directors assesses its business through two primary segments, New Investment Strategy and Legacy Italian Investments. The Company's New Investment Strategy, which is expected to grow once the Company has successfully established its investment platform, currently comprises a deposit for the acquisition of a retail complex in Greece and other connected fees, which is expected to close in the third quarter of 2024, subject to certain closing conditions. Eurocastle's Legacy Italian Investments are made up of Legacy Italian Real Estate Funds.

New standards, interpretations and amendments effective from 1 January 2023

From 1 January 2023 IAS 1 has been amended to introduce the concept Material Accounting Policy Information. The Company has performed a review of its existing accounting policies and updated where relevant.

3. FINANCIAL RISK MANAGEMENT

Alternative Investment Fund Managers Directive ("AIFMD") Leverage

The AIFMD prescribes two methods of measuring and expressing leverage and requires disclosure of the maximum amount of leverage the Company might be subject to. The definition of leverage is wider than that of gearing and includes those assets on balance sheet that are subject to market based valuation changes. For the purposes of AIFMD reporting, leverage is the ratio between the fair value of the assets under management and the net asset value of the Company. The ratio is required to be calculated on a gross basis and a commitment basis, under the European Commission's Delegated Regulation (commonly known as the Level 2 Regulation). The gross basis does not take into account any netting or hedging, whereas the commitment basis takes into account both netting and hedging. As at 30 June 2024, the leverage (as defined by this measure) under the gross and commitment basis was 18.88% and 18.88% respectively (31 December 2023: 37.97% and 37.97%).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk Management

This section provides details of the Company's exposure to risk and describes the methods used by the Company to control risk. The most important type of financial risk to which the Company is exposed currently is credit risk.

Capital Risk Management

The Company's capital is represented by ordinary shares with no par value and which carry one vote each. The shares are entitled to dividends when declared. The Company has no additional restrictions or specific capital requirements on the issuance and re-purchase of ordinary shares. The movements of capital are shown in the statement of changes in equity.

In order to meet the Company's capital management objectives, the Manager and the Board monitor and review the broad structure of the Company's capital on an ongoing basis. This review includes:

- Working capital requirements and follow-on investment capital for Legacy Italian Investments along with investments under the Company's New Investment Strategy;
- The level of Additional Reserves that were originally set aside as part of the Realisation Plan to ensure that the Company could continue to meet known, potential and unknown future liabilities (not accounted for under IFRS), taking into account investment opportunities and the performance of the New Investment Strategy;
- The possible timing and extent of returning capital to shareholders through distributions and share repurchases;
- The potential raising of new capital in order to pursue opportunities arising from the New Investment Strategy.

The Company's objectives when managing capital are to safeguard the Company's ability to meet its obligations as they fall due and to achieve positive returns in all market environments. In order to maintain or adjust the capital structure, the Company may raise or return capital from or to shareholders through the issue and repurchase of voting shares and/or capital distribution. As at 30 June 2024, the Company had net equity of €21.6 million (31 December 2023: €21.7 million) and no direct leverage (31 December 2023: no direct leverage).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)**Credit Risk**

Credit risk is the risk of the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents. As at 30 June 2024, the Company's cash and cash equivalents was €17.9 million (31 December 2023: €13.9 million).

Banking arrangements

The Company's banking arrangements are with major financial institutions with investment grade credit ratings with which the Company and its affiliates may also have other financial relationships. While it is not anticipated that any of these counterparties will fail to meet their obligations, there is no certainty in current market conditions that this will be the case. As at 30 June 2024, the Company has placed €16.2 million of its corporate cash in a 35 day notice money market account and €1.7 million in a cash management account with a financial institution rated long term: A by Fitch; A1 by Moody's; and A negative by S&P (31 December 2023: €13.1 million of its corporate cash in a 35 day notice money market account and €0.6 million in a cash management account- rated long term: A by Fitch; A1 by Moody's; and A by S&P). As at 30 June 2024, the remaining corporate cash of €0.0 million was held with a financial institution rated long term: A+ stable by Fitch; A1 Stable by Moody's; and A positive by S&P (31 December 2023 €0.2 million rated long term: A+ stable by Fitch; A1 Stable by Moody's; and A positive by S&P). The Company monitors on a regular basis the credit worthiness of the various financial institutions to mitigate credit risk exposure with respect to its banking arrangements.

Market Risk

Market risk encompasses the following risks:

Interest rate risk

The Company is exposed to interest rates on banking deposits held in the ordinary course of business. In addition, during 2023 for treasury and cash management purposes, the Company acquired an Italian Inflation-linked Government Bond with a nominal value of €4.25 million (the "Bond"). The Bond bears a fixed interest rate of 0.4% of its nominal value plus a variable return determined by applying the percentage change in the Italian consumer price index. The Bond was sold in February 2024. The Company's interest rate risk is not considered to be significant. Management monitors its interest risk on a continuous basis.

Foreign Currency Risk

The majority of the Company's assets and liabilities are denominated in Euros. The Company's foreign currency risk is not considered to be significant.

Liquidity Risk

The Company's objectives when managing capital are to safeguard the Company's ability to meet its financial obligations as they fall due in order to support the business and to maximise shareholder value. The Company expects that its cash in hand and cash flow provided by treasury investments will satisfy its liquidity needs over the next twelve months.

The Board have assessed future costs and potential liabilities in conjunction with the Realisation Plan and the New Investment Strategy and have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due.

EUROCASTLE INVESTMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

4. PORTFOLIO RETURNS

Movements on investments are summarised below:

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
	Fair value movements €'000	Fair value movements €'000
Legacy Italian NPLs & Other Loans (note 10)	-	2
Legacy Italian Real Estate Funds (note 10)	(18)	(49)
Portfolio returns on Legacy Italian investments	(18)	(47)
Fair value movements on other net assets of subsidiaries	-	-
Total portfolio returns	(18)	(47)

5. INTEREST INCOME

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
	€'000	€'000
Bank interest on cash deposit	329	168
Bond interest and accretion - refer to note 9	(7)	42
Total interest income	322	210

6. OTHER OPERATING EXPENSES

	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
	€'000	€'000
Professional fees	187	208
Manager base and incentive fees (related party, note 16)	40	52
Manager recharge (related party, note 16)	66	140
General and administrative expenses	177	178
Total other operating expenses	470	578

7. CASH AND CASH EQUIVALENTS

	As at 30 June 2024 (unaudited)	As at 31 December 2023
	€'000	€'000
Cash at bank	1,734	772
Cash on deposit	16,140	13,179
Total cash and cash equivalents	17,874	13,951

EUROCASTLE INVESTMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

8. OTHER ASSETS

	As at 30 June 2024 (unaudited) €'000	As at 31 December 2023 €'000
New Investment Strategy - Greece	266	100
Prepaid expenses and other assets	20	110
Legacy German tax asset	3,727	3,727
Total other assets and Legacy German tax asset	4,013	3,937

In mid-November 2023, Eurocastle agreed to acquire the first investment under its New Strategy being part of a boutique retail complex in Athens, Greece. As part of the terms of the agreement, Eurocastle deposited €100,000 of the purchase price which would be reimbursed should certain of those closing conditions not be met. In April 2024 Eurocastle advanced an additional €124,000 for fees linked to the same project which would also be reimbursed on the same basis. The investment is expected to close in third quarter of 2024 (refer to note 20).

All other prepaid expenses and other receivables are expected to mature in less than one year. The Legacy German tax asset is expected to be resolved in more than one year (refer to note 19).

9. TREASURY INVESTMENTS HELD AT AMORTISED COST

	As at 30 June 2024 (unaudited) €'000	As at 31 December 2023 €'000
Acquisition cost	-	4,192
Accretion	-	44
Total Treasury Investments held at amortised costs - Bonds	-	4,236

On 14 February 2023, the Company invested €4.4 million of its corporate cash in an Italian Inflation-linked Government Bond (the "Bond") in order to i) diversify the credit risk in which its cash is held and ii) improve the yield it is earning on such cash in light of the rising interest rate and inflationary environment.

Eurocastle acquired the Bond at a price of 98.64% of its nominal value of €4.25 million plus interest and inflation compensation accrued up to the date of acquisition. The Bond pays interest every six months at an annual rate of 0.4% of its nominal value plus a variable return determined by applying the percentage change in the Italian consumer price index since the previous interest payment date to the Bond's nominal value and current coupon due.

On 15 February 2024, the Company sold the Bond at a price of 99.81% of its nominal value receiving €4.2 million of proceeds.

10. INVESTMENTS HELD AT FAIR VALUE

The Company directly or indirectly holds the following investments:

	As at 30 June 2024 (unaudited) €'000	As at 31 December 2023 €'000
Legacy Italian investment portfolio	63	82

As at 30 June 2024 (unaudited), the movements in the Italian investment portfolio were as follows:

	Legacy Italian NPLs & Other Loans Fair value accounted €'000	Legacy Italian Real Estate Funds Fair value accounted €'000	Total Investments €'000
Balance as at 1 January 2024	-	82	82
Unrealised fair value movement	-	(18)	(18)
Balance as at 30 June 2024 (unaudited)	-	63	63

As at 31 December 2023, the movements in the Italian investment portfolio were as follows:

	Legacy Italian NPLs & Other Loans Fair value accounted €'000	Legacy Italian Real Estate Funds Fair value accounted €'000	Total Investments €'000
Balance as at 1 January 2023	-	628	628
Distributions received	(2)	(497)	(499)
Realised fair value movement	2	-	2
Unrealised fair value movement	-	(49)	(49)
Balance as at 31 December 2023	-	82	82

Refer to the portfolio summary for further details on investments on page 18.

10. INVESTMENTS HELD AT FAIR VALUE (CONTINUED)**Portfolio summary**

During the period the Company's investments were comprised of the following investments.

Legacy Italian Real Estate Funds**Real Estate Fund Investment II:**

On 22 July 2014, the Company indirectly invested in a newly established real estate development fund (Real Estate Fund Investment II) which purchased two office buildings in Rome for redevelopment into high-end residential properties for resale. As at 30 June 2024 both projects have been completed, with all units sold and the fund is in the process of liquidating.

The Company's investment is held through a joint venture (ownership percentage: 49.7%) investment in Torre Real Estate Fund III Value Added – Sub fund A ("RE Torre Fund"). Real Estate Fund Investment II is managed by Torre, an affiliate of the Manager.

Real Estate Fund Investment V:

In April 2017, building on Real Estate Fund Investment II, the Company closed on the purchase of an office to residential conversion development site in Rome ("Real Estate Fund Investment V") through a joint venture interest (ownership percentage: 49.6%) in Torre Real Estate Fund III Value Added – Sub fund B. As at 30 June 2024, the project has been fully completed with all the units sold and the fund is in the process of liquidating.

Real Estate Fund Investment V is managed by Torre, an affiliate of the Manager.

Fair value hierarchy

The following table shows an analysis of the fair value assets on the balance sheet by level of hierarchy:

As at 30 June 2024 (unaudited):

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Legacy Real Estate Funds	-	-	63	63

As at 31 December 2023:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Legacy Real Estate Funds		-	82	82

Explanation of the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Use of a model with inputs (other than quoted prices included in Level 1) that are directly and indirectly observable market data.
- Level 3: Use of a model with inputs that are not based on observable market data.

Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Company recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

10. INVESTMENTS HELD AT FAIR VALUE (CONTINUED)**Transfers between levels**

There were no transfers between levels for the period ended 30 June 2024 (31 December 2023: no transfers).

Expected recoveries of investments

The following table summarises the expected recoveries for the Legacy Italian investments held by the Company:

	2024		2023	
	Within one year €'000	More than one year ⁽¹⁾ €'000	Within one year ⁽¹⁾ €'000	More than one year €'000
Legacy Real Estate Funds	-	63	82	-

⁽¹⁾ Amounts recoverable within one year represent projected cash flows as at the reporting date.

Fair value methodology and sensitivity analysis**Legacy Italian Real Estate Funds**

The Company's investment in Real Estate Fund Investment II and Real Estate Fund Investment V were classified as level 3 in the fair value hierarchy.

The table below presents the sensitivity of the valuation to a change in the most significant assumptions:

	Legacy Italian Real Estate Funds	
		Total
For the period ended 30 June 2024 (unaudited)		
Expected profit multiple	1.1	1.1
Remaining weighted average life	1.5	1.5
Discount rate	9%	9%
For the year ended 31 December 2023		
Expected profit multiple	1.1	1.1
Remaining weighted average life	0.6	0.6
Discount rate	9%	9%

EUROCASTLE INVESTMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

10. INVESTMENTS HELD AT FAIR VALUE (CONTINUED)

The table below presents the sensitivity of the valuation to a change in the most significant assumption:

	Real Estate Funds €'000	Total €'000
For the period ended 30 June 2024 (unaudited)		
Fair value	63	63
Increase in discount rate by 25bps	63	63
Value sensitivity	-	-

	Real Estate Funds €'000	Total €'000
For the year ended 31 December 2023		
Fair value	82	82
Increase in discount rate by 25bps	82	82
Value sensitivity	-	-

11. CONTRACTUAL MATURITIES

Contractual maturities

The Company's Legacy Italian investments have been funded through equity.

As at 30 June 2024, the Company had no contractual maturities on financial liabilities, outside of trade and other payables which are all due within one year.

Fair values of financial assets and financial liabilities

The Company's financial assets consist of investments held at fair value, other debtors, tax asset and cash and cash equivalents. The Company's financial liabilities consist of trade and other payables. The financial assets and liabilities are disclosed at amortised cost and fair value. The amortised cost of these balances approximate their fair value.

12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 (unaudited) €'000	As at 31 December 2023 €'000
Due to Manager (related party, refer note 16)	48	103
Accrued expenses and other payables	311	363
Total trade and other payables	359	466

All the trade and other payables are recognised at amortised cost and are expected to mature in less than one year.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net (loss) / profit after taxation by the weighted average number of ordinary shares outstanding during the period. There are currently no instruments that would give rise to a dilutive effect on the Company's shares.

The following is a reconciliation of the weighted average number of ordinary shares outstanding on a diluted basis:

	As at 30 June 2024 (unaudited)	As at 30 June 2023 (unaudited)
Weighted average number of ordinary shares excluding treasury shares*	998,440	995,829
Weighted average number of ordinary shares - dilutive	998,440	995,829

*weighted average shares for the period

14. SHARE CAPITAL AND RESERVES

As at 30 June 2024 (unaudited), there were 1,001,555 shares (31 December 2023: 998,555) issued of which no shares (31 December 2023: no shares) were held in treasury. All shares are fully paid up.

The movement in issued share capital is shown as follows:

	Number of shares Voting shares
As at 1 January 2023	995,555
Shares issued to the Directors as part of their in-place compensation arrangements for €nil consideration - 15 June 2023	3,000
As at 30 June 2023 (unaudited)	998,555
As at 31 December 2023	998,555
Shares issued to the Directors as part of their in-place compensation arrangements for €nil consideration - 13 June 2024	3,000
As at 30 June 2024 (unaudited)	1,001,555

As at 30 June 2024, the Company held no shares in treasury (31 December 2023: no shares in treasury).

Accumulated loss

The reserve represents the cumulative gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.

15. DISTRIBUTIONS PAID AND DECLARED

During the period ended 30 June 2024, no distributions were declared or paid (during the year ended 31 December 2023 no distributions were declared or paid).

16. MANAGEMENT AGREEMENT AND RELATED PARTY TRANSACTIONS

The Company entered into the Management Agreement with the Manager in August 2003. Pursuant to the Management Agreement, the Manager, under the supervision of the Board of Directors, will formulate investment strategies, arrange for the acquisition of assets, arrange for financing, monitor the performance of the Company's assets and provide certain advisory, administrative and managerial services in connection with the operations of the Company. The management fee paid to the Manager is equal to (i) 1.5% of the Company's Adjusted NAV reported quarterly, excluding net corporate cash, and (ii) 0.75% on net corporate cash attributable to certain reserves.

The Manager is also entitled to an incentive fee, which was crystallised in respect of the Company's existing investments at the time of implementation of the Realisation Plan in 2019, resulting in a saving to the Company of €2.4 million. The Manager is entitled to earn back a portion of this saving if excess amounts are released from certain reserves put in place by the Board to fund future costs and potential liabilities. As at 30 June 2024, the amount due to the Manager was €nil (31 December 2023: €nil).

The Management Agreement provides that the Company will reimburse the Manager for various expenses incurred by the Manager or its officers, employees and agents on the Company's behalf, including the cost of legal, accounting, tax, auditing, finance, administrative, asset management, property management and other similar services rendered for the Company by providers retained by the Manager or, if provided by the Manager's or its affiliates' employees, in amounts which are no greater than those that would be payable to external professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arms-length basis. Such expenses have been included in the income statement.

When it was signed in 2003 the Management Agreement provided for an initial term of ten years with automatic three year extensions, subject to certain termination rights. The Management Agreement may be terminated by the Company by payment of a termination fee, as defined in the Management Agreement, equal to the amount of management fees earned by the Manager during the 12 consecutive calendar months immediately preceding the termination, upon the vote of a majority of the holders of the outstanding ordinary shares. In addition, unless an arrangement is made between the Company and the Manager, incentive compensation (as outlined above) will continue to be payable to the Manager post-termination.

In connection with the New Investment Strategy, certain terms of the Management Agreement are expected to be amended to reflect the anticipated return profile of the New Investment Strategy.

The Manager is deemed to be the key employee for reporting purposes. As at 30 June 2024, management fees, incentive fees and expense reimbursements of €0.05 million (31 December 2023: €0.1 million) were due to the Manager. During the period ended 30 June 2024, management fees of €0.04 million (30 June 2023: €0.05 million), €nil million of incentive fees (30 June 2023: €0.01 million), and expense reimbursements of €0.07 million (30 June 2023: €0.14 million) were charged to the income statement.

Total annual remuneration for the Eurocastle directors as at 30 June 2024 was €0.1 million (30 June 2023: €0.1 million), payable quarterly in equal instalments. Dean Dakolias and Peter Smith do not receive any remuneration from the Company.

Fortress Italian Real Estate Opportunities Series Fund LLC (being the entity through which the majority of the Company's interest in Real Estate Fund Investments are held) are managed by an affiliate of the Manager. The total management fee expense for the six months ended 30 June 2024 is €nil million (30 June 2023: €nil million).

The Company's joint venture investment in Real Estate Fund Investment II and Real Estate Fund Investment V (refer to note 10) are held in funds managed by Torre SGR S.p.A, which is majority owned by an affiliate of the Manager. The total management fee expense, across these funds, for the six months ended 30 June 2024 was €0.0 million (30 June 2023: €0.0 million).

17. INVESTMENT IN SUBSIDIARIES

The Company has investments in the following subsidiaries (unless otherwise stated the Company has a 100% interest in the entity):

Luxembourg:

Luxgate S.à r.l

Luxira S.à r.l

Luxway S.à r.l (60%) (incorporated on 5 January 2024)

European Properties Investment Fund S.C.A., SICAV RAIF (incorporated on 14 June 2024)

United States of America:

Fortress Italian Real Estate Opportunities Series Fund LLC - Series 2

Greece:

Castlegate S.A.

As at 30 June 2024, the unconsolidated subsidiaries do not have any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability to transfer funds to the Company in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the Company.

18. SUBSEQUENT EVENTS

On August 6th 2024, in order to support its new investment programme, Eurocastle launched a Luxembourg regulated fund (the "Fund") and completed the first close for €10 million alongside its JV partner, of which Eurocastle's share is €8 million. The Fund is now being marketed to potential investors with a target fund size of €100 million. In addition to generating attractive risk adjusted returns on its share of any investments made by the Fund, Eurocastle also anticipates receiving a 60% share of fees and promote generated from external investors with the remaining 40% paid to the JV Partner. Such amounts include annual management fees representing 1.5% of the Fund's net asset value and promote of 20% of the Fund's total net profit (subject to a return hurdle of 8% per annum). The Company sees the Fund as an attractive opportunity to earn enhanced returns on the capital it invests while also building a meaningful base for future investments.

19. CONTINGENT LIABILITIES

The Company is exposed to a potential tax risk of up to €5.5 million associated with the disposal of a legacy property subsidiary in prior years. In February 2022, the Company received revised tax assessments related to this risk covering the period 2008 - 2012 determining an initial liability of €4.6 million with an additional €0.2 million of outstanding interest assessed in March 2023. In July 2023, the Company received revised tax assessments for the years 2008 and 2009 which resulted in a total reimbursement of €1.1 million of the € 4.8 million of additional tax paid by Eurocastle in 2022 and 2023. In respect of the same legacy property subsidiary, the years 2013 - 2015 remain subject to ongoing tax audits, the timings of which are uncertain. The Company estimates that the remaining financial impact (excluding associated costs of €0.1 million) for all these audits, including interest, is approximately €1.5 million. The Company is appealing the current assessments and intends to appeal any future assessments through the German tax system and, having taken independent advice, considers it probable that the matter will finally be determined in the Company's favour. In light of this, the Company has recognised a tax asset. The Company has been advised that, based on average court timings for both the German fiscal and federal court systems, this matter can be expected to be resolved in approximately four years, but notes that it can take considerably longer and, in rare cases, up to ten years in total. Notwithstanding the Company's expectation that the tax matter will eventually be resolved in the Company's favour, as at 30 June 2024, the potential liability is fully reserved for within the Additional Reserves (see page 5).

20. COMMITMENTS

In November 2023 the Company announced that it had agreed to acquire the first investment under its New Investment Strategy, 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. Eurocastle is acquiring the asset alongside a local partner (the "JV 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 with a closing targeted before the end of third quarter 2024, subject to certain conditions precedent.