2023 ANNUAL REPORT

EUROCASTLE INVESTMENT LIMITED

EUROCASTLE INVESTMENT LIMITED

EUROCASTLE INVESTMENT LIMITED is a publicly traded closed- ended investment company. Currently Eurocastle is in the early stages of pursuing its new investment strategy by initially focusing on opportunistic real estate in Greece with a plan to expand across Southern Europe.

The Company is Euro denominated and is listed on Euronext Amsterdam under the symbol “ECT”. Eurocastle is managed by an affiliate of Fortress Investment Group LLC, a leading global investment manager. For more information regarding Eurocastle Investment Limited and to be added to our email distribution list, please visit www.eurocastleinv.com.

2023

Financial Highlights at a Glance[1]

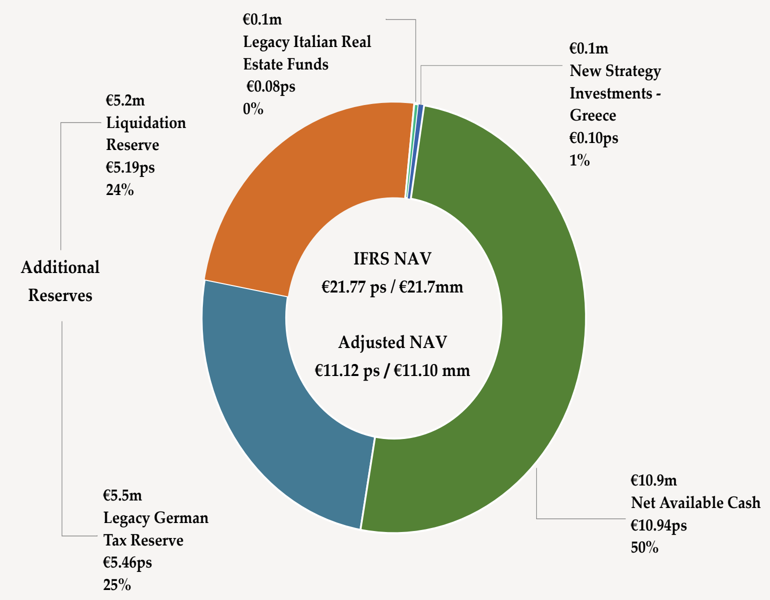
Adjusted YE 2023 NAV per share[2]:	Adjusted YE 2023 NAV[2]:
€11.12ps	**€11.1mm**
(YE 2022: €10.33ps) (Q3 2023: €11.14ps)	(YE 2022: €10.3mm) (Q3 2023: €11.1mm)
YE 2023 IFRS NAV of €21.77ps *YE 2022 IFRS NAV of €22.45ps*	*YE 2023 IFRS NAV of €21.7mm* *YE 2022 IFRS NAV of €22.4mm*

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 July 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 remaining portfolio of Legacy Italian Investments is made up of residual interests in two Real Estate Funds in liquidation (the "Legacy Italian Real Estate Funds"), with the balance of the Company's assets mainly comprising Net Corporate Cash available to commence seeking new investments under the New Investment Strategy (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 **31 December 2023**.



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 Q2 '24 (against which a deposit of €100,000 was paid).

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.

- Remaining NAV is represented entirely by cash currently reserved in the funds.

Additional Reserves:

Reserves required for the Company to continue in operation and fund its future costs and potential liabilities in light of the Realisation Plan. These reserves are not accounted for under IFRS. No commitments for these future costs and potential liabilities existed as at 31 December 2023.

Net Available Cash:

€17.8 million of corporate cash and treasury investments after deducting current liabilities ("Net Corporate Cash"), or €10.9 million after all Additional Reserves other than the German Legacy tax asset reserve ("Net Available Cash").

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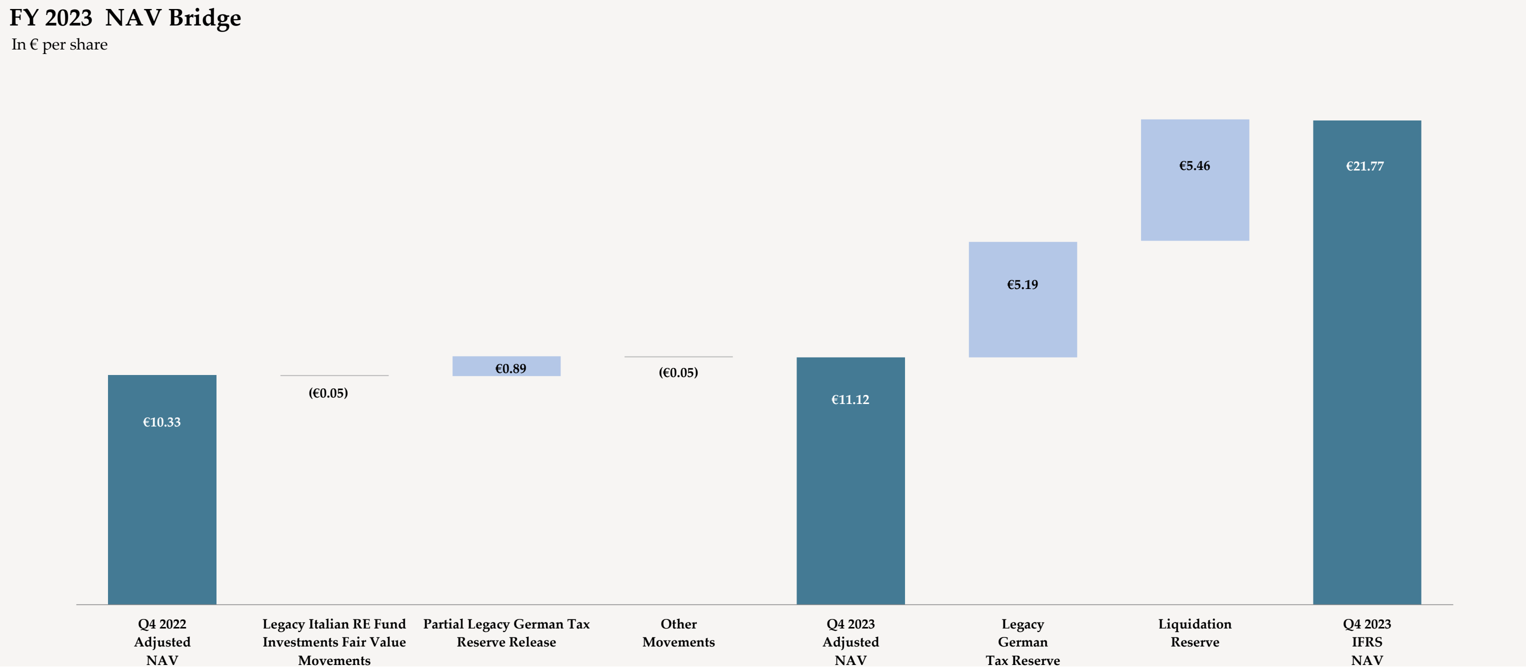

New Investment Strategy

Eurocastle intends to 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 track record of investing in this asset class. Eurocastle intends to leverage the relationship of the Company's investment manager with a local partner in Greece to source investment opportunities with a focus on those 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, 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 €17.8 million alongside selected external co-investors. In addition to generating attractive risk adjusted returns on its share of any investments made, Eurocastle also anticipates receiving market standard management and incentive fees from external investors.

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.

2023 Business Highlights

Overview

During 2023, the Company made significant steps in concluding its Realisation Plan and commencing its New Investment Strategy by agreeing to acquire its first real estate investment in Greece. Eurocastle largely realised its remaining assets as part of its Realisation Plan with 79% of its YE 2022 NAV relating to investments realised in the period. As at 31 December 2023, the Company had realised 109% of the NAV of the investments reported at the time of the announcement of the Realisation Plan in November 2019.

In particular, all remaining apartment units in its two real estate fund investments are now sold with both funds currently in liquidation. As a result, Eurocastle's remaining legacy Italian investment interests, being the residual net assets of these two RE Fund Investments, have a NAV of €0.1 million, or less than 1% of the Company's total Adjusted NAV.

Investment Realisations & Highlights

- **New Investment Strategy –** In November, 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 . 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 in Q2 2024, subject to certain conditions precedent. 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 parallel with executing this first investment, the Company has been underwriting a number of additional opportunities.

- As at 31 December 2023, the Company has €17.8 million of Net Corporate Cash to invest under the New Investment Strategy, of which approximately €10.9 million is Net Available Cash.

- **Legacy Italian Real Estate Funds –** In April, Eurocastle received €0.5 million, or €0.50 per share, mainly representing its share of the proceeds from the sale of the last remaining apartment units. 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 from €12.1 million to €10.7 million, or €10.65 per share, during the year, with a reduction of €0.5 million reflecting reserves being utilised in line with anticipated costs and a release of €0.9 million of the reserves linked to the legacy German tax matter. As at 31 December 2023, of the total Additional Reserves of €10.7 million, €5.5 million related to the legacy German tax matter with the balance of approximately €5.2 million in place to allow for future costs and potential liabilities while the Company pursues in parallel the New Investment Strategy.

- 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. In February 2023, in line with the Company's expectations, Eurocastle made a further payment of €0.2 million. In July 2023, the Company received a partial reimbursement of this amount of €1.1 million, decreasing the corresponding tax asset to €3.7 million. This followed an appeal made by the Company against additional tax assessed for the period 2008 to 2012 and represents a full reversal of the additional tax for 2008 as well as part of the amount for 2009. The Company is now pursuing the reimbursement of the remaining amount paid through the German fiscal court. The current remaining financial impact (excluding associated costs of €0.2 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 31 December 2023, 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 31 December 2023, the full potential liability is fully reserved for within the Additional Reserves.

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Income Statement For The Year Ended 31 December 2023

	Income Statement 2023 *€ Thousands*	Income Statement 2022 *€ Thousands*
Portfolio Returns		
Legacy Italian NPLs & Other Loans realised gain	2	116
Legacy Italian Real Estate Funds unrealised fair value movement	(50)	282
Fair value movement on Investments	**(48)**	**398**
Fair value movements on residual Legacy entities	-	9
Other income	2	-
Interest income	519	68
(Loss) on foreign currency translation	(2)	(7)
Total income	**471**	**468**
Operating Expenses		
Interest expense	**-**	**12**
Manager base and incentive fees	94	92
Remaining operating expenses	1,012	1,247
Other operating expenses	**1,106**	**1,339**
Total expenses	**1,106**	**1,351**
(Loss) for the year	**(635)**	**(883)**
€ per share	***(0.64)***	***(0.58)***

Balance Sheet and Adjusted NAV Reconciliation as at 31 December 2023

	New Strategy Investments Greece *€ Thousands*	Legacy Italian Investments *€ Thousands*	Corporate *€ Thousands*	Total 2023 *€ Thousands*	Total 2022 *€ Thousands*
Assets					
Other assets	100	-	110	210	109
Legacy German tax asset	-	-	3,727	3,727	4,645
Investments – Legacy Italian Real Estate Funds	-	82	-	82	628
Cash, cash equivalents and Treasury Investments:					
Cash and cash equivalents	-	-	13,951	13,951	17,721
Treasury Investments	-	-	4,236	4,236	-
Total assets	**100**	**82**	**22,024**	**22,206**	**23,103**
Liabilities					
Trade and other payables	-	-	425	425	736
Manager base and incentive fees	-	-	41	41	17
Total liabilities	**-**	**-**	**466**	**466**	**753**
IFRS Net Asset Value	**100**	**82**	**21,558**	**21,740**	**22,350**
Liquidation cash reserve	-	-	(5,185)	(5,185)	(5,537)
Legacy German tax cash reserve	-	-	(1,728)	(1,728)	(1,888)
Legacy German tax asset reserve	-	-	(3,727)	(3,727)	(4,645)
Adjusted NAV	**100**	**82**	**10,918**	**11,100**	**10,280**
Adjusted NAV (€ per Share)	***0.10***	***0.08***	***10.94***	***11.12***	***10.33***

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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 31 December 2023, the Additional Reserves totaled €10.7 million, of which €5.5 million is specifically related to additional tax assessed in relation to a legacy German property subsidiary, with the balance of approximately €5.2 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 31 December 2023, the potential liability was fully reserved for within the Additional Reserves.

Eurocastle started the year with €12.1m of Additional Reserves to fund future costs and potential liabilities. These reserves currently stand at €10.7 million as at 31 December 2023 after utilising €0.5 million of reserves in line with anticipated costs and a release of €0.9 million of reserves linked to the legacy German tax matter.

	Dec 2022 Additional Reserves *€ million*	**Reserves paid/ payable in 2023** *€ million*	**Dec 2022 Reserves after paid/ payable in 2023** *€ million*	**Q4 2023 Reserves** *€ million*	**2023 Net Movement on Reserves** *€ million*
Legacy German Tax Reserve[3]	(6.5)	0.2	(6.3)	(5.5)	0.9
Liquidation Reserve	(5.5)	0.3	(5.2)	(5.2)	-
Total	**(12.1)**	**0.5**	**(11.5)**	**(10.7)**	**0.9**
Per Share	*(12.12)*	*0.58*	*(11.54)*	*(10.65)*	*0.89*

	Additional Reserves as at announcement of Realisation Plan *€ million*	**Reserves paid/ payable since Realisation Plan** *€ million*	**Reserves after paid/ payable since Realisation Plan** *€ million*	**Q4 2023 Reserves** *€ million*	**Net Movement on Reserves since Realisation Plan** *€ million*
Legacy German Tax Reserve[3]	(7.1)	0.4	(6.7)	(5.5)	1.2
Liquidation Reserve	(12.9)	6.4	(6.5)	(5.2)	1.3
Total	**(20.0)**	**6.8**	**(13.2)**	**(10.7)**	**2.5**
Per Share	*(20.05)*	*6.87*	*(13.18)*	*(10.65)*	*2.52*

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Distribution

During the year ended 31 December 2023, no distributions were declared or paid (during the year ended 31 December 2022, no distributions were declared or paid).

Directors

The Directors who have held office during the year were:

Constantine (Dean) Dakolias
Claire Whittet[4]
Jason Sherwill[4]
Peter Smith
Simon J. Thornton[4]

Directors Interests

The interests of the Directors in the voting shares of Eurocastle are as follows:

	As at 31-Dec-23	As at 31-Dec-22
Dean Dakolias (appointed at the AGM on 8 September 2022)	-	-
Claire Whittet	7,324	6,324
Jason Sherwill	15,965	14,965
Peter Smith	-	-
Simon J. Thornton	14,427	13,427

Substantial Shareholdings

Per the shareholder register and as at 12 March 2024, the following shareholders had an interest in 3% or more of Eurocastle's share capital:

	% Holdings[5]
Nederlands Centraal Instituut Voor Giraal Effectenverkeer BV	59%
Euroclear Nominees Limited	26%
Vidacos Nominees Limited	8%

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 the relevant regulators of certain changes to the percentage of voting rights in Eurocastle held by them.

A number of individual shareholders have made a notification of exceeding the reporting thresholds per the EU transparency rules as implemented in the Netherlands. These notifications are registered in the public register maintained by the Netherlands Authority for Financials Markets (AFM) and can be found at the following website www.afm.nl. The shareholding above has been obtained from the share register, which records legal title to the Company's shares. The shareholdings listed above may therefore not reflect beneficial ownership.

Auditors

BDO LLP were re-appointed during the period and have expressed a willingness to continue in office.

Corporate Governance

The Directors have applied the principles of the Guernsey Code of Corporate Governance which came into effect from the 1 January 2012.

As a Guernsey incorporated company which is managed and controlled in Guernsey, Eurocastle Investment Limited is subject to the provisions of the UK City Code on Takeovers and Mergers.

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Management Agreement

The Independent Directors have reviewed the continued appointment of the Manager. In carrying out the review, the Independent Directors considered the past performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance and have concluded that the continued appointment of the Manager is in the best interest of the shareholders.

Directors' Statements As To Disclosure Of Information To Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 6. Having made enquiries of fellow Directors and of Eurocastle's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which Eurocastle's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that Eurocastle's auditors are aware of that information.

Going Concern

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. In particular, neither the conflict in Israel nor the ongoing war in Ukraine is expected to have a significant impact on the Company's liquidity. 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.

Directors' Statements Pursuant To The Disclosure And Transparency Rules

Each of the Directors as at 31 December 2023 (whose names are listed on page 6) confirms that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Report of the Directors contained in the Annual Report 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 risks and uncertainties that they face as disclosed in note 3 of the Annual Report.

Statement Of Directors’ Responsibilities In Respect Of The Financial Statements

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

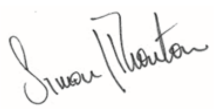
Forward Looking Statements

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.

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: 13 March 2024

Independent Auditor's Report To The Members Of Eurocastle Investment Limited

Opinion On The Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Eurocastle Investment Limited (the 'Company') for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and the notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

Basis Of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusion Relating To Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the forecasted cash flows that support the Directors' assessment of going concern by comparing to the forecast cashflows used in determining the fair value of the Company's investments, as well as taking into account any new investments made after year end following the relaunch of the Company's investment activity and strategy;
- Assessing the sensitivity of the forecasted cash flows to changes in the future financial performance of the Company and its investments;
- Assessing the Company's forecast cash flows with reference to historical performance and challenging the forecast assumptions in the previous year in comparison to the current performance of the Company;
- Challenging the appropriateness of the Directors' assumptions and judgements made with regards to the cash forecasts, specifically the forecasted level of expenditure and the sufficiency of cash reserves to cover both the base case and the stress-tested scenarios in the forecast which considered the outcome of any contingent liabilities; and
- Considered the level of cash reserves available to invest in the new investment strategy. We have also reviewed minutes of meetings and made enquiries of management as to the existence of further committed investments.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		**2023**	**2022**
	Recoverability of the Legacy German tax asset	✓	✓
Materiality	Company financial statements as a whole €0.67m (2022: €0.7m) based on 3% (2022: 3%) of Net assets (2022: Net assets).		

An Overview Of The Scope Of Our Audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement. In particular, we considered where the Directors made subjective judgements, for example in respect of assessing the recoverability of the legacy German tax asset.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter		How the scope of our audit addressed the key audit matter
Recoverability of the Legacy German Tax Asset Refer to note 2, 8 and 19	In the prior year, the German Tax Authorities finalised their review of the historic tax returns filed between 2008-2012 by the entity that owned the Turret portfolio, a German property portfolio disposed of by the Company in prior years. During the year, the Company received the revised 2008-2012 tax assessment from the German Tax Authorities which represents a full reversal of the tax assessment for the year 2008 and as well as part of the amount for 2009. The Company continues to dispute the tax assessments issued by the German Tax Authorities for the historic tax returns filed between 2009-2012. However to avoid incurring interest on the assessed tax liabilities, payment on account has been made. The Company intends to pursue all available legal means to appeal the findings of the German tax authorities and expects to be reimbursed (with accrued interest) on all amounts paid in connection with these taxes, as the Company believes that the German Tax Courts will find in their favour. Therefore In line with IFRIC 23 and IAS 12, the Company considers the amount to be fully recoverable and has therefore recongised a German Tax Asset. There is a risk that while the judgement is being appealed, the legal position changes and it may no longer be probable that the German Tax Courts will find in the Company's favour. Therefore, the German Tax assets may no longer be considered recoverable, and should be impaired. Given the judgement involved and the materiality to the financial statements as a whole, we considered the recoverability of this balance to be a key area of our overall audit strategy and allocation of our resources and hence a Key Audit Matter.	We consulted directly with our internal tax expert and the Company's advisors ('the expert'), to consider whether the legal position regarding the recoverability of the legacy German tax asset has changed and reviewed the evidence presented by the Company to support their position. We assessed the competence, capabilities and expertise of the expert, through consideration of the qualifications held by the expert and the position held by the expert in the firm employing the expert. We also considered the services provided by the firm which employs the expert and the independence and objectivity of the expert. We verified the full reversal for 2008 and the part reversal for 2009 in the revised tax assessment and the related cash collection were traced to the bank statements. In addition, we reviewed the most recent correspondence with the German Tax authorities which includes the revised tax assessment, the tax appeal office's final report, the statement arguing the basis of the appeal to the court and the appeal filed with the German fiscal court to identify any matters which could impact the recoverability of the legacy German tax asset. Key observations: Based on the procedures we performed, we found the judgements made by management in assessing the recoverability of the legacy German tax asset to be appropriate.

Our Application Of Materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2023	2022
Materiality	€0.67m	€0.7m
Basis for determining materiality	3% of Net assets	
Rationale for the benchmark applied	We consider net assets to represent the most appropriate basis for setting materiality as it represents the interest of the users of the financial statements.	
Performance materiality	€0.5m	€0.5m
Basis for determining performance materiality	75% of total materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €33,000 (2022: €33,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Other Companies (Guernsey) Law 2008 Reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Other Reporting - European Single Electronic Format (ESEF)

The Company has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML-format, including the financial statements of Eurocastle Investment Limited, has been prepared in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements, in accordance with the RTS on ESEF.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

Our procedures included:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in XHTML-format; and
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including examining whether the annual financial report in XHTML-format is in accordance with the RTS on ESEF.

Responsibilities Of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Investment Manager, Audit Committee, legal counsel and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the International Financial Reporting Standards as adopted by the European Union, Companies (Guernsey) Law 2008, EU transparency rules, German Tax Laws and the Euronext Rule Book.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Guernsey Code of Corporate Governance.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations; and
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations. Procedures regarding the German Tax Laws are set out in the key audit matters section above.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included: Enquiry with the Investment Manager and those charged with governance regarding any known or suspected instances of fraud;

- Obtaining an understanding of the Company's policies and procedures relating to:
- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the recoverability of the Legacy German tax asset and management override of controls.

Our procedures in respect of the above included the following:

- In addressing the fraud risk on the recoverability of the German tax asset, we performed the procedures set out in the key audit matters section above;
- In addressing the risk of management override of control, we:
  - Performed a review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;
  - Considered the opportunity and incentive to manipulate accounting entries and tested journals which met a defined risk criteria by agreeing to supporting documentation;
  - Reviewed for significant transactions outside the normal course of business; and
  - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use Of Our Report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Chris Young
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Christopher Young
For and on behalf of BDO LLP
Chartered Accountants and Recognised Auditor
London, UK
13 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ENDNOTES

[1] Per share calculations for Eurocastle throughout this document are based on the weighted average of outstanding voting shares and therefore exclude shares held in treasury. As at 31 December 2023, a total of 998,555 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: Q4 2023 Net Asset Value per share ("NAV per share") – 998,555 voting shares in issue; Q4 2022 NAV per share based on 995,555 voting shares; Q3 2023 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 for under the IFRS NAV.

[3] Since March 2022, the Company has made net payments totalling €3.7 million in relation to the legacy German tax matter. Notwithstandingthe Company's expectation that the tax matter will be eventually resolved in the Company's favour as at 31 December 2023, this tax asset was fully reserved for within the Additional Reserves.

[4] Independent director.

[5] Percentages calculated on 1.0 million voting shares in issue.

INCOME STATEMENT

	Notes	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Portfolio Returns			
Realised fair value gain on Legacy Italian investments	4	2	116
Unrealised fair value movements on Legacy Italian investments	4	(50)	282
Realised fair value movements on other investments	4	-	9
Other income			
Other income		2	-
Interest income	5	519	68
Loss on foreign currency translation		(2)	(7)
Total income		**471**	**468**
Operating expenses			
Interest expense		-	12
Other operating expenses	6	1,106	1,339
Total expenses		**1,106**	**1,351**
Net operating (loss) before taxation		**(635)**	**(883)**
(Loss) for the year		**(635)**	**(883)**
Attributable to:			
Ordinary equity holders of the Company		(635)	(883)
(Loss) for the year		**(635)**	**(883)**
		€	€
Earnings per ordinary share[(1)]			
Basic and diluted	13	(0.64)	(0.58)

The Company had no other comprehensive income in the year ended 31 December 2023 and the year ended 31 December 2022.
All revenue is from continuing operations.

(1) Earnings per share is based on the weighted average number of shares in the year of 997,199 (31 December 2022: 1,514,850). Refer to note 13.

See notes to the financial statements (page 21 to 33) which form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2023 €'000	As at 31 December 2022 €'000
Assets			
Cash and cash equivalents	7	13,951	17,721
Other assets	8	210	109
Treasury investments held at amortised cost	9	4,236	-
Investments held at fair value	10	82	628
Legacy German tax asset	8	3,727	4,645
Total assets		**22,206**	**23,103**
Equity and Liabilities			
Capital and reserves			
Issued capital, no par value, unlimited number of shares authorised		1,615,136	1,615,091
Accumulated losses		(1,593,396)	(1,592,741)
Total shareholders' equity		**21,740**	**22,350**
Total equity		**21,740**	**22,350**
Liabilities			
Trade and other payables	12	466	753
Total liabilities		**466**	**753**
Total equity and liabilities		**22,206**	**23,103**

See notes to the financial statements (page 21 to 33) which form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Simon J. Thornton
Director and Audit Committee Chairman

STATEMENT OF CASH FLOW

	Notes	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Cash flows from operating activities			
(Loss) for the year before taxation		**(635)**	**(883)**
Adjustments for:			
Realised fair value gain on Legacy Italian investments	4	(2)	(116)
Unrealised fair value movements on Legacy Italian investments	4	50	(282)
Realised fair value movement on other investments	4	-	(9)
Interest expense		-	12
Interest income	5	(519)	(68)
Loss on foreign currency translation		2	7
Total adjustments to (loss) for the year		**(469)**	**(456)**
(Increase) / Decrease in other assets		(1)	6
(Decrease) in trade and other payables		(288)	(206)
Movements in working capital		**(289)**	**(200)**
Deposit for New Investment Strategy - Greece	8	(100)	-
Disposal of Legacy Italian investments	10	-	1,254
Cash distribution from Legacy Italian investments	10	497	3,578
Interest received		682	54
Interest paid		-	(12)
Cash movements from operating activities		**1,079**	**4,874**
Cash (used in) / generated from operations		**(314)**	**3,335**
Taxation paid - Legacy German Tax	19	(174)	(4,645)
Taxation refund - Legacy German Tax	19	1,092	-
Net cash flows from operating activities		**604**	**(1,310)**
Cash flows from investing activities			
Acquisition of Treasury Investments held at amortised cost	9	(4,401)	-
Net cash flows from investing activities		**(4,401)**	**-**
Cash flows from financing activities			
Repurchase of share capital including costs	14	25	(9,325)
Return of distributions paid		2	-
Net increase / (decrease) in cash flows from financing activities		**27**	**(9,325)**
Net (decrease) in cash and cash equivalents		**(3,770)**	**(10,635)**
Cash and cash equivalents, beginning of the year	7	**17,721**	**28,356**
Total cash and cash equivalents, end of the year	7	**13,951**	**17,721**

See notes to the financial statements (page 21 to 33) which form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital €'000	Accumulated losses €'000	Total equity €'000
As at 1 January 2022	**1,624,762**	**(1,591,830)**	**32,932**
(Loss) for the year	-	(883)	(883)
Total comprehensive (loss) for the year	**-**	**(883)**	**(883)**
Contributions by and distributions to owners:			
Shares issued to Directors (note 14)	28	(28)	-
Share Tender (note 14)	(9,699)		(9,699)
As at 31 December 2022	**1,615,091**	**(1,592,741)**	**22,350**
(Loss) for the year	-	(635)	(635)
Total comprehensive (loss) for the year	**-**	**(635)**	**(635)**
Contributions by and distributions to owners:			
Shares issued to Directors (note 14)	20	(20)	-
Shares Tender (note 14)	25	-	25
As at 31 December 2023	**1,615,136**	**(1,593,396)**	**21,740**

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 Nederlands 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 was acquired by Softbank Group Corp (9984: Tokyo) ("Softbank") on December 27, 2017 and operates as an independent business within Softbank under the continuing leadership of Pete Briger, Wes Edens and Randal Nardone. 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 ongoing conflict in Israel and war in Ukraine are not expected to have a significant impact on the Company's liquidity. 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.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union on a going concern basis and under the historical cost basis of accounting, except for investments at fair value through profit and loss, which are measured at fair value. These financial statements are also prepared in accordance with Guernsey Company Law.

Following the classification of the Company as an investment entity under IFRS 10 in July 2017, the Company does not consolidate the entities it controls and therefore fair values all of its investments (whether through subsidiaries or joint ventures). These separate financial statements of the Company are its only financial statements.

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 (2022: €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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 comprise a single deposit for the acquisition of a retail complex in Greece which is expected to close in the second quarter of 2024, subject to certain closing conditions. Eurocastle's Legacy Italian Investments are made up of Legacy Italian Real

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 31 December 2023, the leverage (as defined by this measure) under the gross and commitment basis was 37.97% and 37.97% respectively (31 December 2022: 24.08% and 24.08%).

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 types of financial risk to which the Company is exposed 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 distributions. At 31 December 2023, the Company had net equity of €21.7 million (31 December 2022: €22.4 million) and no direct leverage (31 December 2022: no direct leverage).

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 and the treasury investment held by a subsidiary and disclosed as amounts receivable from subsidiaries. As at 31 December 2023, the Company's cash and cash equivalents amounted to €13.9 million (31 December 2022: €17.7 million) and the amounts receivable from subsidiaries amounted to €4.2 million (31 December 2022: €nil).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 31 December 2023, the Company has placed €13.1 million of its corporate cash in a 35 day notice account account and €0.6 million in a cash management account with a financial institution rated long term: A by Fitch; A1 by Moody's; and A by S&P (31 December 2022: €15.7 million of its corporate cash in a 35 day notice account account and €1.7 million in a cash management account- rated long term: A by Fitch; A3 by Moody's; and A negative by S&P). As at 31 December 2023, the remaining corporate cash of €0.2 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 2022: €0.3 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 macro-economic and political 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 aquired 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 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 conjuction 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.

4. PORTFOLIO RETURNS

Movements on investments are summarised below:

	Year ended 31 December 2023			Year ended 31 December 2022		
	Realised fair value movements €'000	**Unrealised fair value movements €'000**	**Total fair value movements €'000**	**Realised fair value movements €'000**	**Unrealised fair value movements €'000**	**Total fair value movements €'000**
Legacy Italian NPLs & Other Loans (note 10)	2	-	2	116	-	116
Legacy Italian Real Estate Funds (note 10)	-	(50)	(50)	-	282	282
Portfolio returns on Legacy Italian investments	**2**	**(50)**	**(48)**	**116**	**282**	**398**
Fair value movements on other investments	-	-	-	9	-	9
Total portfolio returns	**2**	**(50)**	**(48)**	**125**	**282**	**407**

5. INTEREST INCOME

	Year ended 31 December 2023 €'000	**Year ended 31 December 2022 €'000**
Bank interest on cash deposit	443	68
Bond interest and accretion - refer to note 9	76	-
Total interest income	**519**	**68**

6. OTHER OPERATING EXPENSES

	Year ended 31 December 2023 €'000	**Year ended 31 December 2022 €'000**
Professional fees	404	216
Manager base and incentive fees (related party, note 16)	94	92
Manager recharge (related party, note 16)	160	571
General and administrative expenses	448	460
Total other operating expenses	**1,106**	**1,339**

7. CASH AND CASH EQUIVALENTS

	Year ended 31 December 2023 €'000	**Year ended 31 December 2022 €'000**
Cash at bank	772	1,977
Cash on deposit	13,179	15,744
Total cash and cash equivalents	**13,951**	**17,721**

8. OTHER ASSETS

	As at 31 December 2023 €'000	As at 31 December 2022 €'000
Deposit for New Investment Strategy - Greece	100	-
Prepaid expenses and other receivables	110	109
Legacy German tax asset	3,727	4,645
Total other assets and Legacy German tax asset	**3,937**	**4,754**

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. The investment is expected to close in second 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 AMORTIZED COST

	As at 31 December 2023 €'000	As at 31 December 2022 €'000
Acquisition cost	4,192	-
Accretion	44	-
Total Treasury Investments held at amortised cost	**4,236**	**-**

On 14 February 2023, for treasury and cash management purposes, the Company invested €4.4 million of its corporate cash in an Italian Inflation-linked Government 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. The Company initially intended to hold the Bond until its maturity in April 2024.

The Bond is publicly traded on the Milan stock exchange. As at 31 December 2023, excluding accrued interest the Bond has a fair value of €4.21 million (31 December 2022: € Nil) based on a closing price of 98.99% of its nominal value.

All accretion and interest income recognised from the Bond is reported in the Company's Income Statement under "Other income – Interest income". As at 31 December 2023, €0.08 million (31 December 2022: € Nil) of interest revenue from the Bond has been recognised in the period of which €0.04 million (31 December 2022 €nil) is accretion.

As at 31 December 2023, the issuer of the Bond, the Italian Government, was rated long term BBB by Fitch; Baa3 by Moody's; and BBB by DBRS (31 December 2022: BBB by Fitch; Baa3 by Moody's; and BBB by DBRS).

The Bond is a publicly traded instrument and therefore considered as level 1 when measuring its fair value. For the purposes of impairment assessment, the expected credit loss associated to the investment has been considered immaterial.

The Company on 15 February 2024 sold the Bond at a price of 99.81% of its nominal value - refer to note 18.

10. INVESTMENTS HELD AT FAIR VALUE

The Company indirectly holds the following investments:

	As at 31 December 2023	As at 31 December 2022
	€'000	€'000
Legacy Italian investment portfolio	82	628
Total investments	**82**	**628**

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

	Legacy Italian NPLs & Other Loans	Legacy Real Estate Funds	Total Investments
	Fair value accounted	Fair value accounted	
	€'000	€'000	€'000
Balance as at 1 January 2023	**-**	**628**	**628**
Distributions received	(2)	(497)	(499)
Realised fair value gain	2	-	2
Unrealised fair value movement	-	(50)	(50)
Balance as at 31 December 2023	**-**	**82**	**82**

The Company received in April 2023, a distribution of €0.5 million from RE Fund V mainly representing its share of the proceeds from the sale of the last remaining apartment units.

As at 31 December 2022, the movements in the Italian investment portfolio were as follows:

	Legacy Italian NPLs & Other Loans	Legacy Real Estate Funds	Total Investments
	Fair value accounted	Fair value accounted	
	€'000	€'000	€'000
Balance as at 1 January 2022	**1,337**	**3,725**	**5,062**
Disposals	(1,254)	-	(1,254)
Distributions received	(199)	(3,379)	(3,578)
Unrealised fair value movement	116	282	398
Balance as at 31 December 2022	**-**	**628**	**628**

Refer to the portfolio summary on page 28 for further details on investments .

10. INVESTMENTS HELD AT FAIR VALUE (CONTINUED)

Portfolio summary

During the year, the Company's investments were categorised as follows:

Legacy Italian Real Estate Funds

The Company has the following Real Estate Fund investments:

Real Estate Fund Investment II:

In 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 31 December 2023 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 31 December 2022, the project has been fully completed with all units sold or under contract or to be 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 31 December 2023:

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

As at 31 December 2022:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Real Estate Funds	-	-	628	628
Total	**-**	**-**	**628**	**628**

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 year ended 31 December 2023 (31 December 2022: no transfers).

Expected recoveries of investments

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

	2023		2022	
	Within one year [(1)] €'000	More than one year €'000	Within one year [(1)] €'000	More than one year €'000
Legacy Italian NPLs & Other Loans	-	-	-	-
Legacy Real Estate Funds	82	-	642	-

(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:

For the year ended 31 December 2023	Real Estate Funds	Total
Expected lifetime profit multiple	1.1	1.1
Remaining weighted average life	0.6	0.6
Discount rate	9%	9%

For the year ended 31 December 2022	Real Estate Funds	Total
Expected lifetime profit multiple	1.1	1.1
Remaining weighted average life	0.3	0.3
Discount rate	9%	9%

10. INVESTMENTS HELD AT FAIR VALUE (CONTINUED)

Legacy Italian Real Estate Funds

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

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

For the year ended 31 December 2022	**Real Estate Funds €'000**	**Total €'000**
Fair value	628	628
Increase in discount rate by 25bps	628	628
Value sensitivity	**-**	**-**

11. CONTRACTUAL MATURITIES

Contractual maturities

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

As at 31 December 2023, 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, 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 fair value and amortised cost. The amortised cost of these balances approximate their fair value.

12. TRADE AND OTHER PAYABLES

	As at 31 December 2023 €'000	**As at 31 December 2022 €'000**
Due to Manager (related party, refer note 14)	103	151
Accrued expenses and other payables	363	602
Total trade and other payables	**466**	**753**

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

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit after taxation by the weighted average number of ordinary shares outstanding during the year. 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 31 December 2023	As at 31 December 2022
Weighted average number of ordinary shares*	997,199	1,514,850
Weighted average number of ordinary shares - dilutive	**997,199**	**1,514,850**

*weighted average shares for the year

14. SHARE CAPITAL AND RESERVES

As at 31 December 2023, there were 998,555 shares (31 December 2022: 995,555) issued of which no shares (31 December 2022: 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 2022			**1,857,535**
Shares repurchased and cancelled - 9 August 2022			(864,980)
Shares issued to the Directors as part of their in-place compensation arrangements for €nil consideration - 9 September 2022			3,000
As at 31 December 2022			**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 31 December 2023	-	-	**998,555**

In August 2022, the Company closed on a tender offer repurchasing 864,980 shares for a total tender amount, excluding costs, of €8.9 million.

Date	Description	Number of shares	Price Per share	Value of Share repurchase (€'000)	Directly attributable costs (€'000)
9 August 2022	Share tender - shares repurchased and cancelled	864,980	€ 10.26	8,875	800

As at 31 December 2022, €0.4 million of costs associated with the tender offer remained unpaid. In the current accounting period, the outstanding costs related to the tender offer were settled below what was recognised in the previous reporting period, generating a saving of €25,000.

As at 31 December 2023, the Company held no shares in treasury (31 December 2022: 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. DIVIDENDS PAID AND DECLARED

As a result of the Realisation Plan, the Company's distribution policy, including the regular quarterly dividend, did not apply with effect from Q3 2019.

During the year ended 31 December 2023, no distributions were declared or paid (during the year ended 31 December 2022 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. Since 1 January 2015 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 €2.7 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 31 December 2023, the amount due to the Manager was € nil (31 December 2022: € 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 31 December 2023, management fees, incentive fees and expense reimbursements of €0.3 million (31 December 2022: €0.7 million) were due to the Manager. During the period ended 31 December 2023, management fees of €0.09 million (31 December 2022: €0.09 million), €nil of incentive fees (31 December 2022: nil), and expense reimbursements of €0.16 million (31 December 2022: €0.57 million) were charged to the income statement.

Total annual remuneration for the Eurocastle directors as at 31 December 2023 was €0.1 million (31 December 2022: €0.1 million), payable quarterly in equal instalments. Dean Dakolias and Peter Smith do not receive any remuneration from the Company.

The Manager, its principals and certain employees of the Manager hold a total of 560,693 shares in the Company, of which 433,462 are beneficially owned by a senior executive of the Manager with primary responsibility for 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) is managed by an affiliate of the Manager. The total management fee expense for the year ended 31 December 2023 is €nil million (31 December 2022: €nil million) and offsets fully against the Company's Management Fee payable to the Manager.

The Company's joint venture investment in Real Estate Fund Investment II and Real Estate Fund Investment V (refer to note 9) 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 year ended 31 December 2023 was €nil million (31 Dcember 2022: €nil 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 (incorporated on 31 March 2023)
United States of America:
Fortress Italian Real Estate Opportunities Series Fund LLC - Series 2
Greece:
Castlegate S.A. (incorporated on 3 July 2023)

As at 31 December 2023, 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 5 January 2024, the Company incorporated a new subsidiary in Luxembourg, Luxway S.à r.l.

On 15 February 2024, the Company sold the Bond at a price of 99.81% of its nominal value receiving €4.2 million, the majority of which is now held in the Company's 35 day notice account.

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 2008 and 2009 periods 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 €0.2 million) for all these audits, including interest, is approximately €1.5 million. The Company intends to appeal the current and 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 31 December 2023, the potential liability is fully reserved for within the Additional Reserves (see page 5).

20. COMMITMENTS

In November 2023 the Company announced that it has agreed to acquire the first investment under its New 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 second quarter 2024, subject to certain conditions precedent.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jason Sherwill

Peter M. Smith

Dr. Simon J. Thornton

Claire Whittet

Constantine (Dean)

Dakolias

INVESTMENT MANAGER

FIG LLC
(an affiliate of Fortress Investment Group LLC)
1345 Avenue of the Americas
46 Floor
New York, NY 10105
Tel: (212) 798-6100
www.fortress.com

REGISTRAR AND TRANSFER AGENT

JTC Trustees (Guernsey) Limited
P.O. Box 156, Ground Floor,
Dorey Court, Admiral Park, St
Peter Port, GY14EU

REGISTERED OFFICE OF THE COMPANY

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

ADMINISTRATOR & SECRETARY OF THE COMPANY

Oak Fund Services
(Guernsey) Limited
P.O. Box 282
Oak House
Hirzel Street
St. Peter Port
Guernsey GY1 3RH

STOCK LISTING

Euronext Amsterdam, ECT. NA

INDEPENDENT AUDITORS

BDO LLP
55 Baker Street
London W1U 7EU

LEGAL COUNSEL

English & Dutch Legal Advisers
Linklaters LLP
One Silk Street
London EC2Y 8HQ

Guernsey Legal Advisers
Carey Olsen
P.O. Box 98
Carey House
Les Banques
St. Peter Port
Guernsey GY1 4BZ

INVESTOR RELATIONS CONTACT

Eurocastle Investment Limited
c/o Fortress Investment Group
1345 Avenue of the Americas, 46 Floor
New York, NY 10105
Tel: (212) 823-5563
Email: investorrelations@eurocastle.com
www.eurocastleinv.com

FORWARD-LOOKING STATEMENTS

This report contains statements that constitute forward-looking statements. Such forward-looking statements 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 the 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", "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 we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our 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 achieve its targets regarding asset disposals or asset performance.

Eurocastle Investment Limited

www.eurocastleinv.com