2024

ANNUAL REPORT

EUROCASTLE INVESTMENT LIMITED

EUROCASTLE INVESTMENT LIMITED

EUROCASTLE INVESTMENT LIMITED is a publicly traded closed-ended investment company. The Company is implementing its new investment strategy, initially focusing on opportunistic real estate in Greece, with plans 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.

2024

Financial Highlights at a Glance[1]

YE 2024 IFRS NAV per share:	YE 2024 IFRS NAV:
€22.05ps	**€22.1mm**
(YE 2023: €21.77ps) (Q3 2024: €21.34ps)	(YE 2023: €21.7mm) (Q3 2024: €21.4mm)
YE 2024 Adjusted NAV[2] of €11.34ps *YE 2023 Adjusted NAV[2] of €11.12ps*	*YE 2024 Adjusted NAV[2] of €11.4mm* *YE 2023 Adjusted NAV[2] of €11.1mm*

Company Overview

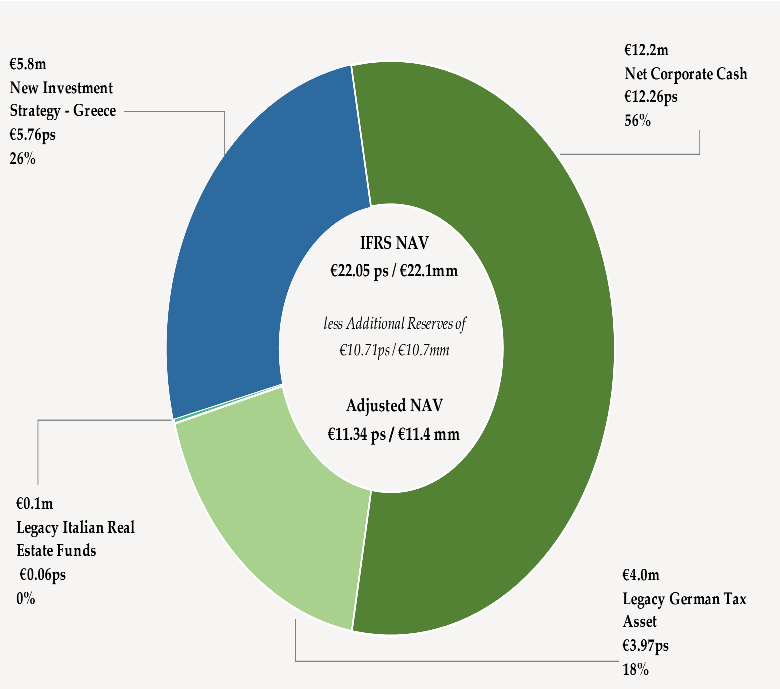
Eurocastle Investment Limited (the "Company" or "Eurocastle") is a publicly traded closed-ended investment company. Having previously focused on Italian performing and non-performing loans ("NPLs") and other real estate related assets in Italy (the "Legacy Italian Investments"), in July 2022 the Company 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 Fortress Investment Group's ("the Manager") deep knowledge of the sector, which offers significant investment opportunities in the current market cycle. To pursue this strategy, Eurocastle has now launched a Luxembourg regulated fund, European Properties Investment Fund S.C.A., SICAV RAIF (the "Fund" or "EPIF").

Portfolio Overview

Eurocastle's net assets comprise

- i) Net Corporate Cash available to continue seeking new investments under the New Investment Strategy,
- ii) an interest in EPIF which to date has acquired a boutique retail complex in an affluent part of Athens, Greece.
- iii) a tax asset representing amounts paid in relation to additional tax assessed against a legacy German property subsidiary and
- iv) residual interests in two legacy Italian real estate funds.

The Company's adjusted net asset value (the "Adjusted NAV") takes 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 2024**.



Net Corporate Cash:

€12.2 million of corporate cash after deducting current liabilities ("Net Corporate Cash") of which €2.5 million is the remaining unfunded commitment in EPIF.

New Investment Strategy – Greece:

Eurocastle's 80% share in the Fund, reflecting the value of the real estate asset acquired to date net of Fund costs.

Legacy German Tax Asset:

Amounts paid in relation to additional tax assessed against a legacy German property subsidiary (inclusive of interest due to the Company on these amounts). The Company won the first instance of its appeal in the German courts but the German tax authorities are now appealing the decision. The Company expects the matter will eventually be resolved in the Company's favour.

Legacy Italian Real Estate Funds:

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

Additional Reserves:

Reserves of €10.7 million of which €6.0 million relates to the legacy German tax matter with the balance of approximately €4.7 million in place to allow for future costs and potential liabilities while the Company establishes in parallel the New Investment Strategy.

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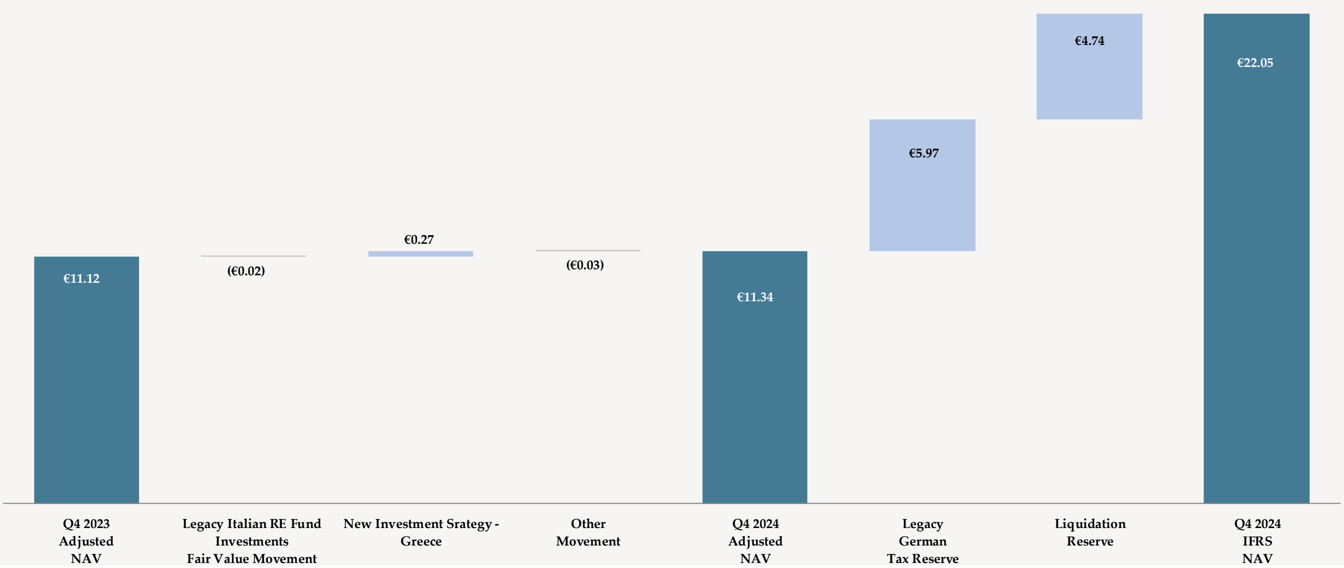
FY 2024 NAV Bridge

In € per share



New Investment Strategy

Eurocastle is pursuing its New Investment Strategy by initially focusing on opportunistic real estate in Greece with a plan to expand across Southern Europe, where the Manager has an extensive footprint and a long track record of investing in this asset class. In order to support its new investment programme, Eurocastle has launched a Luxembourg regulated fund, European Properties Investment Fund S.C.A., SICAV RAIF. The Fund completed its first close on August 6, 2024 for €10 million, with the Company committing €8 million alongside a €2 million commitment from its JV partner. The Fund is now being marketed to potential investors with a target fund size of €100 million.

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

In addition to generating attractive risk adjusted returns on its share of any investments made by the Fund, Eurocastle will also receive a 60% share of fees and promote generated from external investors in the Fund with the remaining 40% paid to the JV Partner. Such amounts include annual management fees representing 1.5% of the Fund's net asset value and promote of 20% of the Fund's total net profit (subject to a return hurdle of 8% per annum). The Company sees the Fund as an attractive opportunity to earn enhanced returns on the capital it invests while also building a meaningful base for future investments[3].

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.

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.

Overview

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

Investment Realisations & Highlights

- **New Investment Strategy –** In August 2024, Eurocastle launched the Fund through which it intends to initially make investments under the New Investment Strategy, committing to invest €8 million alongside a €2 million commitment from its JV Partner. EPIF is now being marketed to potential investors with a target size of €100 million.

- In October 2024, the Fund made its first acquisition, being part of a boutique retail complex in an affluent part of Athens with Eurocastle investing a total of €5.5 million into the Fund. The asset was acquired from one of the largest Greek banks out of a distressed situation. Eurocastle's strategy is to lease-up the last 20% of the building which is currently vacant and then seek an exit in the open market. In parallel with executing this first investment, EPIF has been underwriting a number of additional opportunities. Eurocastle's share in the NAV of EPIF as at the end of 2024 is €5.8 million.

- As at 31 December 2024, the Company has €12.2 million of Net Corporate Cash to invest under the New Investment Strategy, of which approximately €2.5 million represents Eurocastle's remaining outstanding commitment in EPIF.

- **Legacy Italian Real Estate Funds –** The remaining NAV for these investments of €0.1 million, or €0.06 per share, reflects cash currently reserved in the funds that is expected to be released once the fund manager resolves certain potential liabilities and liquidates each fund.

- **Additional Reserves -** As at 31 December 2024, of the total Additional Reserves of €10.7 million, €6.0 million related to the legacy German tax matter with the balance of approximately €4.7 million in place to allow for future costs and potential liabilities while the Company pursues in parallel the New Investment Strategy. The Board anticipates reviewing the appropriate level of reserves once it has further clarity on the amount of commitments received by the Fund.

- **Legacy German Tax Matter -** As previously announced, to date the Company has paid a net amount of €3.7 million in relation to the Legacy German tax matter against which it has raised a corresponding tax asset. The Company, in pursuing the reimbursement of this amount through the German fiscal court won the first instance of its appeal in December 2024. Shortly after, the German tax authorities appealed the decision through the German federal tax court and the Company is currently waiting to be notified of the date of the hearing.

The current remaining potential exposure on the matter (excluding associated costs of €0.3 million) is estimated to be €1.7 million and relates to the years 2013 to 2015 which remain subject to ongoing tax audits. As at 31 December 2024, this amount has not been reflected within the IFRS NAV of the Company as no formal commitments for potential liabilities exist. Notwithstanding the Company's expectation that the tax matter will eventually be resolved in the Company's favour, as at 31 December 2024, the full potential liability of €6.0 million, or €5.97 per share, is fully reserved for within the Additional Reserves.

Subsequent event to 31 December 2024

On April 23rd, 2025, EPIF successfully held its first investor close, securing €16 million of commitments from 10 investors taking the total fund size to €26 million. Currently, a significant number of potential additional commitments are at advanced stage of due diligence, with a further close expected in May 2025.

The commitments closed on 23 April 2025 will reduce Eurocastle's interest in the Fund from 80% to approximately 31%. As a result, the new investors will reimburse Eurocastle an estimated total of €3.5 million of the €5.5 million it had invested to date in EPIF. This reimbursement is to align Eurocastle's revised pro rata share of the capital called plus compensatory interest. The amount to be paid to Eurocastle is substantially in line with the relevant share of Eurocastle's valuation of its interest in EPIF as at 31 December 2024.

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Income Statement For The Year Ended 31 December 2024

	Income Statement 2024 € Thousands	Income Statement 2023 € Thousands
Portfolio Returns		
New Investment Strategy – Greece unrealised fair value movement	273	-
Legacy Italian NPLs & Other Loans realised gain	-	2
Legacy Italian Real Estate Funds unrealised fair value movement	(18)	(50)
Fair value movement on Investments	**255**	**(48)**
Other income	113	2
Interest income	827	519
(Loss) on foreign currency translation	(1)	(2)
Total income	**1,194**	**471**
Operating Expenses		
Manager base and incentive fees	103	94
Remaining operating expenses	745	1,012
Other operating expenses	**848**	**1,106**
Total expenses	**848**	**1,106**
Profit/(Loss) for the year	**346**	**(635)**
€ per share	***0.35***	***(0.64)***

Balance Sheet and Adjusted NAV Reconciliation as at 31 December 2024

	New Investment Strategy - Greece € Thousands	Legacy Italian Investments € Thousands	Corporate € Thousands	Total 2024 € Thousands	Total 2023 € Thousands
Assets					
Other assets	-	-	315	315	210
Legacy German tax asset	-	-	3,974	3,974	3,727
Investments – New Investment Strategy - Greece	5,770	-	-	5,770	-
Investments – Legacy Italian Real Estate Funds	-	64	-	64	82
Cash, cash equivalents and Treasury Investments:					
Cash and cash equivalents	-	-	12,415	12,415	13,951
Treasury Investments	-	-	-	-	4,236
Total assets	**5,770**	**64**	**16,704**	**22,538**	**22,206**
Liabilities					
Trade and other payables	-	-	389	389	425
Manager base and incentive fees	-	-	63	63	41
Total liabilities	**-**	**-**	**452**	**452**	**466**
IFRS Net Asset Value	**5,770**	**64**	**16,252**	**22,086**	**21,740**
Liquidation cash reserve	-	-	(4,748)	(4,748)	(5,185)
Legacy German tax cash reserve	-	-	(2,008)	(2,008)	(1,728)
Legacy German tax asset reserve	-	-	(3,974)	(3,974)	(3,727)
Adjusted NAV	**5,770**	**64**	**5,522**	**11,356**	**11,100**
Adjusted NAV (€ per Share)	***5.76***	***0.06***	***5.52***	***11.34***	***11.12***

Additional Reserves

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

As at 31 December 2024, the Additional Reserves totaled €10.7 million, of which €6.0 million is specifically related to additional tax assessed in relation to a legacy German property subsidiary, with the balance of approximately €4.7 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 2024, the potential liability was fully reserved for within the Additional Reserves.

The Board anticipates reviewing the appropriate level of reserves once it has further clarity on the amount of commitments received by the EPIF.

	Dec 2023 Additional Reserves *€ million*	**Reserves paid/ payable in 2024** *€ million*	**Dec 2023 Reserves after paid/ payable in 2024** *€ million*	**Q4 2024 Reserves** *€ million*	**2024 Net Movement on Reserves** *€ million*
Legacy German Tax Reserve[4]	(5.5)	(0.2)	(5.7)	(6.0)	0.3
Liquidation Reserve	(5.2)	0.2	(5.0)	(4.7)	(0.3)
Total	**(10.7)**	**0.0**	**(10.7)**	**(10.7)**	**-**
Per Share	*(10.65)*	*(0.06)*	*(10.71)*	*(10.71)*	-

	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 2024 Reserves** *€ million*	**Net Movement on Reserves since Realisation Plan** *€ million*
Legacy German Tax Reserve[4]	(7.1)	0.2	(6.9)	(6.0)	0.9
Liquidation Reserve	(12.9)	6.6	(6.3)	(4.7)	1.6
Total	**(20.0)**	**6.8**	**(13.2)**	**(10.7)**	**2.5**
Per Share	*(19.99)*	*6.76*	*(13.23)*	*(10.71)*	*2.52*

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Distribution

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

Directors

The Directors who have held office during the year were:

Constantine (Dean) Dakolias
Claire Whittet[5]
Jason Sherwill[5]
Peter Smith – resigned on 30 October 2024.
Simon J. Thornton[5]

Directors Interests

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

	As at 31-Dec-24	**As at 31-Dec-23**
Dean Dakolias	-	-
Claire Whittet	8,324	7,324
Jason Sherwill	16,965	15,965
Peter Smith (resigned on 30 October 2024)	-	-
Simon J. Thornton	15,427	14,427

Substantial Shareholdings

Per the shareholder register and as at [23] April 2025, the following shareholders had an interest in 3% or more of Eurocastle's share capital:

	% Holdings[6]
Euroclear Nominees Limited	44%
Nederlands Centraal Instituut Voor Giraal Effectenverkeer BV	41%
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 and the New Investment Strategy, 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 and the New Investment Strategy, 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, the ongoing war in Ukraine nor the market uncertainty following potential US tariffs 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 2024 (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.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

<u>Registered Office</u>

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

On behalf of the Board

Simon J. Thornton
Director and Audit Committee Chairman
Date: 23 April 2025

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 2024 and of its profit 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 2024 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 material accounting policy information. 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 For 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 forecast cash flows that support the Directors' assessment of going concern by considering historical performance and challenging the forecast assumptions relating to the Company's new investment strategy;
- Assessing the sensitivity of the forecast cash flows to possible changes in the future investment strategy of the Company and its investments;
- Challenging the appropriateness of the Directors' assumptions and judgements made with regard to the cash forecasts. These included those in relation to the forecast level of expenditure and the sufficiency of cash reserves required to cover both the base case and the stress-tested scenarios in the forecast, which considered the outcome of any contingent liabilities;
- Reviewing minutes of meetings and made enquiries of the Investment Manager as to the existence of further committed investments; and
- Reviewing the disclosures in the financial statements relating to going concern to evaluate whether the disclosure is consistent with the circumstances.

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	<table><tr><td></td><td></td><td>**2024**</td><td>**2023**</td></tr><tr><td>1</td><td>Recoverability of the Legacy German tax asset</td><td>×</td><td>✓</td></tr><tr><td>2</td><td>Valuation of investments held at fair value</td><td>✓</td><td>×</td></tr></table> KAM 1 is no longer considered to be a key audit matter because of the fact that, during December 2024, the Company received a court decision in its favour.
Materiality	Company financial statements as a whole €0.65m (2023: €0.67m) based on 2.9% (2023: 3%) of Net assets (2023: 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 the valuation of investments held at fair value.

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.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr>
<td>Valuation of investments held at fair value
As detailed in note 10 to the financial statements the Company owns an investment held at fair value. Note 2 to the financial statements details the Company's accounting policy for investments held at fair value.</td>
<td>The Company's investments are measured at fair value as at the reporting date. The fair value of the Company's investment in European Properties Investment Fund S.C.A., SICAV RAIF (the "Fund") has been determined with reference to the Fund's Net Asset Value ("NAV") as at the reporting date.

The NAV of the Fund primarily comprises of an investment property asset that was acquired during the year. The property is valued externally using a Discounted Cash Flow ("DCF") model in accordance with RICS methodology and IFRS 13 Fair value Measurement.

The valuation of the investment property asset is the key driver of the Fund's NAV, which in turn is a key driver to the Company's net assets and underpins the results for the year.

The valuation of investment property involves significant judgment and estimation, including rental values, exit yields, discount rates and inflation rates, to be applied by the Investment Manager and the external valuer, increasing the inherent risk in this area.

We consider this to be a significant risk as small changes in each key assumption could materially affect the carrying value of the asset concerned and hence we consider this to be a key audit matter.</td>
<td>Our audit procedures included, but were not restricted to, the following:

• We reviewed the latest audited financial statements of the Fund to ensure the accuracy and appropriateness of the valuation method and the use of NAV for determining the fair value of the Company's investment.

• We assessed the appropriateness of the valuation process at the investment manager. We confirmed the Company's 80% interest in the Fund by inspecting the incorporation documents and vouching the payments in bank statements.

• Specifically in relation to the valuation of the investment property asset owned by the Fund, we have performed the following procedures:

- With the help of our real estate experts, we reviewed the independent valuer's report and confirmed that the valuation methodology complied with RICS guidelines and IFRS 13, ensuring its appropriateness for determining the fair value of the investment property asset.

- We assessed the independent external valuation experts' objectivity, independence, competence, capability and qualifications to undertake the valuation.

- We tested the underlying data provided to the valuer by the Investment Manager. This data included tenancy schedules and lease terms, which were agreed back to appropriate supporting documents.

- We challenged key judgments and assumptions, such as rental values, exit yields, discount rates, and inflation rates, by benchmarking to our own expectations set using independent industry data.

Key observations:

Based on our work, we consider that the assumptions adopted by the Directors in the valuation of investments at fair value were reasonable and the methodology applied in arriving at the fair value of the property asset was appropriate.</td>
</tr>
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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	
	2024	2023
Materiality	€0.65m	€0.67m
Basis for determining materiality	2.9% of Net assets	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	€0.49m	€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 €32,000 (2023: €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 and The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

Our procedures in respect of the above included:
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of the Investment Manager 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.

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 valuation of investments held at fair value and management override of controls.

Our procedures in respect of the above included the following:
- In addressing the fraud risk on the valuation of investments held at fair value, 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 the Investment Manager 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
23 April 2025

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

[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 2024, a total of 1,001,555 shares were in issue all of which were voting shares, and no shares were held in treasury. Amounts per share are therefore calculated on the following basis: Q4 2024 Net Asset Value per share ("NAV per share") – 1,001,555 voting shares in issue; Q4 2023 NAV per share based on 998,555 voting shares; Q3 2024 NAV per share based on 1,001,555 voting shares.

[2] In light of the Realisation plan, the Adjusted NAV reflects the additional reserves for future costs and potential liabilities, which have not been accounted under IFRS NAV.

[3] References to the fund in this document do not constitute an offer to sell or a solicitation of an offer to buy any security and may not be relied upon in connection with the purchase or sale of any security. Any such offer would only be made by the means of formal offering documents, which would govern in all aspects.

[4] Since March 2022, the Company has made net payments totalling €3.7 million in relation to the legacy German tax matter. Notwithstanding the Company's expectation that the tax matter will be eventually resolved in Company's favour as at 31 December 2024, the tax asset was fully reserved for within the Additional Reserves.

[5] Independent director.

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

INCOME STATEMENT

	Notes	Year ended 31 December 2024 €'000	Year ended 31 December 2023 €'000
Portfolio Returns			
Realised fair value gain on Legacy Italian investments	4	-	2
Unrealised fair value movements on Legacy Italian investments	4	(18)	(50)
Unrealised fair value movements on New Strategy Investments	4	273	-
Other income			
Other income		113	2
Interest income	5	827	519
Loss on foreign currency translation		(1)	(2)
Total income		**1,194**	**471**
Operating expenses			
Other operating expenses	6	848	1,106
Total expenses		**848**	**1,106**
Net operating profit/(loss) before taxation		**346**	**(635)**
Profit/(Loss) for the year		**346**	**(635)**
Attributable to:			
Ordinary equity holders of the Company		346	(635)
Profit/(Loss) for the year		**346**	**(635)**
		€	€
Earnings per ordinary share[1]			
Basic and diluted	13	0.35	(0.64)

The Company had no other comprehensive income in the year ended 31 December 2024 and the year ended 31 December 2023.
All revenue is from continuing operations.

[1] Earnings per share is based on the weighted average number of shares in the year of 1,000,211 (31 December 2023: 997,199). Refer to note 13.

See notes to the financial statements (page 21 to 32) which form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 €'000	As at 31 December 2023 €'000
Assets			
Cash and cash equivalents	7	12,415	13,951
Other assets	8	315	210
Treasury investments held at amortised cost	9	-	4,236
Investments held at fair value	10	5,834	82
Legacy German tax asset	8	3,974	3,727
Total assets		**22,538**	**22,206**
Equity and Liabilities			
Capital and reserves			
Issued capital, no par value, unlimited number of shares authorised		1,615,158	1,615,136
Accumulated losses		(1,593,072)	(1,593,396)
Total shareholders' equity		**22,086**	**21,740**
Total equity		**22,086**	**21,740**
Liabilities			
Trade and other payables	12	452	466
Total liabilities		**452**	**466**
Total equity and liabilities		**22,538**	**22,206**

See notes to the financial statements (page 21 to 32) which form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on [23 April] 2025 and signed on its behalf by:

Simon J. Thornton
Director and Audit Committee Chairman

STATEMENT OF CASH FLOW

	Notes	Year ended 31 December 2024 €'000	Year ended 31 December 2023 €'000
Cash flows from operating activities			
Profit/(Loss) for the year before taxation		**346**	**(635)**
Adjustments for:			
Realised fair value gain on Legacy Italian investments	4	-	(2)
Unrealised fair value movements on Legacy Italian investments	4	18	50
Unrealised fair value movements on New Strategy Investments	4	(273)	-
Interest income	5	(827)	(519)
Loss on foreign currency translation		1	2
Other operating income and expenses non-cash		(14)	-
Total adjustments to profit/(loss) for the year		**(1,095)**	**(469)**
(Increase) in other assets	8	(205)	(1)
(Decrease) in trade and other payables		(36)	(288)
Movements in working capital		**(241)**	**(289)**
Deposit for New Investment Strategy - Greece	10	(149)	(100)
New Investments Strategy - Greece - Capital Call from European Properties Investment Fund, SCA, RAIF ("EPIF")	10	(5,454)	-
New Investments Strategy - Greece - return of advances settled prior to the incorporation of EPIF	10	224	-
Cash distribution from Legacy Italian investments	10	-	497
Interest received		590	682
Cash movements from operating activities		**(4,789)**	**1,079**
Cash (used in) operations		**(5,779)**	**(314)**
Taxation paid - Legacy German Tax	19	-	(174)
Taxation refund - Legacy German Tax	19	-	1,092
Net cash flows (used in)/generated from operating activities		**(5,779)**	**604**
Cash flows from investing activities			
Disposal/(Acquisition) of Treasury Investments held at amortised cost	9	4,241	(4,401)
Net cash flows generated from/(used in) investing activities		**4,241**	**(4,401)**
Cash flows from financing activities			
Repurchase of share capital including costs		-	25
Return of distributions paid		2	2
Net increase in cash flows from financing activities		**2**	**27**
Net (decrease) in cash and cash equivalents		**(1,536)**	**(3,770)**
Cash and cash equivalents, beginning of the year	7	**13,951**	**17,721**
Total cash and cash equivalents, end of the year	7	**12,415**	**13,951**

See notes to the financial statements (page 21 to 32) 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 2023	**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)	-
Share Tender	25	-	25
As at 31 December 2023	**1,615,136**	**(1,593,396)**	**21,740**
Profit for the year	-	346	346
Total comprehensive profit for the year	**-**	**346**	**346**
Contributions by and distributions to owners:			
Shares issued to Directors (note 14)	22	(22)	-
As at 31 December 2024	**1,615,158**	**(1,593,072)**	**22,086**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Following the announcement of the Realisation Plan in 2019, the Directors have assessed, and continue to have a reasonable expectation, that the Company will be able to continue in operation and meet its liabilities as they fall due. The Directors have reviewed the Company's processes to control those risks to which the Company is exposed, as disclosed in note 3, as well as reviewing the annual budget, including the additional reserves set aside as part of the Realisation Plan. As a result of the Realisation Plan, no contractual commitments have become onerous and no commitments for further realisation costs have been made. Therefore, no provisions have been recorded in the financial statements for the future costs of the business. The Directors have 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.

The functional currency of the Company is the Euro (EUR). This determination is based on the primary economic environment in which the entity operates, where the majority of transactions, including revenues and expenses, are denominated in EUR. Consequently, all financial information presented in these financial statements is expressed in Euro.

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 area involving significant judgements is:
- valuation of investment in the Fund - refer to note 10

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 €1,934 per annum (2023: €1,400). The Company is granted this exemption status on an annual basis and therefore the Company is treated as not being resident in Guernsey for tax purposes and is not liable for Guernsey tax on non-Guernsey source income (which for these purposes includes Guernsey bank deposit interest).

Tax asset

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

Cash and cash equivalents

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

Capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity via the reserves as a deduction from the issue proceeds.
Where the Company purchases and cancels its own equity shares (see note 14), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders.

Financial Instruments

Recognition

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

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

Classification

Financial Assets

Recognition, derecognition and measurement

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. Subsequent to initial recognition, all financial assets at fair value through profit and loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of comprehensive income within the net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Fair value measurement

The Company has invested in a Luxembourg regulated real estate investment fund, EPIF. The Fund is unquoted and, to date, has invested in one Greek real estate asset. The fair value of Eurocastle's holding in this investment is based on the Company's share of the total net asset value of EPIF. The fair value of the underlying investment in EPIF is calculated using methodology which is consistent with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"). For further details please refer to note 10.

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; the New Investment Strategy and Legacy Italian Investments. The Company's New Investment Strategy, which is expected to grow after having successfully establishing its investment platform (European Properties Investment Fund S.C.A., SICAV RAIF, "EIPIF"), currently comprises a retail complex in Greece acquired in October 2024. The Company's Legacy Italian Investments are made up of Legacy Italian Real Estate Funds that are currently in liquidation.

New standards, interpretations and amendments effective from 1 January 2024

From 1 January 2024 IAS 1 has been amended to clarifying the criteria's for the classification of current and non current liabilities. The Company has performed a review of its existing classification of liabilities and concluded that there was no material impact from adopting the amended standard.

New standards issued by not yet effective

The following standard is effective for the annual reporting periods beginning 1 January 2027:

• IFRS 18 “Presentation and Disclosure in Financial Statements”.

The Company is assessing the impact of IFRS 18, issued by the IASB in April 2024, which replaces IAS 1 and introduces major amendments to IFRS Standards, including IAS 8. While IFRS 18 does not affect recognition or measurement, it will significantly impact presentation and disclosure, including, but not limited to profit or loss categorisation, aggregation/disaggregation, labelling, and management-defined performance measures.

There are no standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions

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 2024, the leverage (as defined by this measure) under the gross and commitment basis was 45.83% and 102.05% respectively (31 December 2023: 37.97% and 102.14%).

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 and market 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 2024, the Company had net equity of €22.1 million (31 December 2023: €21.7 million) and no direct leverage (31 December 2023: 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. As at 31 December 2024, the Company's cash and cash equivalents amounted to €12.4 million (31 December 2023: €13.9 million).

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.

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 2024, the Company has placed €11.4 million of its corporate cash in a 35 day notice account and €1.0 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 2023: €13.1 million of its corporate cash in a 35 day notice account and €0.6 million in a cash management account- rated long term: A by Fitch; A1 by Moody's; and A by S&P, in addition €0.2 million was held with a separate financial institution rated long term A+ stable by Finch; 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:

Macro-economic and political risks

The implementation and performance of the Company's New Investment Strategy is subject to risks and uncertainty related to the wider geopolitical environment globally and more specifically in Southern Europe. 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 as well as the value of any of the Company's investments made under the strategy. The current instability in the wider geopolitical environment, the war in Ukraine, the potential fallout from the United States tariff increases and risk of a global trade war, the ongoing energy and cost of living crisis and increase in interest rates, may affect the value of the Company's existing assets but may also potentially provide additional opportunities that it is opportunistically targeting under its New Investment Strategy.
The Company aims to manage this risk within acceptable parameters while optimising the return and does so by regular monitoring of the underlying performance and realisation strategy for all investments.

Interest rate risk

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

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

4. PORTFOLIO RETURNS

Movements on investments are summarised below:

	Year ended 31 December 2024			Year ended 31 December 2023		
	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
New Investment Strategy (note 10)	-	273	273	-	-	-
Portfolio returns on New Investment Strategy	**-**	**273**	**273**	**-**	**-**	**-**
Legacy Italian NPLs & Other Loans (note 10)	-	-	-	2	-	2
Legacy Italian Real Estate Funds (note 10)	-	(18)	(18)	-	(50)	(50)
Portfolio returns on Legacy Italian investments	**-**	**(18)**	**(18)**	**2**	**(50)**	**(48)**
Total portfolio returns	**-**	**255**	**255**	**2**	**(50)**	**(48)**

5. INTEREST INCOME

	Year ended 31 December 2024 €'000	Year ended 31 December 2023 €'000
Bank interest on cash deposit	587	443
Interest on Legacy German Tax Asset - refer to note 8	247	-
Bond interest and accretion - refer to note 9	(7)	76
Total interest income	**827**	**519**

As a result of the Company having won the first instance of its appeal in relation to the legacy German tax matter, and while the tax authorities challenge the decision, the Company has accrued for interest due on the tax amount paid should it finally prevail in the case. The balance above represents the interest due as at 31 December 2024. Interest accrues at a rate of 6% per annum on the balance of additional tax assessed and paid but excluding any amount representing late payment interest. Of the €3.7 million of tax paid to date, €2.5 million represents the additional tax assessed upon which the interest of 6% per annum accrues.

6. OTHER OPERATING EXPENSES

	Year ended 31 December 2024 €'000	Year ended 31 December 2023 €'000
Professional fees	192	404
Manager base and incentive fees (related party, note 16)	103	94
Manager recharge (related party, note 16)	140	160
General and administrative expenses	413	448
Total other operating expenses	**848**	**1,106**

7. CASH AND CASH EQUIVALENTS

	Year ended 31 December 2024 €'000	Year ended 31 December 2023 €'000
Cash at bank	1,045	772
Cash on deposit	11,370	13,179
Total cash and cash equivalents	**12,415**	**13,951**

8. OTHER ASSETS

	As at 31 December 2024 €'000	As at 31 December 2023 €'000
Deposit for New Investment Strategy - Greece - refer to note (i) below	-	100
Prepaid expenses and other receivables	315	110
Legacy German tax asset	3,974	3,727
Total other assets and Legacy German tax asset	**4,289**	**3,937**

(i) Following the acquisition in October 2024 of the Greek real estate asset under the Company's New Investment Strategy, advances settled in 2023 against the transaction were reclassified under Investments (refer to note 10).

All prepaid expenses and other receivables are expected to mature in less than one year.

The Legacy German tax asset, including interest accruing amounting to €0.25 million on the tax paid by the Company, is expected to be resolved in more than one year (refer to notes 5 and 19).

9. TREASURY INVESTMENTS HELD AT AMORTISED COST

	As at 31 December 2024 €'000	As at 31 December 2023 €'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.

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

10. INVESTMENTS HELD AT FAIR VALUE

The Company indirectly holds the following investments:

	As at 31 December 2024	As at 31 December 2023
	€'000	€'000
New Investment Strategy - Greece (Investment in EPIF)	5,770	-
Legacy Italian Real Estate Funds	64	82
Total investments	**5,834**	**82**

As of 31 December 2024, the movements in the New Investments Strategy - Greece and Legacy Italian portfolio were as follows:

	New Investment Strategy - Greece (Investment in EPIF)	Legacy Italian Real Estate Funds	Total Investments
	Fair value accounted	Fair value accounted	
	€'000	€'000	€'000
Balance as at 1 January 2024	**-**	**82**	**82**
Transfers	267	-	267
Additions - Capital call paid to EPIF	5,454	-	5,454
Additions - Return of advances made prior to EPIF's incorporation	(224)	-	(224)
Unrealised fair value movement - refer to note 4	273	(18)	255
Balance as at 31 December 2024	**5,770**	**64**	**5,834**

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

	Legacy Italian NPLs & Other Loans	Legacy Italian Real Estate Funds	Total Investments
	Fair value accounted	Fair value accounted	
	€'000	€'000	€'000
Balance as at 1 January 2023	**-**	**629**	**629**
Distributions received	(2)	(497)	(499)
Realised fair value gain - refer to note 4	2	-	2
Unrealised fair value movement	-	(50)	(50)
Balance as at 31 December 2023	**-**	**82**	**82**

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:

New Investment Strategy - Greece (Investment in EPIF)

On 14 June 2024 the Company incorporated a Luxembourg regulated fund, European Properties Investment Fund S.C.A., SICAV RAIF (the "Fund"), to make opportunistic real estate investments across Southern Europe. The Fund completed its first close on August 6, 2024 for €10 million, with the Company committing €8 million alongside a €2 million commitment from its JV partner. The Fund is now being marketed to potential investors with a target fund size of €100 million. The Fund made its first acquisition, being part of a boutique retail complex in an affluent part of Athens, in October 2024, with Eurocastle investing a total of €5.5 million into the Fund. The asset was acquired from one of the largest Greek banks out of a distressed situation.

Legacy Italian Real Estate Funds

The Company has the following Legacy Italian Real Estate Fund investments:

Real Estate Fund Investment II:

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 2024, the project has been fully completed with all units sold and the fund is in the process of liquidating.

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

Fair value hierarchy

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

As at 31 December 2024:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
New Investment Strategy - Greece (Investment in EPIF)	-	-	5,770	5,770
Legacy Italian Real Estate Funds	-	-	64	64
Total	**-**	**-**	**5,834**	**5,834**

As at 31 December 2023:

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

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

Transfers between levels

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

10. INVESTMENTS HELD AT FAIR VALUE (CONTINUED)

Fair value methodology and sensitivity analysis

Valuation techniques and processes

New Investment Strategy - Greece (Investment in EPIF)

On a quarterly basis, the Company presents the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, which focuses on significant investments and significant changes in the fair value of investments. If considered appropriate, the Board will approve the valuations. Also refer to note 11 for further details.

The fair value of the Company's investment in EPIF is sensitive to the movement in the fair value of the underlying real estate asset owned by the Fund, as it is the most judgemental area.

In accordance with IAS 40, Investment Property, the real estate asset has been independently valued at fair value by Pi-Thita Real Estate Consulting I.K.E, an accredited external valuer with a recognised relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuation basis conforms to the RICS Valuation Professional Standards (the "Red Book"). The basis of the valuation is fair value under IFRS 13 which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investment valuation is based on the difference between expected cash inflows and outflows, appropriately discounted.

The tables below present the sensitivity of the valuation to changes in the most significant assumptions, specifically the discount rate and the exit yield applied:

For the year ended 31 December 2024	Discount rate	New Investment Strategy - Greece (Investment in EPIF)
Fair value	9.36%	5,770
Increase in discount rate by 50bps	9.86%	5,570
Value sensitivity		**(200)**

For the year ended 31 December 2024	Exit Yield	New Investment Strategy - Greece (Investment in EPIF)
Fair value	6.68%	5,770
Increase in exit yield by 50bps	7.18%	5,545
Value sensitivity		**(225)**

11. CONTRACTUAL MATURITIES

Contractual maturities

Investments in the New Investment Strategy and Legacy Italian real estate funds have been funded through equity. The investment in the New Investment Strategy is expected to be realised in more than one year.

As at 31 December 2024, the Company had no contractual maturities on financial liabilities, outside of trade and other payables which are all due within one year.

Fair values of financial assets and financial liabilities

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

Also refer to note 10 for additional informtion.

12. TRADE AND OTHER PAYABLES

	As at 31 December 2024 €'000	**As at 31 December 2023 €'000**
Due to Manager (related party, refer note 16)	95	103
Accrued expenses and other payables	357	363
Total trade and other payables	**452**	**466**

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 2024	As at 31 December 2023
Weighted average number of ordinary shares	1,000,211	997,199
Weighted average number of ordinary shares - dilutive	**1,000,211**	**997,199**

14. SHARE CAPITAL AND RESERVES

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

The movement in issued share capital is shown as follows:

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

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

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

16. MANAGEMENT AGREEMENT AND RELATED PARTY TRANSACTIONS

The Company entered into the Management Agreement with the Manager in August 2003. Pursuant to the Management Agreement, the Manager, under the supervision of the Board of Directors, will formulate investment strategies, arrange for the acquisition of assets, arrange for financing, monitor the performance of the Company's assets and provide certain advisory, administrative and managerial services in connection with the operations of the Company. 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 € 2.4 million. The Manager is entitled to earn back a portion of this saving if excess amounts are released from certain reserves put in place by the Board to fund future costs and potential liabilities. As at 31 December 2024, the amount due to the Manager relating to incentive fees was €nil (31 December 2023: € nil).

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

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

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

The Manager is deemed to be the key employee for reporting purposes. As at 31 December 2024, management fees and expense reimbursements of €0.1 million (31 December 2023: €0.1 million) were due to the Manager - refer to note 12. During the year ended 31 December 2024, management fees of €0.10 million (31 December 2023: €0.09 million), €nil of incentive fees (31 December 2023: €nil), and expense reimbursements of €0.14 million (31 December 2023: €0.16 million) were charged to the income statement - also refer to note 6.

Total annual remuneration for the Eurocastle directors as at 31 December 2024 was €0.1 million (31 December 2023: €0.1 million), payable quarterly in equal instalments. Dean Dakolias and Peter Smith do not receive any remuneration from the Company. Peter Smith resigned as a Company director on 30 October 2024.

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.

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 (80%)
Luxway S.à r.l (60%) (incorporated on 5 January 2024)
European Properties Investment Fund S.C.A., SICAV RAIF (80%) (incorporated on 14 June 2024)
United States of America:
Fortress Italian Real Estate Opportunities Series Fund LLC - Series 2
Greece:
Castlegate S.A. (80%)

As at 31 December 2024, the unconsolidated subsidiaries do not have any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability to transfer funds to the Company in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the Company.

18. SUBSEQUENT EVENT

On April 23rd, 2025, EPIF successfully held its first investor close, securing €16 million of commitments from 10 investors taking the total fund size to €26 million. Currently, a significant number of potential additional commitments are at advanced stage of due diligence, with a further close expected in May 2025.

The commitments closed on 23 April 2025 will reduce Eurocastle's interest in the Fund from 80% to approximately 31%. As a result, the new investors will reimburse Eurocastle an estimated total of €3.5 million of the €5.5 million it had invested to date in EPIF. This reimbursement is to align Eurocastle's revised pro rata share of the capital called plus compensatory interest. The amount to be paid to Eurocastle is substantially in line with the relevant share of Eurocastle's valuation of its interest in EPIF as at 31 December 2024.

19. CONTINGENT LIABILITIES

The Company is exposed to a potential tax risk of up to an estimated €6.0 million associated with the disposal of a legacy property subsidiary in prior years. In February 2022, the Company received revised tax assessments related to this risk covering the period 2008 - 2012 determining an initial liability of €4.6 million with an additional €0.2 million of outstanding interest assessed in March 2023. In July 2023, the Company received revised tax assessments for the periods 2008 and 2009 which resulted in a total reimbursement of €1.1 million of the €4.8 million of additional tax paid by Eurocastle in 2022 and 2023. In respect of the same legacy property subsidiary, the years 2013 - 2015 remain subject to ongoing tax audits, the timings of which are uncertain. The Company estimates that the remaining financial impact (excluding associated costs of €0.3 million) for all these audits, including interest, is approximately €1.7 million. The Company is currently appealing the additional tax assessed through the German tax system, and on 4 December 2024, won the first instance of this appeal in the German courts. On 23 December 2024, the German tax authorities notified their intention to appeal against the judgment. The Company, in light of the recent judgment and having taken independent advice, remains confident that the matter will eventually be resolved in its favour. In the meantime, €2.5 million of the €3.7 million of additional tax paid by the Company, being the additional tax assessed before late payment interest, is accruing interest at 6% per annum, which would be paid to the Company should it finally prevail in the case.

The Company has been advised that, based on average court timings for the German federal court systems, this matter can be expected to be resolved in approximately two 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 2024, the potential liability is fully reserved for within the Additional Reserves (see page 5).

20. COMMITMENTS

In August 2024 the Company entered into a subscription agreement with EPIF committing a total amount of €8 million. In October 2024, primarily to fund the first acquisition made by EPIF, €5.5 million of capital was called from Eurocastle (being its 80% share of the total amount called by EPIF). As at 31 December 2024, the Company's total outstanding commitment to EPIF was €2.5 million.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jason Sherwill

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, GY12HT

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