

Eurocastle Releases First Half 2023 Financial Results

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EUROCASTLE INVESTMENT LIMITED

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Eurocastle Releases First Half 2023 Financial Results

Guernsey, 10 August 2023 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) [today](#) has released its interim management statement for the quarter ended 30 June 2023.

- **ADJUSTED NET ASSET VALUE (“NAV”)**¹ of €10.2 million, or €10.25 per share², down €0.09 per share vs. Q1 2023 mainly due to minor valuation adjustments to its liquidating real estate fund investments.

	Q1 2023		Q2 Cash Movement		Q2 FV Movement		Q2 2023 NAV	
	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.	€'m	€ p.s.
Real Estate Funds	0.64	0.64	(0.5)	(0.5)	(0.06)	(0.06)	0.08	0.08
Net Corporate Cash ³	16.71	16.79	0.5	0.5	(0.15)	(0.21)	17.06	17.08
Legacy German Tax Asset	4.82	4.84	-	-	-	(0.01)	4.82	4.83
IFRS NAV	22.17	22.27	-	-	(0.21)	(0.28)	21.96	21.99
Additional Reserves ⁴	(11.88)	(11.93)	-	-	0.15	0.19	(11.73)	(11.74)
Adjusted NAV	10.29	10.34	-	-	(0.06)	(0.09)	10.23	10.25

<i>Ordinary shares outstanding</i>	995,555	998,555
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As at 30 June 2023, the Company's remaining assets comprise:

1. €17.1 million, or €17.08 per share, of net corporate cash³ which is primarily available to commence seeking new investments under the New Investment Strategy.
2. Residual interests in two legacy Italian Real Estate Fund Investments with an NAV of €0.08 million, or €0.08 per share, where the underlying apartments are now **all sold** with both funds currently in liquidation.

BUSINESS HIGHLIGHTS

- **Real Estate Funds** – In April, Eurocastle received €0.5 million, or €0.50 per share, mainly representing its share of the proceeds from the sale of the last remaining apartment units. The remaining NAV for these investments of €0.1 million, or €0.08 per share, reflects cash currently reserved in the funds that is expected to be released once the fund manager resolves certain potential liabilities and liquidates each fund.
- **New Investment Strategy** – The Company has established its initial investment structure and is in advanced discussions to acquire its first real estate asset in Greece. Working with a local partner, the Manager has identified a pipeline of investment opportunities in Greece 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.
- **Additional Reserves** – The Company reduced these reserves from €12.1 million to €11.7 million, or €11.74 per share, during the first half of the year with the reduction of €0.4 million reflecting reserves being utilised in line with anticipated costs. As at 30 June 2023, of the total Additional Reserves of €11.7 million, €6.5 million related to the legacy German tax matter with the balance of approximately €5.2 million in place to allow for future costs and potential liabilities while the Company pursues in parallel the New Investment Strategy.

SUBSEQUENT EVENTS TO 30 JUNE 2023

The Legacy German Tax Matter

In July, the Company received revised tax assessments in relation to the legacy German tax matter which resulted in a total reimbursement to the Company of €1.1 million of the €4.8 million of additional tax paid by Eurocastle in 2022 and 2023. This follows an appeal by the Company against the additional tax assessed in relation to a property subsidiary for the period 2008 to 2012. The revised tax assessments represent a full reversal of the additional tax for 2008 as well as a part of the amount for 2009. The Company is awaiting receipt of the final report from the appeals office on the full period and until such time is unable to assess the impact of these findings on the total amount reserved for this matter. The Company intends to appeal any remaining tax liability assessed on this matter through the German court system.

Income Statement for the Six and Three Months ended 30 June 2023 (unaudited)

	Income Statement H1 2023 € Thousands	Income Statement Q2 2023 € Thousands
<u>Portfolio Returns</u>		
Italian NPLs & Other Loans realised gain	2	-
Real Estate Funds unrealised fair value movement	(49)	(64)
Fair value movement on Italian investments	(47)	(64)
Other income	2	-
Interest income	210	119
Total income	165	55
<u>Operating Expenses</u>		
Manager base and incentive fees	52	22
Remaining operating expenses	526	246
Other operating expenses	578	268
Total expenses	578	268
(Loss) for the period	(413)	(213)
€ per share	(0.41)	(0.21)

Balance Sheet and Adjusted NAV Reconciliation as at 30 June 2023

	Italian		
	Investments € Thousands	Corporate € Thousands	Total € Thousands
Assets			
Other assets	-	55	55
Legacy German tax asset	-	4,818	4,818
Investments - Real Estate Funds	81	-	81
Cash, cash equivalents and treasury investments:			
Cash and cash equivalents	-	13,157	13,157
Treasury Investments	-	4,211	4,211
Total assets	81	22,241	22,322
Liabilities			
Trade and other payables	-	338	338
Manager base and incentive fees	-	22	22
Total liabilities	-	360	360
IFRS Net Asset Value	81	21,881	21,962
Liquidation cash reserve	-	(5,246)	(5,246)
Legacy German tax cash reserve	-	(1,665)	(1,665)
Legacy German tax asset reserve	-	(4,818)	(4,818)
Adjusted NAV	81	10,152	10,233
Adjusted NAV (€ per Share)	0.08	10.17	10.25

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

ADDITIONAL INFORMATION

For investment portfolio information, please refer to the Company's most recent Financial Report, which is available on the Company's website (www.eurocastleinv.com).

Terms not otherwise defined in this announcement shall have the meaning given to them in the Circular.

ABOUT EUROCASTLE

Eurocastle Investment Limited (“Eurocastle” or the “Company”) is a publicly traded closed-ended investment company. On 18 November 2019, the Company announced a plan to realise the majority of its assets with the aim of accelerating the return of value to shareholders. On 8 July 2022, the Company announced the relaunch of its investment activity and is currently in the early stages of pursuing its new strategy by initially focusing on opportunistic real estate in Greece with a plan to expand across Southern Europe. For more information regarding Eurocastle Investment Limited and to be added to our email distribution list, please visit www.eurocastleinv.com.

FORWARD LOOKING STATEMENTS

This release contains statements that constitute forward-looking statements. Such forward-looking statements may relate to, among other things, future commitments to sell real estate and achievement of disposal targets, availability of investment and divestment opportunities, timing or certainty of completion of acquisitions and disposals, the operating performance of our investments and financing needs. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may”, “will”, “should”, “potential”, “intend”, “expect”, “endeavour”, “seek”, “anticipate”, “estimate”, “overestimate”, “underestimate”, “believe”, “could”, “project”, “predict”, “project”, “continue”, “plan”, “forecast” or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. The Company’s ability to predict results or the actual effect of future plans or strategies is limited. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, its actual results and performance may differ materially from those set forth in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause the Company’s actual results in future periods to differ materially from forecasted results or stated expectations including the risks regarding Eurocastle’s ability to declare dividends or achieve its targets regarding asset disposals or asset performance.

¹ In light of the Realisation Plan announced in 2019, the Adjusted NAV as at 30 June 2023 reflects additional reserves for future costs and potential liabilities, which have not been accounted for under the IFRS NAV. No commitments for these future

costs and potential liabilities existed as at 30 June 2023.

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

³ Reflects corporate cash and treasury investments net of accrued liabilities and other assets where treasury investments mainly comprise notice accounts and short term Italian Government Bonds.

⁴ Reserves that were put in place when the Company realised the majority of its investment assets in 2019 in order for the Company to continue in operation and fund its future costs and potential liabilities. These reserves are not accounted for under IFRS.