

**Eurocastle Releases First Half 2019 Financial Results, Announces Second Quarter Dividend of €0.15 per Share and Tender Offer to Distribute Net Sales Proceeds from doValue Share Sale at Pro Forma NAV**

Contact:

International Administration Group (Guernsey) Limited

Company Administrator  
Attn: Mark Woodall

Tel: +44 1481 723450

**Eurocastle Releases First Half 2019 Financial Results,  
Announces Second Quarter Dividend of €0.15 per Share and  
Tender Offer to Distribute Net Sales Proceeds from doValue Share Sale at Pro Forma NAV<sup>1</sup>**

Guernsey, 9 August 2019 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) [today](#) has released its financial results for the first half ended 30 June 2019 declaring a dividend of €0.15 per share for the period.

- **Net Asset Value (“NAV”)** of €428.2 million<sup>2</sup>, or €9.81 per share<sup>3</sup>
- **Normalised FFO<sup>4</sup>** of €4.3 million, or €0.10 per share, for the second quarter of 2019; €0.15 per share excluding a one-off impact relating to the announced sale of RE Fund I’s assets.
- **Second Quarter 2019 Dividend** of €0.15 per share declared on 8 August 2019 and to be paid on 29 August 2019 to shareholders of record at close of business on 16 August 2019, with an ex-dividend date of 15 August 2019.

	<b>Q2 2019</b>		<b>Q1 2019</b>		<b>H1 2019</b>		<b>H1 2018</b>	
	€ million	€ per share <sup>2</sup>	€ million	€ per share <sup>2</sup>	€ million	€ per share <sup>2</sup>	€ million	€ per share <sup>2</sup>
NAV <sup>1</sup>	428.2	9.81	437.3	9.71	428.2	9.81	494.7	9.38
Normalised FFO <sup>3</sup>	4.3	0.10	6.5	0.15	10.9	0.24	14.6	0.28
Distributions <sup>2</sup>	6.5	0.15	6.8	0.15	13.3	0.30	24.6	0.48

**SECOND QUARTER 2019 BUSINESS HIGHLIGHTS**

## **doValue (formerly doBank) Business Update**

In Q2 2019, doValue completed its project to reorganize the group which allowed it to acquire a controlling interest in Altamira creating Europe's #1 independent pure servicer.

- On 27 June 2019, doValue announced the completion of its acquisition of an 85% interest in Altamira Asset Management S.A. ("Altamira"). The closing of the transaction follows the implementation of the new corporate structure of the group whereby it handed back its banking license and rebranded to doValue S.p.A..

## **doValue Financial Performance**

doValue continues to execute on its business plan, delivering excellent operational results in H1 2019:

- 7% year on year increase in revenues driven by growth in performance fees, indemnity fees and ancillary revenues.
- H1 2019 EBITDA of €39.1 million<sup>5</sup> and Net Income of €26.6 million substantially up by 11% and 27% respectively versus H1 2018 (EBITDA Margin up by over 1% to 35% versus H1 2018). Combined pro forma H1 2019 EBITDA for 100%<sup>6</sup> of Altamira is €86.0 million.
- Net debt, after the Altamira acquisition, sits at €320 million, reflecting financial leverage of 1.8x of combined annual pro forma EBITDA.
- On 29 May 2019, doValue paid a dividend of €36.8 million for the financial year 2018 (70% of net profit excluding non-recurring items). Eurocastle's share was €9.2 million.

## **Investment Activity and NPL Performance**

During the first half of 2019, the Company funded a further €46.6 million in the FINO portfolio and received €25.3 million from its investments while maintaining robust pace and profitability on its loan portfolios.

- In February 2019, the Company funded €46.6 million of the €64.7 million deferred purchase price related to its interest in the FINO portfolio. The remaining €18.1 million commitment is expected to be payable in August 2020.
- In June 2019, RE Fund I (publicly listed fund) announced the acceptance of a binding offer on all of its assets, resulting in €6.7 million being received in August 2019, with a further ~€3.0 million expected; representing in excess of a 10% premium to the Company's Q2 carrying value of €8.7 million.
- In H1 2019, the Company received €25.3 million from its investments, including €9.2 million from doValue.
- NPL portfolios continued to perform well, with the unlevered pace of life to date collections of the entire portfolio representing 118% of underwriting and unlevered profitability on fully resolved loans at 172% versus underwriting.

## **Capital Activity**

During H1 2019, the Company continued to capitalise on a widening discount between the share price and NAV to repurchase shares amounting to 3% of the Company for a total of €11.1 million, at an average discount of 24% to the Q2 2019 NAV, through a tender offer and the Company's open market buyback programme.

- Eurocastle completed a share tender on 20 June 2019, repurchasing €10.0 million of shares at a 24% discount to the Q2 2019 NAV and a premium to the share price at the time of announcement of approximately 4% taking into account the Q1 dividend of €0.15 per share paid during the offer window.
- In H1 2019, the Company continued to operate its open market buyback programme repurchasing €1.1 million worth of shares over the period at an average price of €7.04 per share, representing a 28% discount to the Q2 2019 NAV. The programme ended on 8 August 2019, with a further €0.3 million worth of shares bought back.

## **BUSINESS HIGHLIGHTS SUBSEQUENT TO 30 JUNE 2019**

### **doValue Share Sale, Share Tender and Renewal of Share Buyback Programme**

- On 8 August 2019, in light of the current Eurocastle share price discount to NAV and the proportion doValue represents of the Company's assets, the Board determined it is an appropriate time to sell a portion of its doValue shares. Accordingly, the Company sold 25% of its interest in doValue, with estimated net proceeds approximately €45.0 million, or €1.03 per Eurocastle share, realising in excess of 10% of the Company's Q2 NAV in cash.
- Following the settlement of this transaction, the Company intends to launch a tender offer to distribute the net proceeds and additional available capital through a repurchase of up to €60 million of ordinary shares in the Company for a fixed price of €8.45 per share. The Board has chosen to tender at a price in line with its pro forma NAV<sup>7</sup> to seek to address the persistent discount at which the Company's shares trade. The price reflects a premium of 12.7% to the volume weighted average closing price on Euronext Amsterdam of €7.50 per ordinary share over the last month.
- In addition, the buyback programme which ended on 8 August 2019 will resume following the expected settlement of the tender offer on 16 September 2019. Under the share buyback programme, the Company is seeking to buy back shares up to an aggregate market value equivalent to €2.0 million. The share buyback programme will end no later than 13 November 2019.

For further information of the Company as at 30 June 2019, please refer to the Company's most recent Interim Report and Investor Factsheet which can be found under the investor relations section on the Company's website ([www.eurocastleinv.com](http://www.eurocastleinv.com)).

## **NORMALISED FFO**

Normalised FFO (“NFFO”) is a non-IFRS financial measure that, with respect to all of the Company’s Italian Investments other than doValue, recognises i) income on an expected yield basis updated periodically, allowing Eurocastle to report the run rate earnings from these investments in line with their expected annualised returns and ii) any additional gains or losses not previously recognised through NFFO at the point investments are realised. Cash flow receipts are therefore allocated by the Company between income and capital in accordance with this expected yield methodology. With respect to doValue, following the IPO, the Company recognises NFFO based on its share of doValue’s reported annual net income excluding non-recurring items after tax together with any gains or losses arising from the sale of its shares. The income cash flow profile of each of the Company’s investments may not exactly equal the NFFO recognised by the Company each period but will do so over the life of each investment.

<b>Normalised FFO for the Six Months Ended 30 June 2019</b>	<b>Average Net Invested Capital<sup>8</sup> € Thousands</b>	<b>Annualised Yield</b>	<b>H1 2019 € Thousands</b>
doValue	81,151	23%	9,171
Italian NPLs & Other Loans	112,398	19%	10,389
Real Estate Fund Investments	30,812	(22)%	(3,335)
<b>Italian Investments NFFO before expenses</b>	<b>224,361</b>	<b>15%</b>	<b>16,225</b>
Legacy portfolios			224
Manager base & incentive fees			(3,948)
Other operating expenses			(1,644)
<b>Normalised FFO</b>			<b>10,857</b>
<i>€ per share</i>			0.24

<b>Normalised FFO for the Three Months Ended 30 June 2019</b>	<b>Average Net Invested Capital<sup>1</sup> € Thousands</b>	<b>Annualised Yield</b>	<b>Q2 2019 € Thousands</b>
doValue	81,151	24%	4,815
Italian NPLs & Other Loans	125,121	15%	4,679
Real Estate Fund Investments	30,430	(41)%	(3,078)
<b>Italian Investments NFFO before expenses</b>	<b>236,702</b>	<b>23%</b>	<b>6,416</b>
Legacy portfolios			224
Manager base & incentive fees			(1,546)
Other operating expenses			(782)
<b>Normalised FFO</b>			<b>4,312</b>
<i>€ per share</i>			0.10

**Income Statement for the Six and Three Months ended 30 June 2018  
(Unaudited)**

	<b>H1 2019</b>	<b>Q2 2019</b>
	€	€
	<i>Thousands</i>	<i>Thousands</i>
<b><u>Portfolio Returns</u></b>		
doValue	58,012	3,891
Italian NPLs & Other Loans	6,653	6,642
Real Estate Funds	570	(274)
<b>Fair value movement on Italian investments</b>	<b>65,235</b>	<b>10,259</b>
<b>Fair value movements on residual Legacy entities</b>	<b>224</b>	<b>224</b>
<b>Loss on foreign currency translation</b>	<b>(5)</b>	<b>(3)</b>
<b>Total income</b>	<b>65,454</b>	<b>10,480</b>
<b><u>Operating Expenses</u></b>		
<b>Interest expense</b>	<b>90</b>	<b>29</b>
Manager base and incentive fees	3,948	1,546
Remaining operating expenses	1,549	750
<b>Other Operating expenses</b>	<b>5,497</b>	<b>2,296</b>
<b>Total expenses</b>	<b>5,587</b>	<b>2,325</b>
<b>Net profit for the period</b>	<b>59,867</b>	<b>8,155</b>
<b>€ per share</b>	<b>1.33</b>	<b>0.18</b>

**Balance Sheet and NAV Reconciliation as at 30 June 2019 (Unaudited)**

**Assets**

Cash and cash equivalents

Other assets

Investments:

    doValue

    Italian NPLs & Other Loans

    Real Estate Funds

    Other net assets of subsidiaries (residual legacy entities)

**Total assets**

**Liabilities**

Trade and other payables  
Manager base and incentive fees

---

**Total liabilities**

---

**Net Asset Value**

---

FINO deferred purchase price commitment

---

**NAV (segments adjusted for outstanding commitments)<sup>9</sup>**

NAV (€ per share)<sup>10</sup>

---

## **EARNINGS CALL INFORMATION**

Eurocastle's management will host an earnings conference call at 2:00 P.M. London time (9:00 A.M. New York time) later today. All interested parties are welcome to participate on the live call. You can access the conference call by dialling first +1-844-492-7988 (from within the U.S.) or +1-478-219-0293 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference "Eurocastle Second Quarter 2019 Earnings Call or conference ID number 6862428".

A webcast of the conference call will be available to the public on a listen-only basis at [www.eurocastleinv.com](http://www.eurocastleinv.com). Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available for three months following the call.

For those who are not available to listen to the live call, a replay will be available until 11:59 P.M. New York time on Friday, 23 August 2019 by dialing +1-855-859-2056 (from within the U.S.) or +1-404- 537-3406 (from outside of the U.S.); please reference access code "6862428".

## **Buyback Programme**

Under the Share Buyback Programme, Eurocastle is seeking to buy back shares up to an aggregate market value equivalent to €2.0 million, subject to the limitation of the buyback authority set out below. The Share Buyback Programme will commence following the settlement of the Tender Offer which is expected to occur on 16 September 2019.

The buyback will be conducted in Eurocastle's Ordinary Shares listed on Euronext Amsterdam.

The Share Buyback Programme will take place within the limitations of the authority granted to the Board at its Annual General Meeting held on 19 June 2019, pursuant to which the maximum number of shares to be bought back is 33,755,213. Taking into account the amount of shares repurchased by the Company up to 8 August 2019 (the latest practicable date) since the buyback authority was renewed, and in the event that the Tender Offer is

fully subscribed, the maximum number of shares that could be bought back under the Share Buyback Programme would be 26,606,626.

The purpose of the Share Buyback Programme is to reduce the share capital of the Company and will be conducted within the parameters prescribed by the Market Abuse Regulation 596/2014, and the Commission Delegated Regulation (EU) 2016/1052.

The Share Buyback Programme will commence following the expected settlement of the intended tender offer and will end no later than 13 November 2019, at which point the Board will review the success of the programme and determine whether to renew the programme for a further period.

Eurocastle has entered into a non-discretionary mandate with Liberum Capital Limited to conduct the Share Buyback Programme on its behalf and to make trading decisions under the programme independently of the Company within parameters set by the Board.

Enquires: Please contact the Eurocastle Investor Relations at [investorrelations@eurocastle.com](mailto:investorrelations@eurocastle.com) or +1 (212) 479-3165.

This announcement does not constitute, or form part of, an offer or any solicitation of an offer for securities in any jurisdiction.

#### NOTICE:

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

This announcement may contain forward-looking statements, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the forward looking statements disclaimer at the end of this announcement.

#### **ADDITIONAL INFORMATION**

For additional information that management believes to be useful for investors, please refer to the latest presentation posted on the Investor Relations section of the Company's website, [www.eurocastleinv.com](http://www.eurocastleinv.com). For investment portfolio information, please refer to the Company's most recent Investor Factsheet, which is available on the Company's website ([www.eurocastleinv.com](http://www.eurocastleinv.com)).

## **ABOUT EUROCASTLE**

Eurocastle Investment Limited is a publicly traded closed-ended investment company that focuses on investing in performing and non performing loans and other real estate related assets primarily in Italy. 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](http://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”, “endeavor”, “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 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, amortise the Company’s debts, renegotiate the Company’s credit facilities, make new investments, or achieve its targets regarding asset disposals or asset performance.

<sup>[1]</sup> Pro Forma NAV means the Company’s last published Q2 2019 NAV less the additional incentive compensation which would be due by the Company should all investments be realised at their last reported values (the “Incremental Incentive Fee”), adjusted for (i) the doValue share sale price of €10.45; ii) payment of the Q2 2019 dividend; and (iii) the reduction in the Incremental Incentive Fee reflecting the difference between the doValue share sale price and the doValue closing share price at 30 June 2019.

<sup>[2]</sup> NAV for Q2 2019 is before deducting the second quarter 2019 dividend of €0.15 per share declared and to be paid in August 2019.



<sup>[3]</sup> Per share calculations for Eurocastle throughout this document are based on the weighted average or outstanding voting shares and therefore exclude shares held in treasury. As at 30 June 2019, 62.5 million shares were in issue of which 43.7 million were voting shares and 18.8 million were held in treasury. Amounts per share are therefore calculated on the following basis: Q2 2019 Net Asset Value per share (“NAV per share”) on 43.7 million voting shares, Q2 2019 NFFO on 44.9 million weighted average voting shares, H1 2019 NFFO on 45.0 million weighted average shares. Q1 2019 NAV on 45.1 million voting shares, Q1 2019 NFFO on 45.1 million weighted average shares, Q4 2018 NAV per share based on 45.2 million voting shares and Q4 2018 NFFO per share – based on 47.2 million weighted average voting shares. Q2 2019 distribution based on 6.5 million voting shares Q1 2019 distribution on 45.0 million voting shares and Q4 2018 distribution paid on 45.1 million voting shares.

<sup>[4]</sup> Normalised FFO (“NFFO”) is a non-IFRS measure used to explain the financial performance of the Company, as outlined on page 3 of this announcement.

<sup>[5]</sup> EBITDA and Net Income excluding non-recurring items; H1 2019 EBITDA reported at €28.9 million, H1 2019 Net Income reported at €4.0 million.

<sup>[6]</sup> DoValue’s ownership interest in Altamira is 85%.

<sup>[7]</sup> Pro Forma NAV means the Company’s last published Q2 2019 NAV less the additional incentive compensation which would be due by the Company should all investments be realised at their last reported values (the “Incremental Incentive Fee”), adjusted for (i) the doValue share sale price of €10.45; ii) payment of the Q2 2019 dividend; and (iii) the reduction in the Incremental Incentive Fee reflecting the difference between the doValue share sale price and the doValue closing share price at 30 June 2019.

<sup>[8]</sup> Time weighted average of invested capital (net of any capital returned) over the relevant period.

<sup>[9]</sup> NAV segments adjusted for €18.1 million of unfunded committed investment relating to the deferred purchase price (“DPP”) on FINO payable in August 2020.

<sup>[10]</sup> Amounts per share calculated on 43.7 million outstanding voting shares.