

Eurocastle Releases First Quarter 2019 Financial Results, Dividend, Tender Offer and Share Buyback Programme

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Eurocastle Releases First Quarter 2019 Financial Results, Announces First Quarter Dividend of €0.15 per Share, Tender Offer to Repurchase up to €10 million of Ordinary Shares at €7.50 per Ordinary Share,

Renewal of Share Buyback Programme and Annual General Meeting on 19 June 2019

Guernsey, 17 May 2019 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) [today](#) has released its financial results for the first quarter ended 31 March 2019 declaring a dividend of €0.15 per share for the period. The Company also announces a tender offer (the “**Tender Offer**”) of up to €10 million of ordinary shares in the Company (“**Ordinary Shares**”) for a fixed price of €7.50 per Ordinary Share. As the Tender Offer is scheduled to close after the payment of the dividend, current investors who decide to tender will receive €7.65 per share. In addition, the current programme to buy back shares listed on Euronext which ended on 8 May 2019 will be renewed for a further period commencing on 20 June 2019 following the settlement of the Tender Offer (the “**Share Buyback Programme**”).

- i **Net Asset Value (“NAV”)** of €437.3 million¹, or €9.71 per share², representing a quarterly increase of €44.3 million, or €1.01 per share, predominantly arising from the appreciation in the underlying share price of doBank during the period.
- i **Normalised FFO**³ of €6.5 million, or €0.15 per share, for the first quarter of 2019.
- i **First Quarter 2019 Dividend** of €0.15 per share declared on 16 May 2019 and to be paid on 30 May 2019 to shareholders of record at close of business on 23 May 2019, with an ex-dividend date of 22 May 2019.

	Q1 2019		Q4 2018	
	€ million	€ per share ²	€ million	€ per share ²
NAV ¹	437.3	9.71	393.0	8.70
Normalised FFO ³	6.5	0.15	10.2	0.22
Distributions	6.8	0.15	6.8	0.15

FIRST QUARTER 2019 BUSINESS HIGHLIGHTS

doBank Financial Performance and Altamira Acquisition

- n doBank continues to execute on its business plan, delivering strong operational results in Q1 2019:
 - i 8% increase year on year in collections reflecting substantial new mandates won and operating efficiencies increasing the collection ratio to 2.5% of AUM.
 - i In light of collection performance and indemnity fees received, revenues are up 17% year on year.
 - i Q1 2019 EBITDA⁴ of €16.1 million and Net Income⁴ of €3.3 million substantially up by 39% and 28% respectively versus Q1 2018 (EBITDA Margin up by 5% to 30%⁴ vs. Q1 2018).
- n Following the announcement of the acquisition of Altamira Asset Management in December 2018, doBank expects to become Europe’s # 1 independent pure servicer. Having received antitrust approval and completing all required steps to date, the transaction is expected to close by the end of H1 2019, pending final regulatory approval.
- n Announced dividend of €36.8 million for the financial year 2018 (70% of net profit excluding non-recurring items). The dividend is payable on 29 May 2019 with Eurocastle’s share being €9.2 million.

Investment & NPL Performance

- n 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.
- n NPL portfolios continued to perform well, with the unlevered pace of life to date collections of the entire portfolio representing 117% of underwriting and unlevered profitability on fully resolved loans at 166% versus underwriting.

Open market Share Buyback Programme

- n In Q1 2019 Eurocastle bought back 99,076 ordinary shares under the Share Buyback Programme at an average price of €6.96 per ordinary share, representing a 28% discount to Q1 NAV. The third buyback programme ended on 8 May 2019, with a further €0.4 million worth of shares bought back.

BUSINESS HIGHLIGHTS SUBSEQUENT TO 31 MARCH 2019

Share Tender and Share Buyback Programme

- n Based on the success of the November 2018 share tender and the Share Buyback Programme, the Company is pleased to announce a new Tender Offer of up to €10.0 million at €7.50 per share together with a renewal of the Share Buyback Programme for an amount up to €2.0 million commencing on 20 June 2019 and ending no later than 8 August 2019. Further details are set out below.

For further information of the Company as at 31 March 2019, please refer to the Company’s most recent Investor Factsheet which can be found under the investor relations section on the Company’s website (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

doBank, 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 doBank, following the IPO, the Company recognises NFFO based on its share of doBank'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.

Normalised FFO for the Three Months Ended 31 March 2019	Average Net Invested		Q1 2019 € Thousands
	Capital ⁵ € Thousands	Annualised Yield	
doBank	81,151	22%	4,356
Italian NPLs & Other Loans	99,675	23%	5,710
Real Estate Fund Investments	31,194	(3)%	(257)
Italian Investments NFFO before expenses	212,020	19%	9,808
Legacy portfolios			-
Manager base & incentive fees			(2,402)
Other operating expenses			(862)
Normalised FFO			6,544
€ per share			0.15

Income Statement for the Three Months ended 31 March 2019 (Unaudited)	Q1 2019 € Thousands
Portfolio Returns	
doBank	54,121
Italian NPLs & Other Loans	11
Real Estate Funds	844
Fair value movements on Italian investments	54,976
Fair value movements on residual legacy entities	-
Other income – loss on foreign currency translation	(2)
Total income	54,974
Operating Expenses	
Interest expense	61
Manager base and incentive fees	2,402
Remaining operating expenses	799
Other operating expenses	3,201
Total expenses	3,262
Net profit for the period	51,712
€ per share	1.15

Balance Sheet and NAV Reconciliation as at 31 March 2019 (Unaudited)	Italian Investments € Thousands	Corporate € Thousands	Total € Thousands
Assets			
Cash and cash equivalents	-	39,193	39,193
Other assets	-	115	115
Investments:			
doBank	239,639	-	239,639
Italian NPLs & Other Loans	135,108	-	135,108
Real Estate Funds	27,477	-	27,477
Other net assets of subsidiaries (residual legacy entities)	-	258	258
Total assets	402,224	39,566	441,790
Liabilities			
Trade and other payables	-	2,086	2,086
Manager base and incentive fees	-	2,402	2,402
Total liabilities	-	4,488	4,488
Net Asset Value	402,224	35,078	437,302
FINO deferred purchase price commitment	18,111	(18,111)	-
NAV (segments adjusted for outstanding commitments)⁶	420,335	16,967	437,302
NAV (€ per share) ⁷	9.33	0.38	9.71

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 First Quarter 2019 Earnings Call or conference ID number 7576415".

A webcast of the conference call will be available to the public on a listen-only basis at 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 Monday, 17 June 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 "7576415".

TENDER OFFER AND BUYBACK PROGRAMME

Background to and reasons for the Tender Offer and Share Buyback Programme

Eurocastle and its Board of Directors (the "Board") continuously monitor the Company's balance sheet with the aim of maintaining an efficient capital structure while meeting the requirements to execute on the Company's investment pipeline. In light of the discount at which Eurocastle has been trading to its net asset value ("NAV") and the Company's available cash, the Board believes that the implementation of the Tender Offer at a premium to the prevailing share price provides liquidity to investors while representing an accretive and expeditious use of available cash. The Share Buyback Programme to follow the Tender Offer is seen by the Company as an additional means to continue to take advantage of any prevailing share price discount to its NAV over a prolonged period while also providing additional liquidity in its shares.

The Tender Offer

A circular (the "Circular") to shareholders in relation to the Tender Offer has been posted on the Investor Relations section of the Company's website under the tab "Periodic Reports and Shareholder Communications – Tender Offer".

The Tender Offer and the Share Buyback Programme are being undertaken pursuant to the authority passed at the Company's Annual General Meeting held on 20 June 2018. The Tender Offer will remain open until 5.00 p.m. (CET) on 14 June 2019 and is being made at a price of €7.50 per existing Ordinary Share in issue (the "Tender Price"). The repurchase of Ordinary Shares by the Company pursuant to the Tender Offer will be carried out through ABN AMRO Bank N.V. acting for and on behalf of the Company as agent.

The Tender Price has been set at €7.50 per share and will be settled after the payment of the first quarter dividend of €0.15 per share. The Tender Offer price including the dividend represents a premium of 4.2% to the volume weighted average closing price on Euronext Amsterdam of €7.34 per Ordinary Share over the last month to 16 May 2019 (the latest practicable date before the publication of this announcement), and a discount of approximately 13.3% to the Company's Pro Forma NAV⁸ of €8.82 per share as at 16 May 2019.

The Tender Offer will provide shareholders who are eligible with an opportunity to sell part or all of their Ordinary Shares and to receive their respective share of the cash which the Company is seeking to return. The Tender Offer will allow the Company to broaden the return of cash to include those shareholders whose Ordinary Shares might not otherwise be purchased by the Company through a general on-market buyback.

Each eligible shareholder will be entitled to sell up to 2.96 per cent of the Ordinary Shares registered in their respective names on the record date under the Tender Offer, rounded down to the nearest whole number of Ordinary Shares. This is what is known as each eligible shareholder's "Basic Entitlement". All Ordinary Shares validly tendered by eligible shareholders up to their respective Basic Entitlement will be accepted and repurchased in full. Tendering shareholders may also be able to participate in the Tender Offer in excess of their Basic Entitlement to the extent that other eligible shareholders tender less than their respective Basic Entitlement, resulting in surplus Ordinary Shares (known as "Excess Tender Offer Shares"). Any Excess Tender Offer Shares will be repurchased from tendering Shareholders pro rata to the amount in excess of each eligible shareholder's Basic Entitlement so tendered.

The repurchase of Ordinary Shares by the Company will be carried out on-market through the available systems of Euronext. The Tender Offer will be financed through the use of the Company's existing and available cash resources.

The Tender Offer is available to eligible shareholders outside Canada and Japan in respect of the number of Ordinary Shares registered in those shareholders' names at 5.00 p.m. (CET) on 14 June 2019.

The formal terms and conditions of the Tender Offer are set out in the Circular and tender form. The results of the Tender Offer will be announced on 17 June 2019 and published on the Company's website (www.eurocastleinv.com).

Expected timetable	2019
Tender Offer opens.....	17 May
Latest time and date for receipt of Tender Forms.....	5.00 p.m. (CET) on 14 June
Record Date for the Tender Offer.....	5.00 p.m. (CET) on 14 June
Closing Date for the Tender Offer.....	5.00 p.m. (CET) on 14 June
Announcement of results of the Tender Offer.....	17 June
Euroclear Nederland accounts credited with Tender Offer proceeds and revised holdings of uncertificated Ordinary Shares (Settlement Date)	20 June
Despatch of cheques for Tender Offer proceeds for Ordinary Shares held through CREST and for certificated Ordinary Shares.....	20 June
Despatch of balance share certificates for unsold Ordinary Shares and share certificates for unsuccessful tenders (certificated holders only)	20 June

The above times and dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to shareholders.

Information in connection with the Tender Offer is available on the Company's website (www.eurocastleinv.com) or can be obtained from ABN AMRO Bank N.V., Corporate Broking (telephone number +31 20 344 2000). If you hold Ordinary Shares in

CREST or in certificated form and have any questions about the procedure for tendering or you want to request tender forms, CREST payment forms or for help completing the tender form, please contact the Company's registrar, Anson Registrars Limited, between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (telephone number +44 1481 711301).

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 20 June 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 20 June 2018, pursuant to which the maximum number of shares to be bought back is 13,178,041. Taking into account the amount of shares repurchased by the Company up to 16 May 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 4,136,495.

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 on 20 June 2019 and will end no later than 8 August 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 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.

ANNUAL GENERAL MEETING

The Company will hold its Annual General Meeting on Wednesday, 19 June 2019, at the Company's registered office at 2.00 P.M. Guernsey time (3.00 P.M. CET). Notices and proxy statements will be posted on 29 May 2019 to shareholders of record at close of business on 28 May 2019.

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. 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).

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.

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, amortise the Company's debts, renegotiate the Company's credit facilities, make new investments, or achieve its targets regarding asset disposals or asset performance.

¹ NAV for Q1 2019 is before deducting the first quarter 2019 dividend of €0.15 per share declared and to be paid in May 2019.

² 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 31 March 2019, 63.8 million shares were in issue of which 45.1 million were voting shares and 18.8 million were held in treasury. Amounts per share are therefore calculated on the following basis: Q1 2019 Net Asset Value per share ("NAV per share") on 45.1 million voting shares, Q1 2019 NFFO on 45.1 million weighted average voting 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. Q1 2019 distribution on 45.0 million voting shares and Q4 2018 distribution paid on 45.1 million voting shares.

³ 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.

⁴ EBITDA and Net Income excluding non-recurring items; Q1 2019 EBITDA reported at €15.2 million, Q1 2019 Net Income reported at €7.7 million.

¹ Time weighted average of invested capital (net of any capital returned) over the relevant period.

⁶ NAV segments adjusted for €18.1 million of unfunded committed investment relating to the deferred purchase price ("DPP") on FINO payable in August 2020.

⁷ Amounts per share calculated on 45.1 million outstanding voting shares.

⁸ Pro forma NAV means the Company's last published 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 Fees"), adjusted for (i) the value of the doBank S.P.A. ("doBank") and Unicredit Immobiliare Uno ("UIU") share prices as at market close on 16 May 2019; (ii) the Company's open market buyback activity subsequent to 31 March 2019 and up to 8 May 2019; and (iii) movements in the Incremental Incentive Fee as a result of changes in the share price of doBank and UIU since the Company's last reporting date. Please refer to Tender Offer Circular for further details on the calculation.