



EUROCASTLE INVESTMENT LIMITED

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**Eurocastle Announces Tender Offer to Repurchase up to
€84 million of Ordinary Shares at €10.00 per Ordinary Share**

and

**Release Date of the Financial Results for the Nine Months Ended 30 September 2017
on 21 November 2017**

Guernsey. 19 October 2017 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) (“**Eurocastle**” or the “**Company**”) today announces a tender offer (the “**Tender Offer**”) for the repurchase of up to €84 million of ordinary shares in the Company (“**Ordinary Shares**”) for a fixed price of €10.00 per Ordinary Share. 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 is being undertaken pursuant to the authority passed at the Company’s Annual General Meeting held on 21 June 2017. The Tender Offer will remain open until 11.59 p.m. (ET) on 16 November 2017 and is being made at a price of €10.00 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.

This announcement contains inside information and is disclosed in accordance with the Company’s obligations under the Market Abuse Regulation (EU) No 596/2014.

Background to and reasons for the Tender Offer

In July 2017, Eurocastle’s largest investment, doBank S.P.A. (“**doBank**”), successfully completed its initial public offering (“**doBank IPO**”) valuing doBank at €704 million, equivalent to approximately 2.7x Eurocastle’s value for this investment immediately following its acquisition net of distributions received to date. In conjunction with the doBank IPO, Eurocastle sold 48.8% of its stake in doBank, receiving approximately €146 million of net proceeds. Of these proceeds, €62 million represented normalised funds from operations (“**NFFO**”) which, in line with the Company’s distribution policy, will be considered (along with corporate expenses and other NFFO realised in cash in the period) when determining the third quarter dividend¹. The

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Please refer to Company Update below for discussion of the dividend.

remaining €84 million represented a capital return on the original investment. In light of this exceptional event, the Company's Board has decided to return these proceeds to investors by way of a Tender Offer. The Board believes that the Tender Offer represents the most accretive and expeditious use of these proceeds through buying back shares at a discount to net asset value ("**NAV**") and returning capital to investors seeking liquidity at an attractive premium to the prevailing share price, while maintaining sufficient cash reserves to make additional acquisitions into its portfolio.

Company Update

Following the Company's partial sale of its holding through the doBank IPO, Eurocastle's remaining investments continue to show solid performance. NFFO for the third quarter 2017 is currently expected to be in the range of €1.12 to €1.14 per share of which €1.01 per share is attributable to the doBank IPO. Further, the Company continues to benefit from the remaining 20 million shares it holds in doBank which have traded positively since the doBank IPO, closing at a price of €10.98 per doBank share as at 30 September 2017. This positive performance is the primary driver for an expected increase in the Company's third quarter NAV in the range of €10.45 per share to €10.55² per share, compared to a NAV of €9.91 per share as at 30 June 2017 (after adjusting for the distribution of the second quarter dividend and the additional shares issued in July).

In line with its distribution policy, when announcing its third quarter results on 21 November 2017 the Company expects to declare a third quarter dividend.

In accordance with applicable law, any decision of the Company to declare or pay a dividend remains in all circumstances a decision to be made by the Board and will be subject to the fulfilment of certain conditions and legal requirements – there can be no assurance that any dividend will be paid at any particular level or at all. Any Ordinary Shares successfully tendered in the Tender Offer will not, for the avoidance of doubt, be eligible for any such dividend.

Subsequent to the third quarter, doBank's share price has appreciated a further 30% to €14.27 per share as at market close on 18 October 2017 following success in reaching a preliminary agreement on a new servicing mandate on GBV €8 billion of non-performing loans which form part of the portfolio originated by Monte Paschi di Siena that is in the process of being securitised. Further details can be found on its website (www.doBank.com) under the Investor Relations section. On a pro forma basis this appreciation in doBank's share price would increase the Company's estimated NAV per share for 30 September 2017 to a range of €11.55 per share to €11.65 per share. Adjusted for the estimated manager incentive compensation (determined assuming all of its investments are realised in line with the expected NAV) this would be €10.75 to €10.85 per Ordinary Share (the "**Pro Forma NAV per share**").

The Tender Offer

The Tender Price has been set at €10.00 per share, representing a premium of 8.1% to the volume weighted average closing price on Euronext Amsterdam of €9.25 per Ordinary Share over the last month to 18 October 2017 (the latest practicable date before the publication of this announcement), and a discount of approximately 7% to the Company's Pro Forma NAV per share as at 30 September 2017.

² All estimated NAV numbers included in this announcement reflect the expected adoption, with effect from 1 July 2017, by the Company of the amendment to IFRS 10 (Consolidated Financial Statements) which requires it to report its operating subsidiaries (which act as the intermediate holding companies of the investment portfolio) at fair value rather than consolidate them as previously. This change in accounting policy would have resulted in an increase of €5.1 million in the Company's reported NAV as at 30 June 2017.

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 13.75 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 6.00 p.m. (CET) on 16 November 2017.

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 November 2017 and published on the Company's website (www.eurocastleinv.com).

Expected timetable

	2017
Tender Offer opens.....	19 October
Latest time and date for receipt of Tender Forms	11.59 p.m. (ET) on 16 November
Record Date for the Tender Offer.....	6.00 p.m. (CET) on 16 November
Closing Date for the Tender Offer.....	11.59 p.m. (ET) on 16 November
Announcement of results of the Tender Offer	17 November
Euroclear Nederland accounts credited with Tender Offer proceeds and revised holdings of uncertificated Ordinary Shares (Settlement Date).....	22 November
Despatch of cheques for Tender Offer proceeds for Ordinary Shares held through CREST and for certificated Ordinary Shares	22 November
Despatch of balance share certificates for unsold Ordinary Shares and share certificates for unsuccessful tenders (certificated holders only)	22 November

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).

Release Date of the Financial Results for the Nine Months Ended 30 September 2017 on 21 November 2017

In addition, the Company announces that it will release its financial results for the third quarter ended 30 September 2017 on 21 November 2017 before the market opens. Management will host an earnings conference call at 2:00 p.m. London time (9:00 a.m. New York time) later that day. All interested parties are welcome to participate on the live call. You can access the conference call by dialing first +1-800-215-5243 (from within the U.S.) or +1-330-863- 8154 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference "Eurocastle Third Quarter 2017 Earnings Call" or conference ID number "4446821".

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 Saturday, 28 December 2017 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 "4446821".

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.

Important Notice

The Company is organized under the laws of Guernsey. The Tender Offer described in this press release will be made pursuant to Guernsey law and in compliance with the applicable provisions of Section 14(e) of the US Securities Exchange Act of 1934 (the "**Exchange Act**"), and Regulation 14E thereunder. The Tender Offer will be subject to disclosure and procedure requirements of Guernsey which are different from those of the United States. The Tender Offer will not be made pursuant to the provisions of any other law. Accordingly, the Company and the persons acting in conjunction with the Company will not procure any further registrations, authorizations or approvals of the Tender Offer by any security supervisory authority or similar institutions. The Tender Offer will be made in the United States by the Company and no one else.

The Company, certain affiliated companies and agents and financial advisers may make certain purchases of, or arrangements to purchase, shares outside the Tender Offer during the period in which the Tender Offer remains open for acceptance. If such purchases or arrangements to purchase are made they will be made outside the United States and will comply with applicable law, including the Exchange Act.