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Eurocastle Announces Financial Results for the Nine Months Ended 30 September 2017

Guernsey, 29 November 2017 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its financial results for the nine months ended 30 September 2017.

- ◆ **Adjusted Net Asset Value (“Adjusted NAV”)** of €641.0 million¹, or €10.49 per share², in line with the previous quarter after having paid a second quarter dividend of €0.41 per share² in August.
- ◆ **Normalised FFO³** of €68.2 million, or €1.12 per share², for the third quarter of 2017. €103.3 million, or €1.71 per share², for the nine months ended 30 September 2017.
- ◆ **Third Quarter 2017 Dividend** of €1.13 per share² declared on 28 November 2017 and to be paid on 11 December 2017 to shareholders of record at close of business on 5 December 2017, with an ex-dividend date of 4 December 2017. This follows €9.9 million of net NFFO received in cash in the quarter, in line with the Company’s distribution policy.

	Q3 2017		Q2 2017		YTD Q3 2017		YTD Q3 2016	
	€million	€per share ²	€million	€per share ²	€million	€per share ²	€million	€per share ²
Adjusted NAV ¹	641.0	10.49	630.6	10.49	641.0 ⁴	10.49 ⁴	463.5 ⁵	7.71 ⁵
Normalised FFO ³	68.2	1.12	9.1	0.15	103.3	1.71	33.5	0.49
Dividends ²	59.6	1.13	25.1	0.41	102.1	1.83	24.1	0.375

BUSINESS HIGHLIGHTS FOR THE THIRD QUARTER OF 2017

doBank IPO

- In July, doBank completed a €704 million IPO (equivalent to approximately 2.5x Eurocastle’s value for this investment immediately following its acquisition net of distributions received to date), the largest & highest rated NPL servicing group in Italy.
- Eurocastle held a 50% stake prior to the IPO – sold 19.1 million shares (48.8% of its holding) for €9.00 per doBank share generating net proceeds of €145.8 million⁶ which were partially distributed back to shareholders through the November share tender with the remainder to be distributed through the Q3 dividend.
- The Company, together with Fortress affiliates, retained a joint 51.2%⁷ interest in doBank with Eurocastle’s remaining 20.0 million shares valued at €10.98 per doBank share as at 30 September 2017, subsequently increasing to €13.16 per share on 28 November 2017.

doBank Financial Performance

- Q3 YTD 2017 EBITDA of €42 million, up 4% like-for-like⁸ over the same period last year (Q3 2016: €40 million).
- Q3 YTD 2017 Net Income After Tax of €27 million, up 16% like-for-like⁸ over the same period last year (Q3 2016: €23 million).
- Q3 YTD 2017 Gross collections of €1.2 billion, up 18% over the same period 2016⁹.
- Subsequent to the third quarter, doBank reached a preliminary agreement on a new servicing mandate on €8 billion GBV of NPLs which form part of the portfolio originated by Monte dei Paschi di Siena that is in the process of being securitised. doBank estimates that the contract once in place and fully stabilized would initially add ~€20 million EBITDA per year.

¹Adjusted NAV for Q3 is before deducting the third quarter dividend of €1.13 per share declared in November 2017.

²Amounts per share are calculated on the following basis: Q3 2017 Adjusted NAV - 61.1 million ordinary shares in issue; Q2 2017 Adjusted NAV - 60.1 million ordinary shares in issue; Q3 2016 Adjusted NAV - 60.1 million ordinary shares in issue; Q3 2017 NFFO - 60.7 million weighted average shares; YTD Q3 2017 NFFO - 60.3 million weighted average shares; YTD Q3 2016 NFFO - 68.1 million weighted average shares and Q2 2017 NFFO - 60.1 million weighted average shares. Q3 2017 dividend paid on 52.7 million ordinary shares outstanding post share tender; Q2 2017 dividends paid on 60.1 million ordinary shares in issue; YTD Q3 2016 dividend per share represents the sum of the first, second and third quarter 2016 dividends (€0.375 per share); YTD Q3 2017 dividend per share represents the sum of the first and second quarter 2017 dividends (€0.70 per share) and €1.13 per share dividend for the third quarter 2017 declared in November.

³Normalised FFO (“NFFO”) is a non-IFRS measure used to explain the financial performance of the Company, as outlined on page 9 of the Q3 2017 Interim Report.

⁴NAV as at 30 September 2017.

⁵NAV as at 30 September 2016.

⁶Net of €5.7 million estimated transaction costs and €20.3 million of incentive fees to the Manager.

⁷All percentage ownerships of doBank in this document exclude the 1.75 million of treasury shares doBank has retained as at 30 September 2017.

⁸2016 numbers pro forma for the acquisition of 100% of the share capital of Italfondiaro S.p.A. and the derecognition of the Romeo portfolio, as if these had been put in place on 1 January 2016.

⁹Assumes net collections for Italfondiaro for the nine months ending 30 September 2016. Alternatively, it would be an increase of 12% if gross collections of Italfondiaro for the same period were applied.

FINO NPL Investment

- In July, deployed €43.9 million to acquire, alongside Fortress affiliates, a 50.1% interest in a significant portion of a €6.2 billion GBV NPL portfolio from UniCredit S.p.A (“FINO”)¹, via an investment in two securitisations.
- Portfolio collections received since the 30 June 2016 cutoff date up to the July closing were higher than anticipated resulting in less equity to fund the acquisition than originally expected.
- A deferred purchase price of €64.7 million is payable over the next few years and currently expected to be funded through collections on the portfolio.

New Investments

- Committed approximately €10 million to acquire a share of a leveraged interest in a performing and sub-performing (“PL/SPL”) loan portfolio of €34 million GBV, expected to close in Q4’17.

BUSINESS HIGHLIGHTS SUBSEQUENT TO 30 SEPTEMBER 2017

Share Tender

- In November 2017, Eurocastle announced the repurchase of 8.4 million shares (representing 13.75% of the Company’s ordinary shares in issue) at a price of €0.00 per share, returning €84 million of capital received following the Company’s partial sale of its stake in doBank through the IPO.
- The completed repurchase was NAV and earnings accretive, increasing pro forma NFFO per share by approximately 15% and NAV per share by approximately 1%.

RE Fund IV

- In October 2017, sold the remaining properties held in the Fund realising estimated net proceeds to Eurocastle of €32 million, approximately €3 million (10%) higher than the investment’s Q3 2017 NAV of €29 million.
- To date the Company has received €13.1 million, with the remaining proceeds expected by year-end subject to final agreement with the underlying fund on distribution timing. When received in full, the proceeds will include €10 million of undistributed NFFO realised in cash to be considered for the quarterly dividend.

New Investments

- On 20 November 2017, Eurocastle announced a commitment to invest €12 million for a shared interest in a new NPL pool with a GBV of €93 million, expected to close by the end of November.
- On 24 November 2017, the Company announced that it had committed €8.4 million to acquire, together with other Fortress affiliates, additional interests in the junior notes of both securitisations that collectively own the FINO NPL portfolio. The transaction is expected to close by the end of January 2018.

¹ Reduced from €17.7 billion following interim collections from the cut-off date up to closing.

NORMALISED FFO

Normalised FFO is a non-IFRS financial measure that, with respect to all of the Company's Italian Investments other than the doBank Group, 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 the doBank Group, following the recent IPO, the Company now recognises Normalised FFO based on its share of doBank's reported annual net income 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.

Segmental Normalised FFO for the Nine Months Ended 30 September 2017	Average Net Invested Capital ¹		Italian Investments	Legacy	Total
	€Thousands	Yield			
doBank Group	141,260	91%	96,547	-	96,547
Italian NPLs	101,936	16%	11,965	-	11,965
Real Estate Fund Investments	45,008	65%	22,027	-	22,027
Other ²	n/a	n/a	7,247	-	7,247
Italian Investments NFFO before expenses	288,204	64%	137,786	-	137,786
Legacy Portfolios NFFO before expenses			-	2,824	2,824
Manager Base & Incentive Fees ³			(34,345)	-	(34,345)
Other operating expenses			(2,970)	-	(2,970)
Normalised FFO			100,471	2,824	103,295
<i>Per Share⁴</i>			1.67	0.04	1.71

Segmental Normalised FFO for the Three Months Ended 30 September 2017	Average Net Invested Capital ¹		Italian Investments	Legacy	Total
	€Thousands	Yield			
doBank Group	106,912	317%	84,655	-	84,655
Italian NPLs	97,162	15%	3,752	-	3,752
Real Estate Fund Investments	45,057	37%	4,113	-	4,113
Italian Investments NFFO before expenses	249,130	149%	92,520	-	92,520
Legacy Portfolios NFFO before expenses			-	28	28
Manager Base & Incentive Fees ³			(23,402)	-	(23,402)
Other operating expenses			(950)	-	(950)
Normalised FFO			68,168	28	68,196
<i>Per Share⁴</i>			1.12	0.00	1.12

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

² Fully realised investments.

³ Manager base fees are equal to the sum of (i) 1.5% of the Company's Net Asset Value excluding Net Corporate Cash and (ii) 0.75% of the Company's Net Corporate Cash calculated and paid monthly in arrears. Incentive fees are equal to 25% of the euro amount by which the Company's NFFO derived from Italian Investments (net of allocable fees and expenses) exceeds the net amount invested in such investments multiplied by a simple interest rate of 8% per annum (calculated on a cumulative but not compounding basis).

⁴ Amounts per share are calculated on the following basis: Q3 2017 NFFO - 60.7 million weighted average shares; YTD Q3 2017 NFFO - 60.3 million weighted average shares.

CHANGE IN ACCOUNTING POLICY

The Board of Directors of the Company has periodically assessed whether it met the definition of an Investment Entity as set out under IFRS 10. With the deconsolidation of the Legacy CDO V portfolio in Q2 2017, the Board came to the conclusion that the Company, with effect from 1 July 2017, met the requirements to be classified as an Investment Entity as set out under IFRS 10. The impact of this change is that all investments, whether through subsidiaries, associates or joint ventures, are to be fair valued through profit and loss. As a result, amounts reported for the year ended 31 December 2016 have been restated – Reported Adjusted NAV would have been higher by €4.8 million due to this change as at 31 December 2016 and €4.9 million as at 30 June 2017.

In addition, as a result of this change in policy, the Company is no longer required to prepare consolidated financial statements. These separate financial statements of the Company are therefore its only financial statements.

Refer to page 8 and pages 20-22 of the Q3 2017 Interim Report for further details.

Income Statement for the Nine Months Ended 30 September 2017	Italian Investments €Thousands	Legacy €Thousands	Total €Thousands
Fair Value Movements			
doBank Group	141,712	-	141,712
Romeo NPLs	3,927	-	3,927
FINO NPLs	1,588	-	1,588
Other NPL Pools	2,708	-	2,708
Real Estate Fund Investment I	(167)	-	(167)
Real Estate Fund Investment II	(1,035)	-	(1,035)
Real Estate Fund Investment III	1,446	-	1,446
Real Estate Fund Investment IV	4,833	-	4,833
Real Estate Fund Investment V	310	-	310
Fair value movements on operating subsidiaries	-	445	445
Other Income			
Gains on foreign currency contracts, translation and swaps	7,216	-	7,216
Other income	-	2,379	2,379
Total income	162,538	2,824	165,362
Operating expenses			
Interest expense	177	-	177
Other operating expenses			
Transaction costs	333	-	333
Manager Base and Incentive fees	34,345	-	34,345
Remaining operating expenses	2,460	-	2,460
Total expenses	37,315	-	37,315
Profit for the first nine months of 2017	125,223	2,824	128,047
<i>Per Share¹</i>	<i>2.08</i>	<i>0.04</i>	<i>2.12</i>

¹ Earnings per share based on 60.3 million weighted average ordinary shares for the nine months ended 30 September 2017.

Balance Sheet and Adjusted NAV Reconciliation as at 30 September 2017	Italian Investments	Corporate	Total
	€Thousands	€Thousands	€Thousands
Assets			
Cash and cash equivalents	-	264,646	264,646
Other assets	-	79	79
Investments:			
doBank Group	221,475	-	221,475
Romeo NPLs	49,273	-	49,273
FINO NPLs	45,502	-	45,502
Other NPL Pools	27,391	-	27,391
Real Estate Fund Investment I	9,340	-	9,340
Real Estate Fund Investment II	14,592	-	14,592
Real Estate Fund Investment III	-	-	-
Real Estate Fund Investment IV	28,960	-	28,960
Real Estate Fund Investment V	4,677	-	4,677
Other Net Assets	-	899	899
Total assets	401,210	265,624	666,834
Liabilities			
Trade and other payables	-	1,985	1,985
Manager Base and Incentive Fees	-	23,873	23,873
Total liabilities	-	25,858	25,858
Net Asset Value	401,210	239,766	640,976
FINO Deferred Purchase Price Commitment	64,680	(64,680)	-
FINO follow-on Commitment	8,440	(8,440)	-
New Performing / Sub-performing Loan Pool Commitment ¹	10,000	(10,000)	-
New NPL Commitment	12,188	(12,188)	-
RE Fund Investment V remaining unfunded Commitment	1,390	(1,390)	-
Adjusted NAV	497,908	143,068	640,976
Adjusted NAV (€per Share) ²	8.15	2.34	10.49

¹ Represents the expected net equity investment after financing.

² Adjusted NAV per share based on 61.1 million ordinary shares in issue.

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

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 +1-800-215-5243 (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 Friday, 5 January 2018 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.

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 Group's ability to predict results or the actual effect of future plans or strategies is limited. Although the Group 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 Group'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 Group's debts, renegotiate the Group's credit facilities, make new investments, or achieve its targets regarding asset disposals or asset performance.