



EUROCASTLE INVESTMENT LIMITED

FOR IMMEDIATE RELEASE

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Eurocastle announces Realisation Plan to accelerate return of value from its assets
Publication of Circular and Notice of General Meeting to be held on 2 December 2019
Management Call to be held on 19 November 2019

Guernsey, 18 November 2019 – Eurocastle Investment Limited (“**Eurocastle**” or the “**Company**”) today announces that the Board of Directors (the “**Board**”) has resolved to realise the majority of the Company’s assets, being its shares in doValue S.p.A. (“**doValue Shares**”) and interests in Italian loan investments (the “**NPL Portfolio**”) in order to accelerate the return of value to the Company’s shareholders by way of a tender offer (the “**Realisation Plan**”). Following completion of the Tender Offer and the NPL Sale as described below, the Company is expected to have realised €281 million in aggregate, equal to more than 90% of the Company’s Q3 2019 net asset value (“**NAV**”)¹.

As previously communicated, Eurocastle and the Board have been focused on enhancing shareholder value and maximizing distributions to shareholders. Through a number of strategies, including the adoption of a distribution policy and a series of accretive tender offers, the Company has distributed €544 million to shareholders over the past 6 years, with a remaining Q3 2019 NAV of approximately €308 million¹. In light of the discount at which the Company continues to trade relative to its NAV, the Board has determined that this is an appropriate time to set new strategic priorities for the Company to realise the value of its assets for shareholders.

Eurocastle has today published a circular to shareholders (the “**Circular**”) containing details of the Realisation Plan and the actions required to be taken by shareholders to implement the Proposed NPL Sale and the Tender Offer. The Circular contains notice of the general meeting of the Company’s shareholders (the “**General Meeting**”) to be held on 2 December 2019 to seek shareholder approval on two resolutions. The first resolution (the “**NPL Sale Resolution**”) will seek shareholder approval, as an ordinary resolution, for a transaction pursuant to which the Company would dispose of the NPL Portfolio for a purchase price of €140.2 million to funds managed by an affiliate of FIG LLC, the Company’s Investment Manager (the “**NPL Sale**”). The second resolution will seek shareholder approval, as a special resolution, for a tender offer whereby the Company will offer to exchange Eurocastle shares for a combination of doValue Shares and the distributable cash proceeds from the NPL Sale (the “**Tender Offer**”). The General Meeting will be held at Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 1WW on 2 December 2019 at 3.00 p.m. (GMT).

Under the terms of the Tender Offer, the maximum number of Ordinary Shares to be tendered is 34.6 million (the “**Maximum Number of Shares**”). Assuming the Maximum Number of Shares are tendered, tendering shareholders will receive both approximately 0.4353 doValue Shares and €3.16 in cash in exchange for each Eurocastle share validly tendered. This initial ratio will be adjusted in the manner set out in the Circular if fewer than the Maximum Number of Shares are validly tendered. The Tender Offer will return 15.04 million doValue Shares and up to €109.2 million in cash to shareholders.

The consideration per Ordinary Share, which is equivalent to a value of €8.14, has been determined by the Board based on its calculation of the Company's currently distributable NAV, which reflects: (i) the volume weighted average price of doValue S.p.A. for the 5 days ended 15 November 2019ⁱⁱ (the "VWAP"), being €11.44 per doValue Share; (ii) the estimated net proceeds from the Proposed NPL Sale of €140.2 million; (iii) the carrying value of the remaining assets of the Company as at 30 September 2019; and (iv) additional reserves determined by the Board of Directors in order to take into account future costs and potential liabilities.

The Board does not currently intend to make any material new investments with the proceeds realised from the Company's existing holdings. With respect to the remaining assets, which predominantly comprise Eurocastle's investments in Italian real estate funds, the Company plans to continue to hold and realise these assets in accordance with existing business plans. It will support these investments to the extent required to optimise returns and distribute cash to shareholders when available. The Company's distribution policy, including the regular quarterly dividend, will not apply with effect from Q3 2019. The Board currently anticipates that the majority of the Company's existing assets will be realised by the end of 2023.

FIG LLC, the Company's Investment Manager, has also agreed to amend the calculation of its incentive fee to treat the Company's other remaining assets, which predominantly comprise investments in Italian real estate funds, as fully realised at an agreed value in 2019 and to better reflect the price per Ordinary Share represented in the initial Exchange Ratio. These amendments will reduce the fee payable by the Company to the Investment Manager in the fourth quarter of 2019 by up to €2.4 million to €19.7 million and no further fees will be due in relation to the Company's remaining investments. In return, the Investment Manager will be entitled to earn back a portion of this discount if amounts are released from certain reserves put in place by the Board to fund future costs and potential liabilities.

EJF Debt Opportunities Master Fund, L.P., Asset Value Investors, and EMS EC Investments LP, for themselves and their affiliates, whose aggregate voting rights in the Company represented approximately 62% of the total voting rights in the Company as at 15 November 2019 (the "Major Shareholders"), have provided the Company with letters containing confirmations of their firm intentions to vote in favour of the resolutions at the General Meeting and tender all of their Ordinary Shares as part of the Tender Offer.

The Investment Manager, on behalf of itself, its principals and managed funds, whose aggregate voting rights in the Company represented approximately 14% of the total voting rights in the Company as at 15 November 2019, has provided the Company with a letter containing confirmations of (i) each of the Investment Manager, its principals and managed funds' firm intention to vote in favour of the Tender Offer at the General Meeting and tender all of their Ordinary Shares as part of the Tender Offer; and (ii) the Investment Manager's commitment not to vote on the NPL Sale Resolution, and to take all reasonable steps to ensure that members of its group and employees will not vote on the NPL Sale Resolution to be proposed at the General Meeting.

In addition, the Major Shareholders and the Investment Manager, on behalf of itself, its principals and managed funds, have agreed to restrictions on their ability to dispose of any doValue Shares acquired through the Tender Offer prior to January 31, 2020 and such restrictions will then expire in stages up to March 31, 2020. Please refer to the Circular for more details of these restrictions. Certain other affiliates and employees of the Investment Manager may participate in the Tender Offer on the same terms as all other shareholders.

Shareholders should refer to the sections of the Circular entitled "Action to be Taken in Relation to the Proposed NPL Sale" and "Action to be Taken in Relation to the Tender Offer" for action to be taken in respect of the Proposed NPL Sale and the Tender Offer.

NPL Sale Details

The NPL Sale is conditional on approval by Shareholders at the General Meeting

Since the establishment of the change in strategy in 2013, Eurocastle has invested €289 million in 24 Italian loan pools. These investments have returned €237 million to date, helping to support the Company's regular quarterly dividend, and have a remaining value as at 30 September 2019 of €149 million. The Board has been evaluating options of how to accelerate the return of this remaining value to shareholders. After carefully considering the possibility of running a marketed process with third parties and the associated timing, cost and execution risk in light of the complexity and size of

the Company's portfolio, the Board approached the Investment Manager to gauge the interest of any of its affiliated funds, certain of which already held interests in the NPL Portfolio, to acquire these interests in a single accelerated transaction.

The Company has now reached agreement to sell the NPL Portfolio for a purchase price (after customary adjustments for collections) of €140.2 million to funds managed by an affiliate of its Investment Manager (the "NPL Purchaser"). The purchase price represents a 5% discount to the Q3 2019 NAV of the NPL Portfolio excluding certain residual interests which the Company is required to retain due to legal obligations and which the NPL Purchaser has committed to acquire at the same 5% discount when such obligations no longer apply. In addition, the NPL Purchaser will assume an obligation to fund the €18.1 million deferred purchase price due to be paid by the Company in July 2020 in relation to the FINO NPL investment. Therefore, the Company anticipates receiving cash proceeds of approximately €122.1 million upon completion of the Proposed NPL Sale in December 2019.

It is intended that the distributable cash proceeds realised by the Company from the Proposed NPL Sale (representing the cash proceeds to be received by the Company in December 2019 less transaction costs and certain additional amounts to be retained by the Company to cover future costs and potential liabilities) of €109.2 million will be returned to shareholders via the cash component of the Tender Offer consideration.

As the NPL Sale is a related party transaction between the Company and the NPL Purchaser, a committee comprising the four members of the Board who are not affiliated with the Investment Manager (the "Board Committee") obtained an independent valuation of the NPL Portfolio from Alantra Corporate Portfolio Advisors, S.L. and are of the unanimous view that the terms of the NPL Sale are fair and reasonable so far as Eurocastle's shareholders are concerned and that it has been entered into on arms' length terms.

In particular, the Board Committee believes that the proposed sale to the NPL Purchaser represents an attractive opportunity for shareholders as it provides transaction certainty, speed of execution and a clean exit with no requirement to reserve for tail liability risk at a limited discount to the investments' carrying value, an outcome which the Board Committee believes would not be achieved through a marketed process. Execution of the Proposed NPL Sale will allow the Company to return the value of the NPL Portfolio to Shareholders in a timely fashion, primarily via the cash component of the Tender Offer consideration.

Tender Offer Details

The Tender Offer is conditional on both the Tender Offer Resolution and the NPL Sale Resolution being approved by Shareholders at the General Meeting

The Board is proposing to deliver both: (i) up to 15.04 million doValue Shares currently held by the Company; and (ii) up to €109.2 million in cash, through the acquisition of up to 34.6 million Eurocastle shares from tendering shareholders via an off-market share buy-back process in exchange for the delivery of cash and doValue Shares. Assuming the Maximum Number of Shares are tendered, tendering shareholders will receive both approximately 0.4353 doValue Shares and €3.16 in cash in exchange for each Eurocastle share validly tendered, representing a value per Ordinary Share of €8.14.

The consideration per Ordinary Share has been determined by the Board based on its calculation of the Company's currently distributable NAV, which reflects: (i) the VWAP of doValue; (ii) the estimated net proceeds from the Proposed NPL Sale; (iii) the NAV of the remaining assets of the Company as at 30 September 2019; and (iv) additional reserves determined by the Board of Directors in order to take into account future costs and potential liabilities.

Each tendering shareholder will be entitled to have 94.91 per cent. of the Ordinary Shares registered in their respective names on the Tender Offer record date, on 17 December 2019, accepted into the Tender Offer, rounded down to the nearest whole number of Ordinary Shares. This is what is known as each tendering shareholder's "Basic Entitlement". All Ordinary Shares validly tendered by tendering shareholders up to their respective Basic Entitlement will be accepted in full in exchange for doValue Shares and cash. Shareholders may also be able to participate in the Tender Offer in excess of their Basic Entitlement to the extent that other tendering shareholders tender less than their respective Basic Entitlements. For further details see the Tender Offer Circular.

The Circular, which includes notice of the General Meeting, has been posted on the Investor Relations section of the Company’s website under the tab “Periodic Reports and Shareholder Communications – Tender Offer” and has been mailed to eligible shareholders on the register as at close of business on 15 November 2019.

EXPECTED TIMETABLE FOR PROPOSED NPL SALE AND TENDER OFFER

2019

Date of publication of Circular and Tender Offer opens	18 November
Latest time and date for receipt of Forms of Proxy or CREST Proxy Instructions (as applicable) to be provided in respect of the General Meeting.....	3.00 p.m. (GMT) on 28 November
General Meeting to approve NPL Sale Resolution and Tender Offer Resolution.....	3.00 p.m. (GMT) on 2 December
Latest time and date for receipt of Tender Forms in respect of the Tender Offer.....	6.00 p.m. (CET) on 17 December
Tender Offer Record Date and Tender Offer Closing Date.....	6.00 p.m. (CET) on 17 December
Commencement of: (i) delivery of doValue Shares via Monte Titoli to Admitted Institutions, CREST Participants and holders of successfully tendered certificated Ordinary Shares; (ii) settlement of Cash Component of Tender Offer consideration; (iii) settlement of fractional entitlements and (iv) despatch of balance share certificates for unsuccessful tenders of Ordinary Shares (certificated holders only)	20 December

The above times and/or dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders by a press release on the Company’s website, an announcement through a Regulatory Information Service and via newswire in the United States.

In addition, management will host a conference call at 2:00 P.M. London time (9:00 A.M. New York time) on Tuesday, 19 November 2019. All interested parties are welcome to participate on the live call. You can access the conference call by dialing 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 Management Call or conference ID number 2437329”

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, 2 December 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 “2437329”

ABOUT EUROCASTLE

Eurocastle Investment Limited is a publicly traded closed-ended investment company focused on 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.

ⁱ The Company’s NAV as at 30 September 2019 net of additional incentive fees which would be due to the Company’s Investment Manager if all investments were realised at that date in line with their Q3 2019 carrying value (as reported on the Company’s Q3 2019 Investor Factsheet).

ⁱⁱ as reported on Bloomberg screen “DOV IM Equity AQR”.