



Contact:
International Administration Group (Guernsey) Limited
Company Administrator
Attn: Mark Woodall
Tel: +44 1481 723450

**Eurocastle Releases Fourth Quarter and Year End 2017 Financial Results
Announces Fourth Quarter Dividend of €0.27 per share**

Guernsey, 21 March 2018 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its annual report for the year ended 31 December 2017.

- ◆ **Adjusted Net Asset Value (“Adjusted NAV”)** of €56.5 million¹, or €10.56 per share², an increase of €0.07 per share over the quarter after paying the third quarter dividend of €1.13 per share in December. Total increase for the year of €1.40 per share. Including dividends declared and paid in 2017 this represents a total return on NAV of 35% for the year.
- ◆ **Normalised FFO³** of €11.1 million, or €1.86 per share², for the full year, of which €7.8 million, or €0.14 per share, relates to the fourth quarter.
- ◆ **Fourth Quarter 2017 Dividend** of €0.27 per share² declared on 20 March 2018 and to be paid on 5 April 2018 to shareholders of record at close of business on 27 March 2018, with an ex-dividend date of 26 March 2017. This follows €4.7 million of net NFFO received in cash in the quarter, in line with the Company’s distribution policy.

	FY 2017		FY 2016		Q4 2017		Q3 2017	
	€million	€per share ²						
Adjusted NAV ¹	556.5	10.56	550.6	9.16	556.5	10.56	641.0	10.49
Normalised FFO ³	111.1	1.86	46.0	0.70	7.8	0.14	68.2	1.12
Dividends ²	116.3	2.10	33.1	0.525	14.2	0.27	59.6	1.13

FULL YEAR 2017 BUSINESS HIGHLIGHTS

Successful doBank IPO

In July 2017, doBank completed a €704 million IPO at €9.00 per doBank share, (equivalent to approximately 2.5x Eurocastle’s original investment, net of distributions received up to the IPO). doBank is the largest & highest rated third party NPL servicing group in Italy.

- Eurocastle’s holding of 20 million shares, representing 25.6% of doBank’s outstanding shares, was valued at €13.55 per doBank share as at 31 December 2017, up from €10.98 per doBank share as at 30 September 2017. This followed the announcement of over €9 billion GBV of new servicing contracts in the fourth quarter. Subsequent to year-end, doBank announced a further €2.4 billion GBV of new contracts.

doBank Financial Performance

- The doBank Group reported EBITDA for the full year of 2017 of €70.1 million, up 9% like-for-like⁴ over the same period last year (FY 2016: €64.3 million) driven by collections of €1.8 billion, up 8% over last year⁵.
- Net profit for the same period was €45.0 million, up 11% like-for-like¹ over the same period last year (FY 2016: €40.4 million).
- In March 2018, the board of doBank approved, subject to shareholder approval, a dividend of €1.5 million expected to be paid in May 2018 (of which Eurocastle’s share is approximately €8 million).

Strong Capital Deployment

During 2017, invested or committed over €144 million of capital including €17 million relating to FINO, one of the largest NPL transactions in Italy since the financial crisis.

- In the first half of the year deployed €1.3 million in RE Fund IV and €4.1 million of previously committed equity in RE Fund V with an additional €0.6 million deployed in November. Expect to fund remaining investment, estimated to be €0.8 million, during 2018.

¹Adjusted NAV for Q4 is before deducting the fourth quarter dividend of €0.27 per share declared in March 2018.

²Amounts per share are calculated on the following basis: Q4 2017 Adjusted Net Asset Value (“Adjusted NAV”) – 52.7 million voting shares in issue; Q3 2017 Adjusted NAV - 61.1 million voting shares in issue; Q4 2017 NFFO – 57.5 million weighted average shares; Q3 2017 NFFO - 60.7 million weighted average shares and FY 2017 NFFO – 59.6 million weighted average shares. Q4 2017 & Q3 2017 dividends paid on 52.7 million voting shares; FY 2017 dividend per share represents the sum of the first, second, third quarter 2017 dividends (€1.83 per share) and €0.27 per share dividend for the fourth quarter 2017 declared in March 2018.

³Normalised FFO (“NFFO”) is a non-IFRS measure used to explain the financial performance of the Company, as outlined on page 11 of the 2017 Annual Report.

⁴Financials for 2016 are pro forma for the acquisition of 100% of the share capital of Italfondiaro S.p.A. and derecognition of the Romeo portfolio, as if these had been put in place on 1 January 2016

⁵Increase in collections assumes net collections for Italfondiaro for the 12 months ended 31 December 2016. Alternatively, it would be an increase of 3% if gross collections of Italfondiaro for the same period were applied.

- In July, deployed €43.9 million to acquire an interest in a €4.4 billion GBV NPL portfolio from UniCredit S.p.A (“FINO”)¹. The portfolio was subsequently split into two securitisation vehicles. A deferred purchase price of €64.7 million is payable over the next few years. In the fourth quarter 2017, committed an additional €8.4 million investment in the mezzanine and junior notes of the two securitisations.
- In November, invested €2.2 million for a shared interest in a new NPL pool with a GBV of €293 million.
- In December, deployed €9.0 million to acquire a share of a leveraged interest in a performing and sub-performing (“PL/SPL”) loan portfolio of €234 million GBV.

Significant Distributions to Shareholders

- In 2017 established a new distribution policy and declared total dividends related to the period of €16.3 million representing 100% of NFFO realised in cash. This includes a €4.2 million, or €0.27 per share Q4 dividend declared by the Board on 20 March 2018 and payable on 5 April 2018.
- In November 2017, Eurocastle repurchased 8.4 million shares (representing 13.75% of the Company’s voting 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 Q3 NAV per share by approximately 1%.

Other Significant Realisations

- In addition to the €166 million of proceeds received from the doBank IPO, the Company also received approximately €26 million relating to doBank’s 2016 dividend.
- In February 2017, Eurocastle sold its remaining interest in the units of Real Estate Fund Investment III. The sale resulted in total proceeds of €20.9 million and a total lifetime gross profit of €18.0 million, an IRR of 137% and a 2.7x multiple on equity invested.
- In May 2017, the Company announced the successful completion on the financing of the secured portion of its Romeo NPL portfolio. As a result, it received approximately €36 million or 50% of the net proceeds after costs and reserves.
- In October 2017, the remaining properties held in Real Estate Fund Investment IV were sold, realising gross proceeds to Eurocastle of €33.6 million and €4.6 million ahead of ECT’s Q3 carrying value. Taking into account previous distributions, the sale resulted in a total lifetime gross profit of €21.6 million, an IRR of 95% and 2.6x multiple on equity invested.
- During 2017, the Company unwound its interest in the last remaining Legacy portfolio² (CDO V) and as such has now fully disposed of all Legacy investments.

BUSINESS HIGHLIGHTS SUBSEQUENT TO 31 DECEMBER 2017

Sale of Senior Notes of FINO 1 Securitisation

- Raised approximately €48 million of net proceeds through the sale of its share of the senior notes of FINO 1 Securitisation S.r.l., one of the two securitisations that collectively own the FINO NPL portfolio acquired from UniCredit S.p.A. The senior notes are guaranteed by the Italian state under the “GACS” program and are therefore seen as an extremely attractive form of financing.

Follow on Investment in FINO NPL Portfolio

- Closed on a €8.4 million follow-on investment to acquire, together with other Fortress affiliates, additional interests in the mezzanine and junior notes of the two securitisations that collectively own the FINO NPL portfolio.

¹ At completion of the acquisition, and following interim collections from the cut-off date the €17.7 billion GBV FINO NPL portfolio reduced to €16.2 billion, with the sub-pool reducing to €13.2 billion GBV.

² The Legacy business encompasses all investments owned by the Group prior to April 2013, date at which the group re-strategised and started focusing on investments in Italian performing and non-performing loans and other credit receivables.

NORMALISED FFO

Normalised FFO (“NFFO”) 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 IPO, the Company now recognises NFFO 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 Year Ended 31 December 2017	Average Net Invested Capital ¹		Italian Investments	Legacy	Total
	€Thousands	Yield	€Thousands	€Thousands	€Thousands
doBank Group	126,232	79%	99,220	-	99,220
Italian NPLs	104,689	16%	17,027	-	17,027
Real Estate Fund Investments	44,707	58%	25,837	-	25,837
Other ²	n/a	n/a	7,247	-	7,247
Italian Investments NFFO before expenses	275,628	54%	149,331	-	149,331
Legacy Portfolios NFFO before expenses			-	3,258	3,258
Manager Base & Incentive Fees ³			(37,357)	-	(37,357)
Other operating expenses			(3,744)	(371)	(4,115)
Normalised FFO for the year			108,230	2,887	111,117
<i>Per Share⁴</i>			1.82	0.04	1.86

Segmental Normalised FFO for the Fourth Quarter 2017	Average Net Invested Capital ¹		Italian Investments	Legacy	Total
	€Thousands	Yield	€Thousands	€Thousands	€Thousands
doBank Group	81,151	13%	2,673	-	2,673
Italian NPLs	112,879	18%	5,062	-	5,062
Real Estate Fund Investments	43,801	35%	3,809	-	3,809
Other ²	n/a	n/a	-	-	-
Italian Investments NFFO before expenses	237,831	19%	11,544	-	11,544
Legacy Portfolios NFFO before expenses			-	434	434
Manager Base & Incentive Fees ³			(3,012)	-	(3,012)
Other operating expenses			(774)	(371)	(1,145)
Normalised FFO			7,758	63	7,821
<i>Per Share⁴</i>			0.14	0.00	0.14

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: FY 2017 NFFO – 59.6 million weighted average shares; Q4 2017 NFFO – 57.5 million weighted average shares.

Following the change in classification to an investment entity¹ as defined under IFRS 10, all investments are to be fair valued through profit and loss prospectively from 1 July 2017 onwards. The Company's income statement as reported under IFRS therefore presents six months of consolidated results for the first half of 2017 and six months of Company stand-alone results from 1 July 2017. To aid understanding of performance, the table below also reflects the profit and loss under the retrospective application, i.e. as if the Company had always been classified as an investment entity, which is consistent with how the information was presented in the Company's Q3 2017 interim report.

Income Statement for the Year Ended 31 December 2017	IFRS	Adjustments		Non-IFRS
	Prospective	Reallocation	Timing	Retrospective
	<i>€ Thousands</i>	<i>€ Thousands</i>	<i>€ Thousands</i>	<i>€ Thousands</i>
<u>Portfolio Returns</u>				
doBank Group	193,526	-	-	193,526
Romeo NPLs	6,882	-	-	6,882
FINO NPLs	2,988	-	-	2,988
Other NPL Pools	3,436	1,335	-	4,771
Real Estate Fund Investment I	1,611	-	-	1,611
Real Estate Fund Investment II	(2,528)	626	-	(1,902)
Real Estate Fund Investment III	1,445	-	-	1,445
Real Estate Fund Investment IV	9,190	-	-	9,190
Real Estate Fund Investment V	552	-	-	552
Fair value movement on Italian investments	217,102	1,961	-	219,063
Real Estate Fund Investment II	626	(626)	-	-
Other NPL Pools (Pools 6,7-18)	1,335	(1,335)	-	-
Share of post tax profits from Italian investments	1,961	(1,961)	-	-
Fair value movements on operating subsidiaries - New investments	(1,967)	-	-	(1,967)
Fair value movements on operating subsidiaries - Legacy investments	879	-	-	879
Fair value movements on other investments	(1,088)	-	-	(1,088)
Gain on classification to an investment entity - Real Estate Fund Investment II	6,393	-	(6,393)	-
<u>Other Income</u>				
Other income – Legacy investments	2,379	-	-	2,379
Gains on foreign currency, translation and other derivatives	7,381	-	-	7,381
Total income	234,128	-	(6,393)	227,735
<u>Operating Expenses</u>				
Interest expense	286	-	-	286
Transaction costs	287	-	-	287
Manager Base and Incentive Fees	37,357	-	-	37,357
Remaining operating expenses	3,171	371	-	3,542
Other Operating expenses	40,815	371	-	41,186
Total expenses	41,101	371	-	41,472
Net operating profit before taxation	193,027	371	(6,393)	186,263
Total tax expense	16	(16)	-	-
Net profit after taxation from continuing operations	193,011	(355)	(6,393)	186,263
Net profit after taxation from discontinued operations – Legacy investments	40,492	355	(40,847)	-
Net profit for the year	233,503	-	(47,240)	186,263
€ per share	3.92	-	(0.79)	3.13
<i>Attributed to:</i>				
Italian Investments	189,753	16	(6,393)	183,376
Legacy Investments	43,750	(16)	(40,847)	2,887

The impact of the change to accounting method on the 2017 income statement as reported under IFRS is €6.4 million and relates to Real Estate Fund Investment II which was previously accounted for under the equity method at cost. The equivalent impact under the retrospective method would have been recognised in the previous year. In addition, the retrospective approach does not recognise €40.5 million of income arising from the deconsolidation of the CDO V portfolio, as the equivalent impact would have been recognised in the prior year given the investment would have been carried at a fair value of nil by virtue of its negative NAV and non-recourse liabilities. Outside of these timing related effects, all other differences reflect the reallocation of profit and loss items.

For the year ended 31 December 2017, the total net profit as reported under IFRS was €233.5 million, or €3.92 per share. Applying the accounting change on a retrospective basis results in net profit of €186.3 million, or €3.13 per share, of which €58.2 million, or €1.01 per share relates to the fourth quarter.

¹ Refer to page 10 and pages 28-30 of the 2017 Annual Report for further details.

Balance Sheet and Adjusted NAV Reconciliation as at 31 December 2017	Italian Investments €Thousands	Corporate €Thousands	Total €Thousands
Assets			
Cash and cash equivalents	-	121,481	121,481
Other assets	-	55	55
Investments:			
doBank Group	271,842	-	271,842
Romeo NPLs	48,712	-	48,712
FINO NPLs	43,451	-	43,451
Other NPL Pools	47,938	-	47,938
Real Estate Fund Investment I	11,119	-	11,119
Real Estate Fund Investment II	13,131	-	13,131
Real Estate Fund Investment IV	198	-	198
Real Estate Fund Investment V	5,514	-	5,514
Other net assets of subsidiaries (residual legacy entities)	-	148	148
Total assets	441,905	121,684	563,589
Liabilities			
Trade and other payables	-	3,852	3,852
Manager Base and Incentive Fees	-	3,218	3,218
Total liabilities	-	7,070	7,070
Net Asset Value	441,905	114,614	556,519
FINO Deferred Purchase Price Commitment	64,680	(64,680)	-
FINO follow-on Commitment	8,440	(8,440)	-
RE Fund Investment V remaining unfunded Commitment	795	(795)	-
Adjusted NAV	515,820	40,699	556,519
Adjusted NAV (€/per Share)	9.79	0.77	10.56

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 1:00 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 Fourth Quarter 2017 Earnings Call" or "conference ID number 6277238".

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, 21 April 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 "6277238"

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.