



EUROCASTLE INVESTMENT LIMITED

Q1 2019 Supplement



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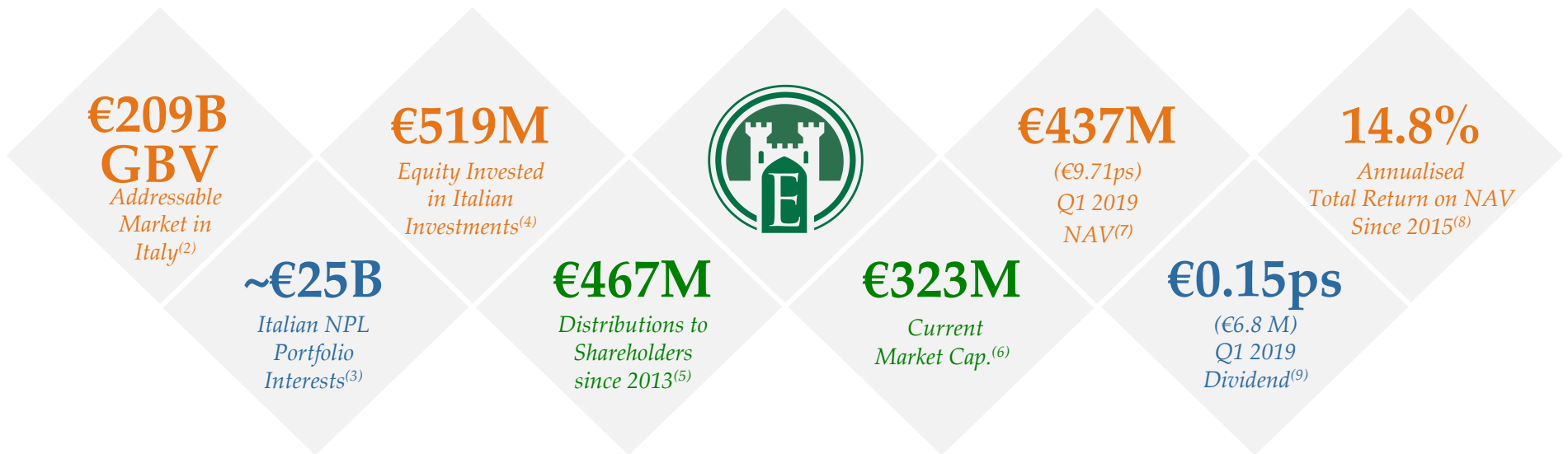
The opinions and statements presented herein are based on general information gathered at the time of writing and are subject to change without notice.



Eurocastle Overview

Eurocastle (ECT:NA) is a publicly traded company and a leading investor in Italian distressed debt and real estate

- **Active in largest NPL market in Europe with significant investments in:**
 1. doBank – largest third party Italian NPL servicer, listed on Milan stock exchange under ticker DOB:IM
 2. Italian NPLs – including two of the largest NPL transactions in Italy since the financial crisis
 3. Italian RE Funds
- **Dividend paying company with 100%+ payout ratio⁽¹⁾**



(1) Distribution policy seeks to distribute 100% of NFFO realised in cash plus 50% of available capital that has not been committed or designated for specific investments six months after each half year end (subject to the applicable legal requirements and reserves for working capital, distributions and expenses).

(2) Represents the outstanding balance of NPLs, Unlikely to pay loans (“UtPs”) and past due loans as at September 30, 2018. Source: EY: The Italian NPEs Market – From Darkness to Daylight.

(3) GBV at acquisition of all portfolios in which Eurocastle has an interest.

(4) From May 2013. Includes €18.1 million of deferred purchase price (“DPP”) on FINO expected to be payable in August 2020.

(5) Represents total distributions to shareholders since the May 2013 Offering when the Company announced its new strategy including (i) €250.3 million, or €4.805 per share, of distributions and (ii) €216.3 million of capital returned through share repurchases.

(6) Market Capitalisation as of 16 May 2019 based on a closing share price of €7.18 per share on 45.0 million voting shares outstanding.

(7) NAV for Q1 2019 is before deducting the Q1 2019 dividend of €0.15 per share declared and to be paid in May 2019. Q1 NAV per share throughout this presentation is based on 45.1 million voting shares outstanding (i.e. excluding shares held in treasury) as at 31 March 2019.

(8) Represents annualised total return on NAV: an increase of (i) Q1 2019 NAV of €9.71 per share and total distributions paid of €3.78 per share from 2015 to Q1 2019 over (ii) April 2015 cap raise price of €7.85 per share.

(9) Q1 2019 dividend declared and to be paid in May 2019.



Q1 2019 Highlights

Portfolio Performance & Investment Activity

- NPL Performance remains strong with unlevered pace of 117% and profitability of 166%⁽¹⁾ versus underwriting
- First portion of FINO deferred purchase price (€46.6 million) paid in February 2019⁽²⁾

doBank Update

- Financial performance remains strong: Q1 2019 EBITDA⁽³⁾ of €16.1 million, up 39% vs last year
- Announced 2018 dividend of €36.8 million - ECT to receive €9.2 million on 29 May 2019
- Altamira transaction expected to close by the end of the first half 2019⁽⁴⁾

Corporate Activities

- Remained focused on closing the discount on NAV through buybacks
 - To date in 2019 repurchased €1.1 million of shares at 28% discount to Q1'19 NAV
 - Announced tender offer to repurchase up to €10 million worth of shares at €7.50 per share
 - Open market buyback programme to resume post tender settlement until 8 August 2019 for up to €2 million worth of shares

(1) Represents total sales proceeds received versus total proceeds expected at underwriting only on those assets sold. It does not reflect profitability as recorded under IFRS.

(2) Remaining DPP of €18.1 million expected to be payable in August 2020.

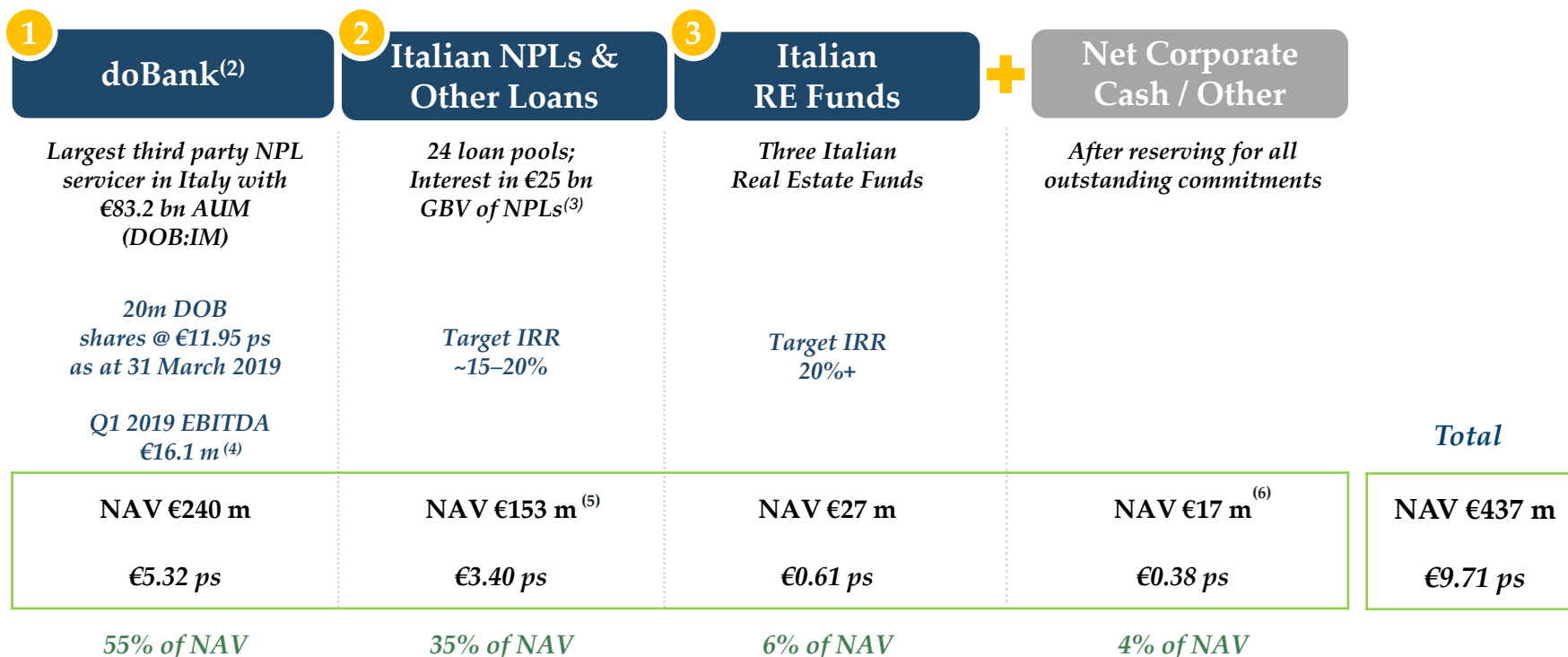
(3) Excluding Non Recurring Items (costs relating to the Group reorganisation project and to the agreement for the acquisition of Altamira Asset Management); Q1 2019 EBITDA reported at €15.2 million.

(4) Subject to regulatory approval.



Eurocastle NAV by Segment⁽¹⁾

- Eurocastle's business is made up of three key segments
- Q1 NAV of €437 million, or €9.71 per share



(1) As of 31 March 2019.

(2) Eurocastle owns 25.5% of doBank (51.1% together with other Fortress Affiliates).

(3) GBV at acquisition of all portfolios in which Eurocastle has an interest including one performing and sub-performing loan pool and one distressed loan transaction.

(4) Excluding Non Recurring Items (costs relating to the Group reorganisation project and to the agreement for the acquisition of Altamira Asset Management); Q1 2019 EBITDA reported at €15.2 million.

(5) NAV includes €18.1 million of an unfunded committed investment relating to the deferred purchase price on FINO expected to be payable in August 2020.

(6) Net Corporate Cash deducts the amount listed in footnote 5.



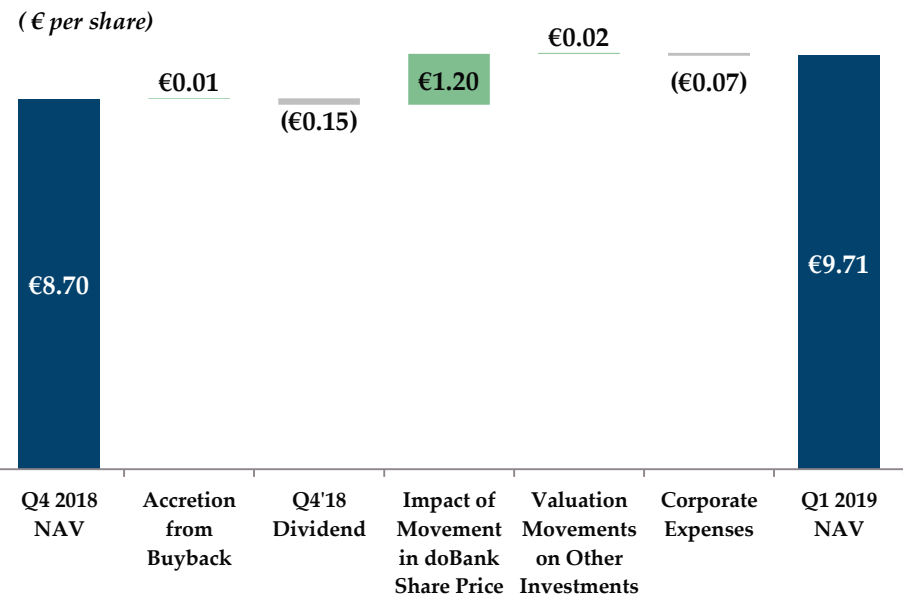
Quarterly Financial Performance

- **NAV⁽¹⁾** €437 million, or €9.71 per share
- **Normalised FFO** €6.5 million, or €0.15 per share
- **Total Return** 17.4% total annual return on NAV over the last two years
- **Dividend** of €6.8 million (€0.15 per share) declared and to be paid in May

ECT Financial Performance

	Q4 2018 Actual		Q1 2019 Actual	
	(€m)	(€ ps)	(€m)	(€ ps)
NAV	€393.0	€8.70	€437.3	€9.71
Normalised FFO	€10.2	€0.22	€6.5	€0.15
Dividends	€6.8	€0.15	€6.8	€0.15

ECT NAV Bridge



(1) NAV is before deducting the Q1 2019 dividend declared in May 2019.



Performance of ECT's Investments

- 1.8x multiple to date⁽¹⁾, expect to generate 15 – 20% IRR over the life of investments⁽²⁾
- Investment basis repaid - Strong realisations to date totaling 101% of invested and committed amount

Performance by Investment Type – as of 31 March 2019

	(€ m)	Equity Allocated	LTD Cash Flow to ECT ⁽³⁾	Net Basis	Q1 2019 NAV	Investment Multiple to date
1	doBank	158.4	199.2	(40.8)	239.6	
2	Italian NPLs	289.2	221.8	67.4	153.2 ⁽⁴⁾	
3	Real Estate Funds	67.2	87.0	(19.8)	27.5	
	Other (Fully Realised)	4.0	14.7	(10.7)	-	
	Total Italian Investments	€518.8	522.7	(3.9)	€420.3 €9.33ps	1.8x⁽¹⁾
				Net Corporate Cash	17.0 ⁽⁵⁾	
				ECT Q1 NAV	€437.3 €9.71ps	

(1) Represents gross investment multiple achieved by the Company on the Italian investments before corporate costs based on cash flows received of €522.7 million and current NAV of €420.3 million over equity of €518.8 million.

(2) Gross projected return figures are based on a variety of estimates and assumptions, actual results may vary materially, and estimated future gains and current appreciation may not be actually realised. Please see the Disclaimers at the front of the presentation for additional information concerning the above projections.

(3) Life to date cash flow to ECT excludes a further €15.6 million that has been generated and is currently held at the investment level (and therefore included in their respective NAVs) comprising (i) €9.2 million from the doBank Dividend expected on 29 May 2019 and (ii) €6.4 million from NPLs.

(4) NAV of NPLs includes €18.1 million of an unfunded committed investment relating to the deferred purchase price on FINO expected to be payable in August 2020.

(5) NAV of Net Corporate Cash deducts the amount listed in footnote 4.



1 doBank Update

26% interest in largest third party NPL servicer in Italy with €83 bn AUM (DOB:IM)

- Continues to deliver strong operational results:
 - 8% increase in collections reflecting substantial new mandates won since Q1 2018 and operating efficiencies increasing collection ratio to 2.5% of AUM
 - 17% YoY increase in revenues driven by collections growth together with indemnities received
 - Q1 2019 EBITDA⁽¹⁾ of €16.1 million and Net Income⁽¹⁾ of €8.3 million substantially up by 39% and 28% respectively versus Q1'18
 - EBITDA margin⁽¹⁾ up by 5% to 30%
- ECT to receive €9.2 million from 2018 dividend, to be paid on 29 May 2019
- On track to become Europe's #1 independent pure servicer - Altamira acquisition received antitrust clearance and expected to close by the end of the first half 2019⁽²⁾

doBank Financials

<i>(in € m unless otherwise stated)</i>	Q1 2018	Q1 2019	Δ Q1'19 Q1'18
NPLs Under Management	87.5 bn	83.2 bn	-5%
Gross Collections	374	403	+8%
Gross Revenues	46.4	54.4	+17%
EBITDA⁽¹⁾	€11.6	€16.1	+39%
EBITDA Margin	25%	30%	+5%
Net Income⁽¹⁾	€6.5	€8.3	+28%

(1) Excluding Non Recurring Items (costs relating to the Group reorganisation project and to the agreement for the acquisition of Altamira Asset Management); Q1 2019 EBITDA reported at €15.2 million, Q1 2019 Net Income reported at €7.7 million.

(2) Subject to regulatory approval.



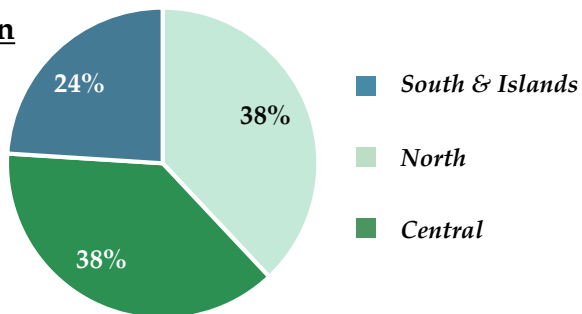
2 Italian NPLs & Other Loans – What We Own

Interests in ~€25 bn⁽¹⁾ GBV portfolio across 24 pools of Italian loans

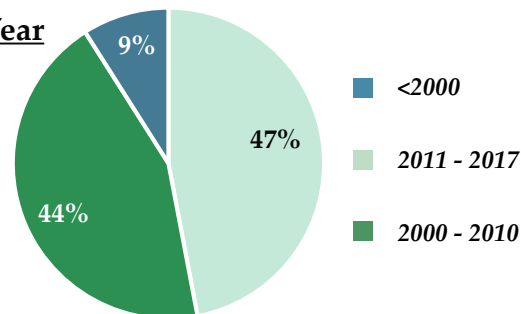
- Life to date invested or committed €289 million with €222 million returned to date and remaining NAV of €153 million
 - First portion of FINO deferred purchased price (€46.6 million) paid in February 2019⁽³⁾
- Well balanced portfolio with majority of claims concentrated in North and Central Italy and in loans to SMEs⁽⁴⁾

Well balanced Portfolio Characteristics⁽⁵⁾

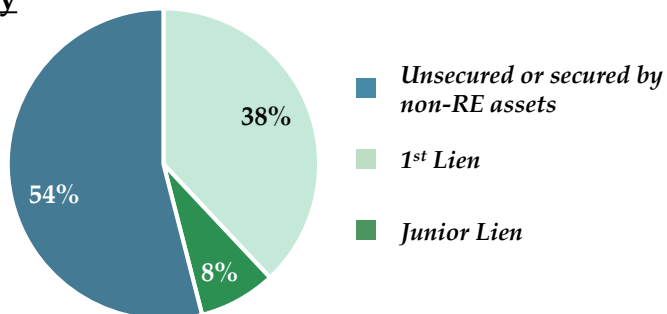
Region



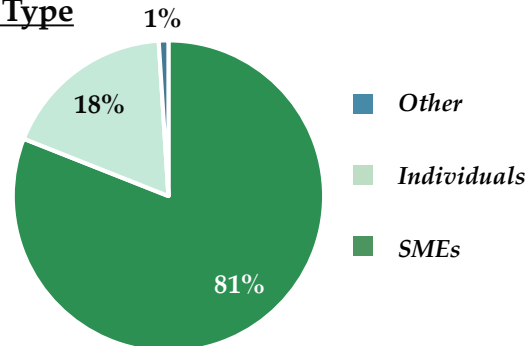
Default Year



Security



Borrower Type



(1) GBV at acquisition of all portfolios in which Eurocastle has an interest.
(2) Eurocastle acquired an interest alongside other Fortress affiliates.
(3) Remaining DPP of €18.1 million expected to be payable in August 2020.
(4) Small to Medium-sized Enterprises
(5) Based on GBV at acquisition weighted by the NAV and ownership of each portfolio as at 31 March 2019.



2 Italian NPLs & Other Loans Performance Update

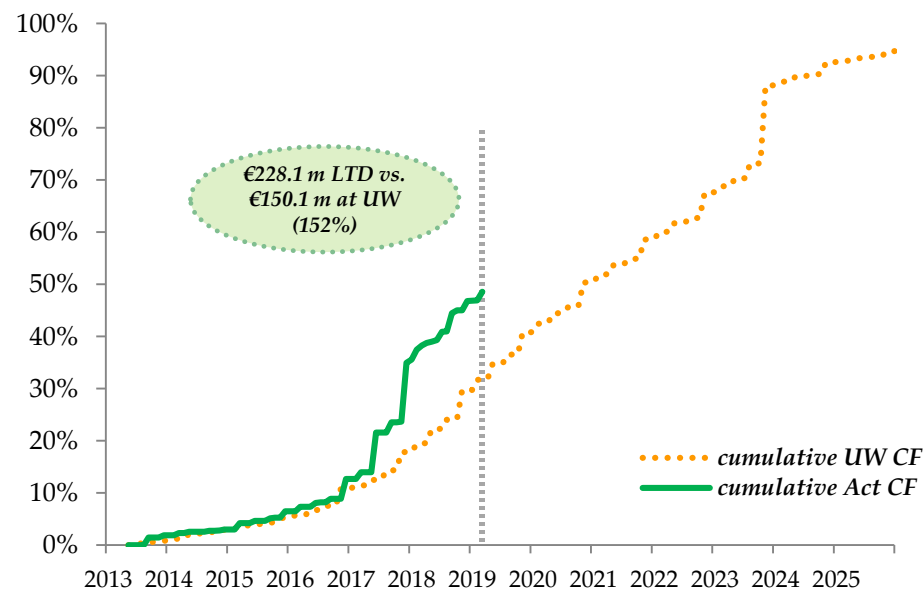
- To date generated €228.1 million, or €78.0 million above underwriting, including ~€52 million of net leverage⁽¹⁾
- On an unlevered basis, loans continue to outperform original underwriting based on two criteria:
 - **Pace** – actual pace of cash collections at 117% of underwriting⁽²⁾
 - **Profitability** – fully realised loans resolved at 166% of underwriting⁽³⁾

Aggregate Investment Performance

(€ m)	To Date
Cash flows Generated	€ 228.1 ⁽⁴⁾
Original Underwriting	€ 150.1
Variance	€ 78.0
Levered Pace vs. Underwriting	152%
Unlevered Pace vs. Underwriting ⁽³⁾	117%
Unlevered Profitability vs. Underwriting ⁽⁴⁾	166%

Levered Investment Cash Flows⁽⁵⁾

(% of total underwritten cash flows)



(1) Net leverage represents financing proceeds raised net of cash flows generated and used to service the debt.

(2) Represents total collections received to date versus underwriting projections for the same period.

(3) Represents collections received on fully resolved claims only versus underwriting. It does not reflect profitability as recorded under IFRS.

(4) Includes €6.4 million generated and currently held at the level of the investment.

(5) Projected cash flows are based on a variety of estimates and assumptions, actual results may vary materially. Please see the Disclaimers at the front of the presentation for additional information concerning the above projections.





3 Italian Real Estate Funds – Investment Overview

Interests in three Italian Real Estate Funds

- To date invested €67 million across five funds with two funds already fully monetized
- In total received ~€87 million of proceeds, returning basis and ~€20 million of additional cash
 - Pace – cash from distributions at 101% of underwriting⁽¹⁾
 - Profitability – sales proceeds at 120% of underwriting⁽²⁾

Investment Summary

(<i>€ m</i>)	<i>Fully Realized</i>					Total
	Fund Investment I	Fund Investment II	Fund Investment III	Fund Investment IV	Fund Investment V	
Investment Date	Q1 2014	Q3 2014	Q3 2015	Q1 2016	Q2 2017	
Ownership% & Fund type	7% of Public Fund	49% of Private Fund	n/a	n/a	50% of Private Fund	
Collateral	5 mixed-use properties in northern & central Italy	2 luxury residential redevelopment projects in Rome	13 mixed-use office & light industrial assets leased to Telecom Italia across Italy	Retail portfolio in northern Italy	Luxury residential redevelopment project in Rome	
Initial Equity Invested / committed	(22.2)	(15.4)	(10.7)	(13.3)	(5.6)	(67.2)
Cash Received (up to end of Q1'19)	17.4	6.2	28.7	34.6	-	86.9
(Net Invested Capital) / Profit	(€4.8)	(€9.2)	€18.0	€21.3	(€5.6)	€19.7
ECT's Q1 Carrying Value (NAV)	€8.9	€11.0	-	€0.1	€7.5	€27.5
Fund Level Leverage	-	-	 		48%	
Legal Maturity	Q4 2020	Q4 2020			Q4 2023	

(1) Represents total cash generated to date versus underwriting projections for the same period.

(2) Represents total sales proceeds received versus total proceeds expected at underwriting only on those assets sold. It does not reflect profitability as recorded under IFRS.



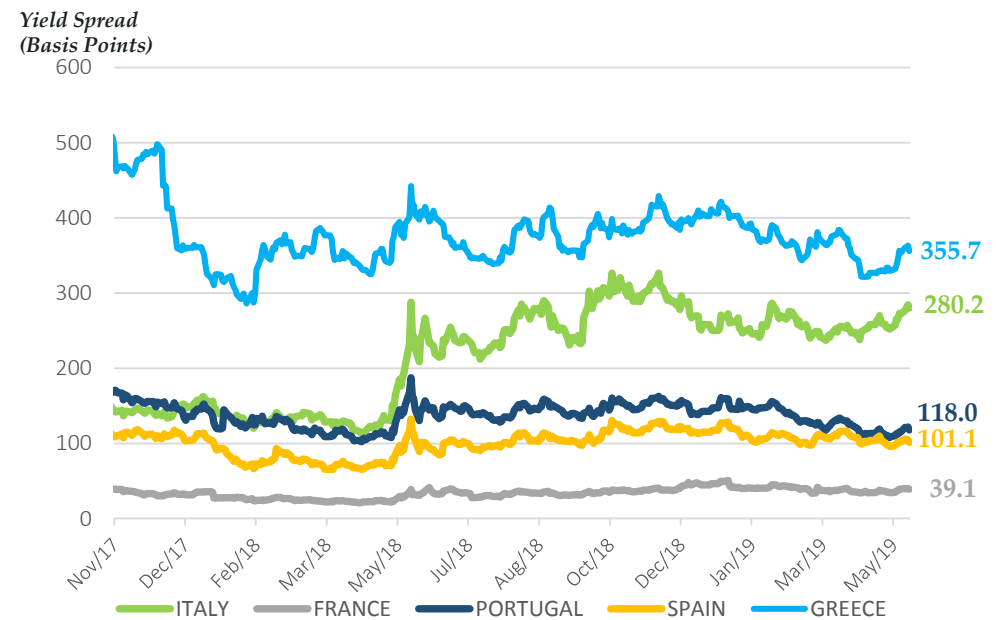
Italy / Fundamentals & Spread Analysis

- Recent widening of Italian Government bond spreads due to political uncertainty and other global factors contrasts with an economy with a solid industrial base and good fundamentals
 - Italy is 3rd largest EU economy with 2nd largest manufacturing output
 - Currently trading ~180 bps wider than Spain and ~75 bps inside Greece
- Italian Real GDP growth for 2019 expected at 0.1%

European Macroeconomic Landscape⁽¹⁾

	Nominal GDP 2018 (up to Q3)	Gvt Gross Debt to GDP	Current Account Balance (% GDP)	Manufacturing Output	Unempl. Rate	Real GDP - 2019E Growth	10yr Gov. Bond Yield
Germany	€3.4 tn	60.9%	7.0%	171.7 bn	3.2%	0.8%	(0.11%)
France	€2.3 tn	98.4%	(0.4%)	58.4 bn	8.8%	1.3%	0.29%
Italy	€1.8 tn	132.2%	2.2%	70.2 bn	10.2%	0.1%	2.70%
Spain	€1.2 tn	97.1%	0.9%	38.1 bn	14.0%	2.1%	0.91%
Greece	€0.2 tn	181.1%	(2.9%)	4.2 bn	18.5%	2.4%	3.45%
Portugal	€0.2 tn	121.5%	(0.9%)	5.7 bn	6.4%	1.7%	1.07%

Spreads vs German 10-Y Yield⁽²⁾



(1) Source: Eurostat - Nominal GDP (as at Y/E 2018); Unemployment rate (seasonally adjusted) as of March, 2019: Eurostat (https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics); Gvt Debt-to-GDP as of end 2018 source: IMF; 2019 Real GDP growth estimates source: IMF (https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD) - Current Account Balance as at 4Q18, source: OECD (<https://data.oecd.org/trade/current-account-balance.htm>), Manuf. Output Source: www.tradingeconomics.com

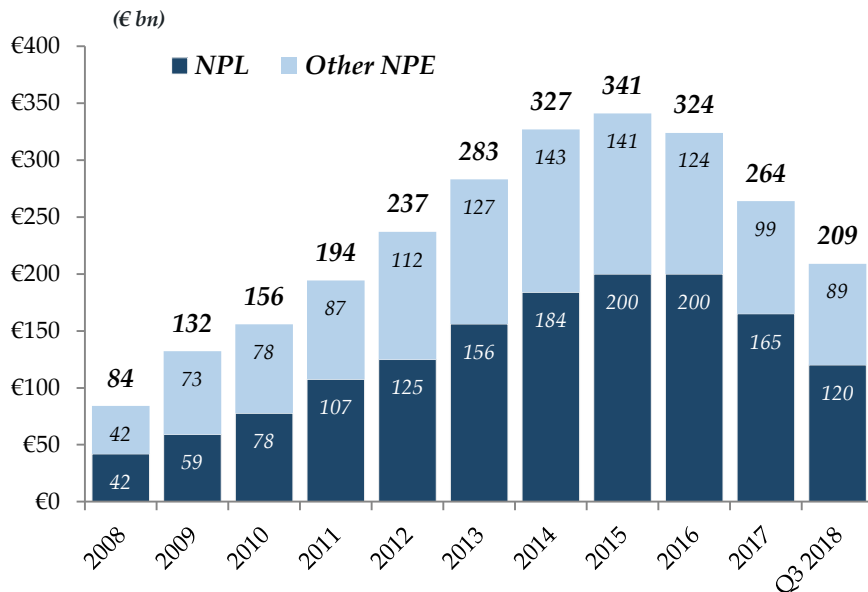
(2) Source: Bloomberg as of 16 May 2019.



Italian NPL Market Update

- Italy has made significant progress in resolving bad loans, however it remains the largest NPL market in Europe with €209 billion⁽¹⁾ of troubled loans held by Italian banks in Q3 2018
- In 2018 we saw a new asset class of unlikely to pay loans (“UtP”) become more defined and active
 - €89 billion of UTPs on banks’ balance sheets, ~80% concentrated among top 10 banks
- We expect to continue to see Italy go through active deleveraging in 2019 mainly driven by regulatory pressure
- While large stronger banks were able to dispose of NPLs through bilateral sales and use of government guarantee & Atlante Fund, smaller banks still hold the loans and look for alternative solutions
- GACs programme recently renewed by Government

Italian Non-Performing Loans and Other NPEs^(1,3)



2019 Outlook

- Continued pressure from regulators and the market
 - NPE portfolio disposals reached ~€78 billion in 2018, 43% higher vs. 2017
 - Expect higher volumes in 2019
- Multi-origination disposals allowing smaller banks to sell their NPE portfolios
- Increasing secondary market activity
- Further consolidation of the servicing sector
- GACS State guarantee extended
- UtP market – the next challenge and opportunity for Italian banks

(1) Source: EY: The Italian NPEs Market – From Darkness to Daylight. 2019.

(2) Non Performing Exposures.

(3) Other NPEs, include unlikely to pay (UtP) and past due loans over 90 days. Q3 2018 figure of €89 bn comprises €83bn of UtP’s and €6bn past due loans.



Near Term Pipeline

- Currently evaluating pipeline of €2.0 billion GBV, of which⁽¹⁾:
 - Reached binding offer stage on two portfolios of aggregate GBV of €1.2 billion
 - Currently reviewing a further €0.8 billion GBV of NPLs and UtP

Current Pipeline⁽¹⁾

<i>Shortlisted / Binding Offer Stage</i>	<u>1 NPL</u> € 524 m GBV	<u>1 UtP</u> € 639 m GBV
	<i>Under Review</i>	<u>2 NPLs</u> € 758 m GBV
<i>Total</i>	€ 2.0 bn GBV	

(1) As of May 13th, 2019.



APPENDIX

Financial Statements



Summarised Q1 2019 Balance Sheet

Summarised Balance Sheet	Q1 2019			Q1 2018		
	Italian Investments	Corporate	Total	Italian Investments	Corporate	Total
(€ 000's)						
Cash & cash equivalents	-	39,193	39,193	-	174,443	174,443
doBank	239,639	-	239,639	229,814	-	229,814
Italian NPLs & Other Loans	135,108 ⁽¹⁾	-	135,108 ⁽¹⁾	91,609	-	91,609
Real Estate Funds	27,477	-	27,477	30,523	-	30,523
Other assets and investments	-	373	373	-	322	322
Total assets	402,224	39,566	441,790	351,946	174,765	526,711
Trade and other payables	-	2,086	2,086	-	18,717	18,717
Manager base and incentive fees	-	2,402	2,402	-	2,884	2,884
Total liabilities	-	4,488	4,488	-	21,601	21,601
NAV	402,224	35,078	437,302	351,946	153,164	505,110
Committed investments	18,111 ⁽²⁾	(18,111) ⁽²⁾	-	73,196	(73,196)	-
NAV (segments adjusted for outstanding commitments)	420,335	16,967	437,302	425,142	79,968	505,110
<i>€ Per Share</i> ⁽³⁾	9.33	0.38	9.71	8.06	1.52	9.58

(1) Amount is net of Eurocastle's share of net portfolio level financing of €46 million.

(2) Adjusts to reflect the remaining unfunded investments of €18.1 million of deferred purchase price on FINO expected to be payable in August 2020.

(3) Amounts per share in Q1 2019 are calculated on 45.1 million voting shares in issue as at 31 March 2019; 52.7 million voting shares as at 31 March 2018.



Summarised Income Statement

Summarised Income Statement	Q1 2019	Q1 2018
(€ 000's)		
Valuation movements on doBank	54,121	(42,028)
Valuation movements on Italian NPLs & Other Loans	11	8,185
Valuation movements on Real Estate Funds	844	720
Other income (Incl. fair value movements on residual Legacy entities)	(2)	(28)
Total income / (loss)	54,974	(33,151)
Interest expense	61	76
Manager base & incentive fees	2,402	2,884
Other operating expenses	799	1,066
Total expenses	3,262	4,026
Net Profit / (loss) for the period	51,712	(37,177)
<i>€ Per Share⁽¹⁾</i>	<i>1.15</i>	<i>(0.71)</i>

(1) Amounts per share in Q1 2019 are calculated on 45.1 million weighted average voting shares in issue as at 31 March 2019; 52.7 million weighted average voting shares as at 31 March 2018.



Normalised FFO⁽¹⁾

Normalised FFO	Q1 2019	Average Invested Capital ⁽²⁾	Annualised Yield	Q1 2018	Average Invested Capital ⁽²⁾	Annualised Yield
(€ 000's)						
doBank	4,356	81,151	21.5%	3,628	81,151	18%
Italian NPLs & Other Loans	5,710	99,675	22.9%	7,412	104,653	28%
Real Estate Funds	(258)	31,194	(3.3%)	354	32,443	4%
Italian Investments	9,808	212,019	18.5%	11,394	218,247	21%
Legacy portfolios	-			(30)		
Manager base & incentive fees	(2,402)			(2,884)		
Other operating expenses	(862)			(1,202)		
Normalised FFO	6,544			7,278		
<i>€ Per Share⁽³⁾</i>	<i>0.15</i>			<i>0.14</i>		

- (1) Normalised FFO ("NFFO") is a non-IFRS financial measure that, with respect to all of the Company's Italian Investments other than the 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. With respect to the doBank, 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.
- (2) Time weighted average of investments made (net of any capital returned) over the relevant period.
- (3) Amounts per share for Q1 2019 are calculated on 45.1 million weighted average voting shares in issue; 52.7 million weighted average voting shares as at 31 March 2018.



Italian Investments: Net Invested Capital and Normalised FFO⁽¹⁾ Yield

(€ m)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Q1 2019	Total Invested	Total Committed ⁽²⁾	Grand Total
Opening Net Invested Capital	-	9.5	58.4	309.5	319.3	241.6	200.4	-	-	-
Italian Investments made	16.7	54.1	266.4	16.8	71.1	28.7	46.8	500.7	18.1	518.8
Invested Capital paid back	(7.2)	(5.2)	(15.3)	(7.0)	(148.8)	(69.9)	(10.2)	(263.6)	-	(263.6)
Closing Net Invested Capital	9.5	58.4	309.5	319.3	241.6	200.4	237.1	237.1	18.1	255.2
Average Net Invested Capital⁽³⁾	7.5	35.9	97.8	313.4	275.6	205.6	212.0	169.5		
Normalised FFO⁽¹⁾	2.1	8.8	21.4	55.4	149.3	41.8	9.8	288.6		
Average Yield	28%	24%	22%	18%	54%	20%	19%	29%		

(1) Please refer to slide 17 for definition.

(2) Reflects the €18.1 million of deferred purchase price on FINO expected to be payable in August 2020.

(3) Time weighted average of investments made (net of any capital returned) over the relevant period.