



EUROCASTLE INVESTMENT LIMITED

**Q4 2018 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.



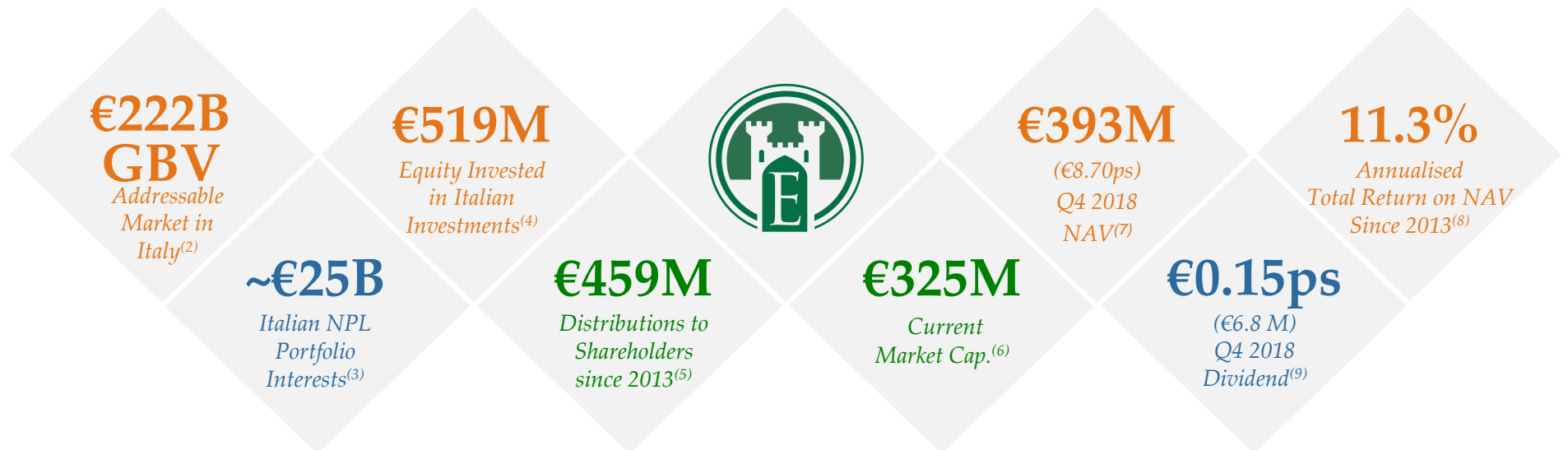
# Eurocastle Overview

*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 three largest NPL transactions in Italy since the financial crisis
3. Italian RE Funds

▪ **Dividend paying company with 100%+ payout ratio<sup>(1)</sup>**



(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 2018. Source: PWC: The Italian NPL Market – Entering a New Era (December 2018).

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

(4) From May 2013. Includes (i) €64.7 million of deferred purchase price on FINO, of which €46.6 million was paid in February 2019 with the remainder due within the next 18 months, (ii) a remaining unfunded estimated investment of €0.4 million in RE Fund Investment V. Equity invested is net of €17 million of financing, raised shortly after closing on its most recent investment of €30 million in November 2018.

(5) Represents total distributions to shareholders since the May 2013 Offering when the Company announced its new strategy including (i) €243.5 million, or €4.655 per share, of distributions and (ii) €215.6 million of capital returned through share repurchases.

(6) Market Capitalisation as of 6 March 2019 based on a closing share price of €7.20 per share on 45.1 million voting shares outstanding as at 6 March 2019.

(7) NAV for Q4 2018 is before deducting the Q4 2018 dividend of €0.15 per share declared and to be paid in March 2019. Q4 NAV per share throughout this presentation is based on 45.2 million voting shares outstanding (i.e. excluding shares held in treasury) as at 31 December 2018.

(8) Represents annualised total return on NAV: an increase of (i) Q4 2018 NAV of €8.70 per share and total distributions paid of €4.505 per share from 2013 to Q4 2018 over (ii) May 2013 cap raise price of €7.25 per share.

(9) Q4 2018 dividend declared and to be paid in March 2019. Actual nominal amount of dividend will be determined based on the total voting shares outstanding on 14 March 2019 (Q4 2018 dividend record date) which will be dependent on the amount of shares that will be bought back under the open market buy-back programme until then.



## Q4 2018 Highlights

### *Transformational year for doBank*

- Committed to acquire Altamira, leading Spanish debt recovery and RE platform with €55 bn AUM
  - Once closed will be largest NPL and REO servicer in southern Europe<sup>(1)</sup>
- Won €15 bn GBV mandates including landmark €1.8 bn contract in Greece; €13 bn on-boarded so far
- 2018 EBITDA<sup>(2)</sup> of €84 million, up 20% vs last year mainly driven by progressive on-boarding of new mandates

### *Investment Activity & Strong Portfolio Performance*

- Invested €29 million (net €12 million after financing) in a portfolio secured by real estate claims to SME borrowers with a GBV of €675 million
- NPL Performance remains strong with unlevered pace of 117% and profitability of 169%<sup>(3)</sup> versus underwriting

### *Corporate Activities*

- In December, repurchased 2.3 million shares returning capital of €15 million at a 25% discount to the Q4 2018 NAV and an 8% premium to the share price at the time
- In addition, repurchased €0.9 million worth of shares at a 28% discount to Q4'18 NAV through open market buyback programme

(1) Expected to close in Q2 '19, subject to regulatory approval.

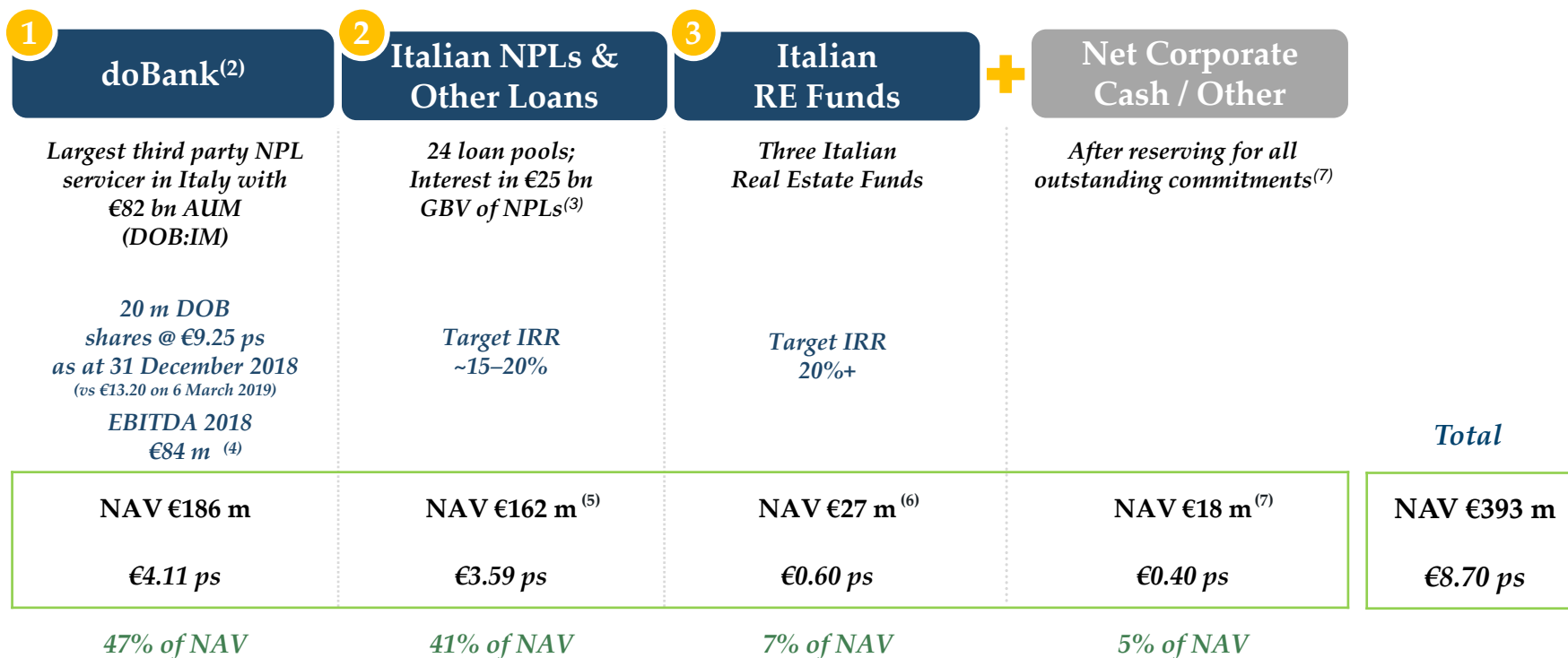
(2) Excluding Non Recurring Items (start-up costs for Greek and UtP businesses and part of the costs of the acquisition of Altamira Asset Management); 2018 EBITDA reported at €81.3 million.

(3) 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.



# Eurocastle NAV by Segment<sup>(1)</sup>

- Eurocastle's business is made up of three key segments
- Q4 NAV of €393 million, or €8.70 per share



(1) As of 31 December 2018.

(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 (start-up costs for Greek and UtP businesses and part of the costs of the acquisition of Altamira Asset Management); 2018 EBITDA reported at €81.3 million.

(5) NAV includes €64.7 million of an unfunded committed investment relating to the deferred purchase price on FINO, of which €46.6 million was paid in February 2019 with the remainder due within the next 18 months.

(6) NAV Includes a remaining unfunded estimated investment of €0.4 million in Real Estate Fund Investment V reallocated from net corporate cash.

(7) Net Corporate Cash deducts amounts listed in footnotes 5 and 6.



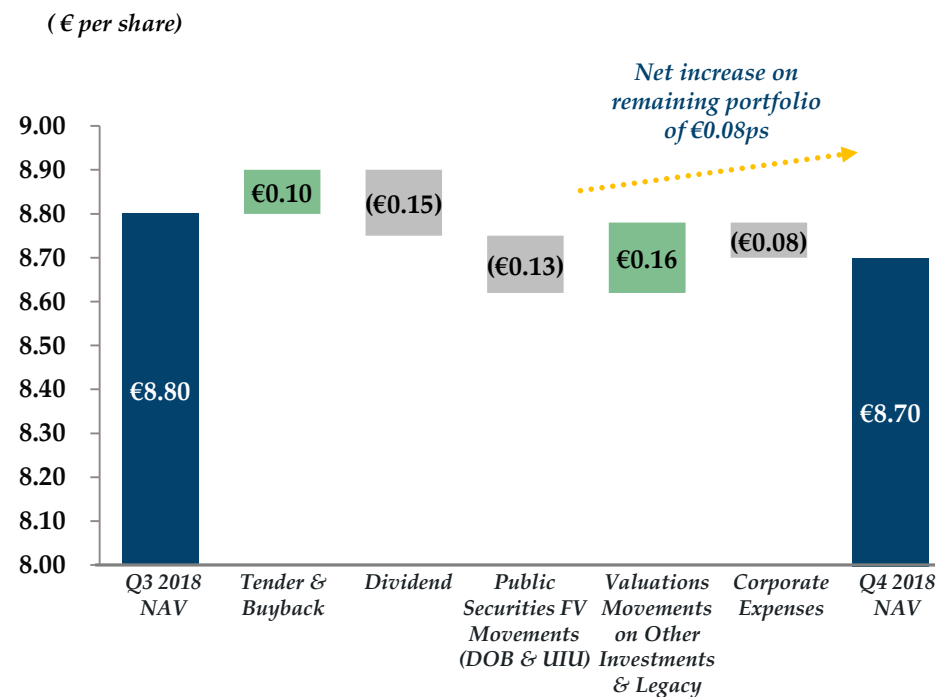
# Quarterly Financial Performance

- **NAV<sup>(1)</sup>** €393.0 million, or €8.70 per share
- **Normalised FFO** €10.2 million, or €0.22 per share, including €2.7 million, or €0.06 per share, one-off positive impact
- **Total Return** 12.5% total annual return on NAV over the last two years

## ECT Financial Performance

	Q3 2018 Actual		Q4 2018 Actual	
	(€m)	(€ ps)	(€m)	(€ ps)
NAV <sup>(2)</sup>	€418.7	€8.80	€393.0	€8.70
Normalised FFO	€7.2	€0.15	€10.2	€0.22
Dividends	€7.1	€0.15	€6.8 <sup>(3)</sup>	€0.15

## ECT NAV Bridge



(1) NAV is before deducting the Q4'18 dividend declared in March 2019.

(2) Nominal decline of NAV in the quarter partly reflects €16 million of capital distributions, through the Q4 2018 share tenders and buy-back programme.

(3) Calculated on 45.1 million voting shares outstanding. Actual nominal amount of dividend will be determined based on the total voting shares outstanding on 14 March 2019 (Q4 2018 dividend record date) which will be dependent on the amount of shares that will be bought back under the open market buy-back programme until then.



# Performance of ECT's Investments

- 1.7x multiple to date<sup>(1)</sup>, expect to generate 15 – 20% IRR over the life of investments<sup>(2)</sup>
- Strong realisations to date totaling 99% of invested and committed amount

## Performance by Investment Type – as of 31 December 2018

	(€ m)	Equity Allocated	LTD Cash Flow to ECT <sup>(3)</sup>	Net Basis	Q4 2018 NAV	Investment Multiple to date
1	doBank	158.4	199.2	(40.8)	185.5	
2	Italian NPLs	289.2	212.9	76.3	162.1 <sup>(4)</sup>	
3	Real Estate Funds	67.4	86.5	(19.1)	27.3 <sup>(5)</sup>	
	Other (Fully Realised)	4.0	14.7	(10.7)	-	
	<b>Total Italian Investments</b>	<b>€519.0</b>	<b>€513.3</b>	<b>€5.7</b>	<b>€374.9</b> <b>€8.30ps</b>	<b>1.7x<sup>(1)</sup></b>
				Net Corporate Cash	18.1 <sup>(6)</sup>	
				<b>ECT Q4 NAV</b>	<b>€393.0</b> <b>€8.70ps</b>	

(1) Represents gross investment multiple achieved by the Company on the Italian investments before corporate costs based on cash flows received of €513.3 million and current NAV of €374.9 million over equity of €519.0 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 €9.2 million that has been generated and is currently held at the investment level (and therefore included in their respective NAVs) comprising (i) €0.5 million from doBank retained in the investment structure as working capital and (ii) €8.7 million from NPLs.

(4) NAV of NPLs includes i) the unfunded committed investment of €64.7 million of deferred purchase price on FINO, of which €46.6 million was paid in February 2019 with the remainder within the next 18 months.

(5) NAV of Real Estate Funds includes a remaining unfunded estimated investment of €0.4 million in Real Estate Fund Investment V.

(6) NAV of Net Corporate Cash deducts amounts listed in footnotes 4 and 5.



# 1 doBank Overview – Transformational 2018

26% interest in largest third party NPL servicer in Italy with €82 bn AUM (DOB:IM)

- Announced re-organisation of the group to support its growth and allow for use of leverage – “de-banking” expected in Q2-19
- Expanded internationally through organic growth and M&A:
  - ✓ Won first contract outside of Italy with €1.8 billion GBV landmark mandate in Greece with expected on-boarding in Q1-19
  - ✓ Acquisition of Altamira – will establish doBank as a leader in the NPL and REO servicing markets in Southern Europe <sup>(1)</sup>
- Consolidated leadership in home market with further €13 billion GBV of mandates won
- All of the above underpinned by solid fundamental performance:

## doBank Financials

<i>(in € m unless otherwise stated)</i>	FY 2017	FY 2018	YoY Change
NPLs Under Management	€76.7 bn	€82.2	+7%
Gross Collections	€1.84 bn	€1.96 bn	+7%
Gross Revenues	213.5	233.5	+9%
<b>EBITDA <sup>(2)</sup></b>	<b>€70.1</b>	<b>€84.0</b>	<b>20%</b>
EBITDA Margin	33%	36%	+3%
<b>Net Income <sup>(2)</sup></b>	<b>€45.0</b>	<b>€52.6</b>	<b>+17%</b>
<b>Dividends</b>	<b>€31.5</b>	<b>€36.8</b>	<b>+17%</b>

## Key FY 2018 Highlights<sup>(2)</sup>

**EBITDA** €84 million, *up 20%* vs. last year

**Net Income** €52.6 million, *up 17%* vs. last year

*Driven by on-boarding of new mandates and operational leverage helping **improve EBITDA margin from 33% to 36%***

**Dividend** Indicated **€37 million dividend** to be paid in April → *~€9 million ECT Share*

(1) Expected to close in Q2 '19 subject to regulatory approval.

(2) Excluding Non Recurring Items (start-up costs for Greek and UtP businesses and part of the costs of the acquisition of Altamira Asset Management); 2018 EBITDA reported at €81.3 million, 2018 Net Income reported at €50.9 million.





# 1 doBank – Altamira Asset Management Acquisition

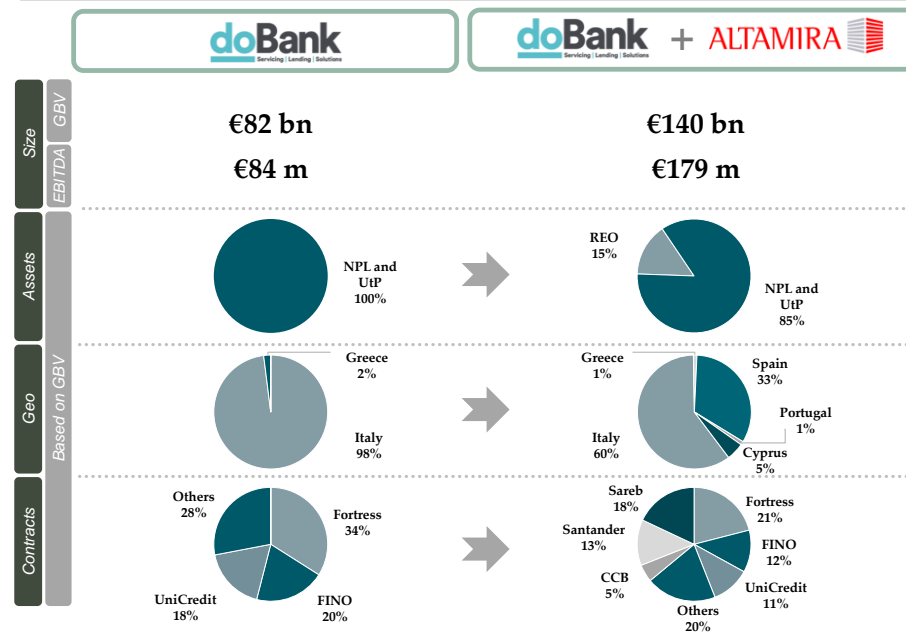
*Acquisition creates the leader in NPL and REO servicing in Southern Europe*

- Acquisition of up to 100% of leading debt recovery and real estate platform in Europe, for €412 million<sup>(1)</sup>
- Transaction to be financed via new senior debt of up to €450 million<sup>(2)</sup> – targeting a pro forma net leverage below 3x
- Immediately accretive to doBank’s earnings and dividend per share; >20% expected increase in EPS in 2020 before synergies
- Highly complementary businesses:
  - Pure servicing platform with exposure to €650 bn non-performing assets in the region
  - Creates opportunities for cross-selling and sharing of know-how in NPL and REO<sup>(3)</sup> spaces

## Altamira Key Metrics

<i>(in € m unless otherwise stated)</i>	<b>Prelim 2018</b>	<b>Comments</b>
NPLs and REOs Under Management	€55 bn	84% Spain, 14% Cyprus & 2% Portugal. Upside from international development
NPL Collections <sup>(5)</sup>	€1.3 bn	Higher weight of base fees vs doBank Upside from performance improvement
Gross Revenues	255	70% concentration in Santander/Sareb contract. Upside from revenue synergies
Expenses	(160)	Upside from cost synergies
<b>EBITDA</b>	<b>€95</b>	<b>37% EBITDA Margin</b>
Cash EBITDA/ conversion	~€90	Strong operating cash flow generation ~95% cash conversion

## Diversifying doBank<sup>(4)</sup>



- (1) The acquisition of 100% of Altamira has been valued at €412 million in enterprise value, plus an earn out of up to €48 million linked to the developments of the business in the international markets. Final shareholding is dependent on Banco Santander S.A., holder of the remaining 15% interest, decision whether to exercise its tag along right provided for in existing agreements prior to closing (expected May 2019).
- (2) 5 year bank credit line up to €450 million underwritten by a syndicate of banks. Will bear interest of 6-month Euribor plus an initial spread of 250 basis points, linked to changes in consolidated leverage.
- (3) Real estate owned assets. Real estate collateral of a loan owned by the bank as repayment.
- (4) Assuming 100% acquisition and based on 2018 GBV and EBITDA (excluding non-recurring items).
- (5) Reflects NPL collections only.

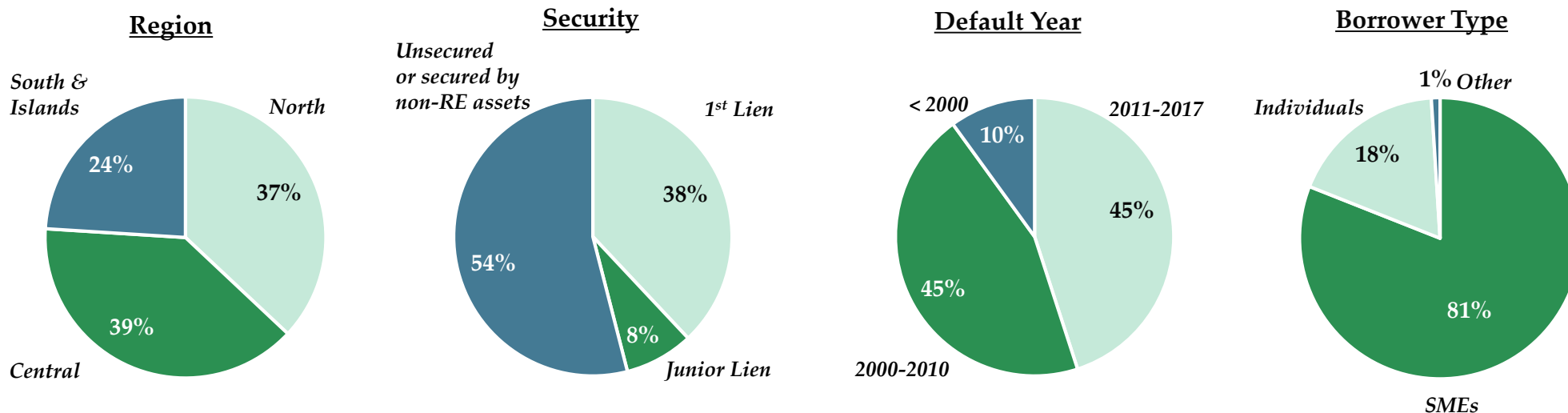


## 2 Italian NPLs & Other Loans – What We Own

Interests in ~€25 bn<sup>(1)</sup> GBV portfolio across 24 pools of Italian loans, including Romeo and FINO

- Life to date invested or committed €289 million with €213 million returned to date and remaining NAV of €162 million
- In 2018 deployed ~€46 million across three new investments:
  - €8.4 million investment in the mezzanine & junior notes of the FINO securitisations<sup>(2)</sup>
  - €7.7 million in an ~€81 million GBV NPL pool of distressed loans to a single borrower<sup>(2)</sup>
  - €29.5 million (€12.2 million net after financing) in a ~€675 million GBV NPL pool invested in Q4 2018<sup>(2)</sup>
- Well balanced portfolio with majority of claims concentrated in North and Central Italy and in loans to SMEs<sup>(3)</sup>

### Aggregate Portfolio Breakdown<sup>(4)</sup>



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

(2) Eurocastle acquired an interest alongside other Fortress affiliates.

(3) Small to Medium-sized Enterprises

(4) Based on GBV at acquisition weighted by the NAV and ownership of each portfolio as at 31 December 2018.



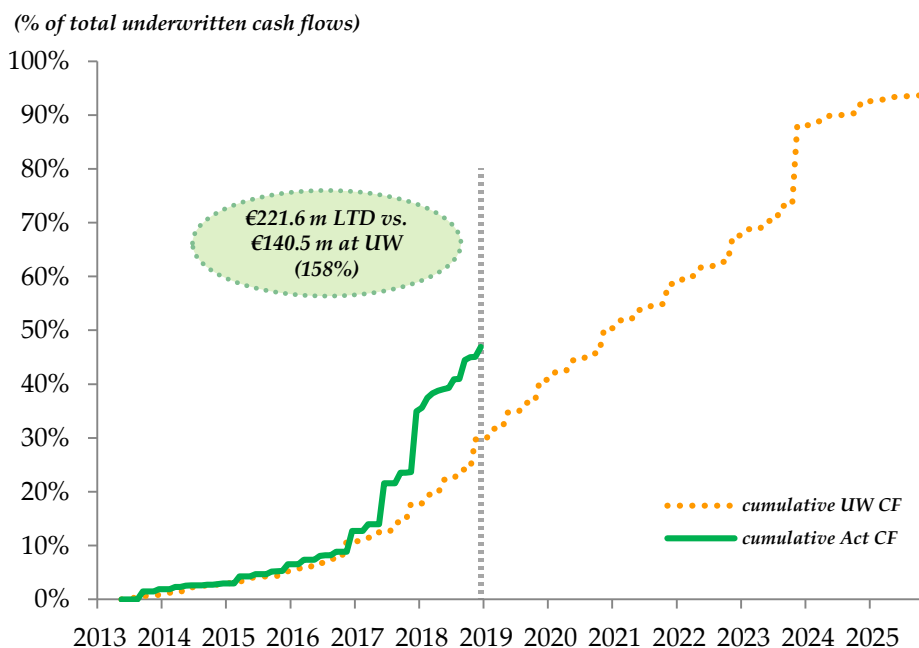
## 2 Italian NPLs & Other Loans Performance Update

- To date generated €221.6 million, or €81.1 million above underwriting, including ~€57 million of net leverage<sup>(1)</sup>
- On an unlevered basis, loans continue to outperform original underwriting based on two criteria:
  - **Pace** – actual pace of cash collections at 117% of underwriting<sup>(2)</sup>
  - **Profitability** – fully realised loans resolved at 169% of underwriting<sup>(3)</sup>

### Aggregate Investment Performance

(€ m)	To Date
<b>Cash flows Generated</b>	€ 221.6 <sup>(4)</sup>
<b>Original Underwriting</b>	€ 140.5
<b>Variance</b>	€ 81.1
<b>Levered Pace vs. Underwriting</b>	158%
<b>Unlevered Pace vs. Underwriting<sup>(3)</sup></b>	117%
<b>Unlevered Profitability vs. Underwriting<sup>(4)</sup></b>	169%

### Levered Investment Cash Flows<sup>(5)</sup>



(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 €8.7 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 ~€86 million of proceeds, returning basis and ~€19 million of additional cash
  - Pace – cash from distributions at 102% of underwriting<sup>(1)</sup>
  - Profitability – sales proceeds at 120% of underwriting<sup>(2)</sup>

#### Investment Summary

( <i>€ m</i> )	Fund Investment I	Fund Investment II	Fully Realized		Fund Investment V	Total
			Fund Investment III	Fund Investment IV		
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)	(5.8)	(67.4)
Cash Received (up to end of Q4'18)	17.0	6.2	28.7	34.6	-	86.5
(Net Invested Capital) / Profit	(€5.2)	(€9.2)	€18.0	€21.3	(€5.8)	€19.1
ECT's Q4 Carrying Value (NAV)	€7.7	€11.9	-	€0.1	€7.6	€27.3
Fund Level Leverage <sup>(3)</sup>	-	11%			46%	
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.

(3) Fund leverage as of Q4 2018.



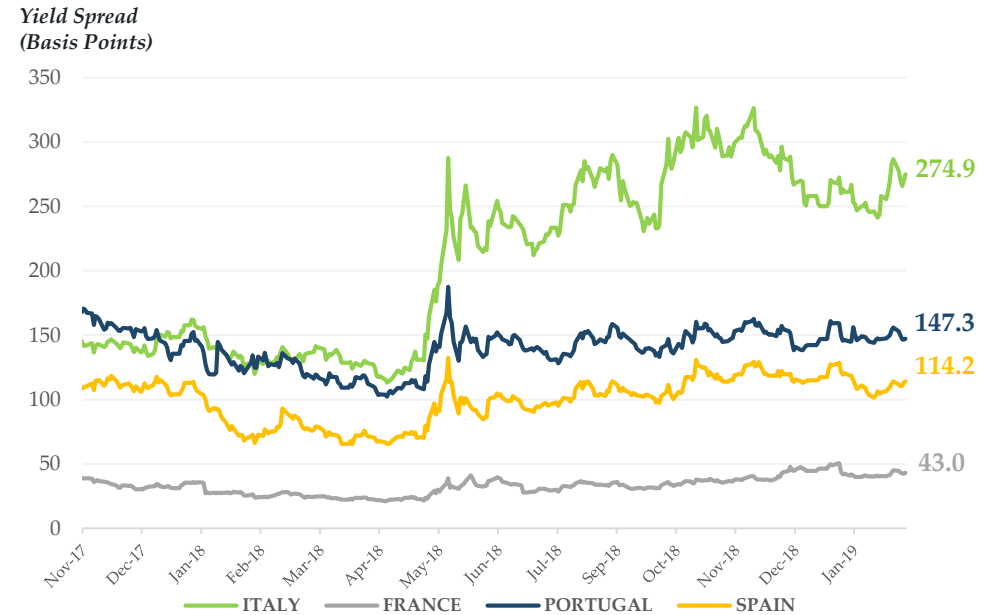
# Italy / Fundamentals & Spread Analysis

- Recent widening of Italian Government bond spreads due to political uncertainty contrasts with strong fundamentals compared to other western EU countries
  - Italy is 3rd largest EU economy with 2nd largest manufacturing output
  - Currently trading ~160 bps wider than Spain and ~100 bps inside Greece
- Italian Real GDP growth for 2018 expected at 1.0%

## European Macroeconomic Landscape<sup>(1)</sup>

	Nominal GDP 2018 (up to Q3)	Gov' Debt to GDP	Current Account Balance (% GDP)	Manufacturing (% GDP)	Unempl. Rate	Real GDP - 2018E Growth	10yr Gov. Bond Yield
<b>Germany</b>	€2.54 tn	59.8%	9.5%	20.7%	3.3%	1.6%	0.10%
<b>France</b>	€1.7 tn	96.7%	-0.6%	9.7%	9.1%	1.6%	0.53%
<b>Italy</b>	€1.3 tn	130.3%	2.6%	14.3%	10.3%	1.0%	2.85%
<b>Spain</b>	€0.9 tn	97.2%	-2.4%	12.8%	14.3%	2.5%	1.24%
<b>Greece</b>	€0.1 tn	188.1%	-1.2%	11.7%	18.6%	2.1%	3.85%
<b>Portugal</b>	€0.1 tn	120.8%	0.0%	9.1%	6.7%	2.1%	1.58%

## Spreads vs German 10-Y Yield<sup>(2)</sup>



(1) Source: Eurostat - Nominal GDP (as at Q3 2018), Unemployment rate (seasonally adjusted) as of Dec. 2018: Eurostat; Gvt Debt-to-GDP estimates as of end 2018 source: IMF; 2018 Real GDP growth estimates source: OECD (<https://data.oecd.org/gdp/real-gdp-forecast.htm>) - Real GDP 2018E Growth; Current Account Balance, Manuf. % GDP Source: Bloomberg.

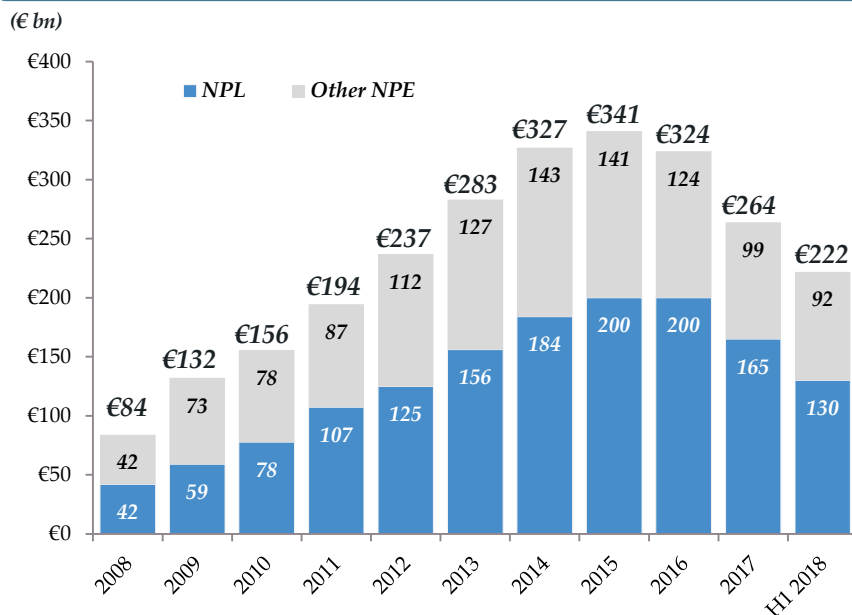
(2) Source: Bloomberg as of 15 February 2019.



# Italian NPL Market Update

- Despite recent decline in stock of NPLs, Italy remains the largest NPL market in Europe with €222 billion<sup>(1)</sup> of troubled loans held by Italian banks in H1 2018
- In 2018, Italian banks continued reducing their NPL stock and increasing provisions to meet the ECB requirements<sup>(1)</sup>
  - 66% coverage for NPLs, 35% for UtPs (vs. 62% and 31% as of December 2017) for the top 10 banks
  - New ECB guidance requires 100% impairment of new NPE flows in 2/7 years for unsecured/secured exposures
- 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

## Italian Non-Performing Loans and Other NPEs<sup>(1,2)</sup>



## 2019 Outlook

- Continued pressure from regulators and the market
  - Ongoing disposal of NPE portfolios, reaching up to €50 billion
- Multi-origination disposals allowing smaller banks to sell their NPE portfolios
- Increasing secondary market activity
- Further consolidation of the servicing sector
- GACS State guarantee expiration in March 2019 - possibility of extension...
- UtP market – the next challenge and opportunity for Italian banks

(1) Source: PWC's "The Italian NPL Market – Entering a New Era" report dated December 2018.

(2) Other NPEs, include unlikely to pay (UtP) and past due loans over 90 days. 1H 2018 figure of €92 bn comprises €86bn of UtP's and €6bn past due loans.



# Unlikely to Pay Loans – Growing Market

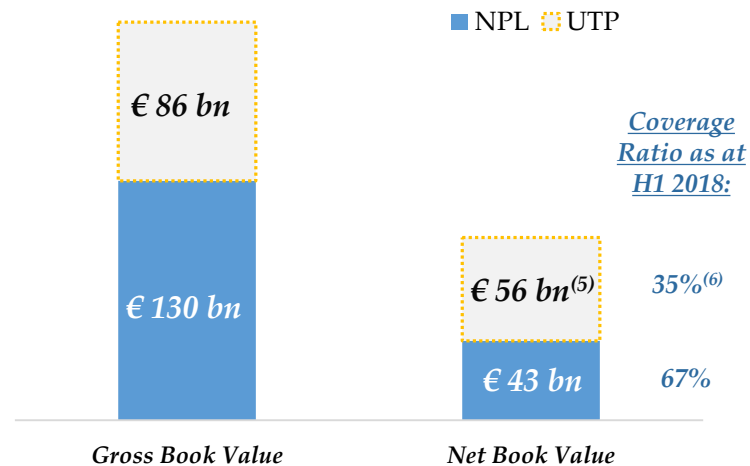
- Since the ECB issued specific guidance on UtP exposures, formerly known as sub-performing loans, they became the next big issue for European banks' asset quality
- UtP market is becoming more defined and we see a big opportunity in Italy
  - €86 billion of UtPs on Italian banks' balance sheets<sup>(1)</sup>
  - Early stage with limited volumes and number of transactions
  - Single names and small portfolio transactions

## What is a UtP?

*Defined as borrowers in temporary financial difficulty that banks believe can become re-performing<sup>(2)</sup>*

- ❖ ~80% of UtPs are concentrated within top 10 banks
- ❖ ~50% do not successfully emerge from UtP status after 1 year <sup>(3)</sup>
- ❖ ~60% of restructuring agreements are still in place after 4 years and didn't result in positive or conclusive outcomes<sup>(4)</sup>

## Italian Banks' UtP Gross Size & Coverage – H1 2018



(1) Source: PWC report "The Italian NPL market – Entering a New Era" – Dec 2018.

(2) Source: PWC: The Italian Unlikely to Pay Market – Is now the momentum? As of May 2018.

(3) Data as at End of 2017. Source: PWC report "The Italian NPL market – Entering a New Era" – Dec 2018.

(4) Source: PWC report: "The Italian Unlikely to Pay Market – Is now the momentum" – May 2018.

(5) Estimated value based on the average coverage ratio for the Italian top 10 banks of 35%.

(6) Average UtP coverage ratio for the Italian top 10 Banks, which represent 78% of the total UtP gross amount. Source: PWC report "The Italian NPL market – Entering a New Era" – Dec 2018.



# Near Term Pipeline

- Currently evaluating pipeline of €1.1 billion GBV, of which<sup>(1)</sup>:
  - Reached binding offer stage on two portfolios of aggregate GBV of €288 million
  - Currently reviewing a further €822 million GBV of UtPs

## Current Pipeline<sup>(1)</sup>

<i>Shortlisted / Binding Offer Stage</i>	<u>1 NPL</u>	<u>1 UtP</u>
	€ 165 m GBV	€ 123 m GBV
<i>Under Review</i>	<u>NPL</u>	<u>5 UtPs</u>
	-	€ 822 m GBV
<i>Total</i>	€ 1.1 bn GBV	

(1) As of March 6<sup>th</sup>, 2018.





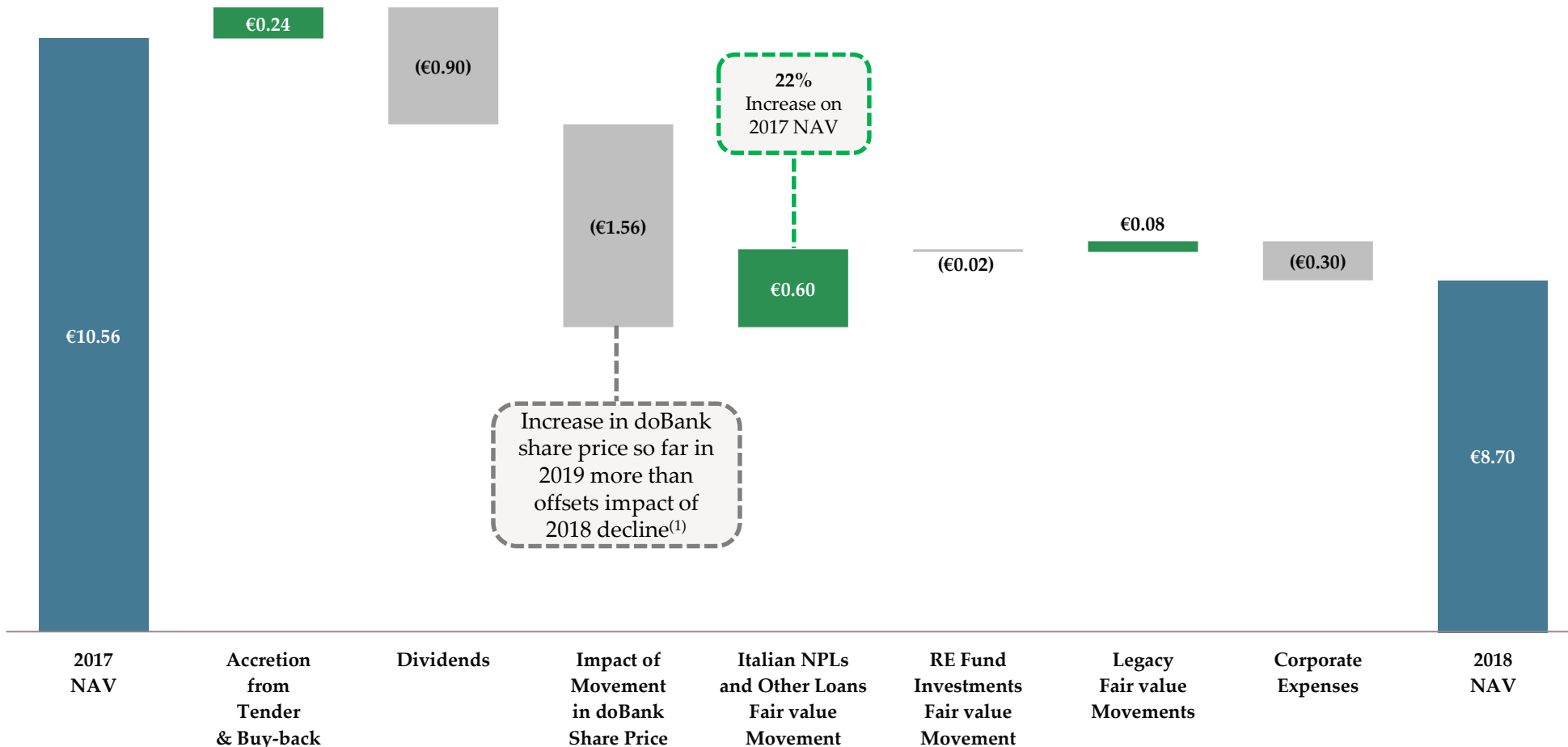
## APPENDIX

# Financial Statements



## ECT NAV - Annual Bridge

(€ per share)



(1) Based on doBank's closing share price of €13.20 per share as at 6 March 2019.



# Summarised Q4 2018 Balance Sheet

Summarised Q4 2018 Balance Sheet	Italian Investments	Corporate	Total
<b>(€ 000's)</b>			
Cash & cash equivalents	-	87,768	87,768
doBank	185,518	-	185,518
Italian NPLs & Other Loans <sup>(1)</sup>	97,422	-	97,422
Real Estate Funds	26,876	-	26,876
Other assets and investments	-	381	381
<b>Total assets</b>	<b>309,816</b>	<b>88,149</b>	<b>397,965</b>
Trade and other payables	-	2,105	2,105
Manager base and incentive fees	-	2,837	2,837
<b>Total liabilities</b>	<b>-</b>	<b>4,942</b>	<b>4,942</b>
<b>NAV</b>	<b>309,816</b>	<b>83,207</b>	<b>393,023</b>
Committed investments <sup>(2)</sup>	65,099	(65,099)	-
<b>NAV (segments adjusted for outstanding commitments)</b>	<b>374,915</b>	<b>18,108</b>	<b>393,023</b>
<i>€ Per Share</i> <sup>(3)</sup>	<b>8.30</b>	<b>0.40</b>	<b>8.70</b>

(1) Amount is net of Eurocastle's share of portfolio level financing of €48.6 million including (i) €25 million on Romeo NPL(ii) €6.3 million on the €293 million GBV NPL portfolio acquired in November 2017 and (ii) €17.3 million on the €675 million GBV portfolio acquired in November 2018.

(2) Adjusts to reflect the following unfunded investments (i) €64.7 million of deferred purchase price on FINO, of which €46.6 million was paid in February 2019 with the remainder due within the next 18 months and (ii) a remaining unfunded estimated investment of €0.4 million in Real Estate Fund Investment V.

(3) Amounts per share are calculated on 45.2 million voting shares in issue as at 31 December 2018.



# Summarised FY 2018 Income Statement

Summarised FY 2018 Income Statement	Total
(€ 000's)	
Valuation movements on doBank	(78,889)
Valuation movements on Italian NPLs & Other Loans	30,162
Valuation movements on Real Estate Funds	(864)
Other income (Incl. fair value movements on residual Legacy entities)	4,047
<b>Total loss</b>	<b>(45,544)</b>
Interest expense	461
Manager base & incentive fees	10,670
Other operating expenses	4,016
<b>Total expenses</b>	<b>15,147</b>
<b>Loss for the Year</b>	<b>(60,691)</b>
<i>€ Per Share<sup>(1)</sup></i>	<i>(1.20)</i>

(1) Amounts per share are calculated on 50.6 million weighted average voting shares in issue.



# Summarised Q4 2018 Income Statement

Summarised Q4 2018 Income Statement	Total
(€ 000's)	
Valuation movements on doBank	(5,279)
Valuation movements on Italian NPLs & Other Loans	4,418
Valuation movements on Real Estate Funds	(428)
Other income (Incl. fair value movements on residual Legacy entities)	2,654
<b>Total gain</b>	<b>1,365</b>
Interest expense	88
Manager base & incentive fees	2,678
Other operating expenses	1,191
<b>Total expenses</b>	<b>3,957</b>
<b>Loss for the quarter</b>	<b>(2,592)</b>
<i>€ Per Share<sup>(1)</sup></i>	<i>(0.05)</i>

(1) Amounts per share are calculated on 47.2 million weighted average voting shares in issue.



## FY 2018 Normalised FFO<sup>(1)</sup>

FY 2018 Normalised FFO	Total	Average Invested Capital <sup>(2)</sup>	Annualised Yield
<b>(€ 000's)</b>			
doBank	13,693	81,151	16.9%
Italian NPLs & Other Loans	28,535	92,934	30.7%
Real Estate Funds	899	31,500	2.9%
<b>Italian Investments</b>	<b>43,127</b>	<b>205,585</b>	<b>21.0%</b>
Legacy portfolios	4,045		
Manager base & incentive fees	(10,670)		
Other operating expenses	(4,475)		
<b>Normalised FFO</b>	<b>32,027</b>		
<i>€ Per Share</i> <sup>(3)</sup>	0.63		

(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 are calculated on 50.6 million weighted average voting shares in issue.



## Q4 2018 Normalised FFO<sup>(1)</sup>

Q4 2018 Normalised FFO	Total	Average Invested Capital <sup>(2)</sup>	Annualised Yield
<b>(€ 000's)</b>			
doBank	3,571	81,151	17.6%
Italian NPLs & Other Loans	7,921	91,800	34.5%
Real Estate Funds	21	31,028	0.3%
<b>Italian Investments</b>	<b>11,513</b>	<b>203,979</b>	<b>22.6%</b>
Legacy portfolios	2,653		
Manager base & incentive fees	(2,678)		
Other operating expenses	(1,275)		
<b>Normalised FFO</b>	<b>10,213</b>		
<i>€ Per Share</i> <sup>(3)</sup>	0.22		

(1) Please refer to slide 21 for definition.

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

(3) Amounts per share are calculated on 47.2 million weighted average voting shares in issue.



# Italian Investments: Net Invested Capital and Normalised FFO<sup>(1)</sup> Yield

(€ m)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Total Invested	Total Committed <sup>(2)</sup>	Grand Total
<b>Opening Net Invested Capital</b>	-	9.5	58.4	309.5	319.3	241.6	198.4	202.4	198.4	-	-	-
Italian Investments made	16.7	54.1	266.4	16.8	71.1	8.4	8.1	-	12.2	453.8	65.2	519.0
Invested Capital paid back	(7.2)	(5.2)	(15.3)	(7.0)	(148.8)	(51.6)	(4.1)	(4.0)	(10.2)	(253.4)	-	(253.4)
<b>Closing Net Invested Capital</b>	<b>9.5</b>	<b>58.4</b>	<b>309.5</b>	<b>319.3</b>	<b>241.6</b>	<b>198.4</b>	<b>202.4</b>	<b>198.4</b>	<b>200.4</b>	<b>200.4</b>	<b>65.2</b>	<b>265.6</b>
<b>Average Net Invested Capital<sup>(3)</sup></b>	7.5	35.9	97.8	313.4	275.6	218.2	199.0	201.1	204.0	167.6		
<b>Normalised FFO<sup>(1)</sup></b>	2.1	8.8	21.4	55.4	149.3	11.4	9.8	10.4	10.2	278.8		
<b>Average Yield</b>	28%	24%	22%	18%	54%	21%	20%	21%	20%	30%		

(1) Please refer to slide 21 for definition.

(2) Includes the following unfunded committed investments (i) €64.7 million of deferred purchase price on FINO, of which €46.6 million was paid in February 2019 with the remainder due within the next 18 months and (ii) a remaining unfunded estimated investment of €0.4 million in Real Estate Fund Investment V.

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