



EUROCASTLE INVESTMENT LIMITED

FOR IMMEDIATE RELEASE

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Eurocastle announces pricing of offer of new ordinary shares

Guernsey. 24 April 2015

Eurocastle Investment Limited (the "Company") today announces the pricing of its offer of new ordinary shares in the Company to certain institutional and other sophisticated investors that was announced on 17 April 2015 (the "Offer").

Following successful completion of the bookbuilding process by the sole bookrunner, Credit Suisse Securities (Europe) Limited, the offer price of the new ordinary shares to be issued in connection with the Offer (the "Offer Shares") has been set at €7.85 per Offer Share (the "Offer Price").

The total number of Offer Shares will be 39,762,992 which would represent 54.92 per cent. of the enlarged share capital of the Company and raising net proceeds of €304,042,036.

The net proceeds of the Offer will be used by the Company to pursue new investment opportunities in the Italian debt and real estate markets in line with the Company's investment focus. Until such proceeds begin to be used for such purposes, the Directors expect that the Offer will not be accretive to earnings.

Full details of the Offer will be included in the prospectus (the "Prospectus"), which is expected to be published by the Company in connection with the Offer and made available on its website www.eurocastleinv.com on 27 April 2015.

About Eurocastle

Eurocastle Investment Limited is a closed-ended investment company that owns Italian loans and real estate related assets, German commercial real estate and European real estate securities and loans. 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.

Information about the Offer

As at today's date, the issued share capital of the Company (all of which is fully paid up) consists of 32,635,502 shares and options over 1,521,407 shares.

The Offer will dilute each existing shareholding prior to the Offer by 54.92 per cent. if such shareholder does not subscribe in the Offer (so that a 1 per cent. shareholding immediately prior to the Offer would represent a 0.45 per cent. shareholding immediately after the Offer). The net asset value of the Company will increase by the amount equal to the net proceeds of the Offer.

The Offer will be conditional on admission of the Offer Shares to listing and trading on Euronext Amsterdam ("Admission") occurring and becoming effective by 8.00 a.m. (Amsterdam time) on or prior to 29 April 2015 (or such later date as the Company may determine). In the circumstances in which the conditions set out in this Part V are not fully met, the Offer will not take place and no Offer Shares will be issued.

The costs and expenses of the Offer will be borne by the Company. The costs are expected to be approximately €8.1 million.

Interests in Shares

The interests of Directors in the Shares of the Company as at the date of this document and as they are expected to be immediately following the Offer are as follows:

<u>Name</u>	<u>As at the date of the date of this document</u>	<u>Following the Offer⁽¹⁾</u>
Keith Dorrian	2,045	2,045
Randal A Nardone ⁽²⁾	772,082	772,082
Jason Sherwill	1,000	1,000
Simon Thornton	7,547	7,547
Peter Smith	0	0

(1) Assuming: (i) such Directors or their connected persons do not purchase any Offer Shares; (ii) 39,762,992 Offer Shares are issued pursuant to the Offer; and (iii) no outstanding Options are exercised on or prior to Admission.

(2) Randal A Nardone is a member of Fortress Operating Entity I LP which is the registered holder of 5,025 Shares and as a result of this relationship Randal A. Nardone is interested in the Shares owned by this entity or in some of such Shares.

Except as set out above, the Company is not aware of interests of any Directors as at 23 April 2015, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, such Director whether or not held through another party, in the share capital of the Company, together with any options in respect of such capital.

Major Shareholders

Save as disclosed below, the Directors are not aware of any person who, as at 23 April 2015, directly or indirectly is interested in 3 per cent. or more of the share capital of the Company. The Shares held by each person referred to below carry the same voting rights as all other Shares.

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of Issued Share Capital pre- Offer</u>	<u>Percentage of Issued Share Capital Post- Offer ⁽¹⁾</u>
Euroclear Nominees Limited	26,600,651	81.51%	36.74%
The Bank of New York (Nominees) Limited	3,128,049	9.58%	4.32%

- (1) Assuming: (i) such Shareholders do not purchase any Offer Shares; (ii) 39,762,992 Offer Shares are issued pursuant to the Offer; and (iii) no outstanding Options are exercised on or prior to Admission.

Based on the information known to the Company at 23 April 2015 (being the latest practicable date prior to the date of this document), the Company is aware of the following persons who were indirectly interested in 3 per cent. or more of the issued share capital of the Company and have not subsequently notified the Company of any changes.

Name	Number of Shares	Percentage of Issued Share Capital pre-Offer	Percentage of Issued Share Capital Post-Offer ⁽¹⁾
York Capital Management ⁽²⁾	7,744,919	23.73%	10.70%
Select Equity Group Inc.	4,466,914	13.69%	6.17%
EMS Capital LP	3,596,628	11.02%	4.97%
California State Teachers' Retirement System	3,005,043	9.21%	4.15%
Kingdon Capital Management, LLC ⁽²⁾	2,044,928	6.27%	2.82%
Lafayette Street Fund II L.P.	1,671,470	5.12%	2.31%
Abrams Capital Management, L.P.	1,502,519	4.60%	2.08%
Lafayette Street Offshore Master Fund Ltd	1,429,295	4.38%	1.97%
Indus Capital Partners, LLC ⁽²⁾	999,293	3.06%	1.38%

- (1) Assuming: (i) such Shareholders do not purchase any Offer Shares; (ii) 39,762,992 Offer Shares are issued pursuant to the Offer; and (iii) no outstanding Options are exercised on or prior to Admission.

- (2) Shares beneficially owned by funds managed or advised by named entity or its affiliates.

As at 23 April 2015, Fortress Investment Group LLC ("Fortress"), its principals and its senior management owned approximately 4.96 per cent. of the issued share capital of the Company (and, assuming the exercise of their options to purchase Shares, an additional 4.45 per cent. of the then issued share capital). In addition, certain funds managed by FIG LLC on behalf of third party investors owned approximately 10.37 per cent. of the Company's issued share capital as at 23 April 2015.

The Directors are not aware of any person who, as at the date of this document, directly or indirectly, jointly or severally, exercises control over the Company and are not aware of any arrangements, the operations of which may at a subsequent date result in a change of control of the Company.

Unaudited Pro Forma Balance Sheet

The following unaudited pro forma balance sheet has been prepared to illustrate the effect of: (i) the proposed acquisition of UniCredit Credit Management Bank S.p.A. by Avio S.à.r.l., a Luxembourg company which is indirectly held by the Company and other affiliates of Fortress; and (ii) the Offer, as if these events had occurred on 31 December 2014. The unaudited pro forma balance sheet has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not reflect the Company's actual financial position or results. The unaudited pro forma balance sheet is based on the Company's audited historical financial statements as at 31 December 2014 and has been presented in accordance with the accounting policies of the Company. The unaudited pro forma balance sheet has been

prepared on the basis set out in the notes below and in accordance with the requirements of items 1 to 6 of Annex II to the Prospectus Rules.

	<u>Adjustments</u>			
	Balance sheet as at 31 December 2014 (note 1) €000	UCCMB Acquisition (note 2) €000	Net proceeds of the Offer (note 3) €000	Pro forma balance sheet as at 31 December 2014 €000
Assets				
Cash and cash equivalents	142,581	(250,000)	304,042	196,623
Investment properties held for sale	217,418	-	-	217,418
Assets in disposal groups classified as held for sale	283,060	-	-	283,060
Other assets	18,091	-	-	18,091
Available-for-sale securities	188	-	-	188
Fair value investments – listed shares	2,198	-	-	2,198
Loans and receivables (includes cash to be invested)	199,676	-	-	199,676
Derivative assets	8,291	-	-	8,291
Fair value investments	6,325	-	-	6,325
Real estate fund units	21,890	-	-	21,890
Investment property	603,026	-	-	603,026
Investment in joint ventures	15,483	242,250	-	257,733
Investment in associates	15,681	-	-	15,681
Intangible assets	15	-	-	15
Total assets	1,533,923	(7,750)	304,042	1,830,215
Equity and Liabilities				
Capital and reserves				
Issued capital, no par value, unlimited number of shares authorised	1,714,625	-	304,042	2,018,667
Accumulated loss	(1,525,145)	(7,750)	-	(1,532,895)
Net unrealised loss on available-for-sale securities and loans and receivables	(5,593)	-	-	(5,593)
Hedging reserve	588	-	-	588
Other reserves	21,888	-	-	21,888
Total shareholders' equity	206,363	(7,750)	304,042	502,655
Non-controlling interest	2,321	-	-	2,321
Total equity	208,684	(7,750)	304,042	504,976
Liabilities				
Trade and other payables	77,023	-	-	77,023
Liabilities directly associated with assets in disposal groups classified as held for sale	263,565	-	-	263,565
Current taxation payable	10,824	-	-	10,824
CDO bonds payable	194,248	-	-	194,248
Bank borrowings	757,916	-	-	757,916
Finance lease payable	17,085	-	-	17,085
Deferred taxation liability	4,578	-	-	4,578
Total liabilities	1,325,239	-	-	1,325,239
Total equity and liabilities	1,533,923	(7,750)	304,042	1,830,215

- (1) The consolidated balance sheet of the Company at 31 December 2014 has been extracted without material adjustment from the audited consolidated financial statements of the Company for the year ended 31 December 2014.
- (2) On account of the UCCMB Acquisition being effected through Avio S.à.r.l., a joint venture vehicle, the Company's indirect investment in UCCMB is recognised as an investment in a joint venture. The value of this investment will, on acquisition, be equal to the consideration paid by the Company to Avio S.à.r.l., amounting to €250 million. The value of this investment will, on acquisition, be equal to the consideration paid by the Company, less the Company's share of the transaction costs incurred by the

joint venture vehicle, Avio S.á r.l., amounting to approximately €7.8 million. These costs will be recognised in the income statement as an expense on acquisition as UCCMB will be considered a subsidiary of Avio S.á r.l.

- (3) The net proceeds of the Offer is based upon 39,762,992 Offer Shares to be issued pursuant to the Offer at the Offer Price of €7.85 per share, less costs and expenses of the Offer of approximately €8.1 million.
- (4) No account has been taken of the financial performance of the Group or of UCCMB since 31 December 2014, nor of any other event save as disclosed above.

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This announcement is an advertisement and not a prospectus and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, sell, otherwise dispose of or issue any Offer Shares or any other securities, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with, any contract commitment or investment decision in relation thereto nor does it constitute a recommendation regarding the securities of the Company. Investors should not subscribe for or purchase shares referred to in this announcement except on the basis of information in the Prospectus. No public offer is being made in respect of the Offer Shares. In any member state that has implemented the Prospectus Directive, the Offer will only be made to, and will only be directed at, qualified investors in that member state within the meaning of the Prospectus Directive or otherwise so that there is no offer to the public in that member state. Furthermore, for the purposes of the EU Alternative Investment Fund Managers Directive (the “**Directive**”), the Company is a non-EU AIF whose AIFM is FIG LLC, itself a non-EU AIFM. Each member state is adopting or has adopted legislation implementing the Directive into national law. Under the Directive, marketing to any investor domiciled or with a registered office in the European Economic Area will be restricted by such laws and the Offer will not be made to investors domiciled or with a registered office in any member state unless prior notification has been given to the competent authority in the relevant member state and the other conditions in Article 42 of the Directive (as implemented in the relevant member state) have been met.

Neither this announcement nor the Prospectus constitute an offer to sell, or the solicitation of an offer to subscribe for or acquire Shares in the United States or in any other jurisdiction or in which such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or the Advisers, and, in particular, are not for release, publication or distribution in the United States, Australia, Canada or Japan or to U.S., Australian, Canadian or Japanese persons. The Offer Shares may not be offered or sold in the United States absent an exemption from registration under the Securities Act. The Offer Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States, or under the applicable securities laws of Australia, Canada or Japan. The Company will not be registered under the Investment Company Act and investors will not be entitled to the benefits of such act. All holders of the Offer Shares in the United States or who are US Persons must be “Qualified Purchasers” within the meaning of the Investment Company Act.

There will be no public offer of the Offer Shares in the United States.

Subject to certain exceptions, the Offer Shares may not be offered or sold in the United States, Australia, Canada or Japan or to, or for the account or benefit of, any U.S. person, or any national, resident or citizen of Australia, Canada or Japan.

Application will be made for all of the Offer Shares to be admitted to listing on Euronext Amsterdam. The Company, Euronext Amsterdam and the Listing Agent do not accept any

responsibility or liability with respect to any person as a result of the withdrawal of the listing or the (related) annulment of any transaction in Shares on Euronext Amsterdam.

Credit Suisse Securities (Europe) Limited (“**Credit Suisse**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Sole Bookrunner to the Company in connection with the Offer. Credit Suisse are acting exclusively for the Company and for no one else in connection with the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Credit Suisse nor for giving advice in relation to the Offer, the contents of the Prospectus or any other matter related thereto.

In connection with the Offer, Credit Suisse and its affiliates, acting as investors for their own accounts, may subscribe for or purchase Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in the Prospectus, once published, to the Offer Shares being offered, acquired, sold, placed or otherwise dealt in should be read as including any offer, sale, acquisition, placing or dealing in the Offer Shares by Credit Suisse and any of its affiliates acting as investors for their own accounts. In addition, Credit Suisse or its affiliates may enter into financing arrangements and swaps in connection with which it or its affiliates may from time to time acquire, hold or dispose of Offer Shares. Credit Suisse does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Neither Credit Suisse nor any of its directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/ or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

Prospective investors are required to make their own independent investigation and appraisal of the business and financial condition of the Company and neither the Company, Credit Suisse nor any other person has authorised any third party to make such a recommendation. This document does not constitute a recommendation to participate in the Offer. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

Neither the content of the Company’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s website (or any other website) is incorporated into this announcement.

Forward looking statements

Some of the statements contained in this announcement may include forward-looking statements which reflect the Company’s or, as appropriate, the Directors’ current views with respect to future events and financial performance. Statements which include the words “targets”, “expects”,

“assumes”, “believe”, “intend”, “plan”, “project”, “anticipate”, “would” and similar statements of a future or forward-looking nature identify forward-looking statements for the purposes of the U.S. federal securities laws or otherwise.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company’s actual results to differ materially from those indicated in these statements. These forward-looking statements speak only as at the date of this announcement. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to the Company as of the date hereof. Subject to any continuing obligations under the Disclosure and Transparency Rules, the Prospectus Rules and other applicable regulations, the Company undertakes no obligation publicly to update or review any forward-looking statement contained in this announcement, whether as a result of new information, future developments or otherwise.

Credit Suisse and its affiliates expressly disclaim any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.