



EUROCASTLE INVESTMENT LIMITED

Q1 2017 Supplement



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Internal rates of return. To Eurocastle’s knowledge, there are no established standards for the calculation of internal rates of return for portfolios of the type to be held by Eurocastle. The use of a methodology other than the one used herein may result in a different, and possibly lower, internal rate of return. In addition, the current unrealised or projected values that form the basis for projected internal rates of return may not be realised in the future, which would materially and adversely effect actual internal rates of return for the applicable investments and potentially the overall portfolio of which they are a part.

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Eurocastle Overview

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

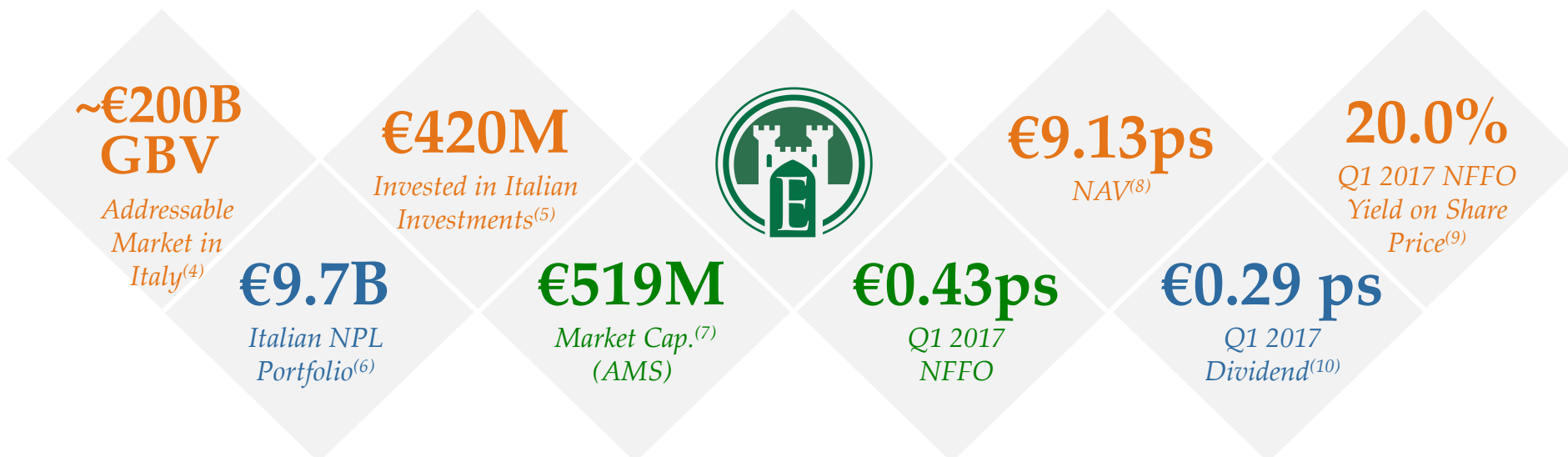
- Aim to drive growth primarily through investments in:

1
Italian Loan Servicing (doBank Group)
2
Italian NPLs
3
Italian RE Funds

- Eurocastle has participated in the two largest NPL transactions since the financial crisis in Italy⁽¹⁾

- Acquired doBank and a €3.3 billion NPL portfolio (“Romeo NPLs”)⁽²⁾ – formed the largest 3rd party Servicing Group in Italy
- Committed to invest €50 – €70 million to acquire an interest in a €17.7 GBV bn NPL portfolio from UniCredit S.p.A. (“FINO”)⁽³⁾

- Paid 15 consecutive quarters of dividend & introduced new policy to increase payout ratio going forward



(1) Internal analysis based on PWC “The Italian NPL Market – Positive Vibes” December 2016.

(2) Together with FIG LLC affiliates.

(3) Commitment is dependent on the level of interim cash collections from the portfolio.

(4) Source: EY “Navigating the Italian Credit Opportunity – Non-performing loans and new credit tools” 2017.

(5) From April 2013. Includes i) a €60 million commitment relating to the recently announced UniCredit transaction (labelled throughout as “FINO”). Commitment reflects the midpoint of the expected equity requirement of €50 - €70 million and is dependent on the level of interim cash collections from the portfolio and ii) an estimated commitment of €5.4 million in the Company’s second investment in an Italian real estate redevelopment fund (“RE Fund Investment V”).

(6) GBV at acquisition of all portfolios (excluding FINO) in which Eurocastle has an interest.

(7) As of 17th May, 2017 based on closing share price of €8.64 per share.

(8) NAV throughout this presentation refers to the Company’s Adjusted NAV which excludes the negative NAV of a levered Legacy portfolio (CDO V) whose debt is non-recourse to Eurocastle. NAV is net of €9.0 million, or €0.15 per share, dividend declared in March 2017 (but not the supplemental dividend of €8.4 million, or €0.14 per share, declared in May 2017).

(9) NFFO Yield = Annualised Q1 2017 NFFO / Share Price of €8.64 as of 17th May, 2017.

(10) Represents dividend declared in March 2017 of €9 million or €0.15 per share and supplemental dividend of €8.4 million or €0.14 per share declared in May 2017. Both dividends will be paid together on 31 May 2017.



Q1 2017 Highlights & Subsequent Events

Capital Activity

- Raised €36 million net proceeds through financing of Romeo NPL portfolio
- Closed on previously committed investment in Real Estate Fund Investment V deploying additional €4.0 million

Strong Investment Performance

- Sold Real Estate Fund Investment III two years ahead of business plan for total proceeds of €20.9 million or €0.35 per share, generating 2.7x on equity invested and 137% IRR
- Italian NPL portfolios generated €6.7 million of gross cash flow⁽¹⁾
- doBank Board approved 1st dividend of €52.3 mm (ECT Share €26.2 mm) expected to be paid end of May'17
 - doBank Group Q1 '17 EBITDA of €9.9 million; like-for-like collections are up 42% over same period last year⁽²⁾

Dividend & New Distribution Policy

- Adopted new distribution policy to distribute substantially all cash NFFO and accelerate return of uninvested capital
- For Q1 2017 declared dividend of €0.15 per share plus €0.14 per share of supplemental dividend per new policy

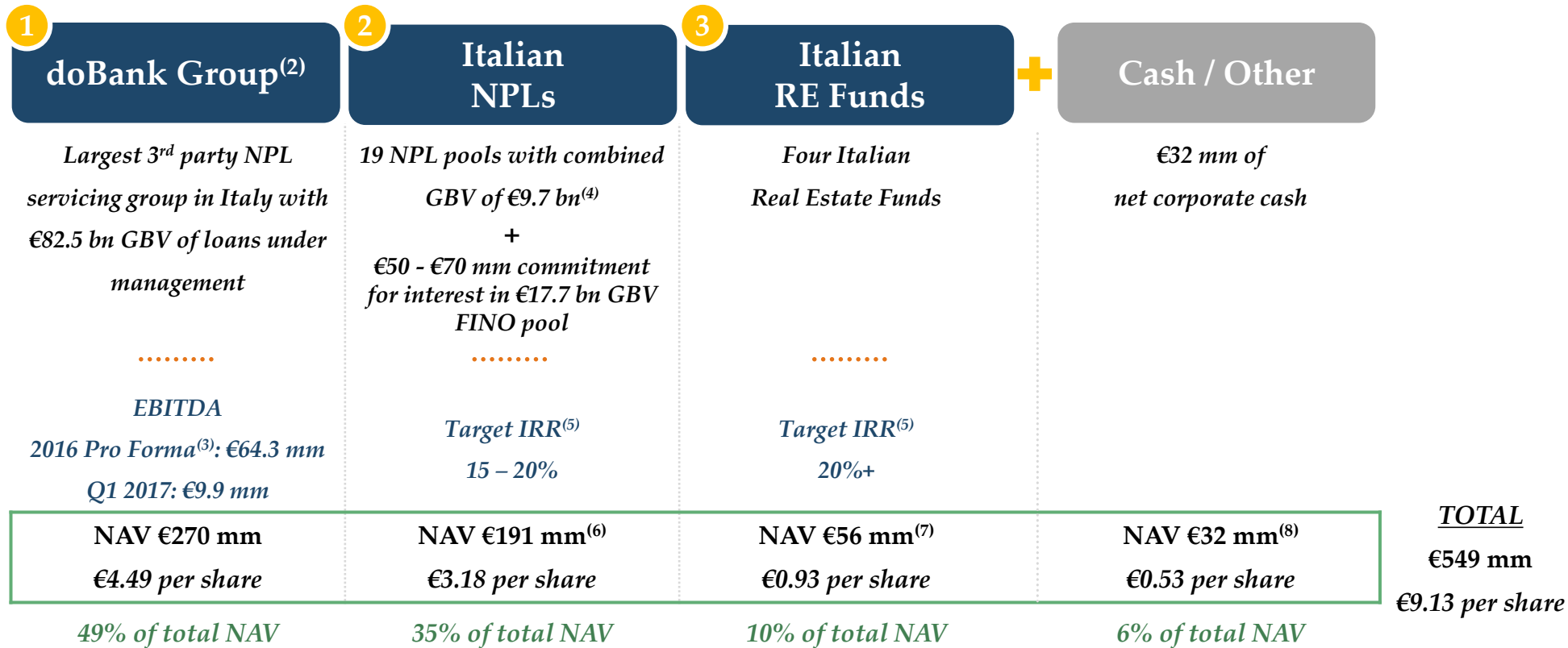
(1) Unlevered asset cash flows generated in period but not distributed to Eurocastle (and therefore included in the NAV of the investment).

(2) Q1 2016 comparative represents gross collections for Italfondinario and doBank combined.



Eurocastle Today⁽¹⁾

- Eurocastle's business is made up of three key segments
- NAV of €549 million, or €9.13 per share



(1) As of March 31, 2017.

(2) Eurocastle owns 50% of the Group. All figures related to the doBank Group in this presentation refer to 100% unless otherwise stated.

(3) Pro forma EBITDA reflects the aggregate combined full year EBITDA for doBank and Italfondiaro of €61.6m adjusted to i) incorporate a full year of net servicing revenues from the Romeo NPL portfolio (spun off by the Group in October 2016) and ii) exclude "non-cash" expenses which have arisen from the combination of the two serving platforms. Consolidated 2016 EBITDA in accordance with IFRS for the doBank Group is €58.1 million reflecting the EBITDA generated from Italfondiaro and its subsidiaries from the date of acquisition in October 2016.

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

(5) Please refer to the forward looking statements in front of the presentation.

(6) NAV includes a €60 million unfunded commitment to acquire, alongside other affiliates of FIG LLC, a significant portion of a €17.7bn GBV NPL portfolio ("FINO"). Commitment reflects the midpoint of the expected equity requirement of €50 - €70 million and is dependent on the level of interim cash collections from the portfolio.

(7) NAV includes an estimated commitment of €5.4 million in the Company's second investment in an Italian real estate redevelopment fund ("RE Fund Investment V"). Invested €0.4 million as of March 31 2017 and further €4.0 million in April 2017. Remaining commitment expected to be deployed predominantly in 2017.

(8) NAV of Net Corporate Cash and deducts i) €60 million of equity allocated against the FINO transaction (reflecting the midpoint of the expected equity requirement of €50 - €70 million) ii) an estimated commitment of €5.4 million allocated against Real Estate Funds (RE Fund Investment V) and iii) the €9.0 million, or €0.15 per share, of dividend declared in March but not paid (but not the supplemental dividend of €8.4 million, or €0.14 per share, declared in May 2017).



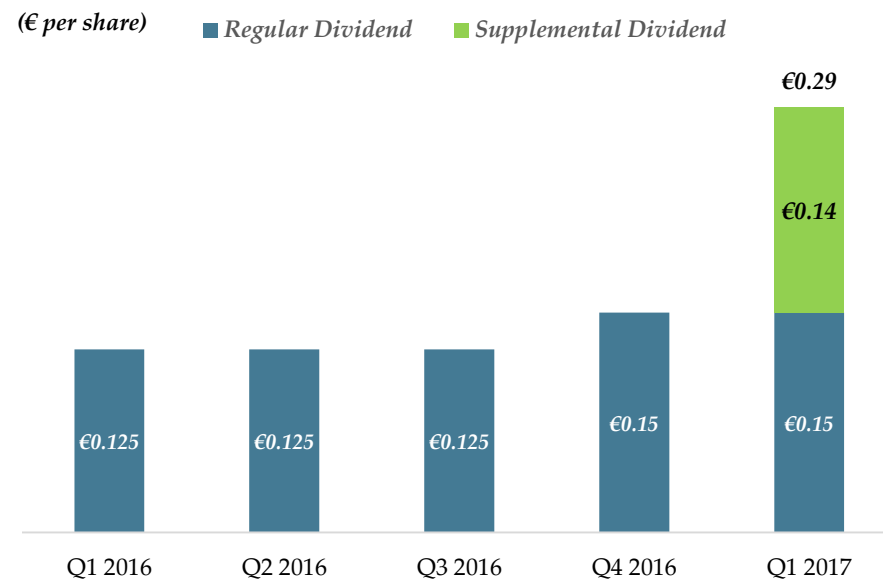
Strong Financial Performance

- **NAV⁽¹⁾** €548.9 million, or €9.13 per share, after declaration of €0.15 per share regular quarterly dividend
- **Normalised FFO** €26.0 million, or €0.43 per share, includes one off impacts from sales and final legacy realisations
- **Dividend** of €17.4 million, or €0.29 per share, represents 100% of cash NFFO following new distribution policy
 - Includes €0.15 per share of regular dividend declared in March plus €0.14 per share of supplemental Q1 dividend declared in May

ECT Financial Performance

	Q4 2016 Actual		Q1 2017 Actual	
	(€mm)	(€ps)	(€mm)	(€ps)
NAV ⁽¹⁾	€550.6	€9.16	€548.9	€9.13
Normalised FFO	€12.5	€0.21	€26.0	€0.43
Dividends	€9.0	€0.15	€17.4	€0.29

ECT Dividends



(1) Q1 2017 NAV is net of €9.0 million, or €0.15 per share, dividend declared in March 2017 (but not the supplemental dividend of €8.4 million, or €0.14 per share, declared in May 2017). Both dividends will be paid together on 31 May 2017.



Performance of ECT's Investments

- Strong returns, expect to generate 15 – 20% lifetime IRR, ~2x multiple⁽¹⁾

Performance by Investment Type – as of March 31, 2017

(€ mm)	Initial Equity Invested	LTD Cash Flow to ECT ⁽²⁾	Net Basis	Q1 2017 NAV	IRR to Date
1 / 2 doBank Investment (Servicing Group + Romeo NPL pool)	246.0	7.3 ⁽³⁾	238.7	373.1	
2 Other NPLs	43.4	35.7	7.7	28.2	
3 Real Estate Funds	60.3	44.0	16.3	50.0	
Other (Fully Realised)	4.0	14.7	(10.7)	-	
Fully Deployed Investments	€353.7	€101.7	€252.0	€451.3 €7.50ps	35%
Commitment in FINO & RE Fund V ^(4,5)	65.8	-	65.8	65.8	
Total Italian Investments	€419.5	€101.7	€317.8	€517.1 €8.60ps	

NAV includes over €85mm of undistributed cash from investments, majority of which to be received in Q2⁽²⁾

- (1) 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.
- (2) Life to date cash flow to ECT excludes a further €25.9 million dividend from the doBank Group, €20.7 million from the 95% interest in the Romeo NPL portfolio and €3.2 million from the other NPLs that has been generated and is currently held at the investment level (and therefore included in their respective NAVs). Also excludes additional €36 million of net proceeds raised on the Romeo NPLs in May 2017.
- (3) Cash flow to date is net of a €1.2 million outflow to acquire loan collateral in the Romeo NPL pool to enhance recoveries.
- (4) Equity invested and NAV includes a €60 million unfunded commitment to acquire, alongside other affiliates of FIG LLC, a significant portion of a €17.7bn GBV NPL portfolio ("FINO"). Commitment reflects the midpoint of the expected equity requirement of €50 - €70 million and is dependent on the level of interim cash collections from the portfolio.
- (5) Equity invested and NAV includes a €5.8 million estimated previous commitment in the Company's second investment in an Italian real estate redevelopment fund ("RE Fund Investment V"). Invested €0.4 million as of March 31 2017 and further €4.0 million in April 2017. Remaining commitment of €1.4 million expected to be deployed predominantly in 2017.



1 doBank Group Update

Strong performance in typically weakest quarter

- Group EBITDA of €9.9 million, up 44% versus like for like Q1 '16 EBITDA⁽¹⁾
- Driven by collections of €394 million, up 42% over same period last year
 - Benefit from 2016 asset management initiatives and cost synergies filtering through
- GBV under management up ~€1.6 billion since YE'16

doBank / Italfondionario Group



S&P Servicer Rating	Strong
Fitch Servicer Rating	CSS1-/RSS1-
# of Claims Under Management	741k
# of Offices	21
# of Clients	25
% Secured	31%

Pro forma for Combined Servicer Financials

(€ mm)	doBank + Italfondionario	Q1 2017 Actuals
NPLs Under Management		€82.5 bn
Gross Collections (~1.9% of GBV)		394
Revenues (~11% of Gross Collections)		45.2
Expenses (~78% Expense Margin)		(35.3)
EBITDA⁽¹⁾		€9.9
ECT share		€4.9

(1) Like for like Q1 2016 EBITDA is pro forma for doBank, Italfondionario and their subsidiaries and adjusted to exclude the net impact of the Romeo NPL portfolio (spun off by the Group in October 2016).



2 Romeo NPL Performance Update

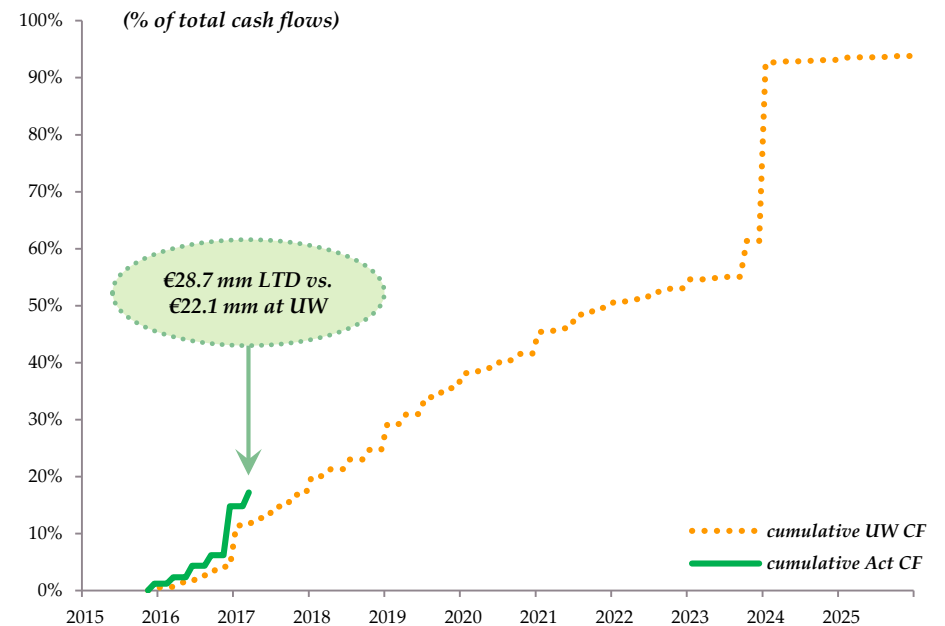
€3.3 billion GBV portfolio with 4,683 borrowers and €703k average claim size⁽¹⁾

- 42% secured by real estate, loans mainly located in northern & central Italy
- Portfolio outperforming original underwriting, with €28.7 million⁽²⁾ of proceeds collected since closing in Oct. 2015
 - Pace** – actual pace of cash collections 130% of underwriting⁽³⁾
 - Profitability** – fully realised loans resolved at 122% of underwriting⁽⁴⁾
- Recent financing is backed by the secured portion of the portfolio only and generated €36 million of proceeds for ECT in May

Portfolio Performance⁽²⁾

(€ mm)	To Date
Actual Collections	€28.7 ⁽⁵⁾
Original Underwriting	€22.1
Variance	+€6.6
Pace vs. Underwriting⁽³⁾	130%
Profitability vs. Underwriting⁽⁴⁾	122%

Unlevered Asset Cash Flows⁽⁶⁾



(1) As at Acquisition date. Reflects 100% of the portfolio of which 5% is owned indirectly through the doBank Group.

(2) Represents Eurocastle's 50% share (of which 2.5% is held indirectly through the doBank Group's interest).

(3) Represents total collections received as at 31 March, 2017 versus underwriting projections for the same period.

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

(5) Of which €21.7 million generated and currently held at the investment level.

(6) 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.



2 Italian NPLs Performance Update (excluding Romeo Portfolio)

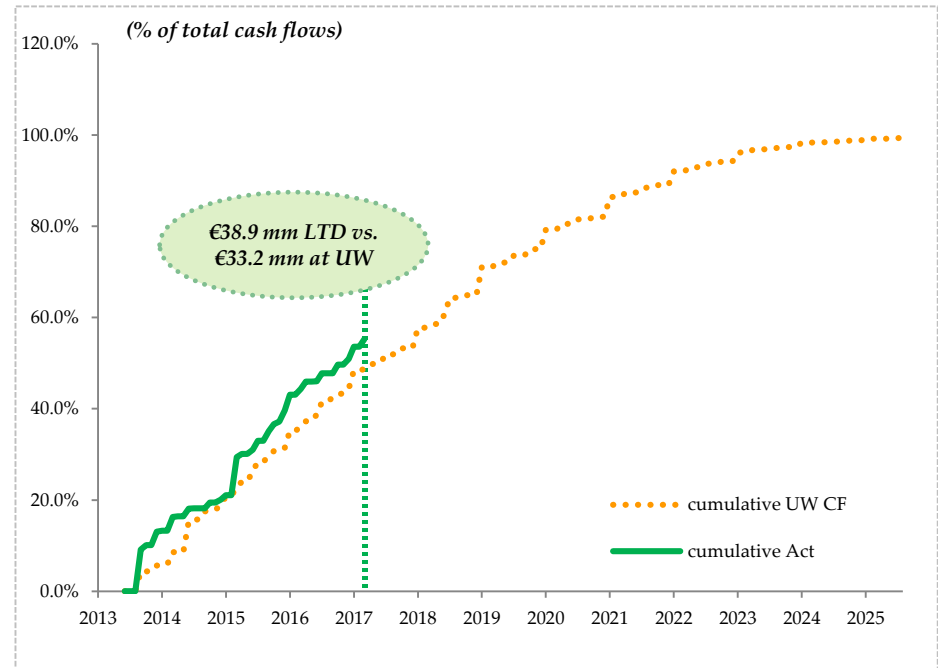
€6.4 billion GBV⁽¹⁾ in 18 pools of Italian loans

- Underwritten returns average ~17% IRR and WAL of 3.3 years
- Loans continue to outperform original underwriting based on two criteria:
 - Pace** – actual pace of cash collections 117% of underwriting⁽²⁾
 - Profitability** – fully realised loans resolved at 235% of underwriting⁽³⁾
- Cash flows to date of ~€39 million represent 90% of original investment

Portfolio Performance

(€ mm)	To Date
Actual Collections	€38.9 ⁽⁴⁾
Original Underwriting	€33.2
Variance	+€5.7
Pace vs. Underwriting⁽²⁾	117%
Profitability vs. Underwriting⁽³⁾	235%

Investment Cash Flows⁽⁵⁾



(1) GBV at acquisition.

(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) Of which €3.2m generated and currently held at the investment level.

(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 RE Funds Performance Update

~€66 million invested in five Italian Real Estate Funds acquired at a significant discount to underlying asset value

- Strategy is to realise profits from asset sales as funds approach their termination dates
- Fund Investment III sold in Q1 2017 for a total profit of €18 million; 2.7x equity invested / 137% IRR
- Received €44 million of proceeds up to the end of Q1 2017:
 - Pace** – cash from distributions at 128% of underwriting⁽¹⁾
 - Profitability** – sales proceeds at 115% of underwriting⁽²⁾
- In April, Fund Investment I announced additional distribution to ECT of €4.8 million

Investment Summary

(€ mm)	Fund Investment I	Fund Investment II	Fund Investment III	Fund Investment IV ⁽⁶⁾	Fund Investment V	Total
Investment Date	Q1 2014	Q3 2014	Q3 2015	Q1 2016	Q2 2017	
Type	7% of Public Fund	49% of Private Fund	n/a	90% of Private Fund	50% of Private Fund	
Collateral	11 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	2 offices and a retail Portfolio	Luxury residential redevelopment project in Rome	
Initial Equity Invested / committed	22.2	15.4	10.7	12.0	5.8	66.1
Cash Received (up to end of Q1'17)	(10.4)	(3.7)	(28.7)	(1.2)	-	(44.0)
Net Invested Capital	11.8	11.8	(18.0)	10.9	5.8	22.1
ECT's Carrying Value (NAV) ⁽³⁾	14.4	10.8	-	24.8	5.8	55.8
Reported Fund NAV ⁽⁴⁾	20.7	12.6	-	32.6	5.8	71.7
ECT's Disc. to Reported Fund NAV	30%	15%	n/a	24%	-	22%
Fund Leverage	-	30%	n/a	68%	-	
Fund Expiration ⁽⁵⁾	Q4 2020	Q2 2018	n/a	Q1 2019	Q2 2020	

Sold in Feb '17

Investments carried at 22% discount to underlying asset values

(1) Represents total distributions received 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) Represents value at which the Fund investment is carried in ECT's NAV.

(4) ECT's share of latest reported NAV of the Fund by the relevant Fund manager.

(5) Represents expected liquidation date for Funds II and V. Funds expire in 12/19 and 12/23 respectively.

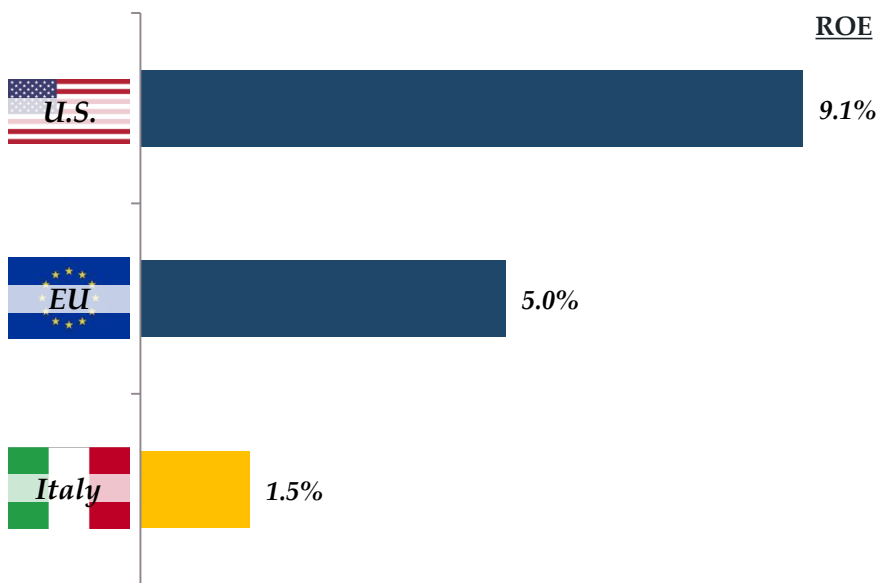
(6) Equity invested and NAV includes €5.0 million and €5.7 million respectively from the investment in the debt of RE Fund Investment IV.



Italian Banks – Pressure Continues to Mount

- Italian NPL market remains the largest in Europe with €329 billion of troubled loans, of which ~€200 billion are NPLs⁽¹⁾
- Huge NPL overhang continues to impact Italian banks:
 1. Depresses performance and profitability – Italian Banks’ average ROE of 1.5% is well below U.S. and European peers⁽²⁾
 2. Restricts banks from raising capital to restructure
- Ongoing pressure from the ECB to either sell NPLs or outsource servicing
- In response, top banks announced plans to dispose of ~€80 billion of NPLs

Italian Banks Lacking Profitability⁽²⁾



Banks Announced ~€80 billion of Planned NPL Disposals⁽³⁾

	Portfolio GBV	
UniCredit	€17.7 bn	Project FINO – Significant portion being sold to Fortress
MONTE DEI PASCHI DI SIENA BANCA DAL 1472	€28 bn	Deconsolidation of entire bad loans portfolio by 2017 – 2018
REV	€10 bn	Disposal of bad loans by resolution vehicle
BANCO BPM	€8 bn	Disposal of ~€8 bn bad loans during 2016-2019 (of which €1.7 bn already disposed)
Banca Popolare di Vicenza	€5 bn	Disposal of ~€5 bn bad loans 2017 – 2021 (new business plan to be announced in 2017)
VENETO BANCA	€4 bn	Expected disposal of ~€4 bn during 2017-2021 (new business plan to be announced in 2017)
INTESA SANPAOLO	€3.9 bn	Expected disposal of ~€2.5bn bad loans and securitization of €1.35 bn residential mortgages
BANCA CARIGE	€3.4 bn	Disposal of €3.4bn of bad loans by 2017, of which €0.9 through securitization

(1) Source: EY “Navigating the Italian Credit Opportunity – Non-performing loans and new credit tools” 2017.

(2) Sources: US – FRED Economic Data: Federal Financial Institutions Examination Council; EU – ECB Financial Stability Review November 2016 Euro area Financial Institutions (Includes Euro Area banks in the Euro STOXX bank index for 12 months period up to Q2 2016); Italy – Italy24.ilsole24ore.com “Italian banking system fairing badly in terms of ROE” March 20, 2017 Source ECB.

(3) Annual and Interim reports, press releases, and announced business plans.



Italian Banks – Not “One Size Fits All”

- Although timeframes will be longer, Italian banks still expected to pursue a range of strategies for dealing with their overhang of NPLs

1

Traditional Model

- Banks dispose NPL portfolios
 1. Portfolio we already manage
 2. Portfolio we don't manage

2

Partnership Model

- Banks retain partial interest in NPL portfolio
- Seek co-investment partner with active servicing capabilities

3

GACS Model

- Banks securitise and sell NPLs through GACS program
- Senior tranche guaranteed by government; banks retain first loss tranche

4

Outsourced Servicing Model

- Banks retain NPLs
- Seek to improve performance & data quality by outsourcing servicing to active manager

Opportunity for us:

- ✓ Own & service portfolio
- ✓ Co-investment in NPLs
- ✓ Help ready NPL portfolio for future GACS securitisation
- ✓ Provide servicing for the portfolio
- ✓ Provide underwriting due diligence services for securitisations
- ✓ Provide independent servicing for the securitisations – required under GACS
- ✓ Invest in mezzanine tranche
- ✓ Provide servicing for the portfolio

Evaluating near-term pipeline of ~€45

billion GBV⁽¹⁾

✓ €31 bn NPL pools and Servicing Contracts

✓ €14 bn GBV Servicing Contracts only

(1) There can be no assurance that any of the mentioned Pipeline Investments will ultimately be consummated by Eurocastle. Notwithstanding any analysis included in the Presentation, it is possible that each of the Pipeline Investments, if consummated, could result in a total loss of any invested capital.



APPENDIX Financial Statements

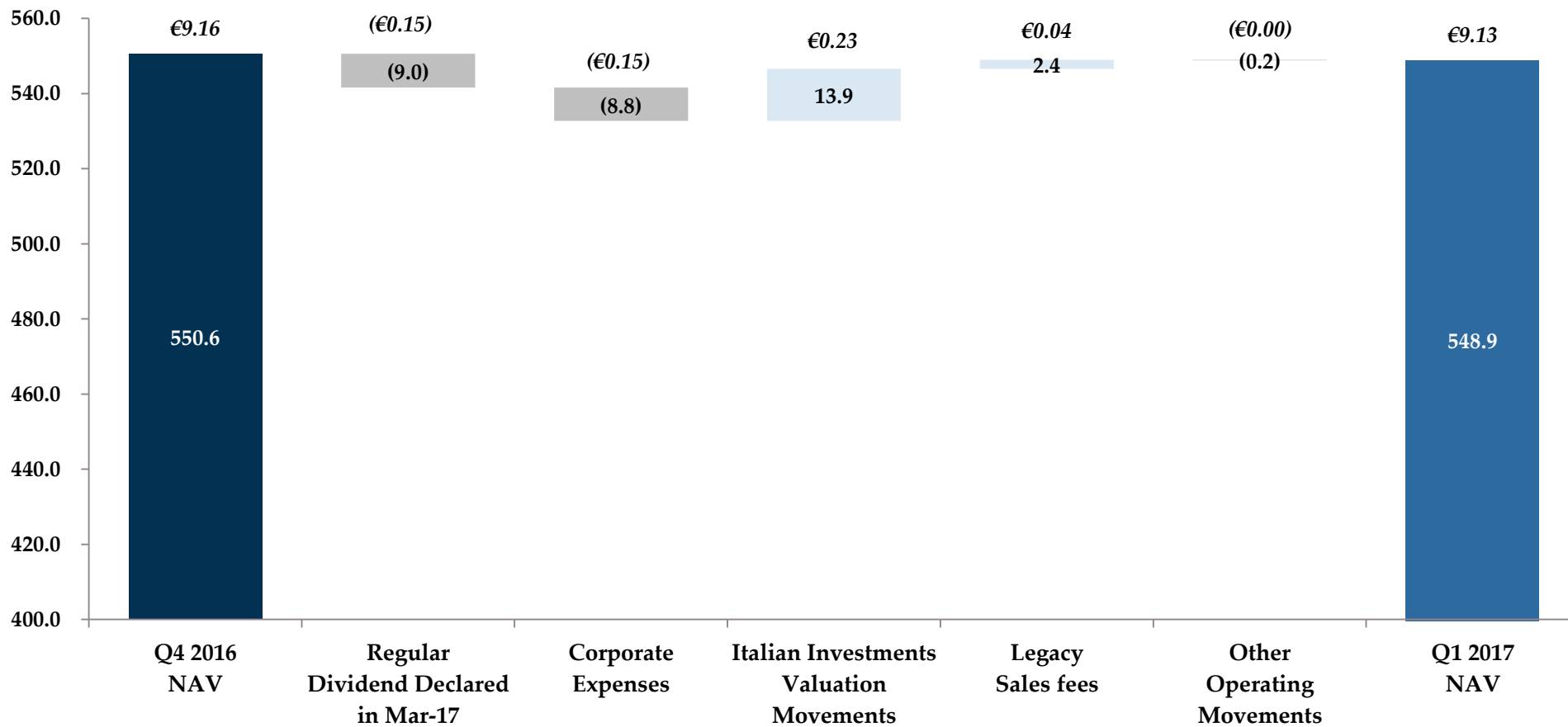


Adjusted NAV Bridge

- Q1 2017 NAV of €548.9 million (€9.13 per share)

Adjusted NAV €9.13 per share

(€ mm & € per share)





Summarised Q1 2017 Balance Sheet

Summarised Q1 2017 Balance Sheet	Italian Investments	Corporate	Legacy	Total
(€ 000's)				
Cash & Cash Equivalents	4,958	119,302	5,082	129,342
doBank Group ⁽¹⁾	269,953	-	-	269,953
Romeo NPLs ⁽¹⁾	103,144	-	-	103,144
Other NPLs ⁽²⁾	27,850	-	-	27,850
RE Funds	50,259 ⁽³⁾	-	2,208	52,467
Legacy Debt Investments	-	-	6,531	6,531
Other assets	22	1,145	510	1,677
Total Assets	456,186	120,447	14,331	590,964
Debt	-	-	54,471	54,471
Other liabilities ⁽⁴⁾	4,407	23,363	3,157	30,927
Total Liabilities	4,407	23,363	57,628	85,398
Negative NAV Addbacks ⁽⁵⁾	-	-	43,297	43,297
New Investment Commitment ⁽⁶⁾	65,357	(65,357)	-	-
Adjusted NAV	517,136	31,727	-	548,863
<i>Adjusted NAV (€ per Share)</i>	<i>8.60</i>	<i>0.53</i>	<i>-</i>	<i>9.13</i>

NOTE: All figures extracted from the Company's Q1 2017 Interim Report.

- (1) doBank Group value includes €5.4 million representing the 5% interest in the Romeo NPL pool acquired as part of the doBank investment and spun off in September 2016. Conversely, the Romeo NPL pool value reflects the remaining 95% interest in the NPL pool acquired as part of the doBank investment and spun off in September 2016.
- (2) NPLs have been stated net of the Non-Controlling Interest of €0.8 million as at 31 March 2017.
- (3) Includes €5.7 million from the investment in the debt of RE Fund Investment IV (shown in the Company's consolidated balance sheet as Available-for-sale securities).
- (4) Corporate other liabilities include amongst other €9.0 million of regular dividend declared in March 2017 (but not the supplemental dividend of €8.4 million declared in May 2017) and €7.7 million of manager base and incentive fees.
- (5) Adjusts to exclude the negative net asset value of the levered Legacy portfolio with negative NAV (CDO V) whose debt is non-recourse to Eurocastle.
- (6) Includes i) €60 million of equity allocated against the FINO transaction (reflecting the midpoint of the expected equity requirement of €50 - €70 million) and ii) a €5.4 million unfunded estimated commitment allocated against Real Estate Funds (RE Fund Investment V).



Summarised Q1 2017 Income Statement

Summarised Q1 2017 Income Statement	Italian Investments	Legacy	Total
(€ 000's)			
Valuation movements on doBank Group ⁽¹⁾	(93)	-	(93)
Valuation movements on Romeo NPLs ⁽¹⁾	2,359	-	2,359
Valuation movements on Other NPLs (net of Non Control. Int.) ⁽²⁾	433	-	433
Valuation movements on Real Estate Fund Units	3,508	-	3,508
Other Income	7,255	2,351	9,606
Total operating income	13,462	2,351	15,813
Interest expense	(42)	-	(42)
Manager Base & Incentive Fees	(7,728)	-	(7,728)
Other operating expenses - group running costs	(892)	-	(892)
Other operating expenses - transaction costs	(134)	-	(134)
Total operating expenses	(8,796)	-	(8,796)
Net operating profit before taxation	4,666	2,351	7,017
Total tax expense	(14)	-	(14)
Net loss after taxation from discontinued operations	-	(153)	(153)
Profit after taxation for the period⁽³⁾	4,652	2,198	6,850
<i>€ Per Share</i>	<i>0.08</i>	<i>0.03</i>	<i>0.11</i>
Reversal of Net Loss attributed to negative NAV portfolios	-	226	226
Adjusted net profit after taxation⁽³⁾	4,652	2,424	7,076
<i>€ Per Share</i>	<i>0.08</i>	<i>0.04</i>	<i>0.12</i>

NOTE: All figures extracted from the Company's Q1 2017 Interim Report.

- (1) doBank Group fair value movement includes €0.1 million movement from the 5% interest in the Romeo NPL pool acquired as part of the doBank investment and spun off in September 2016. Conversely, the Romeo NPL pool fair value movement reflects the movement on the remaining 95% interest of the NPL pool.
- (2) The gain in fair value of Italian Investments has been stated net of the Non-Controlling Interest share of €20k for Q1 2017.
- (3) Refers to profit attributed to ordinary equity holders of the Company.



Q1 2017 Segmental Normalised FFO⁽¹⁾

Q1 2017 Segmental Normalised FFO	Italian Investments	Legacy	Total	Average Invested Capital ⁽²⁾	Annualised Yield
(€ 000's)					
doBank Investment	8,975	-	8,975	246,033	15%
Italian NPLs	939	-	939	24,432	15%
RE Fund Investments	15,021	-	15,021	46,002	130%
Other Investments	7,247	-	7,247	n/a	n/a
Italian Investments	32,182	-	32,182	316,467	41%
Legacy Portfolios	-	2,826	2,826		
Manager Base & Incentive Fees	(7,728)	-	(7,728)		
Net operating expenses & Other	(1,082)	(219)	(1,301)		
Normalised FFO	23,372	2,607	25,979		
<i>€ Per Share</i>	<i>0.39</i>	<i>0.04</i>	<i>0.43</i>		

- (1) Normalised FFO is a non-IFRS financial measure that, with respect to the Company's Italian Investments¹, 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 previously not recognised through NFFO at the point investments are fully realised. On Eurocastle's Legacy Business, the measure excludes realised gains and losses, sales related costs (including realised swap losses), impairment losses, foreign exchange movements and any movements on portfolios with a negative NAV other than sales or asset management fees realised.
- (2) Time weighted average of investments made (net of any capital returned) over the relevant period.



NFFO and Dividend Reconciliation

Q1 2017 NFFO to Dividend Reconciliation	€ 000's	€ ps
NFFO (reported)	25,979	0.43
Less: NFFO recognised in period not yet realised in cash	(10,870)	(0.18)
Plus: undistributed NFFO recognised in prior periods realised in cash	2,399	0.04
NFFO realised in Cash	17,508	0.29
Rounding to nearest € 0.01 per share	(76)	0.00
Total Q1 2017 Dividend	17,432	0.29
<i>Of which:</i>		
<i>Regular Quarterly Dividend declared in March 2017</i>	9,017	0.15
<i>Supplemental Dividend declared in May 2017</i>	8,415	0.14

Undistributed NFFO	€ 000's
NFFO recognised in 2016	45,972
less: Total Dividends declared in 2016	(33,094)
Undistributed NFFO as of year-end 2016	12,878
Less: undistributed NFFO recognised in 2016 realised in cash in period	(2,399)
Plus: NFFO recognised in period not yet realised in cash	10,870
Plus: Rounding to nearest € 0.01 per share	76
Q1 2017 Undistributed NFFO movement	8,547
Undistributed NFFO as of Q1 2017	21,425



Italian Investments: Net Invested Capital

Net Invested Capital and Normalised FFO⁽¹⁾ Yield

(€ mm)

	FY 2013	FY 2014	FY 2015	FY 2016	Q1 2017	Total Invested	Total Committed ⁽²⁾	Grand Total
Opening Net Invested Capital	-	9.5	58.4	309.5	319.3	-	-	-
New Italian Investments made	16.7	54.1	266.4	16.8	0.2	354.2	65.4	419.5
Invested Capital paid back	(7.2)	(5.2)	(15.3)	(7.0)	(7.7)	(42.4)	-	(42.4)
Closing Net Invested Capital	9.5	58.4	309.5	319.3	311.8	311.8	65.4	377.1
<i>Average Net Invested Capital⁽³⁾</i>	7.5	35.9	97.8	313.4	316.5	121.2		
<i>Normalised FFO⁽¹⁾</i>	2.1	8.8	21.4	55.4	32.2	119.9		
<i>Average Yield</i>	28%	24%	22%	18%	41%	25%		

(1) Please refer to slide 17 for definition.

(2) Includes i) a €60 million unfunded commitment to acquire, alongside other affiliates of FIG LLC, a significant portion of a €17.7bn GBV NPL portfolio ("FINO"). Commitment reflects the midpoint of the expected equity requirement of €50 - €70 million and is dependent on the level of interim cash collections from the portfolio and ii) a €5.4 million unfunded estimated commitment in the Company's second investment in an Italian real estate redevelopment fund ("RE Fund Investment V").

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