



EUROCASTLE INVESTMENT LIMITED

Q1 2016 Supplement



Disclaimers

This document and its contents contain statements about future events and expectations that are forward-looking statements. These statements typically contain words such as “expects”, “believes”, “estimated”, “will”, “intends”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “projects”, “continues”, “assumes”, “positioned”, “anticipates” and “targets” and other variations thereon or words of comparable terminology. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this document. Eurocastle Investment Limited (the “Company”) assumes no obligations to update any forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This document is an advertisement 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, any 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. No reliance may be placed for any purposes whatsoever on the information contained in this document or any other materials or on its completeness, accuracy or fairness. Certain data in this presentation was obtained from various external data sources, and the Company has not verified such data with independent sources. The financial information for Q1 2016 and Q1 2015 presented in this document has not been reviewed or audited by the Company’s auditors. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document. This document speaks as of the date hereof. No reliance may be placed for any purposes whatsoever on the information contained in this document or on its completeness, accuracy or fairness.

None of the Company nor any of its shareholders, directors, officers or employees nor FIG LLC nor any of their shareholders, affiliates (within the meaning of Rule 405 under the US Securities Act of 1933 (the “Securities Act”)), directors, officers or employees nor any other person accepts any liability (in negligence or otherwise) whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith. Neither the Company nor its advisers and/or agents undertake any obligation to provide the recipient with access to any additional information or to update this document or any additional information or to correct any inaccuracies in any such information which may become apparent.

Investors are required to make their own independent investigation and appraisal of the business and financial condition of the Company and neither the Company or any other person has authorised a third party to make such a recommendation. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of shares in the Company. To the Company’s knowledge, there are no established standards for the calculation of internal rates of return or yields for investment portfolios of the sort discussed in this document. The use of a methodology other than the one used herein may result in different and possibly lower Returns.

For the purposes of the 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 of the European Economic Area 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 no such marketing shall take place except as permitted by such laws.

The securities of the Company have not been and will not be registered under the Securities Act or any US state securities laws or the laws of any other jurisdiction, and the Company will not be registered as an “investment company” under the US Investment Company Act of 1940 (the “Investment Company Act”). This document is not being distributed to, and the securities of the Company may not be offered or sold within the United States or to, or for the account or benefit of, a US person (a “US Person”) as defined in Rule 902(k) under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act. Accordingly, each recipient of this document and each owner of the securities must be either (A) not a US Person and located outside the United States or (B) (i) a qualified institutional buyer as defined in Rule 144A under the Securities Act or an accredited investor as defined in Rule 501(a) under the Securities Act and also (ii) a qualified purchaser or a knowledgeable employee as defined in Section 2(a)(51) of, or Rule 3c-5(a)(4) under, the Investment Company Act.

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.

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



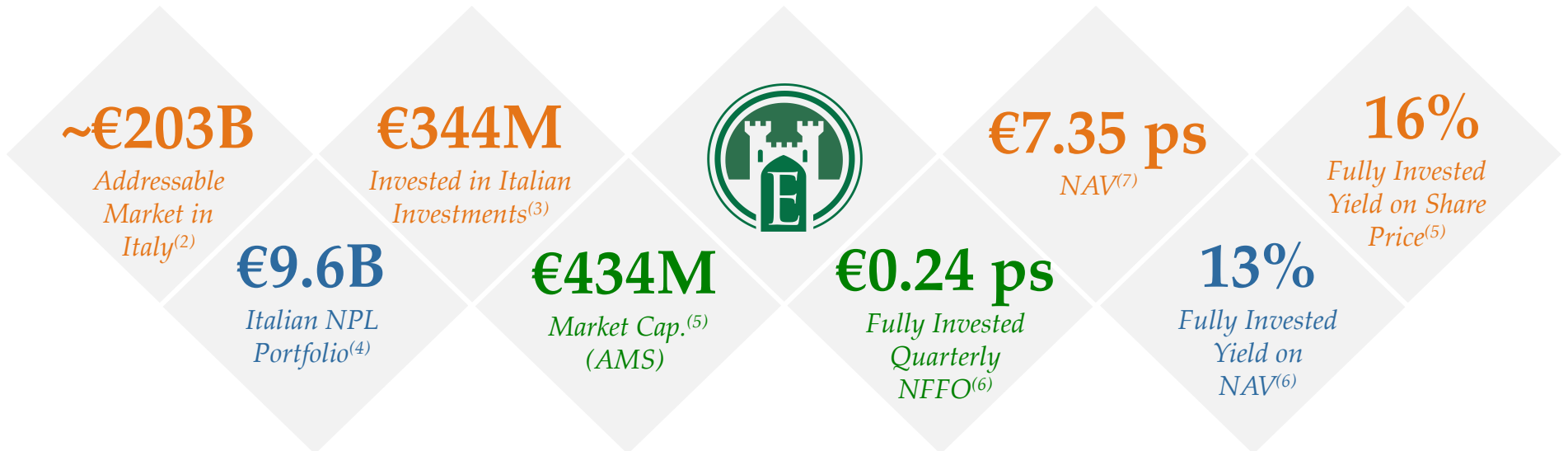
Eurocastle Overview

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

- Aim to drive growth primarily through investments in:

- 1 *Italian Loan Servicer (doBank)*
- 2 *Italian NPLs*
- 3 *Italian RE Funds*

- Attractive dividend yield of 8.3% – 11 consecutive quarters distributing dividend⁽¹⁾
- Eurocastle currently has no corporate debt, all Italian investments are unlevered
- Uniquely positioned to take advantage of attractive market dynamics in Italy – currently over €200 billion of NPLs on Banks' balance sheets
 - Eurocastle, with other Fortress affiliates, owns doBank, the largest 3rd party servicer in Italy with a banking license



(1) Including Q1 2016 dividend of €0.125 per share. Dividend yield based on annual dividend of €0.50 and share price of €6.00 as of May 18, 2016.

(2) Source: Credit Suisse Research April 2016.

(3) As of March 31, 2016. Includes a €6 million commitment in Real Estate Fund Investment IV made in March 2016 and funded in May.

(4) Portfolios in which Eurocastle has an interest including €3.3 billion of GBV relating to the doBank portfolio.

(5) As of May 18, 2016 €6.00 per share.

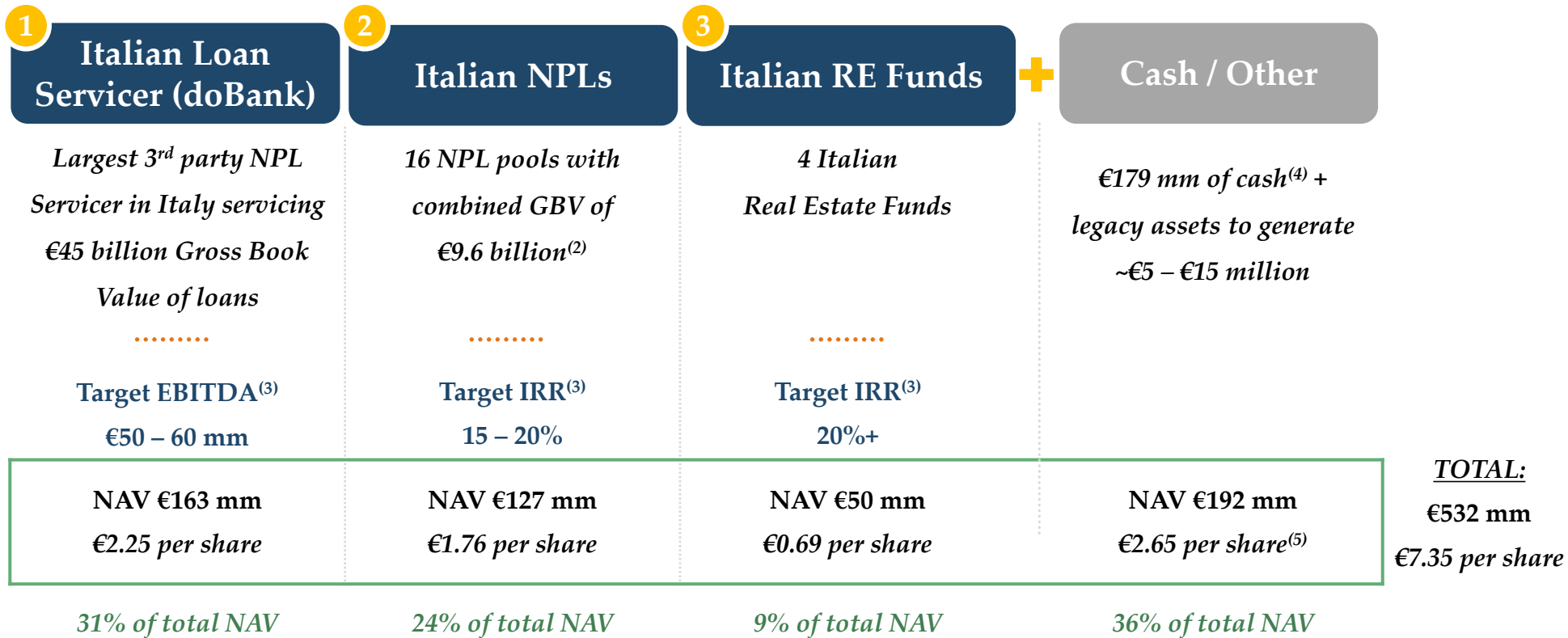
(6) As of Q1 2016. Assumes a net 16% return on €179 million net corporate cash.

(7) NAV throughout this presentation refers to the Company's Adjusted NAV which excludes the negative NAV of certain legacy portfolios whose debt is non-recourse to Eurocastle.



Eurocastle Today

- Eurocastle's business is made up of 3 key segments
- NAV of €532 million, or €7.35 per share⁽¹⁾



(1) Adjusted NAV as of 31 March 2016.

(2) Portfolios in which Eurocastle has an interest including €3.3 billion of GBV relating to the doBank portfolio.

(3) Projected returns are not a prediction of actual results and are based on a variety of estimates and assumptions by the Company, including, among others, recoveries and recovery timelines dependent on the relevant real estate market environment and legal process. These estimates and assumptions are inherently uncertain and are subject to numerous business, industry, market, regulatory, geo-political, competitive and financial risks that are outside of the Company's control. There can be no assurance that the estimated projections noted above will ultimately prove accurate, and actual results may differ materially.

(4) Pro forma for a €6 million commitment in Real Estate Fund Investment IV made in March 2016 and funded in May.

(5) Includes €13 million or €0.18 per share of legacy assets NAV.



Q1 2016 & Subsequent Business Highlights

New Investments

- Invested €7 million in Real Estate Fund Investment IV at ~50% discount to the fund's implied NAV
- Invested €5 million in mezzanine debt secured against an Italian RE fund at a significant discount to expected recovery

Existing Italian Investments Performance

- Italian investments continued to show strong performance, generating €10.9 million, or €0.15 per share of cash flow in Q1 taking total cash flow to date to €64.3 million vs underwriting of €59.9 million
 - doBank generated €11 million of EBITDA (€5.5 million is Eurocastle's share) in line with projections

Legacy Assets

- Continued to make progress in monetising legacy assets collecting €4.7 million of cash in Q1 2016
- Legacy assets reduced to €13 million, or €0.18 per share which is only 2% of total Company NAV
- Since January 2015 generated €82.5 million of recoveries from the legacy assets

Share Buyback

- Received shareholder approval to buy back shares at a price of up to 97.5% of NAV per share



Strong Financial Performance

- **NAV** €532 million or €7.35 per share, in line with previous quarter after paying dividend of €0.125 per share
- **Normalised FFO** €10.5 million or €0.15 per share, reflecting first full quarter of doBank
 - Provides **1.16x dividend coverage**, growing to **1.96x on fully invested basis**
- **NFFO yield** of 9.7% on current share price and 7.9% on NAV, going to 16.3% and 13.3% fully invested respectively

ECT Financial Performance

	Q4 2015 Actual		Q1 2016 Actual		Q1 2016 Pro forma Fully Invested (€ ps)
	(€mm)	(€ ps)	(€mm)	(€ ps)	
NAV	€533	€7.35	€532	€7.35	
Normalised FFO	€8.1	€0.11	€10.5	€0.15	€0.24 ⁽¹⁾
Dividends	€9.1	€0.125	€9.1	€0.125	
Dividend Coverage Ratio		0.89x		1.16x	1.96x
NFFO Yield on NAV ⁽²⁾		6.1%		7.9%	13.3%
NFFO Yield on Share Price ⁽³⁾		7.5%		9.7%	16.3%

(1) Illustrative Pro forma Fully invested earnings reflect reflects i) Q1 2016 Normalised FFO and ii) a net 16% return on €179 million net Corporate Cash.

(2) NFFO Yield = Annualised NFFO/Adjusted NAV.

(3) NNFO Yield at €6.00 per share as of May 18, 2016.



Investment Performance

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

Performance by Investment Type – as of March 31, 2016

	(€ mm)	Equity Invested	Realisations ⁽²⁾	NAV	IRR to Date
1 / 2	doBank (Servicer + NPL pool)	246.0	11.8 ⁽²⁾	264.1	
2	NPLs (excluding doBank)	39.0	30.6	26.2	
3	RE Funds	55.4	14.5	50.0	
	Other (Fully Realised in 2015) ⁽³⁾	3.9	7.4	-	
	Total Italian Investments	344.3	64.3	340.3	23%
	<i>€ per share</i>	<i>4.76</i>	<i>0.89</i>	<i>4.70</i>	

Expected to generate 15 - 20% lifetime IRR
~2x multiple⁽¹⁾

(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) Includes €13.8 million of cash flows not yet distributed to Eurocastle and therefore also included in NAV.

(3) Fully realised investment in a Pan-European distressed bond.



1



– Italian Loan Servicer Update

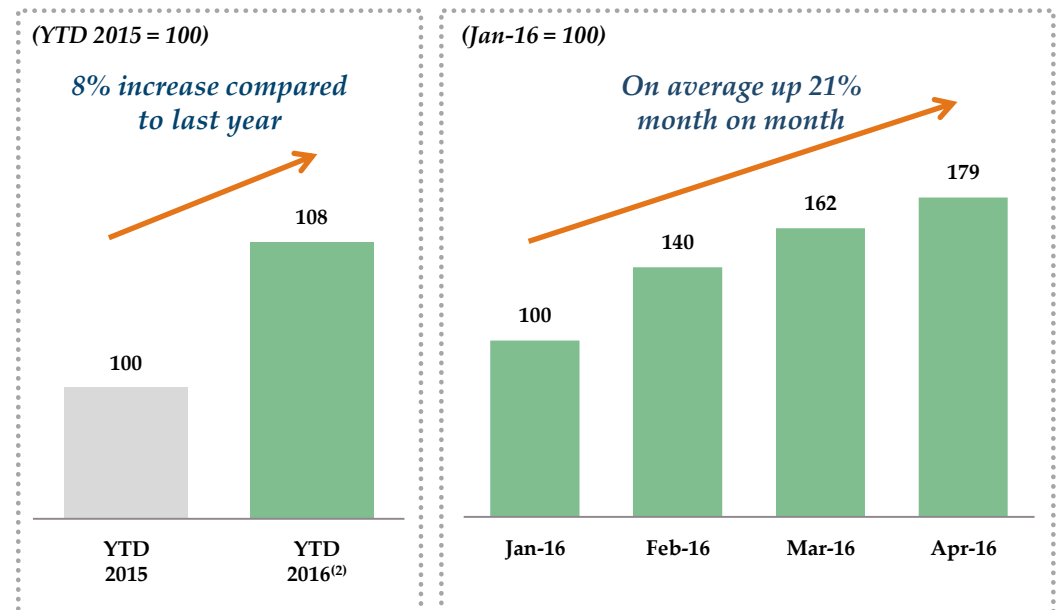
Largest 3rd party servicer in Italy managing €45 billion GBV of loans

- Q1 2016 EBITDA of €11 million⁽¹⁾ in line with expectations and reflecting seasonality
- Year to date collections are up over 8% compared to the same period last year⁽²⁾
- Recent initiatives have helped to drive collections up month over month on average by 21% year to date:
 - Incentive-based asset management model
 - Building out auction facilitation platform and brokerage network

Servicer Financials⁽¹⁾

(€ mm)	Q1 2016 Actuals
NPLs Under Management	€45 bn
Revenues	27.2
Expenses	(16.2)
EBITDA	11.0
<i>ECT Share of EBITDA</i>	5.5

Gross Collections YTD Performance



(1) Unaudited management data.

(2) Includes collections from January 2016 through April 2016.



2 doBank NPL Portfolio Update

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

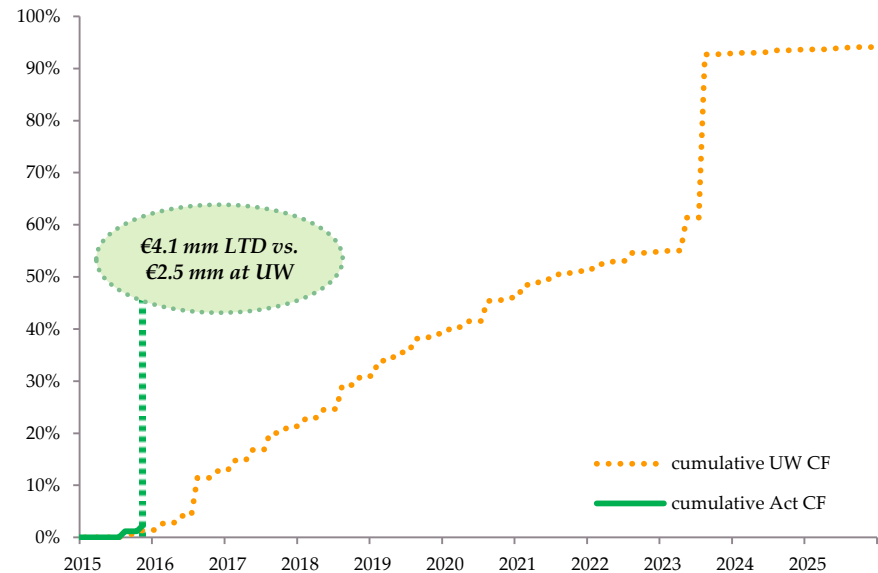
- 42% secured by real estate, loans mainly located in northern & central Italy
- Portfolio outperforming original underwriting, with €4.1 million⁽¹⁾ of proceeds since closing in Oct. 2015
 - **Pace** – actual pace of cash collections 164% of underwriting⁽²⁾
 - **Profitability** – fully realised loans resolved at 121% of underwriting⁽³⁾

Portfolio Performance

(€ mm)	To Date
Actual/Reforecast Collections	€4.1
Original Underwriting	€2.5
Variance	+€1.6
<i>Pace vs. Underwriting</i> ⁽²⁾	164%
<i>Profitability vs. Underwriting</i> ⁽³⁾	121%

Investment Cash Flows

(% of total UW cash flows)



(1) Represents Eurocastle 50% share.

(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.



2 Italian NPLs (excluding doBank Portfolio)

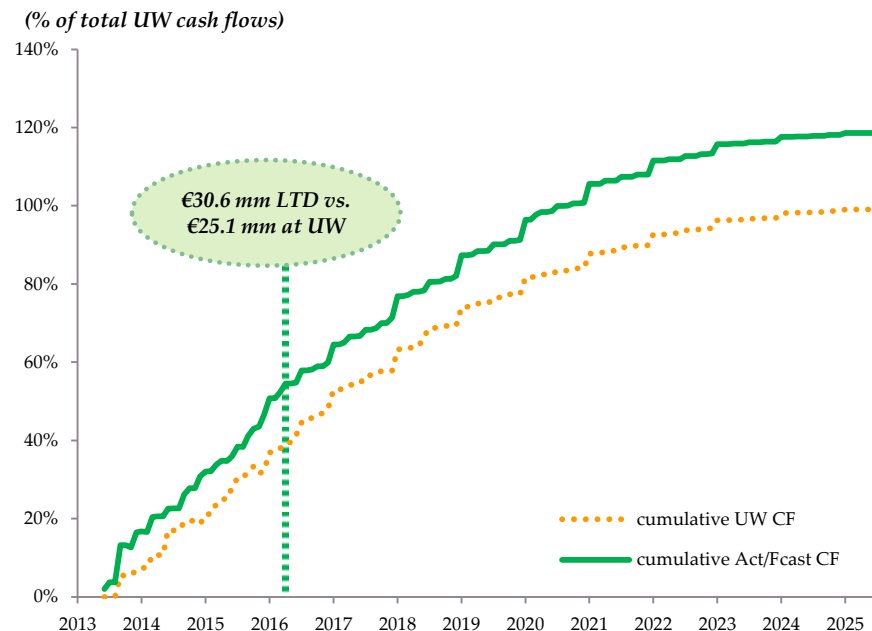
€6.3 billion GBV in 15 pools of Italian loans

- Underwritten returns average 18% IRR and WAL of 3.3 years
- Loans continue to outperform original underwriting based on two criteria:
 - **Pace** – actual pace of cash collections 122% of underwriting⁽¹⁾
 - **Profitability** – fully realised loans resolved at 245% of underwriting^(2,3)
- Cash flows to date of ~€31 million represent 78% of original investment

Portfolio Performance

(€ mm)	To Date
Actual / Reforecast Collections	€30.6
Original Underwriting	€25.1
Variance	+€5.5
<i>Pace vs. Underwriting</i> ⁽¹⁾	122%
<i>Profitability vs. Underwriting</i> ⁽²⁾	245% ⁽³⁾

Investment Cash Flows



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

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

(3) Excludes Pools 13,14 and 15.



3 Italian RE Funds

€55.4 million invested in four Italian Real Estate Funds acquired at a significant discount to underlying asset value

- One public property fund and three private funds – Strategy is to realise profits from asset sales as funds reach their upcoming termination dates
- Investments in line with original underwriting, with €21.3 million of proceeds to date⁽¹⁾
 - Pace** – cash from distributions at 114% of underwriting^(1,3)
 - Profitability** – sales proceeds at 124% of underwriting⁽²⁾
- In May 2016 received €6.8 million –63% of original investment – from Fund Investment III following sale of one asset at a 5% premium to its market value reported by the fund
 - Fund units were acquired at ~50% discount to NAV at acquisition

Investment Summary

(€ mm)	Fund Investment I	Fund Investment II	Fund Investment III	Fund Investment IV
Investment Date	Q1 2014	Q3 2014	Q3 2015	Q1 2016
Type	7% of Public Fund	49% of Private Fund	27% of Private Fund	89% of Private Fund
Collateral	12 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	3 offices and a retail portfolio
Equity Invested	22.2	15.4	10.8	7.0
Cash Received ⁽³⁾	10.4	3.3	7.6	-
Net Invested Capital	11.8	12.1	3.2	7.0
ECT's Value ⁽³⁾	13.4	10.5	12.3	7.0
% Disc. to Fund NAV ⁽³⁾	42%	8%	43%	51%
Fund Leverage	-	35%	55%	92%
Fund Expiration	Q4 2017	Q1 2018 ⁽⁴⁾	Q1 2019	Q1 2019

Portfolio Performance

(€ mm)	To Date ^(1,3)
Actual/Reforecast Collections	€ 21.3
Original Underwriting	€ 18.7
Variance	+€ 2.6
Pace vs. Underwriting⁽¹⁾	114%
Profitability vs. Underwriting⁽²⁾	124%

(1) Represents total distributions paid up to March 31, 2016 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 Investment III reflects €6.8 million distributed to Eurocastle in May 2016 from sales that closed in Q1 2016.

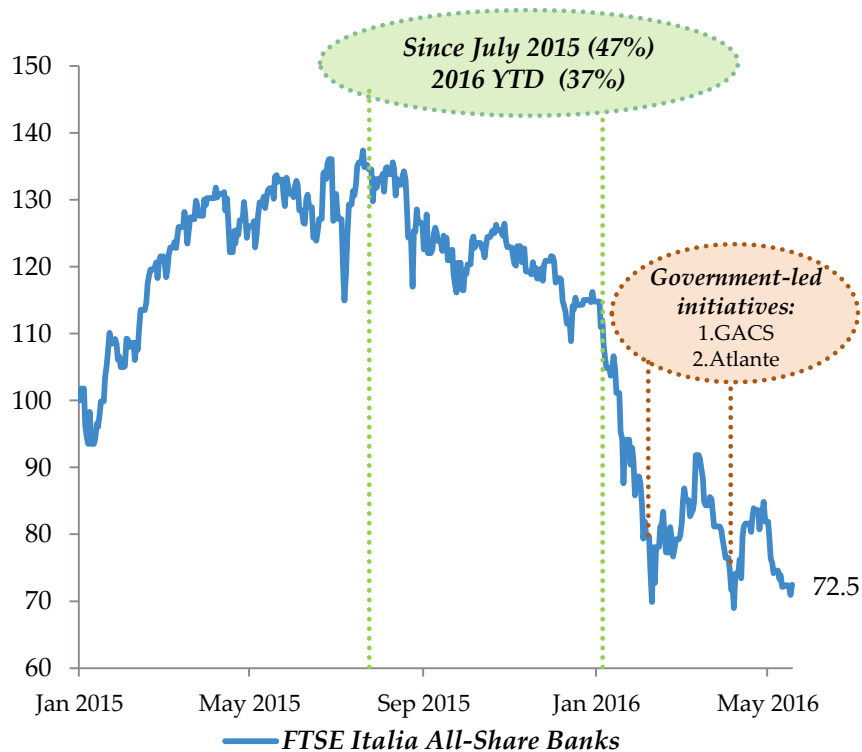
(4) Expected Liquidation date. Fund expires in Dec 2019.



Increasing Pressure on Italy's Banks

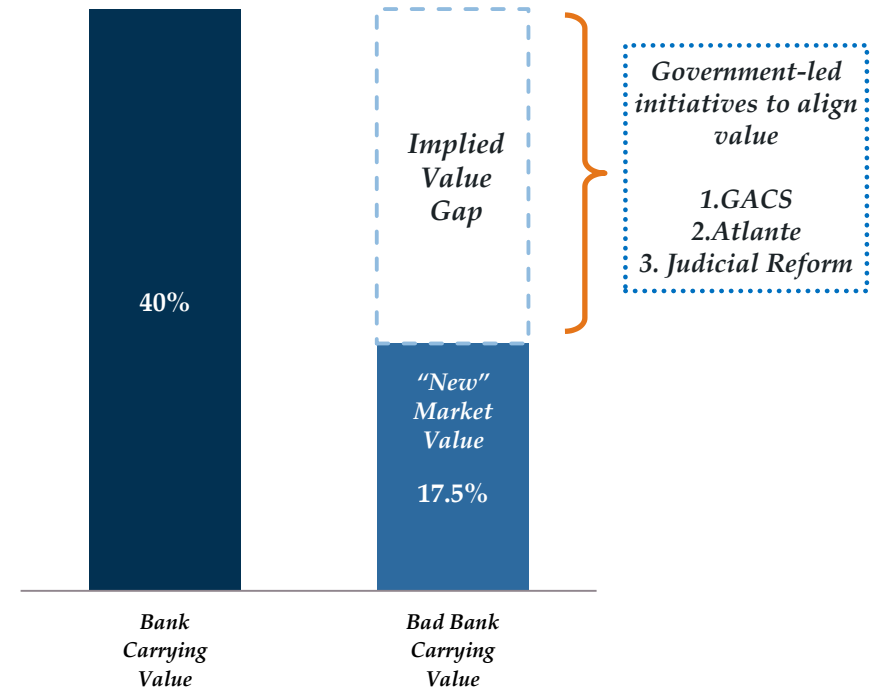
- Italian bank shares are down 37% this year (47% since 2015 peak), as banks' balance sheets continue to be weighed down by over €200 billion of non-performing loans⁽¹⁾
- NPL problem spotlighted by the Bank of Italy takeover of 4 banks in November 2015 and Atlante Fund's recent takeover of Banca Popolare di Vicenza
 - NPLs were transferred into "bad bank" at 17.5 cents on the euro (vs. 40.5 cents average carrying value across top 10 banks)
- Market research indicates capital shortfalls ranging from €5.7 billion to ~€30 billion; difficult for banks to sell NPLs at market clearing prices⁽²⁾

Italian Banks Underperforming Market⁽¹⁾



(1) Source: Source: Credit Suisse Research April 2016. Bloomberg.
(2) Source: KBW Research Report – Italian banks: Sizing the NPL issue in Italy. April 2016.
(3) Source: Bank of Italy - Notes on Financial Stability and Supervision. April 2016.

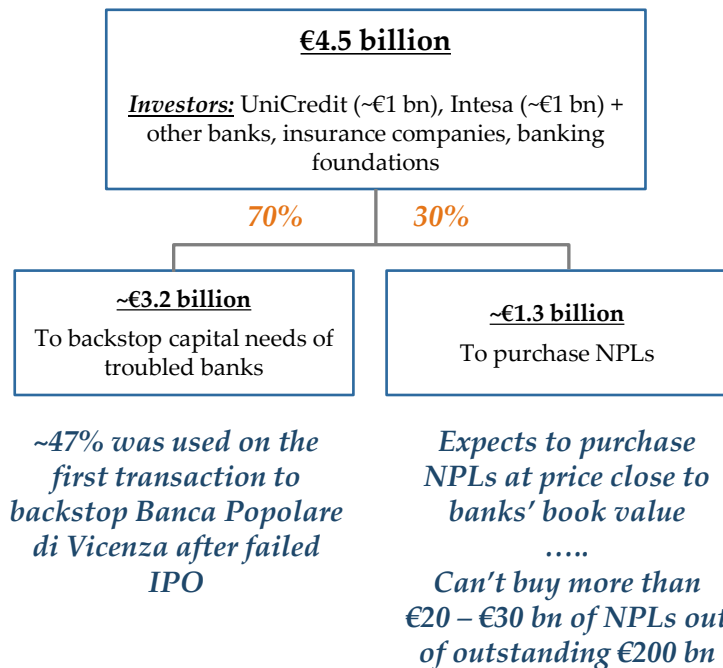
Capital Shortfalls Make it Difficult to Sell NPLs at Market^(2,3)





Atlante Fund

Private alternative investment fund sponsored by the Italian government in April 2016



New NPL Recovery Decree

New bankruptcy reform announced by the Italian government in May 2016

MEASURES:

- ✓ Simplified rules on collateral repossession reducing court involvement
- ✓ Shorter timeline in which borrowers can appeal enforcement decisions
- ✓ Ability of the judge to issue a provisional enforcement order for claims which are not appealed within set timelines
- ✓ Increased use of technology in court hearings and creditor meetings
- ✓ Ability to remove an administrator who doesn't comply with the timeline set by the court
- ✓ Creation of digital register of proceedings which will be managed by Ministry of Justice

IMPACT:

- ✓ Expected to significantly speed up some of the enforcement activities on newly originated NPLs, however not expected to have material immediate impact on current backlog



What Does It Mean for Eurocastle?

Stronger banks in a position to start trading NPLs

- Large banks continue to increase provisions on NPLs, causing the bid-ask spread to narrow
- Top banks are currently in the market to sell approximately €3 billion of NPLs⁽¹⁾

Servicing Partnerships

- Banks are looking for partners specialised in the servicing business to improve collection performance on their NPL books
- Regulators are pushing banks to either sell NPLs or outsource the management of their NPLs to specialised servicers
- More than €50 billion of potential servicing contracts are expected in the second half of 2016⁽¹⁾

Co-investment Partnerships

- Buy selected assets or portfolios from banks to support them in improving asset quality and improve ability to raise capital
- Co-invest with other funds that have access to deals but need partners specialised in distressed debt investment and the servicing of NPLs

(1) Internal estimate based on market intelligence.



A Robust NPL Pipeline⁽¹⁾

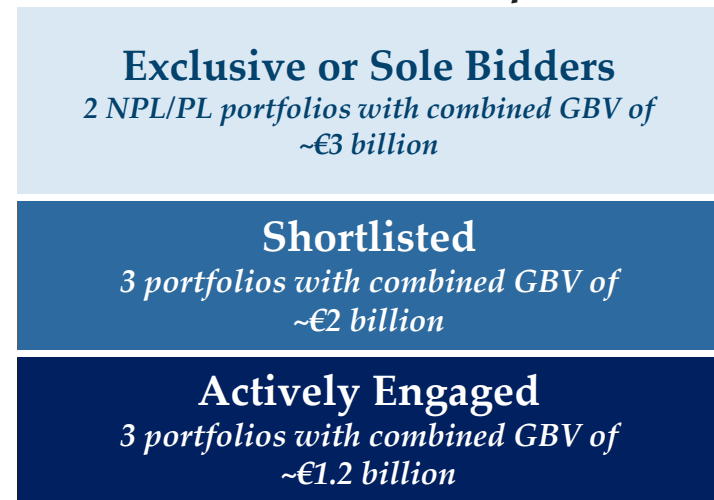
Currently underwriting ~€6 billion GBV of potential near-term acquisitions & negotiating servicing for €46 billion GBV

- Current NPL pipeline of ~€6 billion GBV
 - Exclusive or sole bidders on 2 portfolios with combined GBV of ~€3 billion
 - Shortlisted on 3 portfolios with combined GBV of ~€2 billion
 - Actively engaged on 3 portfolios with combined GBV of ~€1.2 billion
- Actively seeking to service ~€46 billion GBV portfolios
 - Combined GBV of ~€38 billion for servicing opportunities only
 - Combined GBV of ~€8 billion with potential acquisition opportunities

~€46 bn GBV Servicing Pipeline



~€6 bn NPL GBV Pipeline



(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

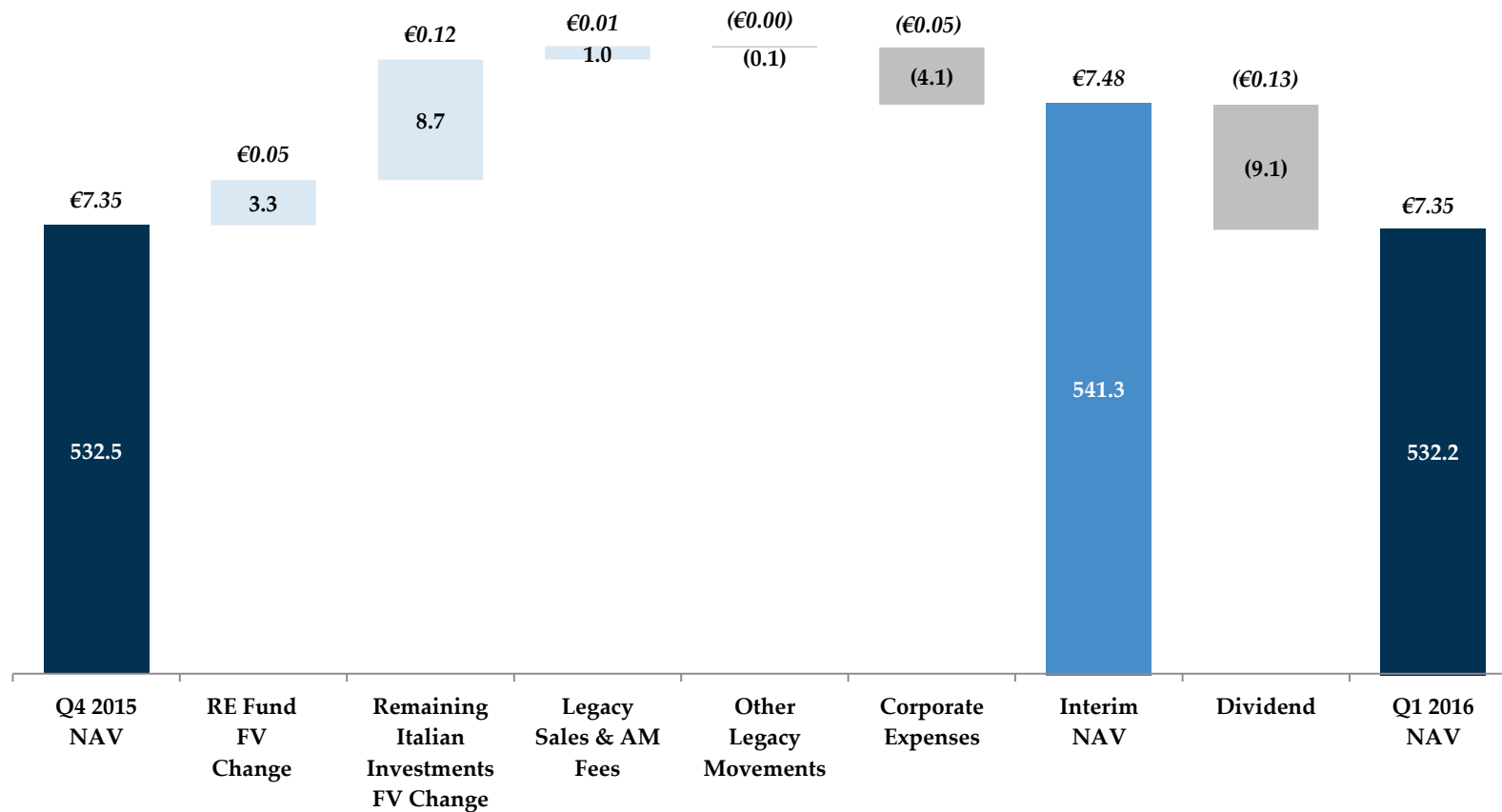


Adjusted NAV Walkdown

- Q1 2016 NAV of €532.2 million (€7.35 per share)

Adjusted NAV unchanged since YE 2015

(€ mm & € per share)





Summarised Balance Sheet

Summarised Q1 2016 Balance Sheet	Italian Investments	Corporate	Legacy	Total
(€ 000's)				
Cash	4,605	200,585	30,833	236,023
Italian Investments (NPLs / Fund Units / doBank) ⁽¹⁾	332,132	-	-	332,132
Legacy German Real Estate	-	-	359,758	359,758
Legacy Debt Investments	-	-	59,770	59,770
Other assets	1,447	59	17,388	18,894
Total Assets	338,184	200,644	467,749	1,006,577
Debt	-	-	445,200	445,200
Other liabilities	3,906	12,693	107,504	124,103
Total Liabilities	3,906	12,693	552,704	569,303
Negative NAV Addbacks ⁽²⁾	-	-	94,955	94,955
NAV Reallocation following Committed Investments ⁽³⁾	6,032	(6,032)	-	-
NAV Reallocation following Legacy Portfolio Sales ⁽⁴⁾	-	(2,990)	2,990	-
Adjusted NAV	340,310	178,929	12,990	532,229
<i>Adjusted NAV (€ per Share)</i>	<i>4.70</i>	<i>2.47</i>	<i>0.18</i>	<i>7.35</i>

(1) Italian Investments have been stated net of the Non-Controlling Interest of €970k for Q1 2016.

(2) Adjusts to exclude the negative net asset value of the Belfry, Drive and CDO V portfolios.

(3) Refers to the unfunded commitment in new Real Estate Fund investment (Fund Investment IV).

(4) Adjusts for the residual net assets and liabilities of sold legacy Mars Fixed 2 and Wave portfolios.



Summarised Quarterly Income Statement

Summarised Q1 2016 Income Statement	Italian Investments	Legacy	Total
(€ 000's)			
Valuation movements on doBank (Servicer & NPL)	7,933	-	7,933
Valuation movements on NPLs (excl. Non Control. Int.) ⁽¹⁾	753	-	753
Valuation movements on Real Estate Fund Units	3,262	-	3,262
Legacy Debt Interest	74	268	342
Legacy Debt Impairments	-	(1,733)	(1,733)
Gain on pay-downs of Legacy Debt Investments	-	1,325	1,325
Total operating income	12,022	(140)	11,882
Interest on debt	-	(761)	(761)
Other operating expenses - transaction costs	(88)	-	(88)
Other operating expenses - group running costs	(3,375)	(186)	(3,561)
Total operating expenses	(3,463)	(947)	(4,410)
Net operating profit / (loss) before taxation	8,559	(1,087)	7,472
Tax expense	(7)	(1)	(8)
Profit from Legacy Real Estate Investments	-	710	710
Profit / (Loss) after taxation for the year (IFRS)	8,552	(378)	8,174
<i>€ Per Share</i>	<i>0.12</i>	<i>(0.01)</i>	<i>0.11</i>
Add back of losses on negative NAV portfolios	-	1,337	1,337
Adjusted net profit after taxation	8,552	959	9,511
<i>€ Per Share</i>	<i>0.12</i>	<i>0.01</i>	<i>0.13</i>

(1) The gain in fair value of Italian Investments has been stated net of the Non-Controlling Interest of €28k for Q1 2016.



Quarterly Segmental Normalised FFO

Q1 2016 Segmental Normalised FFO	Italian Investments	Legacy	Total	Average Invested Capital	Annualised Yield
(€ 000's)					
NPLs	1,409	-	1,409	23,215	24%
Real Estate Fund Units	2,019	-	2,019	40,628	20%
doBank (Servicer & NPL)	8,531	-	8,531	246,031	14%
Italian Investments	11,959	-	11,959	309,874	15%
Legacy Portfolios	-	3,507	3,507		
Manager Base & Incentive Fees	(2,553)	(37)	(2,590)		
Other operating expenses	(928)	(1,406)	(2,334)		
Normalised FFO	8,478	2,064	10,542		
<i>€ Per Share</i>	<i>0.12</i>	<i>0.03</i>	<i>0.15</i>		



New Investments: Net Invested Capital

Net Invested Capital and Normalised FFO Yield

(€ mm)

	FY 2013	FY 2014	FY 2015	Q1 2016	Total Invested
Opening Net Invested Capital	-	9.5	58.4	309.5	-
New Investments made	16.7	54.1	266.4	7.1 ⁽¹⁾	344.3
Invested Capital paid back	(7.2)	(5.2)	(15.3)	(0.7)	(28.4)
Closing Net Invested Capital	9.5	58.4	309.5	315.9	315.9
<i>Average Net Invested Capital</i>	7.5	35.9	97.8	309.9	72.9
<i>Normalised FFO</i>	2.1	8.8	21.4	12.0	44.2
<i>Average Yield</i>	28%	24%	22%	15%	20%

(1) Includes €6 million commitment in Fund Investment IV funded in May 2016.