



EUROCASTLE INVESTMENT LIMITED

Q4 2016 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.

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

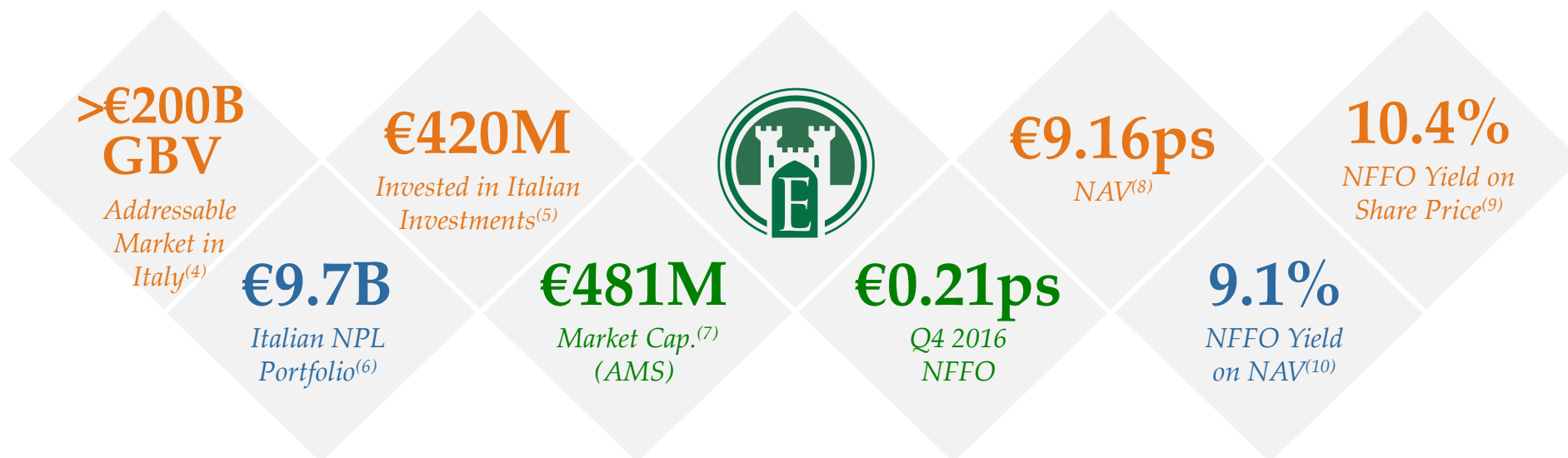
- Aim to drive growth primarily through investments in:

- 1 **Italian Loan 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 billion NPL portfolio from UniCredit S.p.A. (“FINO”)⁽³⁾

- Paid 14 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) PWC “The Italian NPL Market – Positive Vibes” December 2016.

(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) a €6.3 million unfunded expected commitment 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 15 March, 2017 based on closing share price of €8.00 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.

(9) NFFO Yield = Annualised Q4 2016 NFFO / Share Price of €8.00 as of 15 March, 2017.

(10) NFFO Yield = Annualised Q4 2016 NFFO / Adjusted NAV.



Strong 2016 – Achievements & Subsequent Highlights

Capital Activity

- Deployed substantially all of our available capital through:
 1. €75 million share buyback in June 2016
 2. €50 – €70 million⁽¹⁾ commitment to acquire an interest in the FINO portfolio – largest NPL deal on the market since doBank⁽²⁾
 3. Investing additional €23 million in three NPL portfolios and two RE funds

Strong Investment Performance

- doBank Group generated €61.6 million EBITDA in 2016⁽³⁾, Board approved 1st dividend of €52.3 million expected to be paid in May 2017⁽⁴⁾
- Sold Real Estate Fund Investment III for €20.9 million resulting in 2.7x multiple and 137% IRR
- German legacy business – fully disposed, after last payment in 2017, total recovery of €14 million⁽⁵⁾ vs. guidance of €5 to €15 million

Dividend & New Distribution Policy

- In Q4 increased quarterly dividend by 20% to €0.15 per share
- Adopted new distribution policy to distribute substantially all cash NFFO and accelerate return of uninvested capital

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

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

(3) Unaudited management data. Consolidated EBITDA for doBank, Italfondario and their subsidiaries pro forma for the full year 2016. Consolidated 2016 EBITDA in accordance with IFRS for the doBank Group is €58.1 million reflecting the EBITDA generated from Italfondario and its subsidiaries from the date of acquisition in October 2016.

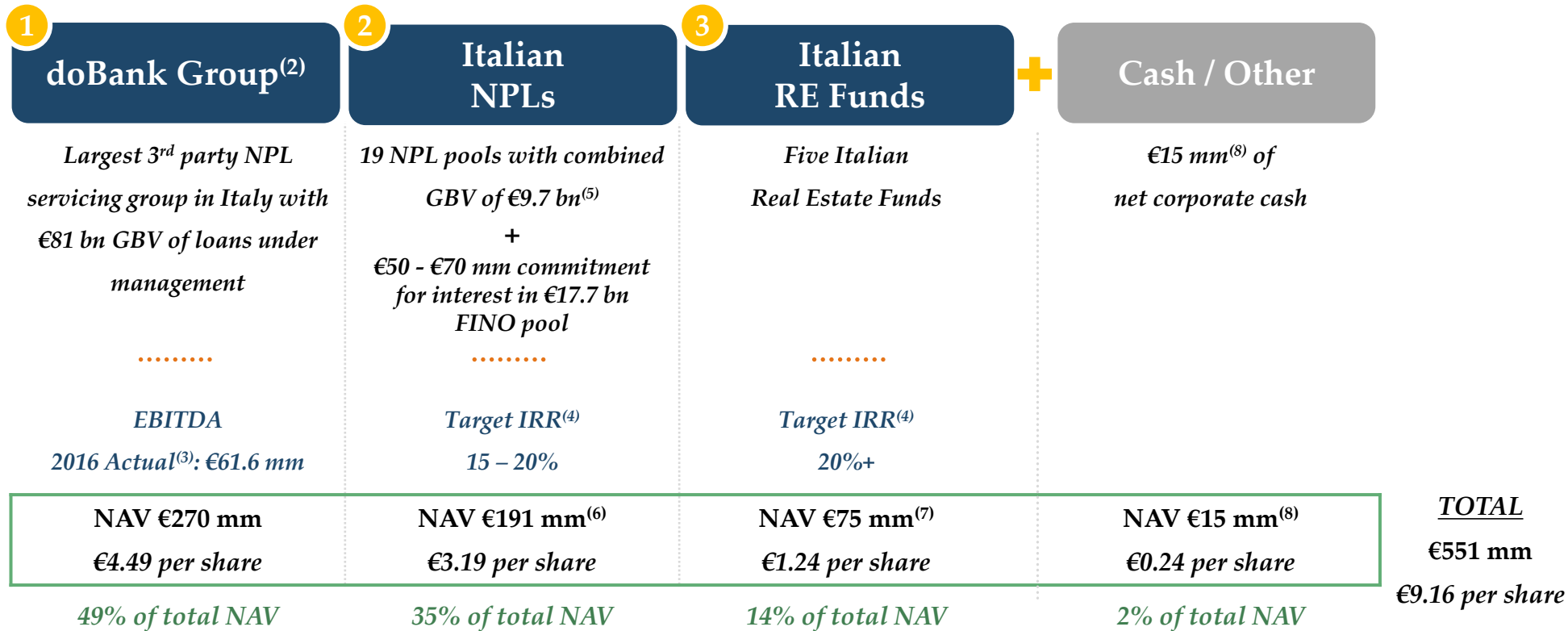
(4) Eurocastle’s portion of the dividend is 50% or €26.2 million.

(5) In 2016 collected €11.6 million of proceeds, expect additional €2.4 million once all assets under binding sale agreements close.



Eurocastle Today⁽¹⁾

- Eurocastle's business is made up of three key segments
- NAV of €551 million, or €9.16 per share vs. €7.71 per share in Q3 2016



(1) As of 31 December 2016.

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

(3) Unaudited management data. Consolidated EBITDA for doBank, Italfondiaro and their subsidiaries pro forma for the full year 2016. 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) Please refer to the forward looking statements in front of the presentation.

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

(6) NAV includes a €60 million unfunded commitment to acquire, alongside other affiliates of FIG LLC, a significant portion of a €17.7bn 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 a €6.3 million unfunded estimated commitment in the Company's second investment in an Italian real estate redevelopment fund ("RE Fund Investment V").

(8) NAV of Net Corporate Cash includes €0.4 million or €0.01 per share of legacy assets and excludes 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 €6.3 million unfunded estimated commitment allocated against Real Estate Funds (RE Fund Investment V).



Strong Financial Performance

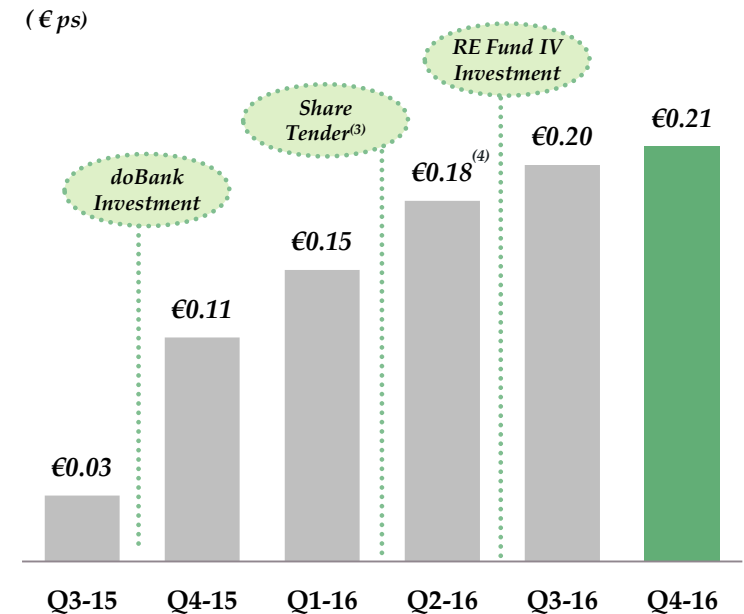
- **NAV** €550.6 million or €9.16 per share, up €1.45 per share from previous quarter primarily due to doBank revaluation
- **Normalised FFO** €12.5 million or €0.21 per share;
 - Dividend Pay-out Ratio of 72% in Q4 2016 → will increase to 100% of cash NFFO following distribution policy change
- **NFFO yield** of 10.4% on current share price⁽¹⁾ and 9.1% on NAV⁽²⁾
- **Strong NFFO Growth** supported by positive investment performance achieved through active asset management⁽³⁾

ECT Financial Performance

	Q3 2016 Actual		Q4 2016 Actual	
	(€mm)	(€ ps)	(€mm)	(€ ps)
NAV	€463.5	€7.71	€550.6	€9.16
Normalised FFO	€11.9	€0.20	€12.5	€0.21
Dividends	€7.5	€0.125	€9.0	€0.15
Dividend Pay-out Ratio	63%		72%	
NFFO Yield on NAV ⁽²⁾	10.3%		9.1%	
NFFO Yield on Share Price ⁽¹⁾	12.8%		10.4%	

Up €1.45 ps from Q3'16

Strong NFFO Growth



(1) NFFO Yield = Annualised quarterly NFFO / Share Price of €8.00 as of 15 March, 2017.

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

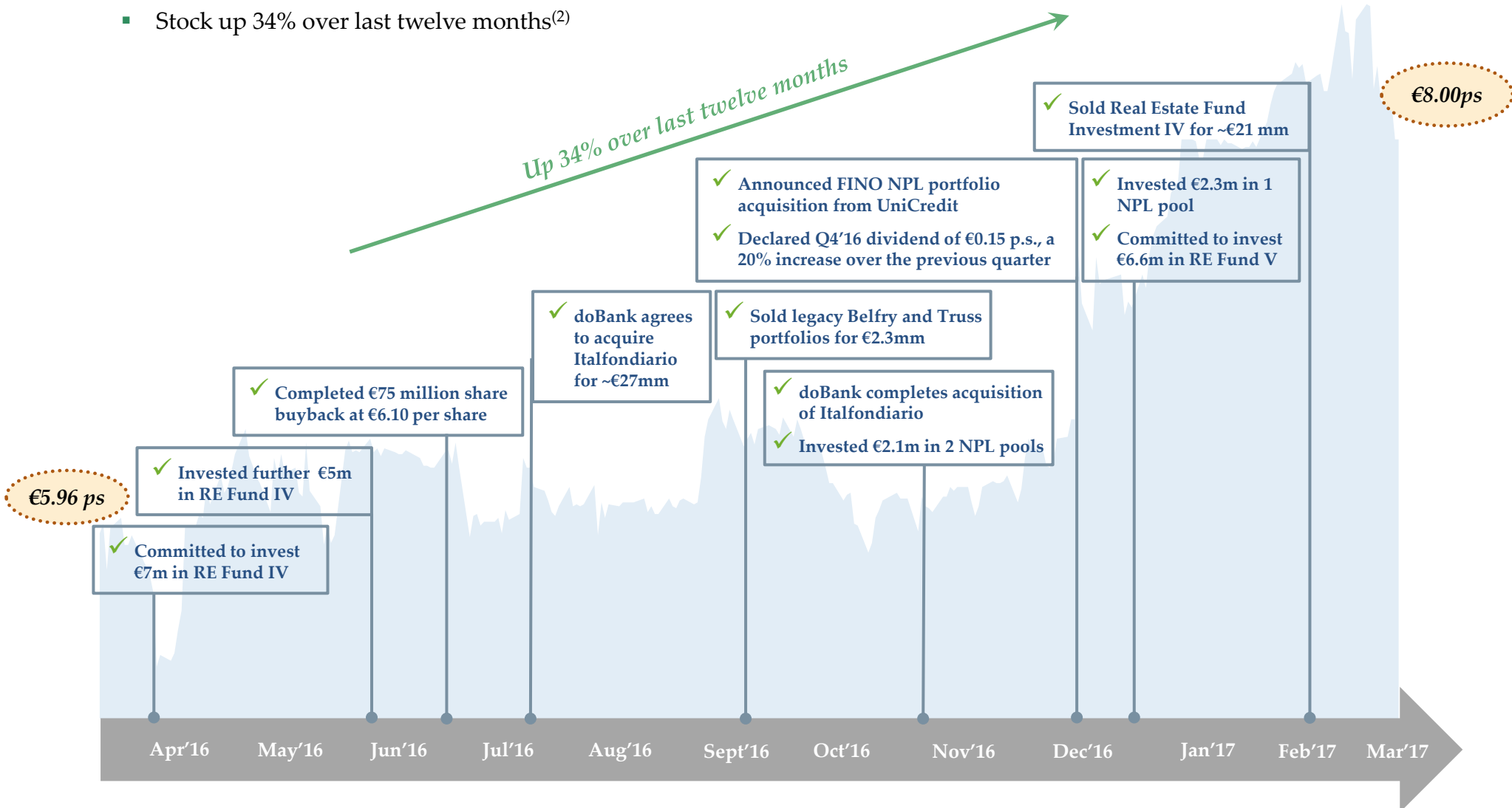
(3) In June 2016, Eurocastle completed a €75 million share buyback at €6.10 per share.

(4) NFFO per share pro forma post share repurchase based on reduced share count.



Strong Recent Stock Performance

- Stock price is showing strong performance, up 22% since December's announcement of the FINO NPL portfolio acquisition and the increased dividend⁽¹⁾
 - Stock up 34% over last twelve months⁽²⁾



(1) Reflects share price appreciation from 15 December 2016 to 15 March 2017.

(2) Reflects share price appreciation from 15 March 2016 to 15 March 2017.



Performance of ECT's Investments

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

Performance by Investment Type – as of December 31, 2016

(€ mm)	Initial Equity Invested	LTD Cash Flow to ECT ⁽²⁾	Net Basis	Q4 2016 NAV	IRR to Date	
1 / 2 doBank Investment (Servicing Group + Romeo NPL pool)	246.0	7.3 ⁽³⁾	238.7	370.9	} NAV includes additional €45.6 mm of undistributed cash from investments ⁽²⁾	
2 Other NPLs	43.4	33.2	10.2	30.7		
3 Real Estate Funds	60.4	22.5	37.9	67.9 ⁽⁴⁾		
Other (Fully Realised in 2015)	3.9	7.4	(3.5)	-		
Fully Deployed Investments	€353.7	€70.4	€283.6	€469.5 €7.81ps	39%	} Expected to generate <u>15 – 20% lifetime IRR~2x multiple⁽¹⁾</u>
Commitment in FINO & RE Fund V ^(5,6)	66.6	-	66.6	66.6		
Total Italian Investments	€420.3	€70.4	€351.1	€536.1 €8.92ps		

(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, €16.7 million from Romeo NPL portfolio and €3.0 million from the other NPLs that has been generated and is currently held at the investment level (and therefore included in their respective NAVs).

(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) Q4 2016 RE Funds NAV of €67.9 million includes €19.7 million related to RE Fund Investment III which was sold in Q1 2017.

(5) 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 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.

(6) Equity invested and NAV includes a €6.3 million unfunded estimated commitment in the Company's second investment in an Italian real estate redevelopment fund ("RE Fund Investment V").



1 doBank Group Update

Seeing positive results from 2016 activity, greatly enhancing value

- Group EBITDA of €61.6 million⁽¹⁾, restated full year EBITDA of €64.3 million⁽²⁾
- Collected €1.69 billion vs. budget of €1.68 billion following numerous initiatives:
 - Appointed CEO, Andrea Mangoni, and restructured senior management team, hiring several top managers
 - Reorganised & rationalised asset management structure and introduced incentive system based on periodic collection targets
- Key initiatives at doBank and combination with Italfondiaro have greatly increased the value (+52%) in Q4 '16
- Focus now on finalising integration of Italfondiaro as the Group prepares for potential IPO in 2017

doBank / Italfondiaro Group



Rating	S&P Strong Fitch CSS1-/RSS1-
GBV Under Management	€ 81 bn
# of Claims Under Management	742k
# of Offices	24
# of Clients	15
% Secured	31%

Pro forma for Combined Servicer Financials⁽¹⁾

(€ mm)	doBank + Italfondiaro	FY 2016 Actuals
NPLs Under Management		€ 81 bn
Gross Collections (~2.1% of GBV)		1.69bn
Revenues (~12% of Gross Collections)		204.9
Expenses (~70% Expense Margin)		(143.3)
EBITDA⁽¹⁾		€61.6
ECT share		€30.8

(1) Unaudited management data. Consolidated EBITDA for doBank, Italfondiaro and their subsidiaries pro forma for the full year 2016. 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.

(2) Unaudited management data. Restated 2016 EBITDA reflects the pro forma 2016 EBITDA for doBank, Italfondiaro and their subsidiaries consolidated for the full year and 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 servicing platforms in doBank's accounts.



2 Romeo NPL Performance Update⁽¹⁾

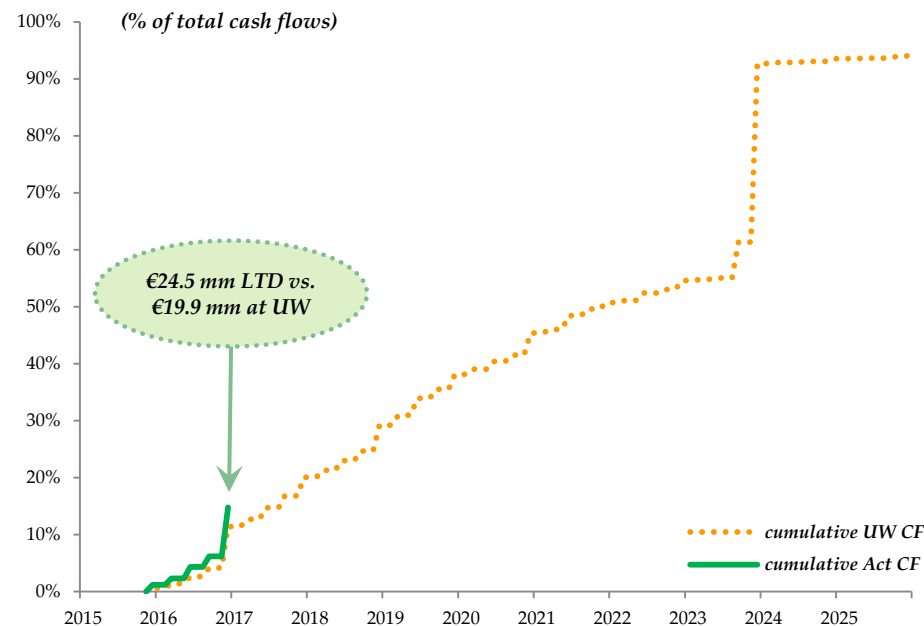
€3.3 billion GBV portfolio with 4,683 borrowers and €703k average claim size

- 42% secured by real estate, loans mainly located in northern & central Italy
- Portfolio outperforming original underwriting, with €24.5 million⁽²⁾ of proceeds collected since closing in Oct. 2015
 - **Pace** – actual pace of cash collections 123% of underwriting⁽³⁾
 - **Profitability** – fully realised loans resolved at 122% of underwriting⁽⁴⁾

Portfolio Performance⁽²⁾

(€ mm)	To Date
Actual Collections	€24.5 ⁽⁵⁾
Original Underwriting	€19.9
Variance	+€4.6
<i>Pace vs. Underwriting⁽³⁾</i>	123%
<i>Profitability vs. Underwriting⁽⁴⁾</i>	122%

Investment Cash Flows⁽⁶⁾



(1) As of December 31, 2016. Reflects 100% of the portfolio and therefore includes the 5% owned indirectly through the doBank Group.

(2) Represents Eurocastle 50% share.

(3) Represents total collections received to date 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 €17.5 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)

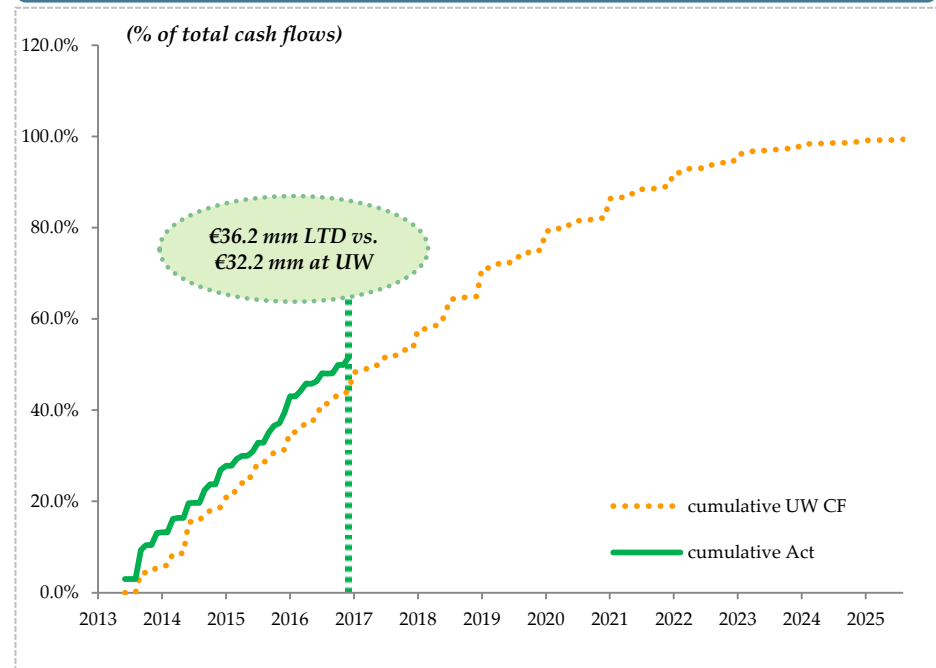
€6.4 billion GBV⁽¹⁾ in 18 pools of Italian loans

- 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 112% of underwriting⁽²⁾
 - **Profitability** – fully realised loans resolved at 235% of underwriting⁽³⁾
- Cash flows to date of ~€36 million represent 83% of original investment

Portfolio Performance

(€ mm)	To Date
Actual Collections	€36.2 ⁽⁴⁾
Original Underwriting	€32.2
Variance	€4.0
Pace vs. Underwriting⁽²⁾	112%
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 €3.0m 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

€67 million invested in five Italian Real Estate Funds acquired at a significant discount to underlying asset value

- One public and four private funds
- Strategy is to realise profits from asset sales as funds reach their upcoming termination dates
- Received €22.5 mm of proceeds to year end 2016:
 - Pace** – cash from distributions at 93% of underwriting⁽¹⁾ – post Fund Investment III sale, pace of 178%
 - Profitability** – sales proceeds at 113% of underwriting⁽²⁾ – post Fund Investment III sale, profitability of 116%

Investment Summary

(€ mm)	Fund Investment I	Fund Investment II	Fund Investment III	Fund Investment IV ⁽³⁾	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	27% of Private Fund	89% of Private Fund	49% 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	22.2	15.4	10.7	12.1 ⁽⁶⁾	6.6	67.0
Cash Received LTD	10.4	3.3	7.8	1.0	-	22.5
Net Invested Capital	11.8	12.1	2.9	11.1	6.6	44.5
ECT's Carrying Value (NAV) ⁽³⁾	14.3	10.7	19.7	23.2 ⁽⁶⁾	6.6	74.5
Reported Fund NAV ⁽⁴⁾	21.2	12.4	22.3	32.6 ⁽⁶⁾	6.6	95.1
ECT's Disc. to Reported Fund NAV	33%	13%	12%	29%	-	22%
Fund Leverage	-	32%	52%	68%	-	
Fund Expiration ⁽⁵⁾	Q4 2017	Q2 2018	Q1 2017	Q1 2019	Q2 2020	

Sold for €20.9 mm in Feb'17 vs. €2.9 mm net investment

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.

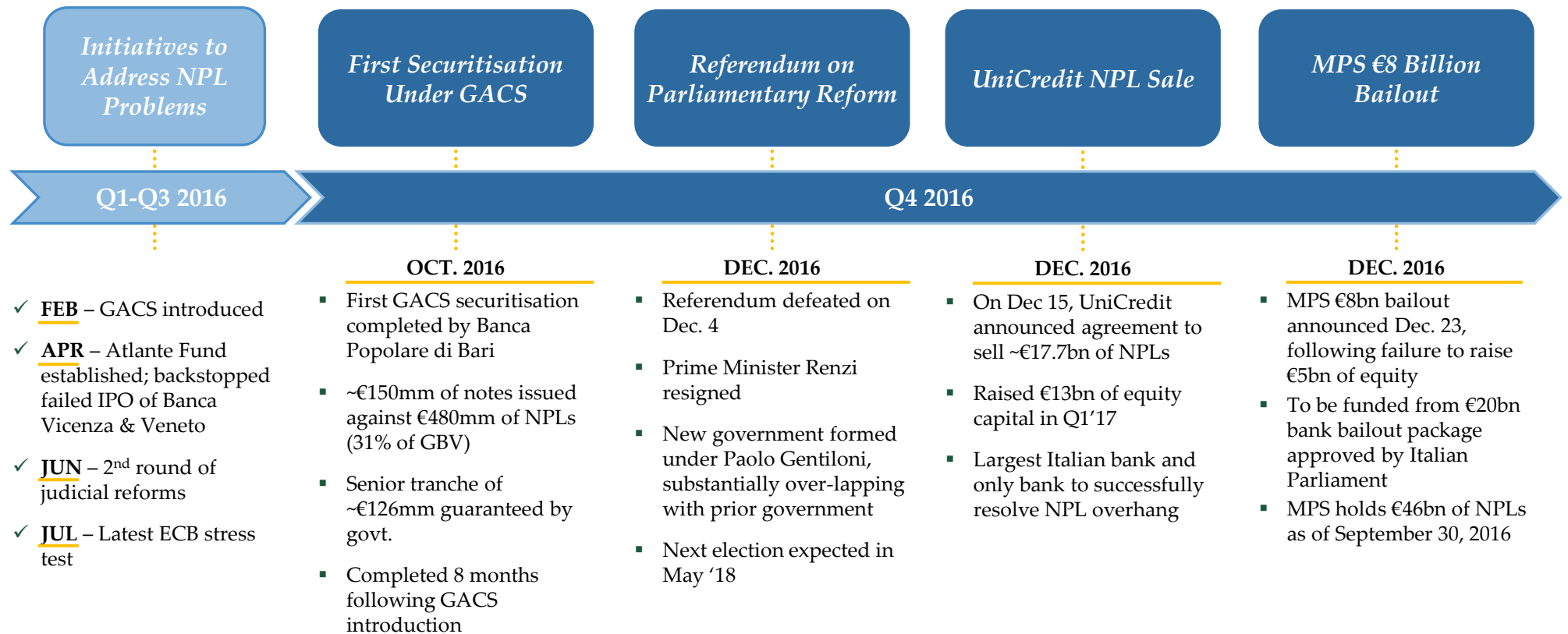
(5) Represents expected liquidation date for Funds II, III and V. Funds expire in 12/19, 12/23 and 12/23 respectively.

(6) Equity invested and NAV includes €5.0 million and €5.5 million respectively from the investment in the debt of RE Fund Investment IV.



Italian NPL Market – Mixed 2016...Sets Up Active 2017

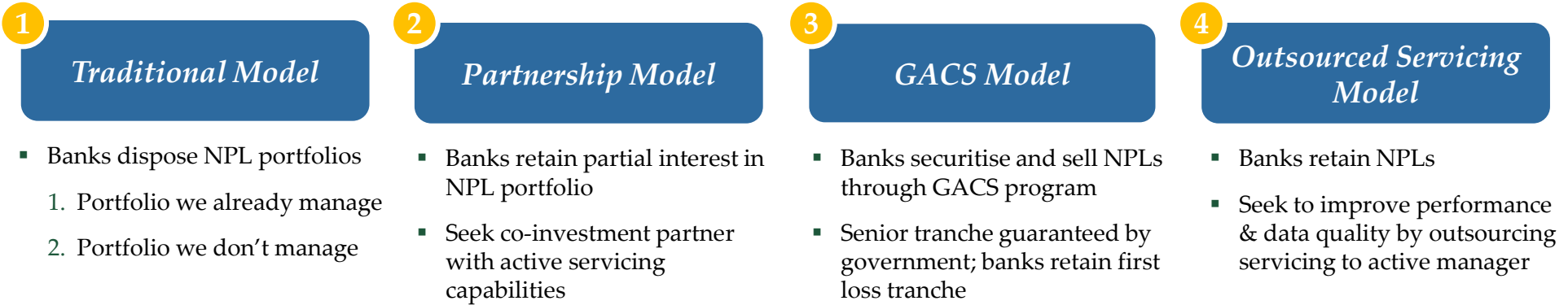
- Despite reforms introduced in early 2016, most banks remain unable to recognise the losses associated with large scale NPL sales without violating their Tier 1 capital requirements
- Exception is UniCredit – announced sale of €17.7bn of NPLs, in conjunction with strategic plan and €13bn capital raise
- MPS's failed capital raise has delayed its proposed €27bn securitization, but remains an opportunity for ECT
- Expect continued bifurcation between (i) smaller, competitive portfolio sales, and (ii) larger, more complex, structured transactions





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



Opportunity for us:

- ✓ Own & service portfolio
- ✓ Co-investment in NPLs
- ✓ Help ready NPL portfolio for future GACS securitization
- ✓ 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
~€50.3 billion GBV

- ✓ €48.3 bn NPL pools and Servicing Contracts
- ✓ €2.0 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

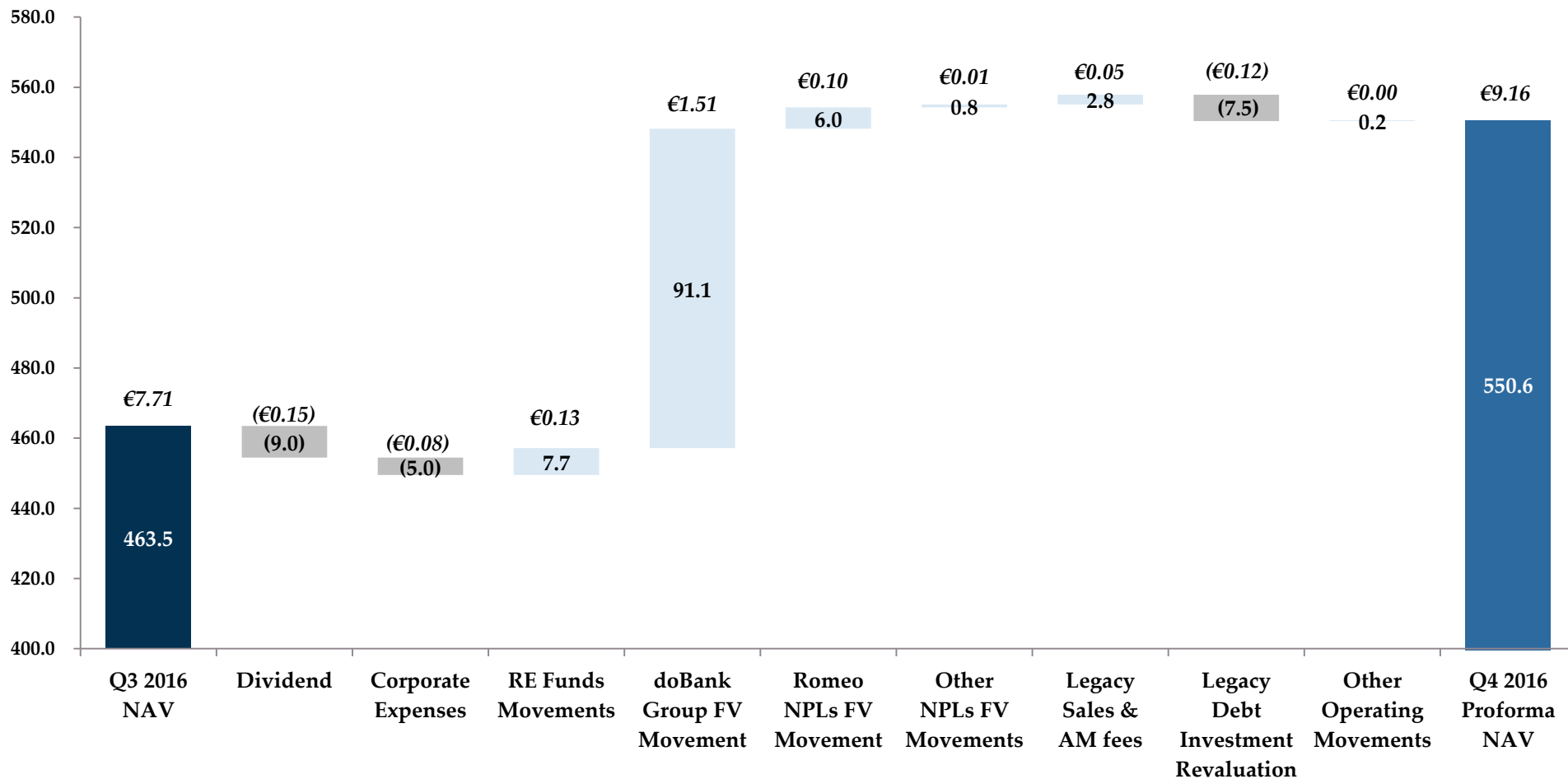


Adjusted NAV Walkdown

- Q4 2016 NAV of €550.6 million (€9.16 per share)

Adjusted NAV up €1.45 per share since Q3 2016

(€ mm & € per share)





Summarised Q4 2016 Balance Sheet

Summarised Q4 2016 Balance Sheet	Italian Investments	Corporate	Legacy	Total
(€ 000's)				
Cash & Cash Equivalents	4,553	99,440	5,085	109,078
doBank Group	264,741	-	-	264,741
Romeo NPLs	106,090	-	-	106,090
Other NPLs ⁽¹⁾	30,278	-	-	30,278
RE Funds ⁽²⁾	67,994	-	2,059	70,053
Legacy Debt Investments	-	-	13,351	13,351
Other assets	20	1,009	5,505	6,534
Total Assets	473,676	100,449	26,000	600,125
Debt	-	-	60,454	60,454
Other liabilities	2,813	20,125	8,158	31,096
Total Liabilities	2,813	20,125	68,612	91,550
Negative NAV Addbacks ⁽³⁾	-	-	43,080	43,080
New Investment Commitment ⁽⁴⁾	66,250	(66,250)	-	-
Adjusted NAV	536,055	14,074	468	550,597
<i>Adjusted NAV (€ per Share)</i>	<i>8.92</i>	<i>0.23</i>	<i>0.01</i>	<i>9.16</i>

NOTE: All figures extracted from the Company's Annual report.

(1) NPLs have been stated net of the Non-Controlling Interest of €1.1m as at 31 December 2016.

(2) Includes €5.5 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).

(3) 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.

(4) 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 €6.3 million estimated commitment allocated against Real Estate Funds (RE Fund Investment V).



Summarised Q4 2016 Income Statement

Summarised Q4 2016 Income Statement	Italian Investments	Legacy	Total
(€ 000's)			
Valuation movements on doBank Group	91,063	-	91,063
Valuation movements on Romeo NPLs	6,032	-	6,032
Valuation movements on Other NPLs (excl. Non Control. Int.) ⁽¹⁾	760	-	760
Valuation movements on Real Estate Fund Units	7,681	(26)	7,655
Other Income	(158)	(1,414)	(1,572)
Total operating income	105,378	(1,440)	103,938
Interest expense	(188)	(172)	(360)
Other operating expenses - transaction costs	(454)	(247)	(701)
Other operating expenses - group running costs	(4,000)	(54)	(4,054)
Impairment losses	-	(29,395)	(29,395)
Total operating expenses	(4,642)	(29,868)	(34,510)
Net operating profit / (loss) before taxation	100,736	(31,308)	69,428
Total tax expense	(43)	-	(43)
Net profit after taxation from discontinued operations	-	145,396	145,396
Profit after taxation for the year⁽²⁾	100,693	114,088	214,781
<i>€ Per Share</i>	<i>1.52</i>	<i>1.73</i>	<i>3.25</i>
Reversal of Net profit attributed to negative NAV portfolios	-	(114,938)	(114,938)
Adjusted net profit / (loss) after taxation⁽²⁾	100,693	(850)	99,843
<i>€ Per Share</i>	<i>1.52</i>	<i>(0.01)</i>	<i>1.51</i>

NOTE: All figures calculated as variance between FY 2016 and YTD Q3 2016

(1) The gain in fair value of Italian Investments has been stated excluding the Non-Controlling Interest share of €83k for Q4 2016.

(2) Refers to profit / (loss) attributed to ordinary equity holders of the Company.



Summarised FY 2016 Income Statement

Summarised FY 2016 Income Statement	Italian Investments	Legacy	Total
(€ 000's)			
Valuation movements on doBank group	107,008	-	107,008
Valuation movements on Romeo NPLs	14,832	-	14,832
Valuation movements on Other NPLs (excl. Non Control Int.) ⁽¹⁾	5,156	-	5,156
Valuation movements on Real Estate Fund Units	23,781	2,111	25,892
Other income	22	274	296
Total operating income	150,799	2,385	153,184
Interest expense	(188)	(2,364)	(2,552)
Other operating expenses - transaction costs	(992)	(247)	(1,239)
Other operating expenses - group running costs	(15,009)	(488)	(15,497)
Impairment losses	-	(30,960)	(30,960)
Total operating expenses	(16,189)	(34,059)	(50,248)
Net operating profit / (loss) before taxation	134,610	(31,674)	102,936
Total tax expense	(273)	(3)	(276)
Net profit after taxation from discontinued operations	-	72,417	72,417
Profit after taxation for the year	134,337	40,740	175,077
<i>€ Per Share</i>	<i>2.04</i>	<i>0.61</i>	<i>2.65</i>
Reversal of Net profit attributed to negative NAV portfolios	-	(43,634)	(43,634)
Adjusted net profit / (loss) after taxation	134,337	(2,894)	131,443
<i>€ Per Share</i>	<i>2.04</i>	<i>(0.05)</i>	<i>1.99</i>

NOTE: All figures extracted from the Company's Annual report.

- (1) The gain in fair value of Italian Investments has been stated excluding Non-Controlling Interest share of €313k for 2016.
 (2) Refers to profit / (loss) attributed to ordinary equity holders of the Company.



Q4 2016 Segmental Normalised FFO⁽¹⁾

Q4 2016 Segmental Normalised FFO	Italian Investments	Legacy	Total	Average Invested Capital ⁽²⁾	Annualised Yield
(€ 000's)					
doBank Investment	8,853	-	8,853	246,031	14%
Italian NPLs	1,315	-	1,315	23,032	23%
RE Fund Investments	4,838	-	4,838	47,737	41%
Italian Investments	15,006	-	15,006	316,800	19%
Legacy Portfolios	-	2,505	2,505		
Manager Base & Incentive Fees	(3,349)	(1)	(3,350)		
Other operating expenses	(1,261)	(382)	(1,643)		
Normalised FFO	10,396	2,122	12,518		
<i>€ Per Share</i>	<i>0.17</i>	<i>0.04</i>	<i>0.21</i>		

- (1) Normalised FFO is a non-IFRS financial measure that, with respect to the Company's Italian Investments, recognises income on an expected yield basis allowing Eurocastle to report the run rate earnings from these investments in line with their projected annualised returns. 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.



FY 2016 Segmental Normalised FFO⁽¹⁾

FY 2016 Segmental Normalised FFO	Italian Investments	Legacy	Total	Average Invested Capital ⁽²⁾	Annualised Yield
(€ 000's)					
doBank Investment	34,483	-	34,483	246,031	14%
Italian NPLs	4,714	-	4,714	22,608	21%
RE Fund Investments	16,173	-	16,173	44,839	36%
Italian Investments	55,370	-	55,370	313,478	18%
Legacy Portfolios	-	10,290	10,290		
Manager Base & Incentive Fees	(11,970)	(100)	(12,070)		
Other operating expenses	(4,386)	(3,231)	(7,617)		
Normalised FFO	39,014	6,959	45,973		
<i>€ Per Share</i>	<i>0.59</i>	<i>0.11</i>	<i>0.70</i>		

(1) Please refer to slide 19 for definition.

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



Italian Investments: Net Invested Capital

Net Invested Capital and Normalised FFO⁽¹⁾ Yield

(€ mm)

	FY 2013	FY 2014	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Total Invested	Total Committed ⁽²⁾	Grand Total
Opening Net Invested Capital	-	9.5	58.4	309.5	309.8	315.8	316.3	-	-	-
New Italian Investments made	16.7	54.1	266.4	1.0	11.0	1.1	3.7	354.0	66.3	420.3
Invested Capital paid back	(7.2)	(5.2)	(15.3)	(0.7)	(5.1)	(0.6)	(0.7)	(34.7)	-	(34.7)
Closing Net Invested Capital	9.5	58.4	309.5	309.8	315.8	316.3	319.3	319.3	66.3	385.2
<i>Average Net Invested Capital⁽³⁾</i>	7.5	35.9	97.8	309.9	311.8	315.6	316.8	121.2		
<i>Normalised FFO⁽¹⁾</i>	2.1	8.8	21.4	12.0	13.4	15.0	15.0	87.7		
<i>Average Yield</i>	28%	24%	22%	15%	17%	19%	19%	19%		

(1) Please refer to slide 19 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 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 €6.3 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.