



EUROCASTLE INVESTMENT LIMITED

**Q3 2017 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 9M 2016, 9M 2017, Q3 2017 and Q2 2017 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.

The doBank securities may not be offered or sold in the United States unless they are registered under the United States Securities Act of 1933 or exempt from registration. The securities are not and are not intended to be registered in the United States.

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.

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.

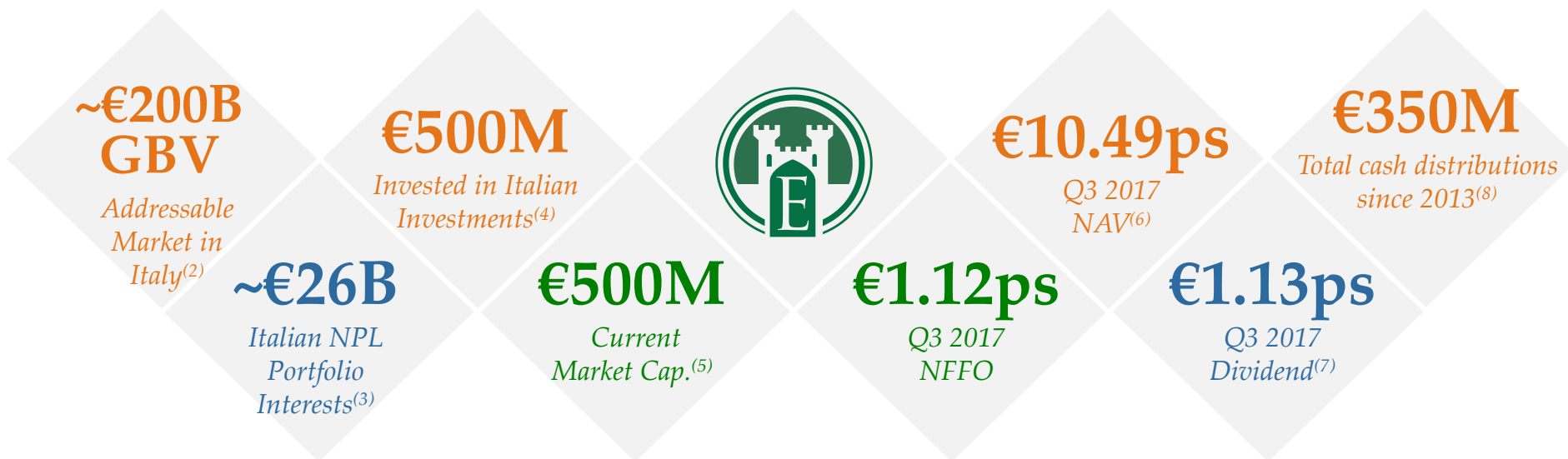
The opinions and statements presented herein are based on general information gathered at the time of writing and are subject to change without notice.



# Eurocastle Overview

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

- **Active in largest NPL market in Europe with significant investments in:**
  1. doBank Group – largest 3<sup>rd</sup> party Italian NPL servicer, completed IPO in July 2017
  2. Italian NPLs – including recently closed FINO transaction
  3. Italian RE Funds
- **Dividend paying company with 100%+ payout ratio<sup>(1)</sup>**



(1) Dividend policy seeks to distribute 100% of NFFO realised in cash in each quarter plus 50% of available capital that has not been committed or designated for specific investments six months after each half year end (subject to the applicable legal requirements and reserves for working capital, distributions and expenses). In October, the Company accelerated the capital distribution from the doBank IPO through a share tender.

(2) Source: PWC "The Italian NPL Market – The Place to Be" July 2017.

(3) GBV at acquisition of all portfolios in which Eurocastle has an interest, including the €16.2 billion FINO portfolio in which ECT owns alongside other Fortress affiliates a significant portion.

(4) From May 2013. Includes the following unfunded committed investments (i) €64.7 million of deferred purchase price on FINO payable over the next few years, (ii) a remaining unfunded commitment estimated at €1.4 million in RE Fund Investment V, (iii) approximately €10 million, after financing, of equity allocated against the previously announced PL/SPL transaction, (iv) €12.2 million to acquire a shared interest in an NPL pool with €293 million GBV and (v) an additional €8.4 million commitment as a follow-on investment in FINO.

(5) Market Capitalisation as of 28th November 2017 based on a closing share price of €9.48 per share on 52.7 million shares pro forma post share tender.

(6) NAV is before deducting €1.13 per share third quarter dividend declared in November 2017. Q3 NAV throughout this presentation is based on 61.1 million ordinary shares in issue as at 30th September 2017.

(7) Represents total distributions to shareholders including (i) €191 million of dividends, or €3.605 per share (includes €59.6 million Q3 dividend to be paid in December) and (ii) €159 million of capital distributions executed through the Q2 2016 and Q4 2017 share tenders, since the Company announced its new strategy in February 2013.

(8) Represents dividend declared and to be paid on 52.7 million ordinary shares in issue post share tender in November 2017.



## Q3 2017 Highlights & Subsequent Events

### Investment Activity

- Invested €44 million in previously announced FINO transaction
- Committed approximately €30 million to acquire shared interests in three separate Italian loan pools
  - €12 million in a new NPL pool
  - €8 million in a follow-on investment in FINO
  - ~€10 million, after financing, in a previously announced PL and SPL pool expected to close early December
- In November, realised an expected net €32 million<sup>(1)</sup> through the disposal of Real Estate Fund Investment IV vs. Q2 NAV of €28 million

### doBank Update

- In July, doBank completed IPO at €9.00 per share, translating to ~2.5x ECT's original value<sup>(2)</sup>
  - Market reacted well with stock trading up 22% as of 30<sup>th</sup> September (and 46% as of today<sup>(3)</sup>)
- 9M'17 EBITDA of €42 million driven by gross collections of €1.2 billion (up 4% and 18% respectively vs. last year)<sup>(4)</sup>
- In October, doBank announced a preliminary agreement to service €8 billion GBV of NPLs originated by the MPS Group, expected to start Q1 2018

### Record Distributions

- In November, distributed ~€144 million to shareholders representing ~99% of the net doBank IPO proceeds
- Since new strategy raised €421 million and already distributed €350 million total cash back to shareholders<sup>(5)</sup>

(1) €13 million has been received to date with the remainder expected by year end 2017 (subject to final agreement with the underlying fund).

(2) Net of distributions received to date.

(3) As of 28<sup>th</sup> November 2017 based on a closing share price of €13.16 per doBank share.

(4) 2016 numbers pro forma for the acquisition of 100% of the share capital of Italfondinario S.p.A. and the derecognition of the Romeo portfolio, as if these had been put in place on 1<sup>st</sup> January 2016. Increase in collections assumes net collections for Italfondinario for the nine months ended 30 Sep 2016. Alternatively, it would be an increase of 12% if gross collections of Italfondinario for the same period were applied.

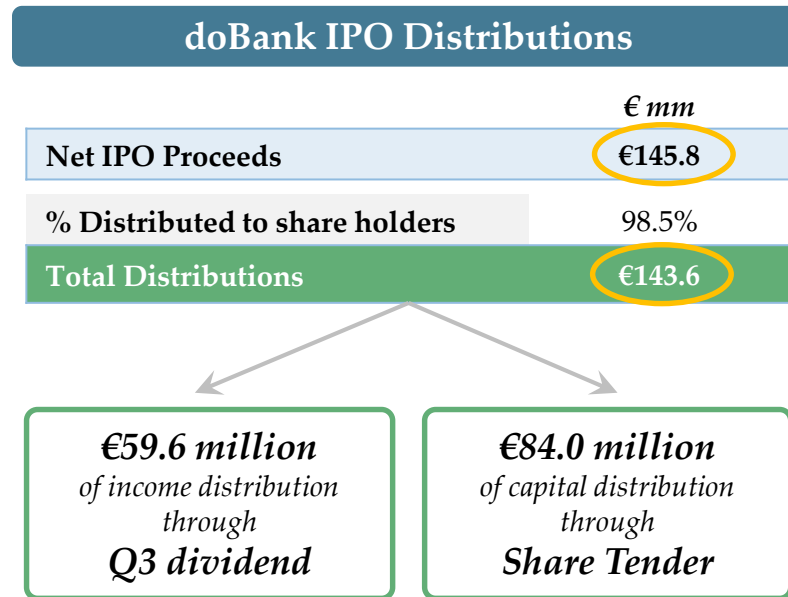
(5) Represents total distributions to shareholders including (i) €191 million of dividends, or €3.605 per share (includes €59.6 million Q3 dividend to be paid in December) and (ii) €159 million of capital distributions executed through the Q2 2016 and Q4 2017 share tenders, since the Company announced its new strategy in February 2013.



# doBank IPO Distributions

*In July, doBank completed IPO at €704 million valuation, listed on Milan Stock Exchange under ticker DOB:IM*

- ECT sold ~49% of its interest in doBank, generating ~€146 million of net proceeds
  - Retained joint controlling interest of 51%<sup>(1)</sup> with Fortress Affiliates
- Total subsequent distributions to shareholders amount to ~€144 million, or ~99% of the net IPO proceeds
  - €60 million through Q3 dividend
  - €84 million of capital through share tender



(1) All percentage ownerships of doBank in this presentation exclude the 1.75 million of treasury shares doBank has retained as at 30<sup>th</sup> September 2017.



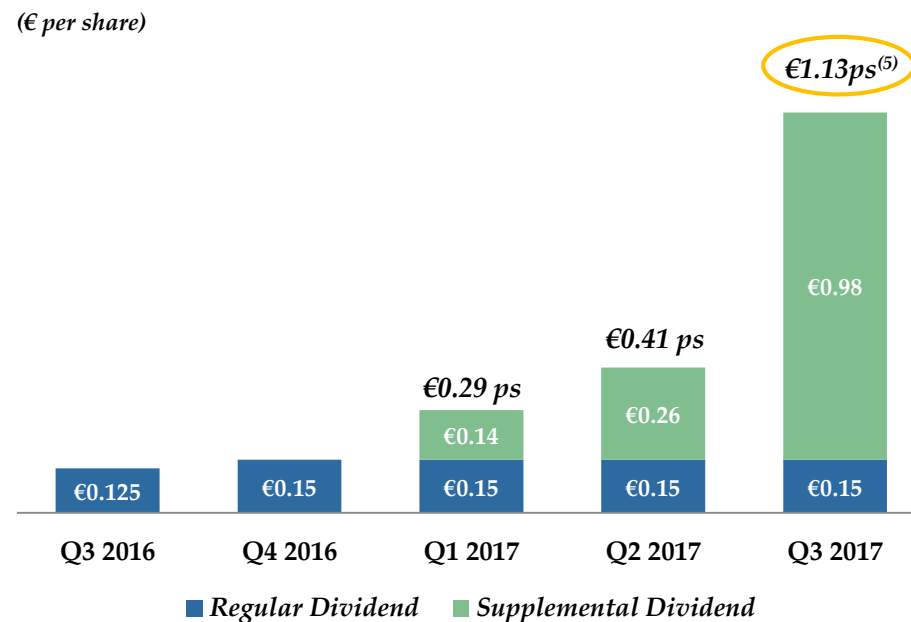
# Strong Q3 Financial Performance

- **NAV<sup>(1)</sup>** €641.0 million, or €10.49 per share, in line with Q2 NAV per share after €0.41 per share Q2 dividend paid in August
- **Normalised FFO** €68.2 million, or €1.12 per share, of which €1.01 per share<sup>(2)</sup> from doBank IPO
- **Dividend** of €1.13 per share declared in November to be paid on shares outstanding post share tender
  - Represents 100% of net NFFO received in cash in the quarter following successful doBank IPO
- **Share Tender** increases pro forma Q3 2017 NAV per share by ~1% and NFFO per share by ~15%<sup>(3)</sup>
- **YTD Total Return on NAV** 22% over nine months<sup>(4)</sup>

## ECT Financial Performance

	Q2 2017 Actual		Q3 2017 Actual		Proforma for Share Tender
	(€mm)	(€ ps)	(€mm)	(€ ps)	(€ ps)
NAV <sup>(1)</sup>	€630.6	€10.49	€641.0	€10.49	€10.57
Normalised FFO	€9.1	€0.15	€68.2	€1.12	€1.29
Dividends	€25.1	€0.41	€59.6	€1.13 <sup>(5)</sup>	

## ECT Dividends



(1) Q3 2017 NAV is before deducting €1.13 per share third quarter dividend declared in November 2017.

(2) Net of allocated corporate costs.

(3) Illustrative accretion on Q3 2017 NAV per share and NFFO per share.

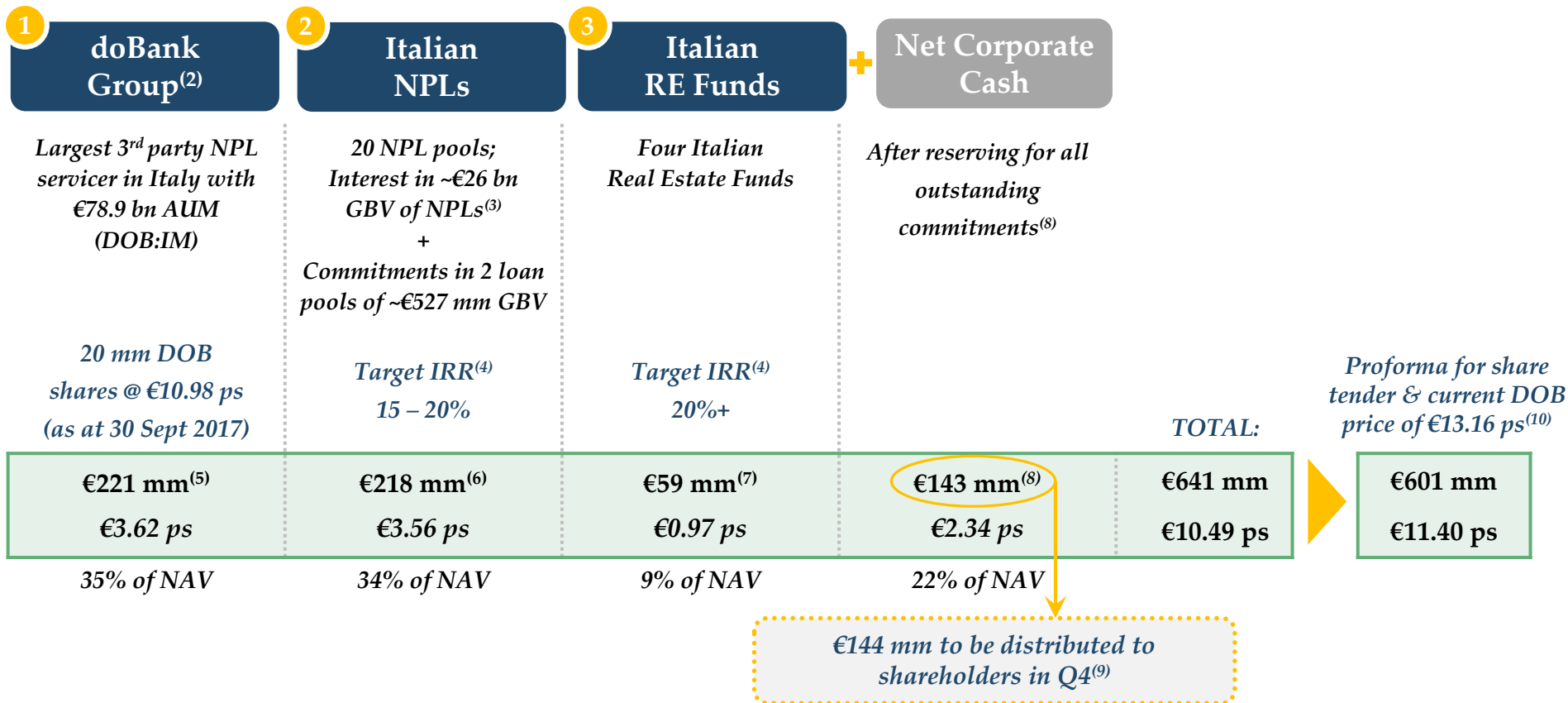
(4) Represents the increase of (i) Q3 2017 NAV of €10.49 per share and accumulated paid dividends of €0.70 per share from Jan 1, 2017 up to Sep 30, 2017 over (ii) the Jan 1, 2017 NAV of €9.16 per share.

(5) Q3 2017 dividend per share to be paid on 52.7 million ordinary shares in issue in December post share tender.



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

- Eurocastle's business is made up of three segments
- NAV as of Q3 of €641.0 million, or €10.49 per share



(1) As of September 30, 2017.  
 (2) Following the July IPO of doBank, Eurocastle owns 25.6% of the Group (or 51.2% together with other Fortress Affiliates).  
 (3) GBV at acquisition of all portfolios in which Eurocastle has an interest.  
 (4) Please refer to the forward looking statements in front of the presentation.  
 (5) Includes €1.4 million of other assets & liabilities.  
 (6) NAV throughout this presentation refers to the Company's Adjusted NAV which reallocates €96.7 million of commitments from the corporate segment to the Italian Investments segment. NAV includes the following unfunded committed investments (i) €64.7 million of deferred purchase price on FINO payable over the next few years, (ii) approximately €10 million of equity, after financing, allocated against the previously announced PL/SPL transaction, (iii) €12.2 million to acquire a shared interest in an NPL pool with €293 million GBV and (iv) an additional €8.4 million as a follow-on investment in FINO.

(7) NAV includes a remaining unfunded commitment estimated at €1.4 million in RE Fund Investment V.  
 (8) Net Corporate Cash deducts amounts listed in footnotes 6 and 7. It does not deduct the €1.13 per share third quarter dividend declared in November 2017. It does not reflect amounts received subsequent to the third quarter.  
 (9) Includes €84 million distributed through the share tender in November and €59.6 million to be distributed through the Q3 dividend in early December.  
 (10) As of 28 November 2017.



# Performance of ECT's Investments

- Strong returns, expect to generate 15 – 20% lifetime IRR<sup>(1)</sup>

## Performance by Investment Type – as of September 30, 2017

(€ mm)	Equity Allocated	LTD Cash Flow to ECT <sup>(2)</sup>	Net Basis	Q3 2017 NAV	IRR to Date
1 doBank Servicing Group	158.4	190.5	(32.1)	221.5	
2 NPLs (including Romeo NPL pool)	131.0	102.0	29.0	76.6	
3 Real Estate Funds	61.6	50.0	11.6	52.9	
Other (Fully Realised)	4.0	14.7	(10.7)	-	
<b>Fully Deployed Investments</b>	<b>€355.0</b>	<b>€357.2</b>	<b>(€2.2)</b>	<b>€351.0</b> <b>€5.75ps</b>	<b>45%</b>
2017 Investments	145.0 <sup>(3)</sup>	-	145.0	146.9	
<b>Total Italian Investments</b>	<b>€500.0</b>	<b>€357.2</b>	<b>€142.8</b>	<b>€497.9</b> <b>€8.15ps</b>	

To date, returned basis on fully deployed investments - €351 mm remaining value implying ~2x on equity invested

Net Corporate Cash	143.1
<b>ECT Q3 NAV</b>	<b>€641.0</b> <b>€10.49ps</b>

(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 €12.2 million that has been generated and is currently held at the investment level (and therefore included in their respective NAVs) comprising (i) €1.8 million from the doBank Group retained in the structure as working capital, (ii) €4.1 million from the interest in the Romeo NPL portfolio and (iii) €6.3 million from the other NPLs.

(3) Equity allocated includes (i) €108.6 million related to the FINO investment and includes €64.7 million of deferred purchase price payable over the next few years, (ii) €5.8 million in RE Fund Investment V of which an estimated at €1.4 million has not yet been funded, (iii) approximately €10 million of equity, after financing, allocated against the previously announced PL/SPL transaction, (iv) a €12.2 million commitment announced in November to acquire an NPL pool of €293 million GBV and (v) an additional €8.4 million follow-on investment in FINO (committed in November).





# 1 doBank Group Update

## Strong 9M'17 results post successful IPO

- Group 9M'17 EBITDA of €42 million
  - Driven by collections of €1.2 billion, up 18%<sup>(1)</sup> over same period last year
- doBank estimates recent MPS contract, once in place and fully stabilized, would add initial ~€20 million of EBITDA per year
- doBank plays a key role in our NPL investment strategy:
  - ✓ Servicing our NPL portfolios
  - ✓ Helping to source, underwrite and evaluate future NPL investments

### doBank Group Snapshot as of Q3 2017

**€145 million of Revenues and €42 million of EBITDA**

#### Servicing (92% of revenues)

- ✓ Collections
- ✓ Due Diligence
- ✓ Securitizations
- ✓ Co-investments



#### Ancillary Services (8% of revenues)<sup>(3)</sup>



### doBank Group Financials

(€ mm)

doBank + Italfondionario	Pro forma FY 2016 <sup>(2)</sup>	Pro-Forma 9M'16 <sup>(2)</sup>	9M'17 <sup>(5)</sup>
NPLs Under Management	€80.9 bn	€82.3 bn	€78.9 bn
Gross Collections	€1.7 bn	€1 bn	€1.2 bn
Gross Revenues	206.2	140.2	145.2
Expenses <sup>(6)</sup>	(141.9)	(100.1)	(103.5)
<b>EBITDA</b>	<b>€64.3</b>	<b>€40.1</b>	<b>€41.7</b>
<b>Net Income</b>	<b>€40.4</b>	<b>€23.2</b>	<b>€26.9</b>

- (1) Increase in collections assumes net collections for Italfondionario for the nine months ended 30 Sep 2016. Alternatively, it would be an increase of 12% if gross collections of Italfondionario for the same period were applied.
- (2) 2016 numbers pro forma for the acquisition of 100% of the share capital of Italfondionario S.p.A. and the derecognition of the Romeo portfolio, as if these had been put in place on 1<sup>st</sup> January 2016.
- (3) Includes Ancillary and Other revenue.
- (4) Provided by doBank through an internal function named "Judicial Management".
- (5) Unaudited financial data.
- (6) Includes outsourcing fees and operating expenses.



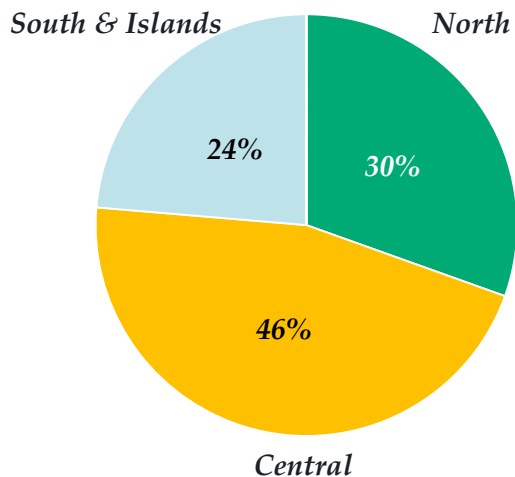
## 2 Italian NPLs – What We Have Bought So Far

Interests in ~€26 billion<sup>(1)</sup> GBV portfolio across 22 pools with 159k claims and €166k average claim size

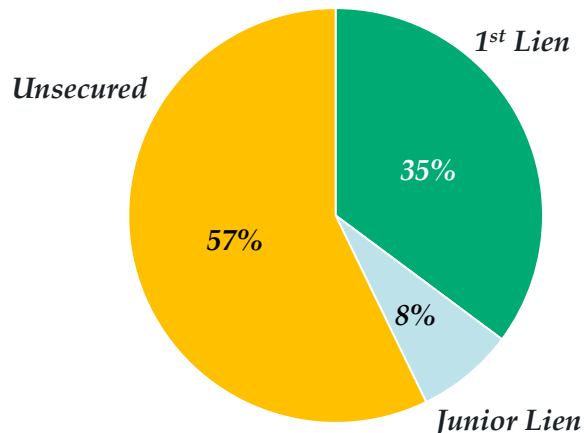
- Since Q2 '17 acquired or committed to acquire interests in three loan pools with investment of ~€145 million:
  - FINO NPL: €16.2 billion GBV<sup>(2)</sup>, largest NPL transaction in Italy since the financial crisis
  - New Performing / Sub-performing pool: €234 million GBV of loans serviced by Italfondionario since 2011
  - New NPL pool: €293 million GBV, mostly secured on residential real estate

### Aggregate Portfolio Stratifications

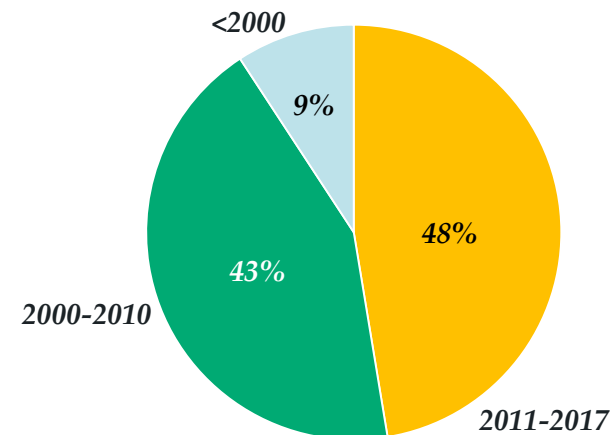
Region<sup>(3)</sup>



Security<sup>(3)</sup>



Default Year<sup>(3)</sup>



(1) GBV at acquisition of all portfolios in which Eurocastle has an interest, including the €16.2 billion FINO portfolio in which ECT owns alongside other Fortress affiliates a significant portion.  
(2) Reduced from €17.7 billion following interim collections from the cut-off date up to closing.  
(3) Stratifications weighted by portfolio NAVs and ownership



## 2 Italian NPLs Performance Update

To date acquired interests in ~€26 billion GBV<sup>(1)</sup> across 22 pools of Italian loans, including Romeo and FINO

- To date received €112.4 million, or €44.8 million above underwriting, including ~€31 million of net leverage
- On an unlevered basis, loans continue to outperform original underwriting based on two criteria:
  - **Pace** – actual pace of cash collections 121% of underwriting<sup>(2)</sup>
  - **Profitability** – fully realised loans resolved at 171% of underwriting<sup>(3)</sup>

### Aggregate Investment Performance

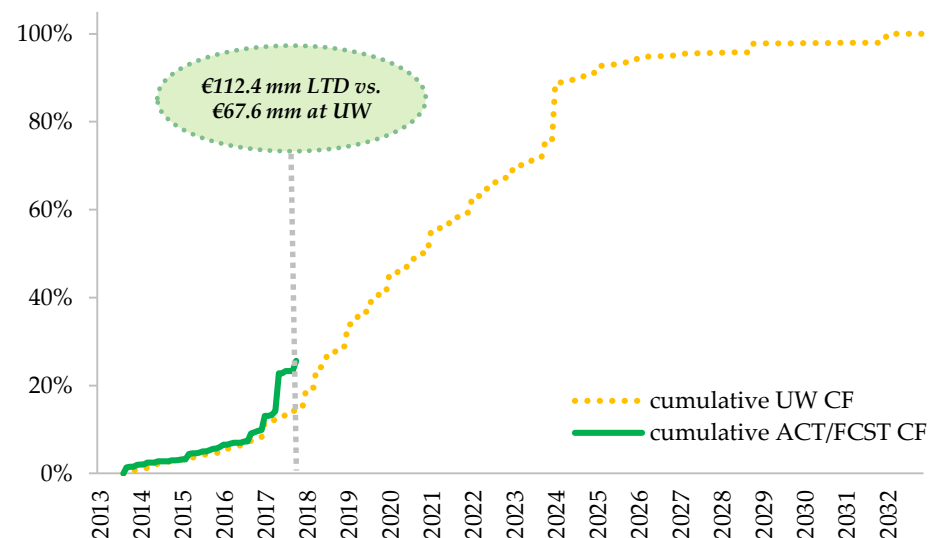
(€ mm)

To Date

Cash flows Generated	€ 112.4 <sup>(4)</sup>
Original Underwriting	€ 67.6
Variance	€ 44.8
Levered Pace vs. Underwriting	166%
Unlevered Pace vs. Underwriting <sup>(2)</sup>	121%
Unlevered Profitability vs. Underwriting <sup>(3)</sup>	171%

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

(% of total underwritten cash flows)



(1) GBV at acquisition of all portfolios in which Eurocastle has an interest, including the €16.2 billion FINO portfolio in which ECT owns alongside other Fortress affiliates a significant portion. 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) Of which €10.4 million generated and currently held at the level of the investment.  
 (4) 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

- Strategy is to realise profits from asset sales as funds approach their termination dates
- In October, Fund Investment IV sold its remaining properties → expect net proceeds of €32 million to ECT versus Q2 NAV of €28 million; ~2.5x multiple on amount invested<sup>(1)</sup>
- Received €50 million of proceeds up to the end of Q3 2017:
  - Pace** – cash from distributions at 75% of underwriting<sup>(2)</sup> – post Fund Investment IV distribution, pace of 124%
  - Profitability** – sales proceeds at 113% of underwriting<sup>(3)</sup> – post Fund Investment IV distribution, profitability of 122%

#### Investment Summary

(€ mm)	Fund Investment I	Fund Investment II	Fund Investment III	Fund Investment IV <sup>(4)</sup>	Fund Investment V	Total
<b>Investment Date</b>	Q1 2014	Q3 2014	Q3 2015	Q1 2016	Q2 2017	
<b>Ownership% &amp; Fund type</b>	7% of Public Fund	49% of Private Fund	n/a	100% of Private Fund	50% of Private Fund	
<b>Collateral</b>	5 mixed-use properties in northern & central Italy	2 luxury residential redevelopment projects in Rome	13 mixed-use office & light industrial assets leased to Telecom Italia across Italy	Retail portfolio in northern Italy	Luxury residential redevelopment project in Rome	
<b>Initial Equity Invested / committed</b>	(22.2)	(15.4)	(10.7)	(13.3)	(5.8)	(67.4)
<b>Cash Received (up to end of Q3'17)</b>	15.2	4.7	28.7	1.4	-	50.0
<b>(Net Invested Capital) / Profit</b>	(7.0)	(10.7)	18.0 <sup>(5)</sup>	(11.9)	(5.8)	(17.4)
<b>ECT's Q3 Carrying Value (NAV)</b>	9.3	14.6	-	29.0	6.1	59.0
<b>Fund Level Leverage</b>	-	29%			41%	
<b>Fund Expiration<sup>(6)</sup></b>	Q4 2020	Q2 2018			Q2 2020	

**SOLD**  
IN FEB. 2017

**SOLD**  
IN NOV. 2017

(1) Net of distributions received to date.

(2) Represents total cash generated to date versus underwriting projections for the same period.

(3) Represents total sales proceeds received versus total proceeds expected at underwriting only on those assets sold. It does not reflect profitability as recorded under IFRS.

(4) Equity invested and NAV includes €5.0 million and €5.6 million respectively from the investment in the debt of RE Fund Investment IV.

(5) Relates to the LTD profit on the fully resolved portfolio only and is before corporate costs.

(6) Represents expected liquidation date for Funds II and V. Funds expire in Dec-19 and Dec-23 respectively.



# Italian NPL Market Update

- ECB is currently consulting on guidance which would require Italian banks to hold significantly higher provisions for new NPEs<sup>(1)</sup> from January 1 2018 or provide explanation as to their non-compliance with suggested levels
  - Secured loans would have to be fully provisioned within 7 years and unsecured loans within 2 years
  - Expected to motivate banks to reduce stock through portfolio sales or improve collections through outsourcing
- ~€120 billion GBV of expected NPL sales / outsourcings by banks for 2017 – 2019<sup>(2)</sup>
- Expect to create variety of opportunities through traditional portfolio sales, GACS securitizations, NPL outsourcing & servicing

## ~€88 billion GBV of Planned NPL Disposals Announced<sup>(2)</sup>

Portfolio GBV		
	€17.7 bn +€3 bn	Project FINO – Significant portion sold to ECT/Fortress, closed Jul. 2017 Portfolio sale: €1.8 bn announced, €1.2 bn to come
	€26.1 bn	Deconsolidation of entire bad loans portfolio by 2017 – 2018
	€10 bn	€1bn to be sold by YE17, €6 bn to be allocated servicing in 2017 for one year
	€9.6 bn	Securitisation & Sale of NPLs
	€8 bn	Plan to sell in 2017-2019: €2.5 bn sales closed; €5.5 bn under GACS by 2018
	€3.9 bn	Sold ~€2.5bn bad loans; expected securitization of €1.35 bn residential mortgages
	€3.4 bn	Disposal of €3.4bn of bad loans by 2017, of which €0.9 bn through securitization
	€2.9 bn	Berenice Project, to close in 2017
	€3.0 bn	Sale of €1 bn NPL Banco di Sardegna in 1H2018
<b>~€88 bn GBV</b>		
Other Sales / Outsourcing	~€32bn	
<b>~€120 bn GBV</b>		

## Pipeline Update

### Q3 2017

- ✓ Closed on 2 of the 5 NPL portfolios
- ✓ Closed on a follow on investment in FINO

### Current Focus

- ✓ 3 single name NPL deals
- ✓ A new RE Fund opportunity

(1) Source: Addendum to the ECB Guidance to banks on non-performing loans: Prudential provisioning backstop for non-performing exposures - New NPEs defined as all of those exposures that are reclassified from performing to non-performing in line with the EBA's definition after January 1, 2018, irrespective of their classification at any moment prior to that date.

(2) Source: PWC "The Italian NPL Servicing Market as of May 2017".



## APPENDIX

# Financial Statements



# Adjusted NAV Bridge

- Q3 2017 NAV of €641.0 million (€10.49 per share)

NAV up €10.4mm since Q2 2017

(€ mm & € per share)





# Summarised Q3 2017 Balance Sheet

Summarised Q3 2017 Balance Sheet	Italian Investments	Corporate	Total
(€ 000's)			
Cash & Cash Equivalents	-	264,646	264,646
doBank Group	221,475	-	221,475
Romeo NPLs <sup>(1)</sup>	49,273	-	49,273
FINO NPLs	45,502	-	45,502
Other NPLs	27,391	-	27,391
RE Funds	57,569	-	57,569
Other assets and investments	-	978	978
<b>Total Assets</b>	<b>401,210</b>	<b>265,624</b>	<b>666,834</b>
Trade and other payables	-	1,985	1,985
Manager Base and Incentive Fees	-	23,873	23,873
<b>Total Liabilities</b>	<b>-</b>	<b>25,858</b>	<b>25,858</b>
<b>NAV</b>	<b>401,210</b>	<b>239,766</b>	<b>640,976</b>
Commitment Investments <sup>(2)</sup>	96,698	(96,698)	-
<b>Adjusted NAV<sup>(3)</sup></b>	<b>497,908</b>	<b>143,068</b>	<b>640,976</b>
<b>Adjusted NAV (€ Per Share)</b>	<b>8.15</b>	<b>2.34</b>	<b>10.49</b>

NOTE: All figures extracted from the Company's Q3 2017 Interim Report.

- (1) Amount is net of Eurocastle's share of portfolio level financing (€34.0 million).
- (2) Adjusts to reflect the following unfunded investments (i) €64.7 million of deferred purchase price on FINO payable over the next few years, (ii) approximately €10 million of equity, after financing, allocated against the previously announced PL/SPL transaction, (iii) €12.2 million to acquire a shared interest in an NPL pool with €293 million GBV and (iv) an additional €8.4 million as a follow-on investment in FINO.
- (3) Q3 2017 Adjusted NAV is before deducting €1.13 per share, third quarter dividend declared in November 2017.





# Summarised Q3 2017 Income Statement

Summarised Q3 2017 Income Statement	Italian Investments	Legacy	Total
<b>(€ 000's)</b>			
Valuation movements on doBank Group	49,841	-	49,841
Valuation movements on Romeo NPLs	1,343	-	1,343
Valuation movements on FINO NPLs	1,588	-	1,588
Valuation movements on Other NPLs	1,593	-	1,593
Valuation movements on Real Estate Fund Units	701	-	701
Other Income (Inc. fair value movements on operating subsidiaries)	12	448	460
<b>Total income</b>	<b>55,078</b>	<b>448</b>	<b>55,526</b>
Interest expense	108	-	108
Transaction costs	100	-	100
Manager Base & Incentive Fees	23,402	-	23,402
Other operating expenses	758	-	758
<b>Total expenses</b>	<b>24,368</b>	<b>-</b>	<b>24,368</b>
<b>Profit for the quarter</b>	<b>30,710</b>	<b>448</b>	<b>31,158</b>
<i>€ Per Share</i>	<i>0.51</i>	<i>0.01</i>	<i>0.52</i>

NOTE: All figures extracted from the Company's Q3 2017 Interim Report.



# Summarised YTD Q3 2017 Income Statement

Summarised YTD Q3 2017 Income Statement	Italian Investments	Legacy	Total
<b>(€ 000's)</b>			
Valuation movements on doBank Group	141,712	-	141,712
Valuation movements on Romeo NPLs	3,927	-	3,927
Valuation movements on FINO NPLs	1,588	-	1,588
Valuation movements on Other NPLs	2,708	-	2,708
Valuation movements on Real Estate Fund Units	5,387	-	5,387
Other Income (Inc. fair value movements on operating subsidiaries)	7,216	2,824	10,040
<b>Total income</b>	<b>162,538</b>	<b>2,824</b>	<b>165,362</b>
Interest expense	177	-	177
Transaction costs	333	-	333
Manager Base & Incentive Fees	34,345	-	34,345
Other operating expenses	2,460	-	2,460
<b>Total expenses</b>	<b>37,315</b>	<b>-</b>	<b>37,315</b>
<b>Profit for the first nine months</b>	<b>125,223</b>	<b>2,824</b>	<b>128,047</b>
<i>€ Per Share</i>	<i>2.08</i>	<i>0.04</i>	<i>2.12</i>

NOTE: All figures extracted from the Company's Q3 2017 Interim Report.



## Q3 2017 Segmental Normalised FFO<sup>(1)</sup>

Q3 2017 Segmental Normalised FFO	Italian Investments	Legacy	Total	Average Invested Capital <sup>(3)</sup>	Annualised Yield
<b>(€ 000's)</b>					
doBank Group	84,655	-	84,655	106,912	317%
Italian NPLs <sup>(2)</sup>	3,752	-	3,752	97,162	15%
RE Fund Investments	4,113	-	4,113	45,057	37%
Other Investments	-	-	-	n/a	n/a
<b>Italian Investments</b>	<b>92,520</b>	<b>-</b>	<b>92,520</b>	<b>249,130</b>	<b>149%</b>
Legacy Portfolios	-	28	28		
Manager Base & Incentive Fees	(23,402)	-	(23,402)		
Other operating expenses	(950)	-	(950)		
<b>Normalised FFO</b>	<b>68,168</b>	<b>28</b>	<b>68,196</b>		
<i>€ Per Share</i>	1.12	0.00	1.12		

- (1) Normalised FFO is a non-IFRS financial measure that, with respect to the Company's Italian Investments, 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) Includes the Romeo NPLs.
- (3) Time weighted average of investments made (net of any capital returned) over the relevant period.



# YTD Q3 2017 Segmental Normalised FFO<sup>(1)</sup>

YTD Q3 2017 Segmental Normalised FFO	Italian Investments	Legacy	Total	Average Invested Capital <sup>(3)</sup>	Annualised Yield
<b>(€ 000's)</b>					
doBank Group	96,547	-	96,547	141,260	91%
Italian NPLs <sup>(2)</sup>	11,965	-	11,965	101,936	16%
RE Fund Investments	22,027	-	22,027	45,008	65%
Other Investments	7,247	-	7,247	n/a	n/a
<b>Italian Investments</b>	<b>137,786</b>	-	<b>137,786</b>	<b>288,204</b>	<b>64%</b>
Legacy Portfolios	-	2,824	2,824		
Manager Base & Incentive Fees	(34,345)	-	(34,345)		
Other operating expenses	(2,970)	-	(2,970)		
<b>Normalised FFO</b>	<b>100,471</b>	<b>2,824</b>	<b>103,295</b>		
<i>€ Per Share</i>	1.67	0.04	1.71		

(1) Please refer to slide 18 for definition.

(2) Includes the Romeo NPLs.

(3) 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<sup>(1)</sup> Yield

(€ mm)

	FY 2013	FY 2014	FY 2015	FY 2016	Q1 2017	Q2 2017	Q3 2017	Total Invested	Total Committed <sup>(2)</sup>	Grand Total
<b>Opening Net Invested Capital</b>	-	9.5	58.4	309.5	319.3	311.8	271.7	-	-	-
Italian Investments made	16.7	54.1	266.4	16.8	0.2	5.3	43.9	403.3	96.7	500.0
Invested Capital paid back	(7.2)	(5.2)	(15.3)	(7.0)	(7.7)	(45.4)	(77.6)	(165.4)	-	(165.4)
<b>Closing Net Invested Capital</b>	<b>9.5</b>	<b>58.4</b>	<b>309.5</b>	<b>319.3</b>	<b>311.8</b>	<b>271.7</b>	<b>237.9</b>	<b>237.9</b>	<b>96.7</b>	<b>334.6</b>
<i>Average Net Invested Capital<sup>(3)</sup></i>	7.5	35.9	97.8	313.4	316.5	299.0	249.1	121.2		
<i>Normalised FFO<sup>(1)</sup></i>	2.1	8.8	21.4	55.4	32.2	13.1	92.7	225.7		
<i>Average Yield</i>	28%	24%	22%	18%	41%	17%	149%	41%		

(1) Please refer to slide 18 for definition.

(2) Includes the following unfunded committed investments (i) €64.7 million of deferred purchase price on FINO payable over the next few years, (ii) approximately €10 million of equity, after financing, allocated against the previously announced PL/SPL transaction, (iii) €12.2 million to acquire a shared interest in an NPL pool with €293 million GBV and (iv) an additional €8.4 million as a follow-on investment in FINO.

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