Financial Highlights[1]

Q1 2018 NAV[2]: €505.1 mm

€9.58ps

(Q4 17: €556.5 mm / €10.56ps)

Quarterly movement reflects:

- *(€0.80)ps value decrease from doBank's share price*
- *€0.09ps of net value increases on remaining investments*
- *(€0.27)ps from payment of the Q4 dividend*

Q1 2018 NFFO: €7.3 mm

€0.14ps

(Q4 17: €7.8 mm / €0.14ps)

Q1 2018 Distribution: €17.4 mm

€0.33ps

€0.15ps Q1 2018 Dividend + €0.18ps Capital Distribution

(Q4 17: €14.2 mm / €0.27ps)

Q1 2018 Distribution declared on 16 May 2018 & payable on 31 May 2018

Business Highlights

Sale of Senior Notes of FINO 1 Securitisation

- In January 2018, the Company received **€48.6 million** of net proceeds through the sale of its share of the senior notes of FINO 1 Securitisation S.r.l., one of the two securitisations that collectively own the FINO NPL portfolio that the Company acquired from UniCredit S.p.A. The senior notes are guaranteed by the Italian state under the "GACS" program and the sale of these notes is therefore seen as an extremely attractive form of financing.
- Eurocastle's value of its investment in the FINO portfolio appreciated by 10% during the quarter net of these proceeds and other distributions received in the period.

Follow-on Investment in FINO NPL Portfolio

- In January 2018, the Company closed on a **€8.4 million** follow-on investment to acquire, together with other Fortress affiliates, additional interests in the mezzanine and junior notes of the two securitisations that collectively own the FINO NPL portfolio.

doBank Financial Performance

- For the first quarter of 2018, the doBank Group reported **EBITDA of €11.0 million, up 12%** over the same period last year (Q1 2017: €9.9 million) driven by increased revenues following the onboarding of €12 billion GBV of new mandates and more efficient cost controls increasing the EBITDA margin by 2%.
- **Net profit** for the first quarter was **€6.6 million, up 23%** over the same period last year (Q1 2017: €5.3 million).
- In April 2018, doBank declared a 2017 full year dividend of €31.5 million (of which Eurocastle's share is €7.9 million) payable on 23 May 2018.

NPL portfolio financing

- In March 2018, the Company, alongside other Fortress affiliate co-investors, completed on a financing of the €293 million GBV NPL portfolio acquired in November 2017. As a result, the Company received net proceeds of **€7.6 million** equating to **63% of the equity invested**.

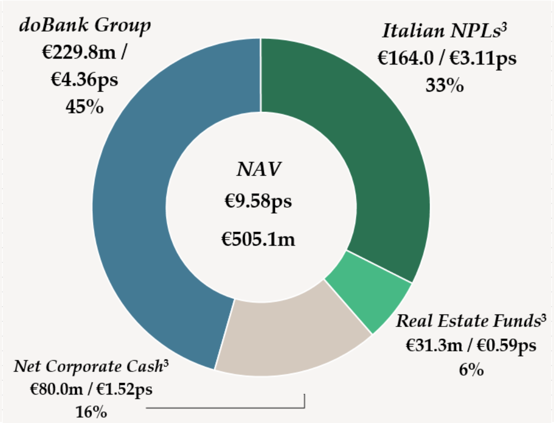
Business Highlights Subsequent to 31 March 2018

Investment in New Single Name Loan Transaction

- In May 2018, the Company closed on a **€7.7 million** investment to acquire a shared interest, alongside other Fortress affiliates, in a portfolio of Italian distressed loans to a single borrower with a gross book value of **~€81 million**. The loans are secured by 1st lien ship mortgages

Portfolio Overview

Eurocastle's current portfolio of Italian Investments is made up of three key segments: the doBank Group, Italian NPLs and Real Estate Funds, with the remainder comprising Net Corporate Cash. The chart below shows the segmental net assets as at 31 March 2018.



Net Corporate Cash: Corporate cash net of estimated commitments and liabilities

doBank: 25.6% interest (20 million shares) in the largest third party Italian NPL servicer managing €87.5 billion GBV. Listed on the Milan Stock Exchange in July 2017 (DOB:IM).

Valuation: €11.45 per doBank share (as at 31 Mar 2018)

Italian NPLs: Interests across 23 loan pools including Romeo, FINO and 21 other NPL pools.

Valuation: Expected future unlevered cash flows predominantly discounted at a 12% yield

RE Funds: Interests in one publicly listed and two private Italian real estate redevelopment funds

Valuation:

-Redevelopment funds discounted at an average 19% yield

-Listed fund carried at a 23% discount to Fund's NAV

SEE PAGE 13 FOR ALL END NOTES

Change In Accounting Policy

As announced in the 2017 annual report, the Board of Directors came to the conclusion, that as of 1 July 2017, the Company met the requirements to be classified as an investment entity as defined under IFRS 10. The impact of this change was that all investments, whether through subsidiaries, associates or joint ventures, were to be fair valued through profit and loss rather than accounting for them under the equity method as was previously the case. In addition, as a result of the amendment to IFRS 10, the Company will no longer have to prepare consolidated financial statements from the same date. As from 1 January 2018, these separate financial statements of the Company are therefore its only financial statements.

Company Strategy

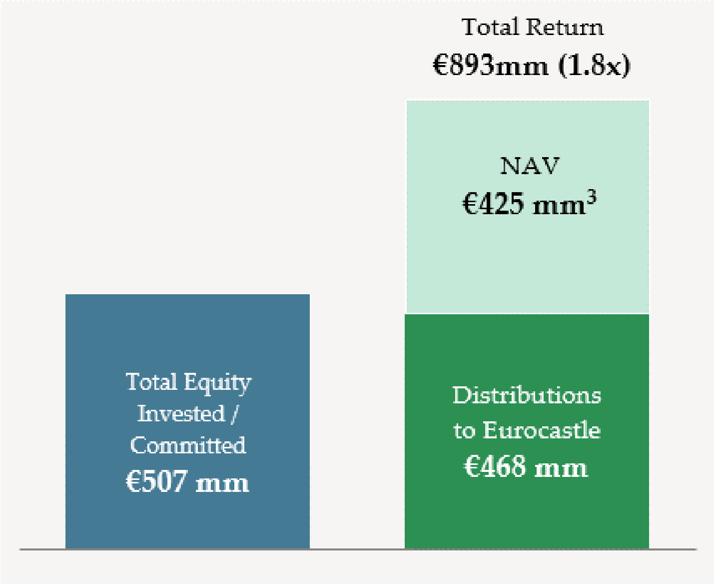
Eurocastle's strategy is to focus on investments in Italian performing and non-performing loans and other credit receivables, Italian loan servicing platforms, real estate related assets and other related businesses in Italy. The Company believes that the markets in which it seeks to make investments, and in particular Italy, continue to be characterised by a significant imbalance between sellers and buyers of investments, including real estate related investments. This has been driven in large part by banks' requirements to deleverage, which has resulted in them making provisions for, and seeking to sell, their non-core assets to improve capital ratios. The Company believes that this imbalance creates attractive investment opportunities, especially because there is a limited universe of buyers with access to deep market knowledge, industry relationships and servicing expertise.

The Investments

Since May 2013, Eurocastle has invested or committed €507 million in its Italian Investments at an average targeted gross yield in the mid-teens.

The Company generates its running cash returns from these investments through recoveries received on the NPL pools, dividends on its remaining interest in the doBank Group and operating and sales cash flows from its real estate fund investments. The Company values these investments at their fair value. Cash flow performance, as well as other factors influencing projected cash flows, therefore plays a key part in the Company's earnings each quarter.

The table below summarises Eurocastle's share of all fully deployed investments and pending commitments since the establishment of its new strategy in April 2013:



	Equity			Total Cash flows Distributed to Eurocastle		Q1 2018 NAV		Total Return (Cash flows Distributed +NAV)	
	Allocated € million	*Commit'd* € million	*Total* € million	*LTD* € million	*Q1 2018* € million	€ million	€ per share	*LTD* € million	*QoQ change* € million
doBank Group[4]	158.4	-	158.4	191.8	-	229.8	4.36	421.6	(42.0)
Italian NPLs (*23 portfolios*)	204.6	72.4	277.0	177.2	65.0	164.0[3]	3.11[3]	341.2	15.8
Real Estate Funds (*5 funds*)[5]	66.6	0.8	67.4	84.0	0.2	31.3[3]	0.59[3]	115.3	0.7
Other Investments[6]	4.0	-	4.0	14.7	-	-	-	14.7	-
Italian Investments	**433.6**	**73.2**	**506.8**	**467.7**	**65.2**	**425.1**	**8.06**	**892.8**	**(25.5)**

In addition to the cash flows distributed as detailed above, a further €15.1 million has been generated for Eurocastle and as at 31 March 2018 was held at the level of the investment (and therefore included within the NAV of the investment), bringing total cash flows generated to date by Eurocastle to €482.8 million of which, €66.7 million were in the first quarter of 2018.

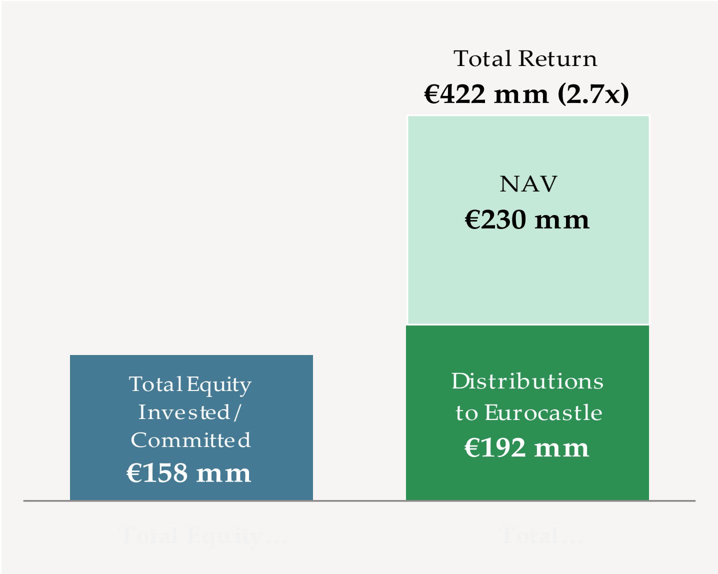
SEE PAGE 13 FOR ALL END NOTES

DOBANK GROUP

In October 2015, Eurocastle acquired a 50% interest in doBank (formerly UniCredit Credit Management Bank S.p.A) from UniCredit S.p.A. for a net purchase price of ~€246 million. The transaction included i) a large NPL portfolio of €3.3 billion GBV[7] (the "Romeo NPLs") and ii) an NPL servicing business with a banking license and a 10 year servicing flow contract with UniCredit.

Following the acquisition of Italfondiario (the second largest 3rd party NPL servicer by GBV at the time), completed in the fourth quarter of 2016, and the transfer of the Romeo NPLs to a separate vehicle[8], the group successfully listed on the Milan stock exchange (under ticker DOB:IM) in July 2017 and today represents the largest independent servicing group in Italy (the "doBank Group").

In connection with the listing, Eurocastle sold 48.8% of its holding, retaining a 25.6% holding in doBank. That interest, together with Fortress affiliates represents a joint 51.2%[9] interest.



	Total Equity Allocated *€ million*	Total Cash flows Distributed to Eurocastle *€ million*	NAV *€ million*	NAV *€ per share*	Total Return (Cash flows Distributed +NAV) *€ million*
doBank Group	158.4	191.8	229.8 [10]	4.36	421.6

The doBank Group is Italy's leading independent servicer of NPLs by GBV of loans under management, serving a broad range of banks and investors. As at 31 March 2018, the group serviced loans with a GBV of €87.5 billion. The doBank Group also provides ancillary products and services and engages in certain secondary banking activities related primarily to the management, purchase and sale of NPLs.

doBank AUM	Key Metrics
Loan under management (€bn GBV)	€87.5bn
Claims under management	693k
Loan Size	€124k
% Large Loans (>500k GBV)	53%
% Corporate	71%
% of secured	33%
% of soft secured	48%

From the time of acquisition of doBank, Eurocastle's Manager worked to bring in new management and then assisted doBank management with the implementation of a general restructuring of the doBank group and its business. This included advice on projects to streamline asset management processes, where doBank leveraged on the Manager's experience in the Italian servicing industry, to improve the efficiency and overall performance of doBank. The culmination of this activity within doBank was its successful IPO in 2017, less than 2 years after the Company's initial investment.

Following the IPO, Eurocastle, through its Manager and as an active investor in the NPL space, continues to consult closely with doBank management on strategic opportunities to expand doBank's business. FIG LLC makes available to doBank the benefit of its extensive servicing and investment expertise gained over 20 years in the local market and globally to help doBank generate additional value for shareholders. The Manager provides two senior employees to sit on the board of doBank, while Avio S.á r.l., the majority owner of doBank, has engaged two experienced consultants who also sit on the board of doBank and are remunerated for their services as directors by doBank.

DOBANK UPDATE

doBank's results for the first quarter of 2018 continued to evidence the growth of the business year-on-year:

Summarised Profit & Loss	Q1 2018	Q1 2017	FY 2017
NPLs Under Management (GBV in €bn)	87.5	82.5	76.7
Gross Collections (in €bn)	0.37	0.39	1.8
Gross Revenues (in €mm)	46.3	45.2	213.0
Expenses (in €mm)[11]	(35.3)	(35.3)	(142.9)
EBITDA (in €mm)	**11.0**	**9.9**	**70.1**
NET INCOME (in €mm)	**6.6**	**5.3**	**45.0**

- AUM of **€87.5 billion**, up 14% since Q4 2017 as a result of €12 billion GBV of new servicing mandates.
- **Collections** on claims serviced totaled **€0.37 billion**, 5% lower in Q1 2017, but achieved on a 9% lower average GBV stock[12]. New servicing mandates were on boarded progressively through the quarter, expected by doBank to be fully reflected in collections from Q2 onwards.
- Gross revenues of **€46.3 million**, an increase of 2% primarily due to the higher AUM leading to an increase in base fees.
- **Q1 EBITDA** of **€11.0 million**, an **increase of 12%** to the same period last year**; EBITDA margin up 2%** driven by the increase in revenues and sustained by efficient cost controls.
- **Net profit** for the period was €6.6 million, 23% **higher than Q1 2017.**
- **2017 dividend** of €31.5 million (€7.9 million for ECT) due on **23 May 2018.**

The first quarter of 2018, a period that is typically the lowest in the year given the seasonality of NPL collections, has been characterised by continued positive operating results with EBITDA up 12% to the same period last year following an increase in the EBITDA margin of 2% (from 21.8% to 23.8%). These results are an early demonstration of the significant operating leverage within the doBank Group following the successful on boarding of €12.1 billion previously announced new servicing contracts within the period which generated additional revenues (primarily in the form of base fees) whilst maintaining a similar level of costs to the same period last year. doBank expects additional revenues from these contracts, primarily from fees on collections, once the portfolios are fully on boarded and contribute to full quarter of collection activity. Other significant events during the quarter included the expansion of operations into Greek market to take advantage of new servicing opportunities arising from its stock of Non Performing Exposures ("NPE") currently reported to be in excess of €100 billion which is subject to a targeted reduction by the ECB of €40 billion over the next two years.

Eurocastle's valuation of its remaining 26% interest in the doBank Group as at 31 March 2018 was €229.8 million[11], or €4.36 per Eurocastle share. This reflects a price of €11.45 per doBank share as at 31 March 2018 compared to €13.55 per share as at 31 December 2017. This share price decrease resulted in a fair value loss of €42.0 million, or €0.80 per Eurocastle share (15%) for the first quarter of 2018.

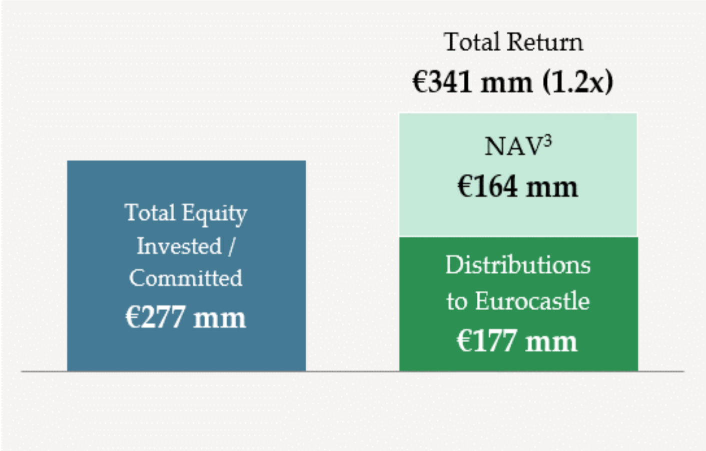
SEE PAGE 13 FOR ALL END NOTES

ITALIAN NPLS

Since May 2013, the Company has invested or committed approximately €277 million in 23 Italian loan pools with a combined GBV of approximately €25 billion, comprising:

i) a minority interest in a €14.4 billion GBV sub-pool of the €17.7 billion GBV NPL portfolio sold by Unicredit in July 2017 ("FINO NPLs")
ii) a 47.5% interest in the €3.3 billion GBV NPL portfolio acquired as part of the doBank transaction
iii) interests across 21 smaller diverse pools with a combined GBV of €6.9 billion

The portfolios are all serviced by the doBank Group.



	Equity Allocated *€ million*	Equity Committed *€ million*	Total Equity Allocated/ Committed *€ million*	Total Cash flows Distributed to Eurocastle *€ million*	NAV *€ million*	NAV *€ per share*	Total Return (Cash flows Distributed +NAV) *€ million*
Italian NPLs *(23 pools)*	204.6	72.4	277.0	177.2	164.0[3]	3.11[3]	341.2

FINO NPL

In July 2017, the Company acquired a minority interest in a €14.4 billion GBV sub-pool of the €17.7 billion GBV NPL portfolio sold by Unicredit S.p.A.. At completion of the acquisition, and following interim collections from the cut-off date, the sub-pool in which the Company invested had reduced to €13.2 billion GBV and was split into two Italian securitisation vehicles, FINO 1 (€5.4 billion GBV) and FINO 2 (€7.8 billion GBV). The transaction included the indirect acquisition by Eurocastle of an equal portion of all of the notes of these two Italian securitisation vehicles, as well as the provision of certain services to the vehicles. The transaction terms include a deferred purchase price mechanism under which further amounts are payable by Eurocastle over the next few years for an amount of €64.7 million.

At the end of November 2017, both Moody's and DBRS assigned an investment grade rating to the senior notes (comprising 84% of the capital stack) of the FINO 1 securitisation. These notes were therefore eligible to be guaranteed by the Italian state government under the "GACS" programme, which was obtained in January 2018. Shortly after the granting of the GACS, Eurocastle and the other investors of FINO 1 sold their share of these senior notes, resulting in the receipt of €48.6 million of net proceeds to the Company. The sale of these notes, which pay an interest cost of three month Euribor plus 1.50%, is seen by the Company as an extremely attractive form of financing for its remaining investment in FINO. Shortly after this transaction, the Company closed on an €8.4 million follow-on investment to acquire, together with other Fortress affiliates, additional minority interests in the mezzanine and junior notes of the two securitisations that collectively own the FINO NPL portfolio.

ROMEO NPL

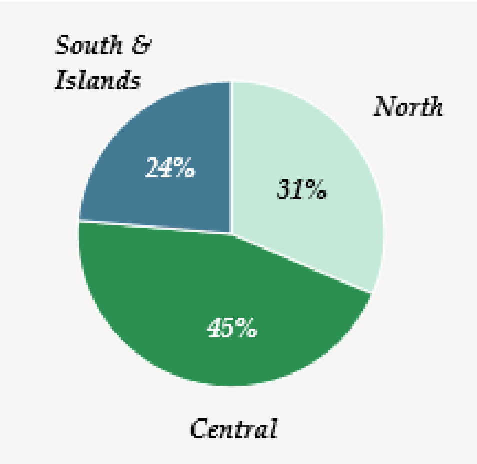
The Romeo NPL portfolio is a €3.3 billion[9] GBV portfolio in which Eurocastle has a 47.5% direct interest. The pool was acquired as part of the doBank transaction in October 2015. Compared to the remaining NPL portfolios in which Eurocastle has invested, this portfolio was characterised by a larger average loan size of €703,000 with a greater exposure to Northern and Central Italy of 81% and was 42% secured by real estate assets. In May 2017, the secured portion of its Romeo NPL portfolio was financed through a €75 million facility of which €63 million is currently outstanding.

Balance Sheet[13]	*€ million*
Value of Unlevered Cash flows	80.6
Portfolio Level Financing	(31.6)
Other Assets / Liabilities	0.1
Romeo NPL NAV	**49.1**
NAV Per share	*0.93*

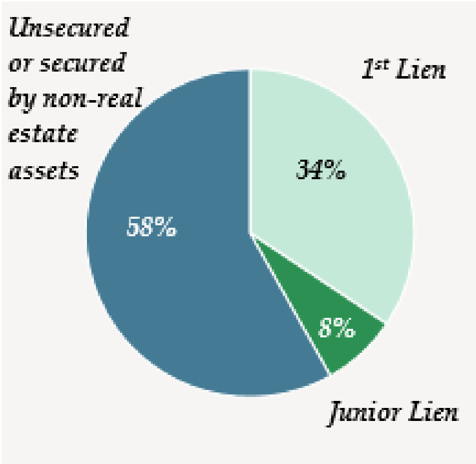
NPL PORTFOLIO BREAKDOWN[14]

In addition to the FINO NPL and Romeo NPL portfolios, the Company has interests in 21 other pools, which in aggregate is represented by the following stratifications.

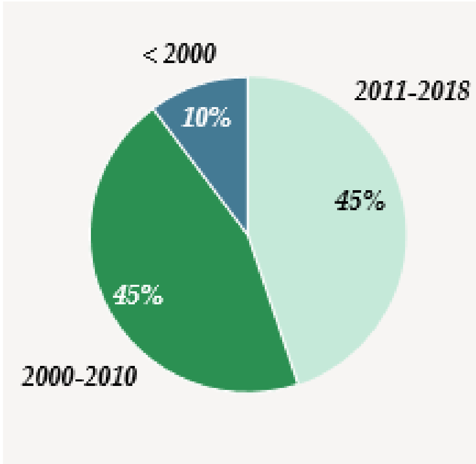
Region



Security



Default Year



NPL PERFORMANCE UPDATE

Portfolio performance on all NPL pools has remained strong. To date the Company has received €184.4 million[17] of cash flows, €92.0 million above underwriting implying a levered pace of collections of 200%. On an unlevered basis, loan collections continue to outperform, reflecting a pace of 117%[15] and profitability of 172%[16] of underwriting expectations.

	Performance to date *€ million*
Cash Flows Generated[17]	184.4
Original Underwriting	92.0
Variance	***92.4***
Levered Pace vs. Underwriting	200%
Unlevered Pace vs. Underwriting[15]	117%
Unlevered Profitability vs. Underwriting[16]	172%

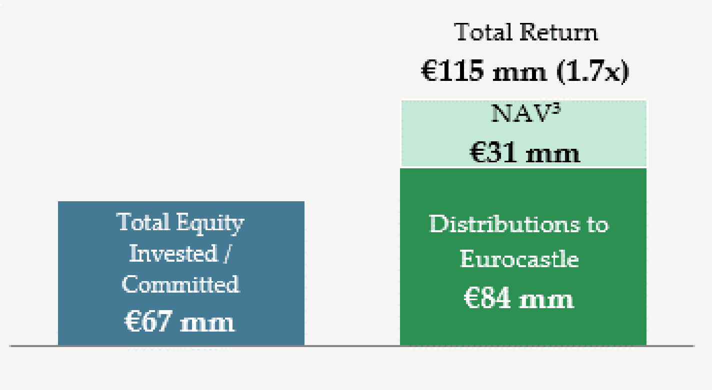
In aggregate, NPL pool valuations increased by €8.2 million, or €0.15 per share (6%), during the first quarter of 2018. This increase reflects the fair value gains related to ECT's investment in FINO of 11% following the sale of the senior notes of the FINO 1 securitisation, as well as the regular appreciation in the value of the future cash flows expected from these pools, given the reduction in the remaining life over which they are discounted.

SEE PAGE 13 FOR ALL END NOTES

Italian Real Estate Funds

Since 2014, Eurocastle has made several investments in this asset class, investing or committing €67.4 million in five separate real estate funds.

The Company opportunistically targets either public or private funds that can be acquired at a significant discount to the value of their underlying assets. Returns from these investments are therefore generated primarily from asset sales as the funds approach their maturity dates.



RE Fund Investments	Equity Invested *€ million*	Equity Committed *€ million*	Total Equity Invested/ Committed *€ million*	Total Cash flows Distributed to Eurocastle *€ million*	NAV *€ million*	NAV *€ per share*	Total Return (Cash flows Distributed + NAV) *€ million*
I	22.2	-	22.2	15.2	11.1	0.21	26.3
II	15.4	-	15.4	5.5	13.3	0.25	18.8
III *(Fully Realised Feb'17)*	10.7	-	10.7	28.7	-	-	28.7
IV(*(Properties sold Oct'17)*	13.3	-	13.3	34.6	0.2	0.00	34.8
V	5.0	0.8	5.8	-	6.7[3]	0.13[3]	6.7
TOTAL	***66.6***	***0.8***	***67.4***	**84.0**	**31.3**	***0.59***	***115.3***

RE Fund I

Publicly listed (QFUNO:IM) with five mixed-use properties

- Fund manager is in the process of selling down the remaining assets. In April, received a distribution of €1.8 million (€150 per unit) primarily from sales made by the fund in 2017.
- First quarter 2018 fair value remained in line with previous quarter at €11.1 million, or €0.21 per share.
- Fair value represents the Company's holding of 12k units valued at €934 per unit, equivalent to a 23% discount to fund's reported NAV.

RE Fund II

Private Redevelopment Fund (Two Properties)

- Redevelopment of both buildings completed with all units of first building sold. In the process of closing pre-sold units of the second building while marketing the rest.
- Fair value increased by €0.4 million, or €0.01 per share (3%), during the first quarter of 2018.

RE Fund III & IV

(sold in Feb & Oct'17)

- In February 2017, the sale of RE Fund III realised a total lifetime gross profit of €18.0 million, an IRR of 137% and 2.7x multiple on equity invested.
- In October 2017, the sale of RE Fund IV realised a total lifetime gross profit of €21.3 million, an IRR of 95% and 2.6x multiple on equity invested.

RE Fund V

Redevelopment Fund (One Property)

- Redevelopment under way. Deployed €0.4 million of remaining €0.8 million commitment in April 2018, with the first cash flows anticipated in 2019.
- Fair value increased by €0.3 million, or €0.01 per share (6%), during the first quarter of 2018.

Further details of all remaining portfolios as at 31 March 2018 can be found in the table below:

	Fund Investment I	**Fund Investment II**	**Fund Investment V**
Investment Status	Active	Active	Active
Investment Date	Mar-14	Jul-14	Q2-17
Eurocastle Ownership	7.5%	49.3%	49.6%
Fund Type	Publicly Listed	Private	Private
Collateral Type	5 mixed use properties	2 luxury residential redevelopments	1 luxury residential redevelopment
Collateral Location	Northern & Central Italy	Rome	Rome
Fund Leverage	0%	23%	46%
Legal Fund Maturity	Q4 2020	Q4 2019	Q4 2023

INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

Following the change in classification to an investment entity as defined under IFRS 10, the Company does not consolidate the entities it controls and therefore fair values all of its investments (whether through subsidiaries, joint ventures or associates).

	Income Statement *€ Thousands*
Portfolio Returns	
doBank Group	(42,028)
Romeo NPLs	2,228
FINO NPLs	4,875
Other NPL Pools	1,082
Real Estate Fund Investment I	22
Real Estate Fund Investment II	393
Real Estate Fund Investment IV	(39)
Real Estate Fund Investment V	344
Fair value movement on Italian investments	**(33,123)**
Fair value movements on residual Legacy entities	**(30)**
Other income - Gains on foreign currency translation and other derivatives	2
Total income	**(33,151)**
Operating Expenses	
Interest expense	**76**
Manager base and incentive fees	2,884
Remaining operating expenses	1,066
Other operating expenses	**3,950**
Total expenses	**4,026**
Net loss for the period	**(37,177)**
€ per share	***(0.71)***

For the quarter ended 31 March 2018, the total net loss reported was (€37.2) million, or (€0.71) per share. Excluding the €42.0 million loss which arose from the revaluation of the doBank investment which is marked-to-market based on doBank's closing share price, Eurocastle recognised a €4.8 million profit or €0.09 per share.

NORMALISED FFO

Normalised FFO ("NFFO") is a non-IFRS financial measure that, with respect to all of the Company's Italian Investments other than the doBank Group, 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 not previously recognised through NFFO at the point investments are realised. Cash flow receipts are therefore allocated by the Company between income and capital in accordance with this expected yield methodology. With respect to the doBank Group, following the IPO, the Company now recognises NFFO based on its share of doBank's reported annual net income after tax together with any gains or losses arising from the sale of its shares. The income cash flow profile of each of the Company's investments may not exactly equal the NFFO recognised by the Company each period but will do so over the life of each investment.

Unrealised gains or losses as typically reported in the financial statements under IFRS do not affect NFFO but impact the Company's asset valuations and therefore its Net Asset Value in the period in which the relevant valuation movement is recognised. Accordingly, while the quantum of NFFO recognised in any period may differ from the corresponding fair value movements recognised in the Company's financial statements in the same period, over the total life of an investment NFFO will always equal the total profit recorded in the Company's financial statements.

The measure is also used as the basis to determine the Manager's entitlement to receive incentive compensation, with the base upon which such an amount is determined equal to the net invested capital of the Company's Italian Investments and calculated against the NFFO for Italian Investments after allocated corporate costs[18]. It should be noted that, given NFFO is recognised on a level yield basis for investments which are not realised, there is a difference between the incentive compensation which is currently accrued on the Company's balance sheet and that which would be due from the Company should all investments immediately be realised at their current reported unrealised asset values. As of 31 March 2018, the incremental incentive fees would be an additional €34.5 million, or €0.65 per share.

NORMALISED FFO FOR THE THREE MONTHS ENDED 31 MARCH 2018

	Average Net Invested Capital[19] *€ Thousands*	Yield	Total NFFO *€ Thousands*
doBank Group	81,151	18%	3,628
Italian NPLs	104,653	28%	7,412
Real Estate Fund Investments	32,443	4%	354
Italian Investments NFFO before expenses	**218,247**	**21%**	**11,394**
Legacy portfolios			(30)
Manager base & incentive fees[18]			(2,884)
Other operating expenses			(1,202)
Normalised FFO			**7,278**
Per Share			0.14

Before corporate costs, Italian Investments generated €11.4 million, or €0.22 per share. Net of all expenses, NFFO for the period was €7.3 million, or €0.14 per share.

The following table provides a reconciliation of net profit and loss as reported in the income statement provided on page 9 to Normalised FFO:

NET PROFIT TO NORMALISED FFO RECONCILIATION

	doBank Group *€ Thousands*	Italian NPLs *€ Thousands*	Real Estate Fund Investments *€ Thousands*	Italian Investments *€ Thousands*	Legacy *€ Thousands*	Corporate Expenses *€ Thousands*	Total *€ Thousands*
Net (loss) / profit	(42,028)	8,185	720	(33,123)	(30)	(4,024)	**(37,177)**
Effective yield adjustments[20]	45,656	(773)	(366)	44,517	-	-	**44,517**
Other adjustments	-	-	-	-	-	(62)	**(62)**
Normalised FFO for the period	**3,628**	**7,412**	**354**	**11,394**	**(30)**	**(4,086)**	**7,278**
Per Share	*0.07*	*0.14*	*0.01*	*0.22*	*(0.00)*	*(0.08)*	*0.14*

Distribution Policy

In March 2017 the Company announced the adoption of a new policy with the goal of generating substantial liquidity to shareholders by accelerating distributions of Normalised FFO and surplus capital not invested.

The policy saw the establishment of a new three-part program with the intention to:

i. continue to pay a regular quarterly dividend (currently set at €0.15 per share);
ii. supplement this on a quarterly basis with undistributed NFFO realised in cash; and
iii. supplement this on a semi-annual basis with 50% of the capital held by the Company at the previous half-year end that has not been invested or designated for investment in an opportunity being actively pursued at the time,

in each case all distributions being subject to the applicable legal requirements and reserves for working capital, distributions and expenses.

The supplemental distributions will take the form considered by the Directors to be in the best interests of the Company at the relevant time, and may be made in any manner available to the Board, including, among others, by way of increased dividends, returns of capital or share buybacks.

Cash NFFO Dividends

In line with the current regular dividend, the Board has approved to pay a dividend of €0.15 per share. The dividend was declared on 16 May 2018 and will be paid on 31 May 2018. The table below reconciles NFFO to total dividends declared for Q1 2018:

NFFO to Dividend Reconciliation	***Q1 2018***	
	€ Thousands	*€ Per Share*
Q4 NFFO (Provisional)	**7,278**	**0.14**
Less: NFFO recognised in Q1 2018 not yet realised in cash	(6,165)	(0.11)
Plus: undistributed NFFO recognised during 2017 realised in cash in Q1 2018	1,292	0.02
Plus: Q4 2017 undistributed NFFO (due to rounding)	507	0.01
NFFO realised in Cash	**2,912**	**0.06**
Top-up to regular Quarterly dividend	4,995	0.09
Total Q1 2018 Dividend	**7,907**	**0.15**
Of which:		
Regular Dividend	7,907	0.15
Supplemental Dividend	-	-

In 2016 and 2017, the Company recognised NFFO of €157.1 million and declared dividends of €149.4 million leaving €7.7 million of undistributed NFFO as of 31 December 2017. During the first quarter of 2018, the Company recognized NFFO of €7.3 million and has declared total dividends related to the period of €7.9 million. As at 31 March 2018, the aggregate amount of undistributed NFFO was therefore €7.1 million, or €0.13 per share which is intended to be distributed in accordance with the Company's policy in the period in which Eurocastle receives it in cash (subject to the applicable legal requirements and reserves for working capital, distributions and expenses).

Undistributed NFFO	***Q1 2018***	
	€ Thousands	*€ Per Share*
Undistributed NFFO outstanding, recognised before Q1 2018	918	0.02
Undistributed NFFO outstanding, recognised in Q1 2018	6,165	0.11
Total Undistributed NFFO	**7,083**	**0.13**

Capital Distribution

In addition to the regular dividend of €0.15 per share declared, the Board has also declared an additional distribution of €9.5 million or €0.18 per share. This represents an acceleration of the capital that would otherwise have been distributed in August under the distribution policy, as it comprises 50% of the net available capital held by the Company as reported as at 31 December 2017 adjusted for the Q4 dividend and subsequent investments made. As with the regular dividend, this capital distribution of €0.18 per share was declared on 16 May 2018 and is to be paid on 31 May 2018.

Balance Sheet and NAV Reconciliation as at 31 March 2018 (unaudited)

	Italian Investments € Thousands	Corporate € Thousands	Total € Thousands
Assets			
Cash and cash equivalents	-	174,443	174,443
Other assets	-	74	74
Investments:			
doBank Group	229,814	-	229,814
Romeo NPLs	49,091	-	49,091
FINO NPLs	4,913	-	4,913
Other NPL Pools	37,605	-	37,605
Real Estate Fund Investment I	11,140	-	11,140
Real Estate Fund Investment II	13,340	-	13,340
Real Estate Fund Investment IV	186	-	186
Real Estate Fund Investment V	5,857	-	5,857
Other net assets of subsidiaries (residual legacy entities)	-	248	248
Total assets	**351,946**	**174,765**	**526,711**
Liabilities			
Trade and other payables	-	18,717	18,717
Manager base and incentive fees	-	2,884	2,884
Total liabilities	**-**	**21,601**	**21,601**
Net Asset Value	**351,946**	**153,164**	**505,110**
FINO deferred purchase price commitment	64,680	(64,680)	-
New distressed loan investment	7,722	(7,722)	-
RE Fund Investment V remaining unfunded commitment	794	(794)	-
NAV (segments adjusted for outstanding commitments)	**425,142**	**79,968**	**505,110**
NAV (€ per Share)	***8.06***	***1.52***	***9.58***

Taking into account the Q1 2018 distribution of €17.4 million (€0.33 per share) declared after the quarter end, the net Corporate NAV (after adjusting for outstanding commitments) would be €62.6 million (€1.19 per share) and the net total Company NAV would be €487.7m (€9.25 per share). The dividend and capital distribution were declared on 16 May 2018 and will be paid on 31 May 2018 to shareholders of record at close of business on 23 May 2018, with an ex-dividend date of 22 May 2018.

SEE PAGE 13 FOR ALL END NOTES

Forward Looking Statements

This release contains statements that constitute forward-looking statements. Such forward-looking statements may relate to, among other things, future commitments to sell real estate and achievement of disposal targets, availability of investment and divestment opportunities, timing or certainty of completion of acquisitions and disposals, the operating performance of our investments and financing needs. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may”, “will”, “should”, “potential”, “intend”, “expect”, “endeavor”, “seek”, “anticipate”, “estimate”, “overestimate”, “underestimate”, “believe”, “could”, “project”, “predict”, "project", “continue”, “plan”, “forecast” or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. The Company’s ability to predict results or the actual effect of future plans or strategies is limited. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, its actual results and performance may differ materially from those set forth in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause the Company’s actual results in future periods to differ materially from forecasted results or stated expectations including the risks regarding Eurocastle’s ability to declare dividends, amortise the Company’s debts, renegotiate the Company’s credit facilities, make new investments, or achieve its targets regarding asset disposals or asset performance.

Statement of Directors’ Responsibility in Respect of the Interim Financial Statements

To the best of our knowledge, and in accordance with the applicable reporting principles of interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit for the Company, and the interim management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

Independent Auditors Review

These interim financial statements as at 31 March 2018 have not been reviewed or audited by our auditors, BDO LLP.

Registered Office

Regency Court
Glategny Esplanade
St. Peter Port
Guernsey
GY1 1WW

On behalf of the Board

Simon J. Thornton
Director and Audit Committee Chairman
Date: 16 May 2018

SEE PAGE 13 FOR ALL END NOTES

[1] Per share calculations for Eurocastle throughout this document are based on the weighted average or outstanding voting shares and therefore exclude shares held in treasury. As at 31 March 2018, a total of 66.1 million shares were in issue of which 52.7 million were voting shares and 13.4 million were held in treasury. Amounts per share are therefore calculated on the following basis: Q1 2018 Net Asset Value per share ("NAV per share") – 52.7 million voting shares in issue; Q4 2017 NAV per share – 52.7 million voting shares in issue; Q1 2018 NFFO per share– 52.7 million weighted average voting shares; Q4 2017 NFFO per share – 57.5 million weighted average voting shares. Q1 2018 & Q4 2017 dividends paid on 52.7 million voting shares.

[2] NAV for Q1 2018 is before deducting the first quarter 2018 distribution of €0.33 per share declared and paid in May 2018.

[3] NAV adjusted for outstanding commitments. NAV of Italian NPLs includes (i) €64.7 million of deferred purchase price on FINO payable over the next few years and (ii) an additional €7.7 million in the ~€81 million GBV single name loan transaction funded in May 2018. NAV of Real Estate Funds includes a remaining unfunded commitment estimated at €0.8 million in RE Fund Investment V. NAV of Net Corporate Cash deducts outstanding commitments listed above.

[4] The doBank Group comprises Eurocastle's interest in the recently publicly listed doBank S.p.A. and its subsidiaries.

[5] Includes invested equity of €10.7 million and €13.3 million from RE Fund Investment III and RE Fund Investment IV respectively and cash flows of €28.7 million and €34.6 million from RE Fund Investment III, and RE Fund Investment IV respectively which were fully realised in 2017.

[6] Comprises two other investments which have both been fully realised.

[7] €2.4 billion GBV net of tax write-off.

[8] doBank retained a 5% interest in the Romeo NPL pool, while Eurocastle and other FIG affiliates jointly subscribed to the remaining 95%.

[9] All percentage ownerships of doBank in this document exclude the 1.75 million of treasury shares doBank has retained as at 31 March 2018.

[10] Includes €0.3 million of other assets & liabilities held within the structure.

[11] Includes outsourcing fees relating to collection activities.

[12] Excluding €12.1 billion GBV of AUM that was progressively on boarded during Q1 2018 with a limited impact on Q1 2018 collections, in line with expectations.

[13] Represents the Company's 47.5% interest in the loan pool.

[14] Stratifications weighted by the NAV and ownership of each portfolio as at 31 March 2018

[15] Represents total unlevered collections received versus underwriting projections for the same period, as at 31 March 2018.

[16] Represents total unlevered collections received only on fully resolved claims versus underwriting, as at 31 December 2017. It does not reflect those portfolios acquired in 2017.

[17] Of which €7.2 million generated and currently held at the level of the investment

[18] Manager base fees are equal to the sum of (i) 1.5% of the Company's Net Asset Value excluding Net Corporate Cash and (ii) 0.75% of the Company's Net Corporate Cash (including cash committed to investments but not yet deployed) calculated and paid monthly in arrears. Incentive fees are equal to 25% of the euro amount by which the Company's NFFO derived from Italian Investments (net of allocable fees and expenses) exceeds the net amount invested in such investments multiplied by a simple interest rate of 8% per annum (calculated on a cumulative but not compounding basis).

[19] Time weighted average of invested capital (net of any capital returned) over the relevant period.

[20] Adjusts all profit and loss movements recognized on the Italian investments to that which is derived from an effective yield methodology where income is calculated on an expected yield basis given actual and projected cash flows of each investment.

EUROCASTLE INVESTMENT LIMITED

INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 31 March 2018 (unaudited) €'000	Three months ended 31 March 2017 (unaudited)(1) €'000
Portfolio Returns			
Fair value movement on Italian investments	4	(33,123)	5,384
Share of post tax profits from Italian investments	4	-	843
Fair value movements on other net assets of subsidiaries	4	(30)	-
Other income			
Other income		-	2,351
Gains on foreign currency translation and other derivatives		2	7,255
Total income		**(33,151)**	**15,833**
Operating expenses			
Interest expense		76	42
Other operating expenses	5	3,950	8,754
Total expenses		**4,026**	**8,796**
Net operating (loss) / profit before taxation		**(37,177)**	**7,037**
Taxation expense - current		-	14
Total tax expense		**-**	**14**
(Loss) / profit after taxation from continuing operations		**(37,177)**	**7,023**
Loss after taxation from discontinued operations	13	**-**	**(153)**
(Loss) / profit after taxation for the period		**(37,177)**	**6,870**
Attributable to:			
Ordinary equity holders of the Company		(37,177)	6,850
Non-controlling interest		-	20
Net (loss) / profit after taxation		**(37,177)**	**6,870**
Earnings per ordinary share(2) from continuing operations		€	€
Basic and diluted		(0.71)	0.12
Earnings per ordinary share(2) from discontinued operations			
Basic and diluted		-	-
Earnings per ordinary share(2)			
Basic and diluted	11	(0.71)	0.11

(1) With effect from 1 July 2017, the Company was classified as an investment entity as set out under IFRS 10. As a result of this change the Company was no longer required to prepare consolidated financial statements from 1 July 2017. The income statement presented for the three months ended 31 March 2017 represents consolidated results whereas the income statements for the three months ended 31 March 2018 therefore represents the Company's stand-alone results.

(2) Earnings per share is based on the weighted average number of voting shares (excluding treasury shares) in the period of 52,712,164 (31 March 2017: 60,110,413). Refer to note 11.

See notes to the financial statements which form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 31 March 2018 (unaudited) €'000	Three months ended 31 March 2017 (unaudited)(1) €'000
Net (loss) / profit after taxation for the period	**(37,177)**	**6,870**
Items that may or will be reclassified to profit or loss:		
Amortisation of unrealised gains on available-for-sale securities reclassified to loans and receivables with movements released to the income statement	-	44
Unrealised gain on available-for-sale securities	-	172
Total other comprehensive income	**-**	**216**
Total comprehensive (loss) / profit for the period	**(37,177)**	**7,086**
Attributable to:		
Ordinary equity holders of the Company	(37,177)	7,066
Non-controlling interest	-	20
Total comprehensive (loss) / profit for the period	**(37,177)**	**7,086**

See notes to the financial statements which form an integral part of these financial statements.

There are no tax effects relating to the components disclosed in the statement of comprehensive income.

(1) With effect from 1 July 2017, the Company was classified as an investment entity as set out under IFRS 10. As a result of this change the Company was no longer required to prepare consolidated financial statements from 1 July 2017. The statement of comprehensive income presented for the three months ended 31 March 2017 represents consolidated results whereas the statement of comprehesive income for the three months ended 31 March 2018 therefore represents the Company's stand-alone results.

BALANCE SHEET (UNAUDITED)

	Notes	As at 31 March 2018 (unaudited) €'000	As at 31 December 2017 €'000
Assets			
Cash and cash equivalents	6	174,443	121,481
Other assets	7	74	55
Investments	8	352,194	442,053
Total assets		**526,711**	**563,589**
Equity and liabilities			
Capital and reserves			
Issued capital, no par value, unlimited number of shares authorised	12	1,992,810	1,992,810
Treasury shares	12	(115,026)	(115,026)
Accumulated loss		(1,372,674)	(1,321,265)
Total shareholders' equity		**505,110**	**556,519**
Total equity		**505,110**	**556,519**
Liabilities			
Trade and other payables	10	21,601	7,070
Total liabilities		**21,601**	**7,070**
Total equity and liabilities		**526,711**	**563,589**

See notes to the financial statements which form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 16 May 2018 and signed on its behalf by:

Simon J. Thornton
Director and Audit Committee Chairman

EUROCASTLE INVESTMENT LIMITED

CASH FLOW STATEMENT (UNAUDITED)

	Notes	Three months ended 31 March 2018 (unaudited) €'000	Three months ended 31 March 2017 (unaudited)(1) €'000
Cash flows from operating activities			
(Loss) / profit before taxation for the period - continuing operations		**(37,177)**	**7,037**
Loss before taxation for the period - discontinued operations	13	**-**	**(326)**
Adjustments for:			
Fair value movements on Italian investments	4	33,123	(5,384)
Share of post tax profits from Italian investments	4	-	(843)
Fair value movement on other net assets of subsidiaries	4	30	-
Interest expense		76	42
Gain on foreign currency and other derivatives		(2)	(7,255)
Movements on discontinued operations	13	-	337
Total adjustments to (loss) / profit for the period		**33,227**	**(13,103)**
Increase in other assets		19	2,319
Increase in trade and other payables		329	3,504
Movements in working capital		**348**	**5,823**
Proceeds from other derivatives		-	7,247
Proceeds from sale of investment properties		-	1,970
Proceeds from prepayment and sales of loans and receivables (CDO V)		-	6,135
Acquisition of Italian investments	8	(8,440)	(100)
Disposal of Italian investments	8	48,579	20,990
Cash distribution from Italian investments	8	16,697	2,599
Cash funding to subsidiaries		(130)	-
Interest received		-	66
Interest paid		(142)	(1,101)
Cash movements from operating activities		**56,564**	**37,806**
Cash generated from operations		**52,962**	**37,237**
Taxation paid		-	(2,507)
Net cash flows from operating activities		**52,962**	**34,730**
Cash flows from financing activities			
Dividends paid	14	-	(9,017)
Dividends paid to non-controlling interest		-	(272)
Repayment of CDO V bonds issued (discontinued operations)		-	(5,177)
Net decrease in cash flows from financing activities		**-**	**(14,466)**
Net increase in cash and cash equivalents		**52,962**	**20,264**
Cash and cash equivalents, beginning of the period	6	**121,481**	**109,078**
Total cash and cash equivalents, end of the period	6	**174,443**	**129,342**

See notes to the financial statements which form an integral part of these financial statements.

(1) With effect from 1 July 2017, the Company was classified as an investment entity as set out under IFRS 10. As a result of this change the Company was no longer required to prepare consolidated financial statements from 1 July 2017. The income statement presented for the three months ended 31 March 2017 represents consolidated results whereas the income statements for the three months ended 31 March 2018 therefore represents the Company's stand-alone results.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital €'000	Other reserves €'000	Treasury shares €'000	Net unrealised gains/ (losses) €'000	Accumulated loss €'000	Non-controlling interest €'000	Total equity €'000
As at 1 January 2017	**1,992,810**	**9,724**	**(36,935)**	**(256)**	**(1,457,826)**	**1,058**	**508,575**
Profit after taxation for the three months ended 31 March 2017	-	-	-	-	6,850	20	6,870
Other comprehensive income for the three months ended 31 March 2017	-	-	-	216	-	-	216
Total comprehensive income for the three months ended 31 March 2017	**-**	**-**	**-**	**216**	**6,850**	**20**	**7,086**
Contributions by and distributions to owners:							
Dividends to non-controlling interest	-	-	-	-	-	(272)	(272)
Dividend declared (note 14)	-	-	-	-	(9,017)	-	(9,017)
As at 31 March 2017 (unaudited)	**1,992,810**	**9,724**	**(36,935)**	**(40)**	**(1,459,993)**	**806**	**506,372**
Profit / (loss) after taxation for the nine months ended 31 December 2017	-	-	-	-	226,653	(54)	226,599
Other comprehensive income for the nine months ended 31 December 2017	-	-	-	978	-	-	978
Total comprehensive income / (loss) for the nine months ended 31 December 2017	**-**	**-**	**-**	**978**	**226,653**	**(54)**	**227,577**
Contributions by and distributions to owners:							
Shares issued to Directors from treasury shares (note 12)	-	-	18	-	(18)	-	-
Shares issued from treasury shares upon exercise of share options (note 12)	-	-	6,093	-	(6,093)	-	-
Repurchase of shares (note 12)	-	-	(84,202)	-	-	-	(84,202)
Release of other reserves upon exercise of share options	-	(9,724)	-	-	9,724	-	-
Dividends to non-controlling interest	-	-	-	-	-	(192)	(192)
Dividends declared (note 14)	-	-	-	-	(93,036)	-	(93,036)
Impact of change in accounting policy	-	-	-	(938)	1,498	(560)	-
As at 31 December 2017	**1,992,810**	**-**	**(115,026)**	**-**	**(1,321,265)**	**-**	**556,519**
Loss after taxation for the three months ended 31 March 2018	-	-	-	-	(37,177)	-	(37,177)
Total comprehensive loss for the three months ended 31 March 2018	**-**	**-**	**-**	**-**	**(37,177)**	**-**	**(37,177)**
Contributions by and distributions to owners:							
Dividend declared (note 14)	-	-	-	-	(14,232)	-	(14,232)
As at 31 March 2018 (unaudited)	**1,992,810**	**-**	**(115,026)**	**-**	**(1,372,674)**	**-**	**505,110**

1. BACKGROUND

Eurocastle Investment Limited ("Eurocastle", the "Company") was incorporated in Guernsey, Channel Islands on 8 August 2003 and commenced its operations on 21 October 2003. Eurocastle is a Euro denominated Guernsey closed-end investment company listed on Euronext Amsterdam (formerly listed on the London Stock Exchange). Eurocastle is subject to EU transparency rules as a result of its listing on an EU regulated market and, consequently, shareholders are required to notify Eurocastle and the relevant regulators when their holding of the issued share capital and/or of the voting rights (which for these purposes includes treasury shares) in Eurocastle reaches, exceeds or falls below certain thresholds, whereby the lowest threshold is 5%.

The activities of the Company include investing directly or indirectly in Italian performing and non-performing loans ("PLs" / "NPLs") and other credit receivables, Italian loan servicing platforms, real estate related assets and other related businesses in Italy.

Eurocastle is externally managed by its investment manager, FIG LLC (the "Manager"). The Manager was acquired by Softbank Group Corp (9984: Tokyo) ("Softbank") on December 27, 2017 and operates as an independent business within Softbank under the continuing leadership of Pete Briger, Wes Edens and Randal Nardone. Eurocastle has entered into a management agreement (the "Management Agreement") under which the Manager advises the Company on various aspects of its business and manages its day-to-day operations, subject to the supervision of the Company's Board of Directors. For its services, the Manager receives an annual management fee and incentive compensation (as well as reimbursement for expenses, including expenses of certain employees providing asset management and finance services), as described in note 15. The Company has no ownership interest in the Manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial information has been prepared in accordance with the Company's principal accounting policies as set out in the Annual Report for the year ended 31 December 2017.

Over time, the Company has disposed of its legacy real estate business and legacy debt portfolio. With the deconsolidation of the final legacy investment, Duncannon CRE CDO 1 Plc ("CDO V") in Q2 2017, the Board came to the conclusion that the Company, with effect from 1 July 2017, met the requirements to be classified as an Investment Entity as set out under IFRS 10. All subsidiaries previously consolidated up to 30 June 2017, were deconsolidated on 1 July 2017 as if they had been disposed of at this date. The impact of this change is that all investments, whether through subsidiaries, associates or joint ventures, are fair valued through profit and loss. The financial statements for the three months ended 31 March 2018 are the company's only financial statements, whilst the prior year comparatives for the income statement, statement of comprehensive income and cash flow statement represent three months of consolidated results up to 31 March 2017.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Refer to note 8.

Fair value movements on investments

Fair value movements on investments includes revaluation gains and losses from the underlying investments. The Company's investments comprise of NPLs / PLs, the doBank Group, real estate fund units and intermediate holding companies (refer to note 8).

Other income

Other income relates to sales fees recognised in relation to the sale of assets from legacy real estate portfolios.

Interest expense

Interest expense on Euro corporate cash deposits are recognised in the income statement on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand with an original maturity of three months or less.

Foreign currency translation

The presentation currency and the functional currency of the Company is the Euro. Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

Equity settled share-based payments are accounted for based on their fair value on grant date. The fair value is calculated by reference to an option pricing model. The fair value of the share options granted in relation to capital raises has been fully recognised (vested) on the date of grant as a cost relating to the issue of shares with a corresponding increase to other reserves.

Shares granted to Directors are recognised in the income statement over the period that the services are received.

Capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity via the reserves as a deduction from the issue proceeds.

Where the Company purchases the Company's own equity shares (treasury shares - see note 12), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

Dividends

Dividends are recognised when they become legally payable. In the case of interim and final dividends to equity shareholders, this is when declared and approved by the board of directors.

Financial Instruments

Recognition

A financial asset or liability is recognised on the date the Company becomes party to contractual provisions of the instrument.

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Classification

Financial Assets

Financial assets held at fair value through profit or loss are investments that are initially recognised at fair value with any subsequent movements in fair value recognised in the income statement.

Financial liabilities

Financial liabilities are composed of trade and other payables.

Unless otherwise indicated, the carrying amounts of the Company's financial liabilities are a reasonable approximation to their fair value.

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company’s continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in the income statement. Where the loan terms are not considered substantially different the original liability is not derecognised and any additional costs are amortised over the remaining term of the loan.

New standards and interpretations not yet applied

IFRS 9 ''Financial instruments''

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

On 24 July 2014, the IASB issued the final version of IFRS 9 "Financial Intruments" which supersedes all previous versions of the standard. The standard has a mandatory effective date for annual periods beginning on or after 1 January 2018. The Company does not deem the impact of the change to be significant, as the majority of the Company's financial instruments are held at fair value through profit or loss.

IFRS 15 ''Revenue from contracts with customers''

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with earlier application permitted. The Company does not have any revenue from contracts with customers and therefore considers that this standard will not have a material impact on the financial statements of the Company.

IFRS 16 ''Leases''

The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted (as long as IFRS 15 is also applied). The Company does not have any leases and therefore considers that this standard will not have a material impact on the financial statements of the Company.

3. FINANCIAL RISK MANAGEMENT

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk).

There have been no changes to the Company's risk policies since 31 December 2017 and as a result the interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. The interim financial statements should be read in conjunction with the Company’s annual financial statements as at 31 December 2017.

4. PORTFOLIO RETURNS

Movements on investments are summarised below:

	Three months ended 31 March 2018 (unaudited)		Three months ended 31 March 2017 (unaudited)		
	Fair value movements €'000	Total Portfolio returns €'000	Fair value movements €'000	Share of post tax profits[(1)] €'000	Total Portfolio returns €'000
doBank Group (note 8)	(42,028)	**(42,028)**	(217)	-	**(217)**
NPLs / PLs (note 8)	8,185	**8,185**	2,588	348	**2,936**
Real Estate Funds (note 8)	720	**720**	3,013	495	**3,508**
Portfolio returns on Italian investments	**(33,123)**	**(33,123)**	**5,384**	**843**	**6,227**
Fair value movements on other net assets of subsidiaries (residual legacy entities)	(30)	**(30)**	-	-	-
Total portfolio returns	**(33,153)**	**(33,153)**	**5,384**	**843**	**6,227**

With effect from 1 July 2017, the Company has been classified as an investment entity. Investments which were previously equity accounted for, have been reclassified at fair value through profit and loss from 1 July 2017.

(1) Share of post tax profits from investments, which were previously equity accounted for. With effect from 1 July 2017, these investments were fair valued through profit and loss.

5. OTHER OPERATING EXPENSES

	Three months ended 31 March 2018 (unaudited) €'000	Three months ended 31 March 2017 (unaudited) €'000
Professional fees	325	195
Transaction costs	99	134
Manager base and incentive fees (note 15)	2,884	7,728
Manager recharge (note 15)	435	444
General and administrative expenses	207	253
Total other operating expenses	**3,950**	**8,754**

6. CASH AND CASH EQUIVALENTS

	As at 31 March 2018 (unaudited) €'000	As at 31 December 2017 €'000
Corporate cash at Company level	174,443	121,481
Total cash and cash equivalents	**174,443**	**121,481**

7. OTHER ASSETS

	As at 31 March 2018 (unaudited) €'000	As at 31 December 2017 €'000
Prepaid expenses	74	55
Total other assets	**74**	**55**

All other assets are expected to mature in less than one year.

8. INVESTMENTS

The Company directly or indirectly holds the following investments:

	As at 31 March 2018 (unaudited) €'000	As at 31 December 2017 €'000
Italian investment portfolio	351,946	441,905
Other net assets of subsidiaries (residual Legacy entities)	248	148
Total investments	**352,194**	**442,053**

As at 31 March 2018 (unaudited), the movements in the Italian investment portfolio were as follows:

	Fair value accounted			
	doBank €'000	NPLs / PLs €'000	Real Estate Funds €'000	Total Investments €'000
Balance as at 1 January 2018	**271,842**	**140,103**	**29,960**	**441,905**
Additions	-	8,440	-	**8,440**
Disposals[(1)]	-	(48,579)	-	**(48,579)**
Distributions received	-	(16,540)	(157)	**(16,697)**
Fair value movement	**(42,028)**	8,185	720	**(33,123)**
Balance as at 31 March 2018 (unaudited)	**229,814**	**91,609**	**30,523**	**351,946**

(1) In January 2018, the Company received €48.6 million of net proceeds through the sale of its share of the senior notes in FINO 1 Securitisation S.r.l., one of the two securitisations that collectively own the FINO NPL portfolio acquired from Unicredit S.p.A.

As at 31 December 2017, the movements in the Italian investment portfolio were as follows:

	doBank Group	NPLs / PLs			Real Estate Funds			
	Fair value accounted €'000	Equity accounted €'000	Fair Value accounted €'000	Total NPLs / PLs €'000	Equity accounted €'000	Fair Value accounted €'000	Total Real Estate Funds €'000	Total Investments €'000
Balance as at 1 January 2017	**264,741**	26,335	110,033	**136,368**	10,940	59,113	**70,053**	**471,162**
Additions	-	-	65,121	**65,121**	4,067	846	**4,913**	**70,034**
Disposals	**(166,103)**	-	-	-	-	(54,176)	**(54,176)**	**(220,279)**
Transfer	**4,945**	-	(4,945)	**(4,945)**	-	-	-	-
Distributions received	**(25,312)**	(3,562)	(68,250)	**(71,812)**	(1,158)	(6,231)	**(7,389)**	**(104,513)**
Other net assets	**45**	-	730	**730**	-	282	**282**	**1,057**
Share of profits to 30 June 2017	-	1,335	-	**1,335**	626	-	**626**	**1,961**
Change due to classification as an investment entity	-	(24,108)	24,108	-	(14,475)	20,868	**6,393**	**6,393**
Fair value movement	**193,526**	-	13,306	**13,306**	-	10,270	**10,270**	**217,102**
Fair value movement recognised via discontinued operations	-	-	-	-	-	(1,012)	**(1,012)**	**(1,012)**
Balance as at 31 December 2017	**271,842**	-	**140,103**	**140,103**	-	**29,960**	**29,960**	**441,905**

With effect from 1 July 2017, the Company has been classified as an investment entity. As a result, investments which were previously equity accounted for, have been reclassified at fair value through profit and loss from 1 July 2017.

Refer to the portfolio summary for further details on investments on page 24.

8. INVESTMENTS (CONTINUED)

Portfolio summary

The Company's investments are categorised as follows:

I. doBank Group
II. NPLs / PLs
III. Real Estate Funds

I. doBank Group:

On 30 October 2015, the Company indirectly acquired a 50% equity interest in doBank S.p.A. (formerly Unicredit Credit Management Bank S.p.A ("UCCMB")), comprising an NPL servicing business and an NPL pool for a consideration of approximately €246 million, subject to certain post-closing adjustments.

The investment in the doBank Group is held through a joint venture in a Luxembourg company, Avio S.ár.l.

On 14 July 2017, doBank completed its initial public offering through which, the Company sold approximately 48.8% of its shareholding. The Company, together with other Fortress affiliates, retains a joint 51.2% interest in the outstanding shares (excluding 1.75 million of treasury shares) of doBank. doBank is listed on the Milan Stock Exchange.

From the time of acquisition of doBank, Eurocastle's Manager worked to bring in new management and then assisted doBank management with the implementation of a general restructuring of the doBank group and its business. This included advice on projects to streamline asset management processes, where doBank leveraged on the Manager's experience in the Italian servicing industry, to improve the efficiency and overall performance of doBank. The culmination of this activity within doBank was its successful IPO in 2017, less than 2 years after the Company's initial investment.

Following the IPO, Eurocastle, through its Manager and as an active investor in the NPL space, continues to consult closely with doBank management on strategic opportunities to expand doBank's business. FIG LLC makes available to doBank the benefit of its extensive servicing and investment expertise gained over 20 years in the local market and globally to help doBank generate additional value for shareholders. The Manager provides two senior employees to sit on the board of doBank, while Avio S.á r.l., the majority owner of doBank, has engaged two experienced consultants who also sit on the board of doBank and are remunerated for their services as directors by doBank.

On 31 December 2016, the doBank Group's NPL pool was transferred to Romeo SPV Srl. The Company indirectly holds a 47.5% economic interest in this entity, while the doBank Group holds a 5% economic interest. This NPL pool is now referred to as the "Romeo NPLs" which is included within the Company's NPLs / PLs category.

II. NPLs / PLs

The Company holds investments in 22 pools of NPLs / PLs. These are further categorised into three sub-categories as listed below:
- Romeo NPLs
- FINO NPLs
- Other NPLs / PLs

Romeo NPLs:

The Company's 47.5% interest in the Romeo NPLs is held indirectly via a joint venture entity incorporated in Delaware.

FINO NPLs:

In July 2017, the Company acquired a minority interest in a €14.4 billion GBV sub-pool of the €17.7 billion FINO NPL portfolio sold by Unicredit S.p.A.. At completion of the acquisition, and following interim collections from the cut-off date, the sub-portfolio had reduced to €13.2 billion GBV and was split into two Italian securitisation vehicles, FINO 1 (€5.4 billion GBV) and FINO 2 (€7.8 billion GBV). The transaction included the indirect acquisition by Eurocastle of an equal portion of all of the notes of these two Italian securitisation vehicles, as well as the provision of certain services to the vehicles. The transaction terms include a deferred purchase price mechanism under which further amounts are payable over the next few years up to an amount of €64.7 million which is expected to be funded by collections on the portfolio.

In January 2018, the Company received €48.6 million of net proceeds through the sale of its share of the senior notes in FINO 1 Securitisation S.r.l., one of the two securitisations that collectively own the FINO NPL portfolio acquired from Unicredit S.p.A. Shortly after this transaction, the Company closed on an €8.4 million follow-on investment to acquire, together with other Fortress affiliates, additional minority interests in the mezzanine and junior notes of the two securitisations that collectively own the FINO NPL portfolio.

Other NPLs / PLs :

The Company holds interests across 20 smaller seasoned pools with a combined GBV of €6.8 billion. The interest in these pools range from 25% to 80.66% and are held through subsidiaries, joint ventures and associates incorporated in Italy, Luxembourg and United States of America.

All NPLs / PLs are serviced by the doBank Group (refer to note 15).

III. Real Estate Funds

The Company has the following Real Estate Fund investments:

Real Estate Fund Investment I:

On 28 March 2014, the Company indirectly purchased 11,929 units in UniCredito Immobiliare Uno closed-end Real Estate Fund ("Real Estate Fund Investment I"). The holding represents 7.46% of the total units issued by Real Estate Fund Investment I. The units are listed on the Italian Stock Exchange. Real Estate Fund Investment I is managed by Torre SGR S.p.A. ("Torre"), an affiliate of the Manager.

8. INVESTMENTS (CONTINUED)

Real Estate Fund Investment II:

On 22 July 2014, the Company indirectly invested in a newly established real estate development fund (Real Estate Fund Investment II) which purchased two office buildings in Rome for redevelopment into high-end residential properties for resale. The Company's investment is held through a joint venture in Torre Real Estate Fund III Value Added – Sub fund A ("RE Torre Fund"). Real Estate Fund Investment II is managed by Torre, an affiliate of the Manager.

Real Estate Fund Investment V:

In April 2017, building on Real Estate Fund Investment II, the Company closed on its previously committed purchase of an office to residential conversion development site in Rome ("Real Estate Fund Investment V") through a joint venture in Torre Real Estate Fund III Value Added – Sub fund B. Real Estate Fund Investment V is managed by Torre, an affiliate of the Manager.

Fair value hierarchy

The following table shows an analysis of the fair value assets on the balance sheet by level of hierarchy:

As at 31 March 2018 (unaudited):

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
doBank Group	229,814	-	-	229,814
NPLs / PLs	-	-	91,609	91,609
Real Estate Funds	11,140	-	19,383	30,523
Total	**240,954**	**-**	**110,992**	**351,946**

As at 31 December 2017:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
doBank Group	271,842	-	-	271,842
NPLs / PLs	-	-	140,103	140,103
Real Estate Funds	11,119	-	18,841	29,960
Total	**282,961**	**-**	**158,944**	**441,905**

Explanation of the fair value hierarchy:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Use of a model with inputs (other than quoted prices included in Level 1) that are directly and indirectly observable market data.
- Level 3: Use of a model with inputs that are not based on observable market data.

Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Company recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Transfers between levels

During the three months ended 31 March 2018, there were no transfers between levels (31 December 2016: €180 million). The table below presents the transfer between levels for the year ended 31 December 2017:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
doBank Group	180,360	-	(180,360)	-
Total transfers between Level 1 and Level 3	**180,360**	**-**	**(180,360)**	**-**

On 12 July 2017, the Company sold 49% of its shares in doBank through an initial public offering. The doBank Group is listed on the Milan Stock Exchange. As a result of the initial public offering, the investment in the doBank Group was transferred from a level 3 investment to a level 1 investment. The investment was transferred at €180 million, representing the fair value of the investment at the date of the initial public offering at €9 per share.

8. INVESTMENTS (CONTINUED)

Level 1 and Level 3 reconciliation

The changes in investments measured at fair value, for which the Company has used Level 1 and Level 3 inputs to determine fair value as of 31 March 2018 and 31 December 2017, are as follows:

Level 1 Investments:

	As at 31 March 2018 (unaudited) €'000	As at 31 December 2017 €'000
Fair value at beginning of the period	282,961	14,279
Shares transferred from Level 3 to Level 1	-	180,360
Net change in unrealised fair value gains on investments	(42,007)	88,322
Fair value of Level 1 investments at end of the period	**240,954**	**282,961**

The following table shows a reconciliation for the Level 3 fair value measurements as at 31 March 2018 (unaudited):

	NPLs / PLs €'000	Real Estate Funds €'000	Total €'000
As at 1 January 2018	140,103	18,841	158,944
Distributions received	(16,540)	(157)	(16,697)
Unrealised fair value movement in the period	8,185	699	8,884
Investments acquired in the period	8,440	-	8,440
Proceeds on disposal	(48,579)	-	(48,579)
As at 31 March 2018 (unaudited)	**91,609**	**19,383**	**110,992**

The following table shows a reconciliation for the Level 3 fair value measurements as at 31 December 2017:

	doBank Group €'000	NPLs / PLs €'000	Real Estate Funds €'000	Total €'000
As at 1 January 2017	264,741	110,033	39,352	414,126
Distributions received	(24,122)	(68,250)	(1,459)	(93,831)
Unrealised fair value movement in the year	91,871	13,306	(1,977)	103,200
Investments acquired in the year	-	65,121	846	65,967
Transfer	4,945	(4,945)	-	-
Other net assets	45	730	282	1,057
Proceeds on disposal	(166,103)	-	(54,176)	(220,279)
Change due to classification as an investment entity	-	24,108	19,957	44,065
Gain on classification to investment entity	-	-	6,393	6,393
Realised gain on disposal	8,983	-	9,623	18,606
Investments transferred to Level 1	(180,360)	-	-	(180,360)
As at 31 December 2017	**-**	**140,103**	**18,841**	**158,944**

9. CONTRACTUAL MATURITIES

The Company's Italian investments have been funded through equity.

As at 31 March 2018, the Company had no contractual maturities on financial liabilities, outside of trade and other payables which are all due within one year (31 December 2017: no contractual maturities on financial liabilities, outside of trade and other payables).

10. TRADE AND OTHER PAYABLES

	As at 31 March 2018 (unaudited) €'000	As at 31 December 2017 €'000
Due to Manager (note 15)	3,319	3,218
Dividends payable (note 14)	14,232	-
Accrued expenses and other payables	4,050	3,852
Total trade and other payables	**21,601**	**7,070**

All the trade and other payables are expected to mature in less than one year.

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit / loss after taxation by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing net profit / loss available to ordinary shareholders by the weighted average number of ordinary shares outstanding plus the additional dilutive effect of potential ordinary shares during the period. A dilutive effect arises if the exercise price of the share option is lower than the average share price for the option period. As at 31 March 2018, all share options were exercised, therefore there was no dilutive effect (31 December 2017: no dilutive effect).

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of the financial statements.

The following is a reconciliation of the weighted average number of ordinary shares outstanding on a diluted basis:

	As at 31 March 2018 (unaudited)	**As at 31 December 2017**
Weighted average number of ordinary shares excluding treasury shares*	52,712,164	59,582,743
Weighted average number of ordinary shares - dilutive	**52,712,164**	**59,582,743**

***weighted average shares for the period

12. SHARE CAPITAL AND RESERVES

As at 31 March 2018, there were 66,121,054 shares (31 December 2017: 66,121,054) issued of which 13,408,890 (31 December 2017: 13,408,890) are held in treasury. All shares are fully paid up.

The movement in issued share capital is shown as follows:

	Number of shares		
	Voting shares	**Treasury shares**	**Total**
As at 1 January 2017	**60,110,413**	**6,010,641**	**66,121,054**
Shares issued from treasury to the Directors as part of their in-place compensation arrangements for €nil consideration - 22 June 2017	3,000	(3,000)	-
Share options exercised by Manager - 11 August 2017 - issued from treasury	998,751	(998,751)	-
Shares repurchased and held in treasury - 22 November 2017	(8,400,000)	8,400,000	-
As at 31 December 2017	**52,712,164**	**13,408,890**	**66,121,054**
As at 31 March 2018 (unaudited)	**52,712,164**	**13,408,890**	**66,121,054**

Treasury shares reserve

On 11 August 2017, the Manager of the Company exercised all 5.5 million share options on a net settlement basis based on the 10 August 2017 closing price of €9.40 per share. This resulted in the Manager receiving 998,751 ordinary shares. The shares were transferred from treasury shares and no cash was received by the Company.

On 16 November 2017, the Company purchased 8,400,000 of its own equity shares. The treasury share reserve amount is based on the price of €10.00 paid per share and includes costs directly attributable to the share repurchase.

As at 31 March 2018, the total number of shares held in treasury was 13,408,890 (31 December 2017: 13,408,890).

All rights associated with treasury shares held by the Company are suspended until the shares are re-issued.

Accumulated loss

The reserve represents the cumulative gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.

13. DISCONTINUED OPERATIONS

On 30 June 2017, the Company completed the disposal of its remaining interest in its legacy German real estate assets and sold the remaining assets in its legacy debt portfolio business (CDO V). Accordingly, the results of the legacy property business and the legacy debt business are classified as discontinued operations (under IFRS 5) and are presented in the table below. From 1 July 2017, the Company met the requirements to be classified as an investment entity as set out under IFRS 10. With effect from this date, the Company was no longer required to prepare consolidated financial statements, and therefore the results shown below are for the three months ended 31 March 2017 only.

	Three months ended 31 March 2017 (unaudited)		
	Legacy Real Estate €'000	**Legacy Debt €'000**	**Total €'000**
Portfolio returns			
Fair value movement on investment	-	149	149
Operating income			
Rental income	5	-	5
Service charge income	454	-	454
Loss on foreign currency translation and other derivatives	-	(78)	(78)
Gain on paydown of loans and receivables	-	1,088	1,088
Total income	**459**	**1,159**	**1,618**
Operating expenses			
Interest expense	254	543	797
Property operating expenses	(78)	-	(78)
Transaction costs	(6)	60	54
Other operating expenses	396	76	472
Other expenses			
Impairment losses	-	699	699
Total Expenses	**566**	**1,378**	**1,944**
Net operating loss before taxation	**(107)**	**(219)**	**(326)**
Taxation credit - current	(173)	-	(173)
Total tax credit	**(173)**	**-**	**(173)**
Profit / (loss) after taxation for the period	**66**	**(219)**	**(153)**

Adjustments made to the loss for the period for the cash flow statement are summarised below:

	Three months ended 31 March 2017 (unaudited) €'000
Fair value movements on investment	(149)
Interest expense	797
Loss on foreign currency translation and other derivatives	78
Impairment losses	699
Gain on paydown	(1,088)
Total	**337**

14. DIVIDENDS PAID AND DECLARED

The following dividends were declared during the three months ended 31 March 2018:

Declaration date	Ex-dividend date	Record date	Payment date	Dividend per share	Amount €'000
21 March 2018	26 March 2018	27 March 2018	05 April 2018	€ 0.270	14,232
Total				**€ 0.270**	**14,232**

The following dividends were declared during the year ended 31 December 2017:

Declaration date	Ex-dividend date	Record date	Payment date	Dividend per share	Amount €'000
16 March 2017	22 March 2017	23 March 2017	31 May 2017	€ 0.150	9,017
18 May 2017	22 May 2017	23 May 2017	31 May 2017	€ 0.140	8,415
03 August 2017	17 August 2017	18 August 2017	31 August 2017	€ 0.410	25,056
28 November 2017	04 December 2017	05 December 2017	11 December 2017	€ 1.130	59,565
Total				**€ 1.830**	**102,053**

15. MANAGEMENT AGREEMENT AND RELATED PARTY TRANSACTIONS

The Company entered into the Management Agreement with the Manager in August 2003. Pursuant to the Management Agreement, the Manager, under the supervision of the Board of Directors, will formulate investment strategies, arrange for the acquisition of assets, arrange for financing, monitor the performance of the Company's assets and provide certain advisory, administrative and managerial services in connection with the operations of the Company. Since 1 January 2015 the management fee paid to the Manager is equal to (i) 1.5% of the Company's Adjusted NAV reported quarterly, excluding net corporate cash, and (ii) 0.75% of the share of Adjusted NAV relating to net corporate cash. Incentive compensation is equal to 25% of the euro amount by which the Company's Normalised FFO derived from Italian Investments, after allocated corporate costs, exceeds the net invested capital in the Company's Italian Investments multiplied by the hurdle rate of 8% per annum (calculated on a cumulative but not compounding basis). Adjusted NAV, for the purposes of the management fee calculation, excludes all portfolios where the NAV is negative. As at 31 March 2018 there are no portfolios with a negative NAV and therefore the Adjusted NAV is equal to the NAV as reported.

The Management Agreement provides that the Company will reimburse the Manager for various expenses incurred by the Manager or its officers, employees and agents on the Company's behalf, including the cost of legal, accounting, tax, auditing, finance, administrative, asset management, property management and other similar services rendered for the Company by providers retained by the Manager or, if provided by the Manager's or its affiliates' employees, in amounts which are no greater than those that would be payable to external professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arms-length basis. Such expenses have been included in the income statement.

When it was signed in 2003 the Management Agreement provided for an initial term of ten years with automatic three year extensions, subject to certain termination rights. The Management Agreement may be terminated by the Company by payment of a termination fee, as defined in the Management Agreement, equal to the amount of management fees earned by the Manager during the 12 consecutive calendar months immediately preceding the termination, upon the vote of a majority of the holders of the outstanding ordinary shares. In addition, unless an arrangement is made between the Company and the Manager, incentive compensation (as outlined above) will continue to be payable to the Manager post-termination.

The Manager is deemed to be the key employee for reporting purposes. As at 31 March 2018, management fees, incentive fees and expense reimbursements of €3.3 million (31 December 2017: €3.2 million) were due to the Manager. During the three months ended 31 March 2018, management fees of €1.6 million (31 March 2017: €1.8 million), €1.3 million of incentive fees (31 March 2017: €5.9 million), and expense reimbursements of €0.4 million of which €nil million related to discontinued operations (31 March 2017: €0.7 million, of which €0.3 million related to discontined operations) were charged to the income statement.

Total annual remuneration for the Eurocastle directors is €0.2 million (31 December 2017: €0.2 million), payable quarterly in equal instalments. Randal A. Nardone and Peter Smith do not receive any remuneration from the Company.

As a result of the investment in Italian performing and non-performing loans, the Company is party to various servicing agreements with doBank S.p.A. and its subsidiary Italfondiario S.p.A. (together the "doBank Group"). The terms of the agreements have been approved by the Independent Directors. The doBank Group inter alia provides portfolio servicing, cash management and corporate services as part of the agreements in return for an agreed fee. The fee is made up of a fixed annual amount, a percentage of the outstanding portfolio balance as well as a percentage of the amount collected. The total fee paid in the three months ended March 31 2018 was €1.4 million (three months ended in March 31 2017: €0.4 million). The fee is deducted from the collections prior to distribution. As such, there is no amount outstanding at March 31 2018.

The Fortress Italian NPL Opportunities Fund LLC (which owns the NPL pools) and the Fortress Italian Real Estate Opportunities Series Fund LLC (being the entity where the majority of the Company's interest in Real Estate Fund Investments are held through) are managed by an affiliate of the Manager. The total management fee expense for the three months ended March 31 2018 is €0.2 million (three months ended March 31 2017: €0.1 million) and offsets fully against the Company's Management Fee payable to the Manager.

The Company's non-controlling interest in Real Estate Fund Investment I (refer to note 8) along with its joint venture investment in Real Estate Fund Investment II and Real Estate Fund Investment V (refer to note 8) are held in funds managed by Torre SGR S.p.A, which is majority owned by an affiliate of the Manager. The total management fee expense, across both these funds, for the three months ended March 31 2018 was €0.1 million (three months ended 31 March 2017: €0.1 million).

16. SEGMENTAL REPORTING

The Company operates in one geographical segment, being Europe. The Company conducts its business through one primary segment: Italian investments. The Company's Italian Investments are currently made up of an NPL servicing business ("doBank Group"), non-performing loans ("NPLs") and a performing loans ("PLs") portfolio along with real estate fund units. The Discontinued Operations, which were a primary segment in the prior year, comprises the Company's former Legacy Debt portfolio and Legacy German Real Estate business.

The Italian Investments segment derives its income from dividends and loan collections.

The Discontinued Operations segment derived its income primarily from rental income, service charge income and interest on loans and receivables.

The Corporate segment relates to the overall running costs of the Company.

A summary of the financial data of the Company's business segments is provided below:

Three months ended 31 March 2018 (unaudited)	**Italian Investments €'000**	**Corporate €'000**	**Total Eurocastle €'000**
Portfolio returns	(33,123)	(30)	(33,153)
Other operating income	-	2	2
Total operating income	**(33,123)**	**(28)**	**(33,151)**
Interest expense	-	(76)	(76)
Other operating expense	-	(3,950)	(3,950)
Total operating expenses	**-**	**(4,026)**	**(4,026)**
Net operating loss	**(33,123)**	**(4,054)**	**(37,177)**
Taxation expense	-	-	-
Net loss after taxation	**(33,123)**	**(4,054)**	**(37,177)**

Three months ended 31 March 2017 (unaudited)	**Legacy Debt Portfolio €'000**	**Discontinued Operations €'000**	**Total €'000**	**Italian Investments €'000**	**Corporate €'000**	**Total Eurocastle €'000**
Portfolio returns	149	-	149	6,227	-	6,376
Revenue	-	459	459	-	-	459
Other operating income	1,010	-	1,010	7,247	2,359	10,616
Total operating income	**1,159**	**459**	**1,618**	**13,474**	**2,359**	**17,451**
Interest expense	(543)	(254)	(797)	-	(42)	(839)
Other operating expense	(136)	(312)	(448)	(120)	(8,634)	(9,202)
Impairment losses	(699)	-	(699)	-	-	(699)
Total operating expenses	**(1,378)**	**(566)**	**(1,944)**	**(120)**	**(8,676)**	**(10,740)**
Net operating profit / (loss)	**(219)**	**(107)**	**(326)**	**13,354**	**(6,317)**	**6,711**
Taxation expense	-	173	173	(14)	-	159
Net income / (loss) after taxation	**(219)**	**66**	**(153)**	**13,340**	**(6,317)**	**6,870**
Non controlling interest	-	-	-	(20)	-	(20)
Net income / (loss) after non controlling interest	**(219)**	**66**	**(153)**	**13,320**	**(6,317)**	**6,850**

16. SEGMENTAL REPORTING (CONTINUED)

Segmental Balance Sheet

The segmental balance sheet as at 31 March 2018 (unaudited) is summarised below:

As at 31 March 2018 (unaudited)	**Italian Investments €'000**	**Corporate €'000**	**Total €'000**
Total assets [(1)]	351,946	174,765	526,711
Total liabilities	-	(21,601)	(21,601)
Net assets	**351,946**	**153,164**	**505,110**

The segmental balance sheet as at 31 December 2017 is summarised below:

As at 31 December 2017	**Italian Investments €'000**	**Corporate €'000**	**Total Eurocastle €'000**
Total assets [(1)]	441,905	121,684	563,589
Total liabilities	-	(7,070)	(7,070)
Net assets	**441,905**	**114,614**	**556,519**

(1) The significant non-current assets within the key business segment, Italian investments, are attributable to Italy.

Segment assets for the Italian investments segment represent the servicing business of the doBank Group, performing and non-performing loan pools as well as real estate fund units. Segment assets for the Corporate segment relates predominantly to cash.

Segment liabilities for the corporate segment represent the Company's trade and other payables (refer to note 10).

17. INVESTMENT IN SUBSIDIARIES

The Company has investments in the following subsidiaries (unless otherwise stated the Company has a 100% interest in the entity):

Luxembourg:
Italy Investment S.à r.l
Verona Holdco S.à r.l
Undercroft S.à r.l
Luxgate S.à r.l
Eurobarbican S.à r.l
Belfry Lux Participation S.à r.l
Belfry Managing Partner S.à r.l
Truss Lux Participation S.à r.l
Truss Managing Partner S.à r.l
Mars Holdco S.à r.l
Finial S.à r.l

Germany:
Short Wave Acquisition GmbH

Italy:
FMIL S.r.l
Palazzo Finance S.r.l. (indirect holding of 80.66%)
SPV Ieffe S.r.l. (indirect holding of 80.66%)
SPV Ieffe Due S.r.l. (indirect holding of 80.66%)
SPV Ieffe Tre S.r.l. (indirect holding of 80.66%)

United States of America:
Fortress Italian Real Estate Opportunities Series Fund LLC - Series 1
Fortress Italian Real Estate Opportunities Series Fund LLC - Series 2

Ireland:
Additionally the Company has an investment in Eurocastle Funding Designated Activity Company (incorporated in Ireland).

As at 31 March 2018, the unconsolidated subsidiaries do not have any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability to transfer funds to the Company in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the Company.

18. SUBSEQUENT EVENTS

In May 2018, the Company closed on a €7.7 million investment to acquire a shared interest, alongside other Fortress affiliates, in a portfolio of Italian distressed loans to a single borrower with a gross book value of ~€81 million.

On 16 May 2018, the Board approved the Company's Q1 2018 distribution of €0.33 per share, consisting of the regular quarterly dividend of €0.15 per share and an additional €0.18 per share capital distribution representing an acceleration of capital that would have been distributed in August 2018 under the Company's distribution policy. The distribution is payable on 31 May 2018.

19. COMMITMENTS

As at 31 March 2018, the Company had entered into a formal commitment of €8.2 million, of which it expects to fund €5.8 million in a second Italian Real Estate Redevelopment Fund (Real Estate Fund Investment V). The undrawn formal commitment as at 31 March 2018 is €3.2 million with the remaining expected commitment being €0.8 million due to be funded within the next three months. The formal commitment endures for a further 33 months.

In July 2017 the Company closed on the FINO NPL portfolio deploying approximately €44 million to acquire alongside other affiliates of the Manager a 50.1% interest in a €14.4 billion NPL portfolio from UniCredit S.p.A.. The transaction entails further amounts payable by the Company over the next few years up to an amount of €64.7 million.