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**Eurocastle Releases Fourth Quarter and Year End 2016 Financial Results
 Announces Quarterly Dividend of €0.15 per share and New Distribution Policy**

Guernsey, 16 March 2017 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its annual report for the twelve months ended 31 December 2016.

- ◆ **Normalised FFO**¹ of €46.0 million or €0.70 per share² for the full year of which €12.5 million, or €0.21² per share for the fourth quarter of 2016.
 - Before costs, Italian Investments³ alone generated €5.4 million of Normalised FFO in 2016, resulting in a return on average net invested capital⁴ of 17.7%.
- ◆ **Adjusted Net Asset Value**⁵ of €50.6 million, or €9.16 per share², an increase of €1.81 per share (25%) over the year, reflecting:
 - An increase of €0.36 per share for the first three quarters following valuation increases of Italian Investments, the €75 million share repurchase and dividends of €0.375 per share.
 - An increase of €1.45 per share for the fourth quarter after the dividend of €0.15 per share, following revaluation gains on doBank and Real Estate Fund Investment III.
- ◆ **Annual Dividend** of €3.1 million, or €0.525 per share reflecting the increased fourth quarter dividend of €0.15 per share.
 - In addition, the Board of Directors has declared a first quarter 2017 dividend of €0.15 per share payable on 31 May 2017 to shareholders of record at close of business on 23 March 2017, with an ex-dividend date of 22 March 2017.

	FY 2016		FY 2015		Q4 2016		Q3 2016	
	€million	€per share ²						
Normalised FFO ¹	46.0	0.70	17.1	0.29	12.5	0.21	11.9	0.20
Legacy Business ⁶ Cash Flow Received	11.6	0.17	77.8	1.31	4.7	0.07	2.1	0.04
Adjusted NAV ⁵	550.6	9.16	532.5	7.35	550.6	9.16	463.5	7.71

FULL YEAR & FOURTH QUARTER 2016 BUSINESS HIGHLIGHTS

- ◆ **Capital Activity** – In 2016, the Company deployed substantially all of its available capital through:
 - 1) A €75 million repurchase of 12.3 million, or 17.0%, of ordinary shares at a price of €6.10 per share increasing Normalised FFO per share by 20%, or €0.03 per share, and NAV per share by 3%, or €0.25 per share;
 - 2) Investments of €17 million and commitments estimated at up to a further €76 million across six transactions through:
 - i. A commitment to acquire, alongside other affiliates of FIG LLC, a significant portion of a €1.7 billion portfolio of Italian non-performing loans from UniCredit S.p.A. in a project known as “FINO”. The transaction entails an anticipated equity investment for Eurocastle of between €50 million and €70 million.
 - ii. A 25% share of three NPL portfolios with a total combined gross book value (“GBV”) of approximately €86 million for €4.4 million.
 - iii. A €12.1 million investment in the units and senior debt of a newly established unlisted Italian real estate fund (“RE Fund Investment IV”), set up to restructure and monetise real estate properties owned by an over-levered real estate fund.
 - iv. A €6.6 million expected commitment in the Company’s second investment in an Italian real estate redevelopment fund (“RE Fund Investment V”). In December 2016, an initial €0.3 million was funded with the majority of the remaining commitment expected to be deployed during 2017.

¹ Normalised FFO (“NFFO”) is a non-IFRS measure used to provide additional information regarding the underlying performance of the Company, as outlined in note 30 of the Annual Report.

² Amounts per share are calculated on the following basis for the relevant period: FY 2016 NFFO and Legacy cash flow – 66.1 million of weighted average shares. FY 2016, Q4 2016 and Q3 2016 Adjusted Net Asset Value (“Adjusted NAV”) - 60.1 million ordinary shares in issue (net of 6.0 million shares held in treasury). FY 2015 NFFO and Legacy cash flow – 59.5 million of weighted average shares. FY 2015 Adjusted NAV - 72.4 million ordinary shares in issue. Q3 2016 NFFO and Legacy cash flow – 60.1 million of weighted average shares.

³ All investments acquired by the Group since the establishment of its new strategy in April 2013, previously labelled as “New Investments”.

⁴ Time weighted average of investments made (net of any capital returned) over the relevant period.

⁵ Adjusted Net Asset Value excludes the net asset value (“NAV”) of those Legacy portfolios with negative NAV whose debt is non-recourse to Eurocastle.

⁶ All investments owned by the Group prior to April 2013.

- ◆ **doBank** – In October 2016, doBank (50% owned by Eurocastle) completed its strategic acquisition of Italfondario S.p.A. (“Italfondario”) to form the largest independent servicing group in Italy (the “doBank Group”), specialising in the credit management and collection of performing and non-performing loans with over €81 billion GBV of loans under management as at 31 December 2016, more than six times larger than its nearest competitor. The companies have since reported a combined EBITDA of €1.6 million¹ for the year ended 31 December 2016. In March 2017, the board of doBank approved a dividend of €2.3 million expected to be paid in May 2017 (of which Eurocastle’s share is €6.2 million).
- ◆ **Legacy Business** - The Company achieved its goal of fully disposing of the legacy real estate assets in Germany with all assets sold or under binding sales agreement by the end of 2016. This resulted in €1.6 million of proceeds in 2016 with a further €2.4 million to be collected upon closing of those assets under binding agreements. The sales have resulted in a write back of all losses on the relevant legacy real estate portfolios which previously were reported with negative net asset values in the Group’s accounts as reported under IFRS. As at 31 December 2016, the Legacy Business has a remaining Adjusted NAV of €0.4 million, or €0.01 per share.

BUSINESS HIGHLIGHTS SUBSEQUENT TO 31 DECEMBER 2016

- ◆ **Italian Real Estate Fund Investment III sale** – In February 2017, Eurocastle sold its interest in the units of Real Estate Fund Investment III. The transaction, together with other distributions received in Q1 2017, has resulted in total proceeds of €20.9 million, or €0.35 per share. The units were acquired in September 2015 for a total consideration of €10.7 million. Taking into account €7.8 million of prior distributions from the investment, this represents a total profit of €18.0 million and an IRR of 137%. As at 31 December 2016, the investment’s fair value was €19.5 million, or €0.33 per share, reflecting an offer received at the time, an increase of €7.4 million or €0.12 per share to the previous quarter.

NEW DISTRIBUTION POLICY

- ◆ The Company is pleased to announce the adoption of a new policy with the goal of generating substantial liquidity to shareholders by accelerating distributions of Normalised FFO (“NFFO”) and surplus capital.
- ◆ The policy will see the establishment of a new three part program whereby going forward the Company intends 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 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.
- ◆ In connection with this new policy, the Board of Directors will review any supplemental amount for the first quarter of 2017 in alignment with the announcement of the Company’s results for that quarter.

¹ Unaudited management data. Consolidated EBITDA for doBank, Italfondario and their subsidiaries pro forma for the full year 2016. Consolidated 2016 EBITDA in accordance with IFRS for the doBank Group is €8.1 million reflecting the EBITDA generated from Italfondario and its subsidiaries from the date of acquisition in October 2016.

NORMALISED FFO

Normalised FFO is a non-IFRS financial measure that, with respect to the Company's Italian Investments, recognises income on an expected yield basis allowing Eurocastle to report the run rate earnings from these investments in line with their expected annualised returns. On Eurocastle's Legacy Business the measure excludes realised gains and losses, sales related costs (including realised swap losses), impairment losses, foreign exchange movements and any movements on portfolios with a negative NAV other than sales or asset management fees realised.

Eurocastle believes that, given the strategy of seeking to monetise the residual value of the Legacy Business, focusing on the Normalised FFO of the Company's Italian Investments¹ will enhance investors understanding of current and future earnings given annualised returns achieved and the average net invested capital² over the relevant period.

Segmental Normalised FFO for the Year Ended 31 December 2016	Average Net Invested Capital ²		Italian Investments ¹	Legacy	Total
	€Thousands	Yield	€Thousands	€Thousands	€Thousands
doBank Investment	246,031	14%	34,483	-	34,483
Italian NPLs ³	22,608	21%	4,714	-	4,714
Real Estate Fund Investments	44,839	36%	16,173	-	16,173
Italian Investments NFFO before expenses	313,478	18%	55,370	-	55,370
Legacy Portfolios NFFO before expenses			-	10,290	10,290
Manager Base & Incentive Fees			(11,970)	(100)	(12,070)
Other operating expenses			(4,386)	(3,231)	(7,617)
Normalised FFO			39,014	6,959	45,973
<i>Per Share⁴</i>			<i>0.59</i>	<i>0.11</i>	<i>0.70</i>

Segmental Normalised FFO for the Fourth Quarter 2016	Average Net Invested Capital ²		Italian Investments ¹	Legacy	Total
	€Thousands	Yield	€Thousands	€Thousands	€Thousands
doBank Investment	246,031	14%	8,853	-	8,853
Italian NPLs ³	23,032	23%	1,315	-	1,315
Real Estate Fund Investments	47,737	41%	4,838	-	4,838
Italian Investments NFFO before expenses	316,800	19%	15,006	-	15,006
Legacy Portfolios NFFO before expenses			-	2,505	2,505
Manager Base & Incentive Fees			(3,349)	(1)	(3,350)
Other operating expenses			(1,261)	(382)	(1,643)
Normalised FFO			10,396	2,122	12,518
<i>Per Share⁴</i>			<i>0.17</i>	<i>0.04</i>	<i>0.21</i>

During 2016, Eurocastle generated Normalised FFO of €46.0 million, or €0.70 per share compared to a dividend of €3.1 million, or €0.525 per share. Before corporate costs, Italian Investments generated €5.4 million, or €0.84 per share. Given the average net invested capital in the period was approximately €13 million, this equates to a yield of 18%.

In the fourth quarter of 2016, Eurocastle generated Normalised FFO of €12.5 million, or €0.21 per share. Before corporate costs, Italian Investments generated €5.0 million, or €0.25 per share. Given the average net invested capital in the period was approximately €17 million, this equates to a yield of 19%.

¹ All investments acquired by the Group since the establishment of its new strategy in April 2013, previously labelled as "New Investments".

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

³ Excludes the Romeo NPL pool which is included under the doBank Investment.

⁴ Normalised FFO per share based on 66.1 million weighted average ordinary shares for 2016.

Income Statement for the Year Ended 31 December 2016	Italian Investments €Thousands	Legacy €Thousands	Total €Thousands
Portfolio Returns			
Fair value movements on joint ventures:			
doBank Group	107,008	-	107,008
Romeo NPLs	14,832	-	14,832
Share of post-tax profits / (loss) from joint ventures:			
NPLs – Pool 6	235	-	235
Real Estate Fund Investment II	(1,520)	-	(1,520)
Fair value movements on associates:			
Real Estate Fund Investment III	12,206	-	12,206
Real Estate Fund Investment IV	11,664	2,111	13,775
Share of post-tax profits from associates:			
NPLs – Pools 7-18	3,574	-	3,574
Fair value movements on other investments:			
NPLs/PL – Pools 1-5	1,660	-	1,660
Real Estate Fund Investment I	1,431	-	1,431
Other Income			
Other income	-	542	542
Interest income	22	778	800
Gains on foreign currency contracts, translation and swaps	-	(2,092)	(2,092)
Gain on payoff of loans and receivables	-	1,046	1,046
Total operating income	151,112	2,385	153,497
Operating expenses			
Interest expense	188	2,364	2,552
Other operating expenses - transaction costs	992	247	1,239
Other operating expenses	15,009	488	15,497
Other expenses			
Impairment losses	-	30,960	30,960
Total operating expenses	16,189	34,059	50,248
Net operating profit / (loss) before taxation	134,923	(31,674)	103,249
Total tax expense	273	3	276
Net profit / (loss) after taxation from continuing operations	134,650	(31,677)	102,973
Net Profit after taxation from discontinued operations	-	72,417	72,417
Profit after taxation for the year	134,650	40,740	175,390
<i>Per Share¹</i>	<i>2.04</i>	<i>0.61</i>	<i>2.65</i>

Attributable to:

Ordinary equity holders of the Company	134,337	40,740	175,077
Non-controlling interest	313	-	313

For the year ended 31 December 2016, the total profit after taxation and non-controlling interests as reported under IFRS was €175.1 million, or €2.65 per share. Within the Group's Italian Investments, where the majority of these assets are accounted for at fair value, net income after taxation and non-controlling interest for 2016 was €134.3 million, or €2.03 per share.

	Italian Investments €Thousands	Legacy €Thousands	Total €Thousands
Net profit attributable to ordinary shareholders after taxation	134,337	40,740	175,077
Reversal of Net profit attributed to negative NAV portfolios ²	-	(43,634)	(43,634)
Adjusted net profit / (loss)	134,337	(2,894)	131,443
<i>Per Share¹</i>	<i>2.03</i>	<i>(0.04)</i>	<i>1.99</i>

Excluding i) the net gains that have resulted from the resolution of those legacy portfolios that previously had a negative NAV and ii) losses from CDO V, the Groups remaining legacy investment with a negative NAV, the Group generated a net profit after taxation of €31.4 million or €1.99 per share. As at 31 December 2016, the remaining Adjusted NAV of the legacy portfolios was €0.4 million, or €0.01 per share which represents less than 0.1% of the Company's Adjusted NAV.

¹ Earnings per share based on 66.1 million weighted average ordinary shares for the year ended 31 December 2016.

² Reverses gains and losses arising from portfolios with a negative net asset value net of any cash distributions or fees received by the Company.

Balance Sheet and Adjusted NAV Reconciliation as at 31 December 2016	Italian Investments €Thousands	Corporate €Thousands	Legacy €Thousands	Total €Thousands
Assets				
Cash and cash equivalents	4,553	99,440	5,085	109,078
Other assets	20	1,009	3,535	4,564
Investment properties held for sale	-	-	1,970	1,970
Available for sale	5,482	-	-	5,482
Investments in joint ventures				
doBank Group	264,741	-	-	264,741
Romeo NPLs	106,090	-	-	106,090
NPLs – Pool 6	1,711	-	-	1,711
Real Estate Fund Investment II	10,640	-	-	10,640
Real Estate Fund Investment V	300	-	-	300
Investments in associates				
NPLs – Pools 7 - 18	24,624	-	-	24,624
Real Estate Fund Investment III	19,546	-	-	19,546
Real Estate Fund Investment IV	17,747	-	2,059	19,806
Other fair value investments				
NPLs/PL – Pools 1-5	3,943	-	-	3,943
Real Estate Fund Investment I	14,279	-	-	14,279
Loans and receivables	-	-	11,207	11,207
Derivative assets	-	-	2,144	2,144
Total assets	473,676	100,449	26,000	600,125
Liabilities				
Trade and other payables	2,796	15,476	8,048	26,320
Current taxation payable	17	4,649	110	4,776
CDO bonds payable	-	-	60,454	60,454
Total liabilities	2,813	20,125	68,612	91,550
Net Asset Value	470,863	80,324	(42,612)	508,575
Non-controlling interest	(1,058)	-	-	(1,058)
Net Asset Value after Non-controlling interest	469,805	80,324	(42,612)	507,517
Negative NAV Addbacks ¹	-	-	43,080	43,080
Committed Investments ²	66,250	(66,250)	-	-
Adjusted NAV	536,055	14,074	468	550,597
Adjusted NAV (€per Share) ³	8.92	0.23	0.01	9.16

ADDITIONAL INFORMATION

For additional information that management believes to be useful for investors, please refer to the latest presentation posted on the Investor Relations section of the Company's website, www.eurocastleinv.com. For consolidated investment portfolio information, please refer to the Company's most recent Financial Report, which is available on the Company's website (www.eurocastleinv.com).

¹ Adjusts to exclude the Group's remaining Legacy portfolio with negative NAV (CDO V) whose debt is non-recourse to Eurocastle.

² Adjusted NAV of Italian Investments includes €60 million of equity allocated against the FINO transaction (reflecting the mid-point of the expected equity requirement of €50 to €70 million) and a €5.3 million expected commitment allocated against RE Fund Investment V.

³ Adjusted NAV per share based on 60.1 million ordinary shares in issue.

EARNINGS CALL INFORMATION

Eurocastle's management will host an earnings conference call at 2:00 P.M. London time (10:00 A.M. New York time) later today. All interested parties are welcome to participate on the live call. You can access the conference call by dialling first +1- 800-215-5243 (from within the U.S.) or +1-330-863-8154 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference "Eurocastle Fourth Quarter 2016 Earnings Call" or conference ID number "4446819".

A webcast of the conference call will be available to the public on a listen-only basis at www.eurocastleinv.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available for three months following the call.

For those who are not available to listen to the live call, a replay will be available until 11:59 P.M. New York time on Sunday, 16 April 2017 by dialling +1-855-859-2056 (from within the U.S.) or +1-404-537-3406 (from outside of the U.S.); please reference access code "4446819".

ABOUT EUROCASTLE

Eurocastle Investment Limited is a publicly traded closed-ended investment company that primarily focuses on investing in Italian performing and non-performing loans, Italian NPL servicing platforms and other real estate related assets in Italy. The Company is Euro denominated and is listed on Euronext Amsterdam under the symbol "ECT". Eurocastle is managed by an affiliate of Fortress Investment Group LLC, a leading global investment manager. For more information regarding Eurocastle Investment Limited and to be added to our email distribution list, please visit www.eurocastleinv.com.

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", "endeavour", "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 Group's ability to predict results or the actual effect of future plans or strategies is limited. Although the Group 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 Group'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 Group's debts, renegotiate the Group's credit facilities, make new investments, or achieve its targets regarding asset disposals or asset performance.