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**Eurocastle Releases First Quarter 2017 Financial Results,
 Announces Supplemental Dividend of €0.14 per share and Annual General Meeting on 21 June 2017**

Guernsey, 18 May 2017 – Eurocastle Investment Limited (Euronext Amsterdam: ECT) today has released its financial results for the first quarter ended 31 March 2017.

- ◆ **Normalised FFO¹** of €26.0 million, or €0.43 per share², for the first quarter of 2017 including one-off impacts from sales and the remaining realisations from the Legacy Business.
- ◆ **Adjusted Net Asset Value³** of €548.9 million, or €9.13 per share², after the declaration of the regular quarterly dividend of €0.15 per share².
- ◆ **First Quarter 2017 Dividend**
 - €9.0 million, or €0.15 per share², of regular quarterly dividend declared in March 2017 and to be paid on 31 May 2017.
 - In addition, and in line with the new distribution policy announced in March 2017, the Board of Directors has declared a supplemental dividend for the period of €8.4 million, or €0.14 per share², also payable on 31 May 2017 to shareholders of record at close of business on 23 May 2017, with an ex-dividend date of 22 May 2017⁴.
 - In aggregate, this has resulted in a total dividend of €17.4 million, or €0.29 per share, for the first quarter of 2017.

	Q1 2017		Q4 2016	
	€million	€per share ²	€million	€per share ²
Normalised FFO ¹	26.0	0.43	12.5	0.21
Dividends ⁵	17.4	0.29	9.0	0.15
Adjusted NAV ³	548.9	9.13	550.6	9.16

- ◆ **Annual General Meeting**
 - The Company further announces that it will hold its Annual General Meeting on Wednesday, 21 June 2017, at the Company’s registered office at 2:00 pm London time (3:00 pm CET).

BUSINESS HIGHLIGHTS

- ◆ **Investment Realisations** - During the first quarter of 2017, Eurocastle sold its interest in the units of Real Estate Fund Investment III. The sale resulted in total proceeds of €20.9 million, or €0.35 per share, realising a total lifetime gross profit of €18.0 million, an IRR of 137% and 2.7x multiple on equity invested. The sale was achieved two years ahead of business plan. In addition, the Company realised a gross profit of €7.2 million from the resolution of a debt claim it had acquired in the period.
- ◆ **doBank** – In March 2017, the board of doBank approved a dividend of €52.3 million (of which Eurocastle’s share is €6.2 million) for the year ended 31 December 2016 which is expected to be paid by the end of May 2017. For the first quarter of 2017 the doBank Group reported EBITDA of €9.9 million; 44% higher than the same period last year on a like-for-like basis⁶; a period that is typically the lowest in the year given the seasonality of NPL collections.

¹ Normalised FFO (“NFFO”) is a non-IFRS measure used to provide additional information regarding the underlying performance of the Company, as outlined on page 13 of the Q1 2017 Interim Report.

² Amounts per share are calculated on the following basis for the relevant period: Q1 2017 and Q4 2016 NFFO – 60.1 million of weighted average shares. Q1 2017 and Q4 2016 dividends and Adjusted Net Asset Value (“Adjusted NAV”) - 60.1 million ordinary shares in issue (net of 6.0 million shares held in treasury).

³ Adjusted Net Asset Value accounts for the €9.0 million, or €0.15 per share, dividend declared in March 2017 but not the €8.4 million, or €0.14 per share, supplemental dividend declared in May 2017. Adjusted Net Asset Value also excludes the Group’s remaining Legacy portfolio with negative NAV (CDO V) whose debt is non-recourse to Eurocastle.

⁴ Please refer to page 15 of the Q1 2017 Interim Report for further detail with regards to the Company’s distribution policy and composition of the total dividend declared for the period.

⁵ Q1 2017 dividend represents both the dividend declared in March 2017 of €9.0 million, or €0.15 per share, and a supplemental dividend of €8.4 million, or €0.14 per share, declared in May 2017.

⁶ Like-for-like Q1 2016 EBITDA is pro forma for doBank, Italfondriario and their subsidiaries and adjusted to exclude the net impact of the Romeo NPL portfolio (spun-off by the Group in September 2016).

- ◆ **Legacy Business¹** – In the first quarter of 2017, the Group received €2.4 million of cash flow upon completion of German real estate sales that were previously under binding contracts. In addition, the Company received €0.6 million from the resolution of a Legacy debt investment. The Company intends to unwind its remaining Legacy levered portfolio (CDO V) during the remainder of 2017.

◆ **BUSINESS HIGHLIGHTS SUBSEQUENT TO 31 MARCH 2017**

- ◆ **Romeo NPL Portfolio Financing** – on the 3rd of May 2017, the Company announced the successful completion of a €75 million financing on the secured portion of its Romeo NPL portfolio. As a result, Eurocastle received approximately €36 million or 50% of the net proceeds after costs and reserves. At the same time, Eurocastle received over €18 million of previously undistributed cash from the portfolio, resulting in total proceeds to the Company of approximately €54 million.
- ◆ **Italian Real Estate Fund Investment V** – In April 2017 the Company closed on its previously committed investment in Real Estate Fund V, deploying an additional €4.0 million. This brings the total equity deployed to date to €4.4 million with an expected further €1.4 million to be deployed predominantly over the next 12 months.
- ◆ **Italian Real Estate Fund Investment I Realisation** – In May 2017, the Company received a distribution of €4.8 million primarily from sales made by the fund in 2016.

NORMALISED FFO

Normalised FFO is a non-IFRS financial measure that, with respect to the Company's Italian Investments², 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 fully realised. On Eurocastle's Legacy Business, the measure excludes realised gains and losses, sales related costs (including realised swap losses), impairment losses, foreign exchange movements and any movements on portfolios with a negative NAV other than sales or asset management fees realised.

Eurocastle believes that focusing on the Normalised FFO of the Company's Italian Investments will enhance investors' understanding of current and future earnings given annualised returns achieved and the average net invested capitals³ over the relevant period.

Segmental Normalised FFO for the Three Months Ended 31 March 2017	Average Net Invested Capital ³		Italian Investments ²	Legacy	Total
	€Thousands	Yield	€Thousands	€Thousands	€Thousands
doBank Investment	246,033	15%	8,975	-	8,975
Italian NPLs ⁴	24,432	15%	939	-	939
Real Estate Fund Investments	46,002	130%	15,021	-	15,021
Others	n/a	n/a	7,247	-	7,247
Italian Investments NFFO before expenses	316,467	41%	32,182	-	32,182
Legacy Portfolios NFFO before expenses			-	2,826	2,826
Manager Base & Incentive Fees			(7,728)	-	(7,728)
Other operating expenses			(1,082)	(219)	(1,301)
Normalised FFO			23,372	2,607	25,979
<i>Per Share⁶</i>			<i>0.39</i>	<i>0.04</i>	<i>0.43</i>

¹ All investments owned by the Group prior to April 2013.

² All investments acquired by the Group since the establishment of its new strategy in April 2013, previously labelled as "New Investments".

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

⁴ Excludes the Romeo NPL pool which is included under the doBank Investment.

⁵ Fully realised investment.

⁶ Normalised FFO per share based on 60.1 million weighted average ordinary shares for Q1 2017.

Income Statement for the Three Months Ended 31 March 2017	Italian Investments €Thousands	Legacy €Thousands	Total €Thousands
Portfolio Returns			
Fair value movements on joint ventures:			
doBank Group ¹	(93)	-	(93)
Romeo NPLs ¹	2,359	-	2,359
Share of post-tax profit from joint ventures:			
NPLs – Pool 6	8	-	8
Real Estate Fund Investment II	495	-	495
Fair value movements on associates:			
Real Estate Fund Investment III	1,444	-	1,444
Real Estate Fund Investment IV	1,414	-	1,414
Share of post-tax profits from associates:			
NPLs – Pools 7-18	340	-	340
Fair value movements on other investments:			
NPLs/PL – Pools 1-5	105	-	105
Real Estate Fund Investment I	155	-	155
Other Income			
Other income	-	2,351	2,351
Gains on foreign currency translations and swaps	7,255	-	7,255
Total operating income	13,482	2,351	15,833
Operating expenses			
Interest expense	42	-	42
Other operating expenses			
Transaction costs	134	-	134
Manager Base Incentive fees	7,728	-	7,728
Remaining operating expenses	892	-	892
Total operating expenses	8,796	-	8,796
Net operating profit before taxation	4,686	2,351	7,037
Total tax expense	14	-	14
Net profit after taxation from continuing operations	4,672	2,351	7,023
Net Loss after taxation from discontinued operations	-	(153)	(153)
Profit after taxation for the period	4,672	2,198	6,870
<i>Per Share²</i>	<i>0.08</i>	<i>0.03</i>	<i>0.11</i>
Non-controlling interest	20	-	20
Net profit attributable to ordinary shareholders after taxation	4,652	2,198	6,850
<i>Per Share²</i>	<i>0.08</i>	<i>0.03</i>	<i>0.11</i>
Reversal of Loss attributed to negative NAV portfolios ³	-	226	226
Adjusted net profit	4,652	2,424	7,076
<i>Per Share²</i>	<i>0.08</i>	<i>0.04</i>	<i>0.12</i>

Excluding losses from CDO V (the Group's remaining Legacy investment with a negative NAV) the Group generated a net profit after taxation of €7.1 million, or €0.12 per share. As at 31 March 2017, the Group had an Adjusted NAV of nil for its remaining Legacy interest (CDO V) and does not expect any further material cash flows from this investment.

¹ doBank Group fair value movement includes €0.1 million movement from the 5% interest in the Romeo NPL pool acquired as part of the doBank investment and spun-off in September 2016. Conversely, the Romeo NPL pool fair value movement reflects the movement on the remaining 95% interest of the NPL pool.

² Earnings per share based on 60.1 million weighted average ordinary shares for the three months ended 31 March 2017.

³ 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 March 2017	Italian Investments	Corporate	Legacy	Total
	€Thousands	€Thousands	€Thousands	€Thousands
Assets				
Cash and cash equivalents	4,958	119,302	5,082	129,342
Other assets	22	1,145	510	1,677
Available for sale securities	5,653	-	-	5,653
Investments in joint ventures				
doBank Group ¹	269,953	-	-	269,953
Romeo NPLs ¹	103,144	-	-	103,144
NPLs – Pool 6	1,629	-	-	1,629
Real Estate Fund Investment II	10,744	-	-	10,744
Real Estate Fund Investment V	400	-	-	400
Investments in associates				
NPLs – Pools 7 - 18	23,291	-	-	23,291
Real Estate Fund Investment IV	19,028	-	2,208	21,236
Other fair value investments				
NPLs/PL – Pools 1-5	3,736	-	-	3,736
Real Estate Fund Investment I	14,434	-	-	14,434
Loans and receivables held for sale	-	-	5,341	5,341
Derivative assets	-	-	1,190	1,190
Total assets	456,992	120,447	14,331	591,770
Liabilities				
Trade and other payables	4,385	21,388	3,044	28,817
Current taxation payable	22	1,975	113	2,110
CDO bonds payable	-	-	54,471	54,471
Total liabilities	4,407	23,363	57,628	85,398
Net Asset Value	452,585	97,084	(43,297)	506,372
Non-controlling interest	(806)	-	-	(806)
Net Asset Value after Non-controlling interest	451,779	97,084	(43,297)	505,566
Negative NAV Addbacks ²	-	-	43,297	43,297
Committed Investments ³	65,357	(65,357)	-	-
Adjusted NAV	517,136	31,727	-	548,863
Adjusted NAV (€per Share) ⁴	8.60	0.53	-	9.13

¹ doBank Group value includes €5.4 million representing the 5% interest in the Romeo NPL pool acquired as part of the doBank investment and spun-off in September 2016. Conversely, the Romeo NPL pool value reflects the remaining 95% interest in the NPL pool acquired as part of the doBank investment and spun-off in September 2016.

² Adjusts to exclude the Group's remaining Legacy portfolio with negative NAV (CDO V) whose debt is non-recourse to Eurocastle.

³ Adjusted NAV of Italian Investments includes €60 million of equity allocated against the FINO transaction (reflecting the midpoint of the expected equity requirement of €50 to €70 million) and a €5.4 million estimated remaining commitment allocated against RE Fund Investment V.

⁴ Adjusted NAV per share based on 60.1 million ordinary shares in issue.

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).

EARNINGS CALL INFORMATION

Eurocastle's management will host an earnings conference call at 2:00 P.M. London time (9:00 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 First Quarter 2017 Earnings Call" or "conference ID number 21936653".

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 Thursday, 01 June 2017 by dialing +1-855-859-2056 (from within the U.S.) or +1-404- 537-3406 (from outside of the U.S.); please reference access code "21936653"

ANNUAL GENERAL MEETING

The Company will hold its Annual General Meeting on Wednesday, 21 June 2017, at the Company's registered office at 2:00 pm London time (3:00 pm CET). Notices and proxy statements will be mailed out to all holders on record as of Thursday, 18 May 2017. In addition, the Company has posted the Annual General Meeting notice on its website under Periodic Reports and Shareholder Communications in the Investor Relations Section.

ABOUT EUROCASTLE

Eurocastle Investment Limited is a publicly traded closed-ended investment company that focuses on investing in performing and non-performing loans and other real estate related assets primarily 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.