



EUROCASTLE INVESTMENT LIMITED

Proposal to Convertible Debt Investors

February 28, 2013



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These materials contain statements about future events and expectations that are forward-looking statements. These statements typically contain words such as "expects", "believes", "estimated", "will" and "anticipates" and words of similar import. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this document. The Company assumes no obligations to update any forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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Convertible Securityholders are required to make their own independent investigation and appraisal of the business and financial condition of the Company and neither the Company, the Trustee or any other person has authorised a third party to make such a recommendation. This document does not constitute a recommendation to participate in the Consent Solicitation.

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Internal rates of return and yields. To Fortress's knowledge, there are no established standards for the calculation of internal rates of return or yields ("Returns") for investment portfolios of the sort discussed in this Presentation. The use of a methodology other than the one used herein may result in different and possibly lower Returns.

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Executive Summary

- Eurocastle Investment Ltd. (“**Eurocastle**”) is a publicly traded European property company externally managed by an affiliate of Fortress Investment Group (“**Fortress**”) with a current market cap of €34 million⁽¹⁾
- Eurocastle’s current financial situation does not accommodate the servicing of its convertible debt on a current basis
- The Company proposes to clean up its capital structure by re-striking the conversion price from €0.30 to €0.05 per share in exchange for the right to require conversion. Conditional on such conversion, Fortress and the Company have agreed to rebase the management fee calculation, thereby preserving capital for investment
- Initially going to concentrate on new investment opportunities around distressed Italian loans and real estate
- Convertible security holders’ approval is required by March 28th to implement the proposed changes

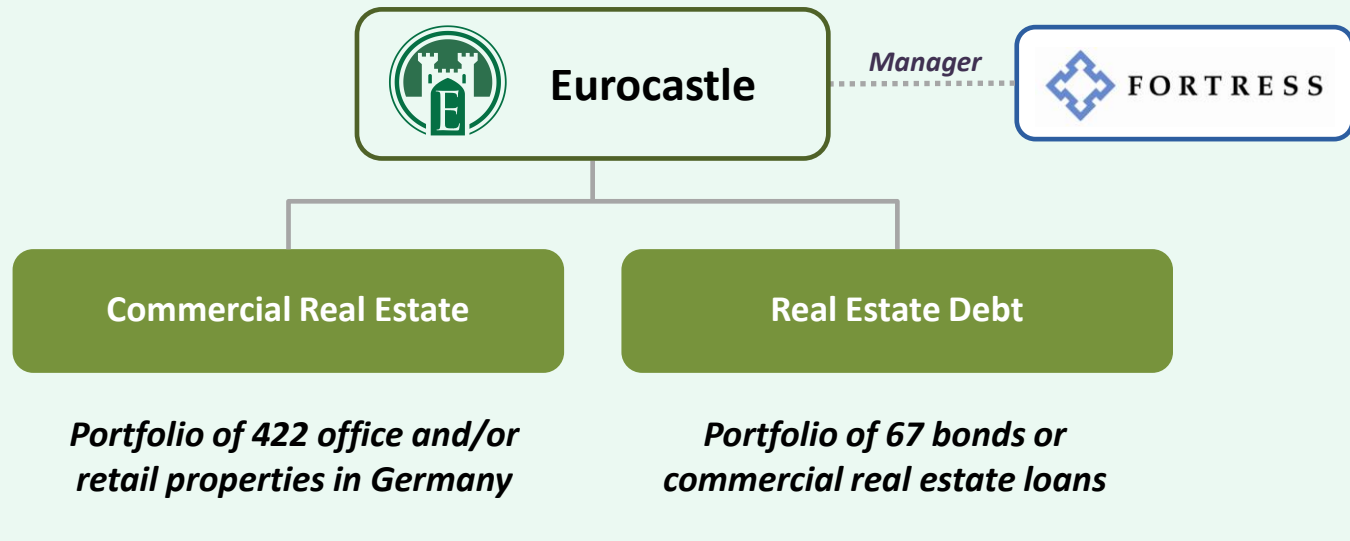
Proposal:

- ✓ ***Restructure the terms of the convertible debt***
- ✓ ***Rebase management fee to preserve cash for investment and anticipated resumption of dividend***
- ✓ ***Shift investment focus to new asset class***



Eurocastle Overview⁽¹⁾

- Eurocastle has two distinct businesses:
 - German Commercial Real Estate - €2.1 billion of assets
 - Real Estate Debt Portfolio - €0.5 billion of assets

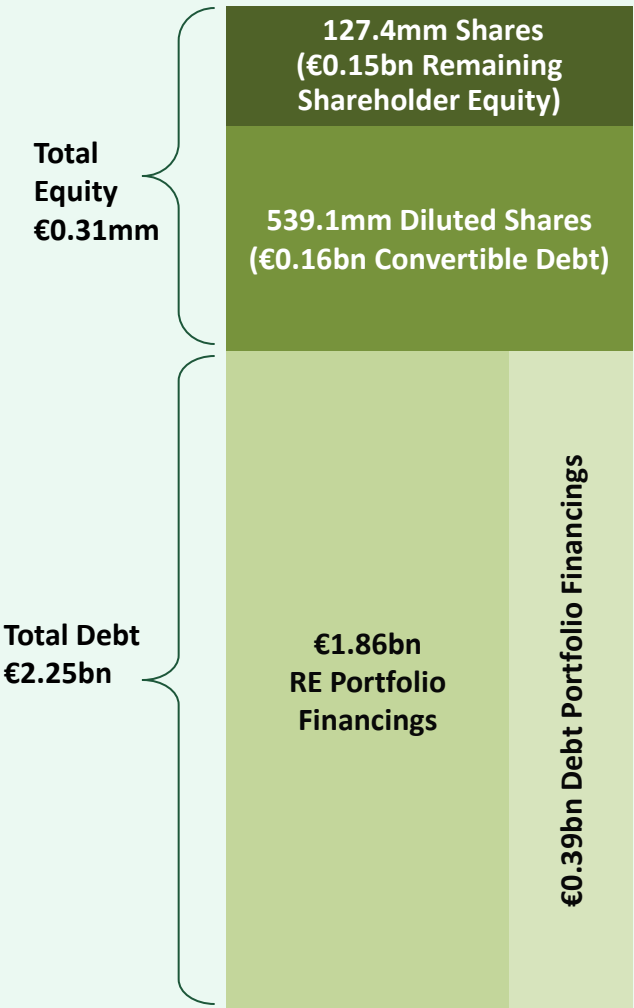


(1) Unaudited financials as of December 31, 2012.



Capital Structure⁽¹⁾

Capital Structure



- Total NAV of €307.3 million⁽²⁾, including
 - €161.7 mm⁽³⁾ of convertible debt outstanding of which €75.2 mm is accrued and deferred interest
 - Corporate cash of €38.8 mm
- Total portfolio level debt of €2.3 bn; all non-recourse to ECT

Convertible Debt

<i>(€ in millions)</i>	Original Principal	Conversions	Interest Accrued	Accrual Rate	Balance Owing ⁽³⁾
Series A (Jun. '09)	75.0	(7.7)	61.0	20%	128.3
Series B (Oct. '09)	24.8	(5.6)	14.2	20%	33.4
Total Convertible	99.8	(13.3)	75.2		161.7

(1) Unaudited financials as of December 31, 2012.
 (2) Excludes the negative NAV of the Mars Floating portfolio as this financing is non-recourse to the Company and not callable as a result of any changes in the value of the assets.
 (3) As of December 31, 2012. Balance owing up to February 28, 2013 is €166.5 mm.

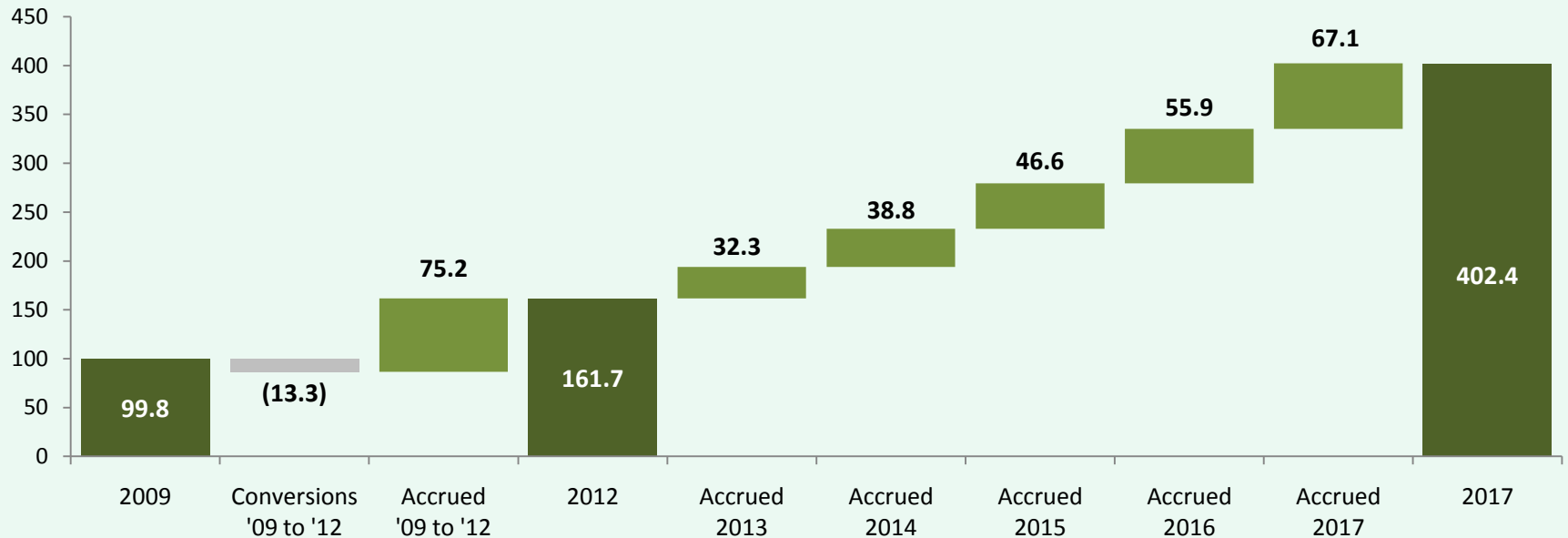


Effect of Continuing Convertible Debt

- Eurocastle's current financial situation does not accommodate the servicing of its convertible debt on a current basis
 - The outstanding amount under the convertible has increased by ~€62 million since issue
 - Operating under prevailing conditions, the convertible debt will grow to over €400 million over the next 5 years
- Liquidations over next 5 years are not likely to be sufficient to repay outstanding convertible debt

Convertible Debt Accrual

(€ in millions)





1. Clean Up Capital Structure and Provide Liquidity to Convert Security Holders

- Re-strike Conversion Price from €0.30 to €0.05 per share and convert all holders
- Need 67% approval from all holders by written resolution
- Post conversion the Convert holders will hold ~96% of the company.

2. Rebase Management Fee

- Reduce shareholder capital for management fee and promote calculation purposes from €1.5 bn to €300 mm
- Realign incentives and improve corporate liquidity

<i>(€ in million)</i>	2013	2014	2015	2016	2017	TOTAL
Management Fee Savings	13.1	17.5	17.5	17.5	17.5	82.9
Return on Savings @15%	2.0	4.9	8.2	11.9	16.0	42.9
Reinvested Savings (Cumulative)	15.1	22.3	25.6	29.3	33.4	125.8

3. Shift Investment Focus to Italian Real Estate Assets

- Take advantage of Fortress’s expertise in Italy to begin Italian real estate investment program
- Initially target distressed Italian assets – NPLs and RE fund units
- Potential gross IRRs in excess of 15%

4. Resume dividend payments

- Subject to profits being available, the Company intends to resume regular dividend payments⁽¹⁾

5. New Investment Opportunities

- Deploy capital in line with new investment focus
- Company may seek to raise additional capital if market conditions permit

(1) Any future dividend declarations will be determined by the board of directors in its sole discretion based on a variety of factors.



New Investment Focus

- Significant investment opportunities in Italian NPLs and other RE assets with potential to generate gross unlevered returns in excess of 15%
- Compelling investment environment – Italian banks are under pressure to sell €100+ billion of NPL inventory
- Fortress has had significant presence in Italy since 2000

Italfondionario - Largest independent NPL servicer in Italy

- Acquired from Bank of Italy in 2000
- Today, Italfondionario services €33.5 billion of loans

Active NPL investor

- Acquired €16.5 billion of NPLs in 7 transactions along with co-investors
- Combined 15.4% gross IRR and 1.7x multiple since 2000

Torre SGR - 8th largest Italian RE fund manager

- €1.4 billion under management, primarily in commercial real estate

Manager Presence in Italy



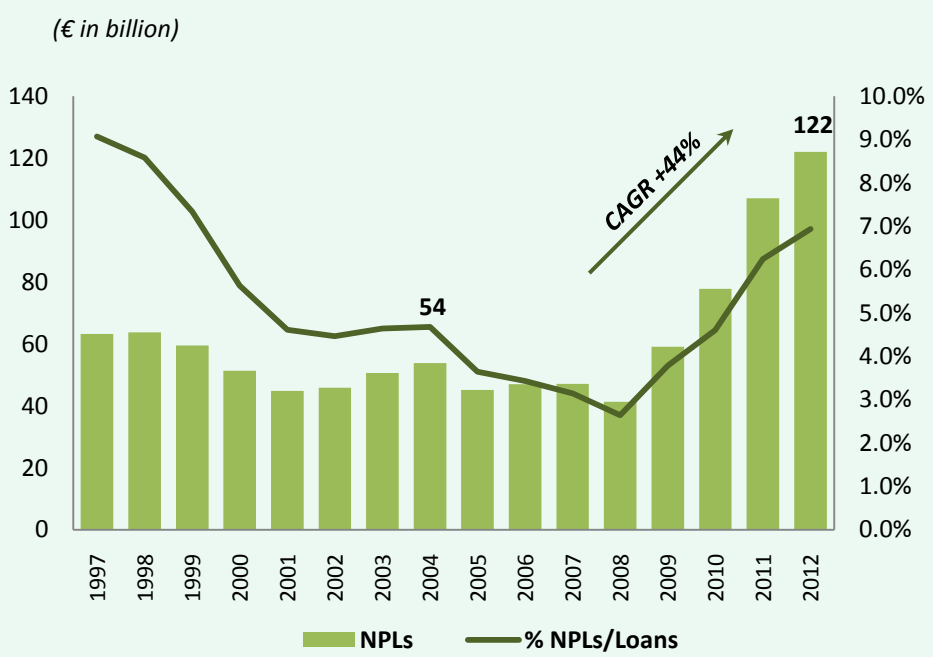


Italian NPL Market

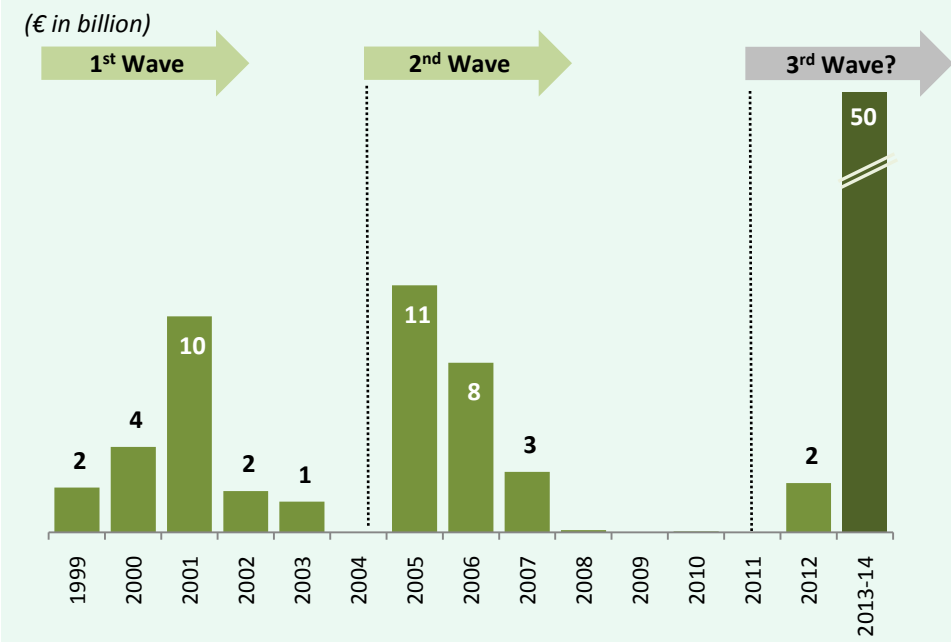
- Estimated volume of NPLs in the Italian banking system is €122 billion and rising⁽¹⁾
 - Banks are under pressure to dispose of NPLs and deleverage

- After several years of limited activity, we believe Italy may be entering a third wave of significant NPL sales
 - In 2004, an inventory of €54 billion generated €22 billion of NPL sales (40% liquidated)⁽²⁾
 - Current NPL stock is twice as big as 2004; assuming the same liquidation rate, Italfondario estimates that ~€50 billion of NPLs could be sold over the next 3 years⁽³⁾

Rising NPL Inventory⁽¹⁾



Public NPL Transactions^(2,3)



(1) Source: ABI Monthly Outlook, January 2013.
 (2) Source: The Italian NPL Market analysis, PwC June 2012.
 (3) Italfondario estimates as of February 2013, provided for discussion purposes only and not to be relied upon for any reason.



- Italfondario is the leading credit collection company in Italy
 - Services 343,000 loans with GBV of €33.5 billion on behalf of Italian and international financial institutions
 - Long-term strategic relationships with Intesa Sanpaolo to manage their newly-generated NPLs
- Italfondario is one of the highest rated Special Servicers in Italy by Fitch and S&P
- ~650 employees in 9 offices in North, Center, South and the Islands with access to a vast network of external professionals as well as a proprietary IT asset management system

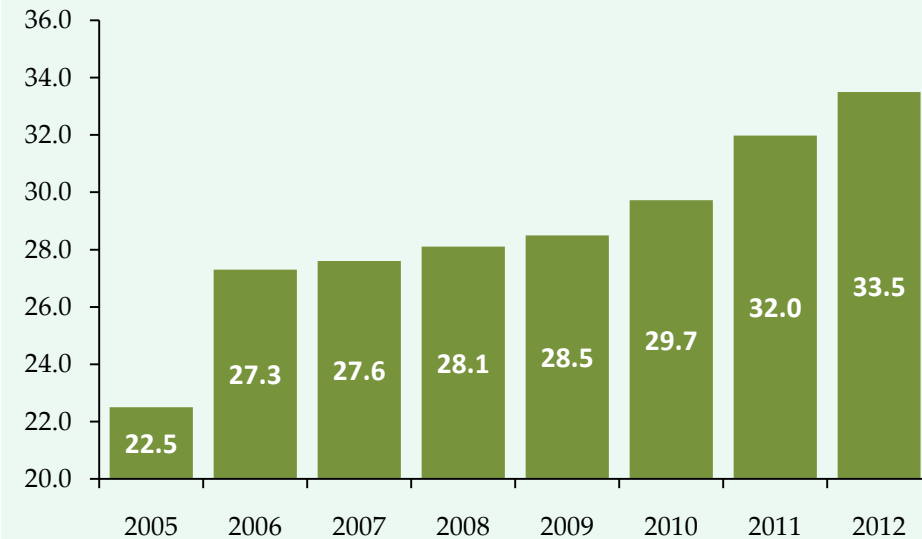
Top Non-Captive Special Servicers⁽¹⁾

(€ in billion)

Company	AUM	%
Italfondario	33.5	63%
Prelios Credit Servicing	7.1	13%
Guber	3.6	7%
Jupiter	2.4	5%
Archon Group Italia	2.3	4%
CAF	2.0	4%
FBS	1.9	4%
Total	52.8	

Loans Managed – Face Value⁽²⁾

(€ in billion)



(1) Source: The Italian Banking System and NPL market , PwC June 2012.

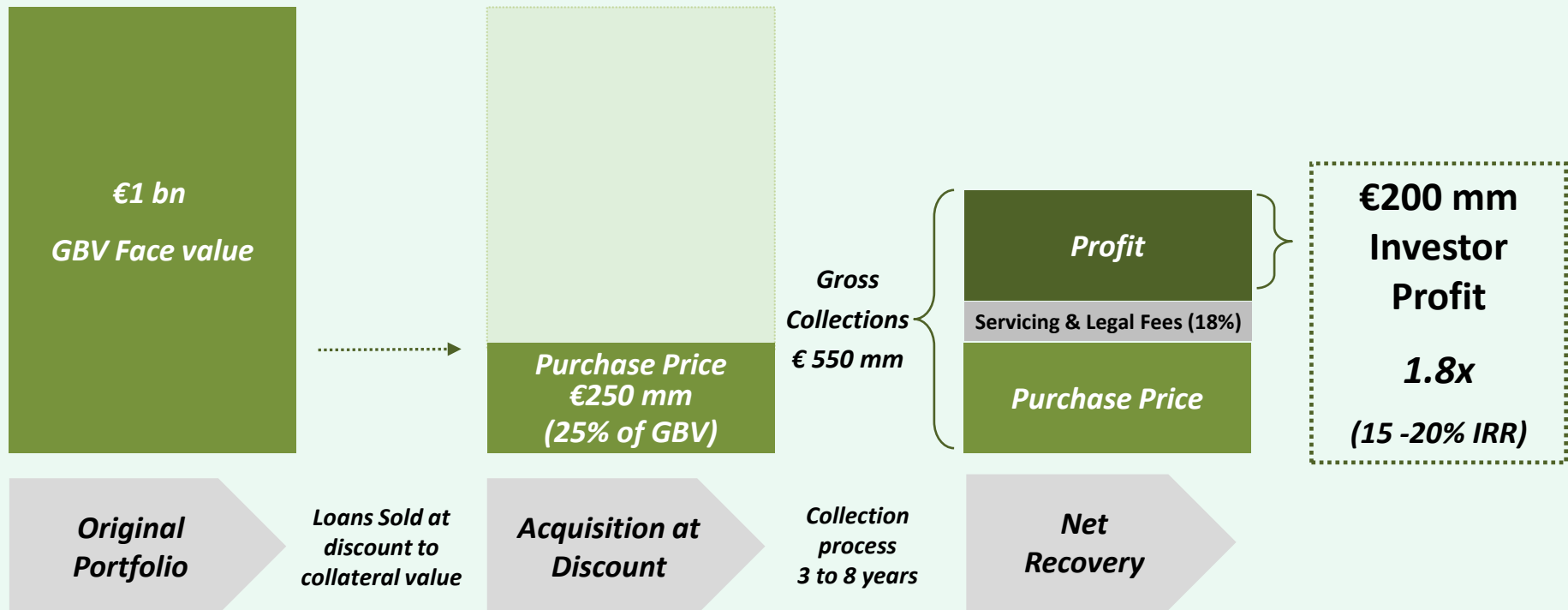
(2) As of December 31, 2012.



Sample NPL Transaction⁽¹⁾

- Acquire portfolio at a discount to liquidation value
- Resolve loans over time through legal proceedings and out-of-court negotiations with borrowers
- Typical portfolio has an average life of 3 – 4 years and 7 – 8 years to final resolution

Sample Transaction Economics⁽¹⁾



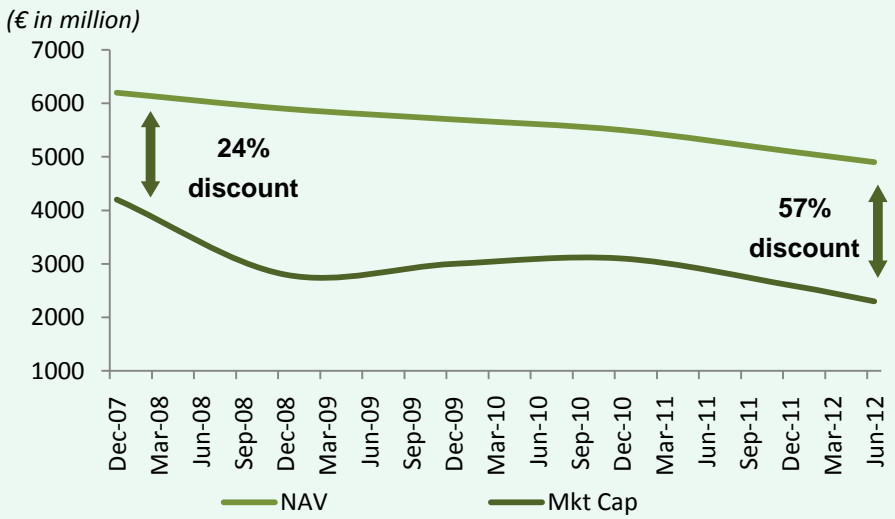
(1) Sample transaction economics are provided for illustrative purposes only. Actual results of any transaction may differ materially.



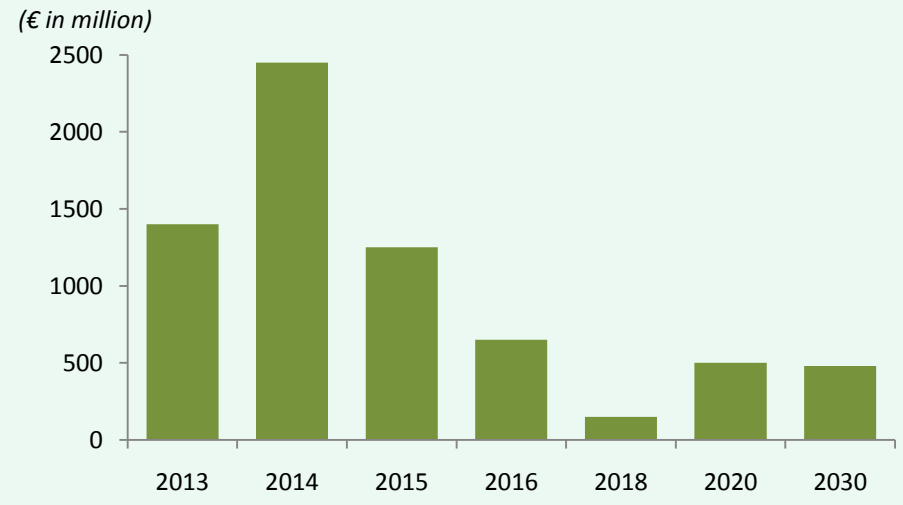
Italian RE Funds Market

- Closed-end fund structure created in 1998 to attract institutional capital to Italian real estate
 - Last fund organized in 2006, prior to financial crisis
- Today, 303 Italian real estate funds (listed and reserved to institutional investors) with total AUM of more than €40 billion⁽¹⁾
 - Includes 22 funds listed on the Milan stock exchange with total AUM of more than €7.2 billion⁽¹⁾
- Opportunity is to purchase shares of listed funds nearing liquidation:
 - Listed funds trade at an average 57% discount to NAV and have average leverage of ~33%⁽²⁾
 - 4 funds with AUM of ~€1.5 billion will reach their final term before 2014; realizing the majority of the gap between NAV and market capitalization ⁽³⁾
 - Target near term liquidations where Fortress asset management can speed up liquidation process

Gap Analysis: NAV vs. Market Cap⁽²⁾



AUM by Fund Maturity Date⁽³⁾

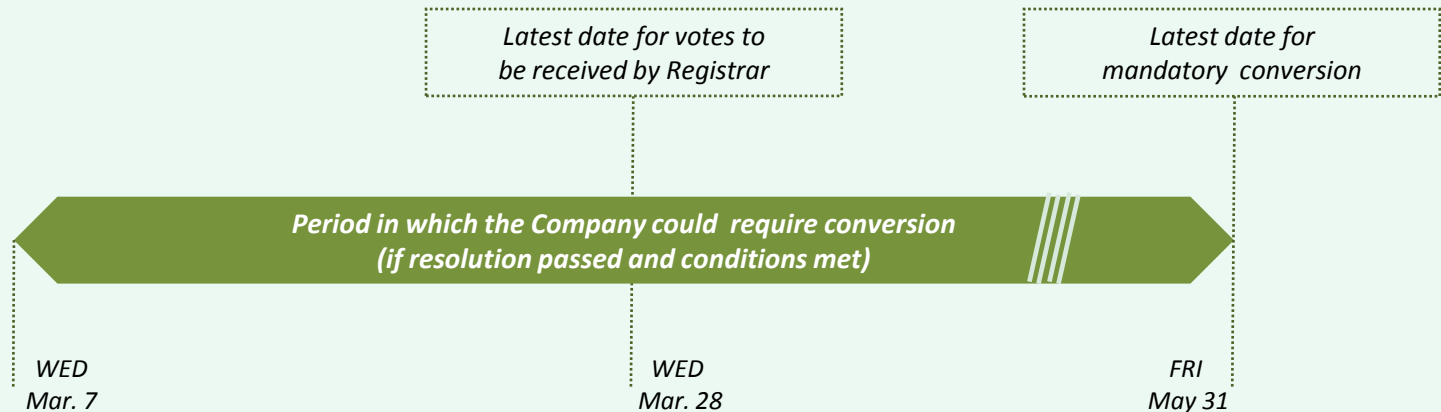


(1) Source: Borsa Italiana, data as of June 30, 2012
 (2) Source: Bloomberg, data as of January 31, 2013.
 (3) Source: Borsa Italiana (June 30, 2012) and Bloomberg (January 31, 2013)



- The resolution contained in this pack needs to be passed by holders of convertible debt securities representing at least two-thirds in aggregate of the principal amount of both series of securities
- On being passed by the requisite majority, the resolution binds all securityholders in that series
- If the resolution is passed by both series, Eurocastle intends, subject to certain conditions being met, to require mandatory conversion by security holders
- Following conversion, ordinary shares in Eurocastle will be issued to former securityholders and listed on Euronext

Summary Timeline



For more details regarding timetable and documentation, please refer to the enclosed Consent Solicitation