



EUROCASTLE

Convertible Debt Issuance

June 2009

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Proposed Offering

- We are seeking to raise €130 million of 20% coupon convertible bonds with a conversion price of €0.30
- Pro forma NAV is equal to 4.6x the conversion price ⁽¹⁾
- Use of proceeds is to
 - Repay all remaining recourse debt of Eurocastle
 - Upon successful completion, we will have no material financing due until 2013
- Preference will be given to existing shareholders so as to maintain their proportional ownership
 - Certain Fortress funds will subscribe for their pro-rata share of the issuance (c. €15.4 million)
 - Excess will be available to both current and new investors
- A combination of portfolio cashflows and asset sale proceeds could return a substantial portion of initial investment prior to 2013



(1) Pro-forma for Mars refinancing as detailed in the company's First Quarter results published 28th May. Multiple assumes fully diluted real estate NAV. See Page 7.

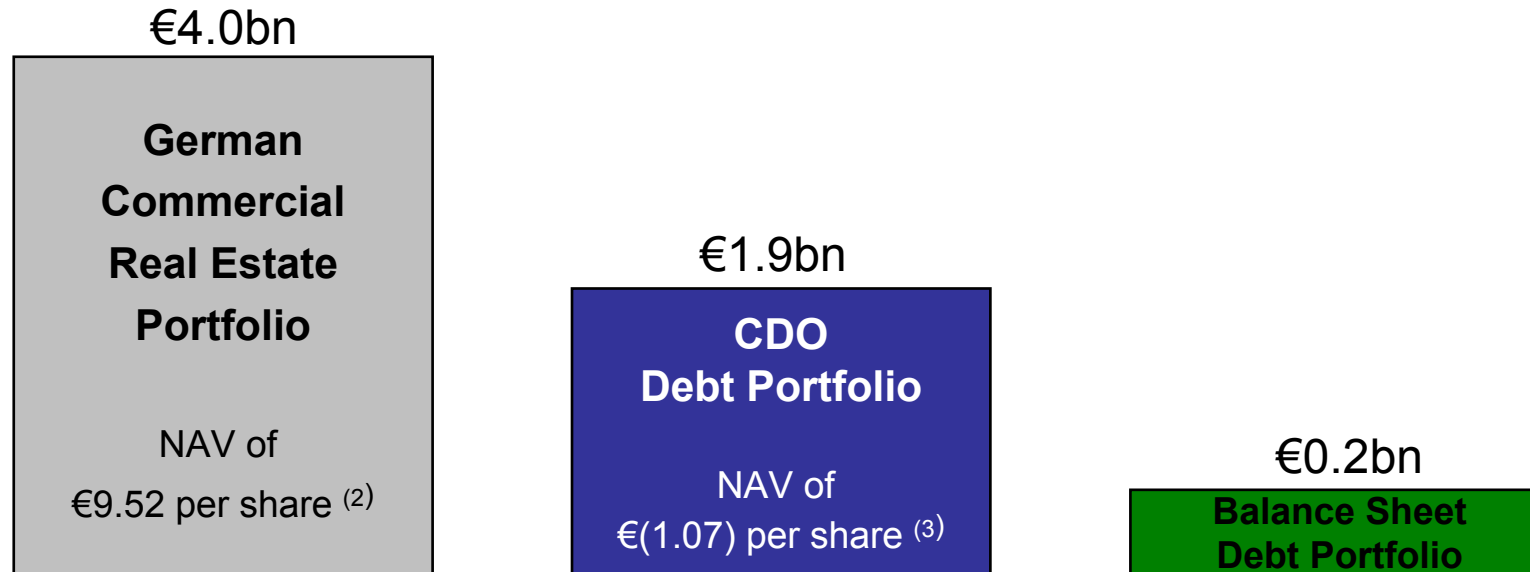
Executive Summary

- ECT trades at a substantial discount to NAV, primarily due to liquidity concerns
 - Current real estate NAV is €9.52 per share ⁽¹⁾, equivalent to a 6.0% NOI yield; investment at €0.30 price equates to a 7.2% yield
- The underlying €4.0 billion German real estate portfolio continues to perform well and generates significant cashflow ⁽²⁾
 - Portfolio occupancy is 85.7% with a weighted average lease term of 5.9 years
- Eurocastle benefits from 13 separate low cost, long term, non-recourse financings for its real estate portfolios
- We have successfully refinanced or repaid €1.57 billion ⁽³⁾ of debt in the last 12 months and have sold €561 million of assets since Q2 2008 ⁽²⁾
- Eurocastle's €2.1 billion RE-debt business is term financed and non recourse ⁽⁴⁾



Eurocastle Overview

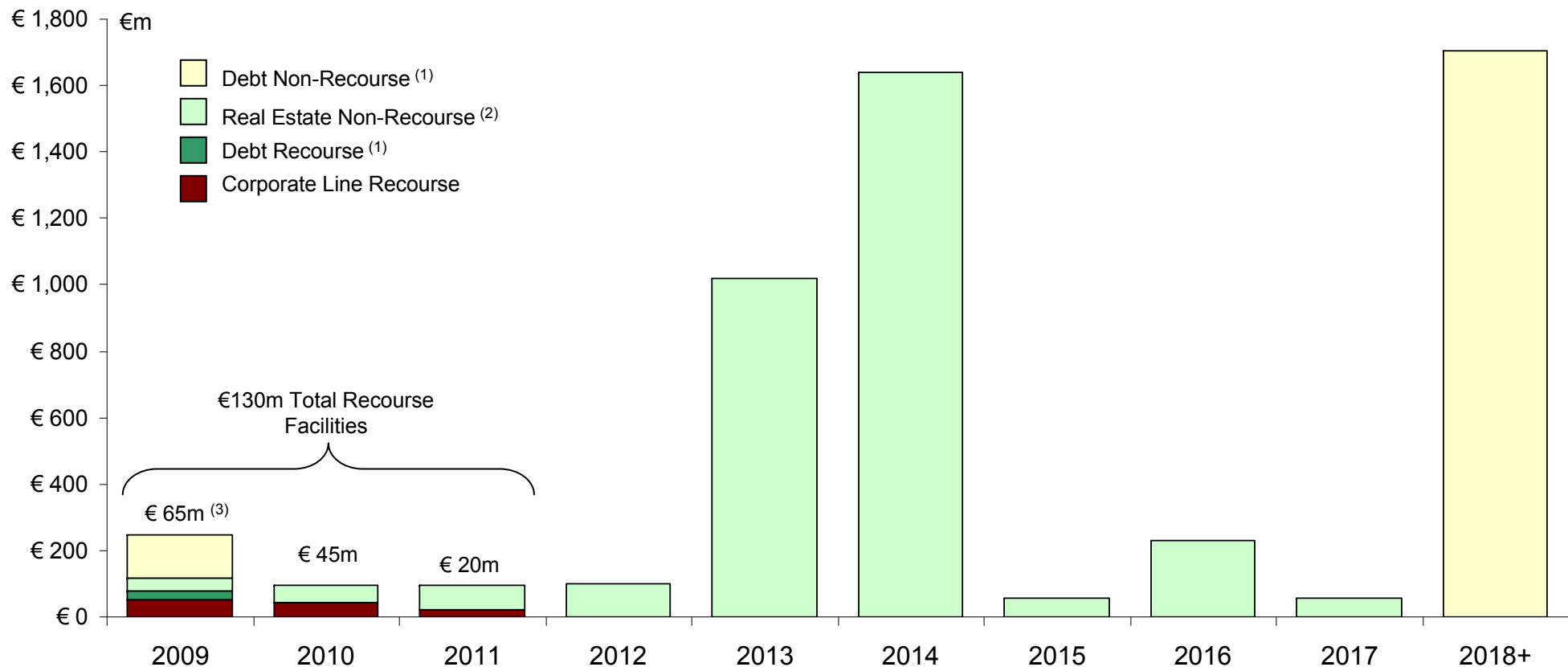
- One of the largest listed owners of German commercial property
 - €4.0 billion German real estate portfolio – 567 properties, 2.1 million sqm ⁽¹⁾
 - €1.9 billion CDO financed European debt investment portfolio ⁽¹⁾
 - €0.2 billion balance sheet financed European debt investment portfolio ⁽¹⁾
- Listed on the Euronext and managed by Fortress Investment Group
- Team of 95 people dedicated to ECT



- (1) RE value is IFRS Q1 2009 carrying value, debt business values are nominal value of assets as of 31st March 2009.
(2) Pro-forma for Mars refinancing.
(3) CDO NAV per share includes both the CDO and balance sheet debt portfolios.

Capital Structure Summary

- Property and debt portfolios financed independently
- Pro-forma for the convertible offering, ECT will have no recourse debt obligations
 - Property; 13 separate portfolios with no LTV covenants
 - Debt; non-recourse, no mark-to-market, fully amortizing



(1) Total Loan of €100.1m of which €30m is recourse to EIL.
 (2) Mars Floating DB Facility includes 20m recourse to EIL, €10m of which relates to potential principal shortfall on future sale and €10m to interest shortfalls.
 (3) €80m of recourse due in 2009 net of €15m of cash on hand as of 31st March 2009.

Rationale for Convertible Bond

Eurocastle Today

- Real estate NAV of €578 million, or €9.52 per share
- Substantially all debt is term financed, non-recourse with no LTV covenants
- Two recourse debt facilities
 - €100 million corporate facility due 2011 ⁽³⁾
 - €30 million recourse from debt business
- All cash flow is being swept by corporate facility

Pro forma for €130 million convertible bond

- No significant debt maturities before 2013
 - No recourse debt
 - All assets term financed within ring fenced portfolios
- €19.6 million annualised run-rate cashflow from real estates business ⁽¹⁾
- Pro forma NAV of €1.37 per share v. €0.30 conversion price, equal to 4.6x ⁽²⁾
- Cashflow available to pay to bondholders
 - Run rate and from asset sales



Business Plan

- Increase property occupancy and cash flow through active asset management
- Continue asset sales program to monetize value
- Manage debt business to maximize cash flow and long term value
- Use net cashflows to service convertible coupon

Cashflow Illustration – Q1 2009 Portfolio Results Annualized

	Whole Company	Mars portfolio	Core Portfolios
Real Estate NOI	230.5	71.7	158.8
Capex	(27.5)	(14.0)	(13.6)
Interest expense	(148.3)	(59.2)	(89.1)
Corporate overhead	(36.5)	-	(36.5)
Asset sales	-	-	-
Debt portfolio cashflows	-	-	-
Net Cashflow	18.2	(1.4)	19.6



Property Portfolio – Summary of NAV build-up

- Real estate portfolio is distributed across 13 separate ring-fenced non-recourse portfolios
- As of 31st March 2009, CBRE valued the portfolio at €3.3 billion, with a NOI yield of 6%⁽¹⁾
- Source of cashflows and returns are diversified

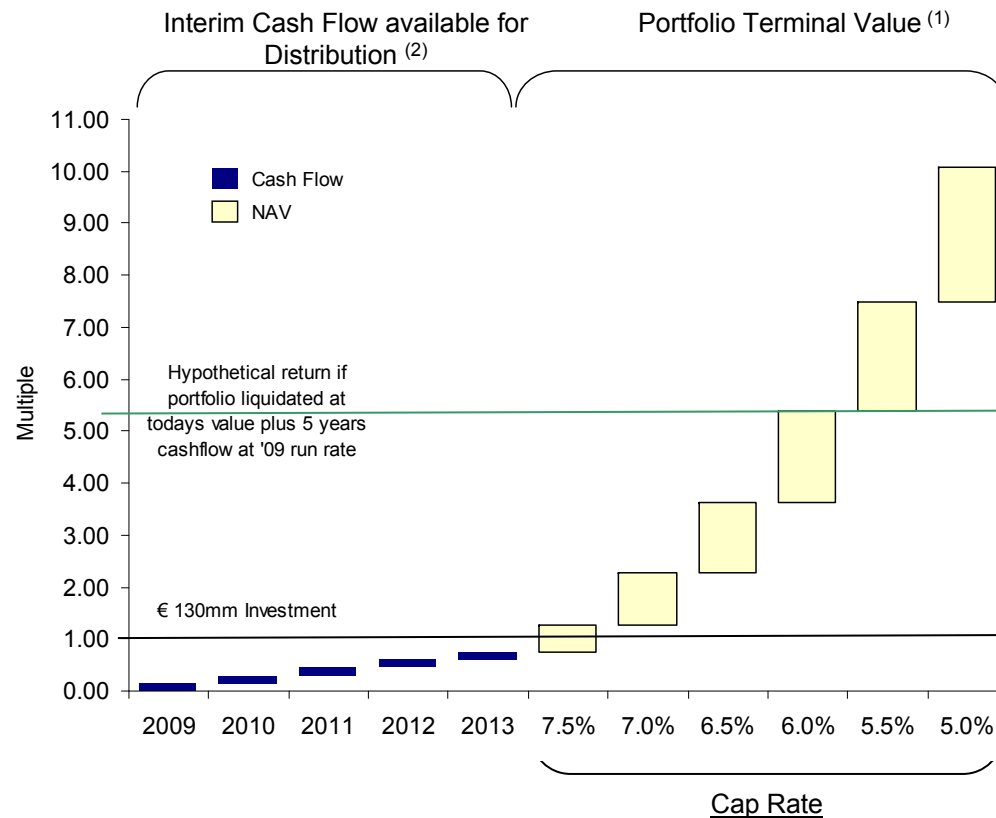
€ millions	Drive	Wave	Other Portfolios	Retail	Mars	Total	Total with 50% of Mars
Occupancy	87.6%	83.9%	92.6%	99.0%	75.3%	85.7%	87.8%
NOI	72	17	31	38	72	231	197
NOI Yield (CBRE Value)	6.2%	6.6%	6.1%	7.5%	4.6%	5.8%	6.0%
Q1 09 CBRE Mkt Value	1,171	264	513	507	1,548	4,003	3,283
Debt	940	210	412	423	1,278	3,263	2,663
All-In-Rate	4.08%	4.78%	4.69%	4.77%	4.57%	4.48%	4.47%
Other assets/(liabilities)	33	(2)	6	12	26	74	63
IFRS Net Asset Value	264	52	107	96	295	814	683
IFRS NAV Per Share	€ 4.35	€ 0.85	€ 1.76	€ 1.58	€ 4.86	€ 13.40	€ 11.25
Allocation of corporate loan, etc.						(105)	(105)
NAV						709	578
Per Share						€ 11.67	€ 9.52



(1) Pro-forma for Mars refinancing.
 (2) All information based on the company's First Quarter results published 28th May.

Investment Profile

- Run rate cashflow and asset sale proceeds could return substantial portion of investment early
- Portfolio is currently valued at a historically high yield; at today's value this is equal to a 4.6x return to bond investors excluding interim cashflows ⁽¹⁾



(1) Pro-forma for Mars refinancing and successful completion of the €130m bond issue, assuming portfolio is realised at the NAV reflecting the portfolio yield indicated. Terminal value calculations assume all convertible bonds are converted (representing 87.7% of common equity) after payment of coupon and accrued interest.
 (2) Cashflows shown are not an indication of expected future cashflows and assume no change in portfolio occupancy, rental income, operating costs, capex and management cost. The calculation of hypothetical run rate is provided on page 8.

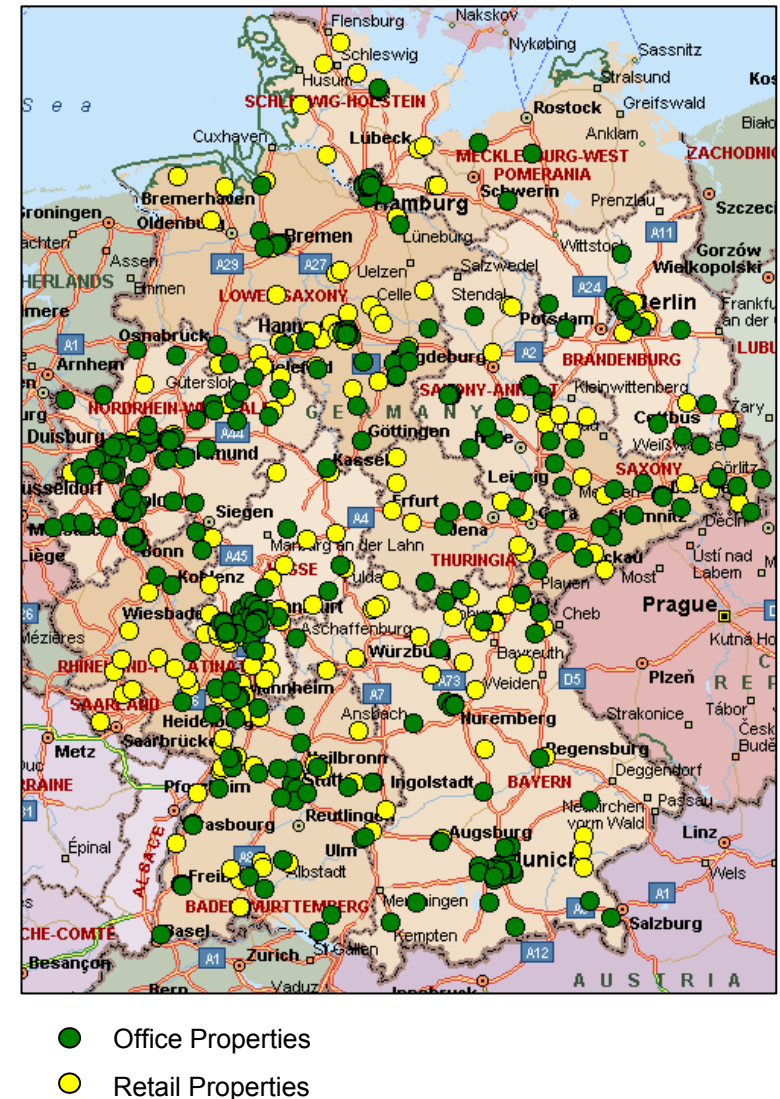
Key Terms and Timing

Amount	€130 million
Coupon	20%, payable annually
Conversion Price	€0.30 per share (6% premium to 10 day VWAP prior to 30 th April)
Call Protection	2 years
Call Premium	20%
Duration	Conversion anytime after 6 months Perpetual maturity
Status	Unlisted, registered and transferrable. Minimum €50,000 amount
Interest deferral	Interest can be deferred and paid with additional shares

Property Portfolio

Property Portfolio Overview

- Historically, German commercial property has been amongst the most stable globally
- Our portfolio is comprised of ⁽¹⁾
 - €4.0 billion of high quality commercial property
 - Primarily office
 - Average lease term: 5.9 years
 - Lettable space: 2.1 million sqm (22.5 million sq.ft.)
- 567 properties, concentrated in West Germany
- Office properties clearly focused on major metropolitan areas

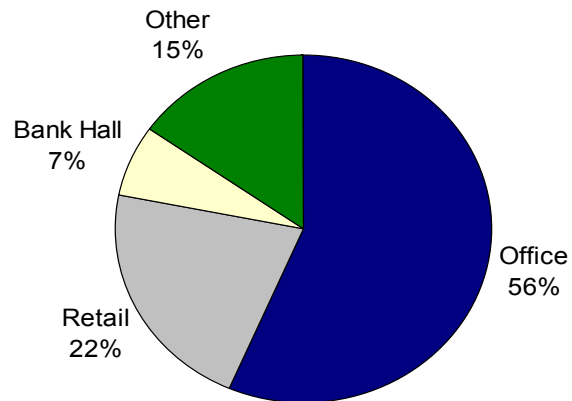


Property Portfolio

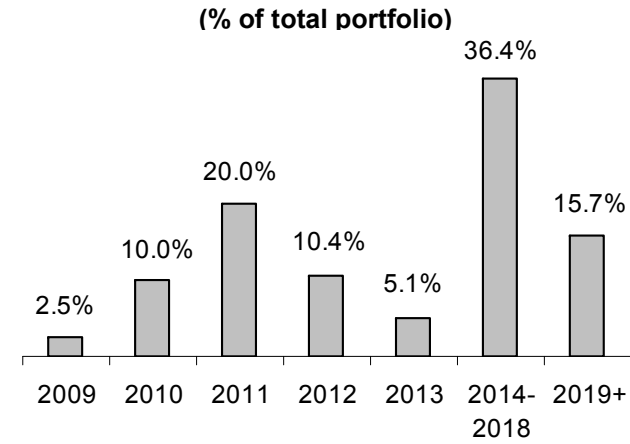
- Primarily long term leases to credit tenants
- Majority of leases with inflation-linked indexation
- Average term to break is 5.9 years and over 50% of leases expire beyond 2013

Top 5 Tenants	Passing Rent ('000 €)	% of ECT All	SQM
Dresdner Bank	63,133	24.9%	383,343
Deutsche Bank	15,219	6.0%	121,396
Edeka	12,686	5.0%	120,944
Starman Hotels	9,513	3.7%	40,988
Deutsche Bahn	7,795	3.1%	43,388
Total	108,345	42.7%	710,059

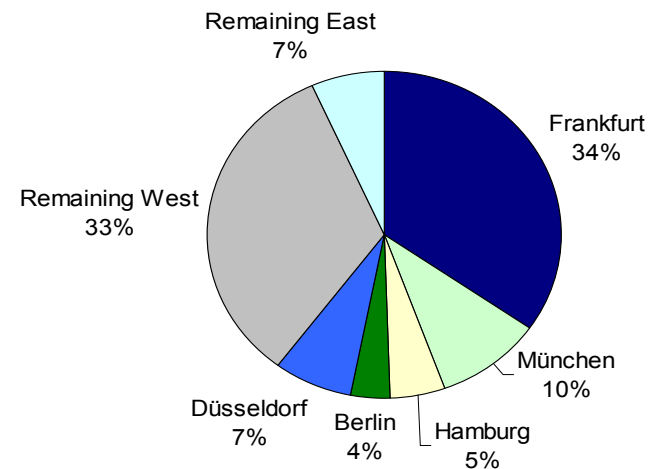
Property Portfolio by Type (1)



Lease Expiry Data (1)



Property Portfolio by Location (1)

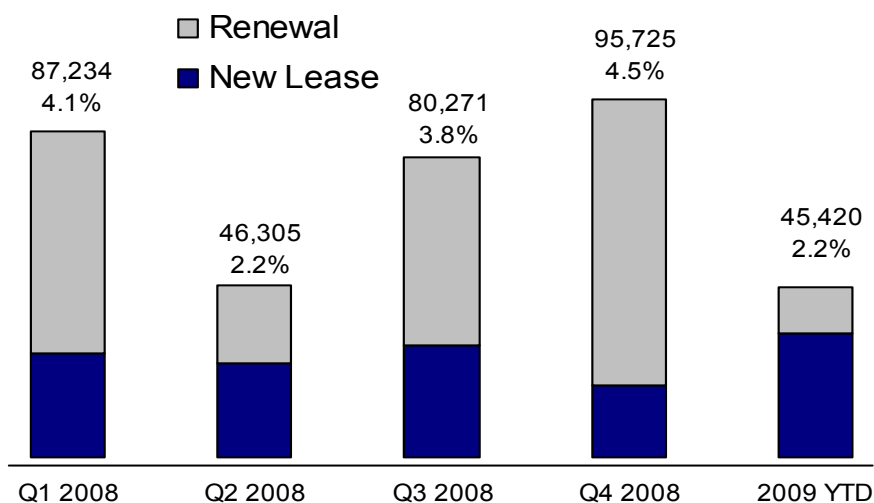


(1) All information based on the company's First Quarter results published 28th May; charts based on passing rent.

Asset Management Track Record – 08 & 09 Q1 Activity

- Company signed 658 leases for 310,000 sqm and €39.4 million pa of rent in 2008 ⁽¹⁾
 - 295 new leases for 102,000 sqm and €12.3 million pa of rent
 - 363 renewals for 208,000 sqm and €27.1 million pa of rent (Renewal Rate of 69%)
 - Overall occupancy increased from 84.3% at the end of 2007 to 85.8% at the end of 2008
- 2009 YTD, company completed 101 leases with 45,500 sqm and €5.2 million pa of rent ⁽¹⁾
- Sold 23 assets for over €561 million at NOI yield of 4.9% from Q2 2008 to Q1 2009

Leasing Activity (sqm / % of portfolio)



Asset Sales

Year	# of assets	Price (€mm)	NOI Yield
Q2 2008	3	276	4.6%
Q3 2008	5	109	4.9%
Q4 2008	7	76	4.8%
Q1 2009	8	100	5.6%
Total	23	561	4.9%

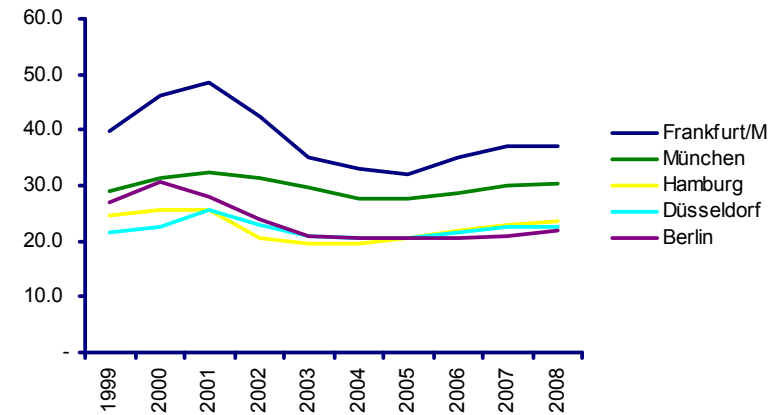


(1) All information based on the company's First Quarter results published 28th May and the Annual Report 2008; charts based on passing rent.

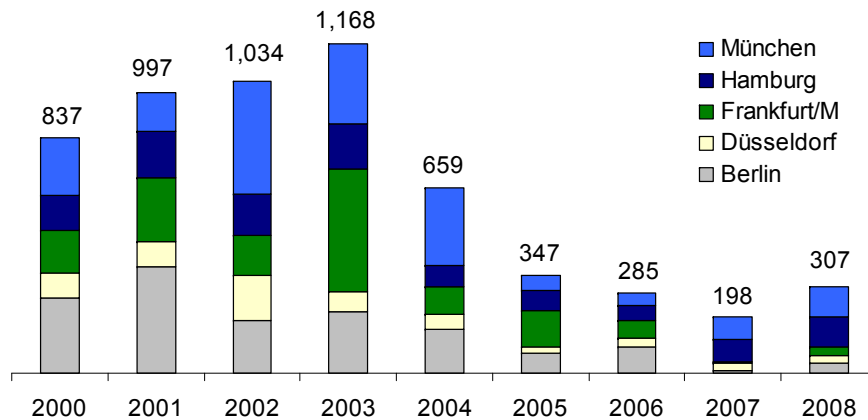
German Commercial Property Market

- Construction remains on a historic low level
- Steady take up in 2008, expected to remain moderate for 2009
- Renewal Rates may increase as tenants are less likely to move in the current environment
- Rents broadly flat in major markets

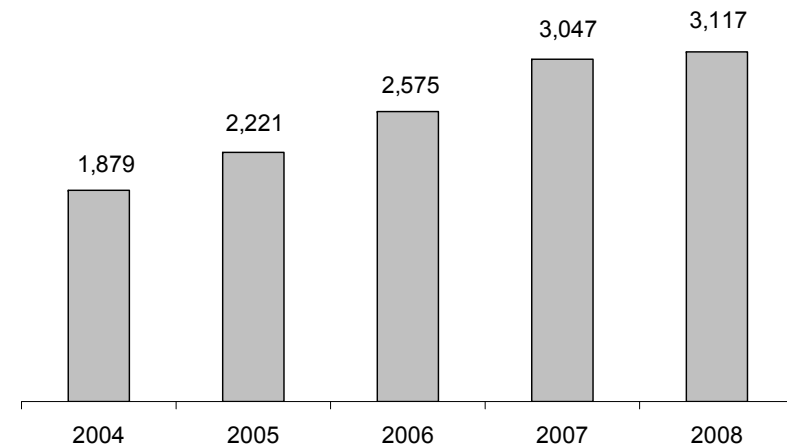
German Office Rents (€/sqm) (1)



Speculative Construction Pipeline ('000 sqm) (1)



Office Space Take-up ('000 sqm) (2)

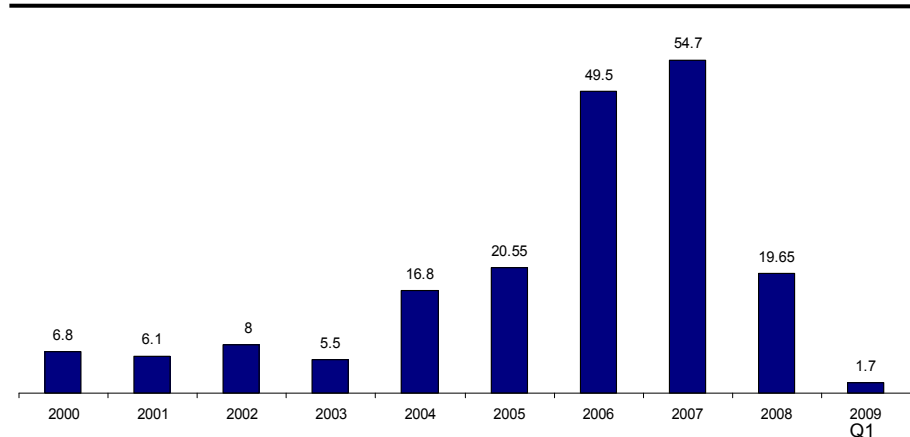


(1) Source: Jones Long LaSalle
 (2) Source: CBRE

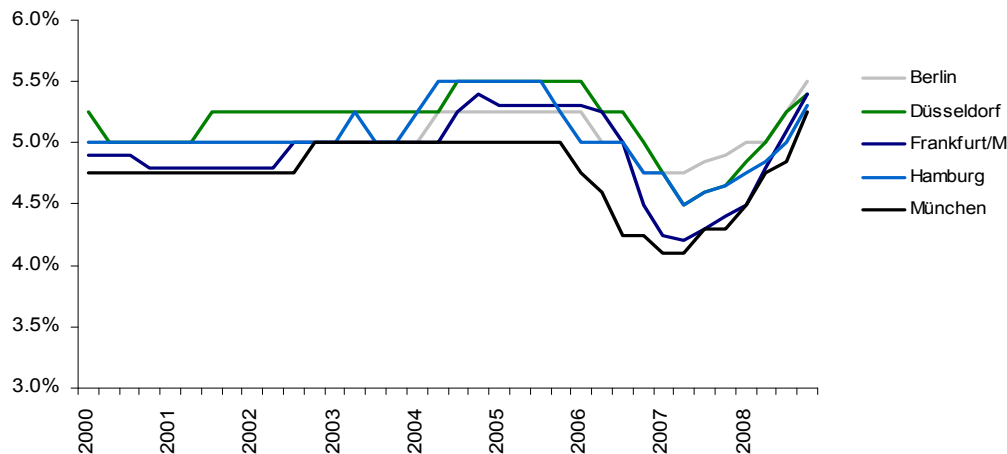
German Property Investment Market

- Transaction volumes slowed to 2005 levels
- Property yields at historic highs
- Solid demand from German domestic investors supporting market
- Mortgage financing available, in particular for transactions below €100 million

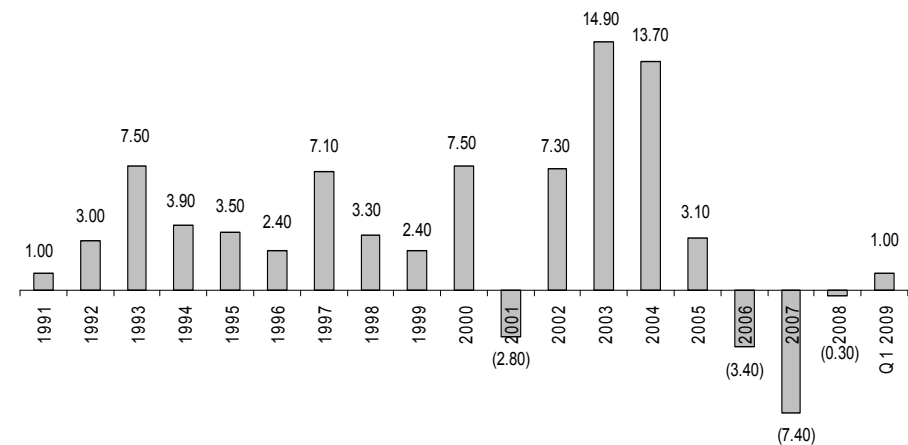
Transaction Volume (€bn) (1)



German Commercial Property Yields (2)



German Open Ended Funds Inflows (€bn) (3)

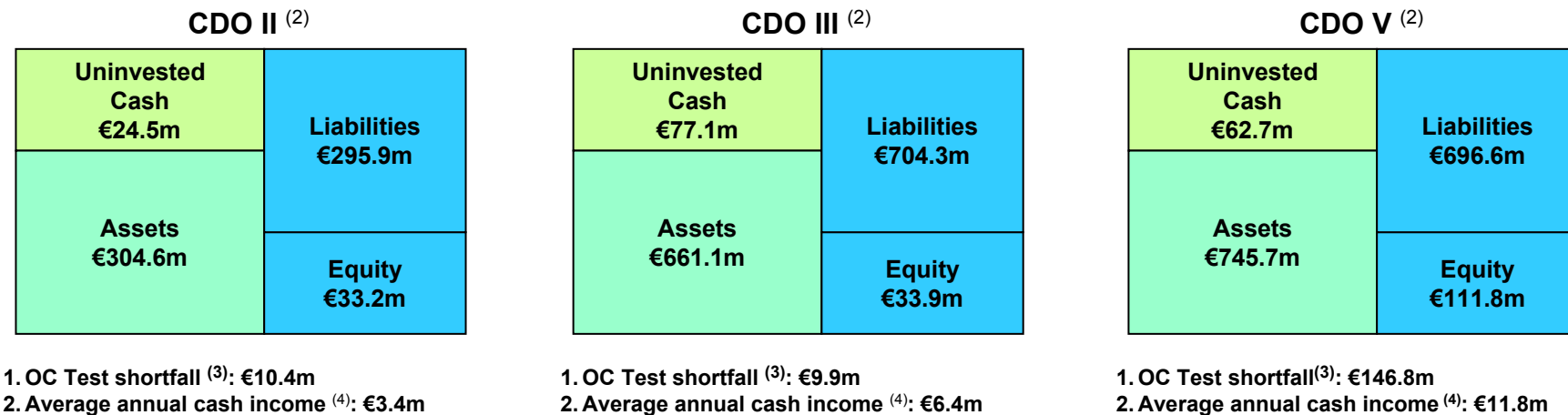


(1) Source: Jones Long LaSalle. The transaction volume until 2003 are only reported for the Top 5 cities (Berlin, Düsseldorf, Frankfurt/M, Hamburg and München).
 (2) Source: Jones Long LaSalle
 (3) Source: BVI

Debt Business

Debt Portfolio – CDO Financed

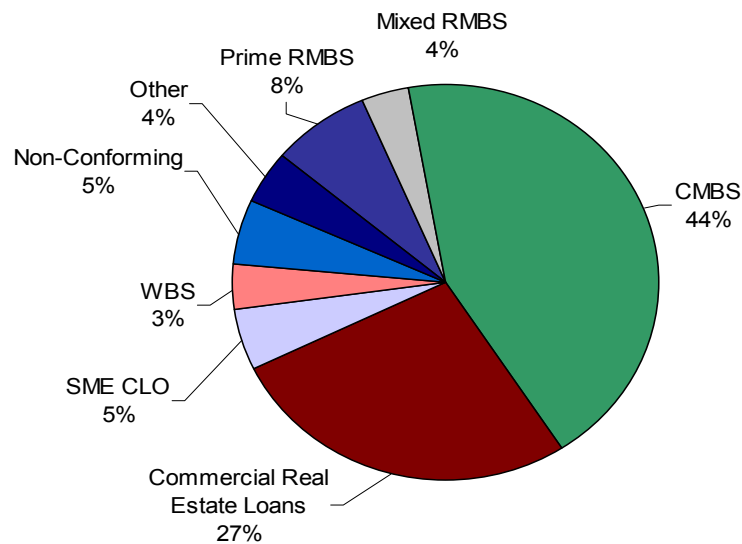
- Portfolio consists of 175 assets with carrying value of €1.4 billion; par value of €1.7 billion ⁽¹⁾
 - All floating rate, 100% European
- Financed through 3 separate, ring-fenced, non-recourse SPVs
 - No incremental capital requirements
 - Weighted average liability cost of 54 basis points over Euribor
- Cashflow will be diverted to pay down debt
 - Actively manage underlying assets to create cashflow
 - Significant potential future value



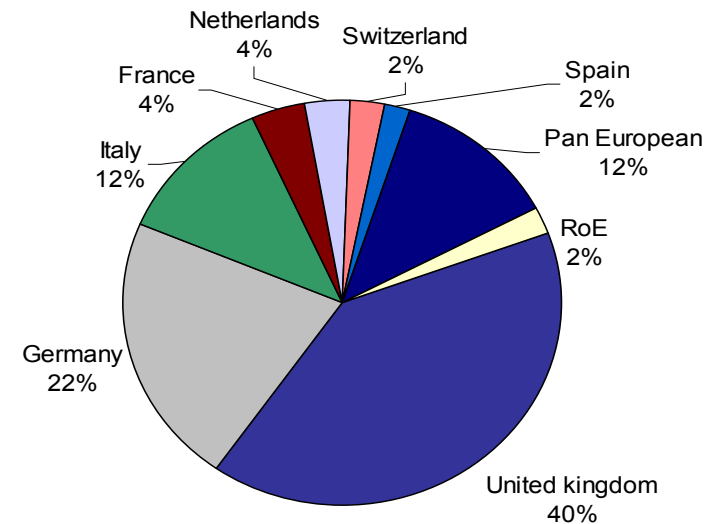
Debt Portfolio – CDO Financed (1)

- Cashflow from underlying bonds is stable, however rating downgrades have caused this to be diverted to repay financings. There are several possible ways to address this:
 - Deleveraging from excess cashflow diversion in normal course
 - Principal repayment of underlying bonds which were downgraded
 - Using cash in CDO to repurchase senior debt at a discount
- CDOs made no new investments in 2009; €164 million cash available to reinvest (1)

Collateral Type (2)



Geographical Breakdown (2)

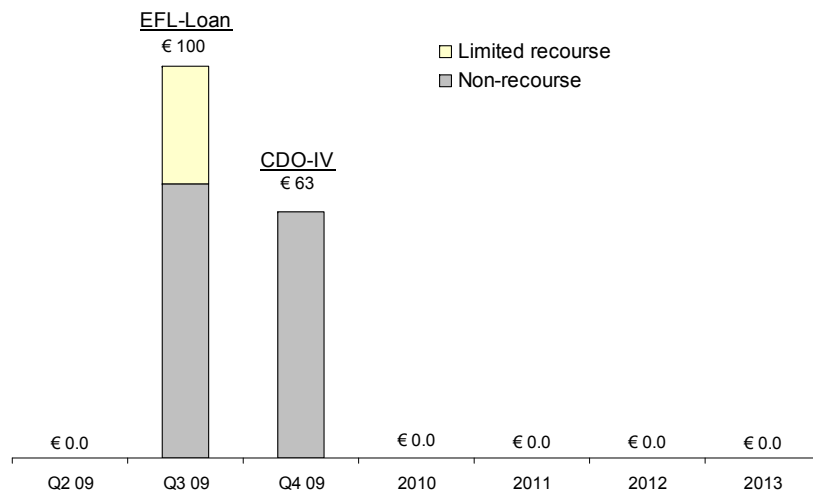


(1) Data as of March 31st 2009.
 (2) Company estimates, shows data for all debt assets.

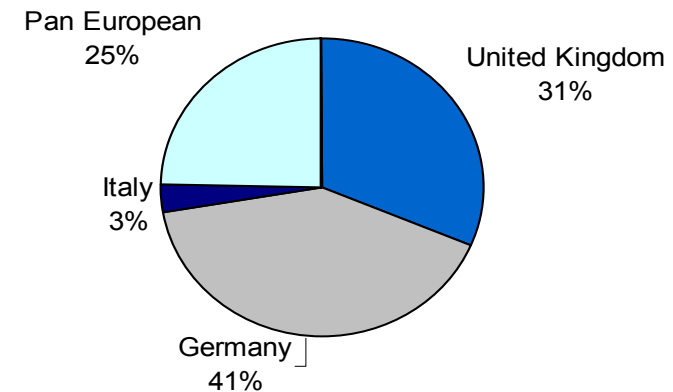
Debt Portfolio – Balance Sheet (1)

- 20 assets totalling €231 million on balance sheet
 - €106 million real estate loans, €125 million highly rated CMBS
- Financed with total debt of €163 million (2), €30 million limited recourse only
- Discussions with lender underway

Debt Maturity Schedule (€m)



Geographical Breakdown (3)



(1) Data as of March 31st 2009.
 (2) Date as of April 30th 2009.
 (3) Company estimates.

Appendix

Long Term Leased Office and Hotel: Illustrative Properties

Well-occupied office or hotel properties with 10.5 years W.A. remaining lease term (excl. bank branches)

City	Property	Highlights
Frankfurt	Theodor-Heuss-Allee Drive	<ul style="list-style-type: none"> • 100% occupied by Dresdner Bank until 2016 • Good quality property in the attractive Frankfurt-West sub-market • Used as investment banking center and trading floors
Düsseldorf	Königsallee Drive	<ul style="list-style-type: none"> • 99% occupied by Dresdner Bank until 2020 • Located within the prime shopping area of Dusseldorf • Two small retail tenants in addition to Dresdner Bank
Eschborn	Alfred-Herrhausen-Allee Bridge	<ul style="list-style-type: none"> • 100% leased to Arcor AG (Vodafone subsidiary) until 2017 • Landmark style property completed in 2002 • Representative and highly visible building in a prime location in the Eschborn sub-market
Munich	Bayerstraße Mars	<ul style="list-style-type: none"> • Majority of the property leased to Starman Hotels as a Le Meridien hotel until 2032 • 86% of annual rent from Starman; remaining rent from five office and six retail tenants • Central inner city location near the main train station
Wiesbaden	Abraham-Lincoln-Park Bridge	<ul style="list-style-type: none"> • 100% occupied by CSC Germany until 2017 • Representative building located in an office location at the edge of the city • Good quality built-to-suit property completed in 2002



Theodor-Heuss-Anlage
Frankfurt



Königsallee
Düsseldorf



Alfred-Herrhausen-Allee
Eschborn



Bayerstrasse
Munich



Abraham-Lincoln-Park
Wiesbaden

Long Term Leased Retail: Illustrative Properties

Fully-occupied retail assets with 7.7 years W.A lease term, 77% are concentrated in West Germany.

City	Property	Highlights
Berching	Maria-Hilf-Straße 3-5 Truss	<ul style="list-style-type: none"> • Rewe is anchor tenant with lease until 2019 • Other tenants of property are TEDI and KiK • 100% occupied
Bietigheim	Schneidergarten 2 Superstella	<ul style="list-style-type: none"> • Edeka is single tenant with lease until 2022 • 100% occupied • Building was constructed in 2007
Mörfelden-Walldorf	Gerauer Strasse 54 Belfry	<ul style="list-style-type: none"> • tegut and Penny (REWE) are tenants with leases until 2018 and 2020 • State-of-the-art property with attractive mix (supermarket and discounter) • 100% occupied
Augsburg	Steinerne Furt 34a Tannenberg	<ul style="list-style-type: none"> • Rewe is main tenant with lease until 2021 • Construction Year: 2006



Maria-Hilf-Straße
Berching



Schneidergarten
Bietigheim



Gerauer Straße
Mörfelden-Walldorf



Steinerne Furt
Augsburg

Asset Management: Illustrative Properties

Properties that require asset management focus

City	Property	Highlights
Frankfurt	Windmühlstrasse 14 Drive	<ul style="list-style-type: none"> ● 98% occupied by Dresdner Bank until 2010 (Total Lettable Area: 40k sqm) ● Currently negotiating early extension ● Close to the Frankfurt banking district
Frankfurt	Atricom, Lyoner Str. 15 Mars	<ul style="list-style-type: none"> ● Well known multi-tenanted property completed in 1990 (Total Lettable Area: 45.9k sqm) ● With ca 15,000 sqm vacancy, this is one of the largest vacancies in the portfolio ● Good building quality in a challenging sub-market of Frankfurt
Berlin	Alt-Moabit / Focus Teleport Bridge	<ul style="list-style-type: none"> ● Functional multi-tenanted property in a central location (Total Lettable Area: 48.0k sqm) ● 13,600 sqm leased in 07/08 (28% of building) with good leasing prospects for 2009 ● Budgeting 4,000 sqm office lease-up in 09 (vs. 6,100 sqm vacancy)
Munich	Hansastrasse MARS	<ul style="list-style-type: none"> ● Functional multi-tenanted property with good quality space in an active sub-market of Munich ● 8,800 sqm leased in 07/08 ● Just signed a 9,400 sqm lease with Munich Police in May 2009



Windmühlstrasse
Frankfurt



Atricom
Frankfurt



Alt Moabit
Berlin



Hansastrasse
Munich

Bank Branches: Illustrative Properties

Well-located, long-term leased local bank branch buildings in stable B-city markets.

City	Property	Highlights
Freiburg	Kaiser-Joseph-Straße 262 Wave	<ul style="list-style-type: none"> ● Strong anchor tenant, Deutsche Bank (37% of rental income), with lease until 2014 ● Attractive asset in good location
Regensburg	Neupfarrplatz 14 Drive	<ul style="list-style-type: none"> ● Single tenant Dresdner Bank with lease expiring in 2014 ● Prime high street retail location ● Historic architecture under monument protection ● Optimization opportunity of retail space if Dresdner Bank moves out
Ulm	Münsterplatz 33 Wave	<ul style="list-style-type: none"> ● Fully let to Deutsche Bank lease until 2014 ● Location in pedestrian zone with good visibility ● Upside potential on retail space if Deutsche Bank moves out
Darmstadt	Luisenplatz 7 Wave	<ul style="list-style-type: none"> ● Strong anchor tenant, Deutsche Bank (84% of rental income), with lease until 2014 ● Good location next to pedestrian area ● Rental growth potential of retail area if Deutsche Bank vacates ● High occupancy (99.1%)



Kaiser-Joseph-Straße
Freiburg



Neupfarrplatz
Regensburg



Münsterplatz
Ulm



Luisenplatz
Darmstadt