



EUROCASTLE INVESTMENT LIMITED

Q3 2013 Supplement



Disclaimers

This document and its contents contain statements about future events and expectations that are forward-looking statements. These statements typically contain words such as “expects”, “believes”, “estimated”, “will”, “intends”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned”, “anticipates” and “targets” and other variations thereon or words of comparable terminology. 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. Eurocastle Investment Limited (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.

This document is an advertisement and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or any other securities, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with, any contract commitment or investment decision in relation thereto nor does it constitute a recommendation regarding the securities of the Company. No reliance may be placed for any purposes whatsoever on the information contained in this document or any other materials or on its completeness, accuracy or fairness. Certain data in this presentation was obtained from various external data sources, and the Company has not verified such data with independent sources. The financial information for Q3 and YTD 2012; and Q3 and YTD 2013 presented in this document has not been reviewed or audited by the Company’s auditors. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document. This document speaks as of the date hereof. No reliance may be placed for any purposes whatsoever on the information contained in this document or on its completeness, accuracy or fairness.

None of the Company nor any of its shareholders, directors, officers or employees nor the Managers nor any of their shareholders, affiliates (within the meaning of Rule 405 under the US Securities Act of 1933 (the “Securities Act”)), directors, officers or employees nor any other person accepts any liability (in negligence or otherwise) whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith. Neither the Company nor its advisers and/or agents undertake any obligation to provide the recipient with access to any additional information or to update this document or any additional information or to correct any inaccuracies in any such information which may become apparent.

Investors are required to make their own independent investigation and appraisal of the business and financial condition of the Company and neither the Company or any other person has authorised a third party to make such a recommendation. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of shares in the Company. To the Company’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 document. The use of a methodology other than the one used herein may result in different and possibly lower Returns.

The securities of the Company have not been and will not be registered under the Securities Act or any US state securities laws or the laws of any other jurisdiction, and the Company will not be registered as an “investment company” under the US Investment Company Act of 1940 (the “Investment Company Act”). This document is not being distributed to, and the securities of the Company may not be offered or sold within the United States or to, or for the account or benefit of, a US person (a “US Person”) as defined in Rule 902(k) under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act. Accordingly, each recipient of this document and each owner of the securities must be either (A) not a US Person and located outside the United States or (B) (i) a qualified institutional buyer as defined in Rule 144A under the Securities Act or an accredited investor as defined in Rule 501(a) under the Securities Act and also (ii) a qualified purchaser or a knowledgeable employee as defined in Section 2(a)(51) of, or Rule 3c-5(a)(4) under, the Investment Company Act.

The opinions and statements presented herein are based on general information gathered at the time of writing and are subject to change without notice.



Financial Results Summary – YTD 2013

- Net assets of €372.3 million or €11.41 per share versus FY 2012 €411.6 million or €12.61 per share
- Net loss (€61.0) million or (€2.49) per share versus YTD 2012 (€0.6) million
- Normalized Funds from Operations of €15.0 million versus YTD 2012 €4.0 million
- Declared quarterly dividend of €0.125 per share in Q3 2013 in line with previous guidance

Key Metrics^(1,2)

(€ in mm)	1H 2013	YTD 2013	Pro Forma 2012 ⁽²⁾
Net Assets ⁽³⁾	€ 378.4	€ 372.3	€ 411.6
Net Loss	(€ 52.5)	(€ 61.0)	€ (0.6)
Normalized FFO	€ 9.4	€ 15.0	€ 4.0
NAV per share	€ 11.60	€ 11.41	€12.61

(1) 2012 Reported NAV and NAV per share represent pro forma FY 2012 net assets adjusted for the dilutive impact of the May 2013 capital raise. Net Profit / (Loss) and Normalized FFO relate to 9 months ending September 30, 2012.

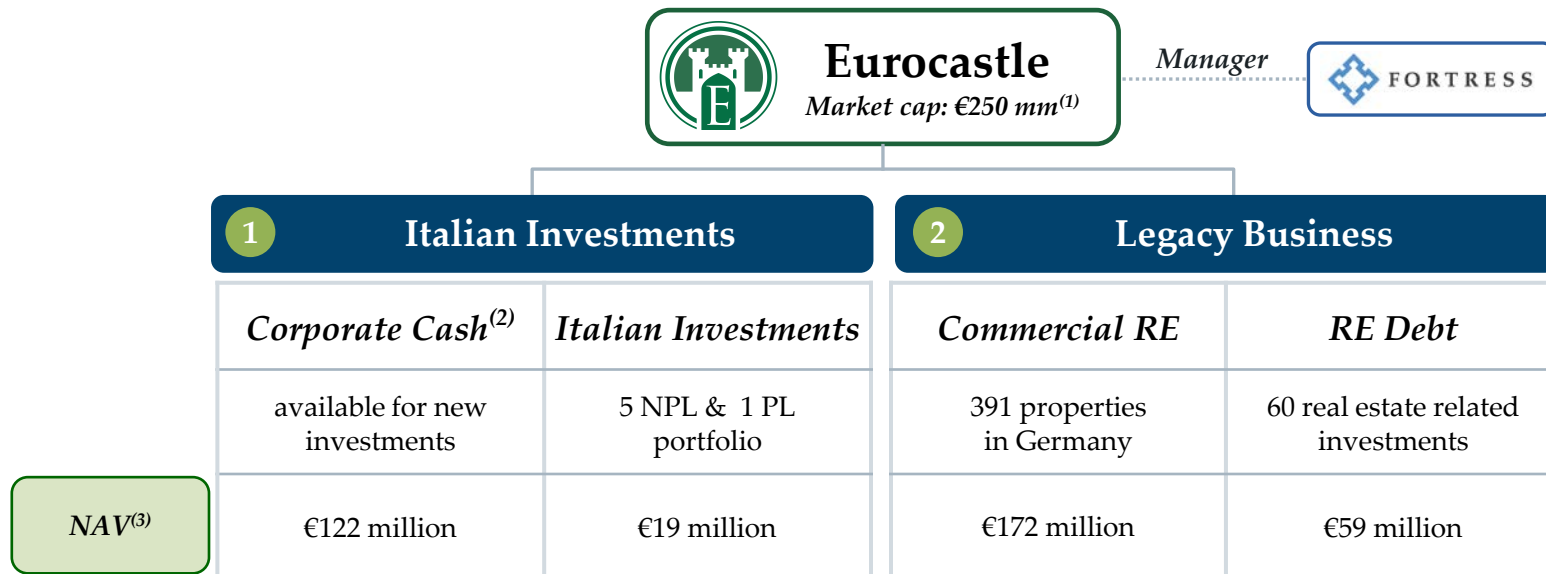
(2) See reconciliation pages in Appendix.

(3) The negative net asset value of Mars Floating has been excluded as this financing is non-recourse to the Company and not callable as a result of changes in the fair value of the assets.



Eurocastle's Business

- Eurocastle's business is split between two core segments:
 - 1 Italian Investments – investments in Italian loans and real estate related assets
 - 2 Legacy Business – investments in German commercial real estate and European real estate debt
- Current market cap of €250 million⁽¹⁾ less corporate cash and Italian Investments, implies a €109 million valuation for the legacy business, approximately 53% discount to current NAV



(1) Based on closing share price of €7.67 as at November 8, 2013.

(2) Corporate NAV of €122 million is net of the dividend of €4.1m paid on October 31, 2013.

(3) NAV represents the difference between total assets and total liabilities measured in accordance with IFRS but excluding the assets and liabilities of the Mars Floating portfolio. More specifically, investment properties are measured at independent third party appraised values while loans and other debt investments are primarily carried at amortised cost less impairment losses. Loans and other financial liabilities are also measured at amortised cost. As of September 30, 2013; excludes the Mars Floating portfolio.



1 Italian Investments Update

- Existing investments in Italian loans have already returned 42% of amount invested:
 - Deal 1:
 - €6.2 million of cash flow generated, compared to €2.4 million projected
 - Additional €5.7 million forecasted in the next 12 months
 - Projected gross unlevered IRR has increased from 19% to 27% with an average life of 1.5 years
 - Deal 2:
 - €0.7 million of cash flow generated, compared to €0.5 million projected
 - Additional €0.35 million forecasted in the next 12 months
 - Projected gross unlevered IRR has increased from 18% to 19% with an average life of 2.3 years

Investment Profile & Performance

(€ in mm)

Type	Acq. Date	GBV ⁽¹⁾	Purchase Price	# of Loans	% Secured	Actual / Forecast		Underwriting	
						LTD CF ⁽²⁾	IRR ⁽³⁾	LTD CF	IRR
Deal 1: PL	May-13	€8 mm	€4.6mm	869	100.0%	€2.2 mm	19.4%	€1.7 mm	17.2%
Deal 1: NPL	May-13	€3,253 mm	€9.4mm	7,290	11.7%	€4.0 mm	30.4%	€0.7 mm	19.9%
Deal 2: NPL	Jul-13	€7 mm	€2.7mm	86	100.0%	€0.7 mm	18.9%	€0.5 mm	18.0%
Total		€3,268 mm	€16.7mm	8,245	12.1%	€6.9 mm	25.5%	€2.9 mm	18.8%

(1) Gross Book Value represents Eurocastle's share.

(2) As at September 30 2013, none of the €6.9 million of cash flow generated was reflected in Eurocastle's corporate cash balance. The amounts were paid to Eurocastle shortly after Q3.

(3) Projected future IRR represents current estimated IRR given cash flows received to date and projected cash flows based on original underwriting.



Active NPL Pipeline

- Fortress is currently evaluating pipeline of ~€14 billion Gross Book Value of potential Italian NPL opportunities⁽¹⁾
- Of this pipeline, Eurocastle is engaged in discussions to invest €40 – €70 million to acquire interests in four NPL pools

Current Pipeline of Potential Opportunities⁽²⁾

(€ in mm)

Bank	Gross Book Value	Estimated Timing
Pool #1	€945	Q4 '13
Pool #2	€397	Q4 '13
Pool #3	€375	Q4 '13
Pool #4	€250 - 300	Q4 '13
TOTAL	€2 billion	

(1) There can be no assurance that any of the above mentioned pipeline transactions will ultimately be consummated by Fortress, or if consummated, which particular Fortress business will actually invest in the transaction.

(2) As of November 8, 2013. There can be no assurance that Eurocastle will actually invest in any part of these identified pools.



Strong Pipeline of Near Term Opportunities

Eurocastle continues to leverage significant experience to recognize and invest in dynamic market-driven opportunities targeting attractive risk adjusted returns

Target Investments	Pipeline for Growth ⁽¹⁾
Italian NPLs	<ul style="list-style-type: none">✓ ~€140 bn market, over €50 bn expected to trade in 2014 – 2016⁽²⁾✓ In discussions to invest €40 – €70 million to acquire interest in four NPL pools⁽³⁾
RE Asset Conversions	<ul style="list-style-type: none">✓ Attractive market for investors with available capital✓ Evaluating ~€70 million investment in 4 properties – targeting 15% – 20% unleveraged return
RE Fund Units	<ul style="list-style-type: none">✓ Opportunity to purchase shares of listed funds nearing liquidation, trading at significant discount to NAV
European Debt	<ul style="list-style-type: none">✓ Opportunity to invest in commercial RE debt & senior bonds backed by Italian NPLs

(1) There can be no assurance that any of the above mentioned pipeline transactions will ultimately be consummated by Fortress, or if consummated, which particular Fortress business will actually invest in the transaction.

(2) Source: Italfondario estimates, provided for discussion purposes only and not to be relied upon for any reason. As of September 2013.

(3) As of November 8, 2013. There can be no assurance that Eurocastle will actually invest in any part of these identified pools.

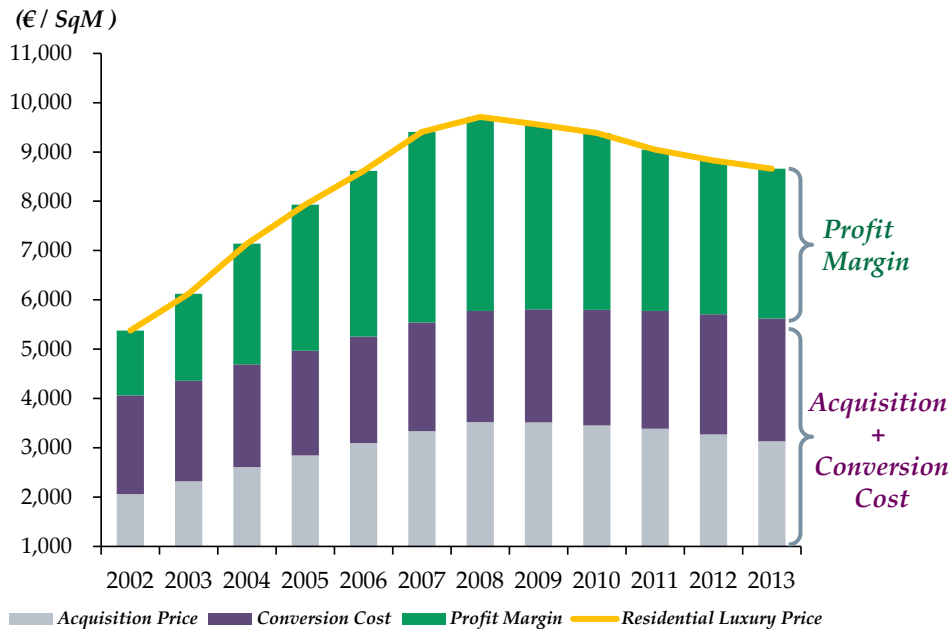


Near Term Opportunity – Real Estate Asset Conversions

Opportunity to invest in vacant / inefficient RE assets in prime locations in Rome & Milan at discount to market value for conversion into luxury residential units – targeting 1.5 – 2x return on capital

- Limited buyer universe for large vacant / inefficient assets due to lack of capital availability
- Eurocastle intends to partner with local developer and asset manager to source, acquire and redevelop the assets to maximize value

Luxury Residential Conversions⁽¹⁾



Illustrative Deal Economics

Purchase Price	€20 mm
Development Cost	€20 mm
Development Financing	€14 mm
Equity Investment	€26 mm
Total Development SqM	8,529
Avg. Market Price per SqM	€6,226
Estimated Profit	€13.1 mm
IRR	15.7%
Multiple	1.5x

(1) Source: Nomisma “VI Rapporto sulla Finanza Immobiliare 2013”.



1 European Real Estate Debt

Opportunity to invest in senior bonds backed by Italian NPLs & commercial RE debt

- Intend to capitalise on our expertise of European RE debt markets together with our Italian presence to opportunistically invest in two areas:
 - **Senior Italian NPL debt:** Target high coupon debt which trades at a discount to nominal value
 - **European Commercial RE debt:** Target significantly discounted mezzanine debt which bear some risk of principal losses

2 Real Estate Fund Units

Opportunity to purchase shares of listed funds nearing liquidation

- Today, 370⁽¹⁾ Italian RE funds (listed and reserved to institutional investors) with AUM of nearly €50 billion⁽¹⁾
- Listed funds trade at ~50%⁽²⁾ discount to NAV and have average leverage of ~33%⁽³⁾
- 6 funds with AUM of € 1,8 billion will reach their final term by the end of 2014⁽³⁾; realizing the majority of the gap between NAV and market capitalization
- Target near term liquidations where Fortress believes its asset management expertise can speed up liquidation process

(1) Source: Scenari Immobiliari "I Fondi immobiliari in Italia e all'Estero" Rapporto 2013 (giugno 2013).

(2) Source: Bloomberg as of November 12, 2013.

(3) Source: Statutory Financial Statement, last official data available as of June 30, 2013.



2 Legacy Business - Commercial RE⁽¹⁾

- 391 properties across Germany with appraised value of €1.66bn, equivalent to an NOI yield of 5.8% held in 11 separate non-recourse financings
- Continued to make progress on near term debt maturities:
 - Extended the Drive Junior and Mars Fixed 2 facilities to January and December 2014 respectively
 - Discussing January 2014 maturity with Bridge lenders where potential terms include full cash trap in exchange for an extension and sales fees to Eurocastle

NAV & Cash Flow

(€ in mm)	Cash Flowing			Cash Trapped ⁽²⁾			Total
	Retail	Zama	Wave	Bridge	Drive	Mars	
Assets	453.3	45.4	177.4	405.9	569.2	93.2	1,744.3
Liabilities	(408.4)	(40.4)	(156.4)	(378.2)	(515.9)	(73.2)	(1,572.5)
NAV⁽³⁾	44.8	5.0	20.9	27.7	53.3	20.0	171.9
Annualized UCF⁽⁴⁾	34.3	3.2	9.4	25.1	7.2	2.7	81.8
Annualized LCF⁽⁴⁾	12.1	1.3	3.1	-	-	-	16.5
YTD Distribution⁽⁵⁾	8.7	1.0	3.9	4.8	9.2	(1.2)	26.4
Occupancy	95.0%	95.4%	78.9%	96.8%	58.6%	92.1%	82.1%
WALT	5.4	3.3	3.2	5.4	3.9	3.3	4.6
LTV⁽⁶⁾	90.7%	89.5%	76.8%	93.0%	89.6%	80.3%	88.9%
Debt Maturity	2014-2017	May 2014	Apr 2014	Jan 2014	Jan 2014	Dec 2014	-

(1) Excludes the Mars Floating portfolio.

(2) Distributions relate to sales fees and asset management fees for the Drive & Mars portfolios and LCF distributions up to Q3 for the Bridge portfolio which is cash trapped from Q4 2013.

(3) NAV excludes Commercial RE holding companies

(4) UCF represents annualized NOI less capital expenditure as per note 14 of the Q3 2013 Financial Report. LCF deducts the estimated interest cost given the information disclosed in note 16.1. The LCF of the cash trapped portfolios are reported as zero given excess cash flows are swept with cash reserves in place to fund any capital expenditures.

(5) YTD distributions represent amounts received up to Q3. Retail distribution includes €3.4m that was delayed and received in October ; Wave distribution includes €2.0m of sales CAD; Mars distribution includes asset management and sales fees from the Mars Floating facility and a €2.0m capital injection from Eurocastle to secure the recent loan maturity extension.

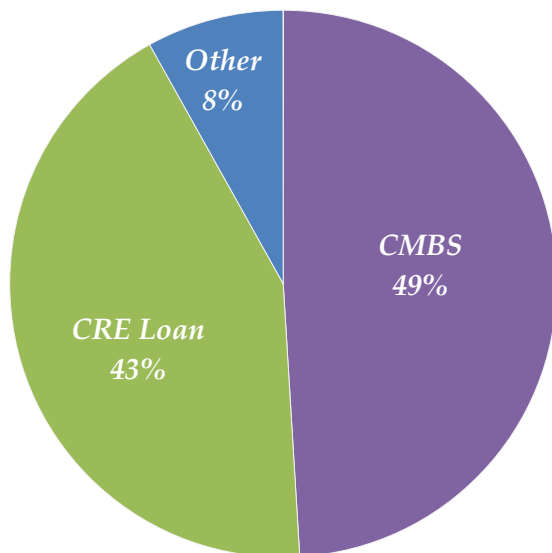
(6) LTV represents the market value of the assets over the outstanding debt face amount.



2 Legacy Business - RE Debt

- Overview: €406 million of assets held across 3 portfolios:
 - CDO IV – Low LTV term financed portfolio maturing in December 2014
 - CDO V – Long term non-recourse match funded financing with all cash flows diverted to pay down debt
 - Balance Sheet – Unlevered junior mezzanine positions with principal optionality
- Repaid €32.4 million of CDO IV debt since H1 2013 from asset prepayments; only €4.2 million remaining⁽¹⁾
- CDO V reinvestment period now ended - received €35.9 million of amortisation proceeds during the quarter to repay senior debt
- €23.4 million of CMBS and B-note impairments mainly in CDO V in Q3

Asset Types



Net Asset Breakdown

(€ in mm)

Portfolio	CDO IV	CDO V	Balance Sheet	Total
Total Assets	49.8	354.3	1.6	405.8
Total Liabilities	(20.8)	(325.5)	(0.1)	(346.4)
Net Assets	29.0	28.8	1.6	59.4
YTD Distribution⁽²⁾	0.6	0.2	0.4	1.2
WA Credit Rating⁽³⁾	BB	CCC+	CC	B-
% Investment Grade	47%	17%	0%	19%
# of Securities⁽⁴⁾	8	55	4	60
Debt Maturity	Dec 2014	Jun 2047	-	-

(1) As of November 04, 2013. Includes €16.5m of loan repayments made after September 30, 2013.

(2) YTD Distribution relates to management fees and include amounts received up to September. CDO V is currently cash trapped with its distributions reflecting management fees.

(3) Represents the average of the minimum rating of each security reported by Fitch, Moodys and S&P.

(4) Total securities eliminates positions that are held in two or more portfolios.



APPENDIX



YTD 2013 Financial Statements

Income Statement				
<i>(€ in mm)</i>	YTD 2013	YTD 2012	Q3 2013	Q3 2012
Interest Income	11.6	18.8	4.1	6.3
Rental And Service Charge Income	119.9	126.9	36.1	41.5
Net Impact Of Sale Of Interest In Mars Fixed	-	6.8	-	-
Net Gain On Debt Paydowns And Repurchases	-	31.3	-	0.1
Gain In Fair Value Of Italian Investments	2.1	-	1.3	-
Decrease In Fair Value Of Investment Properties	(33.0)	(23.2)	(0.4)	(1.5)
Impairment Losses	(40.2)	(17.0)	(23.4)	-
Interest Expense	(55.9)	(67.7)	(17.9)	(22.7)
Service Charges & Property Operating Expenses	(45.6)	(42.0)	(14.2)	(13.9)
Other Operating Expenses	(20.0)	(33.7)	2.9	(10.7)
Net (Loss) / Profit Before Taxation	(61.1)	0.1	(11.5)	(0.9)
Taxation	0.1	(0.7)	(2.9)	(0.4)
Net (Loss) After Taxation	(61.0)	(0.6)	(8.6)	(1.2)

(1) (Loss) / profit per share is on a fully diluted basis.



YTD 2013 Financial Statements (continued)

Key Balance Sheet				
(€ in mm)	Q3 2013	FY 2012 Pro Forma	May 2013 Capital Raise	FY 2012 Pro Forma Conversion ⁽¹⁾
Cash and cash equivalents	217.45	245.6	104.3	141.3
RE Investment property	1,781.90	2,020.3	-	2,020.3
Debt investments	375.08	456.1	-	456.1
Italian Investments ⁽²⁾	14.13	-	-	-
Other assets	25.79	34.0	-	34.0
Total assets	2,414.34	2,755.9	104.3	2,651.7
Interest bearing debt financing	(1,951.20)	(2,251.0)	-	(2,251.0)
Other liabilities	(114.61)	(108.6)	-	(108.6)
Total liabilities	(2,065.81)	(2,359.6)	-	(2,359.6)
Net assets	348.53	396.4	104.3	292.1
Net liabilities of Mars Floating Portfolio	23.77	15.2	-	15.2
Adjusted net assets	372.30	411.6	104.3	307.3
Ordinary Shares	32.63	32.6	15.0	17.6
Net assets €/share	11.41	12.61	6.95	17.43

(1) Pro Forma FY 2012 Net Assets per share adjusted for the agreed conversion price of €0.05 per share (FY 2012 €0.30 per share)

(2) The Italian Investments have been stated net of the Minority Interest of €3.8 million.



YTD 2013 Financial Statements (continued)

Segmental Normalized FFO and FFO*

<i>(amounts in €'000)</i>	European RE Debt		German RE		Italian Investment	Corporate	Total Eurocastle	Total Cash-Flowing
	Cash-Flowing	Cash-Trapped	Cash-Flowing	Cash-Trapped				
Revenue	2.4	9.2	57.3	61.9	1.1	0.0	131.9	60.8
Service Charge And Operating Expense	-	-	(11.8)	(33.3)	-	-	(45.1)	(11.8)
Interest Expense	-	(4.0)	(29.1)	(22.5)	(0.0)	-	(55.6)	(29.1)
Amortisation Costs	-	(0.9)	(0.6)	(2.2)	-	(0.1)	(3.8)	(0.7)
Corporate And Other Expenses	(0.1)	(0.3)	(0.3)	(0.0)	(0.0)	(12.9)	(13.7)	(13.4)
Current Tax	-	-	0.3	(1.1)	(0.0)	2.2	1.4	2.5
Normalised FFO	2.3	3.9	15.8	2.9	1.1	(10.8)	15.0	8.3
<i>Normalised FFO per Share⁽¹⁾</i>	0.09	0.16	0.64	0.12	0.04	(0.44)	0.61	0.34
Impairment Losses	(1.0)	(39.2)	-	-	-	-	(40.2)	(1.0)
Realised Loss & Transaction Costs On Disposal Of Inv. Properties	-	-	-	(0.7)	-	-	(0.7)	-
Net Impact of FX movements	0.1	0.7	-	-	-	(0.1)	0.8	0.1
FFO	1.4	(34.6)	15.8	2.2	1.1	(10.9)	(25.1)	7.3

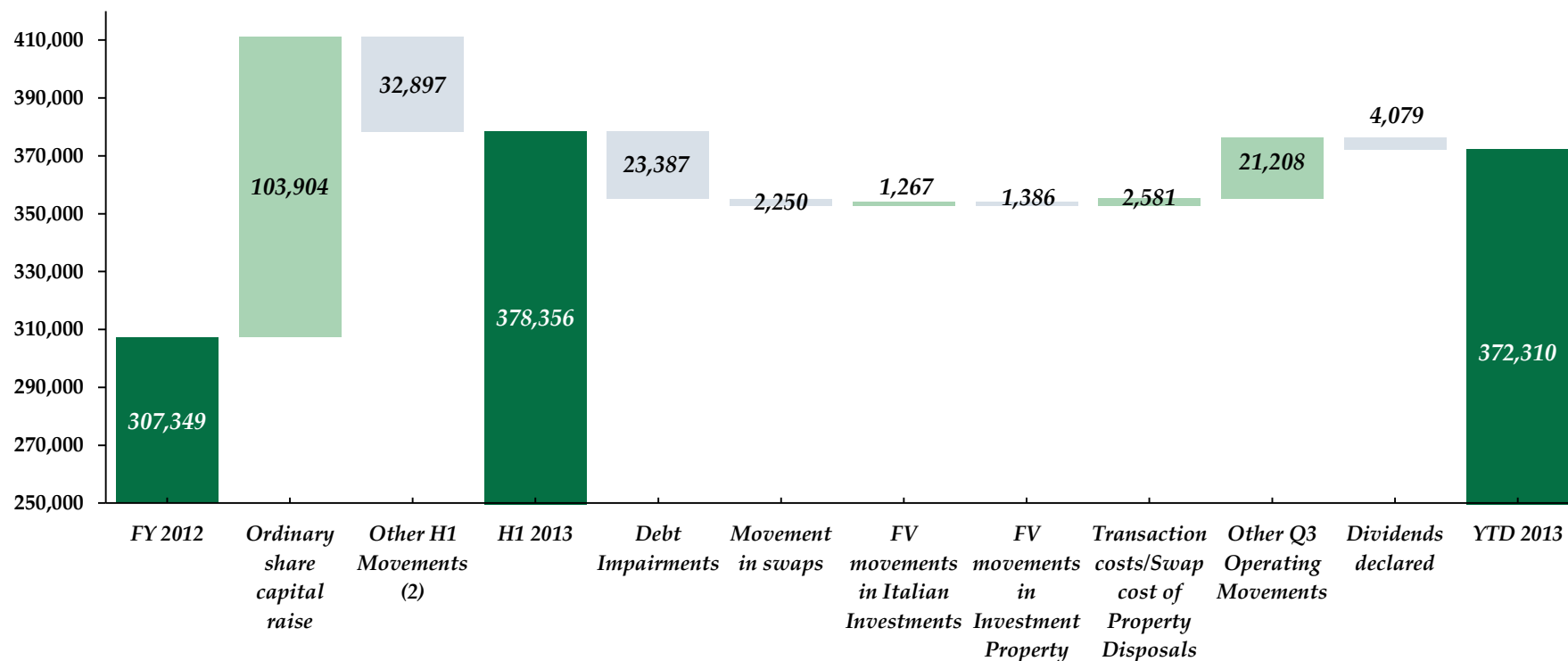
(1) On a fully diluted weighted average basis.



YTD 2013 Financial Statements (continued)

NAV Walkdown⁽¹⁾

(€ in mm)



(1) Excludes the negative net asset value 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 fair value of the assets.

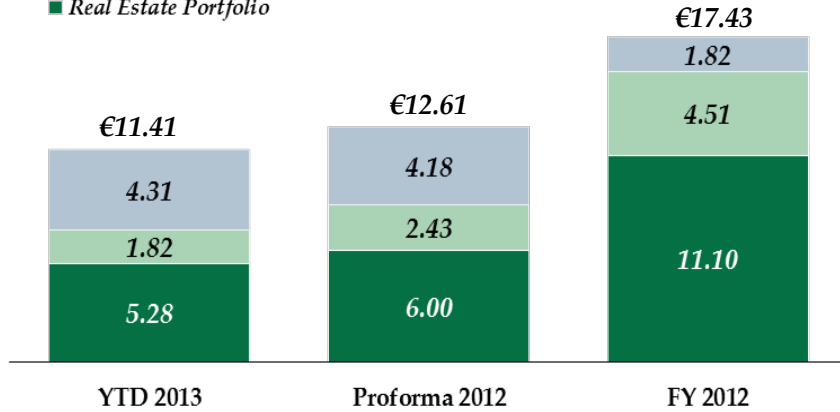
(2) Details behind "Other H1 Movements" are reported in H1 2013 supplement



YTD 2013 Financial Statements (continued)

NAV (€ / share)

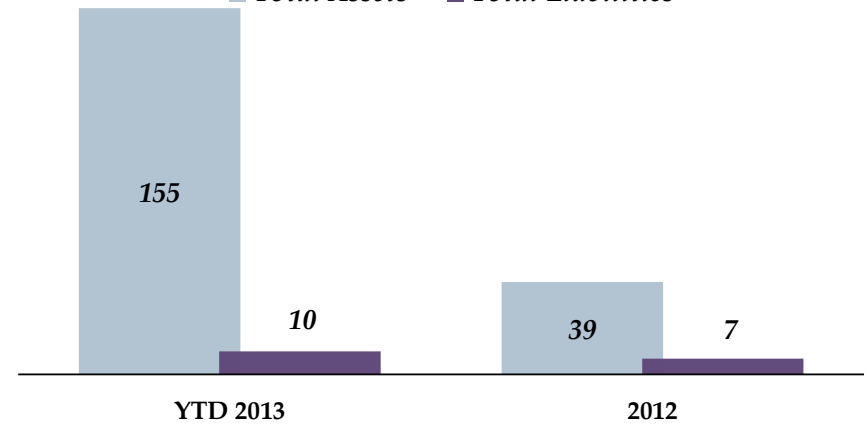
- Italian Investments/Corporate
- Debt Investment Portfolio
- Real Estate Portfolio



Italian Investments /Corporate Assets & Liabilities

(in € mm)

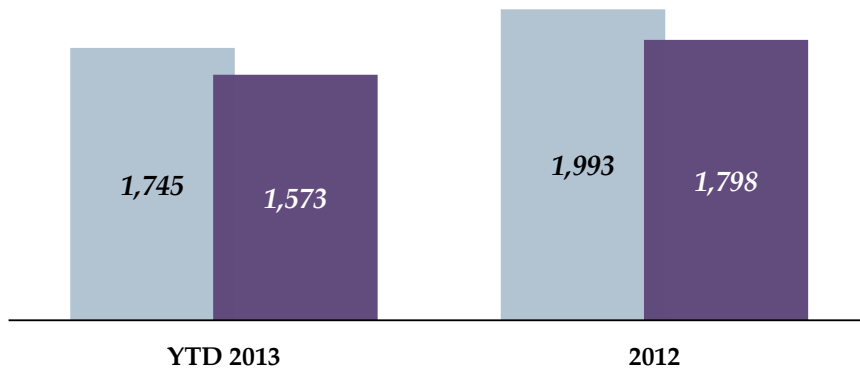
- Total Assets
- Total Liabilities



Commercial RE portfolio Assets & Liabilities

(in € mm)

- Total Assets
- Total Liabilities



RE Debt portfolio Assets & Liabilities

(in € mm)

- Total Assets
- Total Liabilities

