



EUROCASTLE

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Fortress Investment Group

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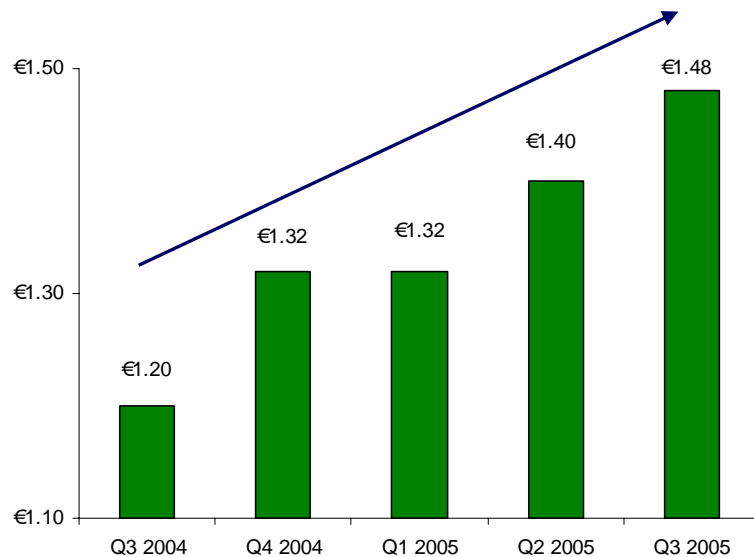
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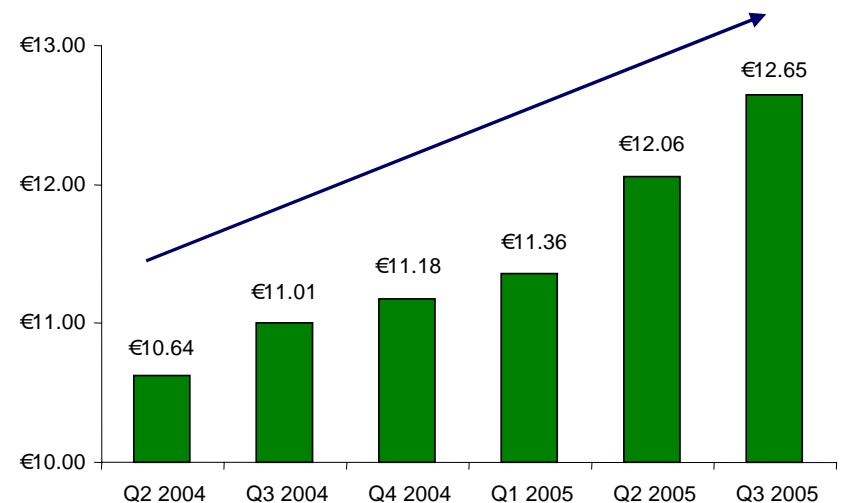
Overview of Eurocastle

- European “REIT” investing in real estate related assets
 - IPO in June 2004 (€12.00 per share) – LSE listed under the symbol ECT
 - December 2005 listed on Amsterdam Euronext under the symbol ECT and delisted from LSE
- Managed by Fortress Investment Group
 - Significant sponsor investment – Fortress owns approximately 10% of current common equity
- Pays stable and growing quarterly dividends

Ann. Div. Per Share: 23% Growth



Book Value Per Share: 19% Growth



Fortress Investment Group

- Global alternative investment and asset management firm founded in 1998 with approximately US\$16 billion in equity capital under management
- Strong track record of building successful public and private investment businesses

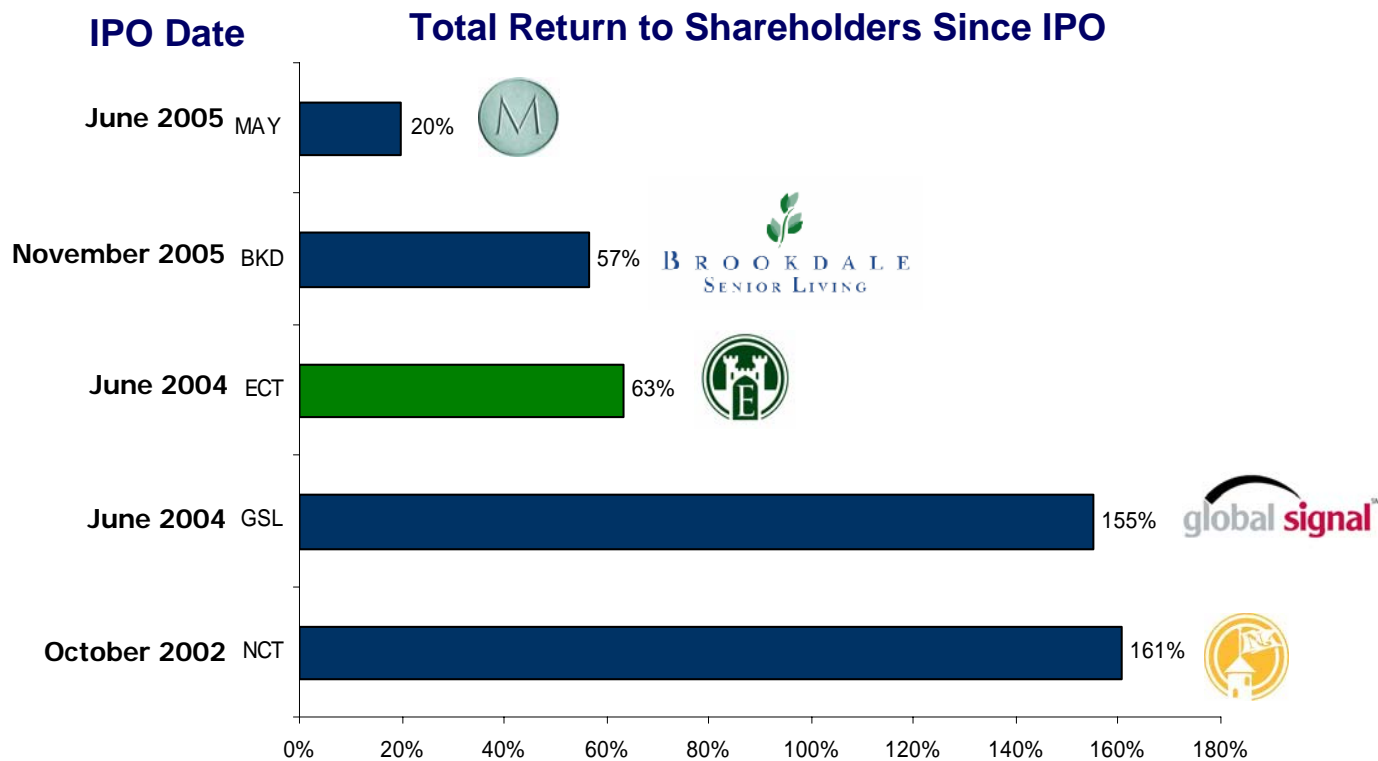


¹ Source: Fortress Investment Group LLC.



Fortress Sponsorship

- Since 2002, Fortress has sponsored and/or currently manages five publicly traded companies with the same fundamental principles
 - Build long-term shareholder value by consistently delivering steady returns and stable and growing dividends to shareholders
- Fortress has yet to sell a single share in these public companies



Our Objectives

- To invest in European real estate related assets
 - 2005 YTD net ROE: 12.7% on FFO
 - Q3 2005 FFO per share (fully diluted): €0.37, 118% increase from 3Q04
- Match funding strategy minimises liquidity and interest rate risk
- Pay out substantially all earnings in the form of stable and growing quarterly dividends
- Generate annual growth by accretively investing capital



3Q05 Achievements

HIGHLIGHTS:

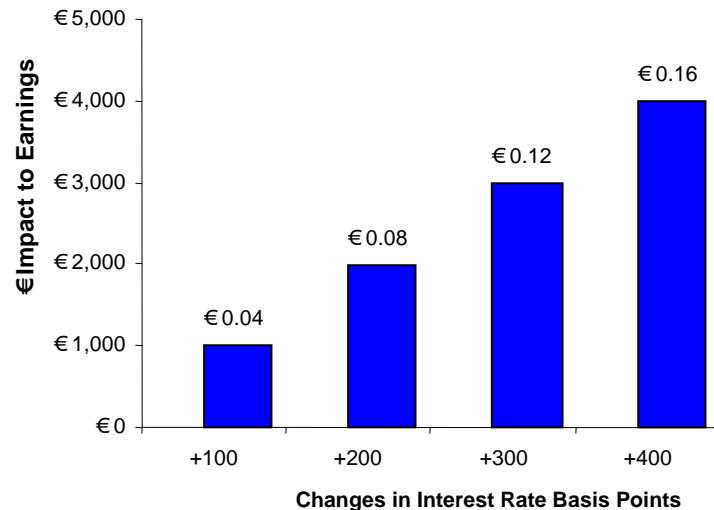
- Substantially invested €99 million June capital raise
 - Increased 3Q05 dividend by 6% to €0.37 from 2Q05 dividend
 - Committed €388 million to credit-leased real estate acquisitions
 - €254 million acquisition of Italian and German assets
 - Committed to purchase 47 retail properties for €134 million
 - Invested €240 million in real estate debt
 - €54 million of loans and €186 million in securities
- Strong forward pipeline of acquisitions
 - Short listed on approximately €3 billion of acquisitions for 4Q05



3Q05 Achievements

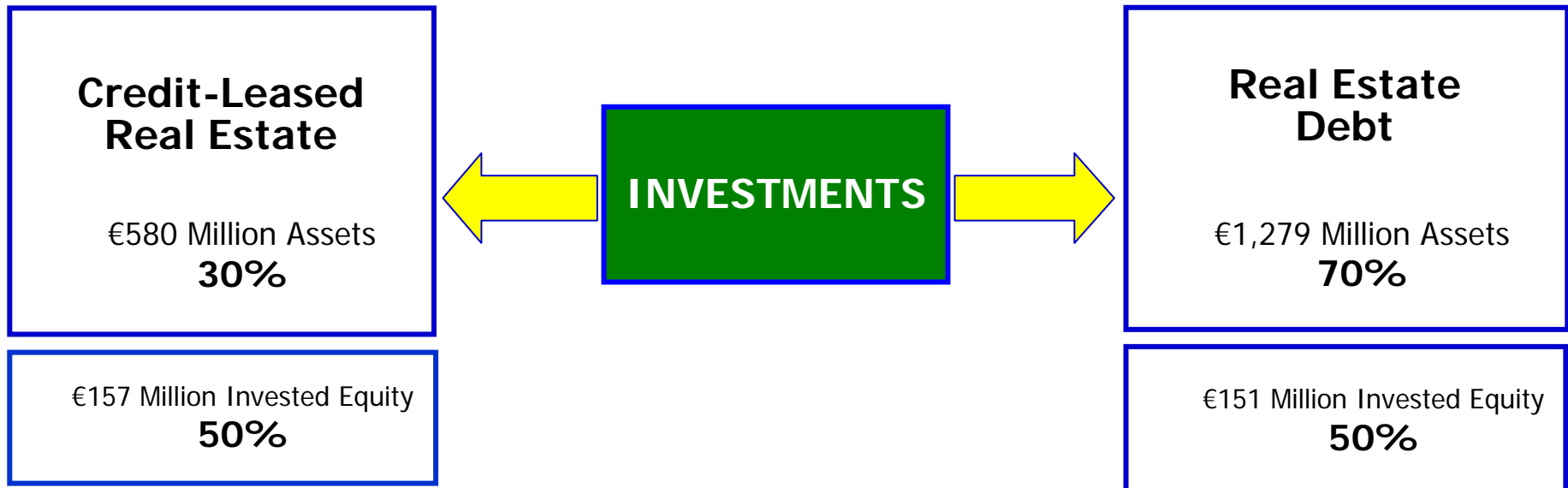
FINANCING:

- In the last quarter, we have:
 - Financed recent acquisitions with €181.6 million long-term fixed rate debt
 - Established €400 million committed term facility to substantially reduce short-term borrowing
- 94% of portfolio is now long-term financed
 - Substantially eliminates exposure to long-term interest rates and financing risks
 - Floating rate assets can still benefit from increases in short-term rates
- Earnings are not affected by increases in long-term interest rate rises
 - Our earnings **increase** with a **rise** in short-term interest rates



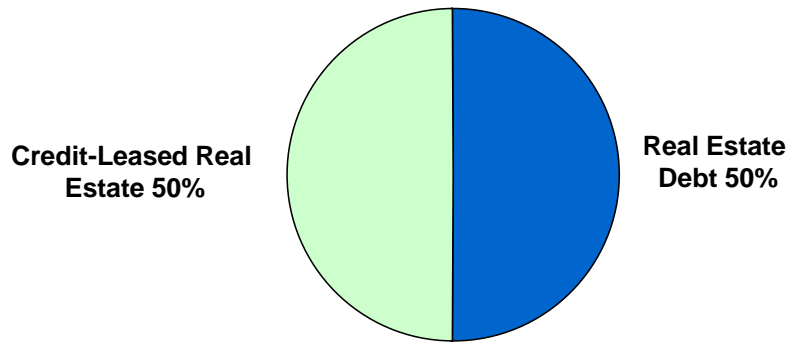
Our Business

- Our strategy is to invest in European real estate related assets
 - Credit-leased real estate
 - Real estate debt

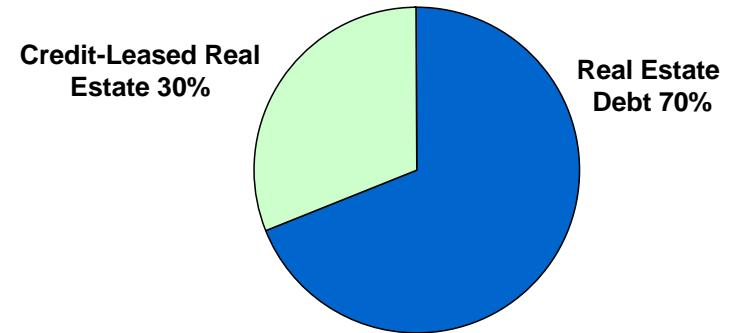


Our Portfolio

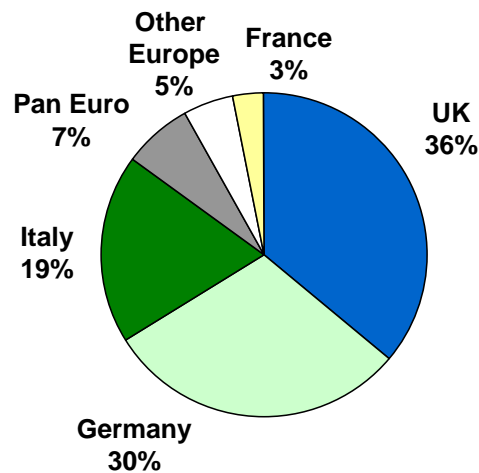
By Invested Equity



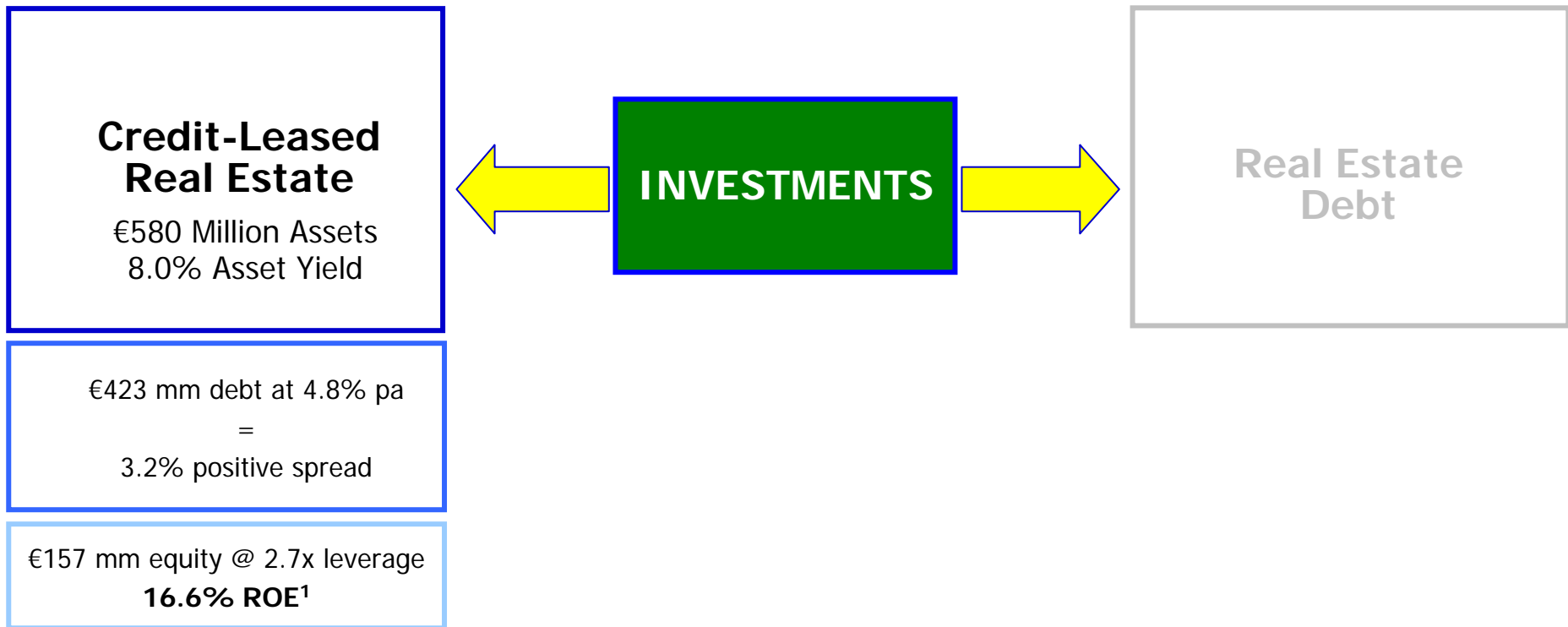
By Total Investments



By Geography



Credit-Leased Real Estate Business



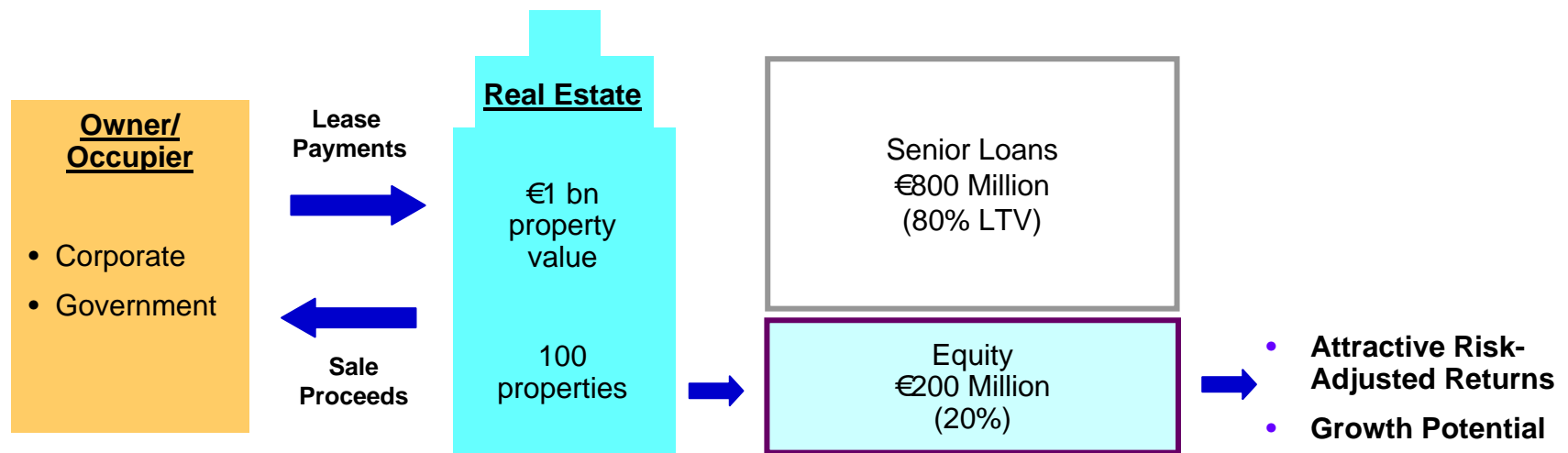
¹ Investment level ROE.



Credit-Leased Real Estate Strategy

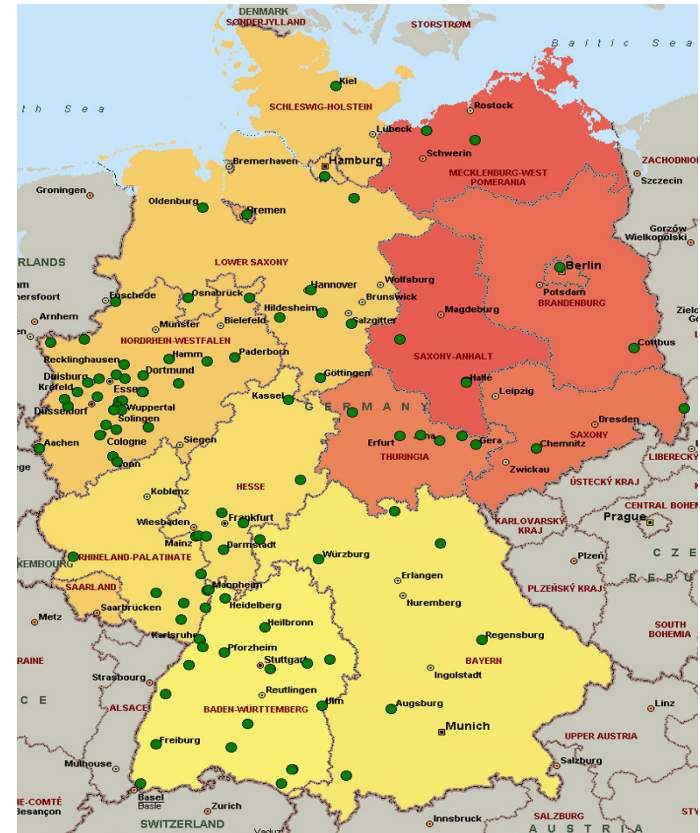
- We make direct purchases of real estate assets
- We focus on portfolios with long leases to high credit quality tenants
- Our portfolio is diversified by type and geography

Typical Credit-Leased Real Estate Transaction



Deutsche Bank Branches

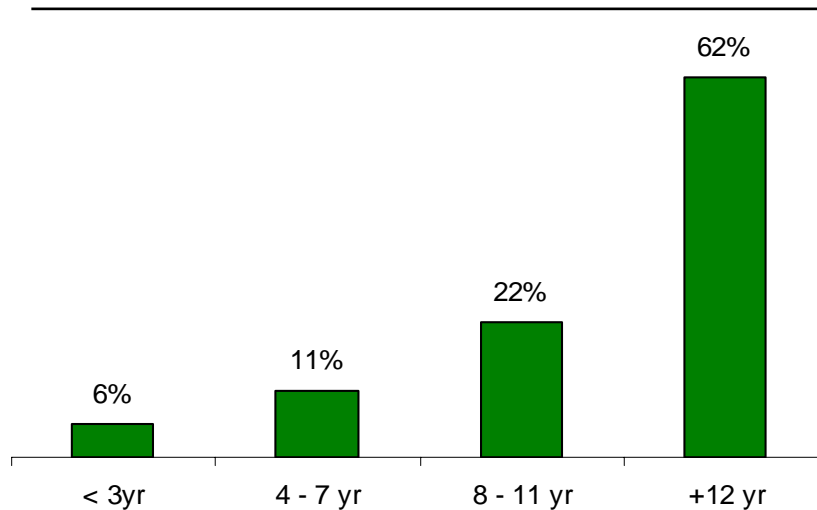
- €319 million sale-leaseback with Deutsche Bank of part of their German branch network
 - 96 properties spread throughout Germany
 - Long-term cash flows
 - WA lease term 6.4 years
 - High credit tenant – Deutsche Bank (AA-/Aa3/AA-; 67.8%)



German Supermarkets

- €213 million portfolio of German grocery and general stores¹
 - Diverse portfolio of 78 stores, net initial yield of approx. 7% pa
 - High credit tenants – some of the top retail chains in Germany
 - Newly constructed assets (average 2 years old)

Lease Expiration Per Year



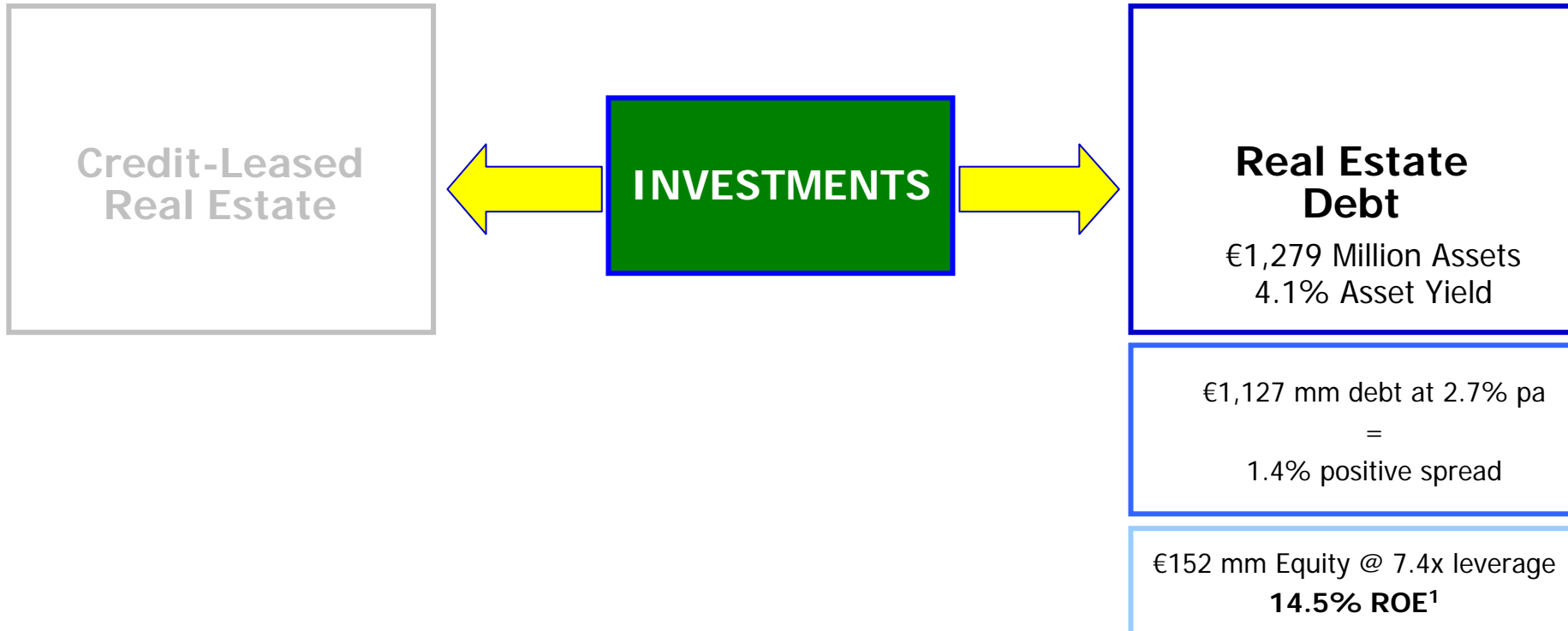
¹ Includes both owned and committed to purchase properties.

Italian Government-Leased Assets

- €3.7 billion sale leaseback to Italian government through an investment fund
 - C. 400 assets located throughout Europe
 - Well diversified throughout Italy
- We own 11% of the fund
 - Equivalent to €400 million of assets
 - 6.3% yield on underlying real estate
 - 18 year (9+9) index linked leases to the Italian government



Real Estate Debt Business



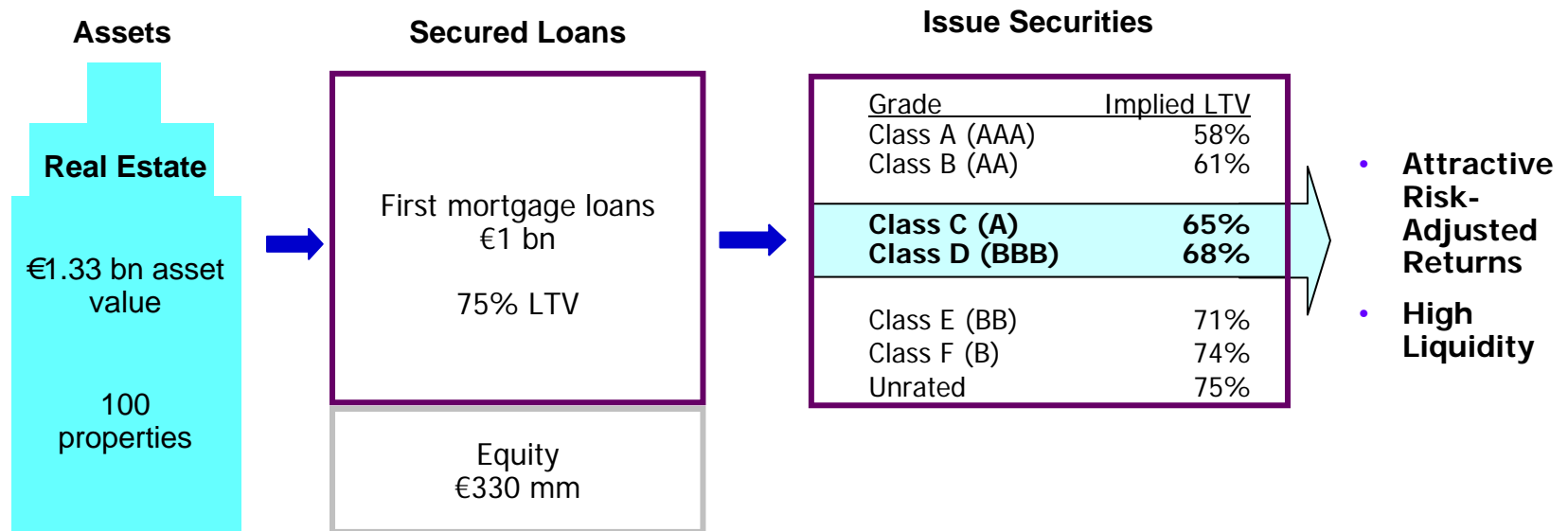
¹ Investment level ROE.



Real Estate Debt Strategy

- As well as buying real estate, we invest in debt securities backed by real estate
- We focus on investment grade debt secured by commercial property and other assets
 - Significant downside protection implicit in capital structure
 - Credits are carefully picked and managed – net upgrade in credit ratings over time

Typical Commercial Mortgage Backed Security Structure



Real Estate Debt Portfolio

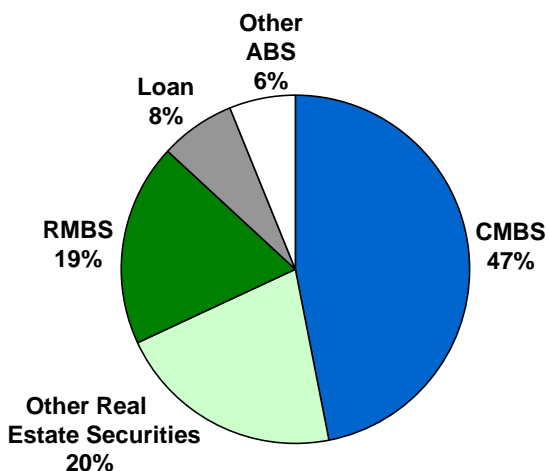
Well Diversified

- 106 issues
- Various asset classes
- Wide geographic presence

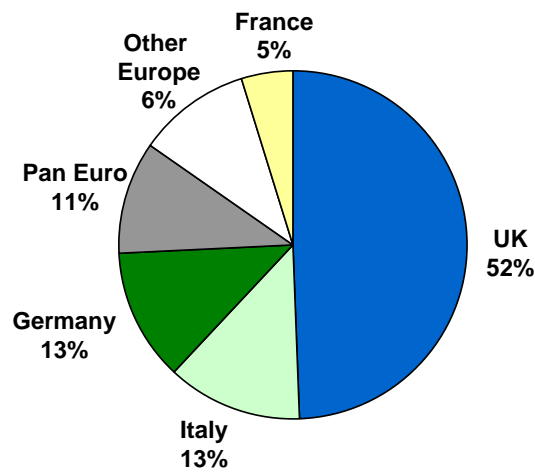
Stable Credit Profile

- Average credit rating: BBB+
- 92% investment grade
- 96% floating rate securities

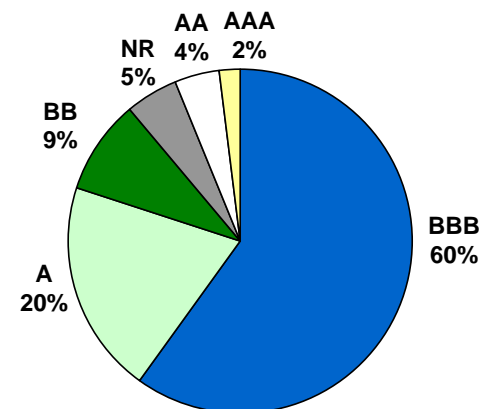
Asset Type



Geography



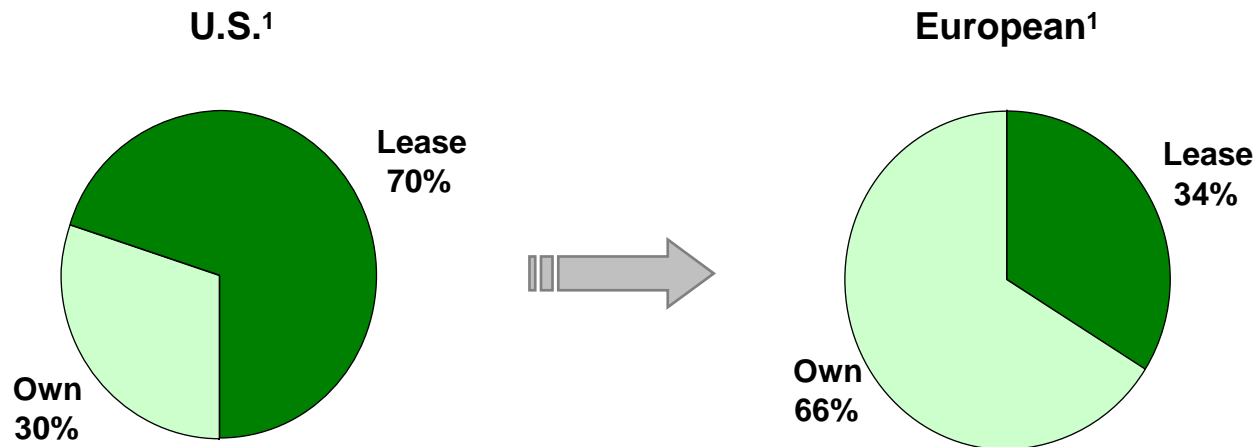
Rating



Market Opportunity

- Increasing opportunity in acquiring credit leased real estate
 - Increasing trend for European governments and corporates to sell non-strategic assets, including real estate
 - Significant growth potential particularly in Germany and Italy
 - Target sectors include government, financial services, retail and utility/telecom

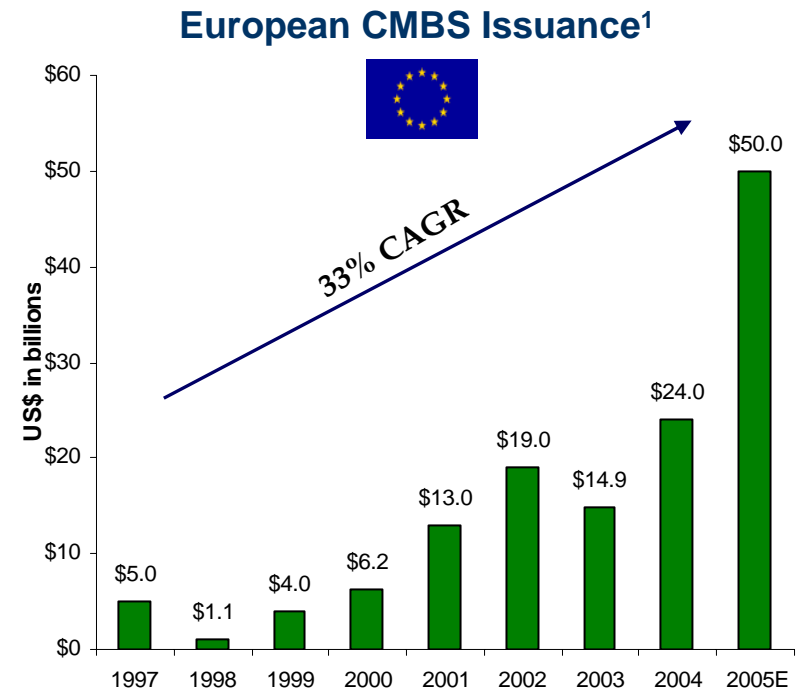
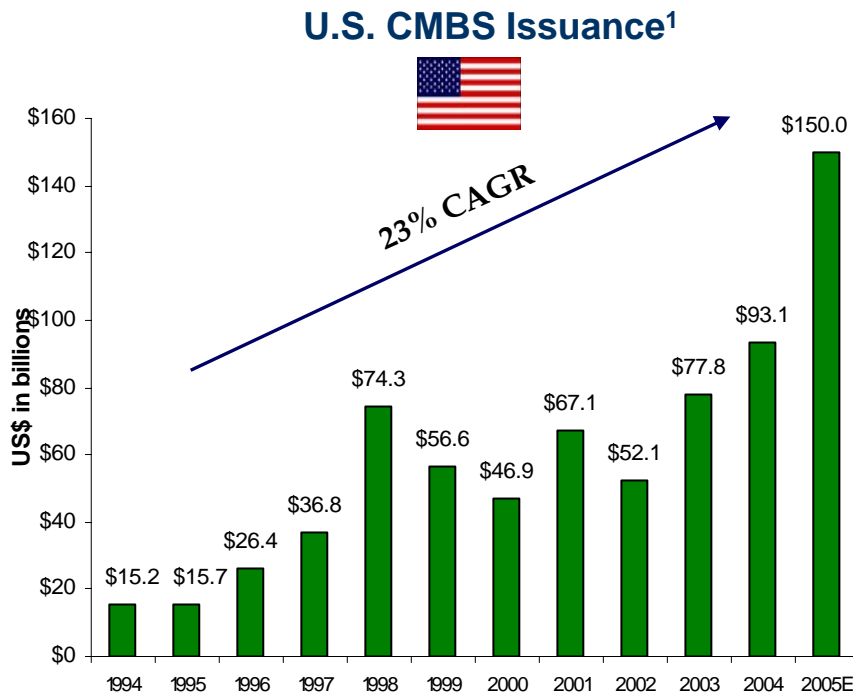
European vs. U.S. Business Real Estate Ownership



¹ Source: DTZ Research.

Market Opportunity

- European real estate debt markets continue to grow significantly
 - Increasing efficiency have made this an attractive proposition for borrowers
 - Pace of European market growth resembles U.S. experience
 - European CMBS issuance expected to reach \$50 billion in 2005



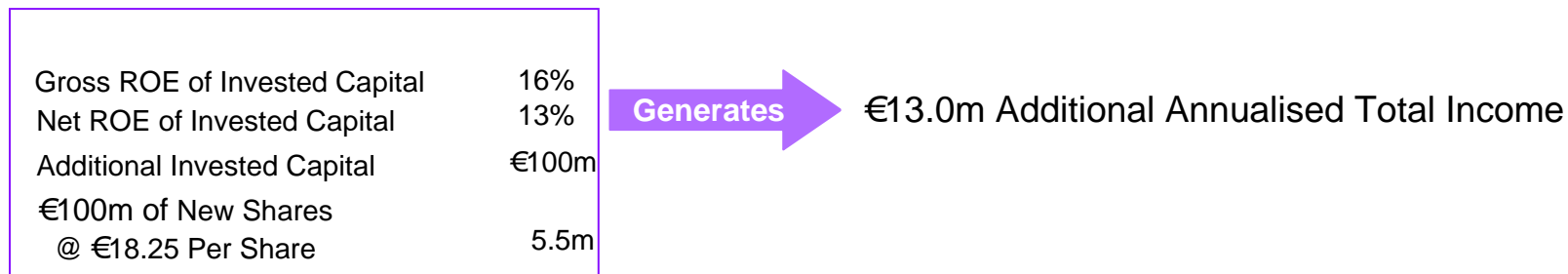
¹ Source: Morgan Stanley.



Economic Impact of New Investments

- Assuming our current net ROE, investing new capital should grow EPS and dividends
- If we raise and invest €100 million of additional capital, we could recognise an annualised dividend increase of €0.14 (9%) per share

Assumptions:



Accretion:

	<u>Pre-Capital Raise</u>		<u>Capital Raise</u>		<u>Fully Invested</u>
Annualised Total Income	€38.8m	+	€13.0m	=	€51.8m
Shares Outstanding	24.2m	+	5.5m	=	29.7m
Annualised Dividend Per Share	€1.60 ¹	←	+ €0.14 (9%)	→	€1.74

Note: The numbers contained in the above example are for illustrative purposes only and do not represent projections of future results

1 Current annualized dividend is €1.48 per share. Figures assume that with all current capital fully invested, recurring FFO is €1.60.



Why Eurocastle?

- Strong investment performance
 - Measurable EPS growth
 - Current annualised dividend of €1.48 per share, up 23% since Sept. 2004
- Access to Fortress's capital and global infrastructure; enhanced deal flow
- Significant equity investment by Fortress principals and employees
- Proven business strategy
 - €1.9 billion diversified portfolio by asset type and geographic location
- Poised for growth
 - Significant opportunities to deploy capital accretively



3Q 2005 Financial Statements

Income Statement

Nine Months Ended
30 September 2005
(amounts in €000)

Operating Income	
Interest income	47,408
Rental income	19,063
Real estate fund unit income	3,607
Realized gain on disposal of available-for-sale securities	2,233
Realized gain on disposal of investment properties	731
Increase in fair value of real estate fund units	7,122
Increase in fair value of investment properties	445
Increase in fair value of total return swap	428
Total Operating Income	81,037
Operating Expenses	
Interest expense	40,371
Loss on foreign currency translation	1,473
Property operating expenses	2,120
Other operating expenses	6,629
Total Operating Expenses	50,593
Profit on Ordinary Activities	
Before Taxation	30,444
Taxation expense	877
Net Profit (Loss)	29,567
Funds from Operations	22,000

Balance Sheet

As of 30 September 2005
(amount in €000)

Assets	
Asset backed securities	1,203,752
Real estate loans	99,632
Real estate fun units	181,992
Investment properties	398,042
Cash and cash equivalents	19,379
Other assets	24,937
Total Assets	1,927,734
Liabilities	
Debt obligations	1,550,281
Taxation payable	877
Trade and other payables	70,339
Total Liabilities	1,621,497
Capital and Reserves	
Issued capital	287,834
Unrealised gains	1,094
Retained earnings	17,309
Total Equity	306,237

Additional Share Information

Earnings per Ordinary Share	
Basic	1.45
Diluted	1.39
FFO per Ordinary Share	
Basic	1.08
Diluted	1.04
Weighted Average Shares Outstanding	
Basic	20,443,707
Diluted	21,206,023





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