



EUROCASTLE

Investor Day

Frankfurt am Main, 27th July 2006



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EUROCASTLE

Introduction

Rob Kauffman

Bruce Snider



Eurocastle Overview

Who are we

- One of the largest listed owners of German commercial property
- “REIT”-like property investment company
- Dividend yield of 5.4%⁽¹⁾ with strong dividend growth potential

Our Property Portfolio

- High quality office assets let long-term to strong credit lease tenants
 - Owned at a discount to replacement costs
- High quality retail assets let long-term to prominent retailers

Our Target Acquisitions

- Focus on German commercial real estate
- Underpinned by stable, long-term cash flows
- Upside potential through active asset management

Our Management

- Management strongly aligned with shareholder interest
- Fortress owns or controls approx. €300 million of shares in ECT⁽²⁾
- Dedicated asset management and acquisitions team in Frankfurt

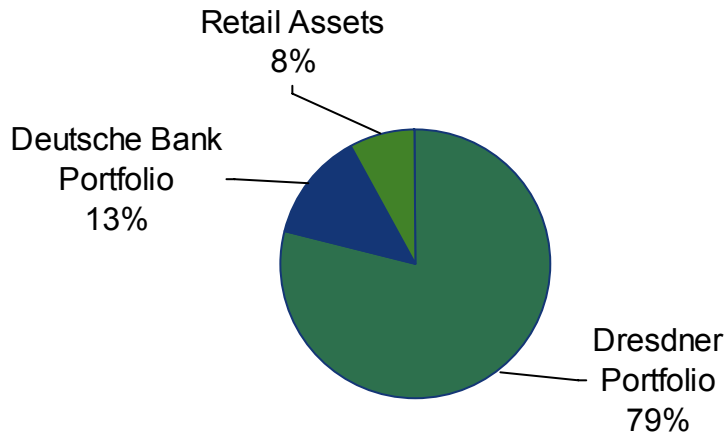
(1) As of July 25, 2006; based on dividend per share of € 1.6 pro-forma for full inclusion of earnings from Dresdner acquisition in Q1 06 and share price of € 29.5 (see page 7)

(2) Fortress private equity funds, the Manager, Principals, Officers and Employees (as of July 25, 2006)



German Real Estate Portfolio

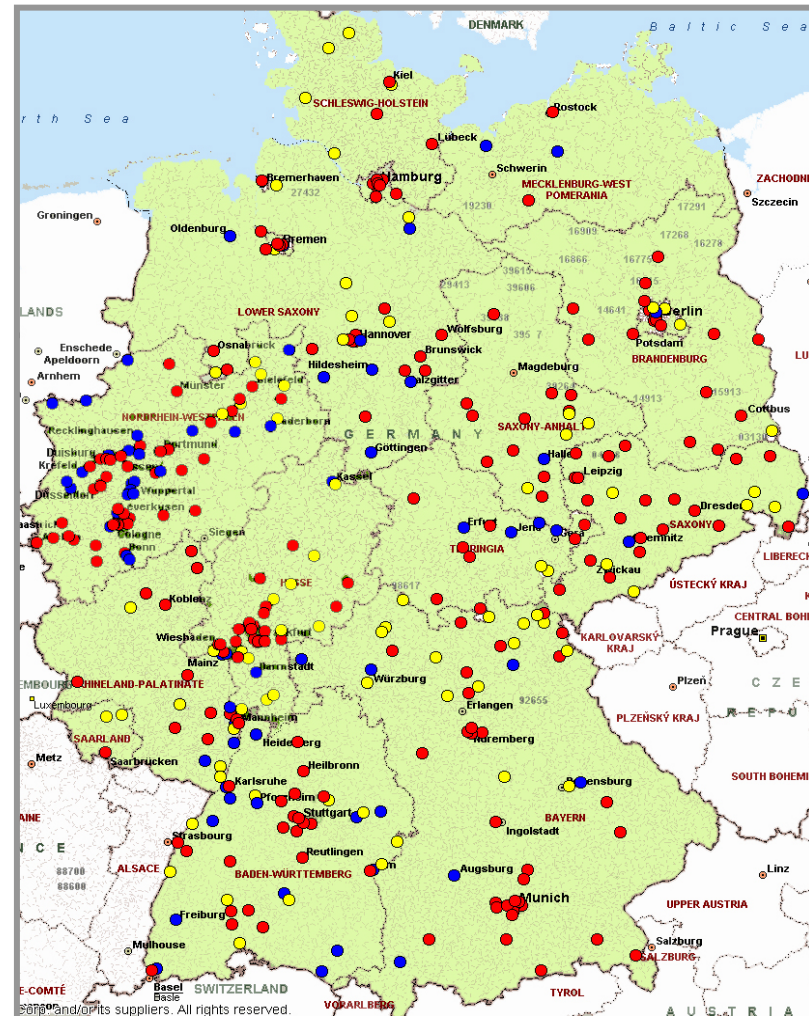
€2.6 billion Portfolio



- Number of Properties: 474
- Leaseable Space: 14 million ft² (1.3 million m²)
- W.A. Lease Term: 7.3 years
- W.A. NOI Yield: 5.4%
- Tenants: Approx. 80% of income from credit tenants
- Occupancy by Space: 82%

Note: As of 31 March 2006

Nationwide Portfolio



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Eurocastle Objectives

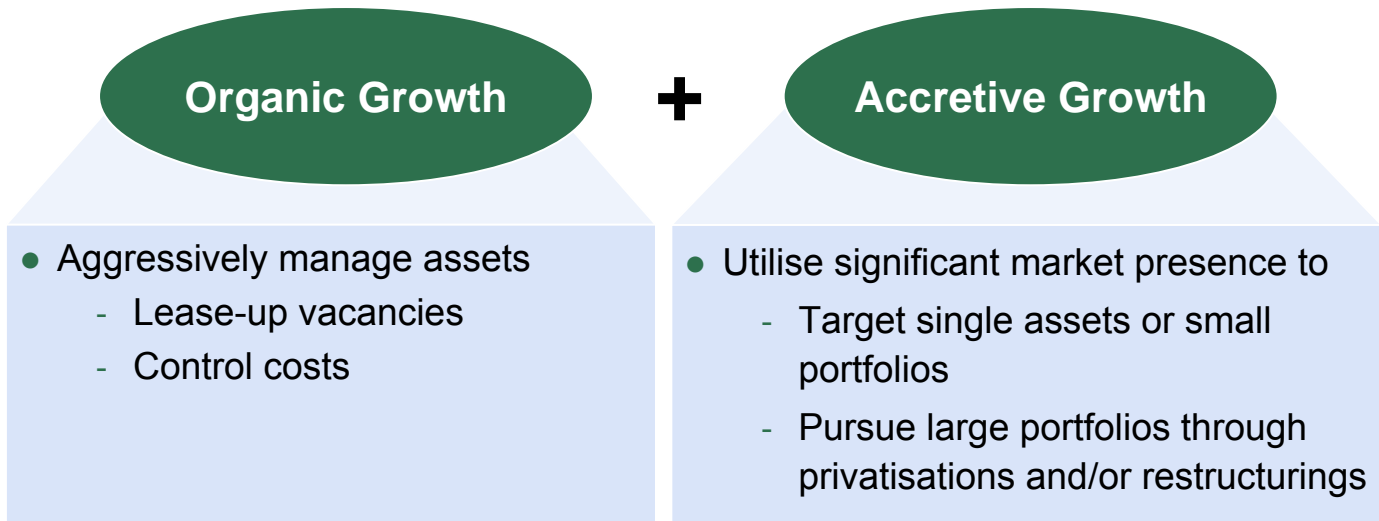
High Dividend Payout

- Pay out substantially all FFO
- No taxation at corporate entity level (Guernsey)
- No withholding on Eurocastle dividends

Focus on Germany

- Focus on German commercial real estate
- Underpinned by stable, long-term cash flows
- Upside potential through active asset management

Generate 15% annual Growth





Eurocastle's Growth Strategy

- **Our Objective: Generate 15% growth p.a. through organic and accretive growth**

Organic Growth

Dresdner Target

- Increase lease-up from 80% – 90%
 - Includes
 - New lease income
 - Reduction in operating expenses

Deutsche Target

- Increase lease-up from 75% – 80%

Accretive Growth⁽¹⁾

Acquisition Target

€1,000m

- Equity € 250m
- Financing € 750m

Assumptions

- Asset net yield 6.25%
- Debt financing costs 5%
- Share price € 30
- New shares issued 8.3m
- Total number of shares outstanding 53.9m

Organic Growth in FFO

Accretive Growth in FFO

Growth Case

$$\text{Current FFO} + \text{Organic Growth} + \text{Accretive Growth} - \text{Mgmt. Fees} = \text{New FFO}$$

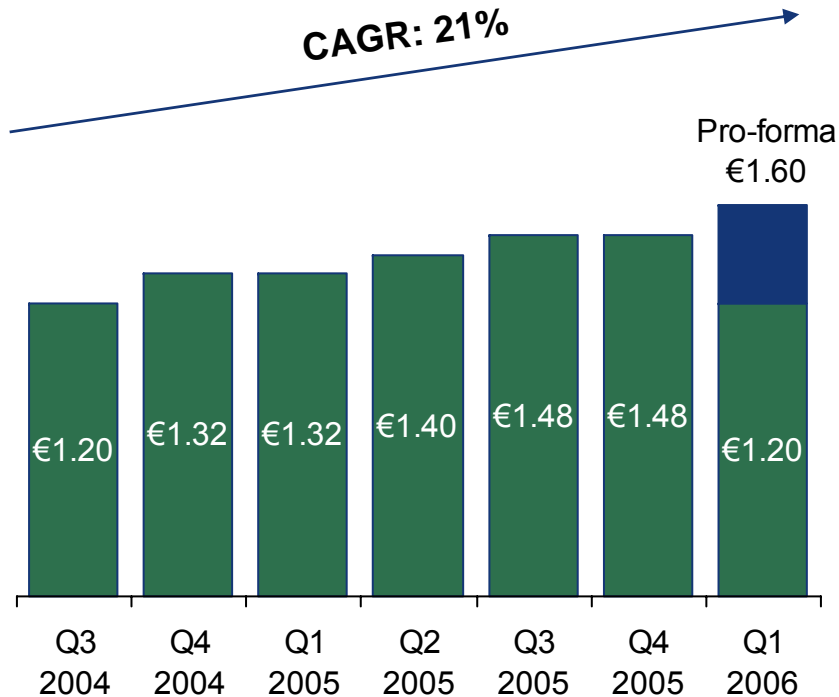
(1) Example and numbers are for illustrative purposes only



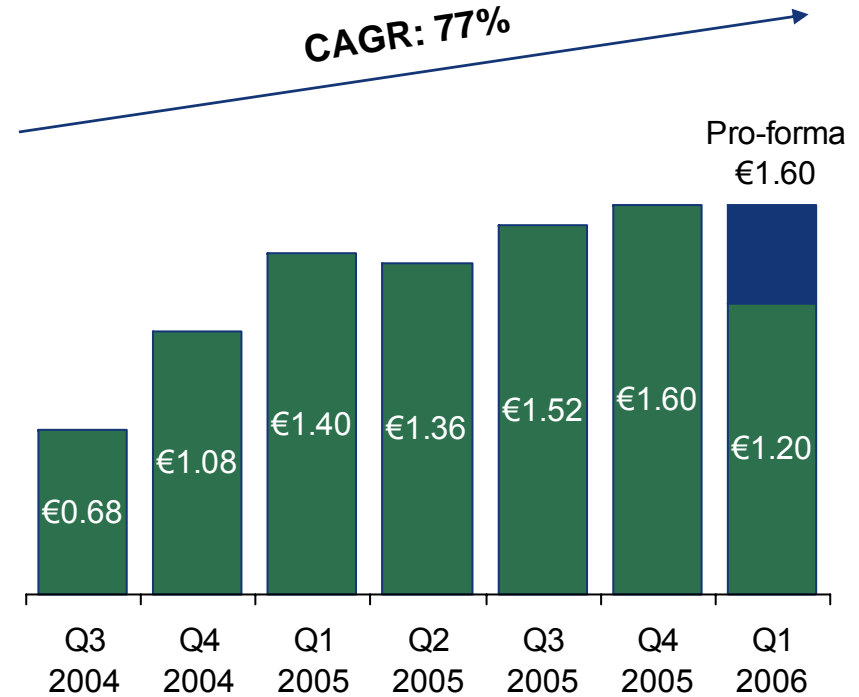
Financial Performance since IPO

- Growth of quarterly dividend and FFO reflects success of business model

Annualized Dividend per Basic Share



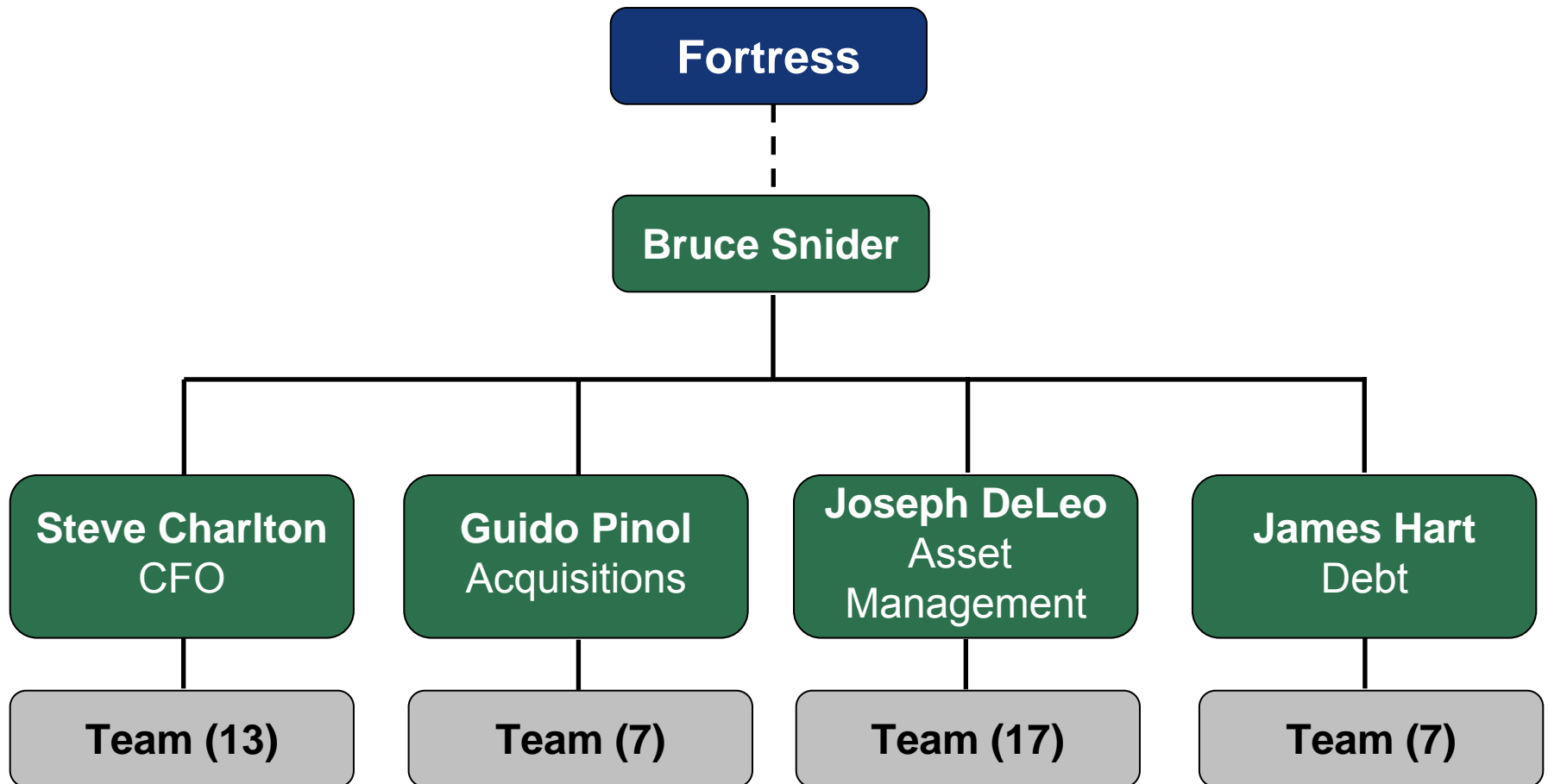
Annualized FFO per Basic Share



Note: Q1 2006 FFO per share pro-forma for full inclusion of earnings from Dresdner acquisition in Q1 06; FFO per share in Q2 2005 is based on number of shares eligible for dividends in Q2 2005, i.e. number of shares used to calculate this FFO per share excludes those shares issued in the capital increase that occurred in June 2005



Our Team



Note: Team members include six specialists to be hired



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Acquisitions

Head of Acquisitions

Guido Pinol



Acquisition Targets

- We are well under way to meet our acquisition target of €1 billion this year
 - Off-market/ direct acquisitions
 - Auctions

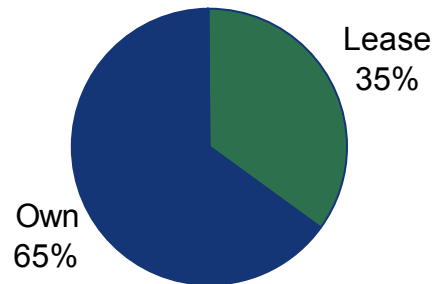
	Investment Profile	Upside Potential
Office	<ul style="list-style-type: none">● High quality office● Good location quality● Let medium to long-term● Strong credit lease tenants	<ul style="list-style-type: none">● Professional asset management● Locations which benefit from economic recovery
Retail	<ul style="list-style-type: none">● Let long-term● Prominent retailers● Primarily single tenant retail● Good location quality	<ul style="list-style-type: none">● Long-term asset management● Rents linked to CPI



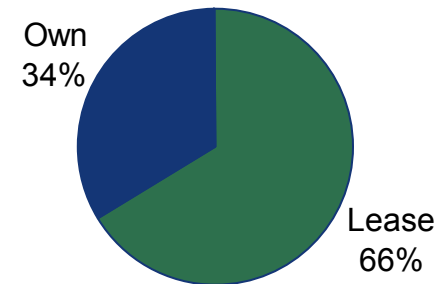
Potential Pipeline 2006

German vs. U.S. Business Real Estate Ownership

Germany (1)



U.S. (1)



(1) Source: Morgan Stanley Research



Source: Company Estimates



Acquisitions Environment – H1 2006

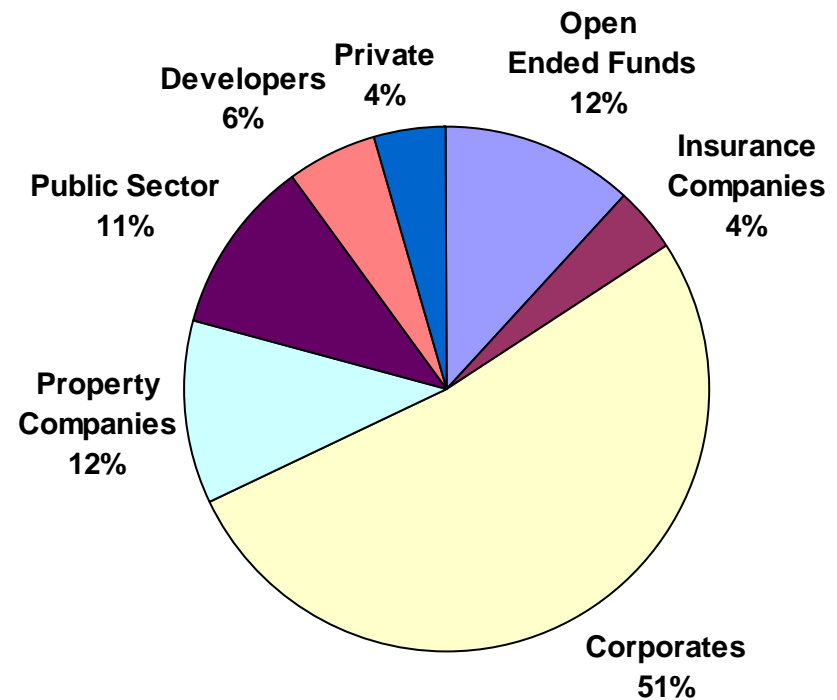
Portfolio Transactions H1 2006 (>€100m)

	Type	Vendor Type	# of Assets	Purchase Price (EUR m)
1	Retail	Corporate	174	3.700
2	Office	Public Sector	38	815
3	Office	Open Ended Fund	4	500
4	Retail	Property Company	34	387
5	Office	Private	6	333
6	Office	Property Company	29	315
7	Office	Corporate	13	300
8	Retail	Open Ended Fund	11	297
9	Office	Insurance Company	78	200
10	Office	Developer	5	190
11	Office	Developer	10	135
12	Office	Developer	15	123
13	Retail	Property Company	13	115
14	Logistics	Open Ended Fund	11	115
15	Retail	Insurance Company	7	100

448

€7.625 m

Breakdown by Vendor (Value)



Source: Company Estimates



Acquisitions Environment – Outlook H2 2006

Expected Transactions H2 2006 (>€100m)

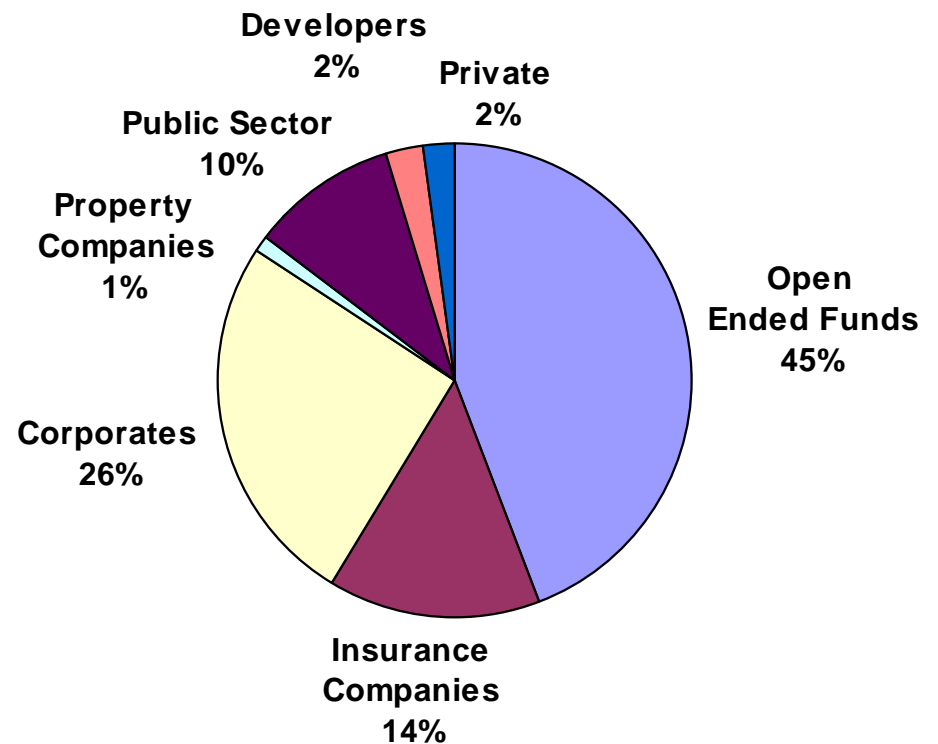
	Type	Vendor	# of Assets	Expected Purchase Price (EUR m)
1	Office	Open Ended Fund	47	1.000
2	Office	Open Ended Fund	14	830
3	Office	Public Sector	36	800
4	Office	Open Ended Fund	2	800
5	Retail	Corporate	60	752
6	Office	Corporate	1	700
7	Office	Insurance Company	95	600
8	Office	Open Ended Fund	6	480
9	Office	Open Ended Fund	29	460
10	Office	Open Ended Fund	25	430
11	Retail	Corporate	110	400
12	Office	Open Ended Fund	20	400
13	Mixed	Insurance Company	42	390
14	Office	Insurance Company	25	350
15	Office	Public Sector	58	300
16	Office	Open Ended Fund	54	300
17	Retail	Corporate	97	270
18	Retail	Corporate	100	250
19	Office	Developer	10	250
20	Mixed	Corporate	70	250
21	Mixed	Private	8	250
22	Office	Insurance Company	66	225
23	Office	Corporate	53	150
24	Office	Property Company	8	100

1.036

€10.737 m

Source: Company Estimates

Breakdown by Vendor (Value)





Competitive Advantage

- We are among the largest integrated commercial property owners and managers in Germany

Acquisition Expertise

- 7 specialists based in Frankfurt
- Fortress global experience and expertise
 - Structure complex transactions
 - Financing

Local Market Knowledge

- Good relationships with local players
- Nationwide Portfolio

Integrated Asset Management

- Real time comprehensive market data
- Off-market acquisitions sourced through presence in local markets



Progress Year to Date

- €350 million acquisition volume
 - Closed or under Letter of Intent
- 3 transactions
 - 2 Office portfolios
 - 1 Retail portfolio
- 68 assets
 - 10 Office assets
 - 58 Retail assets



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Asset Management

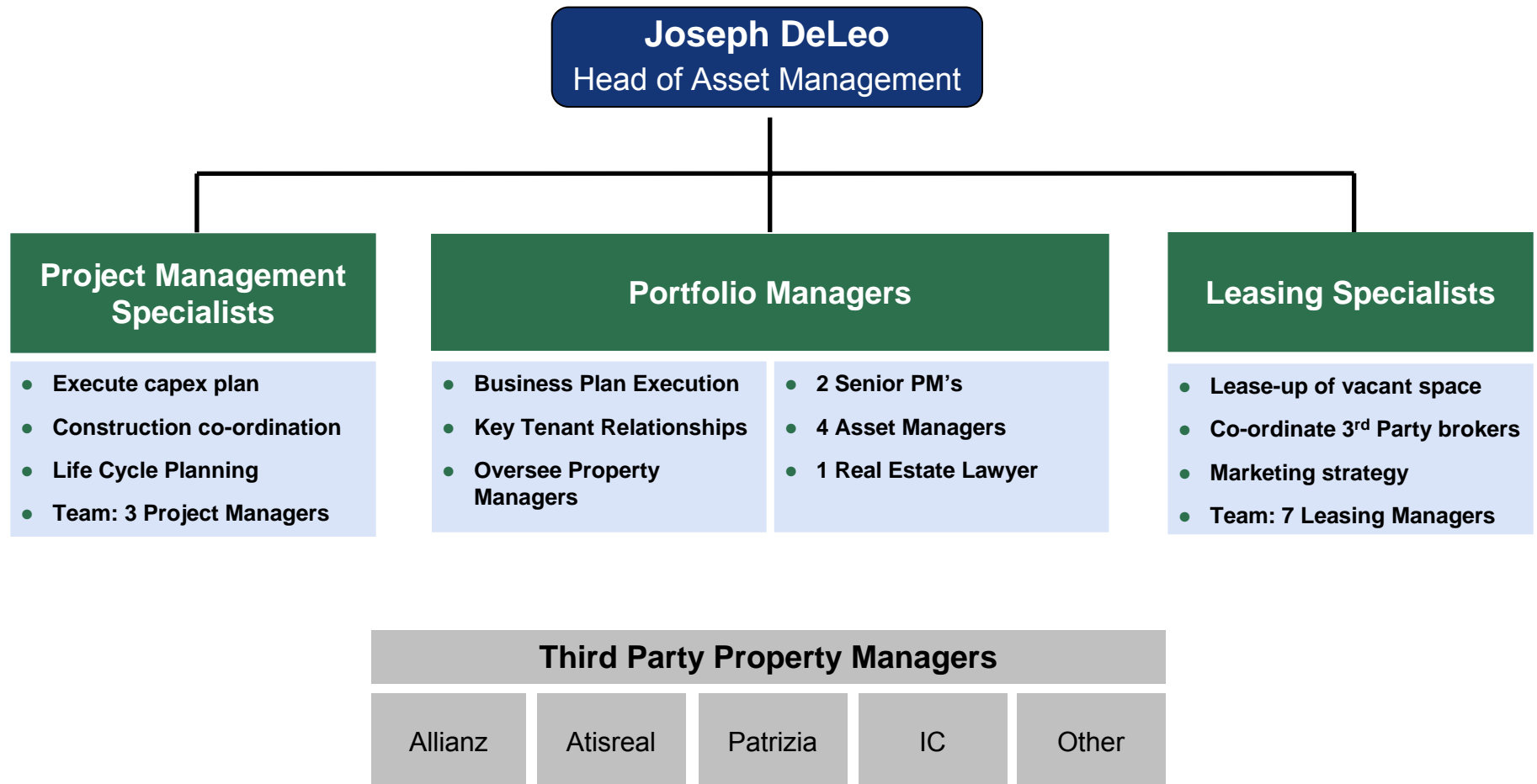
Head of Asset Management

Joseph DeLeo



Asset Management Platform

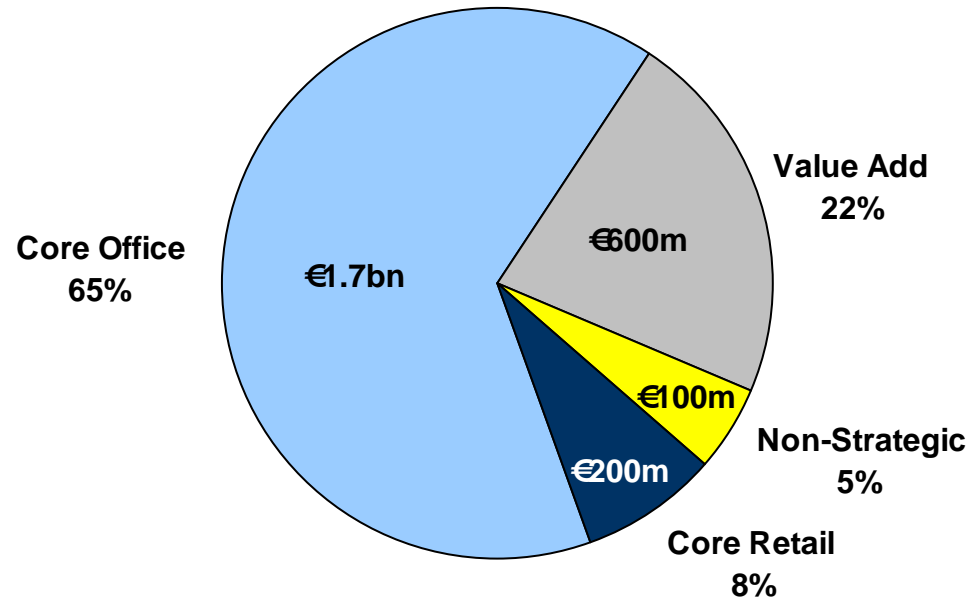
- Value add asset management kept in-house with 17 specialists on the ground in Germany



Note: Team members include four specialists to be hired



Asset Management Strategy



Core Office Holdings

65% of Total Value

- Long Term Hold
- Pursue Lease Extensions
- Invest to Maintain Market Position

Core Retail Holdings

8% of Total Value

- Long Term Hold
- Monitor Trends in Local Markets
- Capitalize on Changes in Retail Formats

Value Add Holdings

22% of Total Value

- Medium Term Hold
- Lease-up to Market Levels
- Constant review: disposal vs. hold

Non - Strategic

5% of Total Value

- Short Term Hold
- Residential property, Leaseholds
- Partial ownership, Non-strategic locations



Asset Management Results

Objectives

- Grow Revenues

- Maintain Occupancy

- Increase Cash-Flow

Plan

- Increase occupancy

- Active Tenant Management

- Control Costs/
Manage Capex

Results to Date

- YTD 38 new leases for 14,600 sqm
- Annualized Rents €1.4 million
- Average rents of €7.20 sqm
- Weighted Average Term 6.3 yrs

- Renewed 18,000 sqm
- Achieved 80% renewal rate
- Assumed 65% probability rate
- Preserved €1.8 million of rent

- Re-tendered FM contracts
- Reduced FM costs by 20%
- Re-focused Capital Expenditures
- Reduced 2006 spend by 50%



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