EUROCASTLE INVESTMENT LIMITED AND SUBSIDIARIES

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

Eurocastle Investment Limited today announced its financial results for the three months ended 31 March 2009. The Company and its subsidiaries ("the Group") has Euro denominated shares which are currently listed on Euronext Amsterdam, under the symbol "ECT" and on the Frankfurt Stock Exchange, under the symbol "EUI1". Eurocastle is managed by an affiliate of Fortress Investment Group LLC. For more information regarding Eurocastle and to be added to our email distribution list, please visit www.eurocastleinv.com.

Further details of Eurocastle's liquidity position are included in its 2008 Annual Report. The Company announced today its intention to raise up to €130 million of additional funds through the issue of unlisted perpetual convertible securities. Certain terms of the offer are set out below.

Highlights

Financial

- **FFO*** was €12.3 million or €0.20 per share for the three months ended 31 March 2009 compared with €8.2 million or €0.13 per share and €22.6 million or €0.35 per share for the three months ended 31 December 2008 and 31 March 2008, respectively.

- **NAV** per share of €10.60 as at 31 March 2009 comprising (€1.07) for the debt investment business and €11.67 for the commercial property portfolio (31 December 2008: €13.35 comprising (€0.27) for the debt investment business and €13.62 for the commercial property portfolio). Adjusted for the refinancing of the Mars portfolio, (which was completed on 27 May 2009) the NAV per share as at 31 March 2009 should be €8.45 per share.

- **Real estate NAV** per share of €9.52 after the Mars Portfolio refinancing, reflecting a NOI yield on valuation of 5.8%.

- **Net loss after tax** was €162.5 million for the three months ended 31 March 2009, compared with a loss of €263.8 million for the three months ended 31 December 2008 and a loss of €84.1 million for the three months ended 31 March 2008. The losses primarily relate to non-cash valuation adjustments to our portfolio.

Business Review

- Sold 8 properties during the first quarter 2009, for total sales proceeds of €100.1 million, compared to a carrying value of €104.1 million. The sales price equated to a 5.6% NOI yield.

- During the first quarter 2009 the Group signed 81 commercial leases for approximately 31,000 square metres, including new leases for approximately 20,500 square metres.

- Lettable space of 2.1 million square metres with occupancy of 85.7% as at 31 March 2009, unchanged from 31 December 2008 on a same store basis.

* FFO (Funds from Operations) is a non-IFRS financial measure used by our Group's management to report the funds generated from operations for investment and the payment of dividends to shareholders. The FFO measure above is stated excluding realised gains and losses and related costs on asset sales and impairment charges.

Financing and Liquidity

- As at 31 March 2009, the Company had a corporate cash balance of €14.3 million.

- Following the repayment of €10 million of its corporate loan on 31 March 2009, the Group has two material short term recourse obligations totalling €145 million comprised as follows:

    - A €115 million corporate loan facility (with scheduled amortization payments prior to maturity on 30 June 2011), and
    - A guarantee obligation limited to €30 million in respect of an acquisition facility which matures on 30 September 2009.

- The Company announced today its intention to raise €130 million of additional funds through the issue of unlisted perpetual convertible securities. The offer includes (without limitation) the following terms:

    - The convertible securities will be issued at par and will be entitled to a coupon of 20 per cent, payable annually in arrear. Interest may accrue and is capable of being paid in shares at the conversion price at the Company's discretion. No interest will be paid out until the corporate loan facility has been paid off in full.
    - The convertible securities are perpetual but the Company may redeem the securities after 2 years at a premium of 20 per cent.
    - The securities will be convertible into shares at the holder's option at a conversion price per Ordinary Share of €0.30. This represents a 6% premium to the volume weighted average trading price for the Company's ordinary shares for the 10 trading days prior to the announcement of the potential capital raise on 30th April.
    - Under the terms of the issue and subject to applicable securities laws and regulations, the Company is proposing to invite qualifying shareholders, regardless of the number of Ordinary Shares they hold, to apply to subscribe for the convertible securities which will have a minimum denomination of €50,000.
    - The Company will reserve the right to decline applications in excess of any qualifying shareholder's pro rata entitlement. In the event of over-subscription of the convertible securities, the Company will have the discretion to increase the principal amount of the securities offered and/or to scale back applications to a minimum subscription amount of €50,000.
    - The Company will reserve the right to allocate a portion of the convertible securities to third parties.
    - Certain funds managed by Fortress have conditionally undertaken to participate in the issue by subscribing approximately €15.4 million of the issue.

- The Company intends to appoint Lazard & Co. Limited as financial adviser and placement agent in connection with this issue of convertible securities.

Conference Call

Management will conduct a conference call today, 28 May 2009, to review the Group's financial results for the quarter ended 31 March 2009. The conference call is scheduled for 1:00 P.M. London time (8:00 A.M. New York time). All interested parties are welcome to participate on the live call. You can access the conference call by dialling +1-866-395-6634 (from within the U.S.) or +1-706-679-1521 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference "Eurocastle First Quarter Earnings Call."

A webcast of the conference call will be available to the public on a listen-only basis at www.eurocastleinv.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available for three months following the call.

For those who are not available to listen to the live call, a replay will be available until 11:59 P.M. New York time on Thursday, 4 June 2009 by dialling +1-800-642-1687 (from within the U.S.) or +1-706-645-9291 (from outside of the U.S.); please reference access code "10790383."

EUROCASTLE INVESTMENT LIMITED AND SUBSIDIARIES

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

Key Financial Information

Income Statement Data **Three months ended (in €'000, except per share data)**	**31 March 2009 (Unaudited)**	**31 December 2008 (Unaudited)**	**31 March 2008 (Unaudited)**
Interest income	24,791	37,657	38,046
Rental income	63,234	66,348	74,996
(Decrease) in fair value of investment properties	(130,371)	(248,329)	(99,836)
Other than temporary impairment on securities	(39,840)	(13,356)	-
Interest expense	(57,202)	(75,065)	(75,421)
Service charges and property operating expenses	(22,463)	(24,839)	(20,819)
Other operating expenses	(10,787)	(10,165)	(8,717)
Net (loss) before taxation	(165,253)	(271,188)	(85,449)
Net (loss) after taxation	(162,457)	(263,810)	(84,132)
Funds from operations ("FFO")	(35,724)	(12,725)	22,647
(Loss) per weighted average basic share	(2.67)	(4.34)	(1.32)
(Loss) per weighted average diluted share	(2.67)	(4.34)	(1.31)
FFO per weighted average basic share	(0.59)	(0.21)	0.35
FFO per weighted average diluted share	(0.59)	(0.21)	0.35
Basic	60,731,646	60,731,646	63,927,634
Diluted	60,731,646	60,731,646	64,412,052
Ordinary shares outstanding	**60,731,646**	**60,731,646**	**63,927,634**

Summarised Balance Sheet **(in €'000, except per share data)**	**31 March 2009 (Unaudited)**	**31 December 2008**
Cash and cash equivalents	106,904	119,869
Investment property (including properties held for sale)	4,025,090	4,230,111
Debt investments	1,718,722	1,733,942
Other assets	136,564	164,387
Total assets	**5,987,280**	**6,248,309**
Interest bearing debt financing	(5,193,188)	(5,300,880)
Other liabilities	(150,263)	(136,377)
Total liabilities	**(5,343,451)**	**(5,437,257)**
Net assets	**643,829**	**811,052**
Net assets per share	**10.60**	**13.35**

FFO Reconciliation **Three months ended (in €'000)**	**31 March 2009 (Unaudited)**	**31 December 2008 (Unaudited)**	**31 March 2008 (Unaudited)**
Reconciliation of FFO to net profit after taxation			
Net (loss) / profit after taxation	(162,457)	(263,810)	(84,132)
Decrease / (increase) in fair value of investment properties	130,371	248,329	99,836
Decrease / (increase) in fair value of interest rate swaps	2,524	13,665	10,058
Unrealised movements on currency swaps (net of translation (gains) / losses on related assets)	64	399	(1,444)
Realised (loss) on sale of investment properties	(3,365)	(5,334)	-
Deferred tax (benefit) / charge on investment properties	(2,861)	(5,974)	(1,671)
Funds from operations (FFO)	**(35,724)**	**(12,725)**	**22,647**

Investment Portfolios

Investment property portfolio (on a like for like basis)

Markets	Property valuation* 31 March 2009	31 Dec 2008	Occupancy 31 March 2009	31 Dec 2008	Annualised Net operating income** 31 March 2009	31 Dec 2008	NOI yield on valuation 31 March 2009	31 Dec 2008
	€m	€m	%	%	€m	€m	%	%
Top 5 markets								
Frankfurt	1,478	1,533	85.0%	85.4%	81.0	80.7	5.5%	5.3%
Munich	466	490	71.0%	70.0%	22.2	21.2	4.8%	4.3%
Hamburg	206	211	91.5%	91.0%	11.9	11.9	5.8%	5.6%
Berlin	161	165	81.9%	82.5%	8.1	7.8	5.0%	4.7%
Düsseldorf	314	321	95.5%	94.9%	17.9	17.4	5.7%	5.4%
Subtotal – top 5 markets	**2,625**	**2,720**	**83.7%**	**84.3%**	**141.1**	**139.0**	**5.4%**	**5.1%**
Remaining West	1,173	1,196	89.2%	89.2%	74.4	74.3	6.3%	6.2%
Remaining East	205	210	81.9%	82.5%	15.0	15.0	7.3%	7.1%
Total portfolio	**4,003**	**4,126**	**85.7%**	**85.7%**	**230.5**	**228.3**	**5.8%**	**5.5%**

* The above valuation does not include €46.1 million (31 December 08: €24.0 million) relating to head leases.
** Net operating income excludes amortisation of tenant incentives and leasing commissions and the fund costs related to the Drive portfolio included within property operating expenses in the consolidated income statement.

Portfolio composition

Asset	No. of properties	Occupied space (sqm)	Occupancy %	Passing rent €m	Annualised NOI €m	Property valuation €m	Average lease term	NOI yield on valuation %
Stable	509	1,181,840	92.9%	161.8	151.2	2,303	7.4	6.6%
Value Add	58	611,446	74.4%	92.2	79.3	1,700	3.2	4.7%
Grand Total	**567**	**1,793,286**	**85.7%**	**254.0**	**230.5**	**4,003**	**5.9**	**5.8%**

* Stable assets are those assets with long term leases and high occupancy.
** Value add assets are those assets with upside valuation potential through active asset management (lease-up and repositioning).

Debt investment portfolio

Asset class	Nominal €'000	Total debt book %
Commercial real estate backed	1,480,290	79.5%
Residential real estate backed	308,054	16.6%
Other	72,049	3.9%
	1,860,393	**100.0%**

Financial Review

Funds from operations (FFO)

FFO is an appropriate measure of underlying operating performance of companies primarily involved in real estate as it provides investors with information regarding the Group's ability to service debt and make capital expenditure.

The table below shows the summarised financial data of the Group's business segments with the unallocated amounts per Note 20 allocated between the segments on the basis disclosed below the table. The segmental analysis prepared according to IFRS has been disclosed in Note 20.

Income statement data **Three months ended 31 March 2009** **(Unaudited)**	**Debt investments** **€'000**	**Investment properties** **€'000**	**Total Eurocastle** **€'000**
Revenue[1]	24,378	77,692	**102,070**
Other operating losses	-	(135,292)	**(135,292)**
Impairment losses	(39,840)	-	**(39,840)**
Interest expense	(17,194)	(40,008)	**(57,202)**
Service charge and property operating expenses	-	(22,463)	**(22,463)**
Other operating expenses (including foreign currency gains/(losses))[2]	(3,058)	(9,468)	**(12,526)**
Operating (loss) before taxation	**(35,714)**	**(129,539)**	**(165,253)**
Taxation credit/(expense)	-	2,796	**2,796**
Net (loss)	**(35,714)**	**(126,743)**	**(162,457)**
Decrease / (increase) in fair values	64	132,895	**132,959**
Realised (losses) on sale	-	(3,365)	**(3,365)**
Deferred tax	-	(2,861)	**(2,861)**
Funds from operations	**(35,650)**	**(74)**	**(35,724)**
Funds from operations per ordinary share[3] €	**(0.59)**	**0.00**	**(0.59)**
Funds from operations (excluding realised losses and related costs on asset sales and impairment losses)	**4,190**	**8,155**	**12,345**
Funds from operations (excluding realised losses and related costs on asset sales and impairment losses) per ordinary share €	**0.07**	**0.13**	**0.20**

1 Unallocated revenue of €0.1 million has been allocated between the segments based on each segment's share of invested equity. Amounts allocated were; debt investments: €0.0 million and investment properties: €0.1 million.

2 Unallocated other operating expenses of €6.6 million have been allocated between the segments based on each segment's share of invested equity. Amounts allocated were; debt investments: €1.0 million and investment properties: €5.6 million.

3 Earnings per share and FFO per share are calculated on the weighted average number of shares at 31 March 2009.

Three months ended	**31 March 2009 (Unaudited)** **€'000**	**31 December 2008** **€'000**	**31 March 2008 (Unaudited)** **€'000**
Funds from operations	(35,724)	(12,725)	22,647
FFO per ordinary share	(0.59)	(0.21)	0.35

FFO, including gains and impairment losses, for the first quarter 2009 was a loss of €35.7 million. There were no impairments for the first quarter 2008 and €13.4 million for the fourth quarter 2008.

FFO for the first quarter 2009 decreased by €23.0 million against the fourth quarter 2008 mainly due to:
- higher impairment losses of €26.5 million
- realised loss on sale of debt investments of €2.4 million in Q1 2009
- foreign exchange movements of €1.2 million

Offset by:
- lower net interest expense of €5.0 million
- lower property related expenses of €2.4 million

The decrease in FFO for the first quarter 2009 by €58.4 million against the first quarter 2008 is due mainly to:

- no impairment losses recognised in the first quarter of 2008 compared to first quarter of 2009 of €39.8 million
- no realised loss on sale of debt investments in the first quarter of 2008 compared to first quarter of 2009 of €2.4 million
- no realised loss on sale of investment properties in the first quarter of 2008 compared to first quarter of 2009 of €3.4 million
- rental and service charge guarantee in first quarter of 2008, which expired in Q2 2008, and investment property disposals resulting in lower income of €13.0 million
- foreign exchange movements of €2.8 million
- higher property related expenses of €1.6 million

Offset by:

- lower net interest expense of €5.0 million

Operating Income

The Group's operating income consists of rental and service charge income from German commercial property, interest income from debt investments, gains/losses on sale of available for sale assets, impairment losses on securities and fair value movements on investment properties and interest rate swaps.

Operating income, excluding fair value movements is shown in the table below:

Operating income (excluding fair value movements) **Three months ended**	**31 March 2009** **(Unaudited)**	**31 December 2008** **(Unaudited)**	**31 March 2008** **(Unaudited)**
Interest income	24,791	37,657	38,046
Rental income	63,234	66,348	74,996
Service charge income	14,045	10,786	15,285
Total	**102,070**	**114,791**	**128,327**

The decrease in interest income compared with the three months ended December 2008 and the three months ended 31 March 2008 was principally due to lower interest rates.

The decrease in rental income compared to the three months ended 31 March 2008 reflects the sale of real estate assets and the expiry of rental guarantee in the second quarter 2008. The slight decrease in rental income compared to the three months ended 31 December 2008 reflects the sale of assets in the Drive, Wave and Mars portfolios.

Service charge income represents the service costs that have been charged to the tenants and includes common area maintenance, insurance, utilities costs and property taxes and a service charge guarantee on the Mars portfolio. The reduction in service charge income of €1.2 million from the three months ended 31 March 2008 mainly reflects the expiry of service charge guarantees in the second quarter of 2008 (€29,000 receivable in Q1 2009 compared to €1.6 million in Q1 2008). The increase in service charge income as compared to the three months ended 31 December 2008 is due to additional recoveries as a direct result of additional recoverable expenses being incurred.

Fair value movements / impairment losses **Three months ended**	**31 March 2009** **(Unaudited)**	**31 December 2008** **(Unaudited)**	**31 March 2008** **(Unaudited)**
(Decrease) in fair value of investment properties	(130,371)	(248,329)	(99,836)
(Loss) on sale of asset back securities, available-for-sale	(2,397)	-	-
(Decrease) / increase in fair value of interest rate swaps	(2,524)	(13,665)	(10,058)
Impairment losses	(39,840)	(13,356)	-
Total	**(175,132)**	**(275,350)**	**(109,894)**

The Group's investment properties are revalued for the purposes of the Group's financial statements on a quarterly basis by external valuers. The main factors the valuers consider when determining a fair valuation are the following: passing rent, void periods, yield, relettability and marketability of properties.

During the 3 months ended 31 March 2009, the Group sold 3 assets out of the Drive Liquidity fund for total proceeds of €6.5 million.

The fair value of interest rate swaps decline (€7.5 million as compared to the three months ended 31 March 2008 and €11.1 million as compared to the three months ended 31 December 2008) is due to significant falls in interest rates, particularly during the last quarter of 2008 while the Group remained a net fixed interest rate payer.

During the three months ended 31 March 2009, the Group has recognised impairment losses on three securities or loans within the debt investment portfolio. This is compared to the three months ended 31 December 2008 where the Group recognised impairment losses on five securities and loans totalling €13.4 million within the debt investment portfolio.

Operating Expenses

The Group's operating expenses consist of interest expenses, service charge expenses, property operating expenses and other operating expenses as shown in the table below:

Quarter ended	31 March 2009 €'000 (Unaudited)	31 December 2008 €'000 (Unaudited)	31 March 2008 €'000 (Unaudited)
Interest expense	57,202	75,065	75,421
Losses / (gains) on foreign currency contracts, translation and swaps	1,739	560	(1,075)
Service charge expenses	14,045	10,786	15,285
Property operating expenses	8,418	14,053	5,534
Other operating expenses	10,787	10,165	8,717
Total operating expenses	**92,191**	**110,629**	**103,882**
Operating income (excluding fair value movements and impairment losses)	**102,070**	**114,791**	**128,327**

A significant proportion of the Group's operating expenses represent interest expense (62% for the three months ended March 2009, 68% for the three months ended 31 December 2008, 73% for the three months ended March 2008). The decrease from 2008 was due to lower interest rates during Q1 2009 and repayment of debt through commercial property sales.

The Group's property operating expenses include common area maintenance, insurance, utilities costs and property taxes that cannot be recovered from tenants or that relate to vacant space. The increase as compared to the three months ended 31 March 2008 was predominantly due to the increase in amortisations of tenant incentives and leasing commissions. Tenant incentives and leasing commissions increased throughout 2008 due to the leasing up of vacant space.

The Group's other operating expenses include Management Fees paid to the Manager of €5.3 million. Other operating expenses increased by €0.6 million due to transaction costs incurred relating to the sale of properties in the Drive, Wave, and Mars portfolios. There was no significant movement in other property expenses as compared to the three months ended 31 December 2008.

Corporation Tax

The Group's corporation tax on operating profit is shown in the table below:

Three months ended	31 March 2009 €'000 (Unaudited)	31 December 2008 €'000 (Unaudited)	31 March 2008 €'000 (Unaudited)
Current tax charge / (credit)	65	(1,404)	354
Deferred tax credit	(2,861)	(5,974)	(1,671)
Total tax credit	**(2,796)**	**(7,378)**	**(1,317)**

The deferred tax represents temporary timing differences between the fair value and the German tax book value of all investment properties, except those within the Drive portfolio (which are exempt from corporation tax on all income generated and revaluation gains).

The Group has structured its investments in a tax efficient manner but changes in tax legislation or management non-compliance with certain tax principles in relevant jurisdictions (including Guernsey, Luxembourg, Ireland, United Kingdom and Germany) could affect the Group's effective rate of taxation.

Balance Sheet Review

The segmental analysis prepared according to IFRS has been disclosed in Note 20. The table below shows the summarised financial data of the Group's business segments on a pro-forma basis with the unallocated amounts per Note 20 allocated between the segments on the basis disclosed in the table below.

Balance sheet data

As at 31 March 2009 (Unaudited)	Debt investments €'000	Investment properties €'000	Total Eurocastle €'000
Investments	1,712,736	4,031,076	**5,743,812**
Other assets[1]	100,373	143,095	**243,468**
Total assets	**1,813,109**	**4,174,171**	**5,987,280**
Interest-bearing debt financing[3]	(1,872,279)	(3,320,909)	**(5,193,188)**
Other liabilities[2]	(5,873)	(134,213)	**(140,086)**
Total liabilities	**(1,878,152)**	**(3,455,122)**	**(5,333,274)**
Segment net assets / (liabilities)	**(65,043)**	**719,049**	**654,006**
Tax liability	-	(10,177)	**(10,177)**
Minority interest	(2)	(4)	**(6)**
Net assets / (liabilities)	**(65,045)**	**708,868**	**643,823**
Net assets / (liabilities) per share €	**(1.07)**	**11.67**	**10.60**
Transfer of 50% of Mars NAV[4]	-	**(130,907)**	**(130,907)**
Pro forma net assets / (liabilities) after transfer	**(65,045)**	**577,961**	**512,916**
Pro forma net assets / (liabilities) per share after transfer	**(1.07)**	**9.52**	**8.45**

1 Unallocated other assets of €17.0 million have been allocated between the segments based on each segment's share of invested equity. Amounts allocated were; debt investments: €2.5 million and investment properties: €14.5 million.

2 Unallocated other liabilities of €5.0 million have been allocated between debt investment and investment property segments based on each segment's share of invested equity. Amounts allocated were: debt investments: €0.7 million and investment properties: €4.3 million.

3 Included in the interest-bearing debt financing is the corporate loan balance of €114 million, split between the debt investments: €17 million and investment properties: €97 million.

4 See Financing Review on page 11

The debt investment securities portfolio is predominantly financed to maturity with long-term collateralised debt obligations ("CDOs") that are not callable as a result of changes in value and are non-recourse to the Group. While the assets in the CDOs are consolidated in the financial statements for IFRS purposes, the Group's exposure to losses is limited to its initial investment in each CDO. The 31 March 2009 IFRS net asset value reflects approximately €155.1 million of unrealised losses in assets within the Group's CDOs that exceeds its investment in the CDOs and, therefore, could not be realised in cash terms by the Group.

Total Assets

Total assets as at 31 March 2009 amounted to €6.0 billion, representing a 4% decrease from €6.2 billion as at 31 December 2008. This primarily reflects the reduction in value of the commercial property portfolio of €130.4 million, and the sale of 8 assets within the commercial property portfolio, in the first quarter of 2009, valued at €100 million. In addition debt investments declined €15.2 million.

Real Estate Investments

As at 31 March 2009, the Group's real estate portfolio comprised €4.0 billion of commercial property investments compared with €4.1 billion as at 31 December 2008, on a like-for-like basis. This represents a decrease of 2.4% in the fair value of investment properties on the 31 December 2008 values.

Debt Investments

Following the amendments to IAS 39 and IFRS 7, "Reclassification of Financial Assets", the Group reclassified all available for sale securities within CDO II, CDO III and CDO V to loans and receivables with effect from 1 July 2008 at fair value at that date.

The change in the value of the reclassified securities during the quarter, had they been held as available for sale, would have been an €136 million unrealised loss.

Financing Activities

The Group's financing position as at 30 April 2009 was as follows:

Maturities and Amortization								
Portfolio (€million)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015 +**	**TOTAL**
Non - Recourse								
Mars - fixed	-	-	-	-	-	966.4	-	**966.4**
Mars - floating *	35.6	50.0	75.0	75.0	-	-	-	**235.6**
Mars - fixed 2	-	-	-	-	79.0	-	-	**79.0**
Drive	-	-	-	-	939.7	-	-	**939.7**
Bridge	-	-	-	-	-	372.1	-	**372.1**
Wave	-	-	-	-	-	205.4	-	**205.4**
Turret	-	-	-	-	-	-	147.6	**147.6**
Truss	-	-	-	0.2	0.9	-	84.2	**85.3**
Belfry	-	-	-	-	-	-	56.2	**56.2**
Superstella	-	-	-	-	-	-	54.5	**54.5**
Tannenberg	-	-	-	-	-	53.0	-	**53.0**
Zama	-	-	-	-	-	39.9	-	**39.9**
Bastion	-	-	-	26.5	-	-		**26.5**
Real Estate Total	35.6	50.0	75.0	101.7	1,019.6	1,636.8	342.5	**3,261.2**
CDO II	-	-	-	-	-	-	305.6	**305.6**
CDO III	-	-	-	-	-	-	704.3	**704.3**
Duncannon	-	-	-	-	-	-	696.6	**696.6**
CDO IV	63.3	-	-	-	-	-	-	**63.3**
EFL	70.1	-	-	-	-	-	-	**70.1**
Debt Total	133.4	0.0	0.0	0.0	0.0	0.0	1,706.5	**1,839.9**
Total Non-Recourse	**169.0**	**50.0**	**75.0**	**101.7**	**1,019.6**	**1,636.8**	**2,049.0**	**5,101.1**
Recourse								
EFL	30.0	-	-	-	-	-	-	**30.0**
Corporate Loan	50.0	45.0	20.0	-	-	-	-	**115.0**
Total Recourse	**80.0**	**45.0**	**20.0**	**0.0**	**0.0**	**0.0**	**0.0**	**145.0**
GRAND TOTAL	**249.0**	**95.0**	**95.0**	**101.7**	**1,019.6**	**1,636.8**	**2,049.0**	**5,246.1**

* This facility contains an interest top-up guarantee of up to a maximum of €10 million from Eurocastle in the event that there is insufficient net operating cashflow from the Mars Floating portfolio to meet current interest.

Real Estate Portfolio Financing

The Group continues to finance its core real estate portfolio with fixed rate term loans, which, during the period of ownership, has substantially eliminated its exposure to increased interest rates. This is consistent with the objective of locking in the spread between the yield on its investments and the cost of financing those investments.

Debt Investment Portfolio Financing

The Group has no mark-to-market or full recourse exposure on its debt portfolio. As at 30 April 2009, out of total financing facilities of €1.8 billion, the Group has financing totalling €163.4 million maturing within the year. One facility for €63.3 million, relating to CDO IV, is non recourse and matures in December 2009. The second facility (the EFL facility) is for €100.1 million and matures in September 2009. This facility has limited recourse of €30 million.

At 31 March 2009, approximately 88.1% of the debt investment portfolio benefits from financing maturing beyond the maturity date of its assets.

A significant portion of the Group's debt investments are financed with non-recourse collateralised debt obligations, known as CDOs. As a necessary consequence of the existence of certain covenants, where compliance is a function of the default rate and external credit ratings of the underlying investments, there is currently a material risk that, in the event of a breach of those covenants, that a substantial proportion of the net cash flows attributable to the debt business could be mandatorily applied to the repayments of the debt funding those underlying investments. The Directors consider that there are material risks to the cash flows from the Group's debt investment operations. In particular, as noted in the 2008 Annual Report, CDO II, III and V remain out of compliance in respect of certain tests where compliance is a function of the default rate and external credit ratings of the underlying investments. Continuing failure of those tests will lead to a substantial proportion of the net cash flows attributable to the debt business being mandatorily applied to the repayments of debt funding those underlying investments. Furthermore there are additional covenants, also where compliance is a function of the default rate and credit ratings of the underlying investments, which if breached would constitute an event of default under the terms of those borrowings and as such give a right of acceleration to the respective lenders. The underlying investments in the CDOs are continuing to generate cash flows. However, in the current environment, where the frequency and more importantly severity of negative ratings actions has increased exponentially, the risk of a diversion of net cash flows has become very likely and the risk of an event of default while previously quite remote has become a material risk.

Short Term Financing

As noted in the 2008 Annual Report, the terms of the Group's Corporate Loan Facility were amended in April 2009 and the principal amount outstanding at the publication date of these financial statements is €115 million. The Corporate Loan Facility matures on 30 June 2011 and has planned semi-annual amortisations reducing it to €95 million by 30 June 2009, to €65 million by 31 December 2009, to €45 million by 30 June 2010, and to €20 million by 31 December 2010.

The Mars Floating Facility of €236 million was refinanced in February 2009. The amended Facility matures on 31 December 2012 and has scheduled amortisation payments of €36 million, €50 million, and €75 million at the end of 2009, 2010, and 2011, respectively. In consideration of the extension of this facility, the Group has agreed to transfer to the Mars Floating Facility lender approximately half of its equity investment in the combined Mars portfolios as at 31 January 2009. The Group's investment in the combined Mars portfolio as at 31 March 2009 was €262 million.

Additional details on the Corporate Loan Facility and Mars Floating Facility, together with the Directors' assessment of the Group's ability to continue as a going concern has not changed since the publication of the 2008 Annual Report and are set out in Note 3 of the Notes to the Consolidated Financial Statements therein.

Commercial Property Portfolio

As at 31 March 2009, Eurocastle owned a €4.0 billion portfolio of commercial property investments. At quarter end, the investment property portfolio comprised 567 properties with approximately 2.1 million square meters (sqm) of lettable space. The portfolio had a total occupancy of 85.7%, and a weighted average remaining lease term of 5.9 years. The Group derives 60% of its rental income from the five major German markets. At the end of the first quarter, the Group's investment property portfolio generated an average NOI* yield of 5.8%.

We view our commercial property portfolio as having two categories of assets as shown in the table below. Stable assets are long-term leased and retail properties that give us good, stable returns, with a modest amount of near-term growth. The other properties are the active asset management component of the portfolio. These are the value-add assets which require leasing or repositioning and are where the majority of our asset management activity is focused and will have the greatest potential upside. We aim to continue to lease up these assets, improve occupancy and look to sell those which have limited further upside, are non-core asset classes, or are in peripheral markets.

Portfolio composition

Asset	No. of properties	Occupied space (sqm)	Occupancy %	Passing rent €m	Annualised NOI €m	Property valuation €m	Average lease term	NOI yield on valuation %
Stable*	509	1,181,840	92.9%	161.8	151.2	2,303	7.4	6.6%
Value Add**	58	611,446	74.4%	92.2	79.3	1,700	3.3	4.7%
Grand Total	**567**	**1,793,286**	**85.7%**	**254.0**	**230.5**	**4,003**	**5.9**	**5.8%**

* Stable assets are those assets with long term leases and high occupancy.
** Value add assets are those assets with upside valuation potential through active asset management (lease-up and repositioning).

During the first quarter of 2009, the Group has signed 81 commercial leases for approximately 31,000 sqm, of which new leases accounted for approximately 20,500 sqm. The level of physical portfolio occupancy, on a like for like basis, remained stable at 85.7% as compared to the previous quarter. Since quarter end, approximately 12,900 sqm of new leases and 1,600 sqm of renewals have been completed, with a further 3,600 sqm of new leases and 23,200 sqm of renewals currently under negotiation.

The Group completed the sale of 8 properties for total sales proceeds of €100 million, realising cash of €3.7 million, net of all transaction costs. Subsequent to quarter end, the Group has sold two further properties for total sale proceeds of €4.9 million, and has entered into binding agreements to sell two properties for estimated total proceeds of €0.5 million.

* Net Operating Income (NOI) represents gross rental income less net service charge expenses and property operating expenses on an annualised basis, excluding the investment properties held for sale.

The following tables show the split of real estate property investments by use, by geographical location, and by portfolio as at 31 March 2009.

As at 31 March 2009, the Group had signed 32 new leases for approximately €1.4 million of rental income per annum on approximately 12,400 sqm of vacant space, which will become effective during the second quarter 2009 or later. These leases have not been included in the following tables.

Rental Data

By Use

			Passing rent*		
Use	**Lettable (sqm)**	**Occupancy %**	**€'million Annual**	**%**	**€ per sqm/month**
Office	1,170,059	80.6%	143.2	56.3%	12.7
Retail	455,920	98.6%	54.8	21.6%	10.2
Bank Hall	106,138	98.0%	16.9	6.7%	13.6
Other	361,167	82.1%	39.1	15.4%	11.0
Total portfolio	**2,093,284**	**85.7%**	**254.0**	**100%**	**11.8**

By Location

			Passing rent*		
Location	**Lettable (sqm)**	**Occupancy %**	**€'million Annual**	**%**	**€ per sqm/month**
Frankfurt	546,197	85.0%	88.2	34.6%	15.7
Munich	204,567	71.0%	24.6	9.7%	14.1
Hamburg	91,808	91.5%	12.6	5.0%	12.5
Berlin	90,769	81.9%	9.4	3.7%	10.5
Düsseldorf	107,912	95.5%	18.6	7.3%	15.1
Subtotal – top 5 markets	**1,041,253**	**83.7%**	**153.4**	**60.3%**	**14.6**
Remaining West	835,448	89.2%	83.7	33.0%	9.4
Remaining East	216,583	81.9%	16.9	6.7%	7.9
Total portfolio	**2,093,284**	**85.7%**	**254.0**	**100%**	**11.8**

By Portfolio

			Passing rent*		
Portfolio	**Lettable (sqm)**	**Occupancy %**	**€'million Annual**	**%**	**€ per sqm/month**
Mars – fixed 1	462,383	83.0%	61.3	24.1%	13.3
Mars – fixed 2	36,936	88.7%	6.3	2.5%	16.1
Mars – floating	221,492	57.0%	14.6	5.7%	9.6
Drive	555,677	87.6%	78.5	31.1%	13.4
Bridge	192,015	93.6%	29.5	11.6%	13.7
Wave	203,096	83.9%	19.4	7.6%	9.5
Zama	30,567	86.0%	3.2	1.3%	10.3
Turret	140,933	99.1%	15.0	5.9%	8.9
Truss	81,258	99.6%	8.5	3.3%	8.7
Belfry	55,889	99.4%	5.4	2.1%	8.2
Rapid	37,612	100.0%	4.4	1.7%	9.7
Tannenberg	49,498	95.8%	5.2	2.0%	9.1
Bastion	25,928	100.0%	2.7	1.1%	8.8
Total portfolio	**2,093,284**	**85.7%**	**254.0**	**100%**	**11.8**

* Passing rent is defined as the annual gross rental income at the period end, excluding the net effects of straight lining for lease incentives.

Lease Expiry Data

By Use

Use	Average lease term	Passing rent*						
		2009	2010	2011	2012	2013	2014-2018	2019+
	Years	€m	€m	€m	€m	€m	€m	€m
Office	4.6	4.8	16.7	39.2	15.9	6.9	49.9	9.8
Retail	7.7	0.8	2.4	3.4	4.2	4.9	22.1	17.0
Bank Hall	5.3	-	0.2	2.4	2.4	0.2	10.5	1.3
Other	8.4	0.7	6.2	5.7	3.9	0.9	9.8	11.8
Total portfolio	**5.9**	**6.3**	**25.5**	**50.7**	**26.4**	**12.9**	**92.3**	**39.9**
Percentage of portfolio		2.5%	10.0%	20.0%	10.4%	5.1%	36.3%	15.7%

By Location

Location	Average lease term	Passing rent*						
		2009	2010	2011	2012	2013	2014-2018	2019+
	Years	€m	€m	€m	€m	€m	€m	€m
Frankfurt	5.3	1.4	8.2	26.3	9.6	2.8	32.9	7.3
Munich	7.3	1.5	2.9	8.4	2.3	1.5	2.5	5.5
Hamburg	4.0	1.3	1.9	2.9	1.6	0.7	3.0	1.2
Berlin	4.2	0.4	1.8	1.7	0.9	1.2	2.4	1.0
Düsseldorf	8.0	-	2.6	2.6	2.9	0.3	1.0	9.1
Subtotal – top 5 markets	**5.8**	**4.6**	**17.4**	**41.9**	**17.3**	**6.5**	**41.8**	**24.1**
Remaining West	6.3	1.5	6.4	7.6	8.3	4.2	40.8	14.8
Remaining East	5.3	0.2	1.7	1.2	0.8	2.2	9.7	1.0
Total portfolio	**5.9**	**6.3**	**25.5**	**50.7**	**26.4**	**12.9**	**92.3**	**39.9**

By Portfolio

Portfolio	Average lease term	Passing rent*						
		2009	2010	2011	2012	2013	2014-2018	2019+
	Years	€m	€m	€m	€m	€m	€m	€m
Mars – fixed 1	6.6	2.6	10.7	11.9	11.0	4.1	5.8	15.2
Mars – fixed 2	4.2	0.3	1.2	0.6	1.6	0.2	2.3	-
Mars – floating	3.4	1.2	4.1	2.9	1.5	1.1	3.3	0.5
Drive	5.2	0.8	4.5	25.9	5.5	1.9	31.0	8.8
Bridge	5.7	0.6	1.6	6.0	4.2	1.0	14.6	1.5
Wave	5.1	0.3	1.8	1.4	0.5	0.7	14.4	0.4
Zama	6.7	0.1	0.3	0.1	0.1	0.1	2.6	-
Turret	6.6	0.2	0.4	0.9	0.5	2.3	8.7	2.1
Truss	7.0	0.1	0.4	0.4	0.7	0.7	4.6	1.6
Belfry	6.8	0.1	0.1	0.5	0.3	0.7	2.7	1.1
Rapid	12.7	-	-	-	-	-	0.1	4.2
Tannenberg	8.4	-	0.4	0.1	0.5	0.1	2.1	1.9
Bastion	11.6	-	-	-	-	-	0.1	2.6
Total portfolio	**5.9**	**6.3**	**25.5**	**50.7**	**26.4**	**12.9**	**92.3**	**39.9**

* Passing rent is defined as the annual gross rental at the period end, excluding the net effects of straight lining lease incentives.

Valuation Data

By Location

Markets	Number of properties	Occupancy	Lettable space	Property valuation	Property cost	% of Portfolio	Net operating income	NOI yield on cost	NOI yield on valuation
		%	(sqm)	€m*	€m**	€m	€m***	%	%
Top 5 markets									
Frankfurt	49	85.0%	546,197	1,478	1,730	37.5%	81.0	4.7%	5.5%
Munich	16	71.0%	204,567	466	585	12.7%	22.2	3.8%	4.8%
Hamburg	14	91.5%	91,808	206	248	5.4%	11.9	4.8%	5.8%
Berlin	10	81.9%	90,769	161	177	3.9%	8.1	4.6%	5.0%
Düsseldorf	7	95.5%	107,912	314	357	7.8%	17.9	5.0%	5.7%
Subtotal – top 5 markets	**96**	**83.7%**	**1,041,253**	**2,625**	**3,097**	**67.3%**	**141.1**	**4.6%**	**5.4%**
Remaining West	369	89.2%	835,448	1,173	1,285	28.0%	74.4	5.8%	6.3%
Remaining East	102	81.9%	216,583	205	215	4.7%	15.0	7.0%	7.3%
Total portfolio	**567**	**85.7%**	**2,093,284**	**4,003**	**4,597**	**100%**	**230.5**	**5.0%**	**5.8%**

By Portfolio

Portfolio	Number of properties	Occupancy	Lettable space	Property valuation	Property cost	% of Portfolio	Net operating income	NOI yield on cost	NOI yield on valuation
		%	(sqm)	€m*	€m**	€m	€m***	%	%
Mars – fixed 1	28	83.0%	462,383	1,089	1,365	29.7%	55.1	4.0%	5.1%
Mars – fixed 2	3	88.7%	36,936	108	129	2.8%	5.5	4.3%	5.1%
Mars – floating	21	57.0%	221,492	351	413	9.0%	11.2	2.7%	3.2%
Drive	232	87.6%	555,677	1,171	1,344	29.2%	72.4	5.4%	6.2%
Bridge	6	93.6%	192,015	466	507	11.0%	28.2	5.6%	6.1%
Wave	79	83.9%	203,096	264	239	5.2%	17.4	7.3%	6.6%
Zama	8	86.0%	30,567	47	54	1.2%	2.9	5.4%	6.2%
Turret	63	99.1%	140,933	182	197	4.3%	13.8	7.0%	7.6%
Truss	41	99.6%	81,258	101	106	2.3%	7.8	7.4%	7.7%
Belfry	28	99.4%	55,889	66	69	1.5%	5.0	7.2%	7.6%
Rapid	18	100.0%	37,612	57	68	1.5%	4.1	6.0%	7.2%
Tannenberg	27	95.8%	49,498	65	71	1.5%	4.6	6.5%	7.1%
Bastion	13	100.0%	25,928	36	35	0.8%	2.5	7.1%	6.9%
Total portfolio	**567**	**85.7%**	**2,093,284**	**4,003**	**4,597**	**100%**	**230.5**	**5.0%**	**5.8%**

* The above valuation does not include €46.1 million relating to head leases.

** Includes leasing commissions and tenant incentives disclosed separately in other assets.

*** Net operating income excludes the amortisation of tenant incentives and leasing commissions and the fund costs related to the Drive portfolio included within property operating expenses in the consolidated income statement. It is shown here as the annualised amount at the period end.

Like for like* occupancy analysis

By Use

Use	31 March 2009 Occupancy (sqm)	31 March 2009 Occupancy %	31 March 2009 Passing rent** €m	31 December 2008 Occupancy (sqm)	31 December 2008 Occupancy %	31 December 2008 Passing rent** €m
Office	942,976	80.6%	143.2	938,622	80.4%	142.4
Retail	449,697	98.6%	54.8	450,226	98.7%	54.8
Bank Hall	104,052	98.0%	16.9	103,313	97.9%	16.8
Other	296,561	82.1%	39.1	302,202	82.9%	39.3
Total portfolio	**1,793,286**	**85.7%**	**254.0**	**1,794,363**	**85.7%**	**253.3**

By Location

Location	31 March 2009 Occupancy (sqm)	31 March 2009 Occupancy %	31 March 2009 Passing rent** €m	31 December 2008 Occupancy (sqm)	31 December 2008 Occupancy %	31 December 2008 Passing rent** €m
Frankfurt	464,315	85.0%	88.2	466,208	85.4%	88.2
Munich	145,336	71.0%	24.6	143,296	70.0%	24.0
Hamburg	84,043	91.5%	12.6	83,540	91.0%	12.6
Berlin	74,367	81.9%	9.4	74,927	82.5%	9.5
Düsseldorf	103,021	95.5%	18.6	102,434	94.9%	18.3
Subtotal – top 5 markets	**871,082**	**83.7%**	**153.4**	**870,405**	**84.3%**	**152.6**
Remaining West	744.910	89.2%	83.7	745,259	89.2%	83.8
Remaining East	177,294	81.9%	16.9	178,699	82.5%	16.9
Total portfolio	**1,793,286**	**85.7%**	**254.0**	**1,794,363**	**85.7%**	**253.3**

By Portfolio

Portfolio	31 March 2009 Occupancy (sqm)	31 March 2009 Occupancy %	31 March 2009 Passing rent** €m	31 December 2008 Occupancy (sqm)	31 December 2008 Occupancy %	31 December 2008 Passing rent** €m
Mars – fixed 1	383,752	83.0%	61.3	381,187	82.4%	60.5
Mars – fixed 2	32,747	88.7%	6.3	33,365	90.3%	6.5
Mars – floating	126,335	57.0%	14.6	125,727	56.8%	14.8
Drive	486,949	87.6%	78.5	489,589	88.1%	78.1
Bridge	179,776	93.6%	29.5	180,285	93.9%	29.5
Wave	170,336	83.9%	19.4	170,656	84.0%	19.5
Zama	26,288	86.0%	3.2	27,000	88.3%	3.3
Turret	139,642	99.1%	15.0	139,643	99.1%	15.0
Truss	80,935	99.6%	8.5	80,335	98.9%	8.4
Belfry	55,563	99.4%	5.4	55,613	99.5%	5.4
Rapid	37,612	100.0%	4.4	37,612	100.0%	4.4
Tannenberg	47,423	95.8%	5.2	47,423	95.8%	5.2
Bastion	25,928	100.0%	2.7	25,928	100.0%	2.7
Total portfolio	**1,793,286**	**85.7%**	**254.0**	**1,794,363**	**85.7%**	**253.3**

* Like for like represents common properties that are held at the end of both reporting periods.
** Passing rent excludes the impact of the rental guarantee.

Top 5 Tenants

Tenant name	Business sector	Passing rent €'000	% of total portfolio	Square meters
Dresdner Bank	Banking	63,133	24.9%	383,343
Deutsche Bank	Banking	15,219	6.0%	121,396
Edeka	Retail	12,686	5.0%	120,944
Starman Hotels	Hotel	9,513	3.7%	40,988
Deutsche Bahn	Railway	7,795	3.1%	43,388
Total portfolio		**108,346**	**42.7%**	**710,059**

Debt Investment Portfolio

Overview of the Debt Investment Portfolio

	31 March 2009 (Unaudited)	31 December 2008
Carrying value of total debt investments (excluding restricted cash) (€'000)	1,548,441	1,586,895
Implied discount margin (above Euribor) at carrying value	6.86%	6.17%
Amortised cost of total debt investments (excluding restricted cash) (€'000)	1,593,530	1,620,505
Weighted average asset margin (above Euribor)	1.79%	1.81%
Weighted average liability spread	0.57%	0.58%
Weighted average net spread	1.21%	1.23%
Weighted average credit rating	BB	BB+
Percentage investment grade of debt investment portfolio	51%	55%
Number of securities and loans	186	187

Eurocastle's €1.5 billion investment portfolio (excluding restricted cash) consists primarily of commercial real estate backed and residential real estate backed debt. The following describes the investment portfolio as at 31 March 2009:

Asset/liability structure for debt investment portfolio

31 March 2009 (Unaudited)	Assets			Cash in hand	Liabilities				
Funding structure	Nominal €'000	Average life	Average rating	Nominal €'000	Drawn amount €'000	Facility amount €'000	Average life €'000	Legal maturity	M-T-M provisions***
Eurocastle CDO II PLC	304,648	3.2	BBB-	24,467	295,885	295,885	6.3	Dec 2060	No
Eurocastle CDO III PLC	661,071	3.8	BBB-	77,122	704,250	704,250	6.3	Dec 2060	No
Eurocastle CDO IV PLC	103,453	3.3	A-	-	70,555	70,555	0.7	Dec 2009	No
Duncannon CRE CDO I PLC**	745,731	3.3	B+	62,706	696,583	696,583	5.9	Jun 2047	No
Eurocastle Funding Limited (unlevered)*	7,125	2.6	CCC-	-	-	-	-	-	-
Eurocastle Funding Limited (financed)	120,915	2.9	BB-	-	100,344	100,344	0.5	Sep 2009	No
Total	**1,942,943**	**3.4**	**BB**	**164,295**	**1,867,617**	**1,867,617**	**5.6**	-	-

* The legal maturity of Eurocastle Funding Limited's liabilities is based on the weighted average maturity of all its liabilities.
** Includes current face amount of Balance Guaranteed Swap Asset of €85.5 million on the nominal value of non Euro assets.
*** This states whether there are any of mark-to market covenants in the financing structures.

Debt Investment Portfolio Composition (31 March 2009)
(Unaudited)

Asset class	Nominal €'000	Total debt portfolio %
Commercial real estate backed	1,480,290	79.5%
Residential real estate backed	308,054	16.6%
Other	72,049	3.9%
	1,860,393	**100.0%**

Commercial Real Estate Backed Debt

At 31 March 2009, the Group owned €1.5 billion face amount of commercial assets (Commercial mortgage backed securities ("CMBS"), Mezzanine Loans, B-Notes, Whole Business Securitisations ("WBS"), NPL Securitisations and Real Estate Loans and SME CLOs. During the quarter ended 31 March 2009, the Group made no purchases, no sales and had principal repayments of €26 million. From a cash flow perspective the Group's €812.1 million CMBS portfolio continues to perform in line with expectations notwithstanding the highly stressed credit environment. Only 1.24% of the underlying loans are delinquent or in payment default, and 5.5% of loans in breach of covenants. To date only one security having a par outstanding amount of €2.3 million has defaulted on an interest payment, which was due to the bankruptcy of Lehman Brothers. In addition, of its Mezzanine Loans, B-Notes and Real Estate Loans, the Group had 1.8% of loans in either payment default or interest diversion and 3.16% in breach of a loan covenant at the end of the period. The Group had 3 CMBS securities upgraded totalling €53 million and 21 CMBS downgrades totalling €188 million during the full period.

Asset class	Nominal €'000	Total debt book %	Average rating*	Average credit spread* Bps	Average LTV %
CMBS	812,141	43.6%	BBB	2,048	61.7%
Commercial real estate loans	498,382	26.7%	B-	2,114	81.5%
NPL securitisation	9,210	0.5%	A+	828	18.7%
SME CLO	95,840	5.2%	BB+	3,845	0.0%
Whole business securitisation	64,717	3.5%	BB+	2,928	56.0%
	1,480,290	**79.5%**	**BB**	**2,218**	

* Average Ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security. The average credit spread represents the average implied discount margin (above Euribor) at the current estimated carrying value, weighted by the current nominal par amount outstanding.

Rating distribution / country exposure	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	B €'000	CCC €'000	CC	D	Total €'000	% of total debt portfolio
UK	9,991	28,712	43,277	133,164	89,482	37,546	125,272	69,374	9,445	**546,263**	**29.4%**
Germany	18,796	19,708	8,690	126,142	34,005	42,430	138,084	-	-	**387,855**	**20.8%**
Italy	-	4,649	4,560	57,170	28,957	15,100	32,500	-	-	**142,936**	**7.7%**
France	-	-	2,218	10,000	-	46,140	10,000	-	2,271	**70,629**	**3.8%**
Netherlands	-	-	-	19,696	17,108	-	-	-	-	**36,804**	**2.0%**
Switzerland	-	-	-	-	7,000	33,791	2,915	-	-	**43,706**	**2.3%**
Spain	-	-	12,200	3,800	8,934	1,398	-	-	-	**26,332**	**1.4%**
Pan-European	24,883	48,752	45,538	28,492	61,555	16,545	-	-	-	**225,765**	**12.1%**
Total	**53,670**	**101,821**	**116,483**	**378,464**	**247,041**	**192,950**	**308,771**	**69,374**	**11,716**	**1,480,290**	**79.5%**
% of total debt portfolio	**2.9%**	**5.5%**	**6.3%**	**20.2%**	**13.3%**	**10.4%**	**16.6%**	**3.7%**	**0.6%**	**79.5%**	

Residential Real Estate Debt

At 31 March 2009, the Group owned €308.1 million face amount of residential mortgage backed securities ("RMBS"). During the quarter ended 31 March 2009, the Group made no purchases or sales and had principal repayments of €0.5 million. The current average rating of the RMBS portfolio is BBB-. The Group had 7 securities totalling €24 million upgraded and 10 downgrades totalling €45 million during the full period.

The composition of the residential mortgage backed securities portfolio as at 31 March 2009 is shown below:

RMBS type	Nominal	Total debt book	Average rating*	Average credit spread*
	€'000	%		Bps
Prime	142,101	7.7%	BBB-	2,211
Mixed	65,982	3.5%	BBB-	3,019
Non conforming	99,971	5.4%	BBB-	2,131
Total	**308,054**	**16.6%**	**BBB-**	**2,358**

* Average Ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security. The average credit spread represents the average implied discount margin (above Euribor) at the current estimated carrying value, weighted by the current nominal par amount outstanding.

Rating distribution / country exposure	AA	A	BBB	BB	B	C	Total	% of total debt portfolio
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
United Kingdom	2,051	34,604	109,687	33,707	5,839	6,400	**192,288**	**10.2%**
Italy	-	-	28,000	2,750	-	-	**30,750**	**1.7%**
Netherlands	-	6,375	8,500	15,000	-	-	**29,875**	**1.6%**
Germany	-	-	5,000	6,200	-	-	**11,200**	**0.6%**
Spain	-	-	3,298	2,200	7,000	-	**12,498**	**0.7%**
Ireland	-	-	13,393	2,250	9,800	-	**25,443**	**1.4%**
Belgium	-	-	5,000	-	-	-	**5,000**	**0.3%**
Greece	-	-	1,000	-	-	-	**1,000**	**0.1%**
Total	**2,051**	**40,979**	**173,878**	**62,107**	**22,639**	**6,400**	**308,054**	**16.6%**
% of total debt portfolio	**0.1%**	**2.2%**	**9.5%**	**3.3%**	**1.2%**	**0.3%**	**16.6%**	

UK Non-Conforming RMBS

Within the larger residential mortgage backed securities portfolio the current average rating of the €88 million UK non-conforming loan backed securities sub-portfolio is BBB. The performance of these assets has been in-line with the Group's expectations notwithstanding some increases in foreclosures and loss severities and declines in prepayment rates since June 2008. It is a well seasoned portfolio (backed by residential mortgages with a weighted average seasoning of 3.5 years). The benefits of the seasoning effect are threefold; firstly, there is a strong payment history from the underlying borrowers, secondly the deals have benefited from strong historic UK house price growth, and thirdly the portfolio has avoided some of the weaker underwriting and structuring practices prevalent in the 2006/2007 vintage.

Year of mortgage origination*	Nominal	Total debt book	Average rating**	Average credit spread**
	€'000	%	%	Bps
2004	19,793	1.1%	A-	2,193
2005	56,446	3.0%	BBB	2,126
2006	11,682	0.6%	BB	1,986
Total	**87,921**	**4.7%**	**BBB**	**2,122**

* Year of mortgage origination refers to the weighted average date of origination of the underlying residential mortgage loans rather than either the issue date, or the purchase date, of the securitized debt securities held by the Group.

** Average ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security. The average credit spread represents the average implied discount margin (above Euribor) at the current estimated carrying value, weighted by the current nominal par amount outstanding.

Other Debt

At 31 March 2009, the Group owned €72 million face amount of other structured finance debt (commercial & consumer loans). During the quarter ended 31 March 2009, the Group made no purchases, no sales and had paydowns of €5.1 million. Additionally one security totalling €8 million was downgraded.

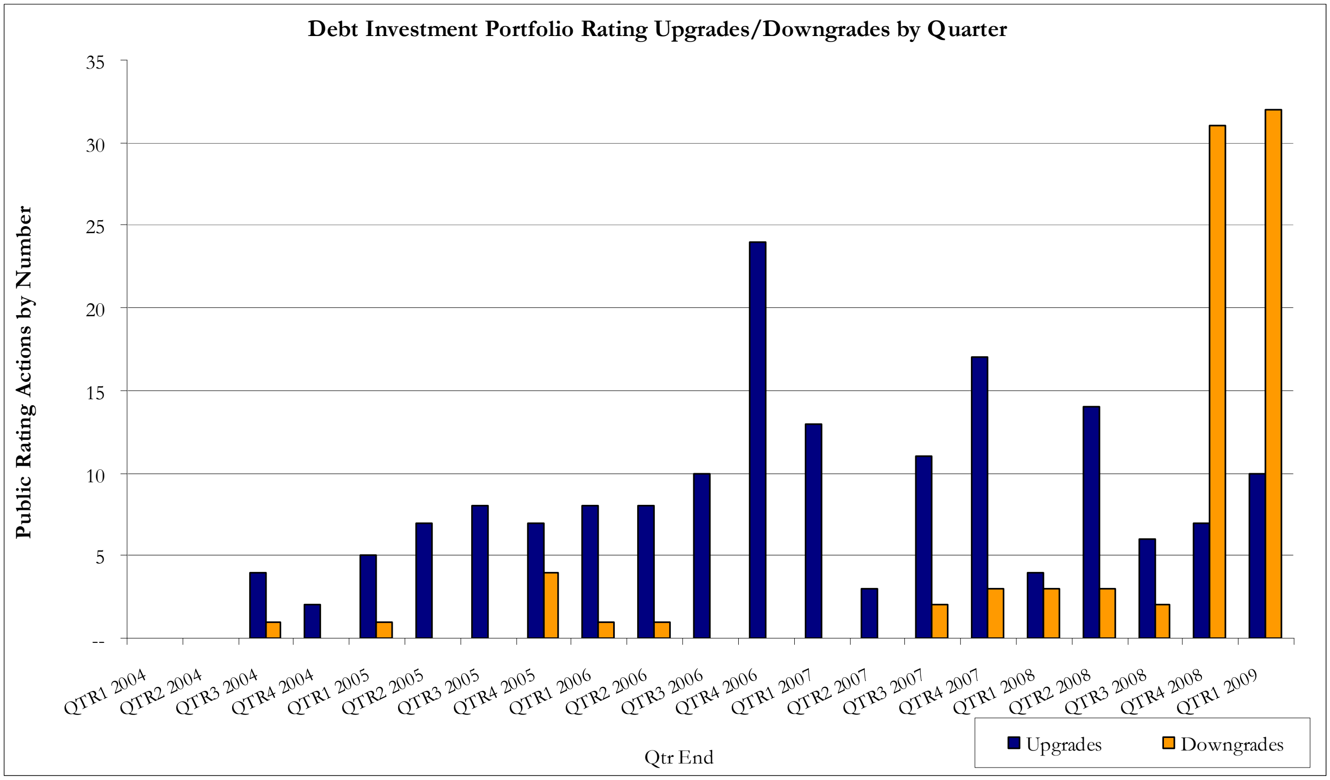
Debt Type	Nominal	Total debt book	Average rating*	Average credit spread*
	€'000	%	%	Bps
Commercial leases & loans	28,709	1.5%	BBB	3,465
Consumer leases & loans	43,340	2.4%	A-	936
Total	**72,049**	**3.9%**	**BBB+**	**1,944**

* Average Ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security. The average credit spread represents the average implied discount margin (above Euribor) at the current estimated carrying value, weighted by the current nominal par amount outstanding.

Rating distribution / country exposure	AAA	AA	A	BBB	BB	B	Total	% of total debt portfolio
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Italy	6,334	4,500	19,400	11,000	-	6,625	**47,859**	**2.6%**
Germany	-	-	-	4,750	-	-	**4,750**	**0.3%**
Sweden	-	-	-	3,500	-	-	**3,500**	**0.2%**
United Kingdom	-	-	-	10,000	-	-	**10,000**	**0.5%**
Portugal	-	-	-	2,045	3,895	-	**5,940**	**0.3%**
Total	**6,334**	**4,500**	**19,400**	**31,295**	**3,895**	**6,625**	**72,049**	**3.9%**
% of total debt portfolio	**0.3%**	**0.2%**	**1.0%**	**1.8%**	**0.2%**	**0.4%**	**3.9%**	

Credit Quality

The credit environment in the first quarter of 2009 has continued to be stressed and this has impacted the credit ratings of the debt investment portfolio. During the quarter, the portfolio had 32 downgrades and 10 upgrades, continuing the trend seen in the fourth quarter 2008. Although the current lifetime rating upgrades versus downgrades ratio is still positive at 168:84, the current stressed environment is expected to continue through 2009, keeping downward pressure on credit ratings. Actual credit losses, however, both at an underlying and securities level remain at very low absolute levels. The graph below shows ratings action experienced in the portfolio on a quarterly basis.



Forward-Looking Statements

This release contains statements that constitute forward-looking statements. Such forward-looking statements relate to, among other things, future commitments to acquire real estate and achievement of acquisition targets, availability of attractive investment opportunities, methods of funding portfolios, timing of completion of acquisitions, the operating performance of our investments and financing needs. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may”, “will”, “should”, “potential”, “intend”, “expect”, “endeavour”, “seek”, “anticipate”, “estimate”, “overestimate”, “underestimate”, “believe”, “could”, “project”, “predict”, “continue”, “plan”, “forecast” or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual effect of future plans or strategies is limited. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance may differ materially from those set forth in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results or stated expectations, including the risk that Eurocastle will be able to achieve its targets regarding asset disposals or operational growth particularly any increase in leasing of vacant space on acceptable terms or that Eurocastle will be able to raise any additional capital to pay down or otherwise fund its direct recourse liabilities.

Glossary of Terms

Average invested capital
The sum of the average share capital outstanding and undistributed FFO for the period.

Adjusted NAV
The net asset value of the Group adjusted for the market value of all financial assets and liabilities within the debt investment portfolio.

Capital expenditure
Capital expenditure includes building improvements, landlord work, tenant incentives, and leasing commissions.

Fair value
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently, and without compulsion.

Fund from operations (FFO)
A measure of the underlying operating performance of the Company, calculated as net profit after taxation, excluding changes in the fair value of investment properties net of attributable deferred taxation, changes in the fair value of interest rate swaps that are taken to the income statement, unrealised movements on currency swaps (net of translation gains/losses of related assets) and mark-to-market fluctuations in real estate fund units.

Gross rental income
Contractual rental income from let properties, after taking into account the net effects of straightlining for lease incentives and indexation.

Head leases
The lease whereby the owner of the property pays ground rent to the lessor.

Lettable space
Any part of a property that can be leased to a tenant.

Leasing commissions
Any consideration or expense leading to a reduction in income in order to secure a lease which is amortised over the term of the lease.

Like-for-like
Comparable information relating to elements which existed for the whole of the current and prior period.

Net operating income
Gross rental income excluding the amortisation of tenant incentives and leasing commissions less net service charge expenses and property operating expenses.

Passing rent
The annual gross rental income as per a certain date, excluding the net effects of straightlining for lease incentives and indexation.

Property operating expenses
The expenses directly relating to a property for the account of the landlord including service charges not recoverable because of vacancy.

Service charge expenses
The amounts paid and/or accrued by the landlord relating to lettable space for which it has been agreed with tenants to recover these amounts.

Service charge income
The amounts received and/or accrued by the landlord in respect of service charge expenses.

Tenant incentives
The refurbishment expenses to (re)let vacant space, to relet space becoming vacant at the expiry date of a lease or to renew a lease which is amortised over the term of the lease.

Vacant space
Unrented lettable space.

EUROCASTLE INVESTMENT LIMITED AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 March 2009 (Unaudited) €'000	Three months ended 31 December 2008 (Unaudited) €'000	Three months ended 31 March 2008 (Unaudited) €'000
Operating income				
Interest income		24,791	37,657	38,046
Rental income		63,234	66,348	74,996
Service charge income		14,045	10,786	15,285
(Loss) on disposal of asset backed securities, available for sale		(2,397)	-	-
(Decrease) in fair value of investment properties	4,10	(130,371)	(248,329)	(99,836)
(Decrease) in fair value of interest rate swaps		(2,524)	(13,665)	(10,058)
Impairment losses	6	(39,840)	(13,356)	-
Total operating income		**(73,062)**	**(160,559)**	**18,433**
Operating expenses				
Interest expense		57,202	75,065	75,421
Losses / (gains) on foreign currency contracts, translation and swaps		1,739	560	(1,075)
Service charge expenses		14,045	10,786	15,285
Property operating expenses		8,418	14,053	5,534
Other operating expenses	5	10,787	10,165	8,717
Total operating expenses		**92,191**	**110,629**	**103,882**
Operating (loss) before taxation		**(165,253)**	**(271,188)**	**(85,449)**
Taxation charge / (credit) - current	4	65	(1,404)	354
Taxation (credit) / charge - deferred	4	(2,861)	(5,974)	(1,671)
Net (loss) after taxation		**(162,457)**	**(263,810)**	**(84,132)**
(Losses) per ordinary share				
Basic		(2.67)	(4.34)	(1.32)
Diluted		(2.67)	(4.34)	(1.31)
Weighted average ordinary shares outstanding				
Basic	15	60,731,646	60,731,646	63,927,634
Diluted	15	60,731,646	60,731,646	64,412,052

EUROCASTLE INVESTMENT LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2009 (Unaudited) €'000	31 December 2008 €'000
Assets			
Cash and cash equivalents	7	106,904	119,869
Investment property held for sale	10	4,570	117,790
Other assets	11	61,582	71,560
Available for sale securities	8	85,431	104,548
Loans and receivables (includes cash to be invested)	9	1,633,291	1,629,394
Fixtures and fittings		268	284
Derivative assets		72,401	90,225
Investment property	10	4,020,520	4,112,321
Intangible assets		2,313	2,318
Total assets		**5,987,280**	**6,248,309**
Equity and liabilities			
Capital and reserves			
Issued capital, no par value, unlimited number of sharesauthorised		1,426,617	1,426,617
Accumulated (loss)		(545,804)	(383,347)
Net unrealised (loss) on available for sale securities		(262,061)	(265,253)
Hedging reserve	16	7,751	15,709
Other reserves		17,320	17,320
Total shareholders' equity		**643,823**	**811,046**
Minority interest		**6**	**6**
Total equity		**643,829**	**811,052**
Liabilities			
Trade and other payables	14	77,284	88,152
CDO bonds payable	12	1,684,833	1,674,758
Bank borrowings	13	3,508,355	3,626,122
Derivative liabilities		16,688	11,218
Finance lease payable	10	46,114	24,001
Current taxation payable	4	1,653	1,621
Deferred taxation liability	4	8,524	11,385
Total liabilities		**5,343,451**	**5,437,257**
Total equity and liabilities		**5,987,280**	**6,248,309**

EUROCASTLE INVESTMENT LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended 31 March 2009 (Unaudited) €'000	Three months ended 31 March 2008 €'000
Cash flows from operating activities		
Operating (loss) before taxation	(165,253)	(85,449)
Adjustments for:		
Interest income	(24,791)	(38,046)
Interest expense	57,202	75,421
Unrealised loss on foreign currency contracts	1,739	(1,075)
Amortisation of (discounts) on securities	(763)	(429)
Amortisation of borrowing costs	2,154	1,846
Amortisation of tenant incentives and leasing commissions	1,796	-
Realised loss / (gain) on disposal of available for sale securities	2,397	-
Impairment losses	39,840	-
Taxation paid	(33)	-
Amortisation of intangibles	197	197
Depreciation	17	35
Decrease in fair value of investment properties	130,371	99,836
Decrease in fair value of interest rate swap	2,524	10,058
Decrease in other assets	(10,509)	3,705
Interest received	35,065	38,520
Interest paid	(66,386)	(75,824)
(Decrease) / increase in trade and other payables	3,786	(28,184)
Net cash flows from operating activities	**9,353**	**611**
Cash flows from investing activities		
Purchase of investment property/capital expenditure	(5,716)	(3,360)
Proceeds on sale of investment property	100,073	-
Proceeds on sale/prepayment of available for sales securities	7,347	88,323
Purchase of available for sale securities	-	(133,544)
Purchase of real estate related loans	(31,400)	-
Sale/prepayment of real estate related loans	30,784	8,216
Purchase of intangible assets	(192)	(5)
Net cash flows from investing activities	**100,896**	**(40,370)**
Cash flows from financing activities		
Proceeds from issuance of bonds	-	16,894
Repayments of bonds issued	(417)	-
(Decrease) / increase of bank borrowings	(122,797)	36,597
Net cash flows from financing activities	**(123,214)**	**53,491**
Net increase in cash and cash equivalents	**(12,965)**	**13,732**
Cash and cash equivalents, beginning of period	**119,869**	**146,707**
Cash and cash equivalents, end of period	**106,904**	**160,439**

EUROCASTLE INVESTMENT LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Group							
	Ordinary shares Number	Share capital €'000	Other reserves €'000	Net unrealised gains/ (losses) €'000	Hedging Reserves €'000	Accumulated profit / (loss) €'000	Minority interest €'000	Total equity €'000
At 1 January 2008	**63,927,634**	**1,446,172**	**17,320**	**(129,221)**	**30,335**	**109,082**	**6**	**1,473,694**
Unrealised loss on available for sale securities	-	-	-	(140,155)	-	-	-	(140,155)
Realised gains on hedge instruments reclassified to the income statement**	-	-	-	-	(4,245)	-	-	(4,245)
Amortisation of novated swaps	-	-	-	-	(167)	-	-	(167)
Net losses not recognised in the income statement	-	-	-	(140,155)	(4,412)	-	-	(144,567)
Net loss for the three months	-	-	-	-	-	(84,132)	-	(84,132)
Total loss and expense for the three months	-	-	-	(140,155)	(4,412)	(84,132)	-	(228,699)
Dividends paid	-	-	-	-	-	(19,178)	-	(19,178)
At 31 March 2008 (Unaudited)	**63,927,634**	**1,446,172**	**17,320**	**(269,376)**	**25,923**	**5,772**	**6**	**1,225,817**
Repurchase of ordinary shares	(3,199,988)	(19,200)	-	-	-	-	-	(19,200)
Costs related to repurchase of ordinary shares	-	(375)	-	-	-	-	-	(375)
Shares issued to Directors	4,000	20	-	-	-	-	-	20
Nine months net unrealised loss on asset backed securities, remaining as available for sale	-	-	-	(18,696)	-	-	-	(18,696)
Net unrealised losses (from 1 April 08 to 30 June 2008) of available-for-sale securities reclassified to loans and receivables	-	-	-	(17,471)	-	-	-	(17,471)
Realised gains reclassified to the income statement*	-	-	-	(26)	-	-	-	(26)
Amortisation of unrealized gains/losses on available-for-sale securities reclassified to loans and receivables movements released to the income statement****	-	-	-	31,918	-	-	-	31,918
Net unrealized losses released to Income Statement on impaired asset backed securities, available-for-sale	-	-	-	2,318	-	-	-	2,318
Net unrealized losses released to Income Statement on impaired available-for-sale securities reclassified to loans and receivables	-	-	-	6,080	-	-	-	6,080
Net unrealised loss on hedge instruments	-	-	-	-	(9,436)	-	-	(9,436)
Swaps novated during the year***	-	-	-	-	3,229	-	-	3,229
Realised gains on hedge instruments reclassified to the income statement**	-	-	-	-	(2,456)	-	-	(2,456)
Amortisation of novated swaps	-	-	-	-	(1,551)	-	-	(1,551)
Net losses not recognised in the income statement	-	-	-	4,123	(10,214)	-	-	(6,091)
Net loss for the nine months	-	-	-	-	-	(369,941)	-	(369,941)
Total loss and expense for the nine months	-	-	-	4,123	(10,214)	(369,941)	-	(376,032)
Dividends paid	-	-	-	-	-	(19,178)	-	(19,178)
At 31 December 2008	**60,731,646**	**1,426,617**	**17,320**	**(265,253)**	**15,709**	**(383,347)**	**6**	**811,052**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Group							
	Ordinary shares Number	**Share capital €'000**	**Other reserves €'000**	**Net unrealised gains/ (losses) €'000**	**Hedging Reserves €'000**	**Accumulated profit / (loss) €'000**	**Minority interest €'000**	**Total equity €'000**
At 1 January 2009	**60,371,646**	**1,426,617**	**17,320**	**(265,253)**	**15,709**	**(383,347)**	**6**	**811,052**
Net unrealised loss on asset backed securities, available for sale and loans and receivables	-	-	-	(15,685)	-	-	-	(15,685)
Realised losses reclassified to the income statement*	-	-	-	2,397	-	-	-	2,397
Amortisation of unrealized gains/losses on available-for-sale securities reclassified to loans and receivables movements released to the income statement***	-	-	-	13,861	-	-	-	13,861
Net unrealized losses released to Income Statement on impaired available-for-sale securities reclassified to loans and receivables	-	-	-	2,619	-	-	-	2,619
Net unrealised loss on hedge instruments	-	-	-	-	(6,810)	-	-	(6,810)
Realised gains on hedge instruments reclassified to the income statement**	-	-	-	-	(377)	-	-	(377)
Amortisation of novated swaps	-	-	-	-	(771)	-	-	(771)
Net losses not recognised in the income statement	-	-	-	3,192	(7,958)	-	-	(4,766)
Net loss for the period	-	-	-	-	-	(162,457)		(162,457)
Total loss and expense for the period	-	-	-	3,192	(7,958)	(162,457)		(167,223)
Dividends paid	-	-	-	-	-	-	-	-
At 31 March 2009	**60,731,646**	**1,426,617**	**17,320**	**(262,061)**	**7,751**	**(545,804)**	**6**	**643,829**

* Realised (gains) / losses are reclassified to the gain / (loss) on disposal of available for sale securities in the income statement.

** Realised gains on hedge instruments are reclassified to the interest expense in the income statement.

*** This represents the amortisation of the available-for-sale securities reserves due to the reclassification of available-for-sale securities to loans and receivables as at 1 July 2008 based on effective interest rate basis through income statement (netted off in interest income).

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. BACKGROUND

Eurocastle Investment Limited (the "Group") was incorporated in Guernsey, Channel Islands on 8 August 2003 and commenced its operations on 21 October 2003. Eurocastle Investment Limited is a euro denominated Guernsey closed-end investment company listed on Euronext Amsterdam (formerly listed on the London Stock Exchange) and on 20 June 2007 was admitted to trading on the Amtlicher Markt (Official Market) and the Official Market sub-segment of the Frankfurt Stock Exchange. The activities of the Group include the investing in, financing and managing of European real estate assets and European real estate related debt.

The Group is externally managed by its Manager, FIG LLC (the "Manager"). The Group has entered into a management agreement (the "Management Agreement") under which the Manager advises the Group on various aspects of its business and manages its day-to-day operations, subject to the supervision of the Group's Board of Directors. For its services, the Manager receives an annual management fee and incentive compensation (as well as reimbursement for expenses, including expenses of certain employees providing property / asset management and finance services), as described in the Management Agreement. The Group has no ownership interest in the Manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated interim financial statements of the Group have been prepared in accordance with IAS 34 (Interim financial statements). The interim financial statements have been prepared under the same accounting principles and methods of computation as in the financial statements as at 31 December 2008 and for the year then ended. The consolidated financial statements are presented in euros, the functional currency of the parent company, because the Group conducts its business predominantly in euros.

The critical accounting judgements and estimates and significant accounting policies are disclosed in the financial statements for the year ended 31 December 2008.

Basis of Consolidation

The consolidated interim financial statements comprise the financial statements of Eurocastle Investment Limited and its subsidiaries for the three months ended 31 March 2009. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred from the Group.

At 31 March 2009, the Group's subsidiaries consisted of a number of subsidiaries in Ireland, Luxembourg and Germany.

Eurocastle Funding Limited ("EFL"), Eurocastle CDO I PLC ("CDO I"), Eurocastle CDO II PLC ("CDO II"), Eurocastle CDO III PLC ("CDO III"), Eurocastle CDO IV PLC ("CDO IV"), Duncannon CRE CDO I PLC (Duncannon) and FECO SUB SPV PLC (Feco) are all limited companies incorporated in Ireland. The ordinary share capital of these vehicles is held by outside parties and the Group has no voting rights. In accordance with the Standing Interpretations Committee Interpretation 12 Consolidation – Special Purpose Entities, the Group consolidates EFL, CDO I, CDO II, CDO III, CDO IV, Duncannon and FECO as it retains control over these entities and retains the residual risks of ownership of these entities.

The Group owns either directly or indirectly a 100% equity interest in a number of significant operating subsidiaries in Luxembourg, Germany and Ireland, which are consolidated into these financial statements.

3. GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern. The Directors recognise the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. However, based on the actions taken and contemplated as described in Note 3 of the Notes to the Consolidated Financial Statements in the 2008 Annual Report, the Directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis.

4. TAXATION EXPENSE

The taxation expense for the quarter ended 31 March 2009 relates to the Group's Luxembourg and German subsidiary companies. The Company is a Guernsey, Channel Islands limited company and is not subject to taxation. The Company's subsidiaries, EFL, CDO I, CDO II, CDO III, CDO IV, Duncannon and Feco, are Irish registered companies and are structured to qualify as securitisation companies under section 110 of the Taxes Consolidation Act 1997. It is envisaged that these companies will generate minimal net income for Irish income tax purposes and no provision for income taxes has been made for these companies.

The deferred tax credit of €2.9 million for the first quarter of 2009 is mainly due to the downward revaluation of investment properties (compared to a €1.7 million credit in the fourth quarter of 2008 and €6.0 million credit in the first quarter of 2008).

5. OTHER OPERATING EXPENSES

Three months ended (Unaudited)	**31 March 2009 €'000**	**31 December 2008 €'000**	**31 March 2008 €'000**
Professional fees	404	1,353	689
Sales related costs	1,656	(647)	-
Management fees	5,321	5,447	5,483
Incentive fees	-	-	-
Depreciation	17	18	35
Amortisation	197	180	197
Other*	3,192	3,814	2,313
	10,787	**10,165**	**8,717**

* Included within other operating expenses for the three months ended 31 March 2009 are reimbursement of property related asset management services of €2.2 million (Three months ended 31 December 2008: €2.5 million, Three months ended 31 March 2008: €1.9 million) to FIG LLC (See Note 19).

6. IMPAIRMENT LOSSES

Three months ended (Unaudited)	**31 March 2009 €'000**	**31 December 2008 €'000**	**31 March 2008 €'000**
Impairment losses on loans and receivables	20,612	10,780	-
Impairment losses on real estate related loans	19,228	2,576	-
	39,840	**13,356**	**-**

Included in the impairment loss is a €9.6m loss on the derivative asset as a result of the impairment of the underlying loans and receivables held within CDO V.

7. CASH AND CASH EQUIVALENTS

	31 March 2009 (Unaudited) €'000	31 December 2008 (restated) €'000
Corporate cash	14,332	25,754
Cash within the real estate operating companies	78,995	67,403
Cash within the CDO vehicles	13,577	26,712
	106,904	**119,869**

Included within the real estate operating companies is restricted cash of €69.2 million (31 December 2008: €54.3 million).

The cash within the CDO vehicles is restricted to repaying CDO interest as it falls due.

8. AVAILABLE FOR SALE SECURITIES

The following is a summary of the Group's available for sale securities within the debt investment portfolio at 31 March 2009 (Unaudited):

	Current face amount €'000	Amortised cost basis €'000	Impairment losses €'000	Gross unrealised Gains €'000	Gross unrealised Losses €'000	Carrying value €'000	Weighted average Average Rating*	Weighted average Coupon	Weighted average Margin	Weighted average Maturity (years)
Portfolio IV										
CMBS	69.908	69,083	-	-	(22,385)	46,698	AA-	2.59%	0.66%	3.37
Other ABS	8,179	8,178	-	-	(1,490)	6,688	AA	2.13%	0.41%	3.59
	78,087	77,261	-	-	(23,875)	53,386	AA-	2.54%	0.63%	3.40
Other securities										
CMBS	47,798	47,273	-	-	(21,214)	26,059	A+	3.35%	1.24%	3.84
	47,798	**47,273**	**-**	**-**	**(21,214)**	**26,059**	**A+**	**3.35%**	**1.24%**	**3.84**
Total portfolio	**125,885**	**124,534**	**-**	**-**	**(45,089)**	**79,445**	**AA-**	**2.85%**	**0.86%**	**3.57**

* Average Ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor's, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security.

The following is a summary of the Group's available for sale securities held within the Drive Liquidity Fund at 31 March 2009 (Unaudited):

	Current face amount €'000	Amortised cost basis €'000	Impairment losses €'000	Gross unrealised Gains €'000	Gross unrealised Losses €'000	Carrying value €'000	Weighted average Average Rating*	Weighted average Coupon	Weighted average Margin	Weighted average Maturity (years)
CMBS	3,000	3,006	-	-	(606)	2,400	AAA	1.63%	0.22%	2.44
Other ABS	4,081	4,085	-	-	(1,174)	2,911	AA+	1.79%	0.14%	5.36
Bank notes	3,000	2,993	(2,318)	-	-	675	NR	0.00%	0.00%	7.14
Total portfolio	**10,081**	**10,084**	**(2,318)**	**-**	**(1,780)**	**5,986**	**AAA**	**1.21%**	**0.12%**	**5.02**
Total available for sale securities						**85,431**				

The following is a summary of the Group's available for sale securities at 31 December 2008.

	Current face amount €'000	Amortised cost basis €'000	Impairment losses €'000	Gross unrealised Gains €'000	Gross unrealised Losses €'000	Carrying value €'000	Weighted average Average Rating*	Weighted average Coupon	Weighted average Margin	Weighted average Maturity (years)
Portfolio IV										
CMBS	68,754	67,907	-	-	(18,026)	49,881	AA	5.08%	0.65%	3.61
Other ABS	8,752	8,752	-	-	(1,508)	7,244	AA	3.95%	0.38%	3.92
	77,506	76,659	-	-	(19,534)	57,125	AA	4.95%	0.62%	3.64
Other securities										
CMBS	47,901	47,347	-	-	(14,076)	33,271	A+	5.98%	1.23%	4.09
	47,901	47,347	-	-	(14,076)	33,271	A+	5.98%	1.23%	4.09
Total portfolio	**125,407**	**124,006**	**-**	**-**	**(33,610)**	**90,396**	**AA-**	**5.34%**	**0.86%**	**3.81**

* Average Ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor's, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security.

The following is a summary of the Group's available for sale securities held within the Drive Liquidity Fund at 31 December 2008:

	Current face amount €'000	Amortised cost basis €'000	Impairment losses €'000	Gross unrealised Gains €'000	Gross unrealised Losses €'000	Carrying value €'000	Weighted average Average Rating*	Weighted average Coupon	Weighted average Margin	Weighted average Maturity (years)
CMBS	3,000	3,006	-	-	(516)	2,490	AAA	5.31%	0.22%	2.69
Other ABS	10,141	10,148	-	-	(1,196)	8,952	AAA	5.01%	0.13%	5.01
Bank notes	6,000	5,996	(2,318)	-	(968)	2,710	AA	2.89%	0.20%	7.34
Total portfolio	**19,141**	**19,150**	**(2,318)**	**-**	**(2,680)**	**14,152**	**AA-**	**4.39%**	**0.17%**	**5.38**
Total available for sale securities						**104,548**				

9. LOANS AND RECEIVABLES

The following is a summary of the Group's loans and receivables as at 31 March 2009 (Unaudited).

	Current face amount €'000	Amortised cost basis €'000	Impairment losses €'000	Carrying value €'000	Weighted average Average Rating*	Weighted average Coupon	Weighted average Margin	Weighted average Maturity (years)
Portfolio II								
CMBS	178,541	147,422	(3,006)	144,416	BBB-	3.20%	1.23%	3.81
Other ABS	112,090	89,997	-	89,997	BBB	3.01%	1.21%	2.39
Real estate related loans	14,017	13,787	-	13,787	CCC	5.37%	2.39%	1.68
	304,648	251,206	(3,006)	248,200	BBB-	3.23%	1.28%	3.19
Portfolio III								
CMBS	251,803	214,610	(597)	214,013	BBB-	3.45%	1.27%	5.07
Other ABS	399,597	324,867	(11,303)	313,564	BBB-	3.34%	1.68%	3.05
Real estate related loans	9,672	9,639	-	9,639	CCC	4.59%	2.57%	3.64
	661,072	549,116	(11,900)	537,216	BBB-	3.40%	1.54%	3.83
Portfolio IV								
Real estate related loans	25,365	25,308	-	25,308	CCC	4.71%	2.34%	3.19
	25,365	25,308	-	25,308	CCC	4.71%	2.34%	3.19
Portfolio V								
CMBS	264,094	215,747	(13,430)	202,317	BBB-	3.71%	1.47%	4.04
Other ABS	30,003	21,235	-	21,235	BB+	2.86%	0.98%	4.21
Real estate related loans	369,084	371,001	(14,481)	356,520	CCC+	5.17%	2.79%	3.29
	663,181	607,983	(27,911)	580,072	B+	4.49%	2.18%	3.63
Other Securities								
Real estate related loans	80,242	80,142	(1,942)	78,200	CCC	6.16%	3.72%	2.25
	80,242	80,142	(1,942)	78,200	CCC	6.16%	3.72%	2.25
Total portfolio	**1,734,508**	**1,513,755**	**(44,759)**	**1,468,996**	**BB**	**3.93%**	**1.85%**	**3.56**
Restricted cash – cash to be invested				**164,295**				
Total loans and receivables (including cash to be invested)				**1,633,291**				

* Average Ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security.

The securities within Portfolio II, III and V are encumbered by CDO securitisations (Note 12).

As at 31 December 2008:

	Current face amount €'000	Amortised cost basis €'000	Impairment losses €'000	Carrying value €'000	Weighted average: Average Rating*	Coupon	Margin	Maturity (years)
Portfolio II								
CMBS	173,592	141,794	-	141,794	BBB	5.58%	1.21%	4.04
Other ABS	108,475	86,030	-	86,030	BBB	4.98%	1.20%	2.63
Real estate related loans	13,556	10,417	-	10,417	B+	7.12%	2.38%	1.94
	295,623	238,241	-	238,241	BBB	5.43%	1.25%	3.43
Portfolio III								
CMBS	252,089	210,291	(597)	209,694	BBB	5.90%	1.26%	5.32
Other ABS	413,801	332,565	(11,303)	321,262	BBB-	5.45%	1.71%	3.23
Real estate related loans	9,676	9,642	-	9,642	B-	7.21%	2.58%	3.89
	675,566	552,498	(11,900)	540,598	BBB-	5.65%	1.55%	4.02
Portfolio IV								
Real estate related loans	24,534	24,475	-	24,475	B-	7.31%	2.34%	3.43
	24,534	24,475	-	24,475	B-	7.31%	2.34%	3.43
Portfolio V								
CMBS	262,395	212,204	-	212,204	BBB	5.85%	1.52%	4.29
Other ABS	29,015	20,062	-	20,062	BBB-	4.72%	0.98%	4.46
Real estate related loans	379,250	383,397	(2,576)	380,821	BB-	7.40%	2.83%	3.47
	670,660	615,663	(2,576)	613,087	BB+	6.68%	2.24%	3.84
Other Securities								
Real estate related loans	80,207	80,098	-	80,098	B	8.72%	3.72%	2.50
	80,207	80,098	-	80,098	B	8.72%	3.72%	2.50
Total portfolio	**1,746,590**	**1,510,975**	**(14,476)**	**1,496,499**	**BB+**	**6.17%**	**1.88%**	**3.77**
Restricted cash – cash to be invested				**132,895**				
Total loans and receivables (including cash to be invested)				**1,629,394**				

* Average Ratings are calculated by reference to the lowest rating currently assigned to each loan or security by any of Moody Investor Services, Standard and Poor, and Derivative Fitch and an arithmetic mean weighted by the current face amount of each loan or security.

Following the amendments to IAS 39 and IFRS 7, "Reclassification of Financial Assets", the Group reclassified all available for sale securities within CDO II, CDO III and CDO V to loans and receivables. The Group identified assets, eligible under the amendments, for which at 1 July 2008 it had the intention and the ability to hold for maturity or the foreseeable future. Under IAS 39 as amended, the reclassifications were made with effect from 1 July 2008 at fair value at that date. The disclosures below detail the impact of the reclassifications to the Group:

The following table shows carrying values and fair values of the reclassified assets:

	01 July 08 Carrying value €'000	31 March 2009 Carrying value €'000	31 March 2009 Fair value €'000
Available for sale securities, reclassified to loans and receivables	1,077,560	985,542	489,642

As of the reclassification date, the effective interest rate on the reclassified available for sale securities was approximately 12%, with expected recoverable cash flows of €1.3 billion. The effective interest rate was determined based on weighted average rates by CDO.

If the reclassification had not been made, the Group's income statement for the first quarter 2009 would have included €16.4 million on the reclassified available for sale securities of impairment losses, compared with €16.4 million after the reclassification. For the first quarter 2009 shareholders' equity (net losses not recognised in the income statement) would have included €479.2 million of changes in unrealised fair value losses in respect of reclassified available for sale which were not impaired between 1 July 2008 and 31 March 2009.

After reclassification, the reclassified financial assets contributed the following amounts to income for the first quarter 2009:

	Three months ended 31 March 2009 (€000)	Three months ended 31 March 2008 (€000)
Net interest income	13,001	-
Impairment losses on securities classified as loans and receivables	(16,436)	-
Income on available for sale securities reclassified to loans and receivables	**(3,435)**	**-**

10. INVESTMENT PROPERTY

Total investment property consists of:

	As at 31 March 2009 (Unaudited) €'000	As at 31 December 2008 €'000
Tenant incentives and leasing commission (included in other assets)	24,241	23,631
Investment property held for sale	4,570	117,790
Investment property	4,020,520	4,112,321
Closing balance	**4,049,331**	**4,253,742**

The table below shows the items classified under investment property in the consolidated balance sheet (including capitalised tenant incentives and leasing commissions classified in other assets) as at 31 March 2009:

	Freehold land and buildings €'000	Leasehold property €'000	Total (Unaudited) €'000
Opening balance at 1 January 2009	4,106,570	147,172	4,253,742
Additions/capital expenditure	5,708	8	5,716
Tenant incentives and leasing commissions	(1,796)	-	(1,796)
Disposals	(100,073)	-	(100,073)
Increase in minimum payments under head lease	-	22,113	22,113
Decrease in fair value	(127,053)	(3,318)	(130,371)
Total	**3,883,356**	**165,975**	**4,049,331**

As at 31 December 2008:

	Freehold land and buildings €'000	Leasehold property €'000	Total €'000
Opening balance at 1 January 2008	5,025,494	157,627	5,183,121
Additions/capital expenditure	36,828	727	37,555
Tenant incentives and leasing commissions	(4,210)	-	(4,210)
Disposals	(460,865)	-	(460,865)
Increase in minimum payments under head lease	-	(2,708)	(2,708)
Increase/(decrease) in fair value	(490,677)	(8,474)	(499,151)
Total	**4,106,570**	**147,172**	**4,253,742**

Investment properties are stated at fair value, which has been determined based on valuations performed by external valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of investment being valued. The main factors the valuers consider when determining a fair valuation are the following: passing rent, void periods, yield and relettability and marketability of properties. The fair value represents the amount at which the asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's-length transaction at the date of valuation, in accordance with international valuation standards.

Lease arrangements over the land on which the 31 investment properties are built have unexpired terms ranging from 6 years to 91 years.

A reconciliation of investment property valuations to the balance sheet carrying value of property (including tenant incentives and leasing commissions within other assets) is shown below:

	As at 31 March 2009 (Unaudited) €'000	As at 31 December 2008 €'000
Investment property at market value	4,003,217	4,229,741
Minimum payments under head leases separately included in trade and other payables on the balance sheet	46,114	24,001
Balance sheet carrying value of investment property	**4,049,331**	**4,253,742**

Additional Information

The table below provides additional information for various portfolios within the group at 31 March 2009:

Portfolio	Property valuation*** €'000	Term financing (face amount) €'000	Other assets / (liabilities)**** €'000	Net operating income* €'000	NOI yield on valuation %	Occupancy %	Annualised Capitalised expenditure** €'000
Mars – fixed	1,088,770	968,500	22,769	55,050	5.1%	83.0%	8,103
Mars – fixed 2	107,730	79,001	4,901	5,488	5.1%	88.7%	773
Mars - floating	351,060	230,988	(1,296)	11,192	3.2%	57.0%	5,085
Drive	1,170,977	939,693	32,730	72,493	6.2%	87.6%	4,340
Bridge	465,660	372,090	5,151	28,223	6.1%	93.6%	5,315
Wave	264,190	210,000	(2,461)	17,394	6.6%	83.9%	3,516
Zama	47,480	39,896	600	2,863	6.0%	86.0%	302
Turret	182,480	147,556	4,496	13,802	7.6%	99.1%	15
Truss	101,000	85,280	2,082	7,770	7.7%	99.6%	63
Belfry	66,070	56,240	1,285	5,037	7.6%	99.4%	-
Rapid	57,440	54,500	1,511	4,080	7.1%	100.0%	-
Tannenburg	64,580	52,960	1,722	4,620	7.2%	95.8%	-
Bastion	35,780	26,500	463	2,504	7.0%	100.0%	2
Total	**4,003,217**	**3,263,204**	**73,953**	**230,516**	**5.8%**	**85.7%**	**27,514**

* Net operating income excludes the amortisation of tenant incentives and leasing commissions and the fund costs related to the Drive portfolio included within property operating expenses in the consolidated income statement. It is shown here as the annualised amount at the period end.

** Capitalised expenditure represents first quarter 2009 annualised expenditure on building improvements, landlord work, tenant incentives, and leasing commissions, excluding any adjustments for prior year accruals.

*** Property valuation excludes the leasehold gross-up of €46.1 million.

**** Other assets / liabilities do not include unallocated assets and liabilities per Note 20 - Segmental Reporting.

The tables below provide additional information for various portfolios within the group at 31 December 2008:

Portfolio	Property valuation***	Term financing (face amount)	Other (assets / liabilities)****	Net operating income*	NOI yield on valuation	Occupancy	Capitalised expenditure**
	€'000	€'000	€'000	€'000	%	%	€'000
Mars – fixed	1,124,070	969,961	19,996	54,482	4.8%	82.4%	7,895
Mars – fixed 2	112,710	79,000	4,659	5,712	5.1%	90.3%	1,162
Mars - floating	365,720	232,403	(3,615)	10,119	2.8%	56.8%	4,408
Drive	1,301,253	1,035,078	34,620	77,324	5.9%	88.1%	8,149
Bridge	484,180	372,090	5,033	27,648	5.7%	93.9%	3,891
Wave	274,617	210,000	(10,015)	17,970	6.5%	84.0%	4,644
Zama	48,920	39,896	551	2,917	6.0%	88.3%	392
Turret	187,452	147,556	4,322	13,801	7.4%	99.1%	85
Truss	102,730	85,280	1,842	7,733	7.5%	98.9%	142
Belfry	67,259	56,240	1,167	5,047	7.5%	99.5%	42
Rapid	58,390	54,500	1,597	4,080	7.0%	100.0%	-
Tannenburg	66,060	52,960	1,939	4,619	7.0%	95.8%	-
Bastion	36,380	26,500	501	2,504	6.9%	100.0%	15
Total	**4,229,741**	**3,361,464**	**62,597**	**233,956**	**5.5%**	**85.7%**	**30,825**

* Net operating income excludes the amortisation of tenant incentives and leasing commissions and the fund costs related to the Drive portfolio included within property operating expenses in the consolidated income statement. It is shown here as the annualised amount at the period end.

** Capitalised expenditure on building improvements, landlord work, tenant incentives, and leasing commissions, excluding any adjustments for prior year accruals on a like-for-like basis with Q1 2009.

*** Property valuation excludes the leasehold gross-up of €24.0 million.

**** Other assets / liabilities do not include unallocated assets and liabilities per Note 20 Segmental Reporting.

11. OTHER ASSETS

	As at 31 March 2009 (Unaudited) €'000	As at 31 December 2008 €'000
Tenant incentives and leasing commissions	24,241	23,631
Service charge receivable	14,491	14,887
Interest receivable	11,225	21,499
Rent receivable	3,536	4,409
Prepaid expenses	2,653	1,348
Other accounts receivable	5,436	5,786
	61,582	**71,560**

12. CDO BONDS PAYABLE

As at 31 March 2009 (Unaudited):

	Class	Rating*	Current face amount €'000	Carrying amount €'000	Weighted average cost of financing	Weighted average margin	Weighted average maturity (in years)
CDO II	A1, A2, B and C notes	BBB/BB/B/B	295,885	294,321	2.16%	0.34%	6.3
CDO III	A1, A2, B, C and D notes	BBB/BB/B/B-/CCC	704,250	700,318	2.06%	0.49%	6.3
Duncannon CRE CDO 1 Plc	AR, X, A, B, C1, C2, D1, D2, D3, E1, E2	AA/AA/AA/A/ BBB/BBB-/BB+/BB/BB-/B/B-	696,583	690,194	2.26%	0.69%	5.9
Total			**1,696,718**	**1,684,833**	**2.16%**	**0.54%**	**6.1**

* CDO bonds payable are rated at the lower of S&P and Fitch

None of the CDO bonds are due to be repaid within one year of the balance sheet date.

As at 31 December 2008:

	Class	Rating	Current face amount €'000	Carrying amount €'000	Weighted average cost of financing	Weighted average margin	Weighted average maturity (in years)
CDO II	A, B and C notes	AAA/AA/A	285,926	284,317	3.60%	0.37%	6.5
CDO III	A, B, C and D notes	AAA/AA/A/BBB	704,250	700,082	3.54%	0.49%	6.5
Duncannon CRE CDO 1 Plc	AR, X, A, B, C1, C2, D1, D2, D3, E1, E2	AAA/AAA/AA/ A/BBB/BBB-/BB+/BB/BB-/B/B-	697,000	690,359	3.74%	0.68%	5.9
Total			**1,687,176**	**1,674,758**	**3.63%**	**0.55%**	**6.3**

None of the CDO bonds were due to be repaid within one year of the balance sheet date.

13. BANK BORROWINGS

The bank borrowings comprise:

		As at 31 March 2009 (Unaudited) €'000	As at 31 December 2008 €'000
Term finance	(Note 13.1)	3,294,211	3,400,925
Corporate loan		113,800	124,600
Other bank financing – under 1 year		100,344	100,597
Total		**3,508,355**	**3,626,122**

13.1 Term Financing

		Current face amount €'000		Carrying amount €'000				
Portfolios	**Month Raised**	**As at 31 March 2009 (Unaudited)**	**As at 31 December 2008**	**As at 31 March 2009 (Unaudited)**	**As at 31 December 2008**	**Hedged weighted average funding cost**	**Weighted average funding cash coupon**	**Maturity**
Debt investments								
CDO IV	Jul 2005	70,555	80,920	70,476	80,813	2.85%	2.72%	Dec 2009
Investment property								
Mars – fixed 1	Jan 2007	968,500	969,961	951,094	951,748	4.71%	4.61%	Jul 2014
Mars – fixed 2	Jun 2008	79,001	79,000	75,375	75,165	5.21%	5.07%	Jun 2013
Mars – floating	Jan 2007	230,988	232,403	230,791	232,289	4.26%	4.20%	Dec 2012
Drive	Feb 2006	939,693	1,035,078	933,611	1,028,570	4.20%	4.08%	Jan 2013
Bridge	Oct 2006	372,090	372,090	368,298	368,138	4.74%	4.67%	Jan 2014
Wave	Apr 2007	210,000	210,000	208,495	208,397	4.94%	4.78%	Apr 2014
Zama	Feb 2007	39,896	39,896	39,467	39,447	4.99%	4.86%	May 2014
Turret*	May 2006	147,556	147,556	146,244	146,203	4.93%	4.85%	May 2016
Truss*	Dec 2005	85,280	85,280	84,703	84,684	4.93%	4.85%	Feb 2016
Belfry*	Aug 2005	56,240	56,240	55,615	55,595	4.85%	4.66%	Oct 2015
Rapid*	Aug 2007	54,500	54,500	52,953	52,910	4.96%	4.91%	Nov 2017
Tannenberg*	May 2007	52,960	52,960	51,360	51,294	4.87%	4.66%	Oct 2014
Bastion*	Sep 2005	26,500	26,500	25,729	25,672	4.44%	4.24%	Sep 2012
		3,263,204	**3,361,464**	**3,223,735**	**3,320,112**	**4.59%**	**4.48%**	
Total		**3,333,759**	**3,442,384**	**3,294,211**	**3,400,925**	**4.55%**	**4.45%**	

* These portfolios make up the retail property portfolio.

The cash amount of interest paid is calculated by multiplying the weighted average funding cash coupon by the current face amount

There were no material changes to the terms of bank borrowings from those stated in Note 20 of the Notes to the Consolidated Financial Statements in the 2008 Annual Report.

14. TRADE AND OTHER PAYABLES

	As at 31 March 2009 (Unaudited) €'000	As at 31 December 2008 €'000
Security deposit	6,327	6,004
Interest payable	25,908	35,916
Due to Manager (note 19)	4,466	4,382
Accrued expenses & other payables*	40,583	41,850
Total trade and other payables	**77,284**	**88,152**

* Accrued expenses and other payables include provisions relating to capital expenditure of €16.8 million (31 December 2008: €15.4 million).

15. EARNINGS PER SHARE

The following is a reconciliation of the weighted average number of ordinary shares outstanding on a diluted basis.

	As at 31 March 2009 (Unaudited)	As at 31 December 2008
Weighted average number of ordinary shares, outstanding, basic	60,731,646	63,072,337
Dilutive effect of ordinary share options	-	-
Weighted average number of ordinary shares outstanding, diluted	**60,731,646**	**63,072,337**

16. HEDGE ACCOUNTING

The Group's policy is to hedge its exposure to interest rates and foreign currencies on a case-by-case basis. Hedge accounting is applied to cash flow and fair value hedges of interest rate risk exposures. Interest rate swaps under which the Group pays a fixed rate and receives a floating rate have been used to hedge the interest rate risk on floating rate long-term bank borrowings. Interest rate swaps where the Group pays a fixed rate and receives a floating rate have been used to hedge the fair value of the available for sale assets in Feco Sub SPV Plc.

At 31 March 2009, cumulative unrealised gains on hedge instruments were €7.8 million (31 December 2008: €15.7 million). The unrealised gains comprise the fair value of the novated swaps of €23.0 million (31 December 2008: €24.2 million) and the fair value loss of the interest rate swaps of €15.2 million (31 December 2008: €8.5 million).

The gain or loss on measurement of the fair value of the interest rate swaps has been recognised in the statement of changes in equity to the extent that the swaps are effective, while gains and losses related to fair value hedges have been recognised in the income statement.

17. FINANCIAL INSTRUMENTS

Risk Management

The Group's exposure to risk and methods used by the Group to control risk have not changed since the 2008 Annual Report. The most important types of financial risk to which the Group is exposed are market, credit, liquidity, interest rate and foreign currency risk. A detailed description of these is provided in the Notes to the Consolidated Financial Statements for the year ended 31 December 2008.

The tables below represent the details of the remaining contractual maturities of financial assets and liabilities, excluding trade receivables and payables as at 31 March 2009 and 31 December 2008:

31 March 2009

Type	Total outstanding at 31 March 2009 €'000	Within 1 year €'000	1 to 5 years €'000	Over 5 years €'000
Assets				
Cash and cash equivalents	106,904	106,904	-	-
Asset backed securities, available-for-sale	85,431	15,276	57,063	13,092
Loans and receivables (includes cash to be invested)	1,633,291	299,986	1,036,213	297,092
Derivative assets*	72,401	(992)	68,643	4,750
Total assets	**1,898,027**	**421,174**	**1,161,919**	**314,934**
Liabilities				
Interest payable**	25,908	208,533	652,035	91,129
Derivative liabilities*	16,688	5,811	13,581	485
CDO bonds payable	1,684,833	-	-	1,696,718
Bank loans	3,508,355	526,887	1,045,194	1,987,022
Finance leases payable ***	46,114	1,559	6,510	97,736
Total liabilities	**5,281,898**	**742,790**	**1,717,320**	**3,873,090**

* Derivative assets/liabilities reflect the cash flows over the remaining life of the assets.
** Interest payable reflects the interest payable over the life of the financing.
*** Finance leases payable represent all lease payments due over the lives of the leases.

Gross settled derivatives	Total outstanding at 31 March 2009 €'000	Within 1 year €'000	1 to 5 years €'000	Over 5 years €'000
Contractual amounts payable	(241,063)	(12,377)	(215,468)	(13,218)
Contractual amounts receivable	313,464	11,385	284,111	17,968
Total undiscounted gross settled derivatives outflow	72,401	(992)	68,643	4,750

31 December 2008

Type	Total outstanding at 31 December 2008 €'000	Within 1 year €'000	1 to 5 years €'000	Over 5 years €'000
Assets				
Cash and cash equivalents	119,869	119,869	-	-
Asset backed securities, available-for-sale	104,548	15,320	71,414	17,814
Loans and receivables (includes cash to be invested)	1,629,394	275,518	1,040,530	313,346
Derivative assets*	90,225	915	73,700	15,610
Total assets	**1,944,036**	**411,622**	**1,185,644**	**346,770**
Liabilities				
Interest payable**	35,916	224,591	776,138	147,266
Derivative liabilities*	11,218	6,169	13,581	485
CDO bonds payable	1,674,758	-	-	1,687,176
Bank loans	3,626,122	538,920	1,140,578	1,988,483
Finance leases payable ***	24,001	1,559	6,510	97,736
Total liabilities	**5,372,015**	**771,239**	**1,936,807**	**3,921,146**

* Derivative assets/liabilities reflect the cash flows over the remaining life of the assets.
** Interest payable reflects the interest payable over the life of the financing.
*** Finance leases payable represent all lease payments due over the lives of the leases.

Gross settled derivatives	Total outstanding at 31 December 2008 €'000	Within 1 year €'000	1 to 5 years €'000	Over 5 years €'000
Contractual amounts payable	(260,815)	(3,001)	(220,422)	(37,392)
Contractual amounts receivable	349,844	2,721	294,122	53,001
Total undiscounted gross settled derivatives outflow	89,029	(280)	73,700	15,609

18. DIVIDENDS PAID & DECLARED

No dividends were paid or declared in the first quarter (nil first quarter 2008).

19. RELATED PARTY TRANSACTIONS

At 31 March 2009, management fees, incentive fees and expense reimbursements of approximately €4.5 million (31 December 2008: €4.4 million) were due to the Manager. For the three months ended 31 March 2009 management fees of €5.3 million, (31 March 2008: €5.5 million), no incentive fees (31 March 2008: nil), and expense reimbursements of €2.2 million (31 March 2008: €1.9 million) were charged to the income statement.

Total annual remuneration for Eurocastle directors is €0.2 million payable quarterly in equal instalments. Wesley R. Edens and Randal A. Nardone do not receive any remuneration from the Group.

20. SEGMENTAL REPORTING

The Group operates in one geographical segment, being Europe. The Group has conducted business through three primary segments: debt investments, real estate fund units and investment properties.

Summary financial data of the Group's business segments is provided below:

Three months ended 31 March 2009 (Unaudited)	Debt investment €'000	Investment properties €'000	Unallocated €'000	Total Eurocastle €'000
Revenue	24,363	77,603	104	**102,070**
Other operating loss	(39,840)	(135,292)	-	**(175,132)**
Interest expense	(17,194)	(40,008)	-	**(57,202)**
Other operating expenses	(2,098)	(26,319)	(6,572)	**(34,989)**
Segment result	**(34,769)**	**(124,016)**	**(6,468)**	**(165,253)**
Taxation benefit	-	2,796	-	**2,796**
Net (loss)	**(34,769)**	**(121,220)**	**(6,468)**	**(162,457)**
Decrease in fair values	64	132,895	-	**132,959**
Realised gains on sale	-	(3,365)	-	**(3,365)**
Deferred tax	-	(2,861)	-	**(2,861)**
Funds from operations	**(34,705)**	**5,449**	**(6,468)**	**(35,724)**

Three months ended 31 March 2008 (Unaudited)	Debt investment €'000	Investment properties €'000	Unallocated €'000	Total Eurocastle €'000
Revenue	37,108	91,142	77	**128,327**
Other operating income	-	(109,894)	-	**(109,894)**
Interest expense	(29,242)	(46,179)	-	**(75,421)**
Other operating expenses	624	(22,898)	(6,187)	**(28,461)**
Segment result	**8,490**	**(87,829)**	**(6,110)**	**(85,449)**
Taxation expense	-	1,317	-	**1,317**
Net (loss)	**8,490**	**(86,512)**	**(6,110)**	**(84,132)**
Increase in fair values	(1,444)	109,894	-	**108,450**
Deferred tax	-	(1,671)	-	**(1,671)**
Funds from operations	**7,046**	**21,711**	**(6,110)**	**22,647**

Three months ended 31 December 2008 (Unaudited)	**Debt investment €'000**	**Investment properties €'000**	**Unallocated €'000**	**Total Eurocastle €'000**
Revenue	36,323	78,119	349	**114,791**
Other operating loss	(13,356)	(261,994)	-	**(275,350)**
Interest expense	(28,157)	(46,908)	-	**(75,065)**
Other operating expenses	(756)	(26,688)	(8,120)	**(35,564)**
Segment result	**(5,946)**	**(257,471)**	**(7,771)**	**(271,188)**
Taxation benefit	-	7,378	-	**7,378**
Net profit / (loss)	**(5,946)**	**(250,093)**	**(7,771)**	**(263,810)**
Decrease in fair values	399	261,994	-	**262,393**
Realised gains on sale	-	(5,334)	-	**(5,334)**
Deferred tax	-	(5,974)	-	**(5,974)**
Funds from operations	**(5,547)**	**593**	**(7,771)**	**(12,725)**

As at 31 March 2009 (Unaudited)	**Debt investment €'000**	**Investment properties €'000**	**Unallocated €'000**	**Total Eurocastle €'000**
Total assets	1,810,630	4,159,681	16,969	**5,987,280**
Total liabilities	(1,877,418)	(3,450,830)	(5,026)	**(5,333,274)**
Segment net assets	**(66,788)**	**708,851**	**11,943**	**654,006**
Tax liability	-	(10,177)	-	**(10,177)**
Minority interest	(2)	(4)	-	**(6)**
Net assets	**(66,790)**	**698,670**	**11,943**	**643,823**

* The real estate fund units were sold in October 2007.

As at 31 December 2008	**Debt investment €'000**	**Investment properties €'000**	**Unallocated €'000**	**Total Eurocastle €'000**
Total assets	1,864,689	4,361,993	21,627	6,248,309
Total liabilities	(1,883,537)	(3,535,379)	(5,335)	(5,424,251)
Segment net assets	**(18,848)**	**826,614**	**16,292**	**824,058**
Tax liability	-	(13,006)	-	(13,006)
Minority interest	(2)	(4)	-	(6)
Net assets	**(18,850)**	**813,604**	**16,292**	**811,046**

21. SUBSEQUENT EVENTS

Subsequent to quarter end, the Group has sold two further properties for total sale proceeds of €4.9 million, and has entered into binding agreements to sell two properties for estimated total proceeds of €0.5 million.

The Company announced on 27 May 2009 its intention to raise up to €130 million of additional funds through the issue of unlisted perpetual convertible securities.

The final legal transfer of the equity and associated documentation in relation to the Mars Floating Facility restructuring was completed on 27 May 2009. See Note 3 of the Notes to the Consolidated Financial Statements in the 2008 Annual Report for more detail about the restructuring.

22. COMMITMENTS

As at 31 March 2009, the Group had no commitments that were not disclosed in these financial statements.