



EUROCASTLE

Investor Day

Berlin, 22 May 2007

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Introduction

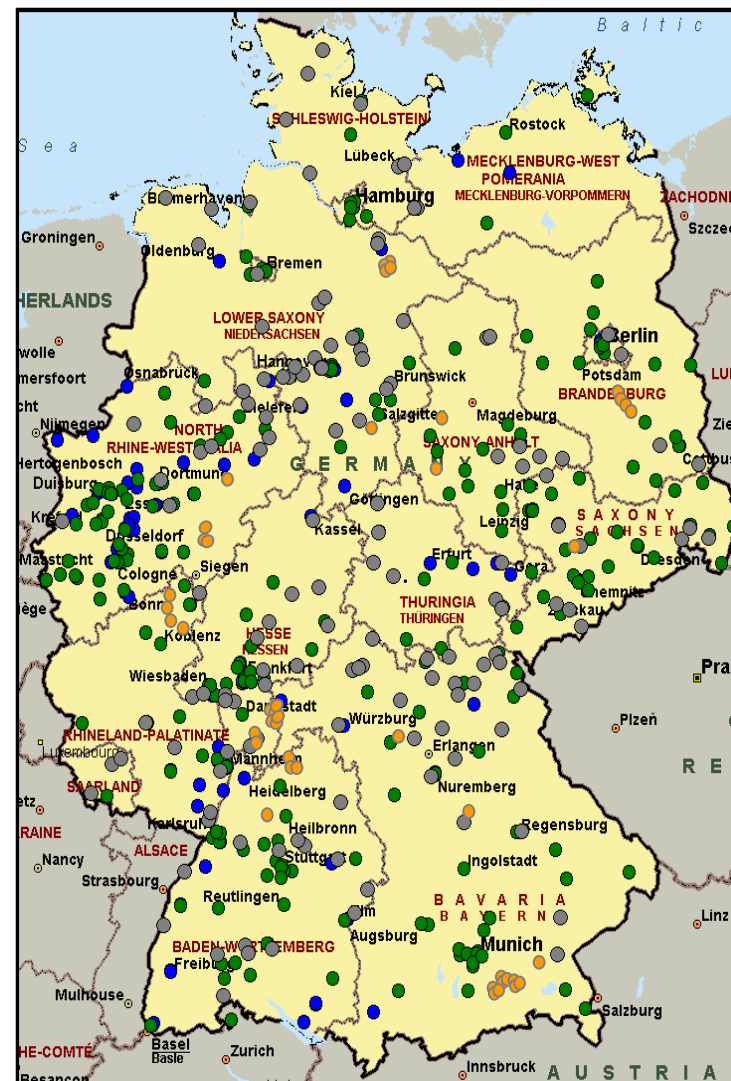
Rob Kauffman

Bruce Snider

Steve Charlton

Company Overview

- One of the largest listed owners of German commercial property
 - €5.5 billion commercial property portfolio
 - 625 properties throughout Germany
- Dedicated acquisitions and asset management team in Germany
- Strong alignment with shareholders
 - Fortress owns or controls c. €400m of ECT shares (1)



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(1) Fortress private equity funds, the Manager, Principals, Officers and Employees (as of 18 May 2007).

Objectives

- Our objective is to build long-term value for our shareholders
 - Increase FFO through a combination of organic and accretive growth
 - Pay out substantially all FFO over time in the form of quarterly dividends



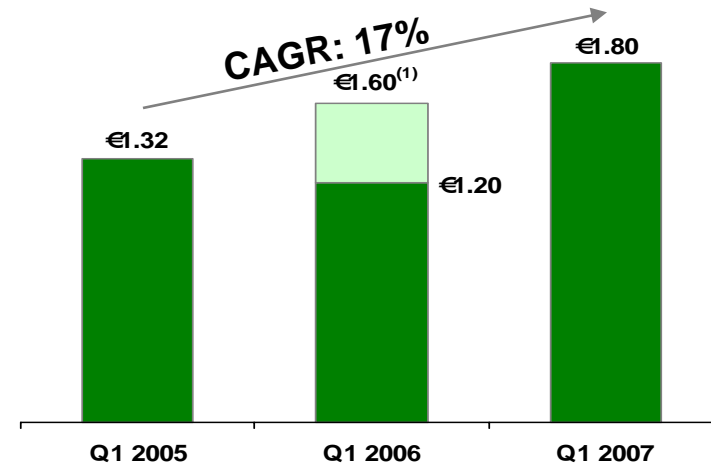
- Increase occupancy
- Control expenditures
- Capture rental growth
- Accretive acquisitions
- High quality real estate
- Upside potential through active asset management

Financial Performance for Past 2 Years

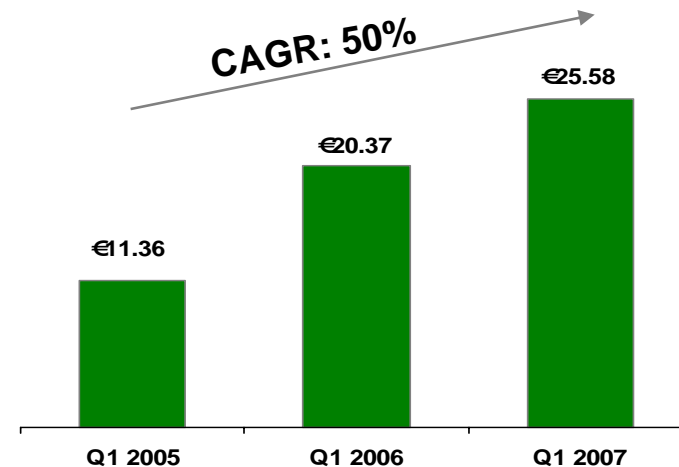
- Annualized quarterly dividend
 - Increased by 36%
 - CAGR of 17%

- Book value per share
 - Increased by 125%
 - CAGR of 50%

Annualized Dividend per Basic Share



Book Value per Basic Share



(1) Q1 2006 dividend is pro-forma for full inclusion of earnings from Dresdner acquisition in Q1 2006.

2007 Highlights

- Dividend
 - Raised to €0.45 per share

- Portfolio
 - Closed MARS acquisition at the end of February
 - 56 properties for €2.1 billion

- Asset Management
 - Sold 78 non-core properties for €325 million⁽¹⁾
 - 9% premium to year end carrying value
 - €26 million net realized gain, for €0.40 per share

- Leasing
 - Signed 126 new leases for 38,500 square meters



Near Term Goals

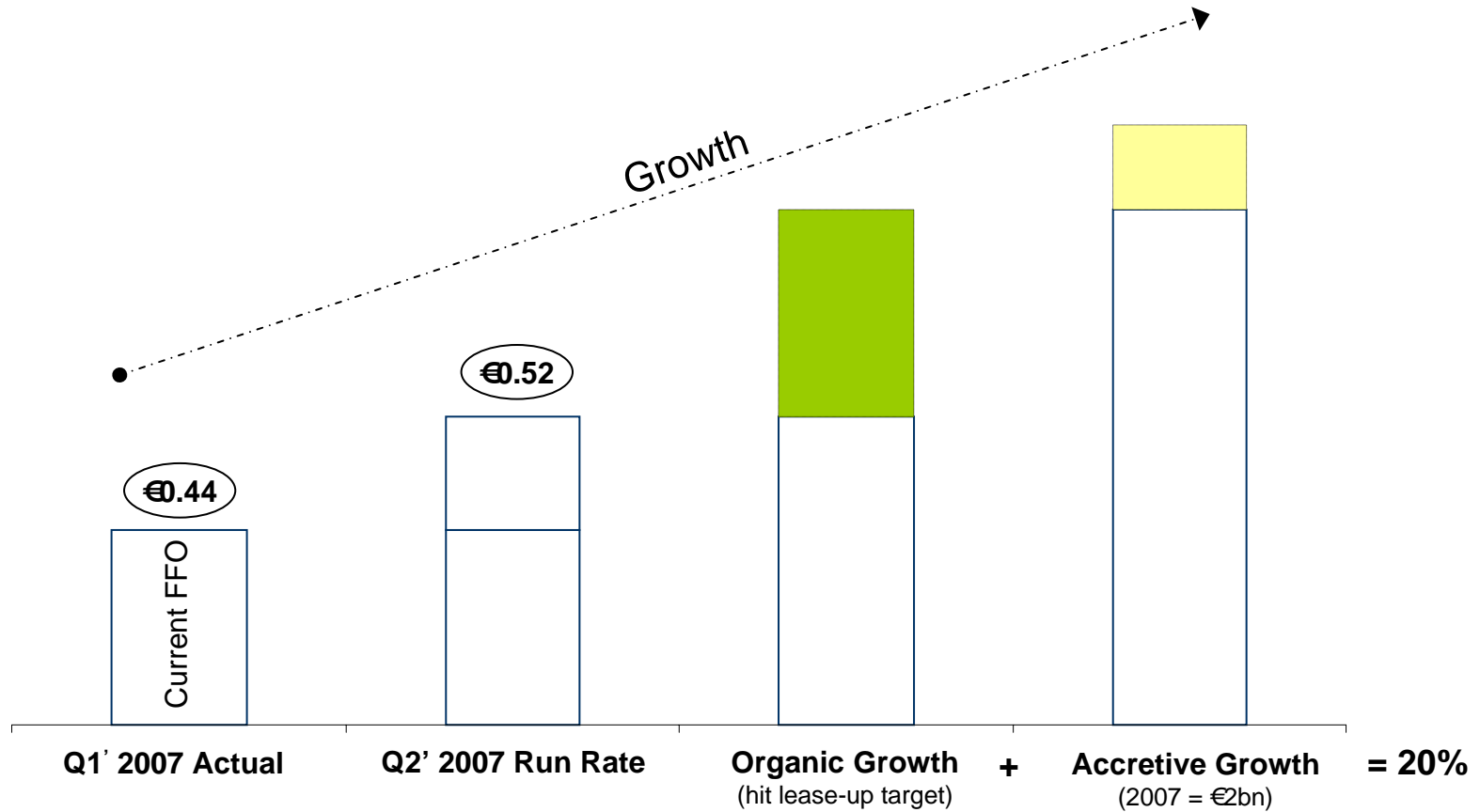
- LISTING
 - Frankfurt Stock Exchange beginning in June 2007

- PORTFOLIO OCCUPANCY
 - Increasing from 87% to stabilized occupancy of 93% during 2008
 - Office occupancy from 84% to 92%

- ACQUISITIONS
 - Add €2 billion of new German commercial property during 2007

Illustrative Example – Growth

Illustrative Calculation of Quarterly FFO per Share Growth



First Quarter 2007 Results



Key Performance Indicators

50%

Quarterly Dividend per Share

€0.45 per share
from €0.30 per share for Q1 2006

26%

Quarterly FFO per Share

€0.44 per share
from €0.35 per share for Q1 2006



Income

175%

Rental Income

€66 million
from €24 million for Q1 2006

65%

Interest Income

€33 million
from €20 million for Q1 2006



Balance Sheet

40%

Total Asset

€8.0 billion
from €5.7 billion at Q4 2006

67%

Commercial Property

€5.5 billion
from €3.3 billion at Q4 2006

3.4%

Book Value per Share

€25.58
from €24.73 at Q4 2006



Proposed Corporate Tax Reform

Major Tax Law Changes

- Tax reform 2008
- Reduction of corporate tax rate from 25% to 15%
- Tax deductibility of interest expense limited at 30% of EBIT
- But, “escape clause” allows full tax deductibility of interest expense if leverage of German subsidiaries is approximately equal to or less than group leverage

Potential Impact on Eurocastle

- Eurocastle may benefit from escape clause
- Shareholder loans will be converted into equity
- Effective current tax rate could increase to 3% - 5%

German REIT Legislation

Eurocastle

- Tax efficient structure, no withholding tax
- Pay out majority of FFO
- Ability to use higher leverage
- No conversion cost
- Potential for G-REIT subsidiary

G-REITs

- Withholding tax of up to 26.375%
- Dividend payout significantly reduced – depreciation is non-distributable
- Leverage limited at 55%
- High conversion costs
 - >RETT of 3.5% / 4.5% (Berlin) on IFRS property value
 - >CGT on transferred assets
- Favorable tax treatment for some vendors through 2009



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Acquisitions

Head of Acquisitions

Guido Pinol

Eurocastle Acquisitions Team

ECT Acquisitions

Acquisition Expertise

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

Local Market Knowledge

- Good relationships with local players
- Nationwide Portfolio

Integrated Asset Management

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



Eurocastle Acquisitions 2006

**€3 billion of new acquisitions in 2006
vs. target of €1 billion**



BRIDGE

- €500 million office
- 6 office buildings
- DB Real Estate
- September 2006
- NOI Yield 5.6%
- Occupancy 93%

MARS

- €2.1 billion office
- 56 office buildings
- DB Real Estate
- December 2006
- NOI Yield 5.3%
- Occupancy 83%

HUK

- €55 million office
- 8 office buildings
- HUK Coburg
- December 2006
- NOI Yield 6.4%
- Occupancy 100%

RETAIL

- €266 million retail
- 91 retail properties
- 58 sellers
- 2006
- NOI Yield 6.8%
- Occupancy 99.8%

Eurocastle Acquisition Profile

	Investment Profile Typical Characteristics	Yield / Occupancy	
		In-going	Target
Type: A Sale-and-Lease-Back eg. Dresdner	<ul style="list-style-type: none"> Pool of assets, primarily office Good covenant / tenant conc. Mixed asset quality Asset management potential 	<ul style="list-style-type: none"> 5.00 – 5.50% 80 – 90% 	<ul style="list-style-type: none"> 6.00 – 6.50% 95%
Type: B Long-term Leased eg. Retail	<ul style="list-style-type: none"> Generally 1-by-1 acquisition Small pools LT lease and good covenant Limited asset management potential 	<ul style="list-style-type: none"> 6.25 – 6.75% 100% 	<ul style="list-style-type: none"> 6.25 – 6.75% 100%
Type: C German Institutionals eg. DB Mars	<ul style="list-style-type: none"> Generally larger office/ retail Diversified tenant base/ shorter leases Well maintained Significant asset management upside 	<ul style="list-style-type: none"> 4.25 – 5.00% 75 – 85% 	<ul style="list-style-type: none"> 5.50 – 6.00% 95%

Market Transaction Volume 2007 to Date – Signed or Expected Shortly

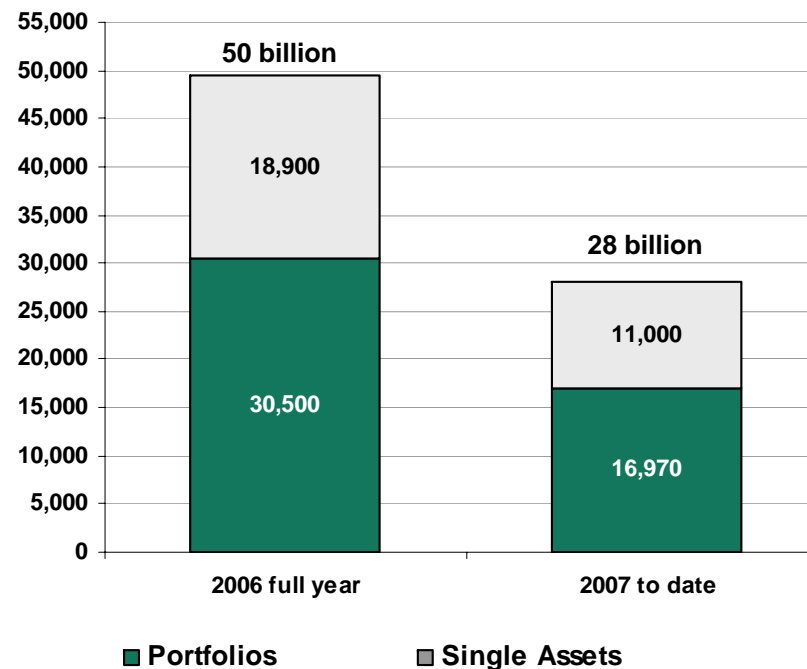
- €17 billion portfolio transactions 2007 to date vs. €30 billion in 2006
- High volume of large scale single asset transactions

Portfolio Transactions 2007 to Date

No.	Type	Seller Type	Assets	Price (m EUR)	Status
1	Office	Open Ended Fund	37	2.623	Signed
2	Office	Insurance Company	195	1.900	Expected
3	Office	Open Ended Fund	53	1.360	Signed
4	Office	Open Ended Fund	53	495	Signed
5	Office	Insurance Company	7	1.700	Expected
6	Retail	Corporate	80	1.000	Expected
7	Office	Property Company	55	1.000	Expected
8	Office	Corporate	1	700	Expected
9	Retail	Property Company	51	650	Expected
10	Retail	Corporate	17	600	Expected
11	Retail	Corporate	n/a	500	Expected
12	Office	Insurance Company	54	465	Signed
13	Office	Open Ended Fund	26	441	Signed
14	Mixed	Corporate	118	350	Expected
15	Office	Property Company	6	350	Expected
17 smaller Deals			318	2.836	
Subtotal Portfolios			1071	16.970	
Single Assets				11.000	
TOTAL				27.970	

Source: Company Estimates

Transaction Volume 2006 vs. 2007



Source: Atis Real & Company Sources

Potential Acquisition Pipeline 2007

Year	2005	2006	2007	
			2007 to date	Expected 2007
Commercial Transaction volume	> €20 billion	> €50 billion	> €25 billion	€25 – 45 billion
			Total expected volume €50 – 70 billion	
Eurocastle Acquisitions	€2 billion 10% of total	€3 billion 6% of total	Target €2 billion 3-4% of total	

Source: Company Data



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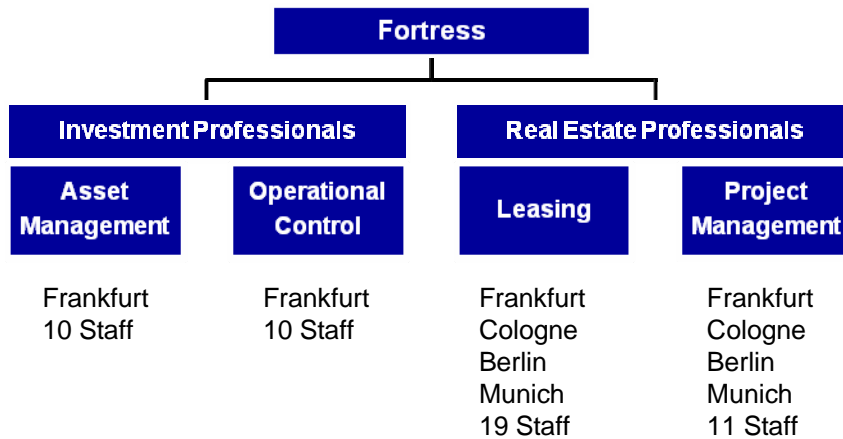
Asset Management

Head of Asset Management

Joseph DeLeo

Nationwide Asset Management Platform

Eurocastle Investment Limited



3rd Party Property Managers



- 302 Properties
- 841,600 sqm
- 6 Offices
- 40 Staff



**JONES LANG
LASALLE®**

- 56 Properties
- 839,600 sqm
- 5 Offices
- 40 Staff

AtisReal

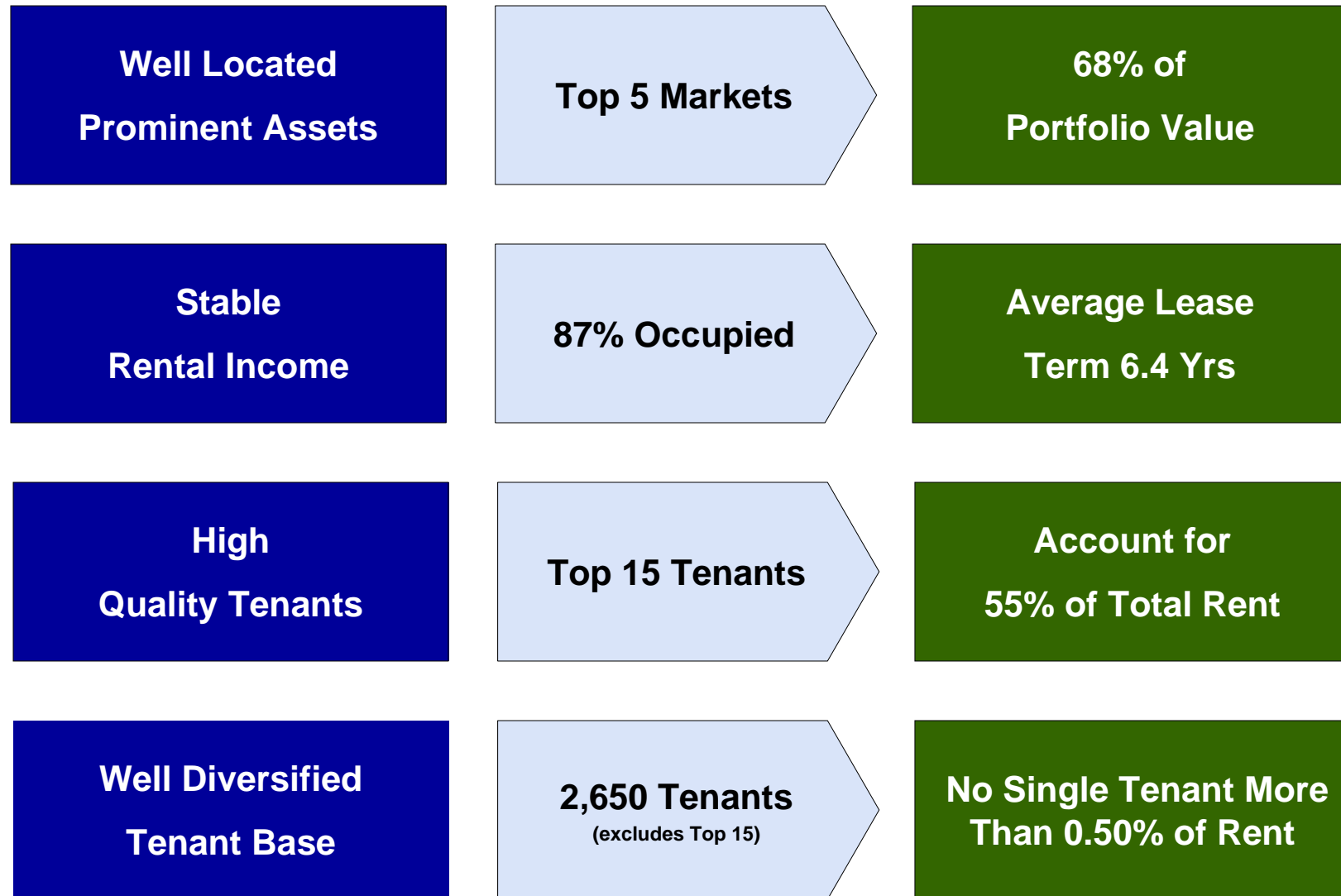
- 267 Properties
- 820,000 sqm
- 5 Offices
- 42 Staff

Core Market Coverage



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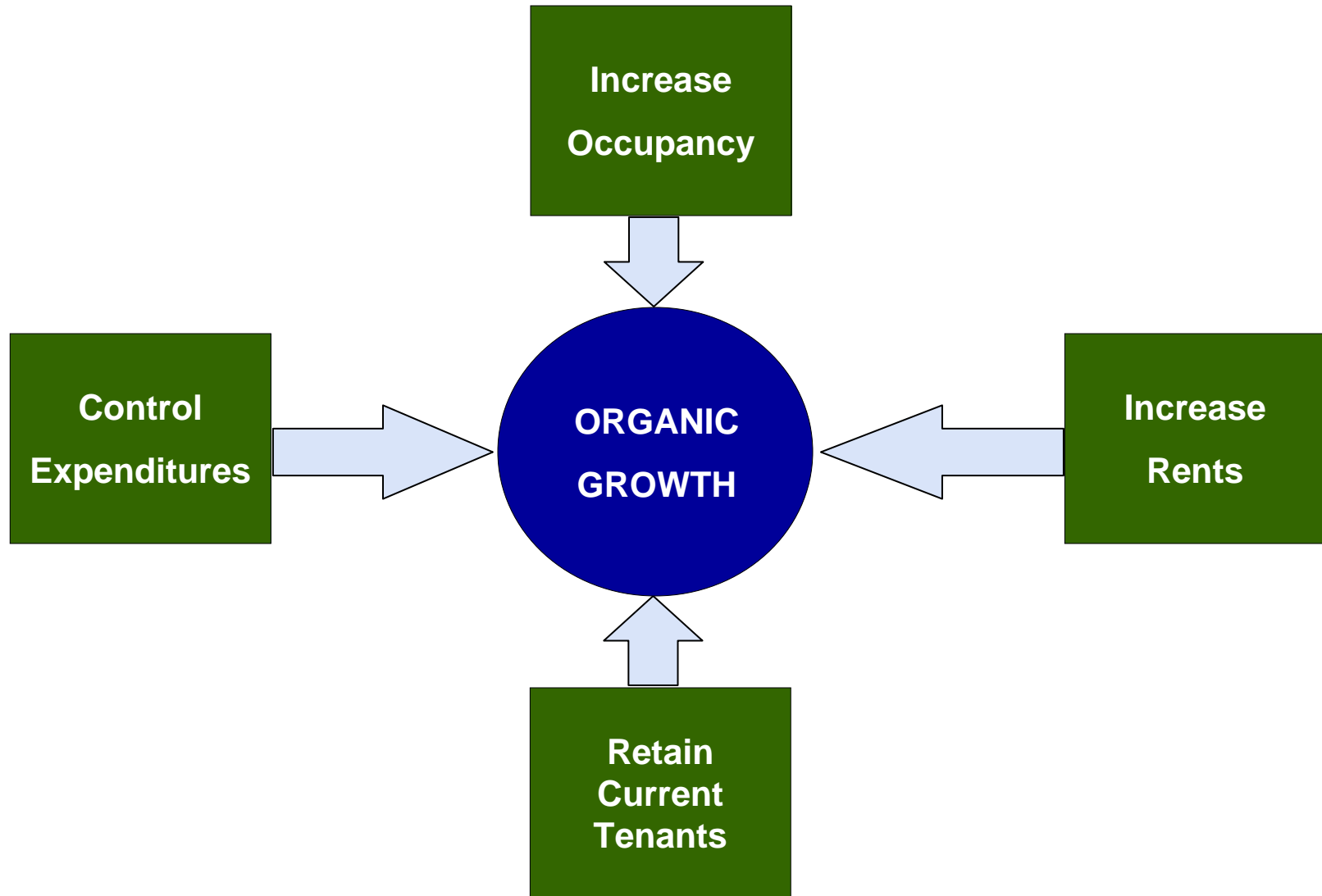
High Quality Property Portfolio



Focused Asset Management Strategy

CORE HOLDINGS 69% of total		OTHER HOLDINGS 31% of total	
	<u>Office</u> 61% €3.36bn	<u>Retail</u> 8% €0.42bn	
	Long Term Hold	Long Term Hold	
Core Competencies	<ul style="list-style-type: none"> Managing tenant rollover exposure Pursuing lease extensions Maintaining competitive product 	<ul style="list-style-type: none"> Capitalizing on changes in retailer formats Monitoring trends in local markets 	
			<u>Value Added</u> 28% €1.54bn
			<u>Non-Strategic</u> 3% €0.20bn
			Medium Term Hold
			Short Term Hold
			<ul style="list-style-type: none"> Reducing vacancy Refurbishing property Disciplined review of hold versus sell
			<ul style="list-style-type: none"> Redeploy capital to core markets <div style="background-color: #000080; color: white; padding: 5px; margin-top: 10px;"> <p><u>Project Wentworth</u></p> <ul style="list-style-type: none"> - 78 non-core buildings - Sold for €325 mm - Gain of €0.40 per share - 9% over carrying value - Closing Q2/Q3 2007 </div>

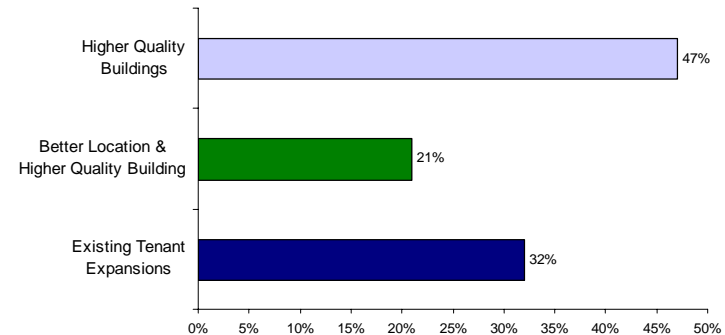
Key Drivers of Organic Growth



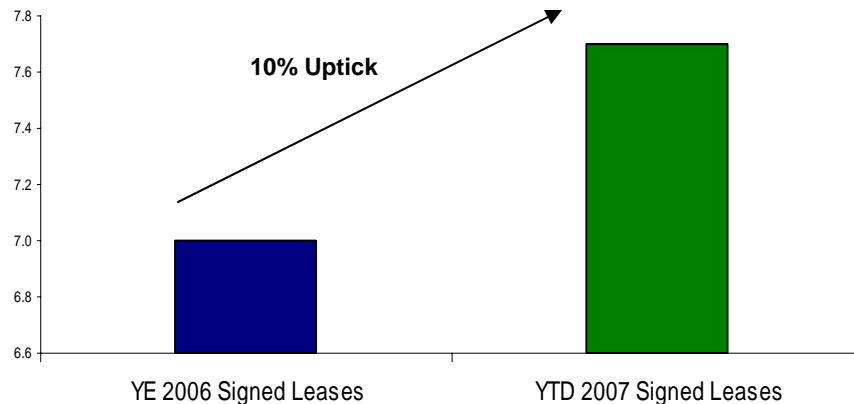
Increasing Occupancy and Rents

- 2008 lease up target of 220,000 sqm
- YTD signed 126 new leases for 38,500 sqm
- 55% from recently acquired Mars portfolio
- Rents are in-line with expectations
- Activity strong in primary & secondary markets

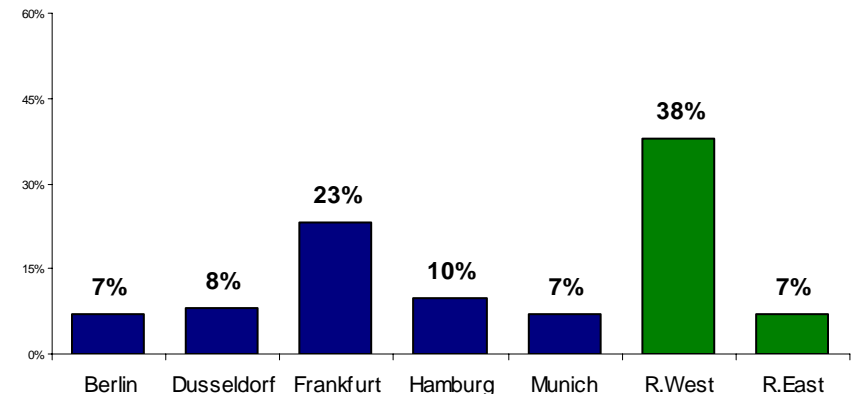
The Demand is Coming From



Continued Increase in Avg. Rental Rates



Strong Activity In All Markets

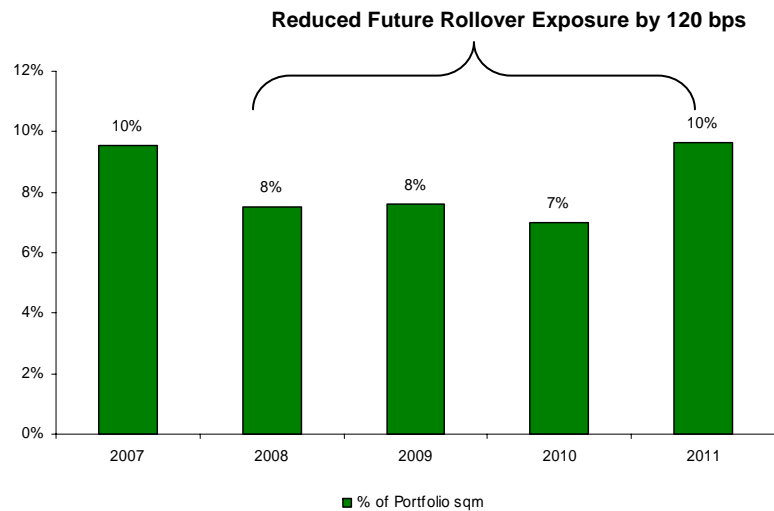


Source: Company Data

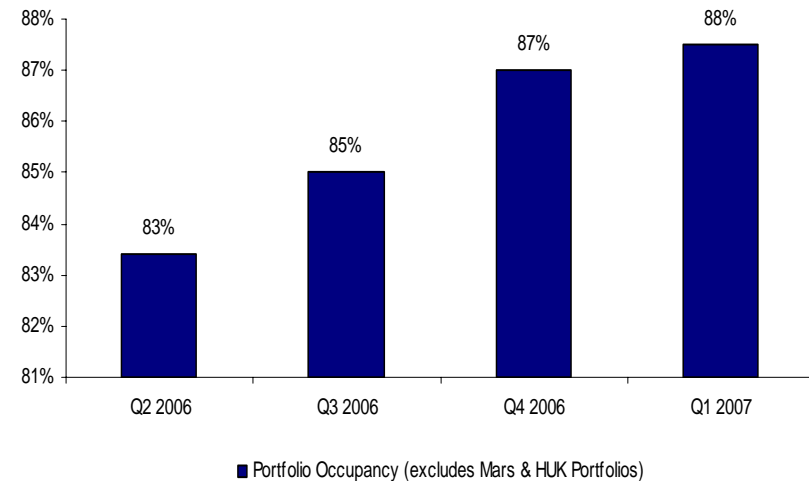
Retaining Current Tenants

- Renewed 45% of 2007 expiring leases, totalling 110,000 sqm
- Includes renewal of 46,000 of Deutsche Bank leases
- Early renewal of 29,000 sqm set to expire between 2008 & 2011
- Expect to renew 70% of total 2007 rollover
- Well positioned to capture rising rents as space rolls over

Positioned to Capture Rising Rents



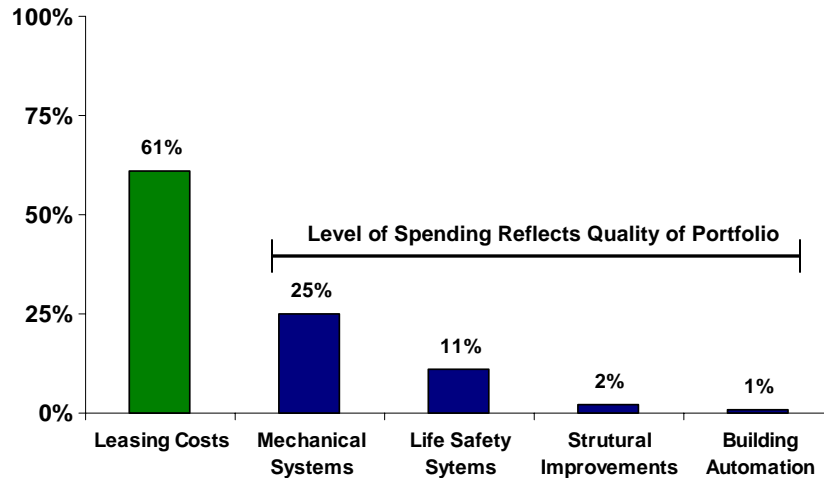
Continuing to Increase Occupancy



Controlling Expenditures

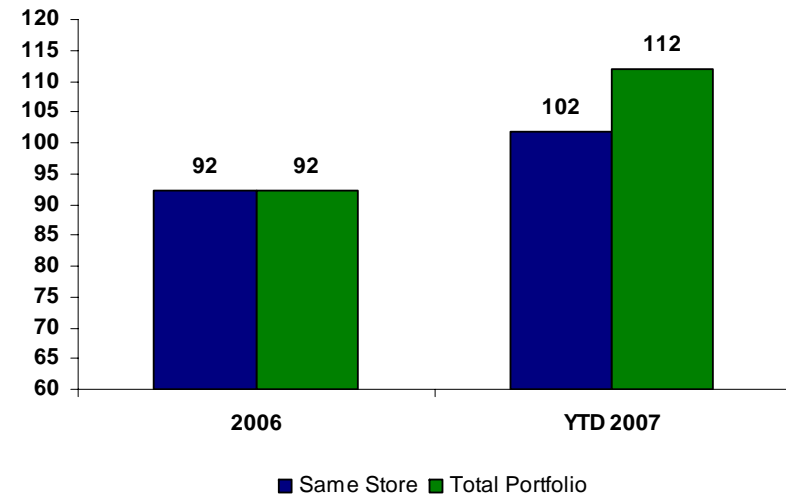
- Focus is on attracting new tenants and keeping existing ones
- 61% of capital program allocated to the leasing program
- Remaining invested in capital improvements to buildings
- Reducing cost of vacancy by leasing new space

Investing To Maintain Market Position

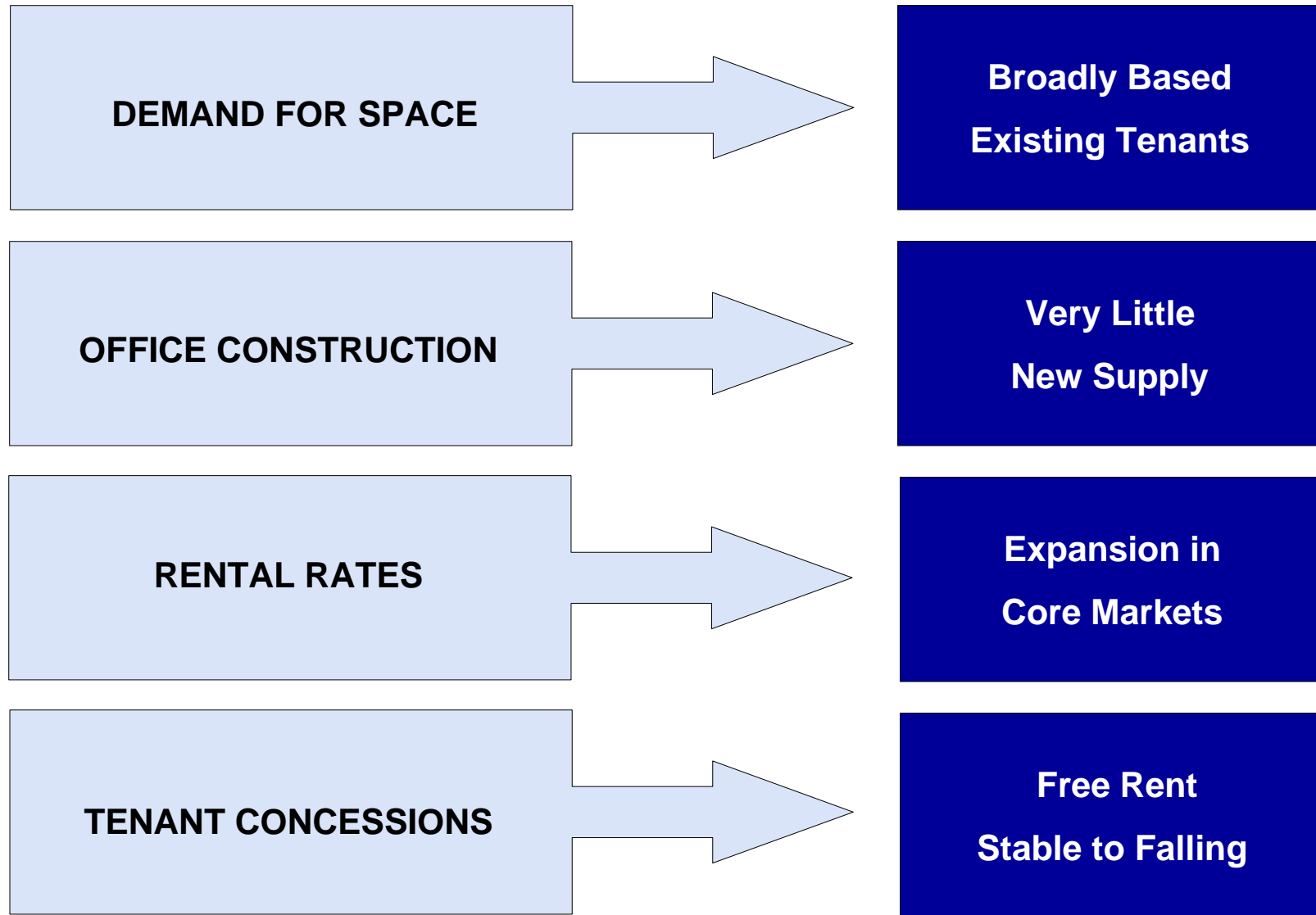


Source: Company Data

Cost of Leasing Remains Stable



Continued Market Strengthening Expected





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