EUROCASTLE INVESTMENT LIMITED

2011 Investor Presentation

Forward Looking Statements

This release contains statements that constitute forward-looking statements. Such forward-looking statements may relate to, among other things, future commitments to sell real estate and achievement of disposal targets, availability of investment and divestment opportunities, methods of funding portfolios, timing of completion of acquisitions and disposals, 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. The Group’s[1] ability to predict results or the actual effect of future plans or strategies is limited. Although the Group believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, its 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 the Group’s actual results in future periods to differ materially from forecasted results or stated expectations, including the risks regarding Eurocastle’s ability to achieve its targets regarding asset disposals or leasing or that Eurocastle will be able to fund or repay its liabilities.

(1) Eurocastle Investment Limited and its consolidated subsidiaries are defined as the “Group”

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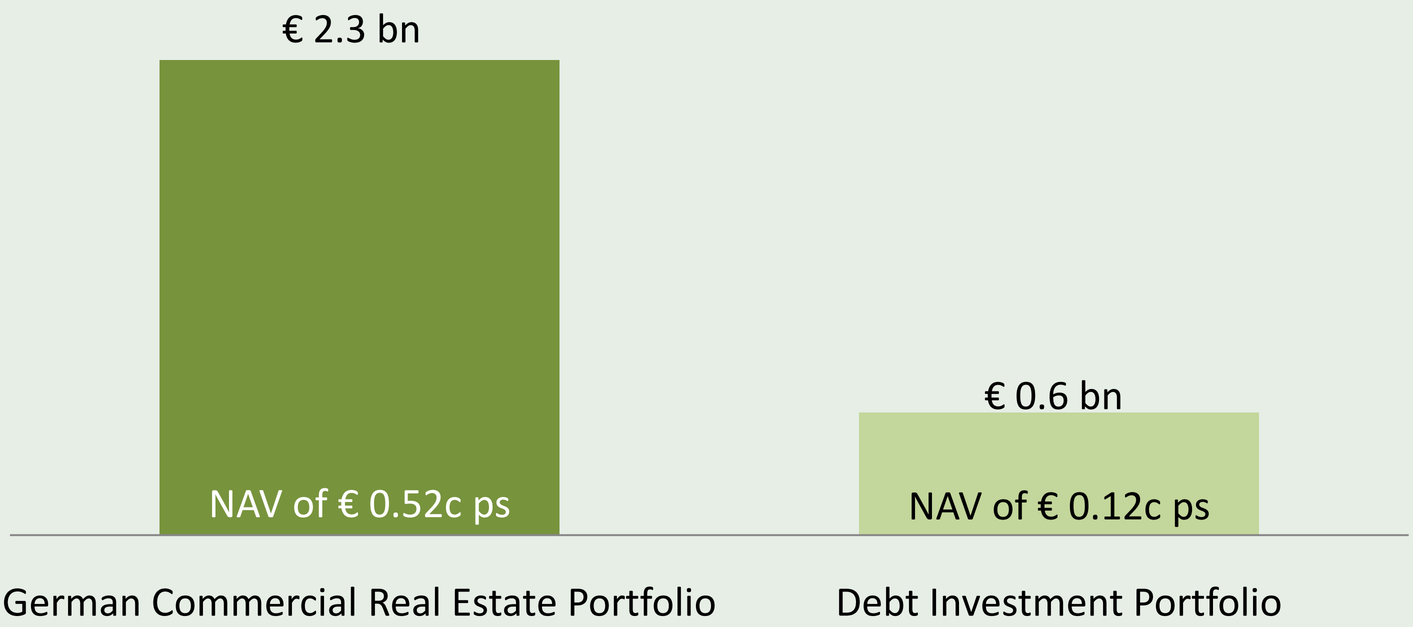
Overview

- Eurocastle Investment Ltd (**"ECT"**) primarily owns and manages German commercial property and European debt investments
  - As at December 2011, the Group's Real Estate portfolio consisted of 463 properties with an occupancy level of 84.3% which will drop by 4.4% due to known expiries in January 2012. NAV for the FY11 is €297.0m or €0.52 per fully diluted share
  - The European Debt Investment portfolio comprises 50 bonds and 24 commercial real-estate loans. NAV for the FY11 is €65.9m or €0.12 per fully diluted share
  - ECTs total assets amount to €2.9bn or an NAV per fully diluted share of €0.64

Total Assets & NAV(1)



(1) NAV per share is expressed on a fully diluted share basis as at 31 December 2011
(2) NAV is reported after taking into account the effect of the unallocated assets and liabilities

2011 Highlights

Real Estate Portfolio Highlights

- **Leasing:** During the year ended 31 December 2011, the Group signed 251 commercial leases for approximately 154,400 square metres (sqm)
- **Occupancy:** Physical occupancy was at 84.3% compared to 87.0% at the end of 2010. Going into 2012, the level of physical portfolio occupancy decreased by a further 4.4% following an expiry relating to the consolidation of a major tenant's back-office locations in Frankfurt and Munich
- **Sales:** In 2011, the Group sold 32 properties for total sales proceeds of €142.5m. Excluding sales from the Mars Floating Portfolio from which the Group doesn't attribute any material NAV, the group realised sales of €77.3m for a carrying value of €76.8m
- **Restructurings:** The Mars Fixed 1 facility was restructured in the 2nd quarter. ECT transferred control to the junior lender in return for current running fixed asset management fees for the portfolio. To date, the Group has benefitted economically by €2.9m for fees relating to 2011

Debt Portfolio Highlights

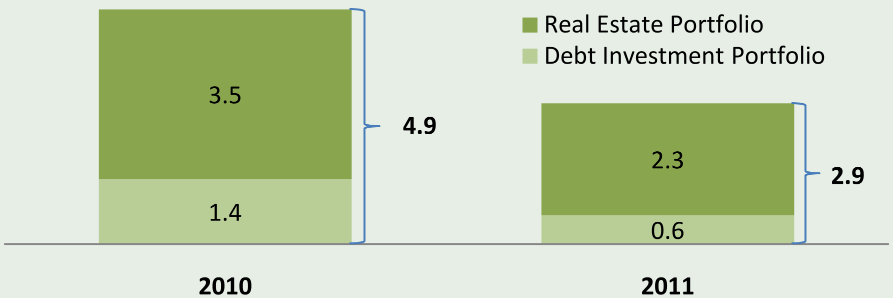
- **Restructurings:** CDOs II and III were restructured. Following the transaction, the Group deconsolidated its investment in CDOs II and III resulting in an increase in the Group's NAV of €114.7m or €0.20[(1)] per fully diluted share
- **Reinvestment:** In aggregate, the CDOs reinvested €137.1m of proceeds in a combination of CMBS and RMBS. Additionally the CDOs repurchased €26.3m of their own senior debt at an average price of 67.6% of nominal realising a net book gain of €8.4m

(1) NAV per share is expressed on a fully diluted share basis as at 31 December 2011

2011 Highlights

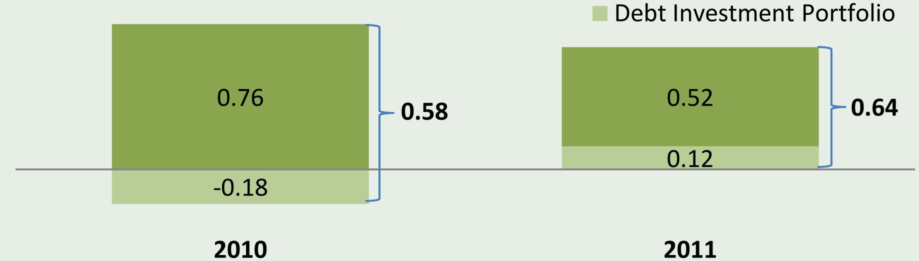
Portfolio Highlights

Total Assets



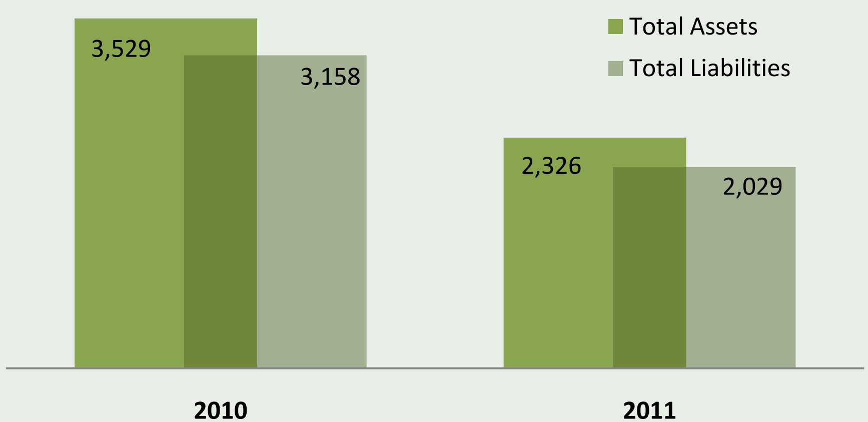
Major Drivers: Deconsolidation of Mars Fixed 1 (-€988.0m) and CDO II / III portfolios(1) (-€835.0m)

NAV (€ / share)



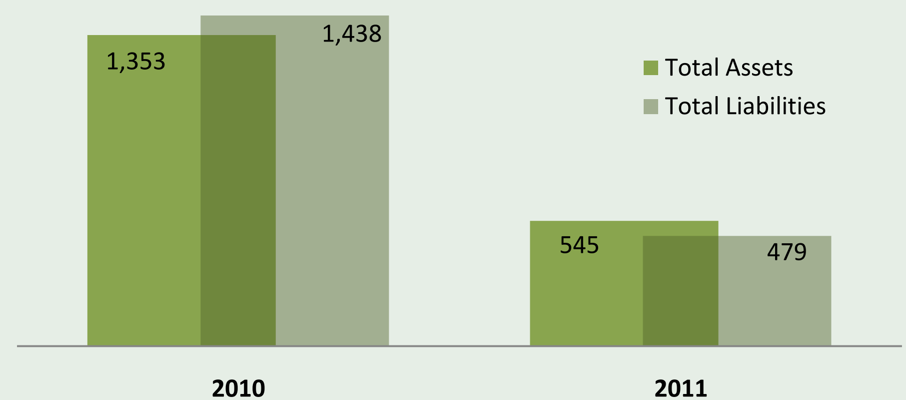
Major Drivers: Deconsolidation of CDO II / III (1) (+€0.20/share) and Total Fair Value adjustments (- €0.17/share)

Real Estate Portfolio Assets & Liabilities (€m)



Major Drivers: Deconsolidation of Mars Fixed 1 (Assets: -€988.0m; Liabilities; -€990.0m) , Portfolio asset sales (Assets: -€142.5; Liabilities: -€[138.2]m) and Fair Value adjustments (-€59.4m)

Debt Portfolio Assets & Liabilities (€m)



Major Drivers: Deconsolidation of CDO II / III (1) (Assets: -€835.0m; Liabilities; -€949.7m) and Impairments (-€40.3m)

(1) Deconsolidation of CDO II and III includes the impact of the minority investment in the senior note issued by CDO II

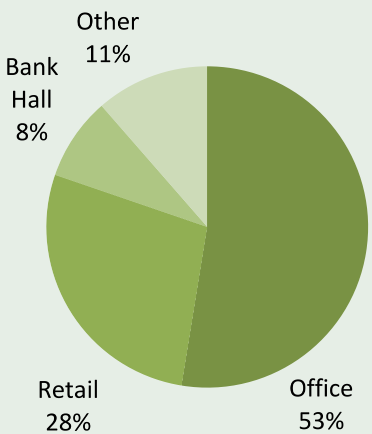
Property Portfolio Update

Business Review

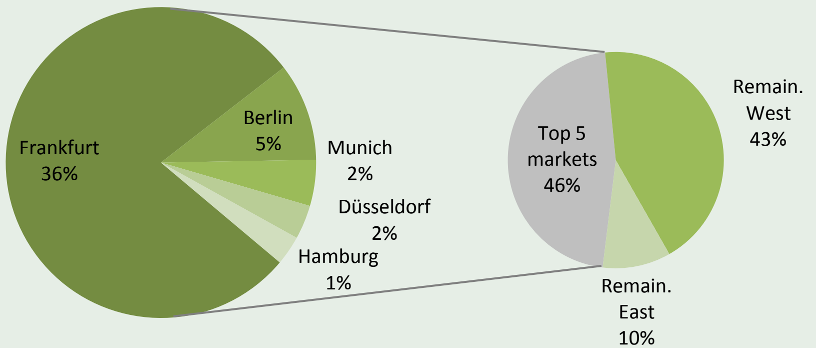
- **Overview:** As of year-end the Group owned 463 investment properties across Germany valued at approximately €2.2bn, equivalent to an NOI[(1)] yield of 6.2%. These assets are held in 11 separate financing portfolios. They comprise a diversified mix of office and retail properties with 46% of rental income from the five major German markets. The average lease term is 4.3 years with 11% of rental income expiring in 2012
- **Sales:** 32 properties were sold for total sales proceeds of €142.5m, realising cash of €6.9m after repayment of asset level financings and costs, of which €2.5m of cash was retained within the Drive portfolio
- **Occupancy:** As at December 2011, the Group had total lettable space of 1.4 million sqm. Physical occupancy on a like-for-like basis was at 84.3% compared to 87.0% at the end of 2010. Going into 2012, the level of physical portfolio occupancy decreased by 4.4% following an expiry relating to the consolidation of a major tenant's back-office locations in Frankfurt and Munich

Portfolio Composition[(2)(3)]

Use	WALT	Lettable (sqm)	Occ. %	Passing rent (€m)
Office	4.2	741,197	78%	83.0
Retail	5.1	388,738	97%	43.7
Bank Hall	3.2	83,090	97%	13.2
Other	3.6	209,553	77%	18.0
Total	**4.3**	**1,422,578**	**84%**	**157.9**



Portfolio by Location [(2)(3)]



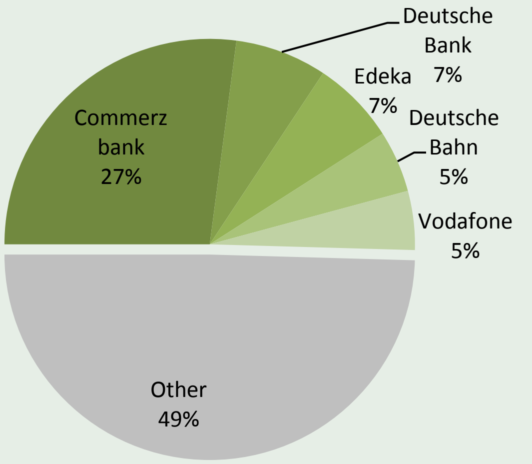
(1) Net operating Income (NOI) represents gross rental income less net service charge expenses and property operating expenses on an annualised basis
(2) Based on passing rent. Passing rent is defined as the contractual annual gross rental income at the period end, excluding the net effects of straight lining lease incentives.
(3) Total portfolio includes 100% of Mars Floating, in which the Group has a 50% equity investment

Property Portfolio Update

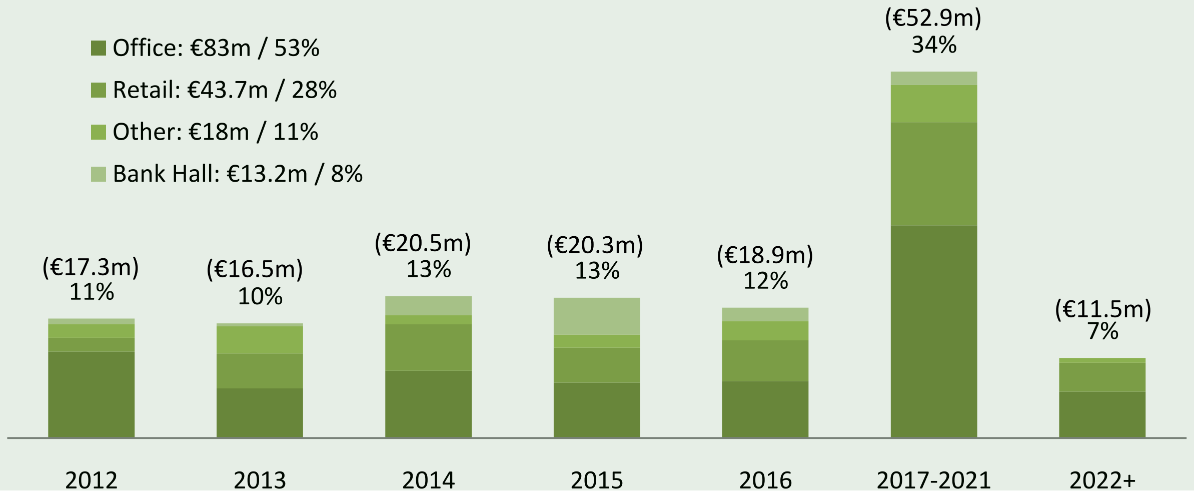
Business Review (continued)

- **Leasing:** During 2011, the Group signed 251 leases for approximately 154,400 sqm, including 164 new leases for approximately 56,900 sqm and 87 lease renewals for approximately 97,500 sqm. The renewal rate for leases expiring in 2011 was 69.4% compared to 79.1% in 2010. Excluding the large Commerzbank back-office expiries the renewal rate was 86.6%
- **Asset Management:** Following the restructuring of the Mars Fixed 1 facility, ECT's German asset management platform has generated €2.9m of net cash flow to the Group relating to 2011. The portfolio is no longer consolidated in the Group's results
- **Valuations & Market Commentary:** On a like for like basis, the portfolio value has declined moderately by 2.1% year-on-year as a result of individual asset-related factors (i.e. reduced rent, shorter remaining lease terms). The portfolio has so far not been able to benefit from the positive outlook for the German real estate market given the majority of the assets are situated outside or on the periphery of the five major German markets

Tenant profile [1]



Lease Roll-off [1] [2]

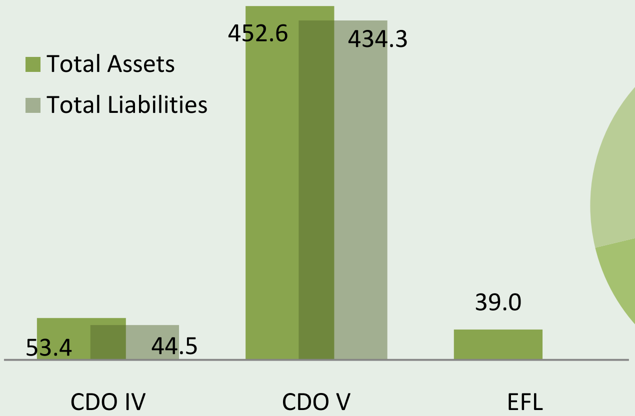


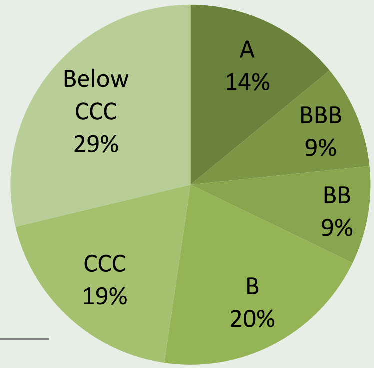
(1) Based on passing rent. Passing rent is defined as the contractual annual gross rental income at the period end, excluding the net effects of straight lining lease incentives
(2) Included in the Drive portfolio passing rent due to expire in 2012 is €10.9m of leases that have been terminated and will not be renewed leading to a 4.4% decrease in occupancy

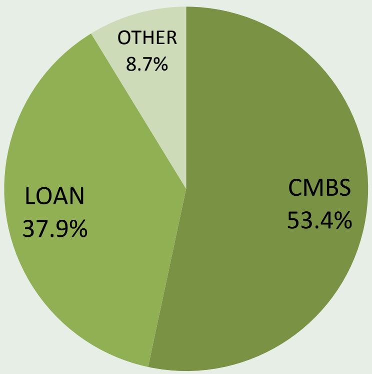
Debt Portfolio Update

Portfolio Composition (€m)

- As at December 2011, the Debt Investment portfolio consisted of total assets of €545.0m and total non-recourse liabilities of €478.8m held across three portfolios







Key Metrics

Key Metrics	2010	2011
WA(1) asset margin	1.75%	2.93%
WA(1) liability spread	0.56%	0.92%
WA(1) net spread	1.19%	2.01%
WA(1) credit rating	BB-	B
% investment grade	34.17%	23.34%
# of securities/loans	176	74

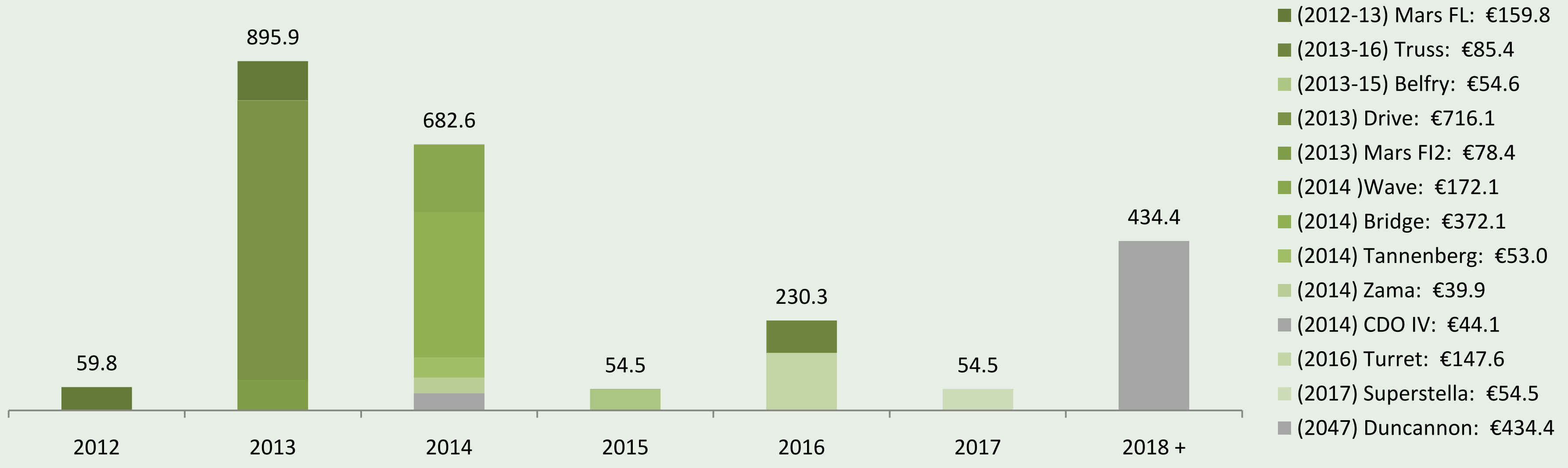
Business Review

- **Restructurings:** In the fourth quarter of 2011, ECT completed the restructuring of its investment in CDO II and CDO III. In connection with this, ECT has sold a majority of its equity interest in the CDOs and made a minority investment in the senior class notes issued by CDO II. This contributed in an increase in the Group's NAV of €114.7m or €0.20 per fully diluted share
- The facility with the CDO IV lender was restructured resulting in all excess cashflow after interest and costs going to ECT (estimated at €0.5m in 2012). Additional terms include the removal of all amortisation targets and an extension of the loan maturity to December 2014
- **Reinvestment:** In aggregate CDOs II, III and V reinvested €137.1m of proceeds in a combination of CMBS and RMBS at an average price of 80.4% of nominal and an average rating of B+. Additionally the CDOs repurchased €26.3m of senior debt at an average price of 67.6% of nominal. This contributed to a net book gain of €8.4m
- **Market Commentary:** In 2011, credit quality stabilised further for all asset classes in the European debt market, albeit in the context of significant price volatility. The first half of the year was characterised by a broad rally across all structured products, while the second half saw an equally universal sell-off. Cash flows in the portfolio have remained strong; actual realised losses have been small to date and have been primarily associated with junior CMBS positions

(1) Weighted average based on carrying value

Liquidity Update

Maturities Profile (€m)



Group Liquidity

- The Group has continued to generate cash at the holding company level that is available for corporate purposes. However, excess cashflow from CDO V, Drive and the remaining Mars portfolios continues to be retained at the portfolio level and is not distributed to ECT. As at December 2011, ECT had a corporate cash balance of €28.9m
- Relating to 2011, the Group received cash distributions of €3.2m from the Drive Portfolio and €2.9m of net cash flow from asset management services provided to the Mars Fixed 1 Portfolio
- ECT received €18.1m from its investment in the senior CDO II Note in December 2011 and currently expects to receive in excess of €4.0m in the medium term
- The Group has received €4.4m from sales in its real-estate portfolio after repayment of asset level financings

Subsequent Events

Financing

- **Mars Floating:** The Group is in discussions with the Mars Floating portfolio lenders to modify the terms of the facility, which matures in December 2013. The terms under discussion include revising the amortisation profile to be met from asset sales and the removal of all contingent guarantees previously provided by the Group. In addition, the Group will receive a cash distribution in respect of its services to the portfolio in 2011 with further distributions to be released in order to cover costs for the asset management and sales activity for work done by the Group's German asset management platform. The remaining excess cash flow after payment of interest will continue to be used to amortise the outstanding loan balance.
- **Mars Fixed:** The Group is currently in negotiations to sell its remaining 25% interest in the Mars Fixed 1 portfolio and with this to terminate its connection with this portfolio including asset management services provided by the Group's German Asset Management platform.
- **Drive:** The Group continues to be in an active and constructive dialogue with the lending syndicate of the Drive Junior facility. The lenders have continued to exercise their discretion to allow distributions to be made from portfolio cash flows to the Group to offset asset management costs for this portfolio. In addition, as of the reporting date, €16.2 million had been accumulated in a reserve fund for reinvestment back into the Drive portfolio real estate and for debt service.

Sales & Leasing

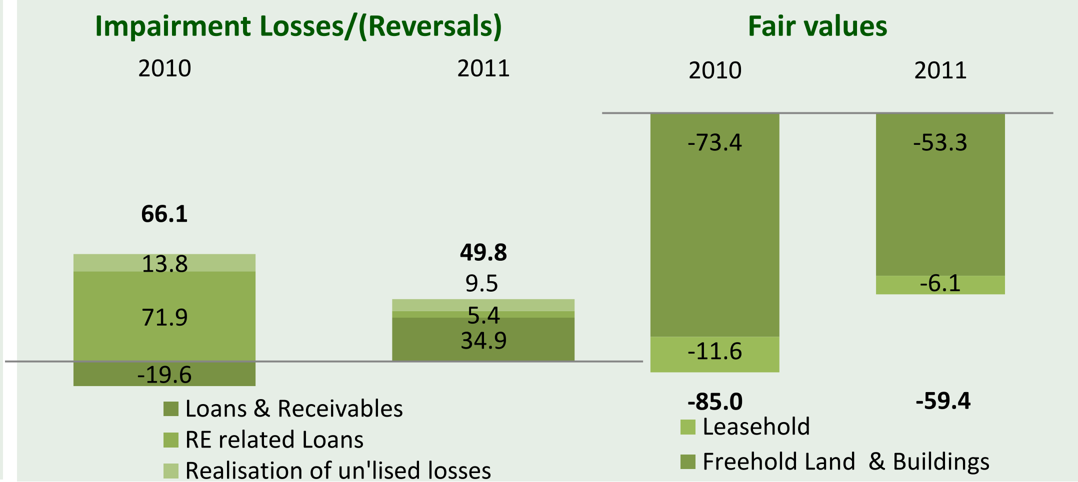
- **Leasing:** Since the year end, approximately 5,600 sqm of new leases and 9,100 sqm of renewals have been completed, with a further 15,400 sqm of new leases and 13,000 sqm of renewals currently under negotiation
- **Sales:** Since the year end, the Group has entered into binding agreements to sell a further 6 for estimated total proceeds of €10.4m. Once completed these sales are expected to generate up to €1.0m of cash after repayment of asset level financings

Key Financials

Key Balance Sheet (€m)

Balance Sheet	2010	2011
Cash and cash equivalents	114.0	117.7
RE Investment property (at valuation)	3,387.7	2,201.8
Debt investments	1,312.2	494.2
Other assets	68.4	57.1
Total assets	**4,882.3**	**2,870.8**
Interest bearing debt financing	-4,482.4	-2,405.9
Other liabilities	-114.4	-101.9
Total liabilities	**-4,596.7**	**-2,507.9**
Net assets	**285.5**	**362.9**
Net assets €/share	0.58	0.64

Net Impairment Losses and Fair Value Movements (€m)



Summarised Income Statement (€m)

Income Statement	2010	2011
Interest income	44.3	56.4
Rental and service charge income	285.9	218.0
Net gain on deconsolidation	-	44.1
(Decrease) in fair value of investment properties	-85.0	-59.4
Other than temporary impairment on securities	-66.1	-49.8
Interest Expense	-192.6	-125.7
Service charges and property operating expenses	-86.4	-72.8
Other operating expenses	-23.9	-25.1
Net (loss) before taxation	-123.8	-14.4
Taxation	-1.1	-4.0
Net (loss) after taxation	**-124.9**	**-18.5**
(Loss) per weighted average basic share (€ / share)	-1.92	-0.25

FFO and Normalised FFO Reconciliation (€m)

Reconciliation of FFO and normalised FFO	2010	2011
Net loss after taxation	-124.9	-18.5
Decrease in fair value of investment properties	85.0	59.4
Increase in fair value of interest rate swaps	-3.5	-1.5
Unrealised movements on currency swaps	0.1	-0.9
Realised loss on sale of investment properties	-25.0	-72.3
Deferred tax charge on investment properties	-0.8	1.7
Funds from operations (FFO)	**-69.2**	**-32.0**
Net impact of deconsolidation and sales	9.5	-52.5
Net gain on debt paydowns and repurchases	-23.7	-35.9
Impairment losses	66.1	49.8
Loss on investment properties net of costs	36.3	77.6
Other	15.6	0.4
Normalised funds from operations	**34.6**	**7.3**

Property Portfolio Stratifications (1)

Portfolio	Number of properties	Occupancy (sqm)	Occupancy %	Passing Rent (€m)	Annualised NOI (€m) (3)	Property valuation (€m) (4)	Av lease Term	NOI Yield on valuation	Drawn Debt (€m)	LTV
Drive	191	359,170	78%	53.3	44.9	816.4	3.0	5.5%	716.1	87.7%
Bridge	6	184,347	96%	29.9	28.0	424.4	6.5	6.6%	372.1	87.7%
Wave	66	140,148	83%	16.1	14.0	205.8	3.3	6.8%	172.1	83.6%
Mars - floating	13	98,635	59%	10.6	7.0	165.8	3.1	4.2%	159.8	96.4%
Turret	63	137,294	98%	15.0	13.4	172.9	4.1	7.8%	147.6	85.4%
Truss	41	80,107	99%	8.4	7.5	97.3	4.9	7.7%	85.3	87.7%
Mars - fixed 2	3	32,995	86%	6.3	5.2	96.3	3.6	5.4%	78.4	81.4%
Belfry	27	51,931	98%	5.2	4.6	61.1	4.6	7.6%	54.8	89.6%
Tannenberg	27	47,344	96%	5.2	4.4	61.1	6.1	7.2%	53.0	86.6%
Superstella	18	38,355	100%	4.4	4.1	56.3	9.8	7.2%	54.5	96.9%
Zama	8	28,355	93%	3.5	3.2	44.5	4.4	7.2%	39.9	89.7%
Total portfolio	**463**	**1,198,681**	**84%**	**157.9**	**136.3**	**2,201.8**	**4.3**	**6.2%**	**1,933.4**	**87.8%**

	Passing rent (€m) (2)						
Portfolio	**2012**	**2013**	**2014**	**2015**	**2016**	**2017-2021**	**2022+**
Drive (5)	12.0	4.3	7.8	3.4	8.8	16.6	0.2
Bridge	1.6	2.0	1.7	0.5	2.0	15.1	6.9
Wave	0.6	1.6	1.4	10.0	0.7	1.7	0.0
Mars - floating	0.7	3.2	2.4	1.1	1.3	1.9	0.0
Turret	0.4	2.6	4.0	1.8	1.8	4.3	0.2
Truss	0.3	0.9	0.6	1.4	1.9	3.2	0.2
Mars - fixed 2	1.0	0.6	1.0	1.0	0.5	2.1	0.0
Belfry	0.2	0.6	0.8	0.5	0.9	2.1	-
Tannenberg	0.5	0.4	0.5	0.4	0.6	1.9	1.0
Superstella	-	-	-	-	0.1	1.4	2.8
Zama	0.0	0.3	0.4	0.2	0.2	2.4	0.0
Total portfolio	**17.3**	**16.5**	**20.5**	**20.3**	**18.9**	**52.9**	**11.5**

(1) The total portfolio includes 100% of the Mars Floating portfolio, in which the Group has a 50% equity investment
(2) Passing rent is defined as the contractual annual gross rental income at the period end, excluding the net effects of straight lining lease incentives
(3) Net operating income is after deducting €2.8m of free rent. It excludes the amortisation of tenant incentives and leasing commissions, the fund costs related to the Drive portfolio and other real estate related general expenses included within property operating expenses in the consolidated income statement. It is shown here as the annualised amount at the period end
(4) The above valuation does not include €22.6m relating to head leases (31 December 2010: €13.2m)
(5) Included in the Drive portfolio passing rent due to expire in 2012 is €10.9m of leases that have been terminated and will not be renewed