



EUROCASTLE INVESTMENT LIMITED

First Half 2013 Supplement



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Eurocastle's Overview

- **Eurocastle (ECT:NA) is a publicly traded property company that has invested primarily in three distinct areas:**
 - Italian loans and real estate related assets (“Italian Investments”)
 - German commercial real estate (“Commercial Real Estate”)
 - European real estate securities and loans (“Real Estate Debt”)

- **2013 Accomplishments:**
 - Converted outstanding convertible debt to ordinary shares at €0.05 per share
 - Reduced annual base management fee by €17.5 million
 - Completed a 200:1 reverse share split

- **Raised €104 million of equity in May 2013**

- **Since May 2013, Eurocastle has invested €16.6 million in Italian loan portfolios**
 - In May 2013, invested €14 million at target gross unlevered IRR of 18.3%
 - In July 2013, invested €2.6 million at target gross unlevered IRR of 18.3%



Summary of Eurocastle's Financial Results – 1H 2013

- Net assets of €378.4 million or €11.60 per share, FY 2012 €411.6 million or €12.61 per share
- Net (loss) / profit of (€52.5) million or (€1.61) per share, 1H 2012 €0.7 million
- Normalized Funds from Operations of €9.4 million, 1H 2012 €2.4 million
- Announced intention to pay annualized dividend of €0.50 per share starting in Q3 2013⁽¹⁾

Key Metrics^(2,3)

(€ in mm)	1H 2013	Pro Forma 2012 ⁽²⁾	% Change
Net Assets	€ 378.4	€ 411.6	(8)%
Net (Loss) / Profit	(€ 52.5)	€ 0.7	n.m.
Normalized FFO	€ 9.4	€ 2.4	290%
NAV per share	€ 11.60	€12.61	(8)%

(1) Subject to resources being available and Board approval.

(2) 2012 Reported NAV and NAV per share represents pro forma FY 2012 net assets adjusted for the dilutive impact of the May 2013 capital raise. Net Profit / (Loss) and Normalized FFO relate to 1H 2012.

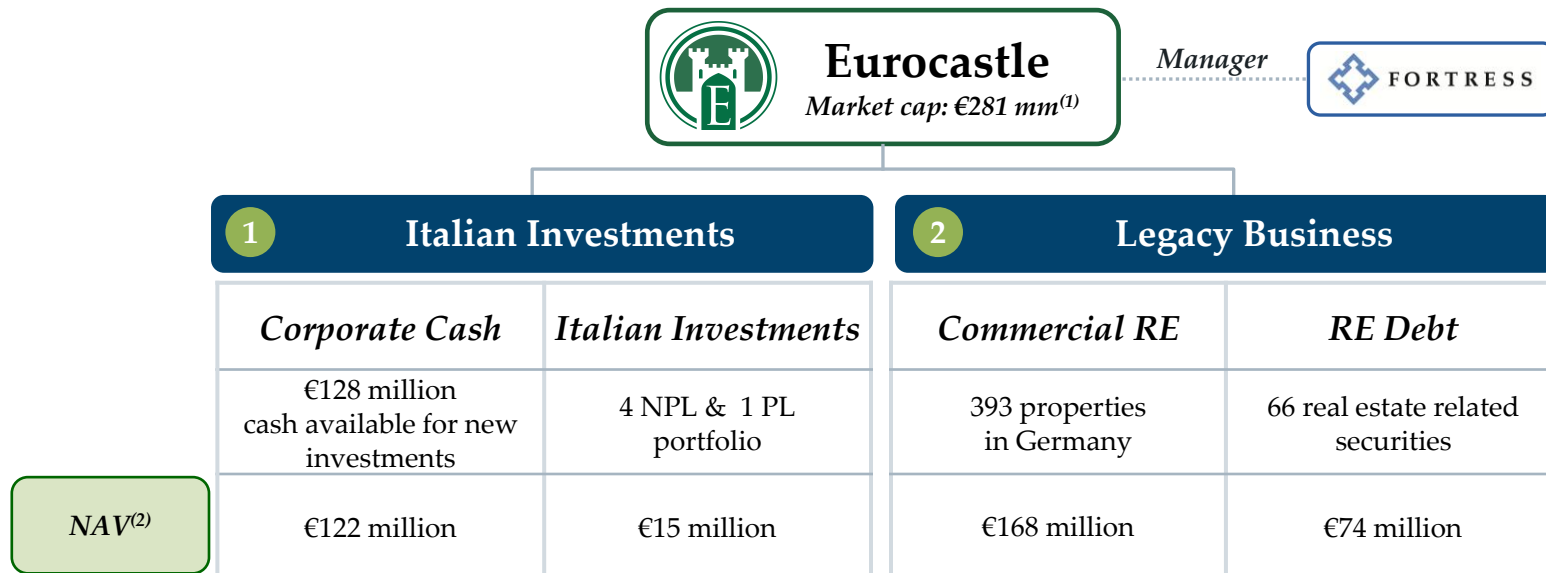
(3) See reconciliation pages in Appendix.



Eurocastle's Business

- Eurocastle's business is split between two core segments:
 - 1 Italian Investments – investments in Italian loans and real estate related assets
 - 2 Legacy Business – investments in German commercial real estate and European real estate debt

- Current market cap of €281 million⁽¹⁾ less available cash and Italian Investments, implies a €144 million valuation for the legacy business, approximately 40% discount to current NAV



(1) Based on closing share price of €8.60 as at August 05, 2013.

(2) NAV represents the difference between total assets and total liabilities measured in accordance with IFRS but excluding the assets and liabilities of the Mars Floating portfolio. More specifically, investment properties are measured at independent third party appraised values while loans and other debt investments are primarily carried at amortised cost less impairment losses. Loans and other financial liabilities are also measured at amortised cost. As of June 30, 2013; excludes the Mars Floating portfolio.



1 Italian Investment Strategy

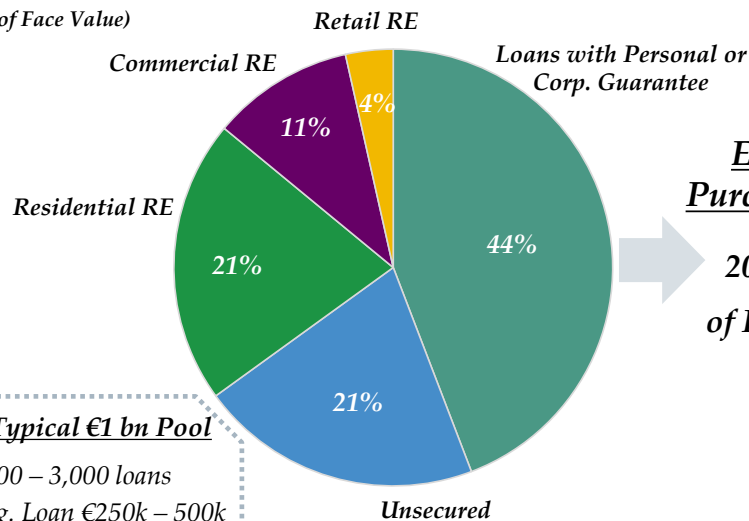
Leverage deep banking relationships and servicer expertise to acquire Italian NPL pools

- Customized investment approach to address banks' issues:
 - ✓ Acquire NPL portfolios
 - ✓ Enter into strategic partnerships with banks
 - ✓ Negotiate structured transactions to match banks' needs
- Highly diversified portfolios require active loan-by-loan underwriting and asset management

Hypothetical Investment Characteristics⁽¹⁾

"MIXED BAG" OF COLLATERAL:

(% of Face Value)



Expected Purchase Price

20% - 30%
of Face Value

Active Asset Management

- Discounted Payoffs
- Restructuring of Loans
- Judicial Recoveries

Target Return

Mid - High Teens
or
1.5 - 2x

In Typical €1 bn Pool

- ✓ 2,500 - 3,000 loans
- ✓ Avg. Loan €250k - 500k
- ✓ Geographically Diverse

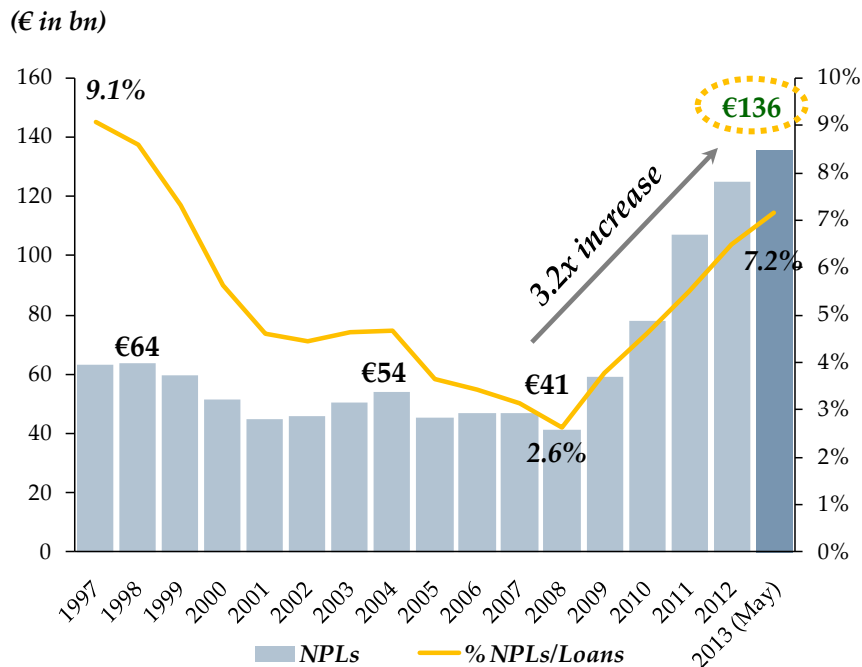
(1) The above hypothetical NPL pool is for illustrative purposes only and should not be relied upon in making an investment decision. There can be no assurance that the Company will be able to make investments in NPL pools with the same or similar characteristics as the pool described above.



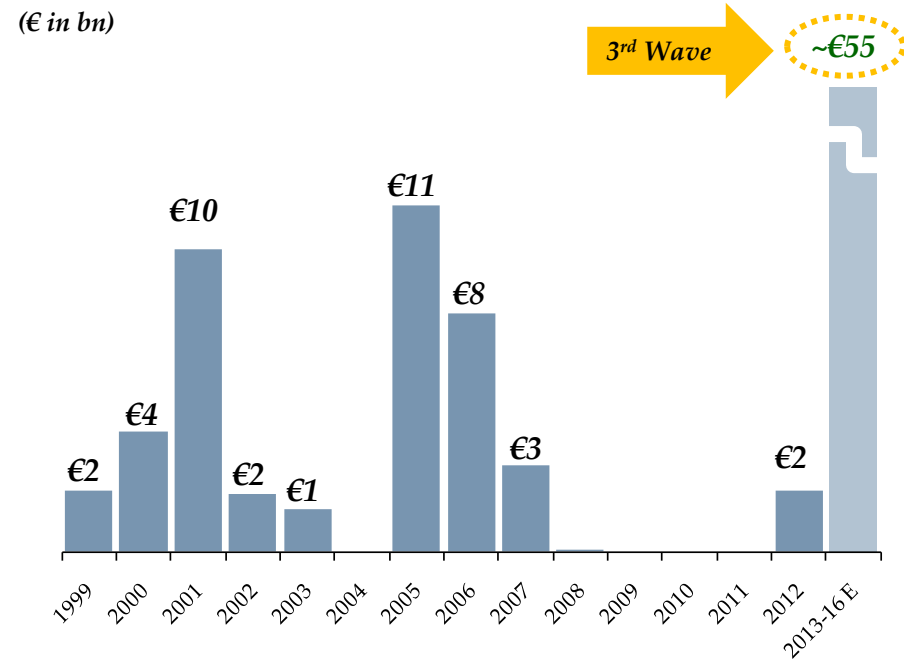
Italian NPLs at All Time High

- Over €136 billion of NPLs on Italian bank balance sheets today – over 3x increase since 2008⁽¹⁾
 - In May 2013, loan delinquencies reached 7.2%⁽¹⁾
- After several years of inactivity, Italian banks are expected to enter a third big wave of NPL sales⁽²⁾
 - If 40% of NPLs trade, based on 2005 levels, equates to €55 billion over next 2-3 years⁽²⁾

Rising NPL Inventory⁽¹⁾



“Third Wave” of Italian NPL Transactions^(2,3)



(1) Source: Bank of Italy data and PwC Analysis on ABI and Bank of Italy Data – as per ABI Monthly Outlook July 2013.
 (2) Italfondario estimates, provided for discussion purposes only and not to be relied upon for any reason. As of July 2013.
 (3) Source: The Italian NPL Market analysis, PwC – June 2012.



Italian Banks Under Pressure

Banks under pressure to sell NPLs in order to address changing capital and regulatory requirements

- Rising capital requirements
 - Bank of Italy (BOI) prohibits banks with less than 9% Tier I capital from paying dividends⁽¹⁾

- Increased regulatory scrutiny
 - BOI undergoing detailed inspection of Italy's largest 20 banks – focused around NPL provisioning⁽²⁾

- Banks need to sell NPLs to:
 - ✓ Create liquidity
 - ✓ Avoid incurring losses
 - ✓ Deconsolidate assets

Top Italian Bank Loan Delinquencies⁽³⁾

<i>(€ in bn)</i>	<i>Gross Loans</i>	<i>Gross NPLs</i>	<i>% DQ</i>
Monte dei Paschi di Siena	154.8	17.3	11.2%
BNL	75.1	7.5	10.0%
UniCredit	583.6	46.6	8.0%
BPER	51.4	4.2	8.1%
Banco Popolare	96.2	7.1	7.3%
Intesa SanPaolo	400.8	28.4	7.1%
Banco Popolare Vicenza	31.9	2.1	6.7%
UBI	96.2	5.5	5.7%
Banco Popolare Milano	36.4	1.9	5.3%
CRP	36.5	1.6	4.5%
Total Top 10	€1.6tn	€122bn	7.8%

(1) Source: Bank of Italy Annual Report 2011.

(2) Wall Street Journal Article: "Bank of Italy Inspecting Top Lenders' Books" July 29, 2013.

(3) Source: Semiannual Banks Consolidated Financial Statements, figures include loans granted by foreign branches. As of December 31, 2012.

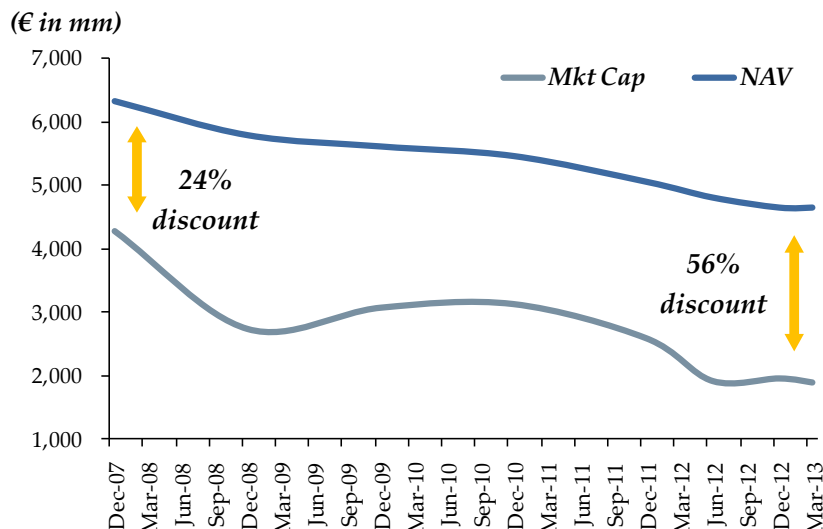


Near Term Opportunity

Closed end fund structure created in 1998 to attract institutional capital to Italian real estate – last fund organized in 2006, prior to financial crisis

- Today, 305⁽¹⁾ Italian RE funds (listed and reserved to institutional investors) with AUM of over €50 bn⁽¹⁾
 - Includes 22 funds listed on the Milan stock exchange with total AUM of over €6.9 billion⁽²⁾
- Opportunity to purchase shares of listed funds nearing liquidation:
 - Listed funds trade at ~56% discount to NAV and have average leverage of ~33%
 - 3 funds with AUM of €1.3 billion will reach their final term by the end of 2013; realizing the majority of the gap between NAV and market capitalization
 - Target near term liquidations where Fortress believes its asset management can speed up liquidation process

Gap Analysis: NAV vs. Market Cap⁽³⁾



Top Ten Listed Funds

Fund	RE Fund Managers	NAV ⁽²⁾	AUM ⁽²⁾	Market Cap ⁽³⁾
Unicredito Immobiliare Uno	Torre Sgr	497.1	614.3	232.0
Alpha Immobiliare	IDeA FIMIT Sgr	384.4	457.0	105.8
Immobiliare Dinamico	BNP Paribas REIM Sgr	348.4	473.9	92.5
Atlantic 1	IDeA FIMIT Sgr	281.4	657.4	126.2
Polis	Polis Fondi Sgr	259.4	280.4	84.6
Olinda	Prelios Sgr	242.8	497.3	55.6
Estense Distribuzione	BNP Paribas REIM Sgr	230.9	397.5	156.7
Tecla	Prelios Sgr	230.1	420.6	96.0
Atlantic 2 - Berenice	IDeA FIMIT Sgr	225.9	468.7	105.1
Bnl Portfolio Immobiliare	BNP Paribas REIM Sgr	206.4	210.6	120.2

(1) Source: Scenari Immobiliari "I Fondi immobiliari in Italia e all'Estero" 2013 forecast.

(2) Source: Statutory Financial Statement, last official data available as of December 31, 2012.

(3) Source: Bloomberg, (last prices as of March 31, 2013).



Italy Overview

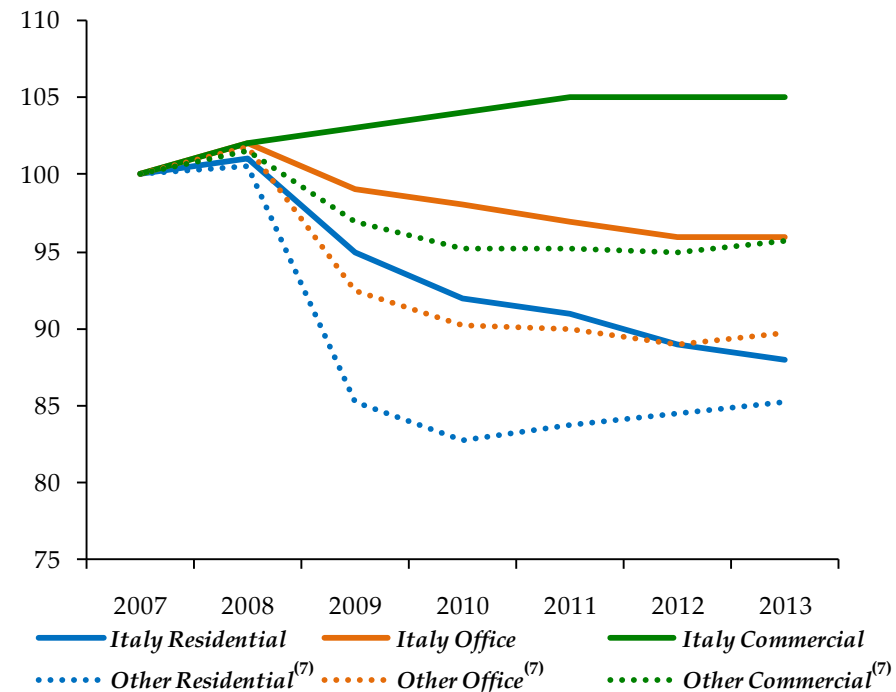
- Despite protracted recession and recent political turmoil, Italy remains one of the wealthiest countries in Europe
 - Third largest Eurozone economy, eighth largest in the world⁽¹⁾
- Strong industrial base enabled Italy to maintain high export levels through the financial crisis⁽²⁾
- Italian real estate markets have been less volatile than other European countries through the crisis⁽³⁾
 - Did not experience the building boom (and crash) from 2001 – 2009

Eurozone Landscape

(€ in bn)	GDP ⁽¹⁾	Private Debt to GDP ⁽⁴⁾	Current Bond Yields ⁽⁵⁾	Size of Exports ⁽⁶⁾	Jobless Rate ⁽³⁾
Germany	2,644.2	109.1%	1.3%	1,492.0	5.5%
France	2,029.0	139.4%	2.0%	567.5	10.2%
Italy	1,570.1	126.2%	4.8%	483.3	10.7%
Spain	1,051.6	204.0%	5.1%	303.8	25.0%
Greece	193.8	125.0%	12.9%	26.7	24.3%
Portugal	165.8	222.9%	6.4%	57.8	15.9%
Ireland	163.7	280.7%	4.2%	113.6	14.8%
Cyprus	17.9	281.2%	n/a	1.9	12.1%

Italian Real Estate Values Fairly Stable⁽²⁾

(Indexed to 100)



(1) Source: International Monetary Fund - World Economic Outlook Database. As of April, 2013.

(2) Source: Eurostat News Release Industrial Production As of March, 2013.

(3) Source: European Outlook 2013 - Scenari Immobiliari.

(4) Source: Eurostat – March 2013.

(5) Source: Bloomberg 10 Year Bond Yields as of March 28, 2013.

(6) Source: CIA Export Data (2012 estimates).

(7) Includes average rate of Germany, France, Spain and United Kingdom.



Initial Investment Update

- In Q2 acquired a portfolio of 1 performing and 4 non-performing loan pools for €14 million
 - To date we received €2.8 million of cash flow, with estimated €4.7 million of additional cash flows by year end
 - Projected gross unlevered IRR of 22.6% and average life of 1.7 years
- On July 31, acquired a share in a non-performing loan portfolio for €2.6 million
 - Portfolio is mainly comprised of residential 1st lien mortgages
 - Projected gross unlevered IRR of 18.3%, profit multiple of 1.58 and average life of 2.5 years
 - To date the portfolio has generated €0.5 million of cashflow

Investment Profile & Performance

(€ in mm)

Type	Acquisition Date	GBV ⁽¹⁾ (mm)	Purchase Price	# of Loans	% Secured	Average Life	LTD Cash Flow	Proj. Future Cash Flow	Profit Multiple	Proj. Future IRR ⁽²⁾
Deal 1: PL	May-13	€ 8 mm	€ 4.6 mm	869	100.0%	1.1 yrs	€ 0.8 mm	€ 5.5 mm	1.36 x	18.9%
Deal 1: NPL	May-13	€ 3,265 mm	€ 9.4 mm	7,290	11.7%	1.9 yrs	€ 2.0 mm	€ 12.5 mm	1.54 x	23.7%
Deal 2: NPL	Jul-13	€ 7 mm	€ 2.6 mm	87	100.0%	2.5 yrs	€ 0.5 mm	€ 3.6 mm	1.58x	18.3%
Total		€ 3,280 mm	€ 16.6 mm	8,246	12.2%	1.8 yrs	€ 3.3 mm⁽³⁾	€ 21.6 mm	1.50x	21.6%

(1) Gross Book Value represents Eurocastle's share.

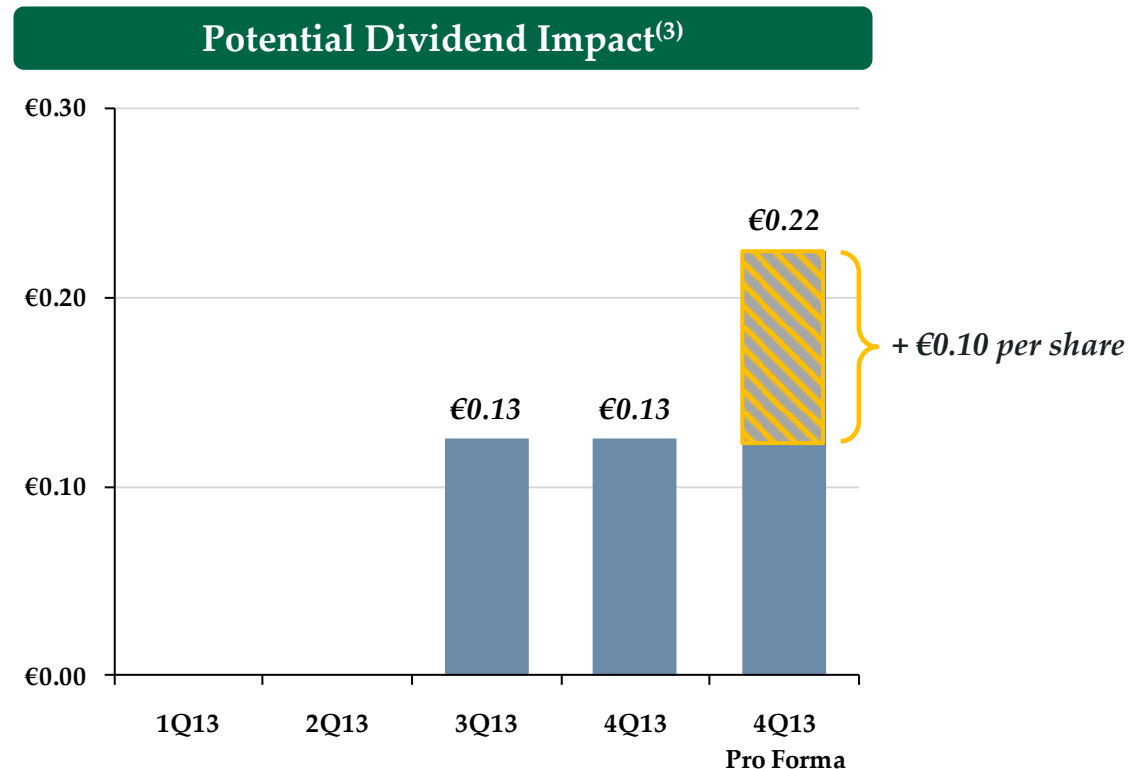
(2) Projected future IRR represents current estimated IRR given cash flows received and projections to date.

(3) As at June 30 2013, €1.1 million of the €3.3 million cash flow generated has been distributed to Eurocastle.



Potential Impact of New Italian Investments

- Announced intention to pay €0.50 dividend per share (€0.125 per quarter) representing a total annual dividend payment of €8.8 million⁽¹⁾
- Uninvested capital as at 30 June of €128.4 million
 - If fully invested at a 17.5% return⁽²⁾, generates €20.5 million net cash flow bringing the total cash available for dividends to €29.3 million
- Potential dividend increase of €0.40 per share (€0.10 per quarter)⁽³⁾



(1) Based on 17.6 million shares in issue prior to the May 2013 capital raise.

(2) Net return of 16% after management fees.

(3) Any dividend declarations are at sole discretion of the Board of Directors and there can be no assurance that the amount of any future dividends will be increased beyond any previously paid amount or declared at all.



Active Pipeline

- Fortress is currently evaluating pipeline of over €15 billion of potential Italian NPL opportunities
 - Received exclusivity on a portfolio with Face Value of €3.0 billion

Current Pipeline of Potential Opportunities^(1,2)

(€ in mm)

Bank	Portfolio Face Value	Estimated Timing
Pool #1	€3,000	Q4 '13
Pool #2	€500	Q4 '13
Pool #3	€2,000	Q4 '13
Pool #4	€300	Q4 '13
Pool #5	€200	Q4 '13 – Q1 '14...
Pool #6	€1,000	Q2 '14
Pool #7	€2,000	Q2 '14
Pool #8	€2,500	Q2 '14 – Q3 '14...
Pool #9	€1,500	Q2 '14 – Q3 '14...
Additional Pools (4 portfolios)	€2,000	Various
TOTAL	€ 15,000	...

(1) There can be no assurance that any of the above mentioned pipeline transactions will ultimately be consummated by Fortress, or if consummated, which particular Fortress business will actually invest in the transaction.

(2) As of July 3, 2013.



2 Legacy Business - Commercial RE⁽¹⁾

- 393 properties across Germany with appraised value of €1.68bn, equivalent to an NOI yield of 5.7% held in 11 separate non-recourse financings
- Diversified mix of office and retail with 41% of rental income from top 5 German markets
- Average lease term of 4.5 years with 2.7% of rental income expiring in 2013
- Focus on realising values, extending near term debt maturities and selling assets to de-lever and generate fees to Eurocastle

NAV & Cash Flow

Portfolio	Cash Flowing				Cash Trapped ⁽²⁾		Total
	Retail	Bridge	Wave	Zama	Drive	Mars	
Assets	452.3	406.4	180.8	46.0	592.9	92.4	1,770.8
Liabilities	(409.7)	(378.9)	(162.8)	(40.4)	(536.6)	(74.4)	(1602.8)
NAV	42.6	27.5	18.0	5.7	56.3	18.0	168.0
Annualized UCF⁽³⁾	29.9	24.7	8.9	3.3	2.7	2.5	71.8
Annualized LCF⁽³⁾	10.5	7.0	1.8	1.3	-	-	20.6
YTD Distribution⁽⁴⁾	5.3	3.0	3.2	0.7	8.8	0.6	21.5
Occupancy	94.9%	97.3%	79.1%	94.3%	58.4%	92.0%	81.9%
WALT	4.8	5.5	3.3	3.5	4.1	3.5	4.5
LTV⁽⁵⁾	90.8%	93.0%	76.8%	89.5%	89.9%	80.3%	89.0%
Debt Maturity	2014-2017	Jan 2014	Apr 2014	May 2014	Jan 2014 ⁽⁶⁾	Jun 2013 ⁽⁶⁾	-

(1) Excludes the Mars Floating portfolio.

(2) Distributions relate to sales fees and asset management fees.

(3) UCF represents annualized NOI less capital expenditure as per note 13 of the 1H 2013 Financial Report. LCF deducts the estimated interest cost given the information disclosed in note 15.1. The LCF of the cash trapped portfolios are reported as zero given excess cash flows are swept with cash reserves in place to fund any capital expenditures.

(4) YTD distributions represent amounts received up to July. Wave distribution includes €2.0m of sales CAD; Mars distribution includes asset management and sales fees from the Mars Floating facility

(5) LTV represents the market value of the assets over the outstanding debt face amount.

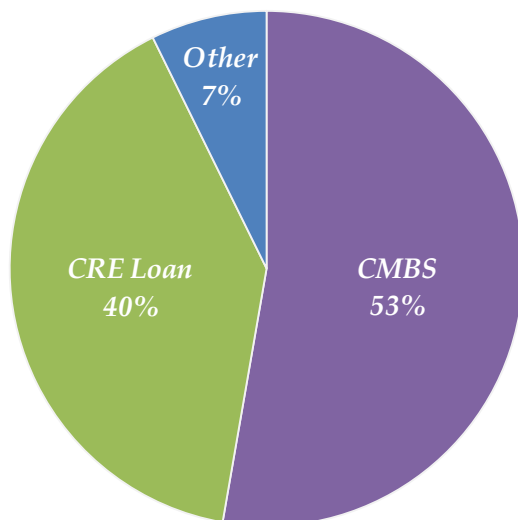
(6) For Drive, the date reported represents the maturity date of the senior loan. The junior loan has a maturity of January 2013 and remains outstanding. A two year extension is currently being documented for the Mars Fixed 2 facility.



2 Legacy Business - RE Debt

- Overview: €464 million of assets held across 3 portfolios:
 - CDO IV – Term financed portfolio maturing in December 2014
 - CDO V – Long term non-recourse match funded financing with equity distributions diverted to pay down debt
 - Balance Sheet – Unlevered junior mezzanine positions with principal optionality
- Reinvested €28.8 million of amortisation proceeds received within CDO V in €30.4 million of BBB-rated CMBS at 94% of face
- €16.8 million of CMBS and B-note impairments mainly in CDO V in 1H
- €5.6 million of positive mark to market movements in CDO IV

Asset Types



Net Asset Breakdown

(€ in mm)

Portfolio	CDO IV	CDO V	Balance Sheet	Total
Total Assets	59.5	403.2	1.7	464.4
Total Liabilities	(36.3)	(354.3)	(0.2)	(390.8)
Net Assets	23.3	48.8	1.5	73.6
YTD Distribution⁽¹⁾	0.5	0.2	0.4	1.1
WA Credit Rating	BB-	B-	CC	B-
% Investment Grade	31%	16%	0%	17%
# of Securities⁽²⁾	9	60	4	66
Debt Maturity	Dec 2014	Jun 2047	-	-

(1) YTD Distribution relates to management fees and include amounts received up to July. CDO V is currently cash trapped.

(2) Total securities eliminates positions that are held in two or more portfolios.



APPENDIX



1H 2013 Financial Statements

Income Statement		
(€ in mm)	1H 2013	1H 2012
Interest Income	7.5	12.5
Rental And Service Charge Income	83.7	85.3
Net Impact Of Sale Of Interest In Mars Fixed	-	6.8
Net Gain On Debt Paydowns And Repurchases	-	31.8
Gain In Fair Value Of Italian Investments	1.1	-
Decrease In Fair Value Of Investment Properties	(32.8)	(21.7)
Impairment Losses	(16.8)	(17.0)
Interest Expense	(37.8)	(45.0)
Service Charges & Property Operating Expenses	(29.2)	(28.1)
Other Operating Income / (Expenses)	(25.6)	(23.6)
Net (Loss) / Profit Before Taxation	(49.8)	1.0
Taxation	(2.7)	(0.3)
Net (Loss) / Profit After Taxation	(52.5)	0.7

(1) (Loss) / profit per share is on a fully diluted basis.



1H 2013 Financial Statements (continued)

Key Balance Sheet				
<i>(€ in mm)</i>	1H 2013	FY 2012 Pro Forma Cap. Raise	May 2013 Cap. Raise	FY 2012 Pro Forma Conversion⁽¹⁾
Cash & Cash Equivalents	311.3	245.6	104.3	141.3
RE Investment Property	1,797.7	2,020.3	-	2,020.3
Debt Investments	446.1	456.1	-	456.1
Italian Investments ⁽²⁾	13.8	-	-	-
Other Assets	32.5	34.0	-	34.0
Total Assets	2,601.3	2,755.9	104.3	2,651.7
Interest Bearing Debt Financing	(2,121.3)	(2,251.0)	-	(2,251.0)
Other Liabilities	(125.2)	(108.6)	-	(108.6)
Total Liabilities	(2,246.5)	(2,359.6)	-	(2,359.6)
Net Assets	354.8	396.4	104.3	292.1
Net Liabilities Of Mars Floating Portfolio	23.6	15.2	-	15.2
Adjusted Net Assets	378.4	411.6	104.3	307.3
<i>Total Ordinary Shares</i>	<i>32.6</i>	<i>32.6</i>	<i>15.0</i>	<i>17.6 ⁽¹⁾</i>
<i>Net Assets Per Share</i>	<i>11.60</i>	<i>12.61</i>	<i>6.95</i>	<i>17.43</i>

(1) Pro Forma FY 2012 Net Assets per share adjusted for the agreed conversion price of €0.05 per share (FY 2012 €0.30 per share)

(2) The Italian Investments have been stated net of the Minority Interest of €3.3 million.



1H 2013 Financial Statements (continued)

Segmental Normalized FFO and FFO

(<i>€ in mm</i>)	European RE Debt		German RE		Italian Investment	Corporate	Total Eurocastle	Total Cash-Flowing
	Cash-Flowing	Cash-Trapped	Cash-Flowing	Cash-Trapped				
Revenue ⁽¹⁾	2.1	5.4	38.5	45.0	0.3	-	91.3	40.9
Service Charge And Operating Expense	-	-	(8.0)	(23.3)	-	-	(31.3)	(8.0)
Interest Expense	(0.2)	(2.5)	(19.3)	(16.1)	-	-	(38.1)	(19.5)
Amortization Costs	-	(0.7)	(0.4)	(1.5)	-	-	(2.6)	(0.4)
Corporate And Other Expenses	(0.2)	(0.1)	(0.2)	-	-	(9.7)	(10.2)	(10.1)
Current Tax	-	-	0.5	(0.2)	-	-	0.3	0.5
Normalized FFO	1.7	2.1	11.1	3.9	0.3	(9.7)	9.4	3.4
<i>Normalized FFO per Share⁽²⁾</i>	<i>0.08</i>	<i>0.10</i>	<i>0.55</i>	<i>0.19</i>	<i>0.01</i>	<i>(0.48)</i>	<i>0.46</i>	<i>0.17</i>
Impairment losses	(0.9)	(15.9)	-	-	-	-	(16.8)	(0.9)
Realized Loss & Transaction Costs On Disposal Of Inv. Properties	-	-	-	(12.2)	-	-	(12.2)	-
FFO	0.8	(13.8)	11.1	(8.3)	0.3	(9.7)	(19.6)	2.5

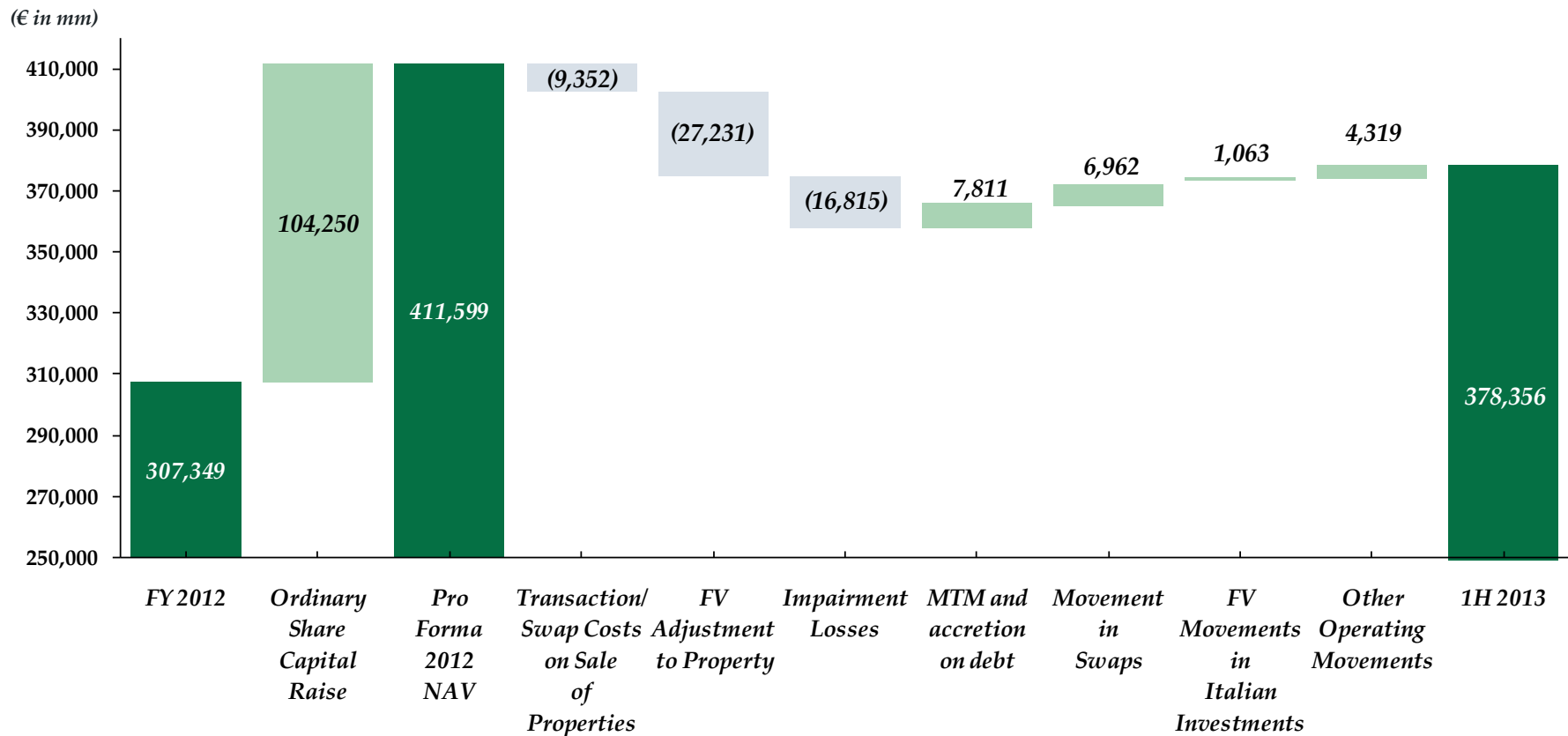
(1) Fair value movements on Italian Investments has been disclosed as revenue.

(2) On a fully diluted weighted average basis.



1H 2013 Financial Statements (continued)

NAV Walkdown⁽¹⁾

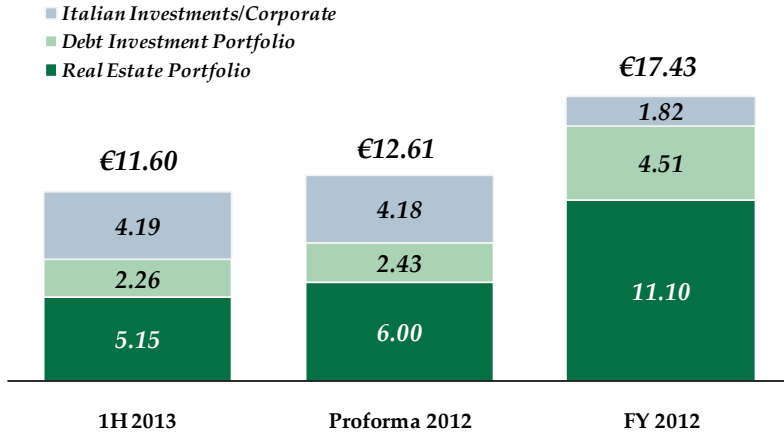


(1) Excludes the negative net asset value of the Mars Floating portfolio as this financing is non-recourse to the Company and not callable as a result of any changes in the fair value of the assets.

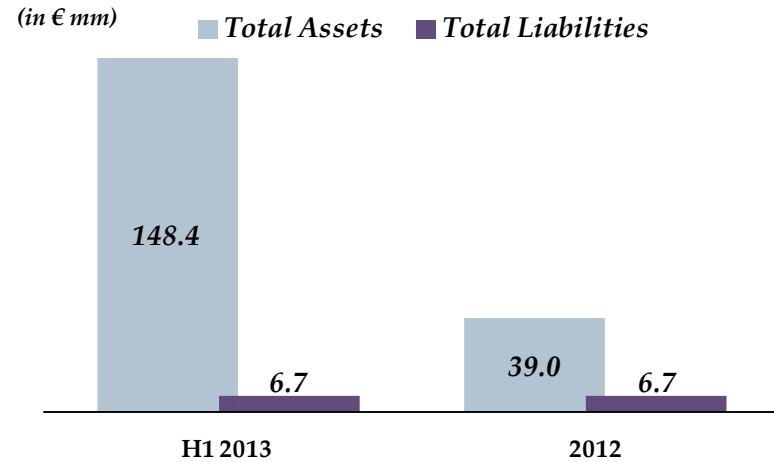


1H 2013 Financial Statements (continued)

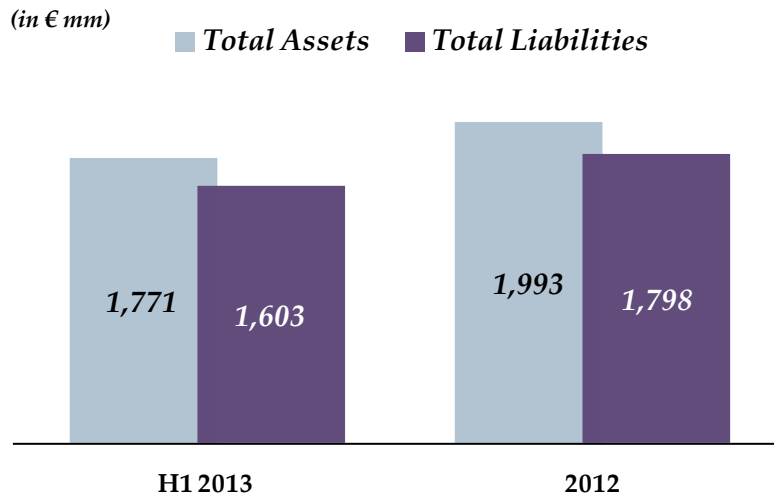
NAV (€ / share)



Italian Investments /Corporate Assets & Liabilities



Commercial RE portfolio Assets & Liabilities



RE Debt portfolio Assets & Liabilities

