



## EUROCASTLE INVESTMENT LIMITED

Guernsey. 30 April 2009 – Eurocastle Investment Limited (Frankfurt Stock Exchange: EUI1 and Euronext Amsterdam: ECT) today announced its financial results for the year ended 31 December 2008. For more information regarding Eurocastle, its 2008 Annual Report and to be added to our email distribution list, please visit [www.eurocastleinv.com](http://www.eurocastleinv.com).

Further details of Eurocastle's liquidity and its capital raising considerations are included in its 2008 Annual Report.

### Highlights

#### Financial

- **FFO\*** was €57.1 million or €0.91 per share for the year ended 31 December 2008 compared with €86.3 million or €0.92 per share for the year ended 31 December 2007.
- **NAV** per share of €13.35 as at 31 December 2008 comprising of (€0.27) for the debt investment business and €13.62 for the commercial property portfolio (31 December 2007: €23.05 comprising €2.11 for the debt investment business and €20.94 for the commercial property portfolio).
- **Net loss after tax** was €454.1 million for the year ended 31 December 2008, compared with a profit of €134.9 million for the year ended 31 December 2007. The losses primarily relate to non-cash valuation adjustments to our portfolio.

#### Business Review

- Sold 15 properties during the year, for total sales proceeds of €461 million, recognising a gain on book cost, net of all transaction costs of €4.7 million.
- During the year the Group signed 658 commercial leases for approximately 310,000 square metres, including new leases for approximately 102,000 square metres.
- Lettable space of 2.1 million square metres with occupancy of 85.8% as at 31 December 2008, compared to 84.3% last year on a same store basis.

#### Financing and Liquidity

- In 2008, the Group repaid, extended, or refinanced over €1.3 billion of debt.
- Since year end, the Group has agreed to extend €236 million of its short term loan due in June 2009, and agreed to an extension of its maturing corporate loan of €125 million to 2011. These facilities have scheduled amortisation payments prior to maturity.
- The Group expects to go to the markets to raise additional capital in the near term to pay down its Corporate Loan Facility. It already has a conditional undertaking from an existing shareholder regarding €15.4 million of any such capital raise.

\* 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.

## Key Financial Information

### INCOME STATEMENT DATA

( in €000, except per share data)	Year ended 31 December 2008	Year ended 31 December 2007
Interest income	155,382	144,697
Rental income	281,118	303,744
Service charge income	55,790	60,878
Real estate fund unit interest income	-	17,185
(Decrease) / increase in fair value of investment properties	(499,151)	35,004
Increase in fair value of real estate fund units	-	16,751
Other than temporary impairment on securities	(16,794)	-
Interest expense	(285,596)	(281,414)
Service charge and Property operating expenses	(90,239)	(83,351)
Other operating expenses	(47,641)	(67,878)
Net (loss) / profit before taxation	(467,916)	155,787
Net (loss) / profit after taxation	(454,073)	134,915
Funds from operations ("FFO")	57,087	186,286
(Loss) / earnings per weighted average basic share	(7.20)	2.12
(Loss) / earnings per weighted average diluted share	(7.20)	2.06

	Year ended 31 December 2008	Year ended 31 December 2007
<b>Weighted average ordinary shares outstanding</b>		
Basic	63,072,337	63,787,016
Diluted	63,072,337	65,569,559
<b>Ordinary shares outstanding</b>	<b>60,731,646</b>	<b>63,927,634</b>

### BALANCE SHEET DATA

(in €000, except per share data)	31 December 2008	31 December 2007
Cash and cash equivalents	119,869	146,707
Investment property (including properties held for sale)	4,230,111	5,171,086
Debt investments	1,733,942	2,059,753
Other assets	164,387	130,649
<b>Total assets</b>	<b>6,248,309</b>	<b>7,508,195</b>
Interest bearing debt financing	(5,300,880)	(5,859,058)
Other liabilities	(136,377)	(175,443)
<b>Total liabilities</b>	<b>(5,437,257)</b>	<b>(6,034,501)</b>
<b>Net assets</b>	<b>811,052</b>	<b>1,473,694</b>
<b>Net asset value per ordinary share</b>	<b>13.35</b>	<b>23.05</b>
<b>Net assets – commercial property portfolio</b>	<b>827,272</b>	<b>1,338,673</b>
<b>Net asset value per ordinary share – commercial property portfolio</b>	<b>13.62</b>	<b>20.94</b>
<b>Net assets – debt investment business</b>	<b>(16,220)</b>	<b>135,021</b>
<b>Net asset value per ordinary share – debt investment business</b>	<b>(0.27)</b>	<b>2.11</b>

**FFO Reconciliation**

<b>( in €000, except per share data)</b>	<b>Year ended 31 December 2008 (Unaudited)</b>	<b>Year ended 31 December 2007 (Unaudited)</b>
<b>Reconciliation of FFO to net profit after taxation</b>		
Net (loss) / profit after taxation	(454,073)	134,915
Decrease / (increase) in fair value of investment properties	499,151	(35,004)
Decrease / (increase) in fair value of interest rate swaps	19,015	(13,262)
Unrealised movements on currency swaps (net of translation (gains) / losses on related assets)	595	507
(Increase) in fair value of real estate fund units	-	(16,751)
Realised gain on sale of investment properties	5,872	96,500
Deferred tax (benefit) / charge on investment properties	(13,473)	19,381
Funds from operations (FFO)	<b>57,087</b>	<b>186,286</b>
FFO per weighted average basic share	0.91	2.92
FFO per weighted average diluted share	0.91	2.84

The table below shows the summarised financial data of the Group's business segments with the unallocated amounts per between the segments on the basis disclosed below the table.

<b>Income statement data Year ended 31 December 2008 (Unaudited)</b>	<b>Debt investments €000</b>	<b>Investment properties €000</b>	<b>Total Eurocastle €000</b>
Revenue <sup>1</sup>	150,019	342,271	492,290
Other operating losses	(269)	(518,166)	(518,435)
Impairment losses	(14,476)	(2,318)	(16,794)
Interest expense	(115,560)	(170,036)	(285,596)
Service charge and property operating expenses	-	(90,239)	(90,239)
Other operating expenses (including foreign currency gains/(losses) <sup>2</sup>	(7,645)	(41,497)	(49,142)
<b>Operating profit/(loss) before taxation</b>	<b>12,069</b>	<b>(479,985)</b>	<b>(467,916)</b>
Taxation credit/(expense)	-	13,843	13,843
<b>Net profit/(loss)</b>	<b>12,069</b>	<b>(466,142)</b>	<b>(454,073)</b>
Decrease / (increase) in fair values	595	518,166	518,761
Realised gains on sale	-	5,872	5,872
Deferred tax	-	(13,473)	(13,473)
<b>Funds from operations</b>	<b>12,664</b>	<b>44,423</b>	<b>57,087</b>
<b>Funds from operations per ordinary share<sup>3</sup> €</b>	<b>0.20</b>	<b>0.71</b>	<b>0.91</b>
<b>Funds from operations (excluding gains, sales costs and impairment losses)</b>	<b>27,409</b>	<b>40,640</b>	<b>68,049</b>
<b>Funds from operations (excluding gains, sales costs and impairment losses) per ordinary share €</b>	<b>0.44</b>	<b>0.64</b>	<b>1.08</b>

<sup>1</sup> Unallocated revenue of €1.3 million has been allocated between the segments based on each segment's share of invested equity. Amounts allocated were; debt investments: €0.2 million and investment properties: €1.1 million.

<sup>2</sup> Unallocated other operating expenses of €27.7 million have been allocated between the segments based on each segment's share of invested equity. Amounts allocated were; debt investments: €4.5 million and investment properties: €23.2 million.

<sup>3</sup> Earnings per share and FFO per share are calculated on the weighted average number of shares at 31 December 2008.

## **Conference Call**

Management will conduct a conference call today, 30 April 2009, to review the Group's financial results for the year and quarter ended 31 December 2008. The conference call is scheduled for 1:00 P.M. London time (08:00 A.M. New York time). All interested parties are welcome to participate on the live call. You can access the conference call by dialling +1-877-717-3044 (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 Year End Earnings Call."

A webcast of the conference call will be available to the public on a listen-only basis at [www.eurocastleinv.com](http://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, 7 May 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 "96515191."

The Annual Report for 2008 of Eurocastle is available on [www.eurocastleinv.com](http://www.eurocastleinv.com).

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## **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 leasing markets will continue to be strong or that Eurocastle will be able to achieve its targets regarding asset disposals, operational growth particularly any increase in leasing of vacant space on acceptable terms or take advantage of widening credit spreads to acquire good quality collateral at discounted prices.

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