

**Schedule 1
Form of Conversion Notice**

**Eurocastle Investment Limited
€75,000,000 20 per cent. Perpetual Subordinated Convertible Securities
convertible into Ordinary Shares of Eurocastle Investment Limited**

(Please read the notes overleaf before completing this Conversion Notice)

Name:..... Date:.....

Address:

Signature:

Failure to deliver properly and completely this Conversion Notice (in the determination of the Paying, Transfer and Conversion Agent) may result in this Conversion Notice being treated as null and void. Once validly delivered, this Conversion Notice is irrevocable.

To: **Eurocastle Investment Limited** (the "Issuer")

I/We, the undersigned, being the holders of the Convertible Security/Securities specified below, hereby elect to convert the principal amount of such Convertible Securities as specified below of which I/we are the holders(s) for ordinary shares of the Issuer ("**Ordinary Shares**") in accordance with the terms and conditions of the Convertible Securities.

Holders of Convertible Securities should have regard to, and must ensure that they comply with, the transfer restrictions as set out in the section headed "Transfer Restrictions" in the Information Memorandum dated 28 May 2009.

1 Total principal amount and, where applicable, the serial numbers of Convertible Securities to which this Conversion Notice applies:

Total principal amount (must be a multiple of €10):.....

Serial numbers of Convertible Securities:

2

2.1 If the Ordinary Shares to be delivered pursuant to this Conversion Notice are not listed and admitted to trading on a Relevant Stock Exchange (as defined in Condition 3 of the Convertible Securities), such Ordinary Shares will be issued in certificated form on the register of Eurocastle Investment Limited and in this regard I/we have provided full details below so that the Ordinary Shares may be registered in my/our name.

Name:

Address:

.....

.....

2.2 If the Ordinary Shares to be delivered pursuant to this Conversion Notice are listed and admitted to trading on a Relevant Stock Exchange (as defined in Condition 3 of the Convertible Securities), I/We request that the Ordinary Shares to be delivered pursuant to this Conversion Notice (check one only):

(i) are credited to the CREST account, details of which are set out below:

CREST Participant ID:

Member Account ID:

Name:

Address:

.....

.....

or

(ii) are credited to the Euroclear Nederland account, details of which are set out below:

Euroclear Nederland Participant ID:

Member Account ID:

Name:

Address:

.....

.....

or

(ii) are issued in certificated form on the register of Eurocastle Investment Limited and in this regard I/we have provided full details below so that the Ordinary Shares may be registered in my/our name.

Name:

Address:

.....

.....

3 I/We hereby request that any payment of interest required to be made pursuant to Condition 6(j) of the Convertible Securities be transferred to the euro account of a bank in a city in which banks have access to the TARGET System, details in respect of which are given below:

Name:

Account no:

Account name:

Bank:

Branch:

Sort Code:

Notes:

- (i) This Conversion Notice will be void unless the introductory details and Sections 1, 2 and 3 are duly completed.
- (ii) A corporation should sign under hand by an authorised official who must state his/her capacity and print the name of the relevant corporation.
- (iii) The relevant certificate(s) in respect of Convertible Securities to be converted are attached hereto. Where Conversion Rights are exercised in respect of less than the entire aggregate principal amount of the Convertible Securities represented by the relevant certificate, a certificate for the balance of the Convertible Securities will be registered in the name of the Convertible Securityholder exercising Conversion Rights and such certificate will be despatched as provided in the Conditions.
- (iv) Your attention is drawn to Condition 6 of the Convertible Securities with respect to the conditions relating to conversion.
- (v) Dispatch of share certificates will be made at the risk and (if sent at the request of such person otherwise than by ordinary mail) expense of the Convertible Securityholder, and the Convertible Securityholder will be required to prepay the expenses of, and submit any necessary documents required in order to effect, dispatch in any other manner specified hereon.
- (vi) If a retroactive adjustment of the Conversion Price contemplated by the Conditions is required in respect of a conversion of the Convertible Securities, share certificates for the additional Ordinary Shares deliverable pursuant to such retroactive adjustment will be dispatched in the same manner as the share certificates previously issued pursuant to this Conversion Notice or, as the case may be, payments of cash will be made in the manner requested above.
- (vii) Terms used in this Conversion Notice and not otherwise defined have the meanings set forth in the Trust Deed, dated 25 June 2009, between the Issuer and LaSalle Global Trust Services Limited.

For Paying, Transfer and Conversion Agent's use only:

4

- (A) Convertible Security conversion identification reference: []
- (B) Date of delivery of Conversion Notice to Paying, Transfer and Conversion Agent:
- (C) Conversion Date:

5

- (A) Aggregate principal amount of Convertible Securities deposited for conversion:
- (B) Conversion Price on Conversion Date:
- (C) Amount of Deferred Interest corresponding to principal amount of Convertible Securities deposited for conversion:
- (D) Number of Ordinary Shares to be issued (if any): (disregard fractions)

N.B. The Paying, Transfer and Conversion Agent must complete items 4 and 5.