PRESS RELEASE

THE GERMAN RESIDENTIAL ASSET PORTFOLIO DGAG TRANSFERRED TO BUWOG - IMMOFINANZ GROUP FOR EURO 917 MILLION TOGETHER WITH THE RELEVANT PLATFORM OF DEDICATED REAL ESTATE ASSET AND PROPERTY MANAGEMENT

THE TRANSACTION ENABLES PRELIOS TO CONCENTRATE ITS PRESENCE IN GERMANY ON THE HIGHER VALUE ADDED "PREMIUM" COMMERCIAL SEGMENT

- THE PORTFOLIO COMPOSED OF 18,000 RESIDENTIAL UNITS HAS BEEN TRANSFERRED FROM JV SOLAIA RE S.À.R.L. GROUP (60% DEUTSCHE ASSET & WEALTH MANAGEMENT, 40% PRELIOS) AT AN ENTERPRISE VALUE THAT CORRESPONDS TO AN EXIT MULTIPLE EQUAL TO 13.6 TIMES THE 2013 REVENUE FROM LEASES OF ~ € 68 MLN

- THE COMPREHENSIVE AND SINGLE TRANSACTION INCLUDES ALSO THE TRANSFER OF BUSINESS OF PRELIOS DEUTSCHLAND CONCERNING THE SUPPLY OF SERVICES DEDICATED TO THE RESIDENTIAL ASSET PORTFOLIO

- THE TRANSACTION INCLUDES THE PORTFOLIO CHARACTERIZED BY HIGH DEBT (APPROXIMATELY EURO 300 MILLION OF NOMINAL, NON-CONSOLIDATED PRO-QUOTA DEBT COMING TO MATURITY IN SEPTEMBER 2014) AND THE LOW MARGIN GERMAN SERVICE PLATFORM

- CASH FLOW GENERATED IN FAVOUR OF PRELIOS AFTER PAYOUTS WILL EQUAL EURO 25-35 MILLION, WHILE THE CONSOLIDATED ECONOMIC IMPACT IS EXPECTED TO RANGE BETWEEN EURO -135 AND -145 MILLION. THE ECONOMIC AND FINANCIAL IMPACTS RESULTING FROM THE TRANSACTION WILL BE CONSIDERED AS DISCONTINUED OPERATIONS

- PRELIOS CONCENTRATES ITS PRESENCE IN GERMANY ON HIGHER MARGIN SERVICES. UPON COMPLETION OF THE TRANSACTION RELATING TO THE TRANSFER OF THE RESIDENTIAL ASSET PORTFOLIO THE COMPANY WILL MANAGE APPROXIMATELY EURO 2.4 BILLION AUM IN THE SHOPPING CENTERS AND HIGHSTREET RETAIL SECTOR IN GERMANY

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- THE BOARD OF DIRECTORS HAS AUTHORIZED EARLY STAGE TALKS WITH THE FORTRESS GROUP OVER A POTENTIAL COOPERATION IN THE SECTORS OF NON-PERFORMING LOANS AND REAL ESTATE MANAGEMENT

Milan, 12 February 2014 – Prelios S.p.A. informs that on today's date the joint venture Solaia RE S.à.r.l. Group, set up in 2007, 60% of which is held by a fund under the management of Deutsche Asset & Wealth Management Real Estate (Deutsche Bank Group) and 40% by Prelios

S.p.A., has reached an agreement for the transfer of the shares owned in the real estate companies holding units of the German residential portfolio called DGAG (Deutsche Grundvermögen AG).

Included in the transaction pursued and defined by the majority shareholder Deutsche Asset & Wealth Management Real Estate (Deutsche Bank Group), is the transfer of Prelios Deutschland platform (a company fully owned by Prelios S.p.A.) supplying the real estate asset and property management to the aforementioned residential portfolio.

The joint venture succeeded in identifying the purchaser and defining the structure of the transaction in its whole after a long and intensive scouting activity carried out by both partners in parallel in order to verify the availability of investors interested in the aforementioned, entire or partial, portfolio.

The purchaser is Buwog, a 100% subsidiary of the Austrian Immofinanz Group, listed on the Vienna Stock Exchange [IIA:AV], which is acquiring the portfolio for an equity purchase price preliminary set at approximately euro 162 million, net of in-place debt equal to approximately euro 736 million and working capital. This amount will be subject to subsequent checks, which may lead to possible adjustments with an impact currently estimated as irrelevant. As a result, the transaction reflects an enterprise value (including the financial benefit of the subsidized loans, net of working capital) equal to € 917 million with a multiple corresponding to 13.6 times the 2013 net revenue from leases.

The DGAG portfolio is currently financed by loans granted by a pool of German banks for a total of euro 524 million coming to maturity in September 2014 and for the remaining amount of euro 212 million by subsidized loans. As a result of the transaction, the bank loan will entirely be repaid at closing, while the subsidized loans will be transferred to the portfolio.

The closing is expected to occur by June 2014.

As at 30 June 2013 Prelios non-consolidated pro quota debt totalled approximately euro 275 million (about euro 300 million nominal value) and upon completion of the aforementioned transaction, the debt will be cancelled.

With reference to the financial aspects, the transaction is expected to generate cash flow after payouts in favour of Prelios S.p.A. in the order of euro 25-35 million within the next 12 months from closing, against euro 65 million previously budgeted by the Company (reference is made to the “Plan” envisaged in the debt rescheduling plan underwritten in 2013 within the framework of the provisions set out in article 67, which Prelios adhered to).
The difference is attributable, for approximately euro 20 million, to the transfer of the portfolio, mainly as a result of a lower amount deriving from the financial benefit resulting from subsidized loans relative to specific assets included in the portfolio. This effect also reflects a lower difference between current market rates and the applied subsidized loan rates.
Moreover, as a result of the transfer of the service platform, the disposition of which was not envisaged in the business plan (which, as better detailed below, was considered insufficiently profitable without the DGAG portfolio), an additional difference equal to approximately euro 10-20 million was recorded. This effect derives mainly from charges relative to the disposition of the pension fund (VBL)[1], to which a portion of the employees of the service platform adhered.

[1] The fact that a portion of the employees of Prelios Deutschland , a company operating in the residential sector, had adhered to VBL, German public pension fund, is due to the circumstance that the structure was a publicly owned company before being acquired by Prelios.

It should be noted that the values are to be intended gross of repayments by Prelios in favour of the lending banks as envisaged in the 2013 debt rescheduling plan.

At the consolidated level, the overall impact of the transaction is estimated to be in a range between euro -135 and -145 million. In particular, the transfer of the assets will generate a negative impact approximately totalling euro -55/- 65 million, resulting from capital loss and other cost items. The transfer of the service platform also generates an impact in the order of euro -80 million deriving from goodwill impairment, which will be accurately defined also in the light of a more precise determination of specific items on the occasion of the next 2013 financial statements.

The economic and financial effects of the transaction in question, both in relation to the assets and services, will be considered as discontinued operations, so as to distinguish them from the Group's core activities pursuant to the international accounting standards (IFRS 5).

Strategic objectives underlying the transfer

The transaction is a step in the process of implementation of the new business model approved in 2013, which sets Prelios as manager of integrated real estate services, focusing its human and financial resources on higher value added segments of the European Real Estate market.
In fact:

(i) the real estate portfolio was transferred, which was considered no longer strategic for the Company, at a positive value based on the current market trend in Germany by type of asset and in compliance with the timing envisaged by the top management for its disposition;

(ii) the possibility was pursued to divest the labour-intensive and lower margin services compared to the medium-term targets identified by the Company.

The decision to dispose both of the real estate portfolio and the ancillary service platform enables the Company to mitigate (i) the strategic risk of replacement of the management contracts correlated to the transferred portfolio in due time, and (ii) the consequent operating risk of possibly coming to the necessity to liquidate the German platform dedicated to the technical and administrative services at any time.

The fundamentals of the transaction

The real estate portfolio

DGAG real estate portfolio – acquired in 2007 in partnership with RREEF Global Opportunities Fund II, LLC (an investment fund managed by Deutsche Asset & Wealth Management Real Estate) **–** includes approximately 18,000 properties with an overall surface of over one million square meters, mainly located in the North of Germany, and specifically in the regions of Schleswig-Holstein, Niedersachsen, Meckenburg-Vorpommern and Berlin with a total rent amount of nearly euro 68 million on a yearly basis (40% of which deriving from subsidized housing).

The portfolio – homogenous status and medium quality given both the age, the geographic location and with steady maintenance needs – shows a low vacancy rate (decreased from 3.1% in 2007 to 2.0% in 2012) and a good payment performance (only 1% unpaid rents).

The service platform

Today's transaction also envisages the transfer of the relevant **Prelios Deutschland platform of technical and administrative services.**

The service platform employs about 300 dedicated people with an estimated turnover of approximately euro 30 million operating from the main offices located in Hamburg and Kiel and from the regional offices of Brunswick, Berlin, Hannover, Lübeck, Munich and Frankfurt.

The activities include asset, property and facility management services.

Prelios strategic repositioning in Germany

Upon completion of the aforementioned transaction, Prelios Group will concentrate operations in Germany by further focusing on the "premium" high value added segment of shopping centres and highstreet retailing, thus concurrently pursuing and increasing integration between the management activities of both Italian and German commercial portfolios, with a dedicated team of more than 70 skilled professionals based in Hamburg and Milan.

After the transaction, Prelios Group will manage approximately euro 2.4 billion AUM in the commercial sector in Germany, corresponding to over 1.5 million sq. m. and a turnover of approximately euro 18 million.

In this segment Prelios was awarded, over the last few years, important European prizes like the Shopping Centre Performance Report 2012 and 2013 (by the German company Ecostra), for the management of the "Lago Shopping Centre" of Konstanz, that was recognized as "the best Shopping Centre in Germany", and the "Client Oscar", received from RAL Quality Assurance Association (the international association that assesses the quality of real estate services), for the quality in the management of the shopping centres of Mercado, Ottensen and Wandsbek Quarree in Hamburg and for Altona railway station.

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Activity development

Within the framework of the strategic lines relating to the service activities, the Board of Directors authorizes early stage talks with Fortress Investment Group (UK) over a potential cooperation in the sectors of non-performing loans and real estate management.

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Unitholders' Meeting:

The Board of Directors vested the Chairman and CEO with the power to call an extraordinary Unitholders' Meeting, specifying location, date and time.

The Unitholders' Meeting will resolve upon the following agenda:

1. Appointment of a representative for the owners of units in the compulsory convertible debenture - “Prestito convertendo Prelios 2013-2019”; determination of office and relevant compensation.

2. Resolutions regarding article 84, par. 6, of CONSOB resolution n. 11971 of 14 May 1999 and following amendments and supplements.

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On the occasion of the approval of the 2013 financial statements the Company will provide an update of its strategic plan.

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