PRESS RELEASE

PRELIOS GROUP: THE BOARD OF DIRECTORS APPROVES THE RESULTS AS AT MARCH 31, 2017

Improvement in all key profitability indicators

Consolidated revenues on the rise at €16.2 million (€15.6 million in the first quarter of 2016)

Consolidated EBIT[1] improving at €-0.7 million (€-2.0 million in the first quarter of 2016)

Consolidated Net Income of €2.0 million (net loss of €9.6 million in the first quarter of 2016),

Net Financial Position is improving at €-3.5 million (€-6.5 million as at December 31,2016)

Milan, May 11, 2017 – The **Board of Directors of Prelios S.p.A.**, at its meeting held today, examined and approved the **quarterly data as at March 31, 2017**.

In the first quarter of 2017, the **Prelios Group** recorded a **significant improvement in all key indicators,** compared to the same period of the previous year, and in particular:

- an **increase of 4% in consolidated revenues**, which rose to Euro 16.2 million as at March 31, 2017 from Euro 15.6 million in the first quarter of 2016;
- a **consolidated EBIT** of Euro -0.7 million, a **net improvement compared to the figure for the first quarter of 2016**, of Euro -2.0 million, thanks to higher turnover, a recovery of profit margins by the operating companies and constant efforts to reduce centralised costs;
- an **improvement of Euro 11.6 million** in the **consolidated net income**, which went to a **positive figure of Euro 2.0 million** compared to the net loss of 9.6 million euro in the first quarter of 2016, rebalancing the financial structure set up throughout 2016 and marking a significant and different incidence in the two periods of extraordinary operations;
- the **improvement by Euro 3.0 million** in the **net financial position**, which went from Euro -6.5 million at year-end 2016 to -3.5 million at March 31, 2017.

Prelios Group performance at March 31, 2017

The **Prelios Group** posted **consolidated revenues** of Euro 16.2 million, **up 4%** compared to revenues of Euro 15.6 million at March 31, 2016. The increased revenues reflect improved performance by the Alternative Asset Management[2] activities and the Real Estate Services[3] in Italy.

Consolidated EBIT was Euro -0.7 million, a **net improvement** compared to the final figure in the first quarter of 2016 – a negative Euro -2.0 million – thanks to higher turnover and the recovery of

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1 The consolidated EBIT is understood as the value consisting of the operating result - inclusive of general and administrative expenses (G&A Holding) and adjusted for restructuring costs - and the net income(loss) from equity investments related to the operating companies in Alternative Asset Management and Real Estate Services.

2 Asset & Fund Management activities carried out by the subsidiary Prelios Società di Gestione del Risparmio S.p.A. and activities in the field of non-performing loans carried out by the subsidiary Prelios Credit Servicing S.p.A..

3 Specialised real estate services developed by Prelios Integra S.p.A., which offers property services and technical real estate services, as well as brokering and valuation services carried out, respectively, by Prelios Agency S.p.A. and Prelios Valuations & e-Services S.p.A.

the profit margins of the operating companies and in particular of Alternative Asset Management, as well as thanks to the constant process of centralised costs containment.

The result of the operating companies of the Group, not including general and administrative expenses (G&A Holding), **was a positive** Euro 0.7 million (ROS equal to 4.4%), **up** from the substantial final break even figure at March 31, 2016 (Euro 0.2 million, ROS equal to 0.2%).

The net result attributable to the **Group** at March 31, 2017 **was a profit of Euro 2,0 million** versus the net loss of Euro 9.6 million posted in the first quarter of 2016.

This **improvement** of Euro 11.6 million, is due to the **improvement of ordinary operations** (Euro +1.3 million) and to the substantial effect of **non-core business** captions, that had a different incidence in the two periods, for a total of Euro 10.3 million. In particular, in the first quarter of 2016, negative cumulated one-off items were posted for approximately Euro 6 million linked to the extraordinary spin-off operation and organisational rationalisation of the Group; whilst in the first quarter of 2017, one-off positive items were recorded for approximately Euro 4.0 million, which were mainly attributable to an insurance indemnity.

The net financial position as at March 31, 2017 was Euro -3.5 million, up compared to Euro -6.5 million at December 31, 2016). The **positive** variation compared to December 31, 2016, of Euro 3.0 million, is mainly attributable to the **flow generated by ordinary operations** amounting to Euro 1.9 million, and to **non-recurring flows** of Euro 2.3 million. On the other hand, net financial position was negatively affected by financial and fiscal operations and by changes in net working capital.

The attributable **consolidated shareholders' equity** was **positive** amounting to Euro 92.9 million, versus Euro 91.0 million at December 31, 2016. The variation amounting to Euro 1.9 million is largely attributable to the result for the period.

Alternative Asset Management Performance

Thanks to the results achieved by **Prelios SGR** and **Prelios Credit Servicing**, the Alternative Asset Management activities earned a total of Euro 6.1 million in revenue, **up by 9%** from the figure of Euro 5.6 million reported at March 31, 2016. The operating result was positive at Euro 1.0 million, versus the Euro 0.2 million posted in the first quarter of 2016.

In particular, at March 31, 2016, **Prelios SGR** managed a total of 33 Alternative Investment Funds (AIF), one of them listed, as well as management contracts for the divestment of three real estate portfolios. Revenues, largely represented by management fees, totalled Euro 4.3 million over the quarter, up (+8%) from the figure reported at March 31, 2016. Operating profit was Euro 1.6 million, up compared to the Euro 1.0 million for the first quarter of 2016, thanks to the increase in revenue resulting from new initiatives and the ongoing process of cost containment.
With regards to the development of new initiatives, Prelios SGR, which manages assets worth overall approximately Euro 4.0 billion, set up two new AIFs in the period in question:

- The Areef 1 Italy Reif Fund, which operates according to an investment policy focused on property mainly used by the service sector and with a plus-value added core profile, with the aim of implementing asset management strategies aimed at seizing added value opportunities to transform real estate assets into prime buildings - in particular, on March, 31, the fund completed the acquisition from the Cloe Fund, a closed-end reserved property fund managed by Prelios SGR, of a portfolio of six properties predominantly for use as offices;
- The Estia Social Housing Fund, which began operations in January 2017, designed to implement social housing initiatives mainly in Central Italy. During the first quarter of 2017, Prelios SGR received a new mandate to manage the process of developing a portfolio owned by a pension fund with a value of approximately Euro 0.2 billion.

Finally, activities continued to increase the volume of assets under management through funds already under management, with the acquisition, contribution and development of new properties replacing the assets of funds that have reached the end of their life cycle.

Prelios Credit Servicing posted a turnover of Euro 1.8 million in the first quarter of 2017 versus the Euro 1.6 million in the same period of 2016. The operating result posted in the first quarter of 2017 was a negative Euro 0.6 million, marking a slight improvement on the first quarter of 2016 (Euro -0.8 million). In the first quarter of 2017, the company was engaged (i) in bringing the management of the portfolios acquired in 2016 into full operation and in monitoring the management of the portfolios acquired in previous years, both in the role of special servicer and of master servicer (ii) in two important due diligence operations for the selection of portfolios by two major Italian banks for the realisation of two public securitisation transactions under the framework of the (Italian) Guarantee on Securitisation of Non-Performing Loans (GACS), with a total nominal value of the two portfolios of more than Euro 1.5 billion, (iii) in due diligence and support activities in the acquisition of packets of loans mainly secured by major international investors and (iv) in the out-of-court management of a portfolio secured by a leading Italian bank.
In particular, Prelios Credit Servicing assisted several international investors in competitive processes as part of securitisation transactions pursuant to Law no. 130/99 of loan portfolios with a total exposure of over Euro 5.7 billion. Moreover, the company has continued to monitor the competitive process aimed at identifying servicers for portfolios of doubtful loans, among which one especially stands out, because of its strategic importance, as its purpose is to award the support services for investments in NPL portfolios carried out by the Atlante Fund. Finally, through its subsidiary SIB S.r.l., the Company continues to play an active role in the improvement and disposal of the real estate assets of a major pension fund. In February 2017, the company received confirmation of its "Above Average" rating by Standard & Poor's as a Special and Master Servicer. It should also be remembered, that in June 2016 the company had its rating upgraded by the rating agency Fitch (new rating of Rss2+/Css2+).

Real Estate Services Performance

Real Estate Services (both Italian and foreign) recorded total revenues of approximately Euro 10.2 million, up by 3% compared to the Euro 9.9 million in the first quarter of 2016. The operating loss was Euro 0.3 million euro versus the break-even figure reported at March 31, 2016.

Prelios Integra S.p.A. posted revenues as at March 31, 2017 of Euro 4.6 million, up against the Euro 4.2 million in the first quarter of 2016. Operating profit was Euro 0.2 million, consistent with the figure of Euro 0.3 million as at 31 March 2016. Furthermore, the Company continued to manage real estate assets equivalent to over 38,000 lease agreements; it assisted various clients with the processes of disposing of and/or improving and appraising their properties, while continuing to consolidate the technical and professional sector for third party clients.
Prelios Integra also acquired new assignments, during the first three months of 2017, through its participation in various public or private tenders, and/or by making direct offers. Finally, it expanded its track record by winning the invitation to tender for engineering services at the TIM headquarters in Rome in via Santa Maria. Moreover, further technical due diligence activities were carried out, with the client FCA Partecipazioni S.p.A., on their properties situated in Germany and Austria.

Prelios Agency S.p.A. reported revenues in the first quarter of 2017 of Euro 0.8 million, compared with Euro 0.7 million in the first quarter of 2016. The Company's brokered volumes amounted to Euro 19 million (of which Euro 5.4 million with non-captive clients), compared to Euro 47.2 million in the first quarter of 2016. The operating result is a break even, compared to the negative figure of Euro 0.1 million posted as at March 31, 2016, as a result of a different revenue mix (with higher margins) and the containment of overhead costs. During the first quarter of 2017, the Company was awarded new contracts and renewed a number of marketing agreements worth approximately Euro 534 million. Furthermore, it was assigned new important mandates to lease approximately 46,000 square metres and manage rents amounting to roughly Euro 8.3 million, in addition to a mandate to find 5,000 square metres of leased office space. As at March 31, 2017, the portfolio of sales mandates amounted to approximately Euro 1.9 billion, compared with Euro 0.9 billion in the first quarter of 2016.

Prelios Valuations S.p.A. generated revenue totalling Euro 2.2 million at March 31, 2017, compared to Euro 2.3 million in the first quarter 2016. Operating profit totalled Euro 0.3 million, the same as in the same period of 2016. The volume of property appraisal activity of Prelios Valuations on behalf of banks before they grant mortgage loans increased for nearly all existing clients. This business was driven by interest rates that are still at historic lows and by greater competition between banks. Moreover, bids and negotiations with banks and investment funds are pending for the grant of new contracts that would lead to the execution of 15,000 new appraisals in 2017. During 2016, the Company made an offer for services tailored specifically for banks, aimed at satisfying the requests made mainly by the ECB and the Bank of Italy. These include the Loan Tape Leverage service for the Data Quality and Data Gathering activities to obtain detailed information about non-performing exposures. In the context of ever-expanding disposals of NPL portfolios by Italian banking groups, Prelios Valuations has reconfirmed its position, as in 2016, as a leading advisor working on behalf of specialised international investors. In the first quarter of 2017, it performed more than 7,000 real estate appraisals on non-performing positions.

Prelios Germany and **Prelios Poland**: the revenue of **Prelios in Germany** totalled Euro 2.5 million, down slightly from the total reported at March 31, 2016 (Euro 2.6 million). The operating loss was Euro -0.8 million, compared with an operating loss of Euro -0.4 million in the previous year. This change stemmed especially from the overhead costs incurred by the Frankfurt unit in preparation for start-up of the new “Prelios German Retail Property Fund”, which will allow the activities in Germany to focus the business on Alternative Asset Management. The Fund, targeting international institutional investors, will concentrate on the management of shopping centres, department stores, and retail properties in Berlin and other cities in west Germany. The Luxembourg financial regulatory authorities granted their approval in July 2016. The aim will be to invest in high-potential, but under-performing properties that have to be repositioned. The Company is also developing and marketing a shopping centre in the heart of Husum and will manage it once it is completed. It has already confirmed lease agreements with three high profile tenants. As regards activities in **Poland**, the operating result broke even, substantially the same as in Q1 2016 (Euro 0.1 million).

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Events subsequent to March 31, 2017

The Board of Directors met on April 13, 2017 and took note that Prelios S.p.A. had received several non-binding offers through its advisor Mediobanca over the previous days. These offers concerned possible partnerships concerning the fund management activities in Italy (Prelios Società di Gestione del Risparmio S.p.A.). As previously reported to the market in 2016, Prelios S.p.A. has decided to pursue a course of action to realise possible partnerships for the fund management activities, and to develop its activities in Germany, which can be concluded only after completion of the competitive bidding process that has been undertaken.

On April 13, the Board of Directors of Prelios S.p.A. co-opted – pursuant to Art. 2386 Italian Civil Code – Cesare Ferrero as Company Director, replacing Andrea Mangoni, who had previously tendered his resignation. Cesare Ferrero was also designated as the “Director in charge of the internal control and risk management system”, with the assignment of duties and responsibilities specifically envisaged by the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A., which Prelios S.p.A. has adopted, qualifying as Executive Director of the Company in consequence of the mandate received.

On April 27, 2017, the Board of Directors of Prelios S.p.A. approved the 2017 Budget and reviewed the "qualitative" guidelines for the definition of the Group's 2017-2019 Plan (already approved by the individual Group business units). The increase in revenue and growth in profitability will also be the strategic focus of the 2017-2019 Industrial Plan that will be defined and approved in the second half of the year in consequence of the developments in competitive bidding undertaken for possible partnerships involving Fund Management activities in Italy and for development of activities in Germany, as previously reported to the market.

Also on April 27, 2017, the Board of Directors also examined the non-binding offers concerning possible partnerships involving the Fund Management activities in Italy (Prelios SGR) received through the advisor Mediobanca. The Board of Directors resolved to continue, together with various leading operators with high standing inside and outside Italy, analysis and assessment of the structure for any possible partnership. This is characterised by combination and growth, with the aim of making binding offers to be received by next June.

In regard to the possible development of activities in Germany which, after the analyses performed as at today, call for their possible sale to third parties, the Company expects to receive the non-binding offers shortly.

In April 2017, the Prelios Group established the Group Market Research department, concentrating in a single department the research and analysis activities of all aspects of the real estate and non-performing loan market, in support of business development activities.

Finally, as previously announced, the Shareholders' Meeting will be held on May 31, 2017, with the following Agenda:
1. Financial statements as at and for the year ended December 31, 2016. Contingent resolutions.
2. Appointment of a Director. Contingent resolutions.
3. Assignment of contract for statutory audit of the accounts for the years 2017-2025 and determination of the related consideration. Contingent resolutions.
4. Remuneration Report: consultation on the Remuneration Policy

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Business Outlook

The Prelios Group, downstream of the completed restructuring, will dedicate 2017 to focusing its range of services to attain the best strategic position on the target market. In view of the improvement in market trends, in line with the growth expectations included in the 2017 Budget and in the 2017-2019 plans of the individual business units, Prelios S.p.A. has identified and is implementing a series of measures and initiatives aimed at realising the marketing effort and opportunities already generated during 2016, by virtue of the high skills that the company has proven to be able to express.

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At today's meeting, the Board of Directors – acting in light of the competitive bidding processes currently under way, which involve Prelios SGR and the German operations of the Group, previously announced to the market – resolved to extend the mandate to Mediobanca as financial advisor of the Group, in the broader context of the Group's growth, and concerning possible additions and/or better development.

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The Interim Report on Operations at March 31, 2017 will be made available to the public tomorrow, May 12, 2017, at the registered office of the Company at Viale Piero e Alberto Pirelli n. 27, Milan, Italy, and published on the Company website *www.prelios.com* (Investor Relations section). The document will also be available at Borsa Italiana S.p.A. and through the authorised eMarket Storage filing system (*www.emarketstorage.com*).

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The Manager charged with preparing the company's financial documents of Prelios S.p.A., Mr Sergio Cavallino, certifies - pursuant to art. 154-bis, paragraph 2, of the Consolidated Law on Finance (Legislative Decree 58/1998) – that the accounting information contained in this press release corresponds to the documents, books and accounting records of the Company.

This press release includes the following alternative performance indicators to facilitate assessment of the operating performance of the Prelios Group: (i) EBIT, which is determined by the operating income (loss), to which are added the net income (loss) from equity investments; (ii) net financial position, represented by gross financial payables reduced by cash and other cash equivalents, and the other current financial receivables. The aforementioned alternative performance indicators have not been audited by the independent auditor.

In compliance with CONSOB Communication no. 6064291 of July 28, 2006, the attached financial statements have not been audited by the independent auditor.

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1) PRELIOS GROUP - Reclassified Consolidated Income Statement

(Euro/milion)	MARCH 2017	MARCH 2016
Consolidated revenues:	16.2	15.6
- of which management platform	*16.2*	*15.6*
- of which investment activities	*0.0*	*0.0*
EBIT	**(0.7)**	**(2.0)**
Operating result Investment Activities	0.0	0.0
Financial expenses	(0.5)	(4.3)
Restructuring costs	3.8	(2.6)
Result before taxes	**2.6**	**(8.9)**
Income taxes	(0.6)	(0.7)
Net income (loss)	**2.0**	**(9.6)**
Minority interests	0.0	0.0
Consolidated net income/(loss)	**2.0**	**(9.6)**

2) PRELIOS GROUP - Reclassified Consolidated Balance Sheet

(Euro/milion)	MARCH 2017	DECEMBER 2016
Fixed assets	**131.9**	**132.1**
of which investments in real estate funds and investment companies and shareholder loans granted (1)	*70.8*	*70.9*
of which goodwill	*56.4*	*56.4*
Net working capital	**(5.6)**	**(3.6)**
Net invested capital	**126.3**	**128.5**
Equity	**92.9**	**91.0**
of which group equity	92.9	91.0
Provisions	**29.9**	**31.0**
Net financial position	**3.5**	**6.5**
Total covering net invested capital	**126.3**	**128.5**

(1) The item includes equity investments in associates, joint ventures and other equity investments and the related receivables for shareholder loans, net of provisions for equity investment writedowns for a net amount of 60.9 million euro) and investments in real estate funds for 9.9 million euro (recognised among “Other financial assets” in the consolidated balance sheet).

3) **PRELIOS GROUP - Consolidated Income Statement**

(amounts in thousands of Euro)

	01.01.2017-03.31.2017	01.01.2016-03.31.2016
Revenues from sales and services	16,150	15,603
Changes in inventories of work in progress, semi-finished and finished products	-	-
Other income	4,469	1,714
TOTAL OPERATING REVENUES	**20,619**	**17,317**
of which with related parties	*4,382*	*4,107*
of which non-recurring events	*4,035*	-
Raw and consumable materials used (net of change in inventories)	(42)	(31)
Personnel costs	(7,832)	(8,018)
Depreciation, amortization and impairment	(161)	(157)
Other costs	(9,550)	(13,900)
TOTAL OPERATING COSTS	**(17,585)**	**(22,106)**
of which with related parties	*(207)*	*(485)*
of which non-recurring events	*(283)*	*(2,572)*
RISULTATO OPERATIVO	**3,034**	**(4,789)**
Net income from equity investments of which:	(170)	(101)
of which with related parties	*(170)*	*(100)*
- portion of result of associates and *joint ventures*	*(170)*	*(100)*
- gains on equity investments	-	*9*
- losses on equity investments	-	*(10)*
Financial income	252	315
of which with related parties	*229*	*276*
Financial expenses	(521)	(4,346)
of which with related parties	*(5)*	*(39)*
RESULT BEFORE INCOME TAXES	**2,595**	**(8,921)**
Income taxes	(610)	(659)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**1,985**	**(9,580)**
of which attributable to minority interests	(1)	(1)
CONSOLIDATED RESULT FOR THE PERIOD	**1,986**	**(9,579)**

4) **PRELIOS GROUP - Consolidated Balance Sheet**

(amounts in thousands of Euro)

ASSETS	03.31.2017	12.31.2016
NON-CURRENT ASSETS		
Property, plant and equipment	650	690
Intangible assets	57,348	57,381
Investments	60,124	60,124
Other financial assets	13,778	13,824
Deferred tax assets	6,720	7,028
Other receivables	48	120
of which with related parties	*16*	*16*
TOTAL NON-CURRENT ASSETS	**138,668**	**139,167**
CURRENT ASSETS		
Trade receivables	37,760	40,229
of which with related parties	*13,288*	*14,854*
Other receivables	9,667	11,088
of which with related parties	*5,026*	*5,754*
Cash and cash equivalents	27,118	23,630
Tax receivables	1,394	1,393
TOTAL CURRENT ASSETS	**75,939**	**76,340**
TOTAL ASSETS	**214,607**	**215,507**
EQUITY	**03.31.2017**	**12.31.2016**
GROUP EQUITY		
Share capital	55,678	55,678
Other reserves	44,597	44,603
Retained earnings	20,448	20,463
Undivided income (loss)	(29,778)	-
Net income (loss) for the period	1,986	(29,778)
TOTAL GROUP EQUITY	**92,931**	**90,966**
MINORITY INTERESTS	**14**	**15**
TOTAL EQUITY	**92,945**	**90,981**
LIABILITIES	**03.31.2017**	**12.31.2016**
NON-CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	24,055	23,914
of which with related parties	*634*	*630*
Other payables	521	521
Provisions for future risks and expenses	7,920	8,084
Deferred tax provision	2,423	2,362
Employee benefit obligations	11,381	11,419
TOTAL NON-CURRENT LIABILITIES	**46,300**	**46,300**
CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	11,414	11,101
of which with related parties	*4,892*	*4,892*
Trade payables	39,573	42,693
of which with related parties	*1,257*	*1,605*
Other payables	15,454	14,688
of which with related parties	*3,656*	*3,382*
Provisions for future risks and expenses	8,154	9,172
Tax payables	767	572
TOTAL CURRENT LIABILITIES	**75,362**	**78,226**
TOTAL LIABILITIES	**121,662**	**124,526**
TOTAL LIABILITIES AND EQUITY	**214,607**	**215,507**