PRESS RELEASE

PRELIOS: BOARD OF DIRECTORS APPROVES RESULTS AT MARCH 31ST, 2011

- MANAGEMENT PLATFORM REVENUES AT €41.9 MILLION (€41.6 AT MARCH 31ST, 2010), IN LINE WITH THE YEAR-END TARGET
- EBIT[1] IS POSITIVE €19.5 MILLION ALMOST DOUBLED COMPARED TO €10.3 MILLION IN THE FIRST QUARTER 2010
- MANAGEMENT PLATFORM ACTIVITIES[2] EBIT AT €6.1 MILLION, A 22% INCREASE COMPARED TO THE €5 MILLION AT MARCH 31ST, 2010, IN LINE WITH THE YEAR END TARGET (+15%/+25%), CONSISTENT WITH THE OBJECTIVE OF FOCUSSING ON THE SERVICE ACTIVITIES
- REAL ESTATE SALES AT €700.4 MILLION, HIGHER THAN €146.5 MILLION AT MARCH 31ST, 2010: ALMOST REACHING THE MID-POINT OF THE 2011 YEAR-END TARGET (€1.5 BILLION). AVERAGE MARGIN ON SALES APPROXIMATELY 6.5% ON BOOK VALUE
- POSITIVE NET RESULT OF €10 MILLION, A SIGNIFICANT IMPROVEMENT COMPARED TO €0.4 MILLION IN THE FIRST QUARTER 2010
- NET FINANCIAL POSITION, EXCLUDING SHAREHOLDER LOANS GRANTED, AT €-459.5 MILLION COMPARED TO €-424 MLN AT DECEMBER, 2010; GEARING[3] AT 0.75

Milan, May 4th, 2011 – At today's meeting, the Board of Directors of Prelios S.p.A. examined and approved the interim management statement at March 31st, 2011.

As confirmation of the effectiveness of the Company's repositioning and recovery plan, the 2011 first quarter shows an improvement in profitability and a return to a net result of €10 million (break even at March 31st, 2010). EBIT is at €19.5 million compared to €10.3 for the first quarter 2010, while the management platform result has grown by 22% to €6.1 million.

Group performance in first quarter 2011

Consolidated revenues amount to €46.4 million (€51.7 million at March 31st, 2010). In particular, the management platform revenues - *core business* of Prelios - show a slight increase to €41.9 million (€41.6 in first quarter 2010), in line with the year end target ("in consolidation").

EBIT[4] is €19.5 million, an improvement compared to the €10.3 million in first quarter 2010.

The **management platform activities[5]** reached a positive result of €6.1 million, an increase of 22% compared to the €5 million for the same period in 2010. Based on this result, the Company confirms the target for year end at between +15% and +25%.

---

[1] Reports EBIT including net income from investments and income from shareholder loans before restructuring costs and property writedowns/revaluations, as defined in the section on Non-GAAP measures of this press release

[2] Results from management platform activities means net income generated by the Company from its fund and asset management activities and specialized real estate services (property & project management and agency) and from services associated with NPL management (credit servicing) as well as general and administrative expenses.

[3] Gearing: the ratio between net financial position, excluding shareholder loans granted and net equity

[4] Reports EBIT including net income from investments and income from shareholder loans before restructuring costs and property writedowns/revaluations, as defined in the section on Non-GAAP measures of the present press release

The result for **co-investment activities**[6] is also positive at €13.4 million, compared to a profit of €5.3 million at March 31st, 2010. This improvement is due in particular to a capital gain realised from the sale of a significant asset – the Palazzo La Rinascente Duomo of Milan – by Fondo Retail & Entertainment.

The **consolidated net result** shows a profit of approximately €10 million, a significant improvement compared to the €0.4 million result at March 31st, 2010. The values at March 31st, 2011 and March 31st, 2010 do not include impacts due to writedowns/revaluations in that the property values are appraised every six months.

Real estate sales came to €700.4 million (€146.5 during the same period in 2010), thus achieving in the first quarter almost half the sales target for the full year, of €1.5 billion. The Company realised its real estate transactions achieving at March 31st, 2011 an average margin on sales of approximately 6.5% on book value.

The **Assets Under Management** comes to €13.9 billion[7] (of which €12.5 billion in Real Estate and 1.4 billion in NPLs[8]) compared to €14.6 billion at December 2010. The change is largely attributable to sales completed in the first quarter 2011.

Group net equity at March 31st, 2011 comes to €601.6 million compared to €579.8 million at December 31st, 2010. The increase is attributable to the result of the period (€10 million) and other variations (+€11.8 million) almost entirely attributable to the reserve relative to instruments of coverage on interest rates.

The **net financial position** at March 31st, 2011 reports net debt of €41 million (€44.7 million debt at December 31st, 2010). The net financial position, excluding shareholder loans granted, reports net debt of €459.5 million compared to €424 million at December 31st, 2010. The increase is attributable to the payment of deferred debts on past purchases in the amount of €30.8 million.

Gearing (given as the ratio between net financial position, excluding shareholder loans granted, and net equity) comes to 0.75 (0.72 at December 31st, 2010.

---

[5] Results from management platform activities means net income generated by the Company from its fund and asset management activities and specialized real estate services (property & project management and agency) and from services associated with NPL management (credit servicing) as well as general and administrative expenses.

[6] Results from investment activities mean the net income generated by Prelios from its investments in real estate funds and companies and from non performing loans. This includes a positive result of €1.7 million of Highstreet in continuity of policy with the 2010 Financial Statements

[7] Market value determined by the Company based on appraisals by independent experts in December 2010 and taking into consideration sales, capitalizations and currency exchange variations in the first quarter 2011.

[8] Stated at book value

Divisional performance at March 31st, 2011[9]

ITALY

Real estate **sales** reached approximately €551.5 million, an increase compared to €124.8 million at March 31st, 2010.

EBIT[10] is positive at €16.7 million, showing an improvement on the €9.8 million at March 31st, 2010. EBIT comprises €9.1 million in net income from the management platform (€8.4 million at March 31st, 2010) and €7.6 million in net income from investment activities (€1.4 million at March 31st, 2010).

GERMANY

Real estate **sales** came to €147.8 million compared to €4.9 million during the same period of the previous year, a result made possible thanks to the restructuring and recovery actions undertaken.

EBIT is positive in the amount of €6.8 million compared to the €1.5 million at March 31st 2010. EBIT comprises €2.2 million in net income from the management platform (€0.9 million at March 31st, 2010) and €4.6 million in net income from investment activities (€0.5 million at March 31st, 2010).

POLAND

Real estate **sales** amount to €1.1 million, a decrease compared to the €16.8 million for the same period in 2010. This figure reflects the conclusion of the sales of already developed assets, whilst the local value enhancement of some important area, yet held in the portfolio, is currently being completed.

EBIT is €-1.5 million compared to €0.2 million at March 31st, 2010. EBIT includes €-0.7 million in net losses from the management platform (€-0.3 at March 31st, 2010) and €-0.8 million in net losses from investment activities (€0.5 million at March 31st, 2010).

NPL

Collections of non performing loans amounted to €44.6 million, compared to €66.1 million during the same period of the previous year.

EBIT is €0.6 million compared to €2.9 million at March 31st, 2010, and includes €-1.4 million net loss from the management platform (a break even at March 31st, 2010) and €2 million net income from investment activities (€2.9 million at March 31st, 2010).

§

[9] Please note that the results reported in this paragraph exclude general and administrative expenses (G&A/holding).
[10] Includes results from service activities, investment activities and income from shareholder loans.

Expected evolution of management for 2011

For all of 2011 the Company expects the positive net result to return - in line with the positioning of pure management - a growth of the management platform result of approximately +15/+25% (Cagr at 2013) taking advantage of the fund management development for internal and external lines and on activity of services in general for third parties.

The anticipated target for real estate sales in 2011 is calculated at approximately €1.5 billion, maintaining a total Real Estate assets under management of approximately €13 billion at book values with a quota of about 20% managed for third parties.

Prelios also has a net financial position target for 2011 less than €400 million.

Please note that the projections for 2011 can also be strongly influenced by exogenous factors which are uncontrollable in that they are beyond the Company's control such as the evolution of the macro-economic situation, real estate market trends, interest rate dynamics, credit access conditions, as well as evolutions having to do with real estate taxation which are not foreseeable at the moment.

§

The results of the financial year at March 31st, 2011 will be presented today, May 4th 2011 at 4.45 p.m. during a conference call of Prelios' top management. Journalists may follow the presentation by telephone by dialling +39.02.805.88.27 but will not be allowed to ask questions. It will be possible to view the slides of the presentation in the Investor Relations section of the www.prelios.com site.

§

This press release contains references to the following principal alternative performance indicators for the purposes of better evaluating the Prelios Group's results: (i) EBIT includes the result of holdings and income from shareholder loans before real estate restructuring and writedowns/revaluations which is determined from the EBIT to which is added the result of the holdings, both net of the real estate restructuring and writedowns/revaluations[11] as well as the value of the income from shareholder loans; (ii) result before real estate restructuring and writedown/revaluation charges and taxes which is determined as above but including the financial charges; (iii) net financial position, represented by the gross financial debt less cash and other cash equivalents, as well as financial receivables. The aforementioned alternative performance indicators have been audited by the auditing firm.

§

[11] "Restructuring costs" include voluntary redundancy costs, expenses for rationalizing the Group and its offices, *one off* taxes due to the application of new tax rules, extraordinary charges arising from large settlements for tax litigation, and support, including with loans, of investee companies as going concerns as part of financial restructuring plans previously agreed or at an advanced stage of negotiation with financial backers and partners; this is to demonstrate how such restructuring costs differ from the Group's ordinary operating activities. "Property writedowns/revaluations" include adjustments to the value of Real Estate assets, thus excluding NPLs. Particularly, they include writedowns to property portfolios due to changes in market value, determined through appraisal by independent experts or reflecting sales expected at a loss.

Gerardo Benuzzi, Prelios S.p.A.'s Financial Reporting Officer, attests – pursuant to Art. 154-bis, Paragraph 2, of the Financial Markets Consolidation Act (Decree 58/1998) – that the accounting information contained in this press release corresponds to the Company's underlying documentary records, books of account and accounting entries.

§

Attached are the reclassified, condensed versions of the consolidated income statement, balance sheet and cash flow statement. In compliance with Consob Communication No. 6064291 of July 28th, 2006, you are advised that these tables have not been audited by the independent auditors, Ernst & Young S.p.A.

§

The Interim Management Statement at March 31st, 2011 will be made available to the public on May 5th, 2011 at the Company's registered office in Milan, Via Piero e Alberto Pirelli 25 and at Borsa Italiana S.p.A. The same document will also be made available on the Company's website www.prelios.com.

***

For additional information contact:
Prelios Press Office Tel. +39/02/6281.33549
Prelios Investor Relations Tel. +39/02/6281.4057
www.prelios.com

1) PRELIOS - RECLASSIFIED INCOME STATEMENT

(Euro/million)	MARCH 2011	MARCH 2010
Consolidated revenues:	46.4	51.7
of which services	*41.9*	*41.6*
of which others	*4.5*	*10.1*
MANAGEMENT PLATFORM : EBIT before restructuring costs and property writedowns/revaluations	5.6	5.0
MANAGEMENT PLATFORM : net income from investments before restructuring costs and property writedowns/revaluations	0.5	0.0
TOTAL MANAGEMENT PLATFORM: EBIT including net income from investments	**6.1**	**5.0**
INVESTMENT: before restructuring costs and property writedowns/revaluations	(4.5)	(1.2)
INVESTMENT: net income from investments before restructuring costs and property writedowns/revaluations	11.1	0.0
INVESTMENT: income from shareholder loans (1)	6.8	6.5
TOTAL INVESTMENT: EBIT including net income from investments and income from shareholder loans	**13.4**	**5.3**
EBIT including net income from investments and income from shareholder loan, before restructuring costs and property writedowns	**19.5**	**10.3**
Financial expenses	(6.2)	(5.2)
Profit (loss) before restructuring costs, property writedowns/revaluations and taxes	**13.3**	**5.1**
Restructuring costs	(0.4)	0.0
Property writedowns/revaluations	0.0	0.0
Profit (loss) before taxes	**12.9**	**5.1**
Income taxes	(3.2)	(4.1)
Net income (loss) before minority interests	**9.7**	**1.0**
Minority interests	0.3	(0.6)
Consolidated net income (loss)	**10.0**	**0.4**

2) PRELIOS - Reclassified consolidated balance sheet

(Euro/million)	MARCH 2011	DECEMBER 2010
Fixed assets	607.2	590.0
of which investments in real estate funds and investment companies **(1)**	*441.2*	*423.6*
of which goodwill	*148.1*	*148.1*
Net working capital	107.2	106.0
Net invested capital	714.4	695.9
Equity	611.2	589.6
of which group equity	601.6	579.8
Provisions	62.2	61.6
Net debt	41.0	44.7
of which shareholder loans granted	(418.5)	(379.2)
Total covering net invested capital	714.4	695.9
Net debt excluding shareholder loans granted	459.5	424.0
Net invested capital excluding shareholder loans granted	1,132.9	1,075.1
Gearing	0.75	0.72

(1) The figure includes investments in associates, joint ventures and others (€428,6 million), investments in real estate funds (€16,3 million, reported in "Other financial assets" in the consolidated balance sheet) and junior notes (€1,8 million, reported in "Other financial assets" in the consolidated balance sheet). The amounts at March 2011 and December 2010 include provisions for investment writedowns of €5,5 million and €8,7 million respectively.

3) PRELIOS - RECLASSIFIED CASH FLOW STATEMENT

(Euro/million)	MARCH 2011	MARCH 2010
EBIT before restructuring costs and property writedowns	**1.1**	**3.8**
Amortization and depreciation	0.8	1.2
Change in non-current financial assets /sale of investments	7.0	(4.8)
Change in other non-current assets	(0.5)	0.2
Change in net working capital and provisions and other changes	(0.7)	(12.6)
Net cash flow from operating activities	**7.7**	**(12.2)**
Payment of restructuring costs	(4.3)	(4.3)
Financial and tax expenses/income	0.4	2.5
Net cash flow before dividends	**3.8**	**(14.0)**
Dividends paid	0.0	0.0
Total net cash flow	**3.8**	**(14.0)**
Change in shareholder loans	(39.3)	1.1
Total net cash flow inclusive of change in shareholder loans	**(35.5)**	**(12.9)**