PRESS RELEASE

PRELIOS: BOARD OF DIRECTORS APPROVES RESULTS AT JUNE 30TH, 2011

CONTINUED IMPROVEMENT IN PROFITABILITY IN LINE WITH BUSINESS PLAN TARGETS, NET RESULT AT BREAKEVEN

- MANAGEMENT PLATFORM REVENUES AT €80.1 MILLION (STABLE VS €79.9 MILLION AT JUNE 30TH, 2010), IN LINE WITH YEAR-END TARGET
- EBIT[1] AT €28.1 MILLION
  MAJOR IMPROVEMENT FROM THE €17.9 MILLION IN FIRST HALF 2010
- MANAGEMENT PLATFORM RESULTS[2] AT €12.9 MILLION, UP 15% ON €11.2 MILLION AT JUNE 30TH, 2010, IN LINE WITH GOAL OF FOCUSING ON SERVICE ACTIVITIES (YEAR-END TARGET +15%/+25%)
- REAL ESTATE SALES AT €1.1 BILLION (DOUBLE THOSE OF €562.1 MILLLION AT JUNE 30TH, 2010): ALREADY IN PROXIMITY OF FY2011 TARGET (€1.5 BILLION)
  AVERAGE SALES MARGIN APPROX. 5% ON BOOK VALUE
- POSITIVE CONSOLIDATED NET RESULT OF €0.5 MILLION, A MAJOR IMPROVEMENT ON NET LOSS OF €20.9 MILLION IN FIRST HALF 2010
- NET FINANCIAL POSITION EXCLUDING SHAREHOLDER LOANS GRANTED AT -€474.1 MILLION VERSUS -€459.5 MILLION AT END OF MARCH 2011 (-€424 MILLION AT END OF DECEMBER 2010); GEARING[3] AT 0.79

TOTAL GAIN FOR PRELIOS IN THIRD QUARTER FROM THE ALREADY COMPLETED COIN CLOSING AND IMMINENT RINASCENTE CLOSING WILL BE APPROX. €32 MILLION, WITH AN ESTIMATED POSITIVE IMPACT OF APPROX. €35 MILLION ON NET DEBT

NEW INCENTIVE PLAN INTRODUCED FOR MANAGEMENT

Milan, July 26th, 2011 – At today's meeting, the Board of Directors of Prelios S.p.A. examined and approved the half-year financial report at June 30th, 2011.

First-half performance reports a positive trend in the principal financial indicators, in keeping with the guidelines communicated to the market for the three-year period. Management platform revenues were stable compared with June 2010, despite continued market weakness. EBIT has reached €28.1 million (+57% on June 2010), while the management platform result is €12.9 million, in line with the plan's growth target (+15/25%). In light of these results, the Company confirms the targets for 2011, and the strategy and general targets of the 2012-2013 guidelines communicated to the market last March. In view of the current macroeconomic scenario, the Company also believes it appropriate to evaluate an acceleration of the 2012-2013 targets by giving priority to cash generation and cost savings.

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

[2] Results from management platform activities mean the 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 equity.

Group performance in first half 2011

Consolidated revenues amount to €86.3 million compared with €135.1 million at June 30th, 2010. In particular, revenues from the management platform - the Prelios core business - are essentially stable at €80.1 million (€79.9 in first half 2010), in line with the year-end consolidated target.

EBIT[4] is €28.1 million, a major improvement from €17.9 million in first half 2010.

Management platform activities[5] report a positive result of €12.9 million, up 15% from €11.2 million in the same period of 2010. This increase, reflecting the aim of focusing on services, is in line with the year-end target of between +15% and +25%.

Investment activities[6] also report a positive result of €15.2 million, compared with €6.7 million at June 30th, 2010.

The **consolidated net result** is a profit of approximately €0.5 million, a significant improvement on the net loss of €20.9 million at June 30th, 2010. This figure includes the one-off impact of the asset tax of €8.9 million on the investors in real estate funds, as well as the net amount for writedowns/revaluations of -€3.6 million (compared with a net -€18.3 million at June 2010). In detail, there were €11.2 million in revaluations in Germany versus €2.4 million in writedowns in Poland and €12.4 million in writedowns in Italy.

Real estate sales came to some €1.1 billion (€0.6 billion in the same period of 2010), thus achieving in the first half 75% of the full-year sales target of €1.5 billion. The Company realized an average sales margin of around 5% on book value and more than 3% on market value for real estate transactions completed up to June 30th, 2011.

Assets Under Management are valued at €13.6 billion (of which €12.3 billion in real estate[7] and €1.3 billion in NPLs[8]) versus €14.6 billion at the end of December 2010. The decrease is mostly attributable to sales completed in first half 2011. The proportion of real estate assets managed for third parties is 17%[9] (compared with 7% in June 2010 and around 10% in December 2010).

Group equity amounts to €592 million at June 30th, 2011 compared with €579.8 million at December 31st, 2010. The increase is attributable to the result for the period and other changes (+€11.7 million) most of which relating to the interest rate hedge reserve.

The **net financial position excluding shareholder loans granted** reports net debt of €474.1 million, compared with €424 million at December 31st, 2010 (and €459.5 million at March 31st, 2011). Of the increase, €50 million is attributable to the payment of almost all the deferred liabilities for past acquisitions.

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

5 Results from management platform activities mean the 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 €9.9 million in income from Highstreet compared with €4.9 million in June 2010, recognized under the same principle as in the financial statements at December 2010. Taking account of the recoverability of net capital invested in this venture, revaluations/writedowns include a net revaluation for €1.5 million.

7 Market value as determined in appraisals by independent experts.

8 Stated at book value.

9 Includes the reclassification of the Cloe and Armilla funds (in which the Prelios interest is less than 5%), and which has raised the percentage of funds managed for third parties from 11% to 17% of total AUM.

Gearing (given as the ratio between net financial position, excluding shareholder loans granted, and equity) is 0.79 (0.72 at end of December 2010 and 0.75 at end of March 2011).

The Bank of Italy completed an inspection of the subsidiary Prelios SGR on June 22nd. The Bank's findings and observations mostly refer to governance and organizational issues, particularly risk management and control of outsourced activities; the Company will be unable to set up any new funds until these issues have been suitably addressed. This restriction will not have any impact on the company's financial results for 2011.

***Divisional performance in first half 2011*[10]**

ITALY REAL ESTATE

Real estate sales amount to €627.6 million, up from €460.9 million at June 30th, 2010.

EBIT[11] is a profit of €24 million, an increase of more than 33% from €18 million at June 30th, 2010. EBIT comprises €17 million in net income from the management platform (€15.2 million at June 30th, 2010) and €7 million in net income from investment activities (€2.8 million at June 30th, 2010). In particular, good performances were reported by Property & Project services (up from €3.7 million to €5.2 million) and by Agency services (up from €0.4 million to €2.1 million).

GERMANY REAL ESTATE

Real estate sales amount to €478.7 million, soaring from €76.6 million in the prior year equivalent period and confirming the effectiveness of the division's actions to restructure and turn itself around.

EBIT is a profit of €17.7 million, also reporting a significant improvement from €7.1 million at June 30th, 2010. EBIT comprises €5.3 million in net income from the management platform (€2.8 million at June 30th, 2010) and €12.4 million in net income from investment activities (€4.3 million at June 30th, 2010).

POLAND REAL ESTATE

Real estate sales amount to €3 million, down from €24.6 million in the same period of 2010. This figure reflects the basic conclusion of sales of property developments, while the process of obtaining planning permission for certain sites still owned is currently being completed.

EBIT is a loss of -€3 million, compared with a profit of €0.2 million at June 30th, 2010. EBIT comprises -€1.8 million in net losses from the management platform (-€0.9 million at June 30th, 2010) and -€1.2 million in net losses from investment activities (€1,1 million at June 30th, 2010).

NON PERFORMING LOANS

Collections of non performing loans amount to €97.3 million compared with €142.3 million in the same period of last year.

EBIT is a loss of -€5.6 million compared with -€2.1 million at June 30th, 2010, and comprises -€2.6 million in net losses from the management platform (-€0.6 million at June 30th, 2010) and -€3.0 million from investment activities (-€1.5 million at June 30th, 2010).

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[10] Please note that the results reported in this paragraph exclude general and administrative expenses (G&A/holding).

[11] Includes results of management platform activities, investment activities and income from shareholder loans.

New long-term incentive plan

The Board of Directors has approved a new incentive plan for Prelios management.

The principal purpose of the plan is to support implementation of the new Business Model through achievement of the objectives contained in the 2011 Plan and the targets for 2012 and 2013 approved in March by the Prelios Board of Directors, by motivating and retaining key resources, with a view to creating medium/long-term value.

The plan lasts for three years and involves the payment of cash bonuses, mostly at the end of the vesting period, meaning after approval of the financial statements for the year ended December 31st, 2013.

The incentive mechanism is based on a number of financial performance indicators, starting with those communicated to the market and in keeping with the goal of repositioning Prelios as a pure asset management company:

- Result from the services platform, accounting for 50% of the total
- Real estate sales, accounting for 15% of the total
- Corporate net financial position, accounting for 35% of the total

The plan's beneficiaries are the Chief Executive Officer, the Deputy Chairman and General Manager, as well as the top managers and certain senior managers for a total of not more than 25 people. The plan is entirely self-funding relative to the EBIT targets already communicated to the market.

Events subsequent to June 30th, 2011

Closing of Coin transaction: gain of €3.8 million for Prelios in third quarter

On July 7th, 2011 the Board of Directors of Dicembre 2007, in which the Prelios interest is 6%, voted to distribute income to each shareholder after completing the sale of Coin group shares on June 30th, 2011. Dicembre 2007 had acquired the Coin group shares as consideration for the sale of its interest in Upim.

As a result of this distribution, Prelios will receive €4.4 million and realize a gain of some €3.8 million which will be recognized in third quarter 2011.

Rinascente closing expected by end of July: gain of approx. €28 million for Prelios

The sale of the Rinascente S.r.l. operating company by R/U – Rinascente Upim (of which Prelios owns 20%, Investitori Associati 46%, RREEF-Deutsche Bank Group 30% and Tasso 4%) to Central Retail Corporation (CRC) is expected to close by the end of July.

The sale consideration is €205 million (equity value), reflecting an estimated enterprise value of around €260 million, corresponding to an implied multiple of approximately 11 times the 2010 EBITDA of Rinascente.

The transaction allows Prelios to optimize its investment in a business that it no longer considers to be strategic, by realizing a total gain of some €28 million.

The sale is expected to improve the net financial position by around €31 million.

The Italian Antitrust authority gave the go-ahead to the transaction on July 7th, 2011.

The total gain for Prelios from the already completed Coin closing and imminent Rinascente closing will be approximately €32 million, with an estimated positive impact of approximately €35 million on net debt.

Expected outlook for the business in 2011

The Company confirms the targets for 2011, and the strategy and general targets of the 2012-2013 guidelines communicated to the market last March.

The recent financial turmoil affecting the euro-zone, the terms of access to credit and real estate market trends might all influence the Company's performance; in such a context, the Company believes it appropriate to evaluate an acceleration of the 2012-2013 targets by giving priority to cash generation and cost savings.

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The results for the six months ended June 30th, 2011 will be presented today, July 26th, 2011, in a conference call with the Prelios top management at 18.00 CET. Journalists may follow the presentation telephonically by dialling the number +39.02.805.88.27 but will not be allowed to ask questions. It will be possible to view the presentation slides in the Investor Relations section of the company website at www.prelios.com.

The half-year financial report at June 30th, 2011 will be available to the public by August 4th, 2011 at the Company's registered office in Viale Piero e Alberto Pirelli 25, Milan and at Borsa Italiana S.p.A.. The same documentation will also be published on the Company's website at www.prelios.com.

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Gerardo Benuzzi, Financial Reporting Officer of Prelios S.p.A., attests - pursuant to art. 154-bis par. 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.

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 including net income from investments and income from shareholder loans before one-off property tax, restructuring costs and property writedowns/revaluations, is calculated as EBIT plus net income from investments, both excluding one-off property tax, restructuring costs and property writedowns/revaluations[12], plus income from shareholder loans; (ii) Profit (loss) before restructuring costs and property writedowns/revaluations and taxes is determined as above but after financial expenses; (iii) net financial position is represented by gross financial debt less cash and other cash equivalents and other financial receivables. These alternative performance indicators have not been audited by the independent auditors.

Reclassified, condensed versions of the consolidated income statement, balance sheet and cash flow statement are all appended to this press release. In compliance with CONSOB Communication 6064291 of July 28th, 2006, you are advised that these tables have not been audited by the independent auditors Ernst & Young S.p.A..

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For additional information contact:

Prelios Press Office Tel. +39/02/6281.33549

Prelios Investor Relations Tel. +39/02/6281.4057

www.prelios.com

[12] The "one-off property tax" refers to the impact of the new tax rules applying to real estate investment funds. "Restructuring costs" is dedicated voluntary redundancy costs, expenses for rationalizing the Group and its offices, and eventual 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" comprise adjustments to the value of Real Estate assets, thus excluding NPLs. They particularly include writedowns to property portfolios due to changes in market value, determined through independent appraisal or reflecting expected sales discounts.

1) PRELIOS - RECLASSIFIED INCOME STATEMENT

(Euro/million)	JUNE 2011	JUNE 2010
Consolidated revenues:	86.3	135.1
of which services	*80.1*	*79.9*
of which others	*6.2*	*55.2*
MANAGEMENT PLATFORM: EBIT before restructuring costs and property writedowns/revaluations	12.0	10.6
MANAGEMENT PLATFORM: net income from investments before restructuring costs and property writedowns/revaluations	0.9	0.6
TOTAL MANAGEMENT PLATFORM: EBIT including net income from investments before asset tax, restructuring costs and property writedowns/revaluations.	**12.9**	**11.2**
INVESTMENT : EBIT before restructuring costs and property writedowns/revaluations	(7.6)	(4.0)
INVESTMENT: Net income from investments before restructuring costs and property writedowns/revaluations	8.9	(2.2)
INVESTMENT: Income from shareholder loans **(1)**	13.9	12.9
TOTAL INVESTMENT: EBIT including net income from investments and income from shareholder loans, before asset tax, restructuring costs and property writedowns/revaluations.	**15.2**	**6.7**
EBIT including net income from investments and income from shareholder loan, before asset tax, estructuring costs and property writedowns/revaluations.	**28.1**	**17.9**
Financial expenses	(14.0)	(11.9)
Profit (loss) before restructuring costs, property writedowns/revaluations and taxes	**14.1**	**6.0**
One-off taxes	(8.9)	0.0
Restructuring costs	(2.0)	0.0
Property writedowns/revaluations	(3.6)	(18.3)
Profit (loss) before taxes	**(0.4)**	**(12.3)**
Income taxes	0.2	(8.1)
Net income (loss) before minority interests	**(0.2)**	**(20.4)**
Minority interests	0.7	(0.5)
Consolidated net income (loss)	**0.5**	**(20.9)**

(1) This amount consists of interest income on financial receivables due from associates and joint ventures.

2) PRELIOS - Consolidated balance sheet

(Euro/million)	JUNE 2011	DECEMBER 2010
Fixed assets	**593.2**	**590.0**
of which investments in real estate funds and investment companies **(1)**	*427.8*	*423.6*
of which goodwill	*148.1*	*148.1*
Net working capital	**120.9**	**106.0**
Net invested capital	**714.1**	**695.9**
Equity	**600.9**	**589.6**
of which group equity	592.0	579.8
Provisions	**57.5**	**61.6**
Net debt	**55.6**	**44.7**
of which shareholder loans granted	(418.5)	(379.2)
Total covering net invested capital	**714.1**	**695.9**
Net debt excluding shareholder loans granted	**474.1**	**424.0**
Net invested capital excluding shareholder loans granted	**1,132.6**	**1,075.1**
Gearing	**0.79**	**0.72**

(1) The figure includes investments in associates, joint ventures and others (€415.2 million), investments in real estate funds (€16.2 million, reported in "Other financial assets" in the consolidated balance sheet) and junior notes (€1.2 million, reported in "Other financial assets" in the consolidated balance sheet). The amounts at June 2011 and December 2009 include provisions for investment writedowns of €4.8 million and €8.8 million respectively.

3) PRELIOS - RECLASSIFIED CASH FLOW STATEMENT

(Euro/million)	JUNE 2011	JUNE 2010
EBIT before restructuring costs and property writedowns	**4.4**	**6.6**
Amortization and depreciation	1.6	2.7
Change in non-current financial assets /sale of investments	8.0	6.6
Change in other non-current assets	(0.7)	(0.3)
Change in net working capital and provisions and other changes	(18.9)	(28.9)
Net cash flow from operating activities	**(5.7)**	**(13.3)**
Payment of restructuring costs	(6.5)	(7.5)
Financial and tax expenses/income	2.6	2.4
Net cash flow before dividends	**(9.5)**	**(18.5)**
Capital increase/Dividends	(1.3)	(1.9)
Total net cash flow	**(10.8)**	**(20.4)**
Change in shareholder loans	(39.3)	13.9
Total net cash flow inclusive of change in shareholder loans	**(50.1)**	**(6.5)**

4) *Assets Under Management by Country and Segment*

(Euro/billion)			Market Value JUNE 2011 (*)		Market Value DECEMBER 2010 (*)
TOTAL ASSETS UNDER MANAGEMENT			**13.6**		**14.6**
NON PERFOMING LOANS			**1.3**		**1.4**
REAL ESTATE			**12.3**		**13.2**
of which investee			10.1		11.9
of which ITALY		6.1	**50%**	6.6	**50%**
of which GERMANY		6.1	**49%**	6.4	**48%**
of which POLAND		0.1	**1%**	0.2	**2%**
ITALY					
	TRADING & SOHO (SMALL OFFICE)		0.8		0.9
	COMMERCIAL YIELDING & CORE		2.3		3.7
	DEVELOPMENT		0,8 **(**)**		0,8 **(**)**
			6.1		**6.6**
GERMANY					
	RESIDENTIAL		2.7		2.7
	COMMERCIAL		3.4		3.6
	PRE-LET DEVELOPMENT		0.1		0.1
			6.1		**6.4**
POLAND			**0.2**		**0.2**

(*) Values determined through independent expert appraisals at period-end date.
(**) €0.5 billion of which from land