PRESS RELEASE

PRELIOS: BOARD OF DIRECTORS APPROVES RESULTS AT MARCH 31 2012

- MANAGEMENT PLATFORM REVENUES AT € 30.9 MILLION (€ 41.9 MILLION AT MARCH 31, 2011)
- OPERATING RESULT[1] AT € 2.7 MILLION (€ 19.5 MILLION AT MARCH 2011, POSITIVELY INFLUENCED BY SOME SIGNIFICANT SIZED TRANSACTIONS[2])
- MANAGEMENT PLATFORM EBIT[3] AT € 4.6 MILLION (€ 6.1 MILLION AT MARCH 2011)
- EBIT OF THE DOMESTIC MANAGEMENT PLATFORM ALONE[4] AT € 2.0 MILLION (€ 4.7 MILLION AT MARCH 2011)
- NET LOSS OF € 23.7 MILLION (PROFIT OF € 10 MILLION AT MARCH 2011), WHICH WAS PARTLY THE RESULT OF FINANCIAL EXPENSES AND HIGHER PROPERTY WRITEDOWNS THAN IN THE PREVIOUS YEAR
- NEGATIVE NET FINANCIAL POSITION € 494.8 MILLION (488 €/MILLION AT DECEMBER 2011)

Milan, 08 May 2012 – At today's meeting, the Board of Directors of Prelios S.p.A. examined and approved the Interim Management Statement at March 31, 2012.

Group performance for first quarter 2012

The first quarter was adversely affected by an economic situation that was again negative in Italy and, in particular, by the ongoing weakness of the real estate market which caused a significant reduction in the number and amounts of transactions, as well as longer times to sell, with an inevitable impact on asset values. The recent evolution of demand, a result also of difficulties in obtaining credit, does not at the moment allow us to forecast any significant turnaround in the near future.

In this scenario, the Group recorded **consolidated revenues** of 32.9 million euro compared with 46.4 million in first quarter 2011. In particular, in first quarter 2012 **management platform revenues** were 30.9 million euro compared with 41.9 million euro at March 2011. This contraction was mainly due to a reduction in turnover of Agency services, which is closely correlated to the performance of the property market.

The operating result was a positive 2.7 million euro, compared with 19.5 million euro in first quarter 2011, which was positively influenced by sizable operations, including first and foremost the sale of the historic La Rinascente building at Piazza Duomo in Milan. In particular:

- **Management platform activities** achieved a positive result of 4.6 million euro, compared with 6.1 million in first quarter 2011.

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[1] Amount made up of EBIT to which is added net income from equity investments and income from shareholder loans, adjusted for restructuring costs and property writedowns/writebacks.
[2] Including the sale of the building rented to La Rinascente, in Piazza Duomo, Milan.
[3] Results of the management platform means income generated by the Company through fund & asset management activities, specialized real estate services (property & project management and agency), services connected the management of the NPL (credit servicing) as well as general and administrative (G&A) expenses.
[4] Includes the service platforms relating to Italy Real Estate and NPLs, as well as G&A costs.

- **Investing activities**[5] came out at a negative 1.9 million euro, while at 31 March 2011 the figure was a positive 13.4 million, which included the positive contributions of the aforementioned real estate realized transactions.

The operating result of the domestic management platform was a positive 2 million euro, compared with 4.7 million euro at 31 March 2011.

The **consolidated net result** was a negative 23.7 million euro, compared with a positive result achieved at 31 March 2011 of 10 million euro. The net income was affected by writedowns of equity and real estate investments of 8.4 million euro (in first quarter 2011 there had been no writedowns), resulting from the worsening economic conditions in Italy at which real estate transactions can be completed in the short and medium term, and which caused independent valuers to take a much more prudential approach.

During first quarter 2012 **real estate sales** amounted to approximately 64.6 million euro (228.4 million euro at March 2011, net of the aforementioned sale of the La Rinascente building). The Company carried out its own real estate transactions achieving in the quarter an average margin on sales of approximately 5.5% compared with the book value (6.5% in the same period of 2011). In particular, in **Italy** sales amounted to 36.5 million euro (551.5 million[6] at 31 March 2011), and in **Germany** 27.7 million euro (147.8 million euro in first quarter 2011); in **Poland**, finally, sales amounted to 0.4 million euro, down compared with the 1.1 million euro of March 2011.

Consolidated net equity amounted to 304 million euro (326.2 million at 31 December 2011), while **group equity** was 295.4 million euro (318.8 million at the end of 2011). The change is mostly attributable to the net income for the period (-23.7 million euro).

The net financial position[7] was a negative 494.8 million euro slightly worse than the 488 million euro at 31 December 2011. **Gearing**[8] was 1.63 (it was 1.50 at December 2011).

Performance of the Business Divisions at March 31, 2012[9]

ITALY REAL ESTATE

The **operating result** was a positive 1.8 million euro, compared with the figure of 16.7 million euro at 31 March 2011. This result was made up of 5.1 million of income from the management platform (9.1 million euro in the previous year) and of a loss of 3.3 million euro on investment activities (7.6 million euro at March 2011).

In particular, as regards the performance of the single services of the domestic management platform, **Fund & Asset Management** brought in revenues of 5.9 million euro (8.0 at March 2011), with an operating result of 2.4 million euro (4.8 at 31 March 2011); **Property & Project Management** achieved revenues of 4.2 million euro in first quarter 2012 (6.7 in the same period of 2011), while the operating result was 3.8 million euro (2.9 at March 2011) having benefited from income from conclusion of an order relating to previous years; the **Agency**, finally, recorded

[5] Investment activities means amounts generated by Prelios through its investments in real estate funds and companies and Non-Performing Loans.
[6] Including 472 million euro from the sale of the La Rinascente building in Piazza Duomo, Milan.
[7] Excluding receivables for shareholder loans.
[8] Expresses the ratio between net financial position, excluding receivables for shareholder loans, and net equity.
[9] It should be noted that the results indicated in this paragraph are referable to the result of both service activities and investing activities and are inclusive of income from shareholder loans, while general and administrative expenses (G&A/holding) are not included.

revenues of 2.6 million euro (8.9 at March 2011) with a negative operating result of 1.1 million euro (1.5 million at 31 March 2011).

GERMANY REAL ESTATE

The **operating result** was a positive 3.4 million euro, compared with 6.8 million at 31 March 2011. This result is made up of 2.5 million of income from the management platform (slightly up on the 2.2 million of the same period in 2011) and 0.9 million of income from investing activities (4.6 million at March 2011, a result which included among other things a positive effect of 1.7 million euro ascribable to the contribution of operational management of the Highstreet initiative).

POLAND REAL ESTATE

The **operating result** showed a positive amount of 0.4 million euro, compared with a negative figure of 1.5 million in first quarter 2011, thanks to a considerable reduction in management platform costs. This result is made up of 0.1 million from the result of the management platform (-0.7 million at March 2011) and 0.3 million from the result of investment activities (-0.8 million at 31 March 2011).

NON-PERFORMING LOANS

Collections of non-performing loans amounted to 41 million euro compared with 44.5 million euro in the same period of 2011. It is instead worth noting the recovery in revenues from the management platform which grew by 30% going up to 3.5 million euro from 2.7 million at 31 March 2011. This increase was mainly due to the structural measures to boost efficiency and to a revision of the fee structure with the main investors of the managed portfolios, to bring it more into line with market standards.

The **operating result** is a negative 0.1 million euro compared with a positive figure of 0.6 million euro for the same period of 2011. This amount is made up of -0.3 million from the management platform (a great improvement compared with the -1.4 million euro of first quarter 2011 thanks to the structural efficienting policy) and 0.2 million from investment activities (2.0 million in the relevant quarter of 2011). The lower net income from investment activities is attributable in particular to a lower yield on loan portfolios after a review of almost all business plans.

Subsequent events

As already communicated to the market on 26 April 2012, the Group has negotiations underway as part of a competitive process, for the possible sale of the German services platform. This process also involves an important multinational Group, which has also shown interest in purchasing shares in some Italian service companies and a minority stake in Prelios SGR. Negotiations are currently underway and at this stage the terms and conditions of an eventual agreement have not yet been defined.

Business outlook

The macroeconomic scenario is characterised by signs of uncertainty as to the timing and features of a general economic recovery and for the real estate market conditions of weakness persist, with a reduction in the number and dimensions of transactions which are negatively affected by still high financial costs.

In this context, the Company confirms the strategy and the general guidelines provided for in the 2012-2014 Trend, communicated to the market last November, that is to say:

- repositioning as a "pure management company" with a focus on the domestic market;
- centrality of cash flow generation through valorisation of investments and cost reduction

The Company continues, therefore, to implement the plans and actions defined in the 2012-2014 Trend focused on achieving the targets already communicated to the market, while noting that it may be difficult to effectively achieve the targets set if a very weak situation continues for a long time in the real estate market.

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The results at March 31, 2012 will be presented today, May 8, at 3.00 p.m. during a conference call with Prelios' top management. Journalists may follow the presentation by phone, without being able to ask questions, by dialling +39.02.805.88.27. Slides of the presentation will be available for viewing in the Investor Relations section of the website www.prelios.com.

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The Interim Management Statement at March 31, 2012 will be made available to the public by May 15, 2012 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.

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The Financial Reporting Officer of Prelios S.p.A. Mr Riccardo Taranto, attests – pursuant to Art. 154-bis, Paragraph 2, of the Financial Markets Consolidation Act (Italian Legislative Decree 58/1998 – that the accounting disclosure contained in this present Press Release corresponds to the contents of the documents, registers and accounts of the Company.

This press release includes the following alternative main performance indicators in order to provide a better evaluation on the Prelios Group's results: (i) operating result which is calculated as EBIT to which is added net income from equity investments and income from shareholder loans, adjusted for restructuring costs and property writedowns/writebacks; (ii) result before restructuring costs, real estate writedowns/writebacks and taxes which is calculated as above but including also borrowing costs; (iii) net financial position, represented by the gross financial debt less cash and other cash equivalents, as well as other financial receivables. The aforementioned alternative performance indicators have not been audited by the independent auditors.

In compliance with Consob Communication No. 6064291 of July 28, 2006, the attached statements have not been audited by the independent auditors, Ernst & Young S.p.A.

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1) PRELIOS GROUP - Reclassified consolidated income statement

(million euro)	MARCH 2012	MARCH 2011
Consolidated revenues:	32.9	46.4
of which services	*30.9*	*41.9*
of which others	*2.0*	*4.5*
management platform: operating result before restructuring costs and property writedowns/writebacks	4.0	5.6
management platform: net income from equity investments before restructuring costs and property writedowns/writebacks	0.6	0.5
Total management platform: Operating result	**4.6**	**6.1**
Investment activities: operating result before restructuring costs and property writedowns/writebacks	(2.1)	(4.5)
Investment activities: net income from equity investments before restructuring costs and property writedowns/writebacks	(3.2)	11.1
Investment activities: income from shareholder loans (1)	3.4	6.8
Total investment activities: Operating result	**(1.9)**	**13.4**
Operating result	**2.7**	**19.5**
Financial expenses	(12.7)	(6.2)
Result before restructuring costs, property writedowns/writebacks and tax	**(10.0)**	**13.3**
Restructuring costs	(0.4)	(0.4)
Property writedowns/revaluations	(8.4)	0.0
Result before tax	**(18.8)**	**12.9**
Income taxes	(4.3)	(3.2)
Net income/(loss)	**(23.1)**	**9.7**
Minority interests	0.6	(0.3)
Consolidated net income/(loss)	**(23.7)**	**10.0**

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

2) PRELIOS GROUP - Reclassified Consolidated Income Statement

(million euro)	MARCH 2012	DECEMBER 2011
Fixed assets	**803.9**	**820.4**
of which investments in real estate funds and investment companies and	*639.2*	*651.6*
of which goodwill	*148.1*	*148.1*
Net working capital:	**71.4**	**70.4**
Net invested capital	**875.3**	**890.8**
Equity	**304.0**	**326.2**
of which group equity	295.4	318.8
Provisions	**76.5**	**76.6**
Net financial position	**494.8**	**488.0**
Total covering net invested capital	**875.3**	**890.8**
Gearing	**1.63**	**1.50**

(1) The item includes equity investments in associates, joint ventures and other equity investments (317.8 million euro), receivables for shareholder loans (313.3 million euro), investments in real estate funds (14.8 million euro, recognised among "Other financial assets" in the consolidated balance sheet) and junior notes (0.2 million euro, recognised among "Other financial assets" in the consolidated balance sheet). The figures for March 2012 and December 2011 include provisions for equity investment writedowns of 6.9 million euro and 7.1 million euro respectively.

3) PRELIOS GROUP - Consolidated net cash flow

(million euro)	March 2012	March 2011
Net Financial Position - Start of Period (A)	**488.0**	**424.0**
Operating result excluding restructuring expenses and property writebacks/writedowns	**2.0**	**1.1**
Amortisation and depreciation	0.6	0.8
Changes in equity investments and receivables from sharel	1.1	(32.3)
Changes in other non-current assets	0.0	(0.5)
Changes in net working capital and provisions and other ch	6.2	(0.7)
Net cash flow from operating activities	**9.9**	**(31.6)**
Other changes	(4.0)	(4.3)
Financial and tax expenses/income	(13.3)	0.4
Cash flow before dividends	**(7.4)**	**(35.5)**
Capital Increase / (Dividends)*	0.6	
Total cash flow (B)	**(6.8)**	**(35.5)**
Net Financial Position - End of Period (A)	**494.8**	**459.5**

* third-party portion of Prelios Credit Servicing capital increase

4) PRELIOS GROUP - Consolidated income statement

(amounts in thousands of Euro)

	01.01.2012-03.31.2012	01.01.2011-03.31.2011
Revenues from sales and services	32,914	46,397
Changes in inventories of work in progress, semi-finished and finished products	36	220
Other income	6,533	2,792
TOTAL OPERATING REVENUES	**39,483**	**49,409**
Raw and consumable materials used (net of change in inventories)	(818)	(3,168)
Personnel costs	(17,492)	(19,169)
Depreciation, amortization and impairment)	(577)	(788)
Other costs	(18,206)	(25,526)
TOTAL OPERATING COSTS	**(37,093)**	**(48,651)**
OPERATING RESULT	**2,390**	**758**
Net income from equity investments of which:	(11,827)	11,551
- portion of result of associates and joint ventures	(14,018)	10,689
- dividends	1,027	1,016
- gains on equity investments	1,873	-
- losses on equity investments	(709)	(154)
Financial income	4,852	7,137
Financial expenses	(14,195)	(6,520)
RESULT BEFORE INCOME TAXES	**(18,780)**	**12,926**
Income taxes	(4,259)	(3,258)
RESULT FOR THE PERIOD	**(23,039)**	**9,668**
of which attributable to minority interests	621	(347)
CONSOLIDATED RESULT FOR THE PERIOD	**(23,660)**	**10,015**

5) PRELIOS GROUP - Consolidated balance sheet

(amounts in thousands of Euro)

ASSETS	03.31.2012	12.31.2011
NON-CURRENT ASSETS		
Property, plant and equipment	4,563	4,804
Intangible assets	157,128	157,411
Investments in associates and joint ventures	315,132	327,036
Other financial assets	20,543	24,706
Deferred tax assets	24,214	26,407
Other receivables	319,005	319,359
TOTAL NON-CURRENT ASSETS	**840,585**	**859,723**
CURRENT ASSETS		
Inventories	54,623	55,301
Trade receivables	67,998	78,074
Other receivables	50,203	45,988
Cash and cash equivalents	33,443	37,684
Tax receivables	12,432	11,048
TOTAL CURRENT ASSETS	**218,699**	**228,095**
TOTAL ASSETS	**1,059,284**	**1,087,818**

EQUITY	03.31.2012	12.31.2011
GROUP EQUITY		
Share capital	419,991	419,991
Other reserves	94,714	94,223
Undivided Profits/(Losses)	(289,641)	-
Retained profits	93,960	94,261
Result for the period	(23,660)	(289,641)
TOTAL GROUP EQUITY	**295,364**	**318,834**
MINORITY INTERESTS IN EQUITY	**8,636**	**7,348**
TOTAL EQUITY	**304,000**	**326,182**

LIABILITIES	03.31.2012	12.31.2011
NON-CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	486,374	488,802
Other payables	1,031	3,849
Provisions for future risks and expenses	37,270	35,814
Provisions for deferred taxes	2,049	2,243
Provisions for employee benefits	11,189	11,125
TOTAL NON-CURRENT LIABILITIES	**537,913**	**541,833**
CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	41,883	36,958
Trade payables	70,487	74,852
Other payables	61,078	62,144
Provisions for future risks and expenses	32,925	34,569
Tax payables	10,987	11,280
Derivative financial instruments	11	-
TOTAL CURRENT LIABILITIES	**217,371**	**219,803**
TOTAL LIABILITIES	**755,284**	**761,636**
TOTAL LIABILITIES AND EQUITY	**1,059,284**	**1,087,818**