**PRESS RELEASE**

# PRELIOS: BOARD APPROVED DATA AT 31 MARCH 2013:

- MANAGEMENT PLATFORM REVENUES AT 24.8 €/MLN (30.9 €/MLN AT 31 MARCH 2012)
- EBIT[1] EQUAL TO -3.4 €/MLN (2.7 €/MLN AT MARCH 2012)
- EBIT FROM INVESTMENT ACTIVITIES -3.1 €/MLN (-1.9 €/MLN AT MARCH 2012)
- MANAGEMENT PLATFORM EBIT[2] AT BREAK EVEN (4.6 €/MLN AT MARCH 2012, INCLUDING NON RECURRING REVENUE OF 3.3 €/MLN)
- NET RESULT EQUAL TO -18.5 €/MLN (NEGATIVE FOR 23.7 €/MLN AT MARCH 2012), REFLECTING FINANCIAL COSTS FOR 10.6 €/MLN AND STILL NOT SHOWING THE EFFECTS OF THE EXTRAORDINARY TRANSACTION AIMED AT GROUP EQUITY STRENGTHENING AND RELAUNCH SUBMITTED TO THE SHAREHOLDERS' MEETING TO BE HELD ON TODAY'S DATE
- NET FINANCIAL POSITION AT 543.1 €/MLN (-541.7 €/MLN AT 28 FEBRUARY 2013, -520.5 AT DECEMBER 2012)

*Milan, 08 May 2013* – The Board of Directors of Prelios S.p.A., held this morning, examined and approved the Interim Financial Statements at 31 March 2013.

### *Group performance in the first quarter of 2013*

In the first quarter the reference market did not show any positive changes against the performance registered in the past year. The macro-economic scenario is, in fact, still characterized by uncertainties on the timing and criteria for a general recovery and, in particular, for the Italian real estate market there are still signs of slump with a reduction in the number and size of transactions which are also negatively impacted by high financial costs.

In this context, the Group posted **consolidated revenues** equal to 26.1 million euro against 32.9 million euro of the first quarter of 2012. In particular, **management platform revenues**, in Italy and in foreign countries, amounted to 24.8 million euro (30.9 million euro at 31 March 2012).

The **operating result** is negative for 3.4 million euro (2.7 million euro in the first quarter of 2012), mostly reflecting the result of investments activities, which are, in turn, strictly connected to the afore described economic-financial slump.

The operating result is made up as follows:

- **Management platform operations** essentially reached break even (-0.3 million euro) against 4.6 million euro at March 2012. The latter value, however, included revenues resulting from the completion of a transaction relating to past years.

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[1] Amount made up of EBIT plus net income from equity investments and income from shareholder loans, adjusted for the one-off property tax, restructuring costs and property writedowns/revaluations.

[2] Management platform EBIT indicates income generated through fund & asset management operations, specialised real estate services (property & project management and agency), services connected with NPL management (credit servicing), as well as general and administrative expenses (G&A).

- **Investment activities**[3] are negative for 3.1 million euro (-1.9 million euro in the first quarter of 2012).

The **net result for the period** is negative for 18.5 million euro against a negative net result for the period for 23.7 million euro at 31 March 2012. The net result is impacted, in particular, by financial costs for 10.6 million euro, which, essentially resulting from the previous loans (the so-called Club Deal and Pirelli & C. loan), do not yet reflect the accounting effects of the extraordinary transaction approved by the Board of Directors of Prelios and disclosed to the market on last 27 March, including, among other things, company recapitalization – subject to the approval of today's Shareholders' Meeting - and debt rescheduling and thus leading to lower financial costs with retroactive effect as of 1 January 2013.

**Real estate asset sales**[4] in the first quarter of 2013 amounted to 44.1 million euro (64.6 million euro at March 2012) and are in line with the reduction registered in the real estate market in Italy reaching new record lows in the first quarter. The company carried out its own real estate transactions at values substantially in line with book value. Specifically, in **Italy** it recorded sales for 9.6 million euro (36.5 million euro at 31 March 2012). In **Germany** sales totalled 34.5 million euro, up against 27.7 million euro of the first quarter of 2012, while **Poland,** waiting for some expected urban planning changes, that should facilitate the depletion of stock available in inventory, did not register significant sales of properties and areas (0.4 million euro at March 2012).

**Consolidated equity** amounted to 65.9 million euro (80.4 million at 31 December 2012), while **Group equity** was 60.1 million euro (74.2 million euro at end of 2012). The change was mainly attributable to the loss for the period.

**The net financial position**[5] was negative for 543.1 million euro (541.7 million euro at February 2013 and 520.5 million euro at 31 December 2012). The performance of the net financial position is steady thanks to the company's strict monitoring and management of its working capital, enabling it to align to the targets and timings envisaged for the extraordinary transaction aimed at the Group equity strengthening and financial rebalancing, already approved, as mentioned before, by the Board of Directors on 27 March 2013. The value of the net financial position indicated does not yet reflect the effects of the extraordinary transaction.

***Performance of the Business Divisions at 31 March 2013***[6]

## ITALY REAL ESTATE

The **operating result** is negative for 1.4 million euro, compared to a positive value of 1.8 million euro in the first quarter of 2012. It consisted of 1.3 million euro income from the management platform (5.1 million euro in the same period of last year) and from investment activities, having a negative impact for 2.7 million euro (negative for 3.3 million euro at March 2012).

In particular, as to the performance of the individual services of the Italian management platform the following should also be noted:

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[3] Investment activities include revenues generated by Prelios through its investments in funds and companies owning properties and Non Performing Loans.

[4] This value is calculated by adding up the real estate asset sales performed by consolidated companies to the 100% real estate asset sales of associated companies, joint ventures and funds in which the Group holds an interest.

[5] Excluding receivables for shareholder loans.

[6] It should be noted that the results set out in this paragraph refer both to the result of service operations and to investing activities and include income from shareholder loans, while they do not include the relevant general and administrative expenses (G&A/holding).

- **Fund & Asset Management** posted revenues equal to 5.6 million euro, essentially in line with 5.9 million euro registered in the same period of 2012. The Company's operating result in the first quarter of 2013 was equal to 2.4 million euro (in line with the value posted at 31 March 2012);
- **Property & Project** reported revenues for 3.7 million in the first quarter of 2013 (4.2 million in the same period of 2012), while the operating result was 0.3 million euro (3.8 million euro at March 2012, reflecting, as already mentioned, one-off revenue resulting from the completion of a transaction relating to past years);
- **Agency** reported revenues for 1.5 million euro (2.6 million euro in the first quarter of last year) with a negative operating result for 1.4 million euro (negative for 1.1 million at March 2012). In particular, V**aluations**, a company specializing in real estate asset evaluations, posted revenues for 0.8 million euro (1.2 million at 31 March 2012) with a positive operating result equal to 0.1 million euro (0.2 million euro at March 2012).
- **Credit Servicing,** a Prelios Group company specializing in the management of non performing loans, reported revenues for 2.2 million euro (3.5 million euro in the first quarter of 2012) with a negative operating result of 0.9 million euro (negative for 0.3 million at 31 March 2012).

### GERMANY REAL ESTATE

The **operating result** was positive for 1.8 million euro against 3.4 million at 31 March 2012. This result is entirely made up by management platform revenues (equal to 2.5 million in the same period of 2012), since investment activities reached break even (0.9 million euro at March 2012).

### POLAND REAL ESTATE

The **operating result** was negative for 0.7 million euro (0.4 million euro in the same period of 2012). This result includes the break even of the management platform (0.1 million at March 2012) and the negative value of 0.7 million relative to the investment activities performed (0.3 million euro at 31 March 2012). In particular, a master plan was submitted for approval, which is expected to generate the possibility for new constructions extending over a surface of approximately 419,000 sq m in the former Lucchini area in Warsaw, where Prelios owns a 40% share. The result of the first quarter reflected operating and financial costs relative to the improvement activity performed in the area.

### NON PERFORMING LOAN

**Collections**[7] of non performing loans amounted to 27 million euro against 41 million of the same period in 2012.

The **operating result** was negative for 0.6 million against a negative value of 0.1 million euro in the same period of 2012. The result of the management platform in the first quarter of 2013 was negative for 0.9 million euro (-0.3 million at March 2012). Investment activities posted a positive operating result for 0.3 million euro (0.2 million euro in the first quarter of 2012).

### ***Events occurred after the closing of the period***

7 The value is calculated by adding up NPL collections from consolidated companies to the 100% collections from associated companies and joint ventures.

Following "Head of Terms" approved on 27 March 2013, on 4 April 2013 the Group underwrote specific agreements with Credit Agricole ("CA") envisaging, among other things (i) the exit of CA from Prelios Credit Servicing ("PRECS") ownership structure, (ii) the exit of Prelios from NPL co-investments currently under a Joint Venture agreement with CA and (iii) the transfer of special servicing activity management on co-invested portfolios to another servicer. Said agreement is part of the Group's broader strategy to concentrate its core business in servicing activities, going towards the model of a pure management company, and – through the re-acquisition of the majority control in PRECS – to more effectively re-launch PRECS activity vis-à-vis third parties for the acquisition of new portfolios to manage in a market that is currently showing good growth projections.

On 22 April 2013 the extension of the so-called Club Deal standstill to 30 June 2013 was formalized, including the postponement to said date of the equity and interest payment obligations previously approved until 31 March 2013, so as to allow sufficient time to the company to give execution to the agreements for debt rescheduling and to the provision of the relevant documentation.

On 7 May 2013 based on the term sheet already shared with all the Lenders, the Company stipulated with the same Lenders an agreement for debt rescheduling, whose efficacy is subject in particular to the release by the competent authorities of the exemption from the obligations regarding the takeover bid and the authorization to the publication of the offering memorandum relative to the capital increase with rights issue (subject to the approval of today's Shareholders' Meeting) as already disclosed to the market through the press release of 27 March 2013 in relation to the extraordinary transaction.

Pending the execution of the extraordinary transaction and in particular the planned capital increase, on 8 May 2013 the Significant Lenders (Pirelli & C., Intesa Sanpaolo and Unicredit) and Feidos 11 formalized their conditional commitment relative to the granting of a 20 million euro worth "bridge" loan to be granted in favour of the Company by a special purpose entity owned by the same (the so-called "NewCo"), which, as already disclosed, is expected to underwrite the reserved capital increase of approximately 70 million euro (even through offsetting of aforesaid amount of 20 million euro), subject to the approval of today's Shareholders' Meeting.

Still in the context and for the purpose of the transaction, on 8 May 2013 Feidos 11 and the Significant Lenders above communicated to the Company that they had underwritten a "NewCo Investment Agreement" pursuant to the provisions set out in the term sheet accepted by the same. The NewCo partners also confirmed to the Company the establishment of NewCo on today's date, as well as their commitment to the underwriting of the reserved capital increase, which is also subject to the afore mentioned conditions.

On 12 April 2013, with reference to the Shareholders' agreement on Prelios shares (initially underwritten on 25 October 2010), the current adhering shareholders confirmed their readiness to terminate the Agreement beforehand, with efficacy subject to and starting from the date of the approval of the capital increase by the Shareholders' Meeting of Prelios. In this context, the shareholders of Camfin, Intesa Sanpaolo and Massimo Moratti expressed their intention to come to the definition of a new Shareholders' agreement with Prelios, essentially including the same terms and conditions of the Shareholders' agreement of 2010 and on 6 May 2013 they communicated to the Company that they have underwritten a preliminary agreement for the definition of a new Shareholders' agreement with effective date from the date of the envisaged capital increases, subject to the approval of today's Shareholders' Meeting.

***Business outlook***

Despite the persistent uncertainties in the economic-financial scenario and the weak outlook of the market of reference, the Board of Directors believes that the actions implemented and under implementation are such to enable Prelios Group to operate in a situation of business continuity thanks to the equity strengthening of the Company and the injection of new financial resources following the execution of the planned capital increases as well as the rescheduling of its debt, thus providing the Company with new growth and development projections thanks also to the contribution of competencies and new business opportunities to be promptly explored as soon as the economic scenario and the market evolve.

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*Pursuant to article 70, par. 8, and article 71, par. 1-bis, of the Issuers Regulation released by Consob, the Board of Directors resolved to avail itself of the faculty of making an exception to the disclosure obligations for the prescribed memos on the occasion of significant transactions regarding mergers, demergers, capital increase through contribution of assets in kind, acquisitions and disposals.*

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Considering that the Company's Shareholders' Meeting is going to be held later this afternoon, the results at 31 March 2013 will not be illustrated in conference call. It will be in any case possible to see the slides relative to the results of the first quarter of 2013 in the Investor Relations section of the Prelios website www.prelios.com.

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The Interim Financial Statements at 31 March 2013 will be made available to the public by 15 May 2013 at the Company's registered office in Viale Piero e Alberto Pirelli 27, Milan and at Borsa Italiana S.p.A.. The same documentation will also be published on the company website at www.prelios.com.

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*The Financial Reporting Officer of Prelios S.p.A. Dr. Angelo Cattaneo certifies - pursuant to art. 154-bis, par. 2, of the Consolidated Finance Act (Italian Legislative 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 primary alternative performance indicators for the purposes of better evaluating the Prelios Group operating performance: (i) the EBIT, which is determined from the operating result to which the result from investments shall be added, and income from shareholder loans net of restructuring costs and real estate asset writedowns/revaluations; (ii) the operating result determined as the previous one, including for the same period of 2011, the capital gain resulting from the transfer of the investment in "La Rinascente" and in "Coin"; (iii) result before restructuring costs, real estate devaluations/revaluations and tax costs, which is determined as the previous one, but also including financial costs; (iv) the net financial position is represented by gross financial debt less cash and other cash equivalents and other financial receivables. The aforementioned alternative performance indicators have not been audited by the independent auditors.

*In compliance with CONSOB Communication 6064291 of 28 July 2006, the statements attached hereto have not been audited by the independent auditors Ernst & Young S.p.A..*

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**1) PRELIOS GROUP - Reclassified consolidated income statement**

| (milion euro) | **MARCH 2013** | **MARCH 2012** |
|---|---|---|
| Consolidated revenues: | 26.1 | 32.9 |
| *of which services* | *24.8* | *30.9* |
| *of which others* | *1.3* | *2.0* |
| **Management platform:** operating result before restructuring costs and property writedowns/revaluations | (0.3) | 4.0 |
| **Management platform:** net income from investments before restructuring costs and property writedowns/revaluations | 0.0 | 0.6 |
| **Total management platform: Operating result** | **(0.3)** | **4.6** |
| **Investment activities:** operating result before restructuring costs and property writedowns/revaluations | (2.7) | (2.1) |
| **Investment activities:** net income from investments before restructuring costs and property writedowns/revaluations | (3.0) | (3.2) |
| **Investment activities:** income from shareholder loans (*) | 2.7 | 3.4 |
| **Total investment activities: Operating result** | **(3.1)** | **(1.9)** |
| **Operating result** | **(3.4)** | **2.7** |
| Financial expenses | (10.6) | (12.7) |
| **Profit (loss) before restructuring costs, property writedowns/revaluations and income taxes** | **(14.0)** | **(10.0)** |
| Restructuring costs | (0.5) | (0.4) |
| Property writedowns/revaluations | (1.8) | (8.4) |
| **Profit/(loss) before taxes** | **(16.3)** | **(18.8)** |
| Income taxes | (2.3) | (4.3) |
| **Net income/(loss)** | **(18.6)** | **(23.1)** |
| Minority interests | 0.1 | (0.6) |
| **Group net income/(loss)** | **(18.5)** | **(23.7)** |

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

**2) PRELIOS GROUP - Reclassified Consolidated Income Statement**

| (milion euro) | MARCH 2013 | DECEMBER 2012 |
|---|---|---|
| **Fixed assets** | **615.9** | **611.7** |
| of which investments in real estate funds and investment companies and shareholders' loans granted (*) | *460.6* | *455.2* |
| of which goodwill | *144.8* | *144.8* |
| **Net working capital:** | **53.3** | **55.1** |
| **Net invested capital** | **669.2** | **666.8** |
| **Equity** | **65.9** | **80.4** |
| of which Group equity | 60.1 | 74.2 |
| **Provisions** | **60.3** | **65.9** |
| **Net financial position** | **543.1** | **520.5** |
| **Total covering net invested capital** | **669.2** | **666.8** |

(*) The figure includes investments in associates, joint ventures and others (238.1 million euro), shareholders' loans granted (213 million euro), investments in real estate funds (12 million euro, reported in “Other financial assets” in the consolidated balance sheet) and junior notes (0.2 million euro, reported in “Other financial assets” in the consolidated balance sheet). The figures in March 2013 and December 2012 include provisions for risk on investments of 2.7 million euro and 2.8 million euro respectively.

### 3) PRELIOS GROUP - Consolidated net cash flow

| (milion euro) | March 2013 | March 2012 |
|---|---|---|
| **Net Financial Position at the start of period (A)** | **520.5** | **488.0** |
| **Operating result net of restructuring costs and property writedowns/revaluations** | **(3.0)** | **2.0** |
| Amortisation and depreciation | 0.4 | 0.6 |
| Changes in investments and shareholders' loans granted | 0.6 | 1.1 |
| Changes in other fixed assets | (0.4) | 0.0 |
| Changes in net working capital and provisions and other changes | (4.7) | 6.2 |
| **Net cash flow from operating activities** | **(7.1)** | **9.9** |
| Other changes | (3.5) | (4.0) |
| Financial and tax expenses/income | (12.0) | (13.3) |
| **Cash flow before dividends** | **(22.6)** | **(7.4)** |
| Capital Increase / (Dividends) (*) | 0.0 | 0.6 |
| **Total net cash flow (B)** | **(22.6)** | **(6.8)** |
| **Net Financial Position at the end of period (A-B)** | **543.1** | **494.8** |

(*) The figure in march 2012 includes third party share - share capital increase, Prelios Credit Servicing (+0.6 million euro).

**4) PRELIOS GROUP - Consolidated income statement**

(in thousands of Euro)

| | 01.01.2013-03.31.2013 | 01.01.2012-03.31.2012 |
|---|---|---|
| Revenues from sales and services | 26,119 | 32,914 |
| Changes in inventories of work in progress, semi-finished and finished products | (3) | 36 |
| Other income | 2,117 | 6,533 |
| **TOTAL OPERATING REVENUES** | **28,233** | **39,483** |
| *of which with related parties* | *14,031* | *18,310* |
| *of which non-recurring events* | *(12)* | - |
| Raw and consumable materials used (net of change in inventories) | (137) | (818) |
| Personnel costs | (15,378) | (17,492) |
| Depreciation, amortisation and impairment | (406) | (577) |
| Other costs | (15,829) | (18,206) |
| **TOTAL OPERATING COSTS** | **(31,750)** | **(37,093)** |
| *of which with related parties* | *(1,571)* | *(1,335)* |
| *of which non-recurring events* | *(515)* | *(377)* |
| **EARNINGS BEFORE INTEREST AND TAX (EBIT)** | **(3,517)** | **2,390** |
| Net income from investments of which: | (4,814) | (11,827) |
| *of which with related parties* | *(4,828)* | *(13,372)* |
| *of which non-recurring events* | *12* | - |
| - net profit share from investments in associates and joint ventures | (4,588) | (14,018) |
| - dividends | - | 1,027 |
| - gains on investments | 14 | 1,873 |
| - losses on investments | (240) | (709) |
| Financial income | 3,578 | 4,852 |
| *of which with related parties* | *2,974* | *3,416* |
| Financial expenses | (11,535) | (14,195) |
| *of which with related parties* | *(3,371)* | *(4,148)* |
| **INCOME (LOSS) BEFORE TAXES** | **(16,288)** | **(18,780)** |
| Taxes | (2,280) | (4,259) |
| **NET INCOME (LOSS) FOR THE PERIOD** | **(18,568)** | **(23,039)** |
| attributable to minority interests | (87) | 621 |
| **GROUP NET INCOME (LOSS) FOR THE PERIOD** | **(18,481)** | **(23,660)** |

**5) PRELIOS GROUP - Consolidated balance sheet**

(in thousands of euro)

| ASSETS | 03.31.2012 | 12.31.2012 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | 1,832 | 1,615 |
| Intangible assets | 151,184 | 151,402 |
| Investments | 237,112 | 236,770 |
| *of which available-for-sale* | *3,294* | *3,371* |
| Other financial assets | 15,500 | 16,577 |
| Deferred tax assets | 23,102 | 24,325 |
| Other receivables | 218,369 | 213,579 |
| *of which with related parties* | *212,948* | *208,105* |
| **TOTAL NON-CURRENT ASSETS** | **647,099** | **644,268** |
| **CURRENT ASSETS** | | |
| Inventories | 54,329 | 54,379 |
| Trade receivables | 59,013 | 63,891 |
| *of which with related parties* | *42,878* | *46,745* |
| Other receivables | 30,866 | 35,917 |
| *of which with related parties* | *6,753* | *5,603* |
| Cash and cash equivalents | 32,335 | 45,090 |
| Tax receivables | 7,975 | 8,465 |
| **TOTAL CURRENT ASSETS** | **184,518** | **207,742** |
| **TOTAL ASSETS** | **831,617** | **852,010** |

| EQUITY | 03.31.2012 | 12.31.2012 |
|---|---|---|
| **GROUP EQUITY** | | |
| Share capital | 218,283 | 218,283 |
| Other reserves | (13,572) | (18,258) |
| Retained earnings | 115,624 | 115,887 |
| Income/(Loss) undivided | (241,734) | - |
| Net income (loss) for the period | (18,481) | (241,734) |
| **TOTAL GROUP EQUITY** | **60,120** | **74,178** |
| **MINORITY INTERESTS** | **5,746** | **6,213** |
| **TOTAL EQUITY** | **65,866** | **80,391** |

| LIABILITIES | 03.31.2012 | 12.31.2012 |
|---|---|---|
| **NON-CURRENT LIABILITIES** | | |
| Bank borrowings and payables to other financial institutions | 421,800 | 420,993 |
| *of which with related parties* | *157,698* | *157,389* |
| Other payables | 960 | 976 |
| Provisions for future risks and expenses | 23,129 | 24,905 |
| Deferred tax provision | 2,637 | 2,495 |
| Employee benefit obligations | 12,374 | 12,568 |
| Tax payables | 6,993 | 7,376 |
| **TOTAL NON-CURRENT LIABILITIES** | **467,893** | **469,313** |
| **CURRENT LIABILITIES** | | |
| Bank borrowings and payables to other financial institutions | 153,800 | 144,739 |
| *of which with related parties* | *21,788* | *17,993* |
| Trade payables | 48,893 | 49,375 |
| *of which with related parties* | *3,861* | *3,702* |
| Other payables | 55,793 | 64,060 |
| *of which with related parties* | *20,668* | *20,639* |
| Provisions for future risks and expenses | 24,852 | 28,777 |
| *of which with related parties* | *2,725* | *2,808* |
| Tax payables | 12,330 | 12,829 |
| *of which with related parties* | *1,324* | *1,324* |
| Derivative financial instruments | 2,190 | 2,526 |
| **TOTAL CURRENT LIABILITIES** | **297,858** | **302,306** |
| **TOTAL LIABILITIES** | **765,751** | **771,619** |
| **TOTAL LIABILITIES AND EQUITY** | **831,617** | **852,010** |