



PRESS RELEASE

PRELIOS: BOD APPROVES THE DATA AS AT 30 SEPTEMBER 2015

LOSS REDUCED TO A THIRD COMPARED TO THE SAME PERIOD LAST YEAR

- GROUP REVENUES OF € 45.8 M (€ 51.1 M AS AT 30 SEPTEMBER 2014)
- GROUP EBIT¹ OF € -12.1 M, (€ -6.2 M AS AT 30 SEPTEMBER 2014)
- SERVICES PLATFORM REVENUES OF € 41.8 M (€ 50.5 M AS AT 30 SEPTEMBER 2014)
- POSITIVE SERVICES PLATFORM EBIT² OF € 2.5 M (€ 8.7 M AS AT 30 SEPTEMBER 2014)
- NEGATIVE EBIT FROM INVESTMENT ACTIVITIES³ OF € 8.8 M (€ -6.3 M AS AT SEPTEMBER 2014)
- NEGATIVE GROUP NET RESULT AMOUNTING TO € 16.6 M (€ -48.4 M AS AT SEPTEMBER 2014)
- NEGATIVE NET FINANCIAL POSITION OF € 199.5 M (IT WAS NEGATIVE, AMOUNTING TO 187.6 M AS AT 31 DECEMBER 2014)

Milan, 6 November 2015 - At its meeting held today, the Board of Directors of Prelios S.p.A. examined and approved the consolidated results as at 30 September 2015⁴.

Group performance as at 30 September 2015

The Group reported **consolidated revenues** of **€ 45.8 million** (€ 51.1 million as at 30 September 2014), composed for the most part of the **€ 41.8 million of Italian and foreign services platform revenue** (€ 50.5 million as at September 2014). The drop in turnover is largely attributable to the services platform in Italy that has been affected by the decline in revenues related both to the Fondo Olinda Fund, now wound up, and the Fondo Tecla Fund, the management fees for which are required by law to be reduced in the event of extraordinary extension of its term.

The negative **Group**⁵ **EBIT** reached € 12.1 million (€ -6.2 million as at 30 September 2014) and is composed as follows:

1 Value made up of operating income plus income from investments and the value of income from a shareholder loan, adjusted for restructuring costs and write downs/property revaluations. The value at 30 September 2014 does not include the loss from evaluation of the NPL portfolio of € 1.3 million.

2 Services platform EBIT indicates income generated by the Company through fund management transactions, specialised real estate services (Integra, Agency and Valuations), services related to NPL management (credit servicing), net of general and administrative expenses (G&A), amounting to € 5.8 million (€ -8.6 million as at 30 September 2014). Including G&A costs (Holding) the value as at 30 September 2015 was € -3.3 million (€ +0.1 million in the same period of 2014).

3 EBIT from investment activities indicates income generated by the Group through its investments in funds and investment companies. The value as at 30 September 2014 does not include the loss from evaluation of the NPL portfolio of € 1.3 million.

⁴ Not audited

5 Value made up of operating income plus income from investments and revenue from a shareholder loan, adjusted for restructuring costs and write downs/property revaluations. The value as at 30 September 2014 includes the loss from evaluation of the NPL portfolio of € 1.3 million.

- of the **services platform operations** that recorded a **positive result of € 2.5 million** (€ 8.7 million at September 2014) excluding general and administrative expenses (G&A) that amounted to € 5.8 million;
- of the **investment operations**, i.e. the revenue generated by Prelios through its investments in funds and companies which hold real estate and *Non-Performing Loans*, **which are negative as at € 8.8 million** (€ -6.3 million as at 30 September 2014⁶).

The **net result for the Group** is a loss of € 16.6 million. The loss is reduced to a third compared with the result as at 30 September 2014 (loss of € 48.4 million).

The net result, in addition to benefiting from the positive effects arising from the repayment of the debt related to UBI Banca, was only marginally affected by items outside of ordinary operations, and in particular:

- **property revaluations/write downs**, that had a positive impact of € 2.7 million (loss of € 23.6 million as at 30 September 2014);
- **restructuring charges** that had a positive impact of € 0.6 million (loss of € 2.3 million as at 30 September 2014).

Consolidated shareholders' equity is positive and amounts to € 90.8 million compared with € 107.3 million.

The **net negative financial position**⁷ amounts to € 199.5 million (loss of € 187.6 million as at 31 December 2014).

Performance of the Business Divisions as at 30 September 2015⁸

ITALY

The **EBIT** of the service Platform in Italy as at 30 September 2015 is positive amounting to € 2.4 million, compared to a positive value of € 7.3 million in the same period of 2014. The reduction in performance is largely attributable to the drop in revenues due to the reduction in the above mentioned fund fees and a temporary reduction of the assets under management. In detail:

- **Prelios SGR** (Fund Management) posted **revenues of € 11.2 million** (€ 15.4 million in the same period of 2014) and a **positive EBIT of € 2.1 million** (€ 5.9 million as at 30 September 2014). This decline is attributable both to the exit from management of the listed fund *Olinda Fondo Shops*, the winding-up of which was completed in the first half of this year, as well as to the reduction in management fees relating to the *Fondo Tecla* fund, the term of which was extended. As at 30 September 2015 Prelios SGR had assets under management of approximately € 3.5 billion. The outlook for internal growth of the Asset Management Company will focus not only on traditional real estate funds (for example, the assets of social security institutions and pension funds, contributions from the public, capital assets) but also in the field of the "innovative" funds (for example social housing, school construction, loan

⁶ The value at 30 September 2014 does not include the loss from evaluation of the NPL portfolio of € 1.3 million

⁷ Excluding shareholder loans.

⁸ Please note that the results shown in this paragraph (net of restructuring costs and the property write downs/revaluations) are attributable to the result of both services and investment activities and are inclusive of the revenue from a shareholders' loan, whilst they do not include the relative general and administrative expenses (G&A/holding).

funds, infrastructures) and the new investment facilities (for example Sicafs, Sicavs, SIFs, SIIQs).

- **Prelios Credit Servicing** (the Group company engaged in the management of non-performing loans) posted **revenues of € 4.8 million** (€ 6.2 million in September 2014). The decline is due both to the end of the special servicing mandate following on the sale of DGAD, as well as the lack of *una tantum* revenue components which instead characterised the first nine months of 2014 and were gained from the sale of the *Mediofactoring portfolio*. **EBIT was negative, amounting to € 2.4 million**, compared with a negative value of € 0.5 million as at 30 September 2014 mainly as a result of the aforementioned drop in revenues. Collection⁹ of non-performing loans amounted to € 39.6 million, against € 36.3 million as at 30 September 2014. In collaboration with Prelios, Fortress completed the acquisition of UCCMB on 30 October 2015, including a portfolio of non-performing loans amounting to € 2.4 billion.
- **Prelios Integra** posted **revenues of € 12.8 million** compared to € 14.0 million recorded in the same period of 2014. The decline is mainly due to lower fees generated by the management of shopping centres, only partially offset by improved results from global services, development and sales support. Despite the fall in revenues, the **positive EBIT amounting to € 1.6 million**, is slightly up against the figure posted in the first nine months of 2014, which was positive at € 1.4 million, thanks in particular to the writing-off of certain liabilities. In July a framework agreement was signed for the duration of two years with Unicredit Business Integrated Solutions for Building & Construction operations in some types of premises for office and bank use for Unicredit and Fineco Bank branches.
- **Prelios Agency** posted **revenues of € 1.6 million** (€ 2.4 million in the same period of last year) with a negative **EBIT of € 1.7 million** (€ -0.5 million at 30 September 2014). The decline in both indicators is attributable to the winding-up of Olinda-Fondo Shops, in 2014, as well as to lower commissions as a result of the renegotiation of some lease agreements.
- **Prelios Valuations** (the Group company that operates in the field of appraisals of individual buildings and real estate for commercial and residential use, specializing in valuation services for banks) posted **revenues of € 4.3 million** (€ 3.1 million at 30 September 2014) with a **positive EBIT of € 0.4 million** as at September 2014. The improvement in revenues attributable to the loan services business is not totally reflected on the result due to a different mix of margins.

GERMANY

The **revenues** at 30 September 2015 of the German services platform amounted to € 7.7 million (€ 9.6 million at 30 September 2014) and the **EBIT was positive to the sum of € 2.7 million** (€ 2.2 million at 30 September 2015). The decline in revenues is to be attributed to the loss of some third-party mandates in the shopping mall sector that expired at the end of 2014 and have not been entirely offset by the acquisition of new business. The EBIT at 30 September 2015, conversely, has benefited from the positive impact arising from the analysis of the recoverability of the shareholder loan granted

⁹ This value is determined by adding NPL collection achieved by consolidated companies to 100% receipts by associated companies and joint ventures in which the Group participates.

to Gadeke due to the definition of a sale price for the underlying property that was higher than expected.

POLAND

The Polish services platform posted positive **revenues** of € 0.3 million (€ 0.2 million at September 2014), while the EBIT recorded a slight improvement, but was still negative by € 0.2 million. The good performance of business in Poland helped to boost, in the third quarter, the creation and launch of Prelios Real Estate Advisory – REA, the company entirely devoted to advisory services on the Polish market that supports the business activities that have historically been present in the region. The company aims to aggregate investor demand on the local market for advisory services in property investment, asset management and brokerage.

Business outlook

Also in consideration of the already referred-to improved developments in the reference market, Prelios has identified and is currently implementing, as regards the individual Business Units of the Group, a series of measures and initiatives implementing the 2015-2017 Business Plan approved by the Board of Directors on 6 August.

From a management point of view, the year 2015 – which represents the final year for the transformation of the company into a pure management company – will be dedicated, also in the last quarter, to the re-launch of Prelios as a European reference hub in the property and financial services sector.

For this purpose, as already announced to the market, the Company passed a resolution (i) for the spin-off of the investments segment from the services segment with the aim of accelerating the achievement of the so-called objective of repositioning the company within the framework of a redefinition of the scope of the Group's activities and (ii) for the strengthening of the overall financial and equity position also through the expected share capital increase under option.

Albeit within the low levels of the range, the Group confirms the following financial targets for 2015 that were already announced to the market with the 2015-2017 Business Plan:

- Turnover of the Services Platform: between € 75 and 80 million
- Positive EBIT of the Services Platform amounting to € 6-8 million, excluding the general and administrative expenses.

In conclusion, following the results of the 2015-2017 Business Plan, as well as the expected completion of the spin-off and the strengthening of capital, the Directors of Prelios consider it appropriate to assume that the Group may continue to operate as a going concern.

Calendar of corporate events for 2016

Below is the calendar Board of Directors and Shareholders' meetings scheduled for 2016:

- **10/03/2016:** Board of Directors' meeting to examine the draft Annual Report and Consolidated Financial Statements as at 31 December 2015.
- **29/04/2016:** Shareholders' meeting to approve the 2015 Financial Statements (single call).
- **12/05/2016:** Board of Directors' meeting to examine the Interim Report as at 31 March 2016.
- **28/07/2016:** Board of Directors' meeting to examine the Half-year Interim Report as at 30 June 2016.
- **10/11/2016:** Board of Directors to examine the Interim Report as at 30 September 2016.

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The Interim Report as at 30 September 2015 will be made available on 9 November 2015 at the Company's registered office in Milan (Viale Piero e Alberto Pirelli no. 27), at Borsa Italiana S.p.A and with the authorised storage mechanism - eMarket Storage at www.emarketstorage.com. The same documentation will also be made available on the Company's website www.prelios.com in the Investors section.

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The minutes of the Ordinary and Extraordinary Shareholders' Meeting held on 16 October 2015 are available at the company's registered office in Milan, Viale Piero e Alberto Pirelli no. 27, and published on the website www.prelios.com (Governance section). The same documentation is also available at Borsa Italiana S.p.A and with the authorised storage mechanism - eMarket Storage (www.emarketstorage.com).

The Manager Responsible for preparing the Financial Statements of Prelios S.p.A., Dr Marco Andreasi, hereby certifies – pursuant to Art. 154-bis, paragraph 2 of the Consolidated Law on Finance (Italian Legislative Decree No. 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, and in particular the section entitled “Business outlook”, contains forecast statements. These statements are based on current estimates and projections of the Group about future events and, by their very nature, are subject to an inherent component of risk and uncertainty. Actual results could differ materially from those included in these statements due to a number of factors, including continued volatility and further worsening in capital and financial markets, changes in macroeconomic conditions and economic growth and other changes in business conditions, in addition to other factors, the majority of which are beyond the control of the Group.

This press release includes the following main alternative performance indicators in order to allow a better evaluation on the management performance of the Prelios Group: (i) EBIT, which is determined by the operating result to which one adds the result from equity investments and the value of the proceeds from shareholders' loans adjusted by the property write-down/write-up restructuring charges and by the loss from the NPL portfolio evaluation; (ii) Operating profit, determined by the operating result to which one adds the result from equity investments and the value of the proceeds from shareholders' loans adjusted by the property write-down/write-up restructuring charges; (iii) Net financial position, which is represented by the gross financial debt less cash and cash equivalents and other current financial receivables. The abovementioned alternative performance indicators were not subject to auditing by independent auditors.

The attached schedules in accordance with Consob Communication No. 6064291 of 28 July 2006, were not subject to audit by the independent auditors Reconta Ernst & Young S.p.A..

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1) PRELIOS GROUP - Reclassified Consolidated Income Statement

(Euro/milion)	SEPTEMBER 2015	SEPTEMBER 2014
Consolidated revenues:	45.8	51.1
<i>of which services</i>	41.8	50.5
<i>of which others</i>	4.0	0.6
Management platform: operating result before restructuring costs, impairment and property writedowns/revaluations	(3.7)	0.1
Management platform: net income from equity investments before restructuring costs and property writedowns/revaluations	0.4	0.0
Total Management Platform: Operating result	(3.3)	0.1
Investment activities: operating result before restructuring costs and property writedowns/revaluations	(8.4)	(7.2)
Investment activities: net income from equity investments before restructuring costs and property writedowns/revaluations	(3.2)	(3.3)
Investment activities: income from shareholder loans (1)	2.8	4.2
Investment activities: loss from NPL portfolio valuation	0.0	(1.3)
Total Investment Activities: Operating result	(8.8)	(7.6)
Operating result	(12.1)	(7.5)
Financial expenses	(9.1)	(16.3)
Profit (loss) before restructuring costs, property writedowns/revaluations and income taxes	(21.2)	(23.8)
Restructuring costs	0.6	(2.3)
Property writedowns/revaluations	2.7	(23.6)
Result before taxes	(17.9)	(49.7)
Income taxes	(1.8)	(3.2)
Net income (loss) from continuing operations	(19.7)	(52.9)
Minority interests	(0.1)	0.6
Consolidated net income/(loss) before discontinued operations	(19.8)	(52.3)
Net income (loss) from discontinued operations	3.2	3.9
Consolidated net income/(loss)	(16.6)	(48.4)

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

2) PRELIOS GROUP - Reclassified Consolidated Balance Sheet

(Euro/milion)	SEPTEMBER 2015	DECEMBER 2014
Fixed assets	321.3	334.2
of which investments in real estate funds and investment companies and shareholder loans granted (1)	250.9	273.6
of which goodwill	56.4	56.4
Net working capital	32.0	17.0
Discontinued operations	0.2	12.2
Net invested capital	353.5	363.4
Equity	90.8	107.3
of which group equity	88.2	104.8
Provisions	63.2	68.5
Net financial position	199.5	187.6
Total covering net invested capital	353.5	363.4

(1) The item includes equity investments in associates, joint ventures and other equity investments (Euro 145.4 million), receivables for shareholder loans (Euro 91.0 million), investments in real estate funds (Euro 9.9 million, recognised among "Other financial assets" in the consolidated balance sheet) and junior notes (Euro 4.8 million, recognised among "Other financial assets" in the consolidated balance sheet). The figures for September 2015 include provisions for equity investment writedowns of Euro 0.1 million (Euro 0.4 million as at December 2014).

3) PRELIOS GROUP - Consolidated Income Statement

(Euro/thousand)

	01.01.2015- 09.30.2015	01.01.2014- 09.30.2014
Revenues from sales and services	45,797	51,095
Changes in inventories of work in progress, semi-finished and finished products	(2,557)	(190)
Other income	10,499	5,402
TOTAL OPERATING REVENUES	53,739	56,307
<i>of which with related parties</i>	16,237	20,471
<i>of which non-recurring events</i>	3,770	-
Raw and consumable materials used (net of change in inventories)	(1,146)	(1,334)
Personnel costs	(25,288)	(25,785)
Depreciation, amortization and impairment	(501)	(536)
Other costs	(39,416)	(38,866)
TOTAL OPERATING COSTS	(66,351)	(66,521)
<i>of which with related parties</i>	(2,032)	(2,297)
<i>of which non-recurring events</i>	(3,775)	-
OPERATING RESULT	(12,612)	(10,214)
Net income from equity investments of which:	654	(26,010)
<i>of which with related parties</i>	240	(26,006)
<i>of which non-recurring events</i>	255	(7,333)
- portion of result of associates and <i>joint ventures</i>	391	(24,598)
- dividends	404	-
- gains on equity investments	10	160
- losses on equity investments	(151)	(1,572)
Financial income	8,281	5,051
<i>of which with related parties</i>	3,176	4,255
Financial expenses	(14,270)	(18,468)
<i>of which with related parties</i>	(334)	(462)
RESULT BEFORE INCOME TAXES	(17,947)	(49,641)
Income taxes	(1,736)	(3,167)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(19,683)	(52,808)
of which attributable to minority interests	56	(592)
Net income (loss) from discontinued operations	3,165	3,860
<i>of which with related parties</i>	-	8,664
CONSOLIDATED RESULT FOR THE PERIOD	(16,574)	(48,356)

4) PRELIOS GROUP - Consolidated Balance Sheet

(Euro/thousand)

ASSETS	09.30.2015	12.31.2014
NON-CURRENT ASSETS		
Property, plant and equipment	763	853
Intangible assets	59,174	59,082
Investments	144,645	150,104
<i>of which held for sale</i>	-	3,849
Other financial assets	25,866	16,254
Deferred tax assets	7,576	8,310
Other receivables	96,220	113,596
<i>of which with related parties</i>	90,957	108,355
TOTAL NON-CURRENT ASSETS	334,244	348,199
CURRENT ASSETS		
Inventories	39,901	43,472
Trade receivables	38,020	35,074
<i>of which with related parties</i>	20,950	18,758
Other receivables	22,680	17,773
<i>of which with related parties</i>	12,200	8,834
Cash and cash equivalents	61,509	77,192
Tax receivables	2,360	3,013
TOTAL CURRENT ASSETS	164,470	176,524
DISCONTINUED OPERATIONS	162	12,164
<i>of which with related parties</i>	162	9,964
TOTAL ASSETS	498,876	536,887
EQUITY	09.30.2015	12.31.2014
GROUP EQUITY		
Share capital	49,216	426,432
Other reserves	(11,856)	(15,940)
Retained earnings	67,399	(244,539)
Net income (loss) for the period	(16,574)	(61,149)
TOTAL GROUP EQUITY	88,185	104,804
MINORITY INTERESTS	2,568	2,488
TOTAL EQUITY	90,753	107,292
LIABILITIES	09.30.2015	12.31.2014
NON-CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	254,635	256,434
Other payables	5,524	524
Provisions for future risks and expenses	37,378	40,187
Deferred tax provision	2,493	2,156
Employee benefit obligations	11,810	12,080
Tax payables	-	122
TOTAL NON-CURRENT LIABILITIES	311,840	311,503
CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	7,833	8,490
<i>of which with related parties</i>	5,141	6,576
Trade payables	52,214	47,316
<i>of which with related parties</i>	3,399	3,063
Other payables	19,254	40,917
<i>of which with related parties</i>	1,164	19,039
Provisions for future risks and expenses	11,767	14,510
<i>of which with related parties</i>	150	418
Tax payables	5,215	6,859
<i>of which with related parties</i>	1,080	1,080
TOTAL CURRENT LIABILITIES	96,283	118,092
TOTAL LIABILITIES	408,123	429,595
TOTAL LIABILITIES AND EQUITY	498,876	536,887