PRESS RELEASE

PRELIOS (FORMERLY PIRELLI RE): BOARD OF DIRECTORS APPROVES RESULTS AT SEPTEMBER 30TH, 2010

MAJOR IMPROVEMENT IN RESULTS CONTINUES IN THE FIRST NINE MONTHS OF THE YEAR, ALL FULL-YEAR TARGETS CONFIRMED

- NINE-MONTH EBIT[1] IS POSITIVE €24.9 MILLION, WELL UP ON LOSS OF €8.9 MILLION AT END OF SEPTEMBER 2009
- EBIT FROM SERVICE ACTIVITIES[2] IS POSITIVE €14.1 MILLION VERSUS LOSS OF €0.5 MILLION AT END OF SEPTEMBER 2009, FULL-YEAR TARGET CONFIRMED IN RANGE OF +€20/+€30 MILLION
- NINE-MONTH REAL ESTATE SALES OF €920.6 MILLION (€657.5 MILLION AT SEPTEMBER 2009), IN LINE WITH FULL-YEAR TARGET OF BETWEEN €1.3 AND €1.5 BILLION
- FIXED COST SAVINGS OF OVER €35 MILLION IN FIRST NINE MONTHS: TOP END OF FULL-YEAR TARGET RANGE ALREADY EXCEEDED (BETWEEN €25 AND €30 MILLION)
- CONSOLIDATED NET RESULT IS LOSS OF €29.6 MILLION, ALMOST ALL OF WHICH DUE TO PROPERTY WRITEDOWNS (-€25.8 MILLION) AND HALVED FROM -€57.9 MILLION AT SEPTEMBER 2009
- NET FINANCIAL POSITION EXCLUDING SHAREHOLDER LOANS GRANTED: -€480.6 MILLION (-€445.8 MILLION AT DECEMBER 31ST, 2009); GEARING[3] AT 0.75. THE NFP IS EXPECTED TO SHOW IMPROVEMENT WITH RESPECT TO DECEMBER 2009 BY YEAR-END.

Milan, November 3rd, 2010 – At today's meeting, the Board of Directors of Prelios (formerly Pirelli RE) examined and approved the interim management statement at September 30th, 2010.

All the key performance indicators in the first nine months of 2010 have continued to report a major improvement on the same period in 2009. In terms of operating results, EBIT is €24.9 million (-€8.9 million in the first nine months of 2009), while EBIT from service activities has climbed to €14.1 million (-€0.5 million in the same period of 2009). In light of these results, the Company confirms all its EBIT and other financial targets forecast for the end of 2010.

During the period under review the shareholders of Pirelli & C resolved to separate the Company from the Pirelli Group; this separation came into effect on October 25th, as a result of which the Company has changed its name from Pirelli RE to Prelios. This operation lays the terrain for creating a real estate-centric platform that is also more flexible for the purposes of future acquisitions, consistent with the business model's repositioning in pure real estate management, and that might arise from opportunities offered by the current process of real estate market consolidation.

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[1] Includes results from service and investment activities and income from shareholder loans (ie. interest income on financial receivables from associates and joint ventures).

[2] Includes asset & fund management, agency, property management, facility services (only in Germany and Poland) and credit servicing (only in Italy), inclusive of general and administrative expenses (G&A/holding).

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

Group performance in first nine months 2010

Consolidated revenues amount to €210.2 million, up almost 6% from €199.2 million in the first nine months of 2009.

EBIT[4] has reached €24.9 million, showing strong improvement on the loss of €8.9 million in the first nine months of 2009.

Service activities[5] report a positive EBIT of €14.1 million, marking a major upsurge on the negative result of €0.5 million in the same period of 2009. This improvement is even more significant in view of the fact that the 2009 figures had benefited from gains of €7.9 million on the sale of 5% of Pirelli RE SGR (now renamed Prelios SGR) and 20% of Pirelli RE Credit Servicing (now renamed Prelios Credit Servicing). Given the nine-month results, the Company confirms the previously announced full-year target of between +€20 and +€30 million.

Investment activities also report a positive EBIT of €10.8 million at September 30th, 2010 versus a loss of €8.4 million in the first nine months of 2009. This improvement is attributable to a reduced impact from hedging derivatives and the disposal of past loss-making non-strategic equity investments.

Although the **consolidated net result** is a loss of €29.6 million, it is a significant improvement on the prior year: in fact, this loss is nearly half that of -€57.9 million in the first nine months of 2009. Almost all of this year's figure reflects property writedowns of some €25.8 million (no positive adjustment under IAS 40 has been carried out in the period) compared with the first nine months of 2009 which saw €57.4 million in writedowns but €45.5 million in positive adjustments under IAS 40, equating to a total net negative impact of €11.9 million.

Real estate sales amount to €920.6 million in the first nine months of 2010 (€657.5 million in the first nine months of 2009), reporting an overall positive margin on book value. Based on the current trend, the Company confirms the previously announced target for real estate sales in 2010 of between €1.3 and €1.5 billion.

Assets Under Management are valued at €15.4 billion (of which €14 billion[6] in real estate and €1.4 billion in NPLs[7]), staying largely unchanged relative to the end-of-June value of €15.6 billion. In keeping with the repositioning of Prelios as a "pure" manager for third parties, the proportion of real estate assets under management not invested in by Prelios has climbed to €1.3 billion from €1 billion at the end of June 2010 (and from €0.4 billion at the end of December 2009).

With regard to the **cost-saving plan**, the Company has achieved fixed cost savings of approximately €35.1 million in the first nine months of 2010, thus exceeding the top end of the full-year target range (€25-€30 million) three months early.

Group equity is €633.4 million at September 30th, 2010 (€653.4 million at December 31st, 2009). The **net financial position** reports net debt of €88.3 million at September 30th, 2010 (net debt of €41.3 million at December 31st, 2009).

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[4] Includes results from service and investment activities and income from shareholder loans (ie. interest income on financial receivables from associates and joint ventures).

[5] Results from service activities mean the EBIT generated by the Company from its fund and asset management activities and specialized real estate services (agency, property management, facility services, only in Germany and Poland, and credit servicing, only in Italy), inclusive of general and administrative expenses (G&A/holding).

[6] Market value determined by the Company based on appraisals at the end of June 2010, as adjusted for sales, capitalizations and acquisitions in third quarter 2010.

[7] Stated at book value.

The **net financial position, excluding shareholder loans granted,** reports net debt of €480.6 million, up from €445.8 million at December 31st, 2009. **Gearing** (given as the ratio between net financial position, excluding shareholder loans granted, and equity) is 0.75.

Prelios currently has €580 million in committed credit lines, with an average residual term of about 19 months, of which €430 million in bank facilities and €150 million in facilities provided by Pirelli & C.

Divisional performance in first nine months 2010[8]

ITALY

Real estate sales amount to around €747.8 million, more than double the figure of €356.4 million in the same period of last year.

EBIT[9] is €29.9 million compared with €4.3 million at September 30th, 2009. EBIT comprises €23.5 million in net income from services (€19.5 million in first nine months 2009, which had benefited from €6.1 million in gains on selling 5% of Pirelli RE SGR, now renamed Prelios SGR) and €6.4 million in net income from investment activities (-€15.1 million in 2009).

GERMANY

Real estate sales amount to €145.2 million compared with €274.9 million in the same period of last year, when the sale of the Mercado property, one of Germany's most important real estate transactions in 2009, generated €164 million in revenue on its own.

EBIT is a positive €6.7 million, well up on the loss of €0.4 million at September 30th, 2009. EBIT comprises €3.3 million in net income from services (€2.2 million in first nine months 2009) and €3.4 million in net income from investment activities (-€2.6 million in 2009).

POLAND

Real estate sales amount to €27.6 million, marginally up from €26.3 million in the same period of last year.

EBIT is a breakeven compared with €0.9 million at September 30th, 2009. EBIT comprises -€0.9 million in net losses from services (-€1.1 million in first nine months 2009) and €0.9 million in net income from investment activities (€2 million in 2009).

NPL

Collections of non performing loans amount to €184.8 million compared with €226.7 million in the same period of last year.

EBIT is a net loss of €1.9 million compared with a positive €2.1 million at September 30th, 2009. EBIT comprises €2.0 million in net losses from services (-€5.2 million in first nine months 2009, which had benefited from €1.8 million in gains on selling 20% of the credit servicing platform) and €0.1 million in net income from investment activities (€7.3 million in 2009).

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

[9] Includes results of service activities, investment activities and income from shareholder loans.

Amendments of the articles of association

The Board of Directors has also approved a number of amendments to the articles of association to update them for the mandatory changes introduced not only by Decree 27/2010, in implementation of Directive 2007/36/EC in Italy aimed at facilitating participation at general meetings by shareholders of listed companies, but also by Decree 39/2010, in implementation of Directive 2006/43/CE on statutory audits of annual accounts and consolidated accounts.

Approval of procedures for related party transactions

In accordance with CONSOB Regulation 17221/2010 and having obtained the favourable opinion of the Internal Audit and Corporate Governance Committee (entirely made up of independent directors), the Board of Directors has approved a set of "Procedures for related party transactions" and has entrusted the Internal Audit and Corporate Governance Committee with the task of also serving as the "Committee for related party transactions", with the exception of the remuneration subjects entrusted to Remuneration Committee (entirely made up of independent directors too).

The new articles of association and new procedures for related party transactions will be published on the Company's website at www.prelios.com.

Significant events in the period and subsequent to the third quarter end

Highstreet

The sale of the Karstadt operating company was successfully completed with the Berggruen Group in September 2010 as part of the process of restructuring the Arcandor Group. This sale has effectively created the conditions for restructuring and relaunching the principal tenant of Highstreet (Karstadt – Arcandor Group), thus allowing Prelios to preserve the value of its investment in this portfolio. The Highstreet portfolio comprises 145 retail properties located throughout Germany and is 49% owned by a joint venture between RREEF (48%), Prelios (24.66%), Generali (22.34%) and the Borletti family (4%) and 51% owned by the Whitehall funds (managed by the Goldman Sachs group).

Baubecon

In October 2010 the joint venture between RREEF (60%) and Prelios (40%) successfully completed negotiations with Barclays Capital to restructure about €1.3 million in debt relating to its residential property portfolio comprising some 26,000 apartments in various locations in Germany and managed by the Prelios asset management platform. This debt restructuring has created the conditions for optimizing the portfolio's market value, thus allowing the joint venture partners to maximize their returns, also thanks to suspension of some of the principal financial covenants until May 2012.

Expected outlook for the business in 2010

The Company confirms a **target EBIT for its service activities**[10] of between **+€20 and +€30 million for full year 2010**.

Prelios also confirms the target for **real estate sales** in 2010 of between **€1.3 and €1.5 billion**.

[10] As previously defined and inclusive of general, administrative and holding costs.

The full-year **cost reduction** target of between **€25 and €30 million** has already been exceeded: the Company saved more than €35 million in costs in the first nine months of the year.

The net financial position is expected to show improvement with respect to December 2009 by year-end.

It is well to recall that the projections for 2010 could be influenced by exogenous factors beyond the Company's control, such as changes in real estate market trends, the macroeconomic scenario and financial conditions.

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The results for the nine months ended September 30th, 2010 will be presented today, November 3rd, 2010, in a conference call with the Company's top management at 18.00. Journalists may follow the presentation telephonically by dialling 39 06 33485042. but will not be allowed to ask questions. The presentation will be published on the Investor Relations section of the Company's website, at www.prelios.com.

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This press release contains references to the following principal alternative performance indicators for the purposes of better evaluating the Prelios Group's results: EBIT including net income from investments before restructuring costs and writedowns/revaluations is calculated as EBIT plus net income from investments, both excluding restructuring costs and writedowns/revaluations; EBIT also including income from shareholder loans is calculated as above but with the addition of interest income from financial receivables due from associates and joint ventures; net financial position is represented by gross financial debt less cash and other cash equivalents and other financial receivables.

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Corporate events calendar 2011

The calendar of board and shareholder meetings in 2011 is as follows:

- **March 7th, 2011**: Board meeting to examine draft individual and consolidated financial statements at December 31st, 2010.
- **April 26th, 2011** (first call).
- **April 27th, 2011** (second call): Shareholders' meeting to approve annual financial statements.
- **May 4th, 2011**: Board meeting to examine the interim management statement at March 31st, 2011.
- **July 26th, 2011:** Board meeting to examine the half-year financial report at June 30th, 2011.
- **November 2nd, 2011:** Board meeting to examine the interim management statement at September 30th, 2011.

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Gerardo Benuzzi, Financial Reporting Officer of Prelios S.p.A., attests - pursuant to para. 2, article 154-bis 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.

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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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The Interim Financial Report at September 30th, 2010 will be available upon request by November 12th, 2010 at the Company's registered office in Viale Piero e Alberto Pirelli 25, Milan, and at the Italian Stock Exchange (*Borsa Italiana S.p.A.)*. The same report will also be made available on the Company's website at www.prelios.com.

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1) PRELIOS - RECLASSIFIED INCOME STATEMENT

(Euro/million)	SEPTEMBER 2010	SEPTEMBER 2009
Consolidated revenues:	210,2	199,2
of which services	*120,3*	*137,4*
of which others	*89,9*	*61,8*
SERVICES : EBIT	13,5	(8,4)
SERVICES : net income from investments	0,6	7,9
TOTAL SERVICES : EBIT including net income from investments	**14,1**	**(0,5)**
INVESTMENT : EBIT	(4,3)	7,2
INVESTMENT : net income from investments	(4,4)	(36,8)
INVESTMENT : income from shareholder loans (1)	19,5	21,3
TOTAL INVESTMENT: EBIT including net income from investments and income from shareholder loans	**10,8**	**(8,4)**
EBIT including net income from investments and income from shareholder loans	**24,9**	**(8,9)**
Restructuring costs	0,0	(13,2)
Property writedowns/revaluations	(25,8)	(11,9)
EBIT including net income from investments, income from shareholder loans, after restructuring costs and property writedowns/revaluations (2)	**(0,9)**	**(34,0)**
Financial expenses	(17,3)	(19,5)
Profit (loss) before taxes	**(18,2)**	**(53,5)**
Income taxes	(10,8)	(5,2)
Net income (loss) before minority interests	**(29,0)**	**(58,7)**
Minority interests	(0,6)	0,8
Consolidated net income (loss)	**(29,6)**	**(57,9)**

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

(2) The amount at September 30th, 2010 is calculated as EBIT of +€8.2 million plus the net loss from investments of €28.6 million and income from shareholder loans of +€19.5 million.

2) PRELIOS - CONSOLIDATED BALANCE SHEET

(Euro/million)	SEPTEMBER 2010	DECEMBER 2009
Fixed assets	**643,7**	**654,0**
of which investments in real estate funds and investment companies	*466,4* (1)	*472,3*
of which goodwill	*148,1*	*148,1*
Net working capital	**140,2**	**114,9**
Net invested capital	**783,8**	**768,9**
Equity	**642,7**	**663,1**
of which group equity	633,4	653,4
Provisions	**52,9**	**64,5**
Net financial position	**88,3**	**41,3**
of which shareholder loans granted	(392,3)	(404,4)
Total covering net invested capital	**783,8**	**768,9**
Net financial position excluding shareholder loans granted	**480,6**	**445,8**
Net invested capital excluding shareholder loans granted	**1.176,1**	**1.173,4**
Gearing	**0,75**	**0,67**

(1) The figure includes investments in associates, joint ventures and others (€460.8 million), investments in real estate funds (€6.3 million, reported in "Other financial assets" in the consolidated balance sheet) and junior notes (€6.8 million, reported in "Other financial assets" in the consolidated balance sheet), along with provisions for investment writedowns of €7.5 million

3) PRELIOS - RECLASSIFIED CASH FLOW STATEMENT

(Euro/million)	SEPTEMBER 2010	SEPTEMBER 2009
EBIT before restructuring costs and property writedowns/revaluations	**9,3**	**(1,3)**
Amortization and depreciation	3,9	5,4
Change in non-current financial assets /sale of investments	(17,9)	(36,8)
Change in other non-current assets	0,6	0,1
Change in net working capital and provisions and other changes	(36,3)	(0,8)
Net cash flow from operating activities	**(40,4)**	**(33,5)**
Payment of restructuring costs	(9,9)	(31,9)
Financial and tax expenses/income	3,4	(1,0)
Net cash flow before dividends	**(47,0)**	**(66,3)**
Capital increase	-	399,3
Total net cash flow	**(47,0)**	**333,0**
Change in shareholder loans	12,2	81,4
Total net cash flow including change in shareholder loans	**(34,8)**	**414,4**