PRESS RELEASE

PRELIOS: BOARD OF DIRECTORS APPROVES PROPOSED 2010 ANNUAL FINANCIAL STATEMENTS

- ALL ECONOMIC AND FINANCIAL TARGETS ACHIEVED

- RETURN TO OPERATING PROFIT FOR EBIT, DEBT IS LOWER

- CONSOLIDATED REVENUES AT €254 MILLION (€271.7 MILLION IN 2009)
- EBIT[1] BACK IN THE BLACK BY €41.1 MILLION, A SIGNIFICANT IMPROVEMENT ON THE LOSS OF -€6.6 MILLION IN 2009
- MANAGEMENT PLATFORM ACTIVITIES[2] REPORT A PROFIT OF €24.1 MILLION (MORE THAN THREE TIMES €7.8 MILLION IN 2009): TARGET OF €20/30 MILLION HIT
- REAL ESTATE SALES EXCEED €1.6 BILLION (€1 BILLION IN 2009): TOP END OF €1.3/1.5 BILLION RANGE BEATEN
- FIXED COST SAVINGS OF AROUND €42 MILLION REALISED, WELL ABOVE ORIGINAL €25/30 MILLION TARGET RANGE
- CONSOLIDATED NET RESULT -€95.3 MILLION (-€104.3 MILLION IN 2009), DUE TO €77.3 MILLION IN PROPERTY WRITEDOWNS AND €21.2 MILLION IN ONE-OFF RESTRUCTURING COSTS
- NET DEBT[3] DOWN TO -€424 MILLION FROM -€445.8 MILLION AT DECEMBER 31ST, 2009; GEARING AT 0.72

2011-2013 GUIDANCE APPROVED:

- FURTHER SIMPLIFICATION OF THE BUSINESS MODEL, FOCUS ON MANAGEMENT FOR THIRD PARTIES AND REDUCTION IN NET INVESTED CAPITAL FOR SUSTAINABLE GROWTH BASED ON RECURRING REVENUES

- TARGETS DEFINED FOR FINANCIAL YEAR 2011:

- RETURN TO POSITIVE NET INCOME
- RESULTS FROM MANAGEMENT PLATFORM ACTIVITIES SET TO CLIMB BY +15/+25%
- SALES FORECAST AT AROUND €1.5 BILLION
- NET DEBT BELOW -€400 MILLION

- TARGETS FOR 2013 ALSO PRESENTED:

- RENEWED GROWTH IN MANAGEMENT PLATFORM REVENUE WITH CAGR BETWEEN 5/10%
- NET DEBT HALVED IN 2013 TO AROUND -€200 MILLION
- REAL ESTATE AUM UP TO AROUND €2 BILLION[4], PROPORTION MANAGED FOR THIRD PARTIES TO CLIMB TO 50% IN 2013 FROM CURRENT 10%, IN LINE WITH REPOSITIONING AS ASSET MANAGEMENT COMPANY

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[1] Reports EBIT including net income from investments and income from shareholder loans before 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 and agency) and from services associated with NPL management (credit servicing), as well as general and administrative expenses.

[3] Net financial position excluding shareholder loans granted

Milan, March 4th, 2011 – At today's meeting, the Board of Directors of Prelios (formerly Pirelli RE) examined and approved the Company's proposed annual financial statements for 2010, which will be presented for the approval of the forthcoming ordinary shareholders' meeting. The Board of Directors also approved the 2011 Budget and the targets for 2012-2013.

In the year just ended, the separation from Pirelli & C. was completed with effect from October 25th, 2010 with the allotment of Prelios ordinary shares to the ordinary and savings shareholders of Pirelli & C. The new name of Prelios came into effect upon conclusion of this process and reflects the Company's repositioning as a pure real estate manager after completing the turnaround started in 2009.

Group performance in 2010

In the still complex economic scenario prevailing in 2010 Prelios achieved and in some cases beat the targets announced at the start of the year, reporting strong signs of recovery in the indicators that best characterize its business and returning EBIT to operating profit (+€41.1 million) after two years of losses (-€6.6 million in 2009, -€36.7 million in 2008).

Prelios exceeded its sales target of €1.3/1.5 billion, also divesting past loss-making equity investments no longer strategic to the new business model; the Company also achieved the target range of €20/30 million in operating profit (EBIT) from management platform activities, while in the balance sheet it beat the initial objective of stable net debt year on year.

Consolidated revenues amounted to €254 million at December 31st, 2010 (€271.7 million in 2009).

Real estate sales came to € 1,624.6 million at December 31st, 2010 (more than 50% higher than €1,031.4 million at December 31st, 2009), **exceeding the top end of the target range of €1.3 to 1.5 billion**. The Company realized an average sales margin of around 2.6% on real estate transactions completed as of December 31st, 2010.

EBIT[5] reached €41.1 million, a major improvement on the loss of -€6.6 million in 2009.

Management platform activities[6] posted an EBIT of €24.1 million, more than three times the prior year figure of €7.8 million and achieving the published target of €20/30 million. This improvement is even more significant in view of the fact that the 2009 figures had benefited from €13.5 million in gains on the sale of 10% of Prelios SGR and 20% of Prelios Credit Servicing.

Co-investment activities[7] also reported a positive EBIT of €17 million compared with a loss of -€14.4 million in 2009. This improvement is attributable to the reduced impact of hedging derivatives and the disposal of past loss-making non-strategic equity investments.

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[4] Stated at book value.

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

[6] 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 and agency) and from services associated with NPL management (credit servicing), as well as general and administrative expenses.

[7] 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 €14.5 million from Highstreet (€8.3 million in 2009); note that the investment in Highstreet has been recognized in the 2010 financial statements on the basis of its recoverability as a financial asset, under which it has been written down by a matching amount.

The **consolidated net result** is a loss of -€95.3 million, from the loss of -€104.3 million in 2009. Almost all of this year's result reflects €98.5 million in property writedowns and one-off restructuring costs versus €55.3 million in 2009. In detail, **writedowns** in 2010 came to €77.3 million without any revaluations; in contrast, writedowns had been higher in 2009 at €98.8 million but had been partially offset by €67.4 million in positive adjustments, equating to a total net negative impact of €31.4 million. As for **restructuring costs**, these amounted to €21.2 million in 2010 against €23.9 million in 2009.

Assets Under Management are valued at €14.6 billion (of which €13.2 billion[8] in Real Estate and €1.4 billion in NPLs[9]) versus €16 billion at the end of 2009. This reduction is primarily due to planned sales of over €1.6 billion in assets. 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 €0.4 billion at the end of 2009.

With regard to the **cost-saving plan**, the Company achieved fixed cost savings of approximately €42 million in 2010, far exceeding the top end of the published full-year target range (€25-30 million).

Group equity was €579.8 million at December 31st, 2010 compared with €653.4 million at the end of December 2009 (€633.4 million at the end of September 2010). The **net financial position** reported net debt of €44.7 million at December 31st, 2010 compared with €41.3 million at the end of December 2009 (€88.3 million at the end of September 2010).

The **net financial position, excluding shareholder loans granted,** reported net debt of €424 million at the end of 2010, an improvement from €445.8 million at the end of December 2009 (€480.6 million at the end of September 2010).

Gearing (given as the ratio between net financial position, excluding shareholder loans granted, and equity) is at 0.72 (0.67 at December 2009).

Prelios currently has €560 million in committed credit lines, with an average residual term of about 15 months, of which €410 million in bank facilities and €150 million in facilities provided by Pirelli & C.

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[8] Market value determined in appraisals by independent experts.

[9] Stated at book value.

Divisional performance in 2010[10]

ITALY

Real estate sales amounted to €1,391.3 million in 2010, more than double the figure of €613.5 million for the prior year.

EBIT[11] reported a profit of €45.6 million, a major improvement on €28.7 million at December 31st, 2009. EBIT comprises €33 million in net income from management platform (up from €32 million in 2009, which had benefited from €11.7 million in gains on selling 10% of Pirelli RE SGR, now renamed Prelios SGR) and €12.6 million in net income from investment activities (-€3.3 million in 2009).

GERMANY

Real estate sales amounted to €201.6 million in 2010 compared with €380.1 million in the prior 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 returned to a profit of €14.6 million, a major improvement on the loss of -€1.4 million at December 31st, 2009. EBIT comprises some €5 million in net income from management platform (€1.3 million in 2009) and €9.6 million in net income from investment activities (-€2.8 million in 2009).

POLAND

Real estate sales amounted to €31.7 million in 2010 compared with €37.8 million in the prior year.

EBIT was a loss of -€0.4 million versus a profit of €0.1 million at December 31st, 2009. EBIT comprises -€1.3 million in net losses from management platform (-€1.1 million in 2009) and €0.9 million in net income from investment activities (€1.2 million in 2009).

NPL

Collections of non performing loans amounted to €304.3 million in 2010 compared with €322.7 million in the prior year.

EBIT was a loss of -€6.4 million, which was more than half the loss of -€13.5 million posted at December 31st, 2009. EBIT comprises -€0.3 million in net losses from management platform (-€4.0 million in 2009) and -€6.1 million in net losses from investment activities (-€9.5 million in 2009).

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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 and investment activities

Guidance 2011-2013: proposed economic and financial targets

Effectiveness of the turnaround process, repositioning in the direction of a pure asset management company, coupled with expected recovery in the market for services in countries where Prelios operates, are the drivers of the new guidance approved today by the Board of Directors and of the consequent targets for the current year and the next three years.

In keeping with the 2009-2011 plan, the key guidelines for the next three years are:

- further simplification of the business model and associated efficiency improvements;
- exclusive focus on two areas of activity (management platform and co-investments) and on two geographical markets (Italy and Germany);
- sustainable growth increasingly based on recurring revenues from real estate services for third parties.

As far as the **management platform** is concerned, the goal is to increase assets managed for third parties including by creating new instruments and expanding the range of Agency and Property & Project Management services offered on the free market (eg. shopping centre management, building management services), as well as by way of the partnership, recently expanded to cover the three year period, with Knight Frank- Newmark, one of the top international property consultancies and service providers.

With reference to **co-investments**, Prelios intends to carry on strengthening its balance sheet by gradually reducing net invested capital and net debt through: asset sales, retaining management mandates where appropriate; divestment of no longer strategic equity investments, such as direct property development projects.

The following table shows the key targets for 2011 and 2013:

	2010	Target 2011	Target 2013
Management platform revenues	162.3 million	consolidation	5 – 10% CAGR[1]
Management platform EBIT	24.1 million	15 / 25%	15 - 25% CAGR[1]
Real Estate AUM[2]	12.7 billion	~ 13 billion	~ 15 billion
- of which third parties:	~ 10%	~ 20 %	~ 50 %
Asset sales	1,625 million	~ 1.5 billion	~ 1.5 billion
Net debt	424 million	< 400 million	~ 200 million
Consolidated net profit	(95.3) million	positive	positive

1 Based on 2010 results; 2 Book Value

Proposed Budget 2011

With reference to targets for the current year, the Company is forecasting a return to **positive net income**, while, consistent with its pure management positioning, the **management platform's results** will continue to grow **in the region of +15/+25%**. **Real estate sales** are estimated at **€1.5 billion** for the current year, while the balance sheet is expected to see **net debt** fall below **€400 million**.

Proposed Targets 2013

In terms of the three-year targets, **management platform revenues** are expected to grow at a **CAGR of 5-10%**. Real estate **assets under management** are also forecast to grow (from €12.7 billion[12] in 2010 to about **€15 billion in 2013**); in keeping with the new business model, the **proportion managed for third parties** should climb **from the current 10% to around 50%** of total assets managed in 2013. The balance sheet will see a sharp reduction in net debt, which is forecast to halve its current level to around **€200 million by 2013**.

The targets for 2011-2013 have received the support of the Company's financial backers, namely its banks and Pirelli & C.; the existing loans and borrowings will be sufficient to cover the whole of 2011, while refinancing will be necessary from about mid 2012.

It is well to recall that the projections for 2011 and 2013 could be heavily influenced by currently unforeseeable exogenous factors beyond the Company's control, such as trends on the real estate market and changes in the macroeconomic and financial scenario.

Shareholders' Meeting

The Board of Directors has charged the Chairman with responsibility for calling the shareholders' meeting due to approve the financial statements for 2010.

The shareholders' meeting will also be required to vote in ordinary session: on the appointment of the new Board of Directors - since the existing Board, appointed on April 14th, 2008, reaches its natural expiry upon approval of the financial statements for the year ended December 31st, 2010 - and on the renewal of the authorization to buy back shares. The shareholders will also be required to vote in extraordinary session on a number of amendments to the articles of association, most of which to implement the EC Shareholders Rights Directive concerning the exercise of certain rights of shareholders in listed companies following its introduction into Italian law.

It is currently expected (also in view of the Company's new shareholder structure) that the shareholders' meeting will be held on April 21st, 2011 and not, as previously announced, on April 26th and 27th (in first and second call respectively).

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The results for the year ended December 31st, 2010 will be presented today, March 4th, 2011, in a conference call with the Company's top management at 17.45 CET. Journalists may follow the presentation telephonically by dialling the number + 39 02 8058827 but will not be allowed to ask questions. The presentation will be published in 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: (i) EBIT including net income from investments and income from shareholder loans before restructuring costs and property writedowns/revaluations, is calculated as EBIT plus net income from investments, both

[12] Book value

excluding restructuring costs and property writedowns/revaluations[13], 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.

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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..

For additional information contact:
Prelios Press Office Tel. +39/02/6281.33549
Prelios Investor Relations Tel. +39/02/6281.4057
www.prelios.com

[13] "Restructuring costs" include voluntary redundancy costs, expenses for rationalizing the Group and its offices, 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 appraisal by independent experts or reflecting sales expected at a loss.

1) PRELIOS - RECLASSIFIED INCOME STATEMENT

(Euro/million)	DECEMBER 2010	DECEMBER 2009
Consolidated revenues:	254,0	271,7
of which services	*162,3*	*187,3*
of which others	*91,7*	*84,4*
MANAGEMENT PLATFORM: EBIT before restructuring costs and property writedowns/revaluations	23,5	(5,7)
MANAGEMENT PLATFORM: net income from investments before restructuring costs and property writedowns/revaluations	0,6	13,5
TOTAL MANAGEMENT PLATFORM: EBIT including net income from investments	**24,1**	**7,8**
INVESTMENT: before restructuring costs and property writedowns/revaluations	(3,5)	1,2
INVESTMENT: net income from investments before restructuring costs and property writedowns/revaluations	(3,9)	(35,1)
INVESTMENT: income from shareholder loans **(1)**	24,4	19,5
TOTAL INVESTMENT: EBIT including net income from investments and income from shareholder loans	**17,0**	**(14,4)**
EBIT including net income from investments and income from shareholder loan, before restructuring costs and property writedowns	**41,1**	**(6,6)**
Financial expenses	(23,7)	(35,1)
Profit (loss) before restructuring costs, property writedowns/revaluations and taxes	**17,4**	**(41,7)**
Restructuring costs	(21,2)	(23,9)
Property writedowns/revaluations	(77,3)	(31,4)
Profit (loss) before taxes	**(81,0)**	**(97,0)**
Income taxes	(13,4)	(7,8)
Net income (loss) before minority interests	**(94,4)**	**(104,8)**
Minority interests	(0,9)	0,5
Consolidated net income (loss)	**(95,3)**	**(104,3)**

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

2) PRELIOS - Reclassified consolidated balance sheet

(Euro/million)	DECEMBER 2010	DECEMBER 2009
Fixed assets	**590,0**	**654,0**
of which investments in real estate funds and investment companies **(1)**	*423,6*	*472,3*
of which goodwill	*148,1*	*148,1*
Net working capital	**106,0**	**114,9**
Net invested capital	**695,9**	**768,9**
Equity	**589,6**	**663,1**
of which group equity	579,8	653,4
Provisions	**61,6**	**64,5**
Net debt	**44,7**	**41,3**
of which shareholder loans granted	(379,2)	(404,4)
Total covering net invested capital	**695,9**	**768,9**
Net debt excluding shareholder loans granted	**424,0**	**445,8**
Net invested capital excluding shareholder loans granted	**1.075,1**	**1.173,4**
Gearing	**0,72**	**0,67**

(1) The figure includes investments in associates, joint ventures and others (€413.7 million), investments in real estate funds (€16.9 million, reported in "Other financial assets" in the consolidated balance sheet) and junior notes (€1.8 million, reported in "Other financial assets" in the consolidated balance sheet). The amounts at December 2010 and December 2009 include provisions for investment writedowns of €8.8 million and €3.3 million respectively.

3) PRELIOS - RECLASSIFIED CASH FLOW STATEMENT

(Euro/million)	DECEMBER 2010	DECEMBER 2009
EBIT before restructuring costs and property writedowns	**20,0**	**(4,5)**
Amortization and depreciation	6,4	7,4
Change in non-current financial assets /sale of investments	(6,8)	(122,8)
Change in other non-current assets	7,6	(9,9)
Change in net working capital and provisions and other changes	(14,2)	42,7
Net cash flow from operating activities	**12,9**	**(87,1)**
Payment of restructuring costs	(19,5)	(40,4)
Financial and tax expenses/income	5,0	(22,7)
Net cash flow before dividends	**(1,6)**	**(150,2)**
Capital increase/Dividends	(1,9)	398,3
Total net cash flow	**(3,5)**	**248,1**
Change in shareholder loans	25,3	167,9
Total net cash flow inclusive of change in shareholder loans	**21,8**	**416,0**

4) PRELIOS - ASSETS UNDER MANAGEMENT BY COUNTRY AND SEGMENT

(Euro/billion)			Market Value DECEMBER 2010 (*)		Market Value DECEMBER 2009 (*)
TOTAL ASSETS UNDER MANAGEMENT			**14,6**		**16,0**
NON PERFOMING LOANS			**1,4**		**1,6**
REAL ESTATE			**13,2**		**14,4**
of which investee			11,9		14,0
of which ITALY		6,6	**50%**	7,2	**50%**
of which GERMANY		6,4	**48%**	7,0	**49%**
of which POLAND		0,2	**2%**	0,2	**1%**
ITALY					
	TRADING & SOHO (SMALL OFFICE)		0,9		1,0
	COMMERCIAL YIELDING & CORE		3,7		4,3
	THIRD PARTIES		1,3		0,4
	DEVELOPMENT		0,8(**)		1,4
			6,6		**7,2**
GERMANY					
	RESIDENTIAL		2,7		2,8
	COMMERCIAL		3,6		4,1
	PRE-LET DEVELOPMENT		0,1		0,2
			6,4		**7,0**
POLAND (1)			**0,2**		**0,2**

(*) Values determined through independent expert appraisals at period-end date.

(**) €0.5 billion of which from land

NOTE: Of the Assets Under Management, about 0.3 € billion are excluded, being sales made in Germany in the period 2008-2010 and for which the property management contracts have been maintained.