PRESS RELEASE

PRELIOS: BOARD OF DIRECTORS APPROVES RESULTS AT SEPTEMBER 30TH, 2011

REFINANCING AGREEMENT IN PROCESS OF BEING FINALIZED

OPERATING PERFORMANCE OF SERVICES CONSOLIDATES

NEGATIVE NET RESULT AFFECTED BY DRASTIC DETERIORATION IN MACROECONOMIC CLIMATE, WITH APPROX. €136 MILLION IN EQUITY INVESTMENT AND REAL ESTATE INVESTMENT WRITEDOWNS (OF WHICH €93 MILLION FOR BAUBECON)

- MANAGEMENT PLATFORM REVENUES AT €113.6 MILLION (€120.3 MILLION AT SEPTEMBER 30TH, 2010)
- PROFIT[1] OF €37.9 MILLION INCLUSIVE OF RINASCENTE/COIN SALE (€24.9 MILLION AT SEPTEMBER 30TH, 2010)
- MANAGEMENT PLATFORM EBIT[2] AT €15.4 MILLION, +9% ON €14.1 MILLION AT SEPTEMBER 2010, IN LINE WITH GOAL OF FOCUSING ON SERVICES
- REAL ESTATE SALES AT €1.5 BILLION (€0.9 BILLION AT SEPTEMBER 30TH, 2010): FY2011 TARGET ALREADY REACHED
- NEGATIVE CONSOLIDATED NET RESULT OF €152.9 MILLION (-€29.6 MILLION AT SEPTEMBER 30TH, 2010), CAUSED BY EQUITY INVESTMENT AND REAL ESTATE INVESTMENT WRITEDOWNS (€136.1 MILLION) AND RESTRUCTURING COSTS (€21.1 MILLION)
- NET FINANCIAL POSITION, EXCLUDING SHAREHOLDER LOANS GRANTED, AT -€474.2 MILLION, STABLE ON PREVIOUS QUARTER (-€474.1 MILLION), GEARING[3] AT 1.02

IN VIEW OF MAJOR CHANGE IN MACROECONOMIC SCENARIO AND BASED ON RESULTS AT SEPTEMBER 30TH, THE COMPANY IS REVISING THE KEY TARGETS FOR 2011 COMMUNICATED TO THE MARKET:

- NET FINANCIAL POSITION AT DECEMBER 31ST BELOW €500 MILLION (VERSUS PREVIOUS TARGET OF <€400 MILLION)
- CONSOLIDATED NET RESULT FOR YEAR ESTIMATED NEGATIVE BETWEEN €270 MILLION AND €290 MILLION (VERSUS PREVIOUS "POSITIVE" TARGET)

NEW GUIDANCE APPROVED FOR 2012-2014 TREND

STRATEGY OF PURE MANAGEMENT COMPANY REPOSITIONING CONFIRMED WITH DOMESTIC MARKET FOCUS: CASH GENERATION KEY THROUGH RELEASING INVESTMENT VALUE AND REDUCING COSTS.
TARGETS DEFINED:

- DOMESTIC MANAGEMENT PLATFORM STAND-ALONE EBIT[4] €14-18 MILLION IN 2012, WITH STRONG GROWTH IN THE THREE YEARS TO €36-40 MILLION IN 2014

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[1] Profit (loss) before financial expenses, property tax, restructuring costs and property writedowns/revaluations, inclusive of the gain on disposal of the Rinascente and Coin investments.

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

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

[4] Includes management platform relating to Italy Real Estate and NPL, as well as G&A expenses.

- LARGE FALL IN NET FINANCIAL POSITION FROM CURRENT LEVEL ALREADY AT END OF 2012 (TO €390 MILLION), AND MORE THAN HALVED TO €220 MILLION AT END OF 2014

RICCARDO TARANTO, THE COMPANY'S NEW CFO, APPPOINTED FINANCIAL REPORTING OFFICER BY THE BOARD OF DIRECTORS

CORPORATE EVENTS CALENDAR APPROVED

Milan, November 11th, 2011 – At today's meeting, the Board of Directors of Prelios S.p.A. examined and approved the Interim Management Statement at September 30th, 2011.

Since August the macroeconomic scenario has experienced a sudden, drastic deterioration, specifically in connection with sovereign debt tensions, involving significant increases in spreads, and downward revisions in growth forecasts by the major European economies.

Such factors have not only produced extreme stock price volatility, but have also quickly translated into higher borrowing costs and tighter access to credit, causing, with respect to the real estate sector, a significant slowdown in the number and size of transactions and a deterioration in expected cash flows from real estate assets. The continuing crisis does not offer any prospects for a reversal in the short to medium term, with borrowing costs remaining high and market conditions still very weak.

In this context, **Prelios confirms its strategic objective to reposition itself as a "pure management company"** with a particular focus on the domestic market by relaunching its asset management company and by progressively developing its management activities and specialized services for third parties.

Consistent with this model, not only will cash generation be a priority, by releasing investment value and increasing operational efficiency, but steps will also be taken to foster the business's sustainable development in the future.

In light of the above, Prelios is currently negotiating the refinancing of its debt with lenders for a total amount of fully committed lines in excess of €500 million.

In detail, approximately €350 million relates to the Club Deal refinancing amortizable by December 2014, €160 million to renewal of the credit line granted by Pirelli & C., and €20 million to a bilateral line granted by Intesa Sanpaolo for a period of 18 months less 1 day.

The counterparties are expected to complete their respective authorization processes in order to sign the agreement by December 31st, 2011.

As for the period's results, **the Prelios management platform has reported a nine-month operating profit or EBIT** - the most representative performance indicator for the new business model - of €15.4 million (+9% on September 30th, 2010). **The general economic situation, however, has weighed on the consolidated net result**, reporting a negative €152.9 million and influenced almost entirely by equity investment and real estate investment writedowns (€136.1 million of which €93.5 million for BauBeCon).

In view of the changed scenario and the results at September 30th, the key targets for 2011 have been revised, and at the same time new guidelines for the 2012-2014 trend have been approved.

Group performance in first nine months 2011

Consolidated revenues amount to €121.6 million compared with €210.2 million in the first nine months of 2010. In particular, revenues from the management platform - the Prelios core business - are €113.6 million, slightly down from €120.3 million at September 30th, 2010.

Profit (loss)[5] inclusive of the €31.8 million net gain on the sale of the La Rinascente and Coin investments is €37.9 million, up from €24.9 million in the first nine months of 2010.

Management platform activities[6] report a positive result of €15.4 million, up 9% on €14.1 million in the same period of 2010, in keeping with the aim of focusing on services.

Investment activities[7] report a slowdown with a negative result of €9.3 million (positive €10.8 million at September 30th, 2010). This figure reflects revision of the NPL sector's business plan, required after a sudden, major deterioration in the financial and sector-specific environment.

The **consolidated net result** is a negative €152.9 million compared with a net loss of €29.6 million in the first nine months of 2010. This figure reflects €136.1 million in writedowns, inclusive of about €93.5 million against BauBeCon in Germany for which the residual net invested capital in the venture has been fully written off. The net result also reflects €21.1 million in restructuring costs, as well as €8.9 million in property tax on investors in real estate funds.

Real estate sales amount to some €1.5 billion (approximately €0.9 million in the same period of 2010), thus already achieving the full-year target in the first nine months. The Group realized an average sales margin of around 5% on book value for real estate transactions completed up to September 30th, 2011.

Group equity amounts to €456.3 million at September 30th, 2011 compared with €579.8 million at December 31st, 2010.

The **net financial position excluding shareholder loans granted** reports net debt of €474.2 million, compared with -€424 million at December 31st, 2010 and is largely unchanged on June 30th, 2011 (-€474.1 million).

Gearing (given as the ratio between net financial position, excluding shareholder loans granted, and equity) is 1.02 (0.79 at end of June 2011).

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[5] Profit (loss) before financial expenses, property tax, restructuring costs and property writedowns, inclusive of the gain on disposal of the Rinascente and Coin investments

[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 & project management 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 €9.9 million in income from Highstreet compared with €6.2 million in September 2010, recognized under the same principle as in the 2010 year-end financial statements. Taking account of the recoverability of net capital invested in this venture, revaluations/writedowns include a net revaluation for €1.5 million.

Divisional performance in first nine months 2011[8]

ITALY REAL ESTATE

Real estate sales amount to €710.4 million, marginally below the €747.8 million posted at September 30th, 2010.

EBIT[9] is a profit of €58.2 million, well up on the €29.9 million reported at September 30th, 2010.

EBIT comprises €21.4 million in net income from the management platform (€23.5 million at September 30th, 2010) and €5.1 million in net income from investment activities (€6.4 million at September 30th, 2010), as well as €31.8 million in net gains on the disposal of Rinascente and Coin. Property & Project services performed well (up from €5.2 million to €5.9 million), while Agency services were slightly down (from €2.9 million to €2 million).

GERMANY REAL ESTATE

Real estate sales amount to €749.4 million, more than five times the figure of €145.2 million in the prior year equivalent period. This result confirms the effectiveness of the division's actions to restructure and turn itself around, and the excellent resilience of the Highstreet portfolio, from which most of the German disposals were realized.

EBIT is a profit of €17.2 million, also reporting a major improvement from the €6.7 million reported at September 30th, 2010. EBIT comprises €6.9 million in net income from the management platform (more than double €3.3 million at September 30th, 2010) and €10.3 million in net income from investment activities (€3.4 million at September 30th, 2010).

POLAND REAL ESTATE

Real estate sales amount to €4.3 million, down from €27.6 million in the same period of 2010. This figure reflects the essential conclusion of property development sales, while the process of obtaining planning permission for certain sites still owned is in the process of being completed.

EBIT is a loss of -€4.2 million, representing a deterioration on the breakeven reported at September 30th, 2010. EBIT comprises -€1.2 million in net losses from the management platform (-€0.9 million at September 30th, 2010) and -€3 million in net losses from investment activities (+€0.9 million at September 30th, 2010).

NON PERFORMING LOANS

Collections of non performing loans amount to €137 million compared with €184.8 million in the prior year equivalent period.

EBIT is a loss of -€25.5 million compared with -€1.9 million at September 30th, 2010, and comprises -€3.9 million in net losses from the management platform (-€2.0 million at September 30th, 2010) and -€21.6 million from investment activities[10] (+€0.1 million at September 30th, 2010). The deterioration is due to writedowns against loan portfolios after revising nearly all the business plans for the degeneration in the general macroeconomic situation.

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

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

[10] This figure includes €34.3 million in writedowns resulting from impairment tests.

Expected outlook for the business in 2011

In view of the changed market scenario and Prelios's results at September 30th, the conditions no longer exist to confirm the key targets for 2011.

Although the sales target (of around €1.5 billion) was achieved in the third quarter and will be exceeded, the other targets for the current year have been redefined as follows:

- net financial position below €500 million versus a target of "below €400 million", mainly due to failure to make important disposals;
- consolidated net result estimated as negative between -€270/-€290 million (versus the "positive" target), which includes forecast additional writedowns and restructuring costs in the fourth quarter;
- as for the management platform, the marginal decline in revenues reported in the nine months is not expected to be recovered due to the changed market scenario, with a consequent impact on EBIT, now expected in a range between €20 and €24 million (€24.1 million in 2010)
- AUM at book value below €11 billion (versus the target of €13 billion) due to a fewer mandates acquired.

Guidelines for 2012-2014 trend

The Board of Directors has also approved guidelines for the 2012-2014 trend. In keeping with the 2011-2013 plan, the strategy confirms and accelerates the company's transformation into a "pure management company".
Consistent with this strategy, the Company will action the following:

- acceleration of the process to reduce investments and increase sales, with a particular focus on Germany;
- focus on reducing the net financial position;
- focus on the domestic market, relaunch of Prelios SGR and development of management and specialized services for third parties;
- implementation of another restructuring plan aimed at increasing operational efficiency.

The **2012-2014 Trend** identifies the following objectives:

- **Net Financial Position:**
    - €390 million by end 2012 (stable versus 2011);
    - €340 million by end 2013;
    - €220 million by end 2014.

- **Domestic Management Platform EBIT[11]:**
    - €14/18 million in 2012
    - €22/26 million in 2013
    - €36/40 million in 2014

[11] Includes management platform relating to Italy Real Estate and NPL, as well as G&A expenses.

Appointment of Financial Reporting Officer

After approving the Interim Management Statement at September 30th, 2011, today the Board of Directors appointed Riccardo Taranto, the new Prelios Chief Financial Officer, as the Financial Reporting Officer under art. 154-bis of Italy's Financial Markets Consolidation Act, in place of Gerardo Benuzzi, who will leave his positions within the Group to pursue new professional opportunities after a 14 year career in the real estate sector.

At the same meeting the Board of Directors also acknowledged the resignation of the director Giulio Malfatto, who held the office of Deputy Chairman. Having contributed to the process of turning the Group around in the wake of the financial and real estate crises towards a "pure management company" model, Giulio Malfatto is returning to the pursuit of his own business interests, started in 2003 and temporarily suspended to discharge the duties assumed upon joining the Company.

The Board of Directors, the Chairman Marco Tronchetti Provera and all the management thank Giulio Malfatto and Gerardo Benuzzi for the work done.

Corporate events calendar 2012

The calendar of board and shareholder meetings scheduled for 2012 is as follows:

- **March 5th, 2012:** Board meeting to examine the Separate and Consolidated Financial Statements at December 31st, 2011.
- **April 17th, 2012:** Shareholders' meeting to approve the Separate Financial Statements for 2011 (single convocation).
- **May 8th, 2012:** Board meeting to examine the Interim Management Statement at March 31st, 2012.
- **July 25th, 2012:** Board meeting to examine the Half-Year Financial Report at June 30th, 2012.
- **November 6th, 2012:** Board meeting to examine the Interim Management Statement at September 30th, 2012.

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The results for the nine months ended September 30th, 2011 will be presented on Monday, November 14th, 2011, in a conference call with the Prelios top management at 15.30 CET. Journalists may follow the presentation telephonically by dialling the number +39.02.805.88.27 but will not be allowed to ask questions. It will be possible to view the presentation slides in the Investor Relations section of the company website at www.prelios.com.

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The Interim Management Statement at September 30th, 2011 will be made available to the public by November 14th, 2011 at the Company's registered office in Viale Piero e Alberto Pirelli 25, Milan and at Borsa Italiana S.p.A.. The same documentation will also be published on the Company's website at www.prelios.com.

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

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 one-off property tax, restructuring costs and property writedowns/revaluations, is calculated as EBIT plus net income from investments, both excluding one-off property tax, restructuring costs and property writedowns/revaluations, plus income from shareholder loans; (ii) Profit (loss) before financial expenses, property tax, restructuring costs and property writedowns/revaluations is determined as above but including the Rinascente/Coin gain net of related expenses, with this gain understood to mean the positive impact of selling the shares in the "Rinascente" operating company and the interest in Coin; (iii) Profit (loss) before property tax, restructuring costs, property writedowns/revaluations and income taxes is determined as above but after financial expenses; (iv) 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.

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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1) PRELIOS - RECLASSIFIED INCOME STATEMENT

(Euro/million)	SEPTEMBER 2011	SEPTEMBER 2010
Consolidated revenues:	121.6	210.2
of which services	*113.6*	*120.3*
of which others	*8.0*	*89.9*
MANAGEMENT PLATFORM : EBIT before restructuring costs and property writedowns/revaluations	14.5	13.5
MANAGEMENT PLATFORM : Net income from investments before restructuring costs and property writedowns/revaluations	0.9	0.6
TOTAL MANAGEMENT PLATFORM : EBIT including net income from investments, before property tax, restructuring costs and property writedowns/revaluations	**15.4**	**14.1**
INVESTMENT : EBIT before restructuring costs and property writedowns/revaluations	(15.3)	(4.3)
INVESTMENT : Net income from investments before restructuring costs and property writedowns/revaluations	(13.9)	(4.4)
INVESTMENT : Income from shareholder loans (1)	19.9	19.5
TOTAL INVESTMENT: EBIT including net income from investments and income from shareholder loans, before property tax, restructuring costs and property writedowns/revaluations	**(9.3)**	**10.8**
EBIT including net income from investments and income from shareholder loans, before property tax, restructuring costs and property writedowns/revaluations	**6.1**	**24.9**
Rinascente/Coin gain net of related expenses	31.8	
Profit (loss) before financial expenses, property tax, restructuring costs and property writedowns/revaluations	**37.9**	**24.9**
Financial expenses	(23.7)	(17.3)
Profit (loss) before property tax, restructuring costs, property writedowns/revaluations and income taxes	**14.2**	**7.6**
One-off property tax	(8.9)	0.0
Restructuring costs	(21.1)	0.0
Property writedowns/revaluations	(136.1)	(25.8)
Profit (loss) before taxes	**(151.9)**	**(18.2)**
Income taxes	(2.2)	(10.8)
Net income (loss) before minority interests	**(154.1)**	**(29.0)**
Minority interests	1.2	(0.6)
Consolidated net income (loss)	**(152.9)**	**(29.6)**

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

2) PRELIOS - RECLASSIFIED BALANCE SHEET

(Euro/million)	SEPTEMBER 2011	DECEMBER 2010
Fixed assets	543.6	590.0
of which investments in real estate funds and investment companies **(1)**	*378.7*	*423.6*
of which goodwill	*148.1*	*148.1*
Net working capital	110.3	106.0
Net invested capital	653.8	695.9
Equity	464.4	589.6
of which group equity	456.3	579.8
Provisions	61.1	61.6
Net financial position	128.4	44.7
of which shareholder loans granted	(345.8)	(379.2)
Total covering net invested capital	653.8	695.9
Net financial position excluding shareholder loans granted	474.2	424.0
Net invested capital excluding shareholder loans granted	999.6	1,075.1
Gearing	1.02	0.72

(1) The figure includes investments in associates, joint ventures and others (€370.6 million), investments in real estate funds (€15.4 million, reported in "Other financial assets" in the consolidated balance sheet) and junior notes (€0.2 million, reported in "Other financial assets" in the consolidated balance sheet). The balance at the end of September 2011 is stated after provisions for investment writedowns of €7.5 million (€8.8 million at December 31st, 2010).

3) PRELIOS - RECLASSIFIED CASH FLOW STATEMENT

(Euro/million)	SEPTEMBER 2011	SEPTEMBER 2010
EBIT before restructuring costs and property writedowns/revaluations	**(0.9)**	**9.3**
Amortization and depreciation	2.3	3.9
Change in non-current financial assets /sale of investments	(48.4)	(17.9)
Change in other non-current assets	(0.8)	0.6
Change in net working capital and provisions and other changes	(15.5)	(36.3)
Net cash flow from operating activities	**(63.3)**	**(40.4)**
Payment of restructuring costs	(13.1)	(9.9)
Financial and tax expenses/income	(5.9)	3.4
Net cash flow before dividends	**(82.3)**	**(47.0)**
Capital increase/dividends	(1.3)	0.0
Total net cash flow	**(83.6)**	**(47.0)**
Change in shareholder loans	33.4	12.2
Total net cash flow including change in shareholder loans	**(50.2)**	**(34.8)**