PRELIOS: BOARD APPROVED INTERIM REPORT AT 30 SEPTEMBER 2013

- MANAGEMENT PLATFORM REVENUES: 70.9 €/MLN (91.6 €/MLN AT SEPTEMBER 2012)
- EBIT[1]: -7.8 €/MLN (-6.1 €/MLN AT SEPTEMBER 2012)
- MANAGEMENT PLATFORM EBIT[2]: -3.5 €/MLN (7.6 €/MLN AT SEPTEMBER 2012)[3]
- EBIT FROM INVESTMENT ACTIVITIES: -4.3 €/MLN (-13.8 €/MLN AT SEPTEMBER 2012)
- FIRST POSITIVE SIGNS OF THE COST CONTAINMENT POLICY ADOPTED BY THE COMPANY WHICH ENABLED IT TO REDUCE OPERATING EXPENSES BY OVER 12 €/MLN IN THE FIRST NINE MONTHS OF THE YEAR
- NET RESULT NEGATIVE FOR 44.2 €/MLN (-171.0 €/MLN AT SEPTEMBER 2012); THIS RESULT IS IMPACTED BY WRITEDOWNS, VALUE IMPAIRMENTS AND RE-ORGANIZATION CHARGES FOR ABOUT 40 €/MLN
- NET FINANCIAL POSITION NEGATIVE FOR 358.1 €/MLN (-520.5 €/MLN AT 31 DECEMBER 2012), HIGHLY IMPROVING AS A RESULT OF THE EQUITY STRENGTHENING AND FINANCIAL REBALANCING EXTRAORDINARY TRANSACTION COMPLETED IN AUGUST 2013
- THE FIRST NINE MONTHS HAVE BEEN IMPACTED BY THE ECONOMIC SITUATION THAT IS STILL HIGHLY NEGATIVE AND BY THE LONGER TIME REQUIRED BY THE EXTRAORDINARY TRANSACTION

Milan, 04 November 2013 – The Board of Directors of Prelios S.p.A. which held its meeting on today's date, examined and approved the consolidated results at 30 September 2013 (which have not been audited yet).

In line with Prelios repositioning as pure asset manager for third party investors, which was the basis for the Group equity strengthening and financial rebalancing extraordinary transaction recently completely, the Company believes that, for the purposes of a correct description of the operating results, the indicator which best reflects the Group performance is the **management platform EBIT**.

Group performance in the first nine months of 2013

The period in question is influenced by the still extremely negative economic situation also experienced by the real estate sector, as well as by the delayed extraordinary transaction referred to above, that was successfully completed at the end of August. Therefore, the Company management was able to entirely focus on the business re-launch, by starting new growth and business development projects, only from September. With regard to the market, the first slow signs of recovery in real economy are observed, which, with reference to the real estate sector, foreshadow a possible reverse trend in early 2014, also due to current repricing policies.

[1] Amount made up of EBIT plus net income from equity investments and income from shareholder loans, adjusted for restructuring costs and property writedowns/revaluations. The value does not consider the impairment loss of the NPL portfolio equal to 4.6 million euro at 30 September 2013 and to 35.8 million euro at 30 September 2012.
[2] Management platform EBIT indicates income generated through fund & asset management operations, specialised real estate services (Integra and agency), services connected with NPL management (credit servicing), as well as general and administrative expenses (G&A).
[3] The value factors in the loss from impairment test negative for 2.5 €/mln

In this scenario, the Group recorded **consolidated revenues** equal to 75.2 million euro vs. 95.8 million euro in the first nine months of 2012. In particular, the **management platform revenues**, in Italy and in foreign countries, amount to 70.9 million euro (91.6 million euro at 30 September of last year).

The EBIT[4] is negative for 7.8 million euro (-6.1 million at September 2012) and made up as follows:

- **Management platform operations** recorded a negative result for 3.5 million euro, against a positive result of 7.6 million euro at September 2012, the latter value, however, included revenues resulting from the closing of a contract relating to past years;

- **Investment activities[5]** were negative for 4.3 million euro (-13.8 million euro in the first nine months of 2012).

The **net result for the period** is negative for 44.2 million euro against a result negative for 171.0 million euro at 30 September 2012. The net result is impacted by devaluations of equity investments and real estate investments, value impairment and restructuring costs for a total amount of nearly 40 million euro, however offset by the positive accounting effects of the extraordinary transaction recently completed, that may be quantified in nearly 40 million euro.

Real estate asset sales[6] in the first nine months of 2013 amounted to 303.6 million euro (478.4 million euro at 30 September 2012), in line with the decline registered in the real estate market in Italy during the year. Real estate transactions were made at values substantially in line with book value. In particular, in **Italy** it recorded sales for 36.8 million euro (235.9 million euro at 30 September 2012), in **Germany** sales totalled 266.8 million euro versus 242 million euro at September 2012, while **Poland**, waiting for some expected urban planning changes, that should facilitate the depletion of stock available in inventory, did not register any sales of properties and areas (0.5 million euro at September 2012).

Consolidated equity amounted to 225.8 million euro (80.4 million at 31 December 2012), while **Group equity** was 220.4 million euro (74.2 million at the end of 2012). The change was mainly attributable for 185 million euro to the capital increase transaction that was completed in August and for 44.2 million euro to the negative result for the period.

The net financial position[7] was negative for 358.1 million euro, recording an increase against 31 December 2012 (when it was negative for 520.5 million euro). The value of the net financial position reflects the effects of the abovementioned equity strengthening and financial rebalancing extraordinary transaction.

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4 Amount made up of EBIT plus net income from equity investments and income from shareholder loans, adjusted for restructuring costs and property writedowns/revaluations. The value does not consider the impairment loss of the NPL portfolio equal to 4.6 million euro at 30 September 2013 and to 35.8 million euro at 30 September 2012.

[3] Investment activities include revenues generated by Prelios through its investments in funds and companies owning properties and Non Performing Loans. The value does not consider the impairment loss of the NPL equal to 4.6 million euro at 30 September 2013 and to 35.8 million euro at 30 September 2012.

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

[7] Excluding receivables for shareholder loans.

Performance of the Business Divisions at 30 September 2013[8]

ITALY REAL ESTATE

The EBIT is negative for 4.6 million euro, in line with the negative value of 4.8 million euro recorded in the first nine months of 2012. This value, however, factored in the one-off income of 3.7 million euro for the closing of a contract relating to previous years. The result is composed of 5.0 million income from the management platform (10.9 million euro in the same period of last year) and from investment activities, having a negative impact for 9.6 million euro (negative for 15.7 million euro at September 2012). The still weak market context, marked by a low number of transactions and by a decline in prices, does not allow the remuneration of investment companies' operating and financial costs; therefore, though costs have decreased compared to 2012, the result from investment activities remains negative.

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

- **Fund Management** posted revenues equal to 16.5 million euro, versus 17.6 million euro in the same period of 2012. The Company EBIT in the first six months of 2013 was equal to 6.9 million euro (in line with the value of 6.7 million euro at 30 September 2012); such activity shall now face the maturity of the entire sector, i.e. a high number of funds that will expire in the next two years, with the consequent entry on the market of a significant number of properties and a possible tension on prices.

- **Integra** (formerly Property & Project) reported revenues for 11.1 million euro at 30 September 2013 (11.5 million euro in the same period of 2012), while the EBIT was equal to 1.2 million euro (5.5 million euro at September 2012, reflecting, as already mentioned, one-off revenues resulting from the closing of a contract relating to past years); real estate services are currently under a thorough re-organization and repositioning process on higher value added activities, the benefits of which will be visible solely in the medium term.

- **Agency**[9] reported revenues for 1 million euro (4.6 million euro in the first nine months of last year) with a negative EBIT for 2.8 million euro (negative for 0.9 million euro at September 2012). Such activity, that suffered the decline in the real estate market more than others, is currently being re-organized with the aim to review its strategic positioning and sale offering.

- **Valuations** (the Group company operating in the sector of valuation of individual properties and real estate assets for office/light industrial and residential use, specialized in valuation services for banks) recorded revenues for 2.8 million euro (3.0 million euro in the first nine months of last year) with an EBIT positive for 0.4 million euro (positive for 0.1 million euro at September 2012).

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

9 These values refer to the institutional component, net of franchising activities assigned on 27 September 2013, as previously disclosed to the market.

GERMANY REAL ESTATE

The German service platform revenues decreased by 9.4 million euro, from 42.3 million euro at 30 September 2012 to 32.9 million euro at 30 September 2013, primarily due to the exit of BauBeCon portfolio from the managed assets.

The **EBIT** was positive for 4.5 million euro vs. 8.1 million euro at 30 September 2012. This result is made up by management platform revenues for 2.8 million euro (7.0 million euro in the same period of 2012), and by investment activities for 1.7 million euro (1.1 million euro at September 2012).

POLAND REAL ESTATE

The **EBIT** was negative for 2.5 million euro (negative for 0.5 million euro at September 2012). This result includes the negative value relative to management platform revenues for 0.3 million euro (it was negative for 0.1 million euro at September 2012) and to investment activities for 2.2 million euro (-0.4 million euro at 30 September 2012). In particular, a master plan is under completion, which is expected to generate the possibility for new constructions extending over a surface of at least 400,000 sq m in the former Lucchini area in Warsaw, of which Prelios owns a 40% shareholding. The result was impacted by the operating and financial costs relative to the area improvement.

NON PERFORMING LOANS

The **EBIT** is positive for 3.3 million euro against a negative value of 1.8 million euro in the same period of 2012 (excluding the portfolio value impairment loss equal to 4.6 million euro in the nine months of 2013 and to 35.8 million euro at September 2012). Such result includes the management platform value, negative for 2.5 million euro (-3.0 million euro at September 2012) and the value of the investment activity in NPLs for 5.8 million euro (positive for 1.2 million euro at September 2012), such value included a capital loss equal to 2.9 million euro relating to the assignment en bloc of some mortgage and unsecured loans held by the subsidiary CFT). Considering the negative impact of 4.6 million euro at September 2013 and of 35.8 million euro in 2012, relating to the impairment loss of the NPL portfolio, the EBIT is negative for 1.3 million euro against a negative value of 37.6 million euro at 30 September 2012.

Collections[10] of non performing loans amounted to 69 million euro against 117 million euro in the same period of 2012.

Following to Prelios decision, in line with the "*pure management company*" strategy, to re-purchase 20% of Prelios Credit Servicing share capital from Credit Agricole, the Company is currently going through an important re-organization process, with a relevant commitment of the management, to re-position itself on non-captive activities.

Events occurred after the closing of the period

On 16 October 2013 Prelios and DGAD International S.à.r.l. implemented the agreements entered into in the first months of 2013 according to which Prelios should purchase 20% of PRECS share capital held by DGAD and sell to DGAD the entire stake held in ENPL equal to 33% of the share capital. By signing such agreement Prelios divests its shares in the investment vehicle and

[10] The value is calculated by adding up NPL collections from consolidated companies to 100% collections from associated companies and joint ventures in which the Group has an interest.

strengthens its stake in the credit servicing company by increasing its shareholding to 100%. The aforementioned transaction is in line with the Group objective to focus as "pure management company" on the extra-captive market, and in particular, (i) 100% control of the Company by Prelios; (ii) development and re-launch of the special servicing activity, through the acquisition of new mandates on the market; (iii) continuation of the so-called regulated activities, i.e. management of Master Servicing, Corporate Servicing and Junior Rappresentative of Noteholders (JRON) services relating to the asset portfolios currently managed under special servicing, also provided to CA-CIB.

Business outlook

The macroeconomic scenario is still characterized by persistent and strong signs of uncertainty regarding the time and methods of a general economic recovery and, in particular, for the domestic real estate market there are still sluggish conditions, which are adversely impacted by still high financial costs. The credit squeeze is continuing, with a negative impact on real estate sale transactions.

From the business viewpoint, 2013 must be considered a transition year, affected by the closing of the well-known extraordinary transaction and by the definition of the consequent re-organization project; the unexpected delay of the completion of the aforementioned transaction compared to the timing initially assumed, due to its complexity and to the number of counterparties involved, allowed the management only from last September to focus on the actions for the actual start of the consolidation and business development activities, in particular the service business, in line with the new group pure management player model strategy. It is therefore confirmed that the pursue of the objectives and guidelines envisaged under the plan are subject to numerous external variables beyond the Company control, such as, by way of example without limitations, the market trend, the macroeconomic framework of reference, the alignment with the various partners with whom the Group invests by qualified minority interests. Therefore, the partial and/or failed achievement of plan objectives, as well as the necessity to possibly adapt it to further needs not envisaged and not foreseeable so far, may have relevant negative impacts on Prelios Group economic and financial situation.

Appointment of the Financial Reporting Officer

On today's date the Board of Directors appointed Elena Capra as Chief Financial Officer and, consequently, Financial Reporting Officer pursuant to Art. 154-bis of the Consolidated Finance Law with effect from completion of the formalities inherent to the approval of the Interim Report as at 30 September 2013.

Calendar of corporate events in 2014

The calendar of the shareholders' and boards' meetings planned for 2014 is shown below:

- **07 March 2014:** Board Meeting for the review of the consolidated and draft Financial Statements at 31 December 2013.
- **17 April 2014:** Shareholders' Meeting for the approval of 2013 Financial Statements (only one call).
- **06 May 2014:** Board Meeting for the review of the Interim Report at 31 March 2014.
- **31 July 2014:** Board Meeting for the review of the Half-Year Report at 30 June 2014.

- **05 November 2014:** Board Meeting for the review of the Interim Report at 30 September 2014.

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Pursuant to Consob Regulations and to the relevant procedure adopted by the Company, the Board of Directors, subject to the prior favourable opinion of the Related Party Transactions Committee, performed the three-year periodical audit of the "Related Party Transactions Procedure", which is available on the Company website at www.prelios.com , section *corporate governance*.

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The Interim Report at 30 September 2013 will be made available to anyone who may request it by 5 November 2013 at the Company's registered office in Milan, Viale Piero e Alberto Pirelli 27 and at the offices of Borsa Italiana S.p.A.. The same documents will also be published on the Company website at www.prelios.com , section *corporate governance*.

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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 adjusted for restructuring costs and real estate asset writedowns/revaluations, excluding the impairment loss of the NPL portfolio; (ii) the net financial position is represented by gross financial debt less cash and other cash equivalents and other current 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

(Euro/million)	SEPTEMBER 2013		SEPTEMBER 2012	
Consolidated revenues:	75.2		95.8	
of which services	*70.9*		*91.6*	
of which others	*4.3*		*4.2*	
Management platform: operating result before restructuring costs, impairment and property writedowns/revaluations	(3.5)		9.0	
Management platform: net income from equity investments before restructuring costs and property writedowns/revaluations	0.0		1.1	
Management platform: impairmant goodwill	0.0		(2.5)	
Total Management Platform: Operating result	**(3.5)**		**7.6**	
Investment activities: operating result before restructuring costs and property writedowns/revaluations	(5.8)		(14.6)	
Investment activities: net income from equity investments before restructuring costs, loss from NPL porfolio valuation and property writedowns/revaluations	(6.9)	(4.3)	(8.6)	(13.8)
Investment activities: income from shareholder loans (1)	8.4		9.4	
Investment activities: loss from NPL portfolio valuation	(4.6)		(35.8)	
Total investment activities: Operating result	**(8.9)**		**(49.6)**	
Operating result	**(12.4)**		**(41.9)**	
Financial income/(expenses)	10.0		(36.8)	
Profit (loss) before restructuring costs, property writedowns/revaluations and income taxes	**(2.4)**		**(78.7)**	
Restructuring costs	(6.9)		(12.5)	
Property writedowns/revaluations	(28.5)		(68.0)	
Result before taxes	**(37.8)**		**(159.2)**	
Income taxes	(6.8)		(10.6)	
Net income/(loss)	**(44.6)**		**(169.8)**	
Minority interests	0.4		(1.2)	
Consolidated net income/(loss)	**(44.2)**		**(171.0)**	

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

2) PRELIOS GROUP - Consolidated income statement

(amounts in thousands of euro)

	01.01.2013-09.30.2013	01.01.2012-09.30.2012
Revenues from sales and services	75,232	95,830
Changes in inventories of work in progress, semi-finished and finished products	(271)	54
Other income	8,774	14,504
TOTAL OPERATING REVENUES	**83,735**	**110,388**
of which with related parties	*41,003*	*53,158*
Raw and consumable materials used (net of change in inventories)	(3,009)	(2,869)
Personnel costs	(44,524)	(48,859)
Depreciation, amortisation and impairment	(1,118)	(4,297)
Other costs	(53,600)	(74,808)
TOTAL OPERATING COSTS	**(102,251)**	**(130,833)**
of which with related parties	*(2,229)*	*(4,325)*
of which non-recurring events	*(7,057)*	*(11,753)*
OPERATING RESULT	**(18,516)**	**(20,445)**
Net income from equity investments of which:	(37,818)	(108,860)
of which with related parties	*(38,304)*	*(108,202)*
of which non-recurring events	*119*	*(724)*
- net profit share from investments in associates and joint ventures	(37,858)	(105,265)
- dividends	398	1,421
- gains on equity investments	459	1,881
- losses on equity investments	(817)	(6,897)
Financial income	49,863	12,527
of which with related parties	*9,205*	*10,173*
Financial expenses	(31,405)	(42,379)
of which with related parties	*(4,517)*	*(14,705)*
RESULT BEFORE INCOME TAXES	**(37,876)**	**(159,157)**
Income taxes	(6,773)	(10,647)
RESULT OF THE PERIOD	**(44,649)**	**(169,804)**
attributable to minority interests	(416)	1,215
CONSOLIDATED RESULT FOR THE PERIOD	**(44,233)**	**(171,019)**

3) PRELIOS GROUP - Consolidated balance sheet

(amounts in thousands of euro)

ASSETS	09.30.2013	12.31.2012
NON-CURRENT ASSETS		
Property, plant and equipment	1,349	1,615
Intangible assets	150,787	151,402
Investments	228,087	236,770
of which available for sale	*3,359*	*3,371*
Other financial assets	13,732	16,577
Deferred tax assets	22,707	24,325
Other receivables	208,971	213,579
of which with related parties	*203,641*	*208,105*
TOTAL NON-CURRENT ASSETS	**625,633**	**644,268**
CURRENT ASSETS		
Inventories	51,336	54,379
Trade receivables	49,715	63,891
of which with related parties	*38,135*	*46,745*
Other receivables	29,505	35,917
of which with related parties	*8,195*	*5,603*
Cash and cash equivalents	111,366	45,090
Tax receivables	6,971	8,465
TOTAL CURRENT ASSETS	**248,893**	**207,742**
TOTAL ASSETS	**874,526**	**852,010**

EQUITY	09.30.2013	12.31.2012
GROUP EQUITY		
Share capital	189,888	218,283
Other reserves	(13,226)	(18,258)
Retained earnings	87,981	115,887
Net loss for the period	(44,233)	(241,734)
TOTAL GROUP EQUITY	**220,410**	**74,178**
MINORITY INTERESTS	**5,384**	**6,213**
TOTAL EQUITY	**225,794**	**80,391**

LIABILITIES	09.30.2013	12.31.2012
NON-CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	463,397	420,993
of which with related parties	*149,497*	*157,389*
Other payables	932	976
Provisions for future risks and expenses	22,125	24,905
Deferred tax provision	2,846	2,495
Employee benefit obligations	11,955	12,568
Tax payables	2,772	7,376
TOTAL NON-CURRENT LIABILITIES	**504,027**	**469,313**
CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	6,274	144,739
of which with related parties	*2,650*	*17,993*
Trade payables	51,116	49,375
of which with related parties	*3,749*	*3,702*
Other payables	55,188	64,060
of which with related parties	*20,727*	*20,639*
Provisions for future risks and expenses	18,549	28,777
of which with related parties	*2,102*	*2,808*
Tax payables	13,578	12,829
of which with related parties	*1,080*	*1,324*
Derivative financial instruments	-	2,526
TOTAL CURRENT LIABILITIES	**144,705**	**302,306**
TOTAL LIABILITIES	**648,732**	**771,619**
TOTAL LIABILITIES AND EQUITY	**874,526**	**852,010**