

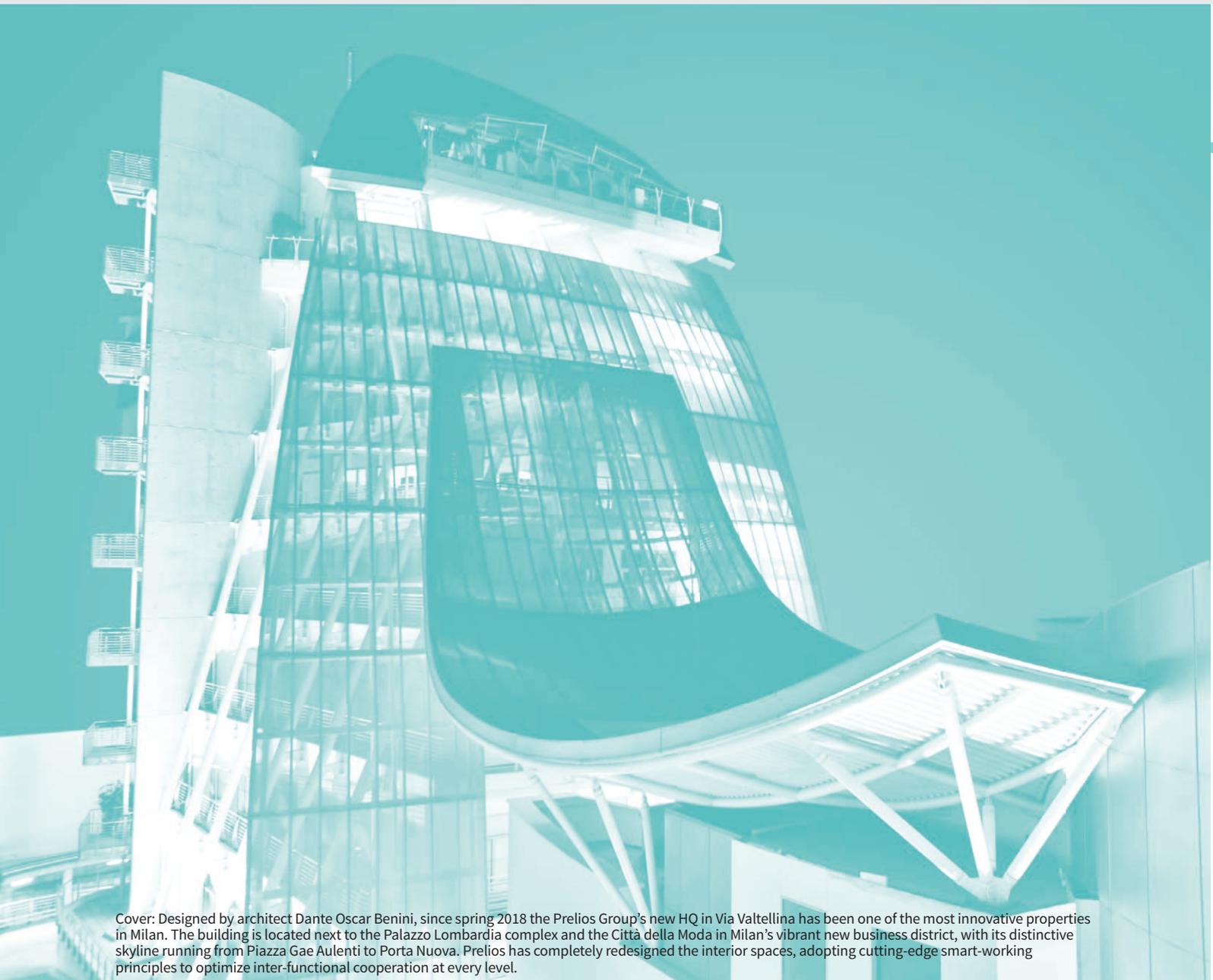


Prelios Group

Alternative Asset Management and High Value-added Services across the Real Estate value chain.

March 2019





Cover: Designed by architect Dante Oscar Benini, since spring 2018 the Prelios Group's new HQ in Via Valtellina has been one of the most innovative properties in Milan. The building is located next to the Palazzo Lombardia complex and the Città della Moda in Milan's vibrant new business district, with its distinctive skyline running from Piazza Gae Aulenti to Porta Nuova. Prelios has completely redesigned the interior spaces, adopting cutting-edge smart-working principles to optimize inter-functional cooperation at every level.

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The Prelios Group.

A unique integrated platform active in Credit Servicing, Fund & Asset Management and Real Estate Services.

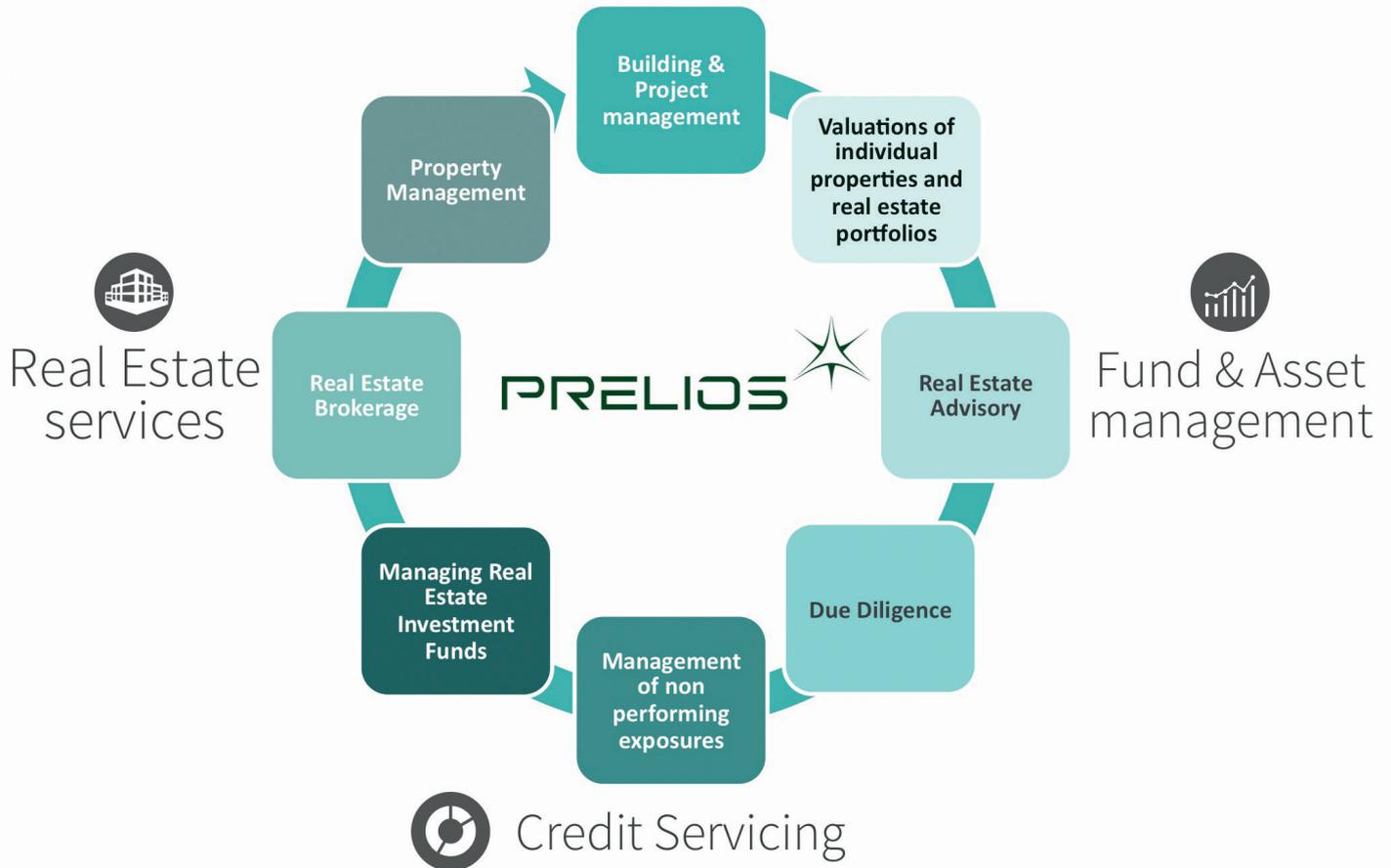
As the gateway to Italy's **asset management, credit servicing and integrated real estate services** market, the Prelios Group's mission is to be the **best Italian performer** in alternative asset management and high value-added services for financial institutions and investors, covering every cycle along the real estate value chain. A **unique integrated platform** working alongside banks, national and international investors, institutional investors, property companies, public bodies, the entire economic system. A Group whose constant and increasing success, rooted in **professionalism, independence and organizational strength**, is reflected in **Assets under Management totaling 34.5 billion Euro**.

The Prelios Group's **unique integrated model** covers the **full range of requirements in the real estate life cycle**: asset management, investment management, technical due diligence, real estate advisory, valuation of individual properties and real estate asset portfolios, building, project and property management, real estate agency & brokerage, funds, and master and special servicing of NPLs and UTPs. Through its **dedicated Business Units**, the Prelios Group offers consolidated know-how and experience in all these areas.

The unique integrated platform



Full RE cycle coverage



Backed by a **track record of more than thirty years**, Prelios' operational arms lead the way in real estate services. Their quality **certifications**, impressive **ratings** from the independent agencies and **international awards** confirm the Group's high standards, reliability, independence and capacity for innovation in an intensely competitive market.



An iconic landmark in central Rome, the Alberto Sordi Gallery is part of the Megas Fund portfolio managed by Prelios SGR.

A success story attracting top professional skills.

Leadership, a proactive approach, innovation, a robust organizational structure and a solid reputation among its clients, certified by the leading ratings agencies.

These are the ingredients of the **Prelios Group's success**, reflected in the **significant growth** recorded in all its businesses.

Key data 2018 vs 2017

35 billion Euro
Assets under Management

Track Record of 30+ Years

470 Employees
+14%

75% Market Share
of all Public Italian
NPL Securitizations

Prelios Credit Servicing
from €9.5bln GBV in 2016
to €24.7bln in 2018

Ranking

4th largest
specialised servicer
in Italy by
bad loans GBV

1st property manager
in Italy by sqm under
management

6th largest specialised
RE asset manager
in Italy by AUM

One of the leading
property valuation
companies
in Italy with +80,000
valuations per annum

Rating

RSS2+/CSS2+
(stable)

FitchRatings

Above Average
(stable)

S&P Global

Prelios Credit Servicing

As its business has grown, the Prelios Group has expanded its **organization**, continuing to strengthen its long-standing excellent reputation as a genuine **school for the best managers** in the real estate sector. As a result, it continues to attract and develop young talents keen to become part of its **success story**. Prelios' strength lies

in its **people**, their proven professionalism and excellent skills. The Prelios Group team covers **every area of expertise in the real estate sector**: asset managers, portfolio managers, lawyers, experts in real estate finance, property technicians, urban planners, architects, engineers, appraisers. It also works with a network

of **more than 1,500 external consultants** located throughout Italy, experts in their respective fields as well as in competitive judicial proceedings. This gives the Group a precise, detailed understanding of industry trends and growth forecasts to assist it in its decision-making, investment strategy planning and risk mitigation.



1.



2.



3.



4.

1. Prelios Agency, specialized in advisory and real estate brokerage, helped Air France-KLM in the search for its new headquarters in Via Battistotti Sassi, 11, Milan.
2. The project for the FICO Hotel in Bologna designed by architects Iosa Ghini Associati is based on total eco-sustainability. The redevelopment is true to the spirit of the original site – the Bologna flower and plant market – and will be the next step in the FICO Eataly World project.
3. The LAGO Shopping Center in Konstanz, managed by Prelios Immobilien Management for its owner Union Investment since the opening in 2004, has won many important awards for Germany's top shopping centers.
4. FICO is a flagship project for the whole Prelios Group. The financial structure was created and managed by Prelios SGR working with the PAI Parchi Agroalimentari Italiani Fund. Prelios Integrated Asset Management was responsible for project management, starting from the initial work on Bologna's former flower and plant market, and will also coordinate the second FICO development phase.

The Prelios business model.

Prelios has developed an **integrated operating service model** that tracks and services NPEs at every stage in the recovery process, for a comprehensive high-quality service leveraging the competences of all the companies in the Group.

➔ **Independent credit servicer with proven experience.**

Prelios has a track record of more than 30 years, and is listed on the register of Italian financial intermediaries (pursuant to art. 106 TUB, Legislative Decree no. 385/93, the Italian Consolidated Law on Banking).

➔ **Unique positioning to manage secured bad loans and UTPs.**

As a unique integrated platform operating

in every phase of the real estate cycle from NPE management/recovery to real estate asset management and commercialization, and the set-up/management of REOCOs, Prelios is the ideal partner for management of secured NPLs and UTPs.

➔ **Leading proprietary IT platform.**

Phoenix, the Prelios proprietary IT platform for NPE management, and the ancillary software developed in-house mainly for master servicing activities can

be seamlessly integrated with banks' IT systems for quick and efficient on-boarding, monitoring and management activities.

➔ **Complete independence and no conflicts of interest.**

The Prelios Group does not directly invest either in the NPE portfolios it manages or in the underlying real estate assets provided as collateral.

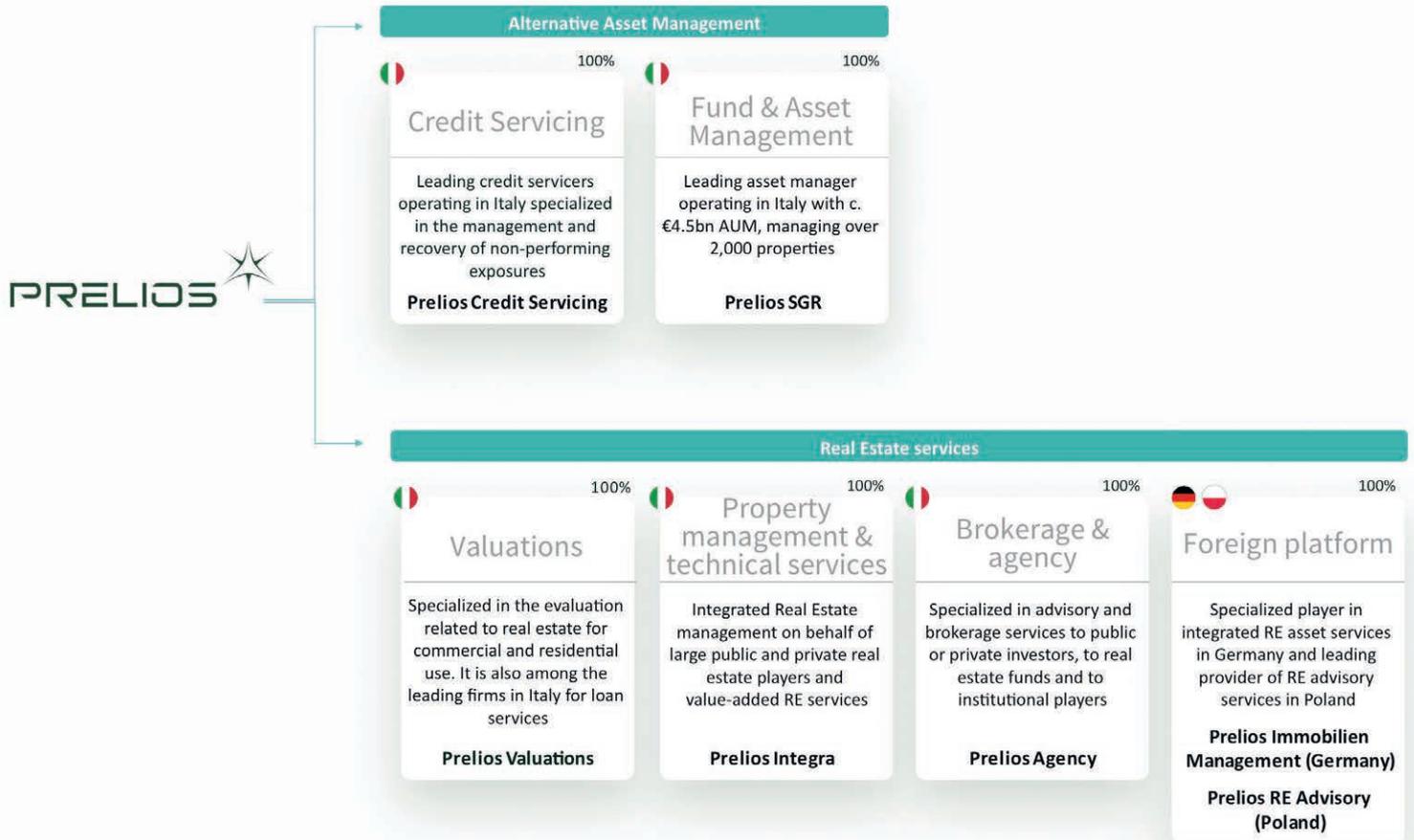
Cannes, March 15, 2018: FICO Eatly World FICO Eatly World is the winner of the MIPIM Award in the Best Shopping Center category.



Prelios Integra is involved in the conservation and restructuring work on the Collegio San Carlo complex, a prestigious historic site in the center of Milan, next to Santa Maria delle Grazie.



Group structure

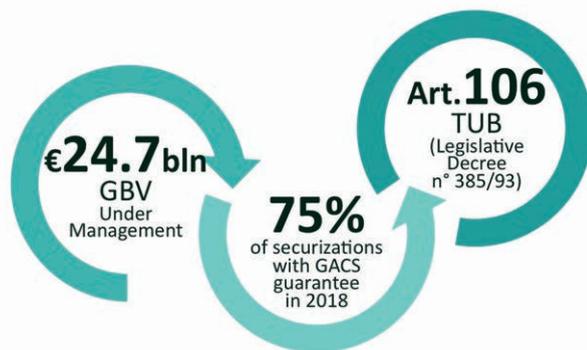


Italy's longest established operator in NPEs.

Prelios Credit Servicing has been the **leading player in the non-performing exposures** sector for **more than thirty years**. Founded in 1987, it has built up a truly **unique track record** to become one of the largest, most reliable and best-qualified independent platforms specializing in the management of non-performing loans, a genuine point of reference in the secured segment.

Prelios Credit Servicing has established itself as a leading Italian player in the sector, achieving impressive growth in managed assets, **from a GBV of 9.5 billion Euro in 2016 to 24.7 billion Euro in 2018**.

This massive expansion stems from the proven effectiveness of Prelios services for client banks, its ratings from the **Standard & Poor's** and **Fitch** agencies (respectively 'Above Average' for its special and master servicing activities and 'RSS2+/CSS2+' for its special servicing activities) and its leadership in securitizations with the **GACS** guarantee. In addition to its own resources working from its offices in Milan and Rome, Prelios Credit Servicing is supported by an important and highly qualified **external network** of more than 1,100 lawyers, loan managers and real estate agents, who help it maintain outstanding levels of service as it acquires new credit portfolios.





Porta Vittoria is a large residential area at the heart of Milan, overlooking an extensive space to be developed into a park, which can now be completed with the support of the Prelios Group.

An integrated approach to UTPs. The next frontier of NPE servicing.

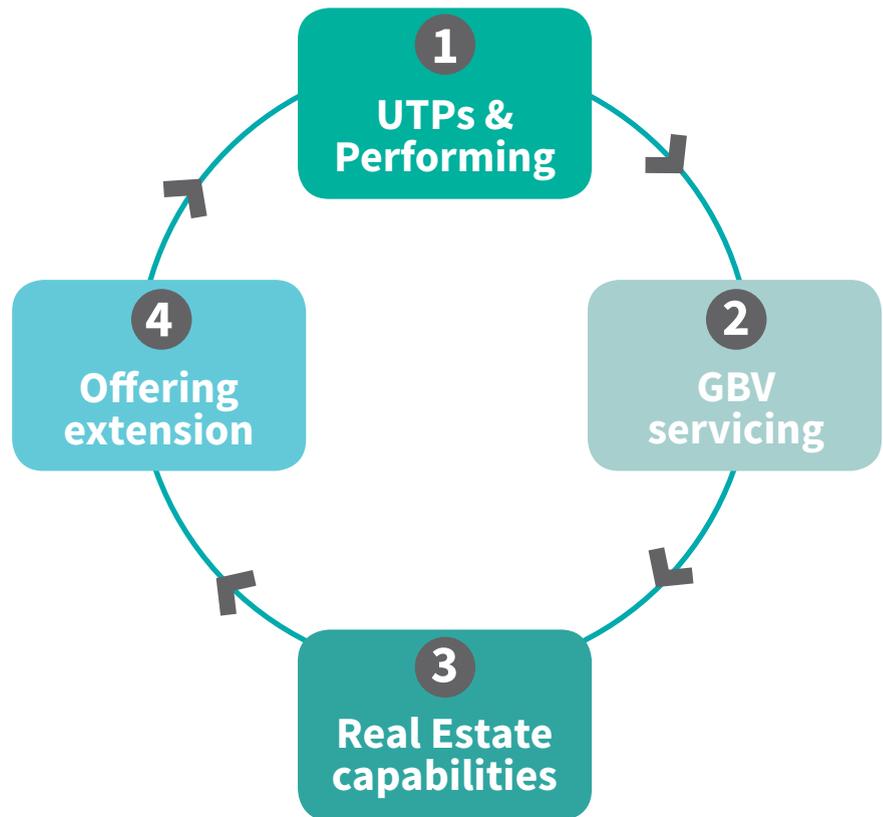
Prelios is already a primary partner for Italian banks tackling the **UTP issue**. NPE stock held by Italy's top 10 banks almost tripled from 2007 to 2012 and has remained stable since then.

Within the banking system as a whole, UTP net stock now outweighs bad loan net stock. Having addressed the most compelling problem of bad loans, today banks need to deal with the UTP question.

At 30 June 2018, Italy's **UTP exposure** amounted to 86 billion Euro (GBV), of which 78% concentrated among the top 10 banks. Deleverage action has been successful on bad loans in the last couple of years, but UTPs will require a different approach.

Given the composition and operational complexity of UTP stock, a pure sale strategy is just one of the potential solutions.

Others being introduced by the market include the creation of private asset management companies and multi-stage deleverage programs.

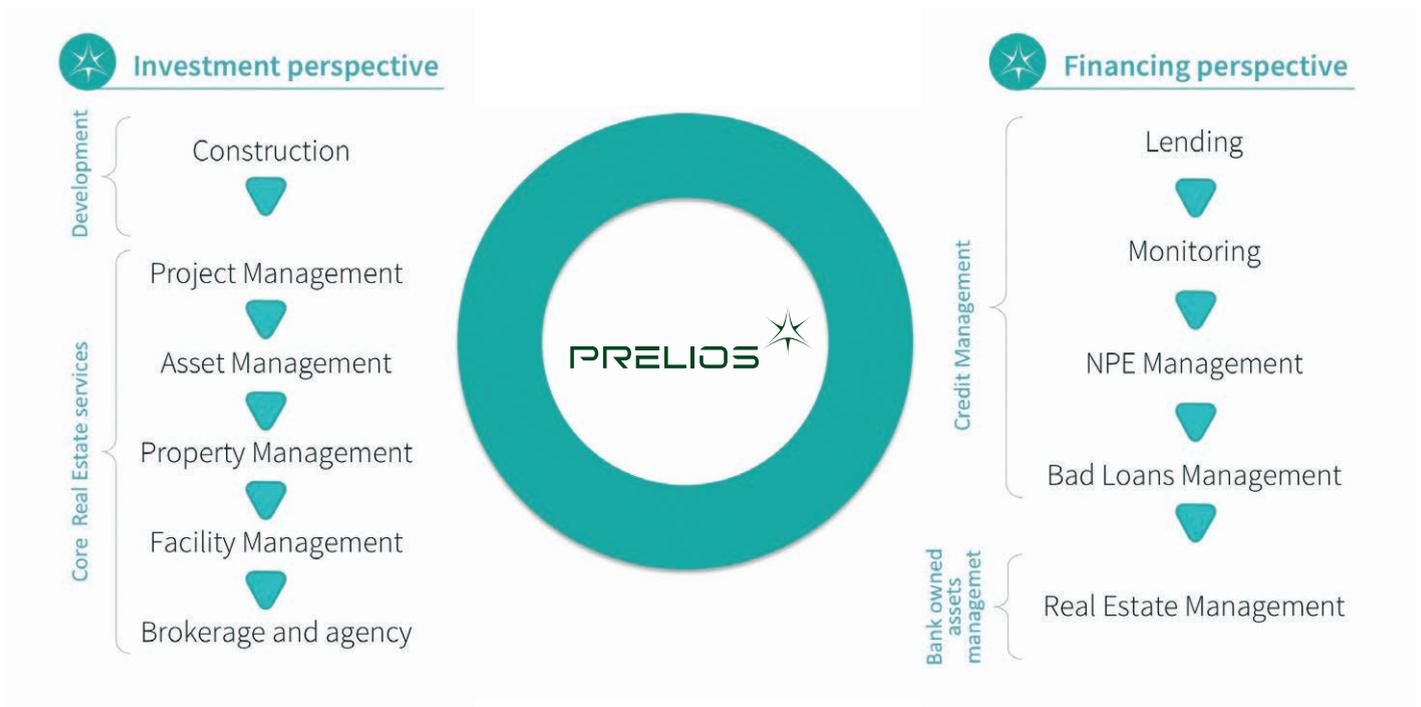


The **next frontier of NPE servicing is proactive UTP management and outsourcing**. The development of a UTP market will require a variety of restructuring, lending and servicing skills.

From both an investment and a financing perspective, the Prelios Group offers the Italian banking system an **integrated approach** rooted in its unique range of competences.

The integrated approach on UTPs

Prelios is already acting as primary partner for Italian Banks to allow them tackling their UTPs issues



Fund management. The power of innovation.

The Italian fund management market is a concentrated and highly competitive sector. Through the long experience and expertise of **Prelios SGR**, the Prelios Group is an Alternative Asset Manager providing management of direct and indirect property risk. With **5 billion Euro** of traditional and innovative real estate assets under management, Prelios SGR ranks **among the top 10 players** with the scale and product innovation skills required to compete successfully.

Prelios SGR is active in **promoting, setting up and managing real estate investment funds**, along with **investment advisory services** for the Italian real estate market and third-party **separate account management**.

Through its considerable know-how and expertise in providing tailor-made services, it currently manages funds for **more than 180 high-standing Italian and international institutional investors**.

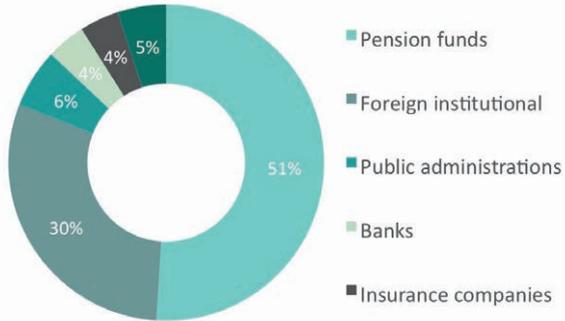


1./2./3. Primo RE Fund portfolio: via dei Vecchietti in central Florence.



INVESTORS

180+ primary Italian and international institutional investors



A **pioneer and trendsetter** in the launch of new investment products, Prelios is currently expanding its product proposition.

- ➔ It has established one of the **first Italian SICAFs**
- ➔ It is also active in **Credit Funds**, a significant development for the management of NPEs backed by real estate assets
- ➔ It has developed **new alternative products** including debt funds, distressed opportunities, social housing, student housing & senior housing, last-mile logistic and social infrastructures
- ➔ It is the protagonist of a series of **success stories**, notably the creation – through the PAI Parchi Agroalimentari Italiani Fund – of **FICO Eatly World** in Bologna, the world's largest agri-food park and winner of the **2018 MIPIM Award**.



Prelios Integrated Asset Management handles the global servicing of the Unicredit Tower in Milan.

Real estate services. Creating value at every stage of the property life cycle.

Prelios is the **leading property manager in Italy** in terms of sq. meters managed (more than **7.6 million sq.m**, for **5.6 billion Euro** of assets). With HQs in **Milan** and **Rome**, Prelios has an in-house **Integrated Asset Management team of 100** highly qualified staff, and works regularly with a broad **network of more than 500 service companies and 120 professionals**, deploying an internationally certified multi-disciplinary approach in line with the highest standards.



Property and
building
management



Project management
& monitoring



Technical,
environmental and
administrative due
diligence



Urban planning & RE
advisory



Energy management



Engineering



General contractor

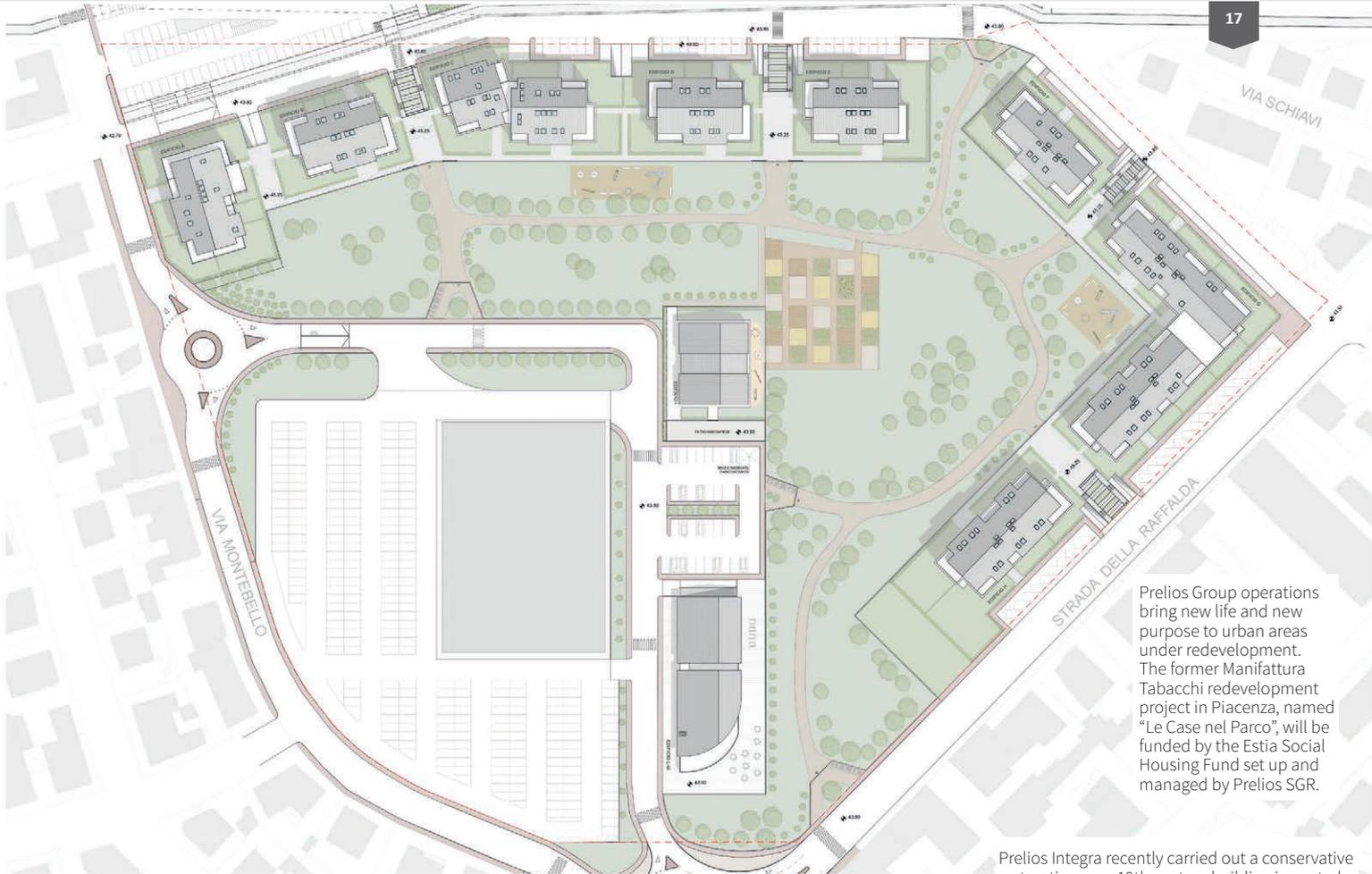


Global Service



Management and advisory for
compliance to environmental
and safety requirements
(Health, Safety & Environment)

The Group's integrated asset management units manage properties on behalf of large public and private real estate players, and plan and develop large-scale initiatives for a wide variety of clients. Their **services** include: Property and building management, Project management & monitoring, Technical, environmental and administrative due diligence, Urban planning & RE advisory, Energy management, Engineering, General contractor, Global Service, Management and advisory for HSE compliance.



Prelios Group operations bring new life and new purpose to urban areas under redevelopment. The former Manifattura Tabacchi redevelopment project in Piacenza, named "Le Case nel Parco", will be funded by the Estia Social Housing Fund set up and managed by Prelios SGR.

The Malaspina residential area in Pioltello, Milan, an immersion of the urban lifestyle in nature.



The Arcadia Center, an office building currently being redeveloped in Via Grosio, Milan, for which Prelios Agency acted as leasing advisor.



Prelios Integra recently carried out a conservative restoration on a 19th century building in central Milan, included on the Italian Architectural Heritage Department's list of protected properties. The building is located in Via Durini 18, in the heart of the city's design district.



A highly regarded specialist in value-added real estate services.

Backed by **over 20 years of experience**, the Prelios offer covers a **complete range of technical, valuation and brokerage & agency services**.



Loan services
Valuation of property used as collaterals



Full appraisals
Valuation of individual complexes and property portfolios



Risk management solutions
Innovative tools mainly for financial institutions to manage the real estate credit risk

With an average of **80,000 valuations per year**, the Prelios Group is one of the **leading Italian property valuers**, delivering a high-quality service through an extensive network of professionals (more than 1,300), while its significant expertise in big data means its proprietary IT platforms can be fully integrated into clients' internal management systems.

Key services include:

- ➔ **Loan services**
Valuation of properties used as collateral.
- ➔ **Full appraisals**
Valuation of individual properties and property portfolios.
- ➔ **Risk management solutions**
Innovative tools to manage real estate credit risk, intended mainly for financial institutions.

1. The Arcadia Center, which will house Volkswagen's new offices in Milan, will undergo a complete renovation, under the project developed by architect Giuseppe Tortato.

2. Prelios Agency helped AF-KLM in the search for its new headquarters in Milan.



The project for the FICO hotel in Bologna, designed by architects Iosa Ghini Associati, is based on total eco-sustainability for both the building and the interiors, with 200 bedrooms, meeting and conference rooms, two swimming pools, a fitness center and a spa.



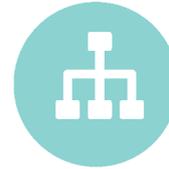
In **agency & brokerage services**, the Prelios Group is one of Italy's leading players. Its specialist **teams of highly qualified professionals** offer a complete range of **advisory, brokerage** and **agency** services for **private and institutional investors**.



Residential
Residential buildings
(both existing and
new developments)



Institutional Leasing
Leasing of offices and
commercial premises



Network Transaction
Marketing of RE
portfolios owned by
institutional investors



Capital Markets
Purchase/sale of
high-value individual
properties/portfolios



- ➔ **Residential**
Residential buildings (existing properties and new developments).
- ➔ **Institutional Leasing**
Leasing of offices and commercial premises.

- ➔ **Master Agency**
Disposal of large, mainly distressed granular properties.
- ➔ **Capital Markets**
Purchase/sale of high-value individual properties/portfolios.





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Prelios Group Integrated Communication & External Relations

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