

Bit Market Services

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PRESS RELEASE

PRELIOS: BOD APPROVED DATA AT 30 JUNE 2015
RESULTS IMPACTED BY TEMPORARY DECLINE IN AUM IN ITALY
LOSS REDUCED BY ONE THIRD AGAINST THE SAME PERIOD OF LAST YEAR

- GROUP REVENUES EQUAL TO 32.8 €/MLN (35.2 €/MLN AT 30 JUNE 2014)
- GROUP EBIT NEGATIVE FOR 10.7 €/MLN (-5.6 €/MLN AT 30 JUNE 2014)
- MANAGEMENT PLATFORM REVENUES EQUAL TO 29 €/MLN (34.9 €/MLN AT 30 JUNE 2014)
- MANAGEMENT PLATFORM EBIT¹ NEGATIVE FOR 3.6 €/MLN (-0.2 €/MLN AT 30 JUNE 2014)
- EBIT FROM FOREIGN SERVICE MANAGEMENT PLATFORM (GERMANY + POLAND) EQUAL TO 1.8 €/MLN VS. 1.1 €/MLN IN 1H 2014
- EBIT FROM INVESTMENT ACTIVITIES² EQUAL TO -7.1 €/MLN (-5.4 €/MLN AT JUNE 2014)
- NET FINANCIAL POSITION NEGATIVE FOR 191.1 €/MLN (IT WAS NEGATIVE FOR 185.2 €/MLN AT 31 MAY 2015)
- GROUP NET RESULT NEGATIVE FOR 13.1 €/MLN, LOSS REDUCED BY APPROXIMATELY ONE THIRD VS. -37.6 €/MLN AT 30 JUNE 2014

Milan, 29 July 2015 – The Board of Directors of Prelios S.p.A., that held its meeting on today's date, examined and approved the Half-Year Report at 30 June 2015.

Group performance at 30 June 2015

The Group reported **consolidated revenues** equal to **32.8 million euro** (35.2 million euro at 30 June 2014), made up of **Italian and foreign management platform revenues for 29 million euro**, recording a decrease versus 34.9 million euro in the same period of 2014.

The Group net result in the first semester of 2015 records a loss for 13.1 million euro, i.e. nearly one third of the loss recorded in the same period of 2014, equal to **37.6 million euro**. **The net result**, differently from what occurred in 2014, was only marginally impacted by items that are not part of the ordinary operation, and namely:

1. Management platform EBIT indicates income generated by the Company through fund 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) for -5.2 million euro (-6.2 million euro at 30 June 2014).

2. EBIT from Investment Activities is the value generated by the Group through its equity investments in funds and investment companies. The value does not include the value impairment of the NPL portfolio (equal to 0.7 million euro in the first semester of 2014).

- **real estate revaluations/writedowns**, with a positive impact for **2.5 million euro** (negative for **21.2 million euro** at 30 June 2014);
- **restructuring costs**, with a negative impact for **2.0 million euro** versus **1.8 million euro** in the first semester of 2014. Such data primarily includes costs related to the Group rationalization, bad debts and waivers made in the framework of the debt restructuring plan of some subsidiaries;
- **the result deriving from the assets and liabilities transferred and/or to be transferred**, which had a positive impact for **3.2 million euro** against the adjusted estimate of the residual cash flows from the disposition of the German residential portfolio called DGAG that was transferred in 2014 to the company Buwog (100% of Austrian Group Immofinanz), together with the residential management platform related to Prelios Deutschland.

The EBIT³ is negative for **10.7 million euro** (**-5.6 million** at 30 June 2014) and is made as follows:

- the **EBIT from management platform, including Holding costs and G&A**, is equal to **-3.6 million euro** (**-0.2 million euro** at 30 June 2014). The decrease is mainly attributable to service activities in Italy;
- **investment activities**, i.e. what has been generated by Prelios through its equity investments in funds and companies that hold real estate assets and Non Performing Loans, the **EBIT** of which is equal to **-7.1 million euro** (**-5.4 million euro** at 30 June 2014). The sales of properties completed in the first semester of 2015 (data referred to 100% of the sales of properties made by subsidiaries, affiliated companies, joint ventures and funds in which the Group holds equity investments) amounted to **472.1 million euro** vs. **312.1 million euro** in the first semester of 2014. This data confirms the objective of the acceleration of the process for the disposition of real estate assets. Transactions occurred at values substantially in line with book value.

The net consolidated equity at 30 June 2015 is positive for **93.4 million euro** against a value positive for **107.3 million euro** at 31 December 2014. The variation recorded in the period is largely attributable to the loss for the period.

The net financial position⁴ is negative for **191.1 million euro** (it was negative for **185.2 million euro** at 31 May 2015 and negative for **187.6 million euro** at 31 December 2014).

3. EBIT indicates the value 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 include the impairment loss of the NPL portfolio (equal to 0.7 million euro in 1H 2014).

4. Excluding receivables for shareholder loans.

Performance of the Business Divisions at 30 June 2015⁵

ITALY

The EBIT from the **Management Platform in Italy** at 30 June 2015 is positive for **1.6 million euro** (at 30 June 2014 it was positive for **4.7 million euro**). In particular, the performances of the domestic management platform reflect a decline in revenues which is attributable to a temporary and physiological reduction in AuM.

Prelios SGR Fund Management reported revenues for **7.4 million euro (10.3 million euro** in the same period of 2014) and an EBIT equal to **1.1 million euro (3.7 million euro** at 30 June 2014).

The decline in revenues is attributable to the exit from the listed fund Olinda Fondo Shops, the winding-up of which was completed in the first semester of this year, as well as to the reduction in the management fees relating to Fondo Tecla, the term of which has been extended. Finally, in the first semester, Prelios SGR completed the process for the winding-up of a speculative fund reserved for institutional investors following to an organized asset disposition process.

At 30 June 2015 Prelios SGR manages 25 funds in total, of which 13 are ordinary funds (including one listed fund) and twelve are speculative funds, in addition to a contract for the management of the process for the disposition of a real estate asset portfolio. With regard to new projects, in the period of reference Prelios SGR established the new fund called Aurora by contributed assets and was assigned the mandate for the management of another fund with contributed assets. In both cases the Funds are reserved for leading institutional investors. Moreover, the activities aimed at increasing the assets under management have continued through the acquisition and the contribution of new properties by the funds under its management.

Prelios Credit Servicing reported **revenues for 3.0 million euro** in the first semester of 2015, recording a decrease versus **4.9 million euro** in the first semester of 2014, a value that was still positively impacted by the management of some portfolios related to the joint venture with DGAD International S.à.r.l.. **The operating result at 30 June 2015 was negative for 1.8 million euro** against a positive value for **0.2 million euro** recorded in the first semester of 2014. The difference fully reflects the aforesaid decline in revenues resulting from the reduction in volumes under management. As it is known, in February 2015, following to the agreements negotiated starting from July 2014, Unicredit entered into the long-term strategic agreement with Fortress-Prelios alliance, which envisages:

- the sale to Fortress affiliated companies of the entire stake in UniCredit Credit Management Bank S.p.A. ("UCCMB"), including an NPL portfolio for a gross value of about 2.4 billion euro;
- the main terms and conditions of a long-term strategic contract in relation to the management of current and future distressed loans of small and medium size. Fortress and Prelios agreed to collaborate as industrial partners in the management of some distressed loans.

The transaction completion is subject to regulatory authorizations and standard conditions for this type of transactions. This agreement will contribute to make the Italian credit servicing market more

5. It should be noted that the results indicated in this paragraph (net of restructuring costs and property writedowns/revaluations) refer to the result of the service activities as well as of investment activities and include the proceeds from shareholder loan, while they do not include the relevant G&A/holding costs).

independent and represents a positive step for the sector development, as it already occurred in other European countries.

Prelios Integra generated **revenues for 9.4 million euro (9.6 million euro** in the first semester 2014) with an **EBIT positive for 1.1 million euro**, a value that has remained unchanged compared to the first semester 2014. Prelios Integra is a leading Italian operator in the sector of integrated services for property management and project development, with about 5 billion euro worth properties under management for over 5.4 million sq m. During 2015, the Company continued the process, already started in the previous year, for its conversion from a Business Unit with mainly captive clients into a service company capable to compete on the market independently from the Group to which it belongs, introducing and developing third party clients with strategic objectives of external growth.

Prelios Agency recorded **revenues for 1.3 million euro** (in line with the data recorded in 1H 2014) with an **EBIT negative for 0.8 million euro** (which was negative for **0.6 million euro** at 30 June 2014). In particular, during the first semester of 2015, the company acquired new mandates and renewed sale agency agreements for about 311 million euro as well as important lease agency mandates relating to about 2,200 sq m and with rents equal to about 0.5 million euro. The volumes intermediated by the Company reached a value of 98.2 million euro against 18.9 million euro in 1H 2014. Recently, an annual lease contract has been entered into with Telecom Italia S.p.A. relating to the re-negotiation of rents for industrial and mixed-use properties.

Prelios Valuations is a leading Italian independent operator in the sector of appraisal of single properties and real estate asset portfolios for office/light-industrial and residential use and is specialised in valuation services for banks. Prelios Valuations recorded **revenues for 2.8 million euro (2.5 million euro** at 30 June 2014) with an **EBIT positive for 0.3 million euro (0.6 million euro** at June 2014). In the first semester of 2015 the company has been awarded the following tender contracts:

- Unicredit (UBIS): auction for the supply of “Corporate” appraisal services for Unicredit S.p.A.;
- Unicredit (Arianna Project): valuation of properties repossessed by the banks of Unicredit Group;
- Hypo Alpe Adria: property valuation services;
- REAM SGR: independent appraiser of Fondo Social & Human Purpose, a fund exclusively participated by some Piedmont Bank Foundations, and dedicated to the investment in properties used for collective social purposes.

GERMANY

The **revenues** from the German service platform at 30 June 2015 were equal to **5.6 million euro (6.1 million euro** at 30 June 2014). The decrease in revenues is mainly due to the loss of some third party mandates that expired at the end of 2014, which have not yet been fully offset by the acquisition of new business. The **EBIT** was positive for **1.9 million euro (1.3** at 30 June 2014).

POLAND

The results recorded by the management platform in Poland were substantially in line with those of last year: revenues equal to **0.2 million euro (0.1 million euro** at 30 June 2014), and an EBIT negative for **0.1 million euro** (negative for **0.2 million euro** in the first semester of 2014).

Business Outlook

Considering the better outlook of the market of reference, Prelios has identified and has been implementing a number of initiatives aimed at the company reorganization and at maintaining business continuity conditions; a series of actions and initiatives are actually continuing successfully for the implementation of the plan guidelines as defined by the Group single Business Units.

From the operating viewpoint, the year 2015 – which is the year marking the company transition to the pure management company model – will be dedicated to the re-launch of Prelios as European group of reference in the sector of real estate and financial services.

To this end, in line with what was previously disclosed to the market, the Board of Directors at its meeting of 29 July 2015 gave the company management the green light to continue the finalization of the activities aimed at achieving the objective of the company repositioning as a pure management company, while the Company is continuing the activities aimed at permitting the realization of the spin-off of the investment business and the service business, with the purpose of accelerating the achievement of the aforementioned objective, in the framework of a redefinition of the Group activities and of an overall financial and equity strengthening.

The Financial Reporting Officer of Prelios S.p.A. Dr. Marco Andreasi, 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, and in particular, the section “Business outlook”, contains forecast statements. These forecasts are based on the current estimates and projections of the Group in relation to future events and, by their nature, these are subject to inherent risk and uncertainty elements. The actual results could be significantly different from those contained in said forecasts due to several factors, including a continuous volatility and a further deterioration of capital and stock markets, any change in macroeconomic conditions and in the economic growth, and any other change in business conditions, in addition to other factors, the majority of which is not under the Group's control.

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 net of restructuring costs and property writedowns/revaluations and of the impairment loss of the NPL portfolio; (ii) the net financial position, 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)	JUNE 2015	JUNE 2014
Consolidated revenues:	32.8	35.2
<i>of which services</i>	29.0	34.9
<i>of which others</i>	3.8	0.3
Management platform: operating result before restructuring costs, impairment and property writedowns/revaluations	(4.0)	6.0
Management platform: net income from equity investments before restructuring costs and property writedowns/revaluations	0.4	(6.2)
Total Management Platform: Operating result	(3.6)	(0.2)
Investment activities: operating result before restructuring costs and property writedowns/revaluations	(6.5)	(4.2)
Investment activities: net income from equity investments before restructuring costs and property writedowns/revaluations	(2.5)	(4.3)
Investment activities: income from shareholder loans (1)	1.9	3.1
Investment activities: loss from NPL portfolio valuation	0.0	(0.7)
Total Investment Activities: Operating result	(7.1)	(6.1)
Operating result	(10.7)	(6.3)
Financial expenses	(4.4)	(10.9)
Profit (loss) before restructuring costs, property writedowns/revaluations and income taxes	(15.1)	(17.2)
Restructuring costs	(2.0)	(1.8)
Property writedowns/revaluations	2.5	(21.2)
Result before taxes	(14.6)	(40.2)
Income taxes	(1.7)	(3.0)
Net income (loss) from continuing operations	(16.3)	(43.2)
Minority interests	0.0	0.7
Consolidated net income/(loss) before discontinued operations	(16.3)	(42.5)
Net income (loss) from discontinued operations	3.2	4.9
Consolidated net income/(loss)	(13.1)	(37.6)

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

2) PRELIOS GROUP - Reclassified Consolidated Balance Sheet

(Euro/million)	JUNE 2015	DECEMBER 2014
Fixed assets	330.3	334.2
of which investments in real estate funds and investment companies and shareholder loans granted (1)	256.0	273.6
of which goodwill	56.4	56.4
Net working capital	19.3	17.0
Discontinued operations	2.7	12.2
Net invested capital	352.3	363.4
Equity	93.4	107.3
of which group equity	91.0	104.8
Provisions	67.8	68.5
Net financial position from operating activities	191.1	187.6
Total covering net invested capital	352.3	363.4

(1) The item includes equity investments in associates, joint ventures and other equity investments (148.7 million euro), receivables for shareholder loans (93.0 million euro), investments in real estate funds (9.9 million euro, recognised among "Other financial assets" in the consolidated balance sheet) and junior notes (4.8 million euro, recognised among "Other financial assets" in the consolidated balance sheet). The figures for June 2015 include provisions for equity investment writedowns of 0.4 million euro (as at December 2014).

3) PRELIOS - Co-invested and third parties real estate assets by country and segment

(Euro/billion)		Market Value JUNE 2015 (***)		Market Value DECEMBER 2014 (***)
TOTAL CO-INVESTED AND THIRD PARTIES REAL ESTATE ASSETS		5.1		5.4
NON PERFORMING LOANS		0.2		0.2
REAL ESTATE		4.9		5.2
of which participated		2.5		2.9
of which ITALY	4.1	84%	4.1	79%
of which GERMANY/POLAND (*)	0.8	16%	1.1	21%
	4.9		5.2	
ITALY participated				
	DEVELOPMENT & OTHER (**)	0.3		0.4
	RESIDENTIAL & TRADING	0.3		0.3
	COMMERCIAL	1.1		1.1
	TOTAL ITALY	1.7		1.8
GERMANY participated				
	COMMERCIAL	0.7		1.0
	TOTAL GERMANY	0.7		1.0
POLAND participated				
	DEVELOPMENT & OTHER	0.1		0.1
	TOTAL POLAND	0.1		0.1

(*) At June 2015 Poland is approx 1% on real estate portfolio (as at December 2014).

(***) Of which 0.2 billion euro in land at June 2015 (as at December 2014).

(***) Values determined by independent appraisers at the end of the period.

4) PRELIOS GROUP - Consolidated Income Statement

(amounts in thousands of Euro)

	01.01.2015- 06.30.2015	01.01.2014- 06.30.2014
Revenues from sales and services	32,755	35,175
Changes in inventories of work in progress, semi-finished and finished products	(2,557)	(190)
Other income	3,733	3,787
TOTAL OPERATING REVENUES	33,931	38,772
<i>of which with related parties</i>	11,836	13,187
<i>of which non-recurring events</i>	34	182
Raw and consumable materials used (net of change in inventories)	(999)	(1,291)
Personnel costs	(18,168)	(18,349)
Depreciation, amortization and impairment	(325)	(333)
Other costs	(27,480)	(25,889)
TOTAL OPERATING COSTS	(46,972)	(45,862)
<i>of which with related parties</i>	(2,640)	(3,412)
<i>of which non-recurring events</i>	(2,116)	(1,997)
OPERATING RESULT	(13,041)	(7,090)
Net income from equity investments of which:	875	(24,654)
<i>of which with related parties</i>	460	(24,689)
- portion of result of associates and <i>joint ventures</i>	598	(23,172)
- dividends	404	-
- gains on equity investments	11	35
- losses on equity investments	(138)	(1,517)
Financial income	7,253	3,737
<i>of which with related parties</i>	1,989	3,150
Financial expenses	(9,641)	(12,196)
<i>of which with related parties</i>	(261)	(500)
RESULT BEFORE INCOME TAXES	(14,554)	(40,203)
Income taxes	(1,700)	(2,953)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(16,254)	(43,156)
of which attributable to minority interests	(16)	(665)
Net income (loss) from discontinued operations	3,178	4,912
<i>of which with related parties</i>	-	8,758
CONSOLIDATED RESULT FOR THE PERIOD	(13,060)	(37,579)

5) PRELIOS GROUP - Consolidated Balance Sheet

(amounts in thousands of Euro)

ASSETS	06.30.2015	12.31.2014
NON-CURRENT ASSETS		
Property, plant and equipment	802	853
Intangible assets	59,055	59,082
Investments	147,966	150,104
<i>of which held for sale</i>	-	3,849
Other financial assets	29,884	16,254
Deferred tax assets	7,885	8,310
Other receivables	98,287	113,596
<i>of which with related parties</i>	90,388	108,355
TOTAL NON-CURRENT ASSETS	343,879	348,199
CURRENT ASSETS		
Inventories	40,000	43,472
Trade receivables	35,316	35,074
<i>of which with related parties</i>	18,019	18,758
Other receivables	18,755	17,773
<i>of which with related parties</i>	8,859	8,834
Cash and cash equivalents	73,151	77,192
Tax receivables	2,420	3,013
TOTAL CURRENT ASSETS	169,642	176,524
DISCONTINUED OPERATIONS	2,652	12,164
<i>of which with related parties</i>	2,652	9,964
TOTAL ASSETS	516,173	536,887
EQUITY	06.30.2015	12.31.2014
GROUP EQUITY		
Share capital	49,216	426,432
Other reserves	(12,280)	(15,940)
Retained earnings	67,084	(244,539)
Net income (loss) for the period	(13,060)	(61,149)
TOTAL GROUP EQUITY	90,960	104,804
MINORITY INTERESTS	2,470	2,488
TOTAL EQUITY	93,430	107,292
LIABILITIES	06.30.2015	12.31.2014
NON-CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	255,134	256,434
Other payables	524	524
Provisions for future risks and expenses	37,194	40,187
Deferred tax provision	2,477	2,156
Employee benefit obligations	11,898	12,080
Tax payables	-	122
TOTAL NON-CURRENT LIABILITIES	307,227	311,503
CURRENT LIABILITIES		
Bank borrowings and payables to other financial institutions	9,181	8,490
<i>of which with related parties</i>	6,576	6,576
Trade payables	49,359	47,316
<i>of which with related parties</i>	3,324	3,063
Other payables	35,221	40,917
<i>of which with related parties</i>	5,125	19,039
Provisions for future risks and expenses	16,618	14,510
<i>of which with related parties</i>	418	418
Tax payables	5,137	6,859
<i>of which with related parties</i>	1,080	1,080
TOTAL CURRENT LIABILITIES	115,516	118,092
TOTAL LIABILITIES	422,743	429,595
TOTAL LIABILITIES AND EQUITY	516,173	536,887

Fine Comunicato n.0579-54

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