



Press Release

Preliminary sale and rental agreements for the property estate of Via San Marco and Via Solferino signed with Blackstone Real Estate Partners Europe IV

Milan, 13 November 2013 – RCS MediaGroup announces – following the resolution passed by the Board of Directors on 5 November this year – that it has today signed the preliminary agreement for the sale of the property estate of Via San Marco and Via Solferino with Blackstone Real Estate Partners Europe IV (referred to below as Blackstone Real Estate Partners), for a total price of EUR 120 million.

The above-mentioned property estate, which is currently represented by a single land registry record, will be divided into three parts that will represent three different blocks: Block 1 (historical building, headquarters of Corriere della Sera in Via Solferino), Block 2 (Area situated in Via Moscova and Via San Marco), and Block 3 (Area in Via Balzan).

The total sale price of EUR 120 million is split as follows: EUR 30 million for Block 1 (subject to the constraint described above); EUR 66 million for Block 2; and EUR 24 million for Block 3. This price is substantially in line with the valuation by a leading real estate advisor for RCS MediaGroup.

The signing of the final sale agreements, which will take place per individual block, following the related split, is due by 31 December this year. The effectiveness of the sale agreement for Block 1 will be conditional on the non-exercise of the right of pre-emption by the Competent Authorities, with reference to the constraint placed on the historical building by the Regional Department for Cultural Heritage and Landscape of Lombardy – Ministry of Heritage and Culture, at the request of the Superintendence for Architectural Heritage and Landscape of Milan.

The signing of the preliminary sale agreement entails a security deposit for an amount of 10% of the total consideration. Upon signature of the final sale agreements, EUR 90 million will be received (for Block 2 and Block 3); the remaining consideration, for Block 1, will be received – in the amount of EUR 18 million – upon satisfaction of the condition precedent and – EUR 12 million – by 31 October 2014. This last amount will be secured by a an on-demand bank guarantee.



The agreement includes a commitment, for at least 12 months from the completion of the sale, not to sell the entire property estate or its individual blocks to third parties; in addition RCS MediaGroup will maintain a right of first offer over Block 1, if the property is put up for sale, and this right will be valid for the entire period of use of this property by the RCS Group.

At the same time a preliminary rental agreement was signed between RCS MediaGroup and Blackstone Real Estate Partners, which provides for the subsequent signature of agreements at market values with effect from the execution of the sales and with different durations for the different Blocks: 9 years with renewal option in favour of RCS to renew for a further 6 years for Blocks 1 and 3; and 6 years with the right of withdrawal in favour of RCS effective at the end the second year for Block 2, whose surface area is 62% of the overall surface area. This option is useful for the optimal use of the spaces, also of the headquarters in Via Rizzoli.

The annual amount of the individual agreements is around EUR 2 million for Block 1, EUR 6.1 million for Block 2 and EUR 1.7 million for Block 3, in addition to the cost of rental of parking spaces of around EUR 510 thousand. With effect from the fourth year, the annual rentals for Blocks 1 and 3 will be increased overall by EUR 120 thousand.

This property sale, which is part of the activities envisaged and announced in the Three-Year Plan, concludes a long and comprehensive process, which was examined in various board meetings, and was approved on 5 November 2013.

The process in fact started in December 2012 with the announcement of the 2013-2015 Development Plan, whose conditions included the progressive disposal of non-core assets. In particular, in the process relating to the sale of the property estate, the Company used Banca IMI S.p.A. as Financial Advisor and – over time – has requested property valuations from independent appraisers, the last of which was Reag. The Advisor preliminarily contacted over 30 Italian and international leading operators and investors, 16 of which were later sent an information document describing the features of the entire complex, asking for offers solely for Blocks 2 and 3. This was then followed by a process of selection of potential bidders from May, with the objective of completing the transaction by the end of the year, in line with the provisions of the plan. From the initial feedback it emerged that – given the conditions of the property market with a high level of untenanted properties in the Milanese area – a very small number of investors were interested in a transaction that did not provide for a complete re-rental of the property portions offered, with the real risk that the transaction would not be able to be concluded other than at highly unfavourable prices. At the same time, it emerged that certain investors were, instead, interested in making an offer for the entire property complex, again including rental, but more compatible with the Company's needs. As a result, offers were assessed that also included the historical building in Via Solferino. Based on the five non-



binding offers received for the entire complex by the Advisor, the Company, which were submitted to the attention of various board meetings during June and July, on 7 August the Company announced the continuation of exclusive negotiations with Blackstone Real Estate Partners, which submitted the most attractive bid both in financial terms and in relation to the probability of maintaining the objective of the timing set, as it was not constrained to the obtaining of a bank loan. The related data-room was set up, after which Blackstone Real Estate Partners confirmed its desire to proceed with the closing of the transaction. The negotiations proceeded further from 30 September to date, with progress updates submitted regularly to the Board.

From a financial perspective the overall value of this property transaction is in line with the provisions of the 2013-2015 Development Plan, even though the plan only envisaged the sale of Block 2 and Block 3. In addition to the remarks already made regarding the sale, it should also be noted that in September the above-mentioned constraint was added and that the value of the transaction – taking account of the re-rental described above – is in line with the figures provided by the independent appraiser. Lastly, it should be noted that the sale value is higher than the carrying value at both consolidated level and Parent Company level. The transaction therefore allows the Group to maintain and continue to pursue its Plan objectives, as announced to the market.

For additional information:

RCS MediaGroup – Corporate Media Relations

Maria Verdiana Tardi - 02 2584 5412 - +39 347 7017627 - verdiana.tardi@rcs.it

RCS MediaGroup - Investor Relations

Selene Litta Modignani – 02 2584 3390 - +39 366 5836973 – selene.littamodignani@rcs.it

www.rcsmediagroup.it