

RenoDeMedici



New loan agreements

Pontenuovo di Magenta, 6 April 2006

Reno De Medici S.p.A. and RedIm S.r.l. have stipulated the new loan agreements, respectively for Euro 60 and 40 million, aimed at the repayment of the Debenture Loan.

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Reno De Medici S.p.A. (“RDM”) has stipulated today with Banca Intesa S.p.A., SanpaoloIMI S.p.A. and Unicredit Banca d’Impresa S.p.A. the Euro 60 million term loan agreement (the “RDM Loan”).

On the same occasion, RedIm S.r.l. (“RedIm”) has stipulated with Banca Intesa S.p.A. the Euro 40 million loan agreement (the “RedIm Loan”).

The proceeds of the two loans will be used by RDM Group, together with liquid funds already available, to repay the debenture loan issued by RDM International S.A., amounting to Euro 145 million and maturing on 4 May 2006 (the “Debenture Loan”).

Studio Lombardi Molinari e Associati acted as legal advisor of RDM Group for the two financings.

Following are the major features of the two loans.

RDM LOAN

The RDM Loan is composed of two facilities: the first being a Euro 50 million, 10 year, amortising facility and the second being a Euro 10 million, 5 year, revolving facility.

The RDM Loan provides for some undertakings of RDM, with relative tolerance allowances, usual for these kind of syndicated loans, which are, inter alia, maximum permitted indebtedness, limits on dividend distribution, negative pledge, limits on divestments of core assets, on capital expenditures and on further extraordinary transactions.

With reference to the security package, the RDM Loan provides, inter alia, mortgages and privileges on RDM’s operating mills, to be executed at the repayment of the Debenture Loan.

In relation to financial covenants, it is provided that RDM maintain adequate working capital facilities and respect some usual ratios, on a consolidated basis, as to monitor the operating profitability, financial indebtedness and net worth.

As already mentioned in previous press releases¹, the RDM Loan provides for the commitment of Alerion Industries S.p.A. (“Alerion”) to acquire control of RedIm, if the demerger of RDM into RDM Realty S.p.A. is not executed by 31 December 2006. In addition, among the events of default, it is included the decrease of the equity interest of Alerion in RDM below 19% in the first three years of the RDM Loan.

REDIM LOAN

The RedIm Loan is composed of two 5 year bullet facilities, amounting in total to Euro 20, million and a further 12 month Euro 20 million facility.

With reference to the security package, the 5 year facilities provide for, inter alia, mortgages on RedIm’s land and buildings while the 12 month facility will be guaranteed by a first demand banking guarantee issued on behalf of Alerion and with no recourse to RedIm.

As for the RDM Loan, the RedIm Loan provides some undertakings of RedIm, with relative tolerance allowances, which are, inter alia, maximum permitted indebtedness, negative pledge, limits on divestments of core assets, on capital expenditures and on further extraordinary transactions.

In relation to financial covenants, the RedIm Loan provides for, with respect to the 5 year facility and to the mortgaged assets, a minimum loan-to-value ratio.

Eventually, even the RedIm Loan provides for the commitment of Alerion to acquire control of RedIm, if the demerger of RDM into RDM Realty S.p.A. is not executed by 31 December 2006.

Reference is made to the previous press releases, relating to the demerger of RDM and to the listing of RDM Realty S.p.A., to have a broader picture of the several transactions in course. The present press release intends to give information only to the new loan agreements aimed at the repayment of the Debenture Loan.

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The draw-down of the RDM Loan and the RedIm Loan is subject to certain condition precedent for which work is in progress. Accordingly a new press release will be issued in due time.

¹ Cf. Press Release of 20 December 2005, with reference to the demerger of the real estate assets of RDM Group into the newly established company RDM Realty S.p.A.

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