

November 21, 2017



# Prime Announces Unwinding of Unprofitable Assets and Provides Financial Update for the First Nine Months of 2017

SHIJIAZHUANG, China--(BUSINESS WIRE)-- Prime Acquisition Corp. ("Prime" or the "Company") (OTCQB: Common Stock: "PACQF", Units: "PAQUF", Warrants: "PAQWF"), an owner and operator of office, commercial and industrial properties in Italy, today announced that it has successfully divested its NOVA S.r.l. subsidiary in a transaction with its former owners Francesco Rotondi and Giuseppe Pantaleo. NOVA S.r.l.'s sole asset is comprised of two floors of Corso Europa 22, an office building in central Milan. The subsidiary has been cash flow negative since its acquisition by Prime.

Pursuant to the terms of the agreement, Prime will return the equity interests in NOVA S.r.l. to Messrs. Rotondi and Pantaleo, its former owners, in exchange for the following:

1. Return and cancellation of 53,828 Prime shares; and
2. Cancellation of the Option Agreement dated December 12, 2014.

The Company also provided a financial update on the nine months ended September 30, 2017.

## Financial Highlights for the First Nine Months of 2017

- Cash generated from operations was \$1,917,167 for the nine months ended September 30, 2017, an approximately 95% improvement when compared to \$984,760 for the nine months ended September 30, 2016.
- The Company reported a loss of \$750,624 for the nine months ended September 30, 2017, improving approximately 280% from a loss of \$2.2 million for the nine months ended September 30, 2016.
- The Company's cash and cash equivalents were \$188,257 at September 30, 2017, improving approximately 240% from \$55,393 at December 31, 2016.

## Management Commentary

Mr. William Yu, Chief Executive Officer and Director of Prime, stated, "During the first nine months of 2017, the Company continued to achieve year-over-year improvements in its

financial results stemming from an internal reorganization and successful financing negotiations in early 2016. We are pleased to have come to terms with Messrs. Rotondi and Pantaleo, which will improve the Company's ability to generate positive cash flow. We continue to explore opportunities to grow our asset portfolio and business, and look forward to seeking and evaluating potential accretive acquisitions."

### Operating Summary for Nine Months Ended September 30, 2017

Prime's portfolio of properties includes office, logistics, commercial and industrial real estate assets located in Milan, Italy, and the surrounding areas. The Company maintained an average occupancy rate of above 95% for its 10 properties during the nine months ended September 30, 2017. With the closing of the aforementioned transaction on November 10, 2017, Prime's portfolio of properties no longer includes Corso Europa 22.

#### Real Estate Portfolio Summary

	Property Name/Location	Type	Approx. Gross Leasable Area (in sq. meters)	Purchase Price on 9/30/2013 (\$ in millions)	Tenant	Average Lease Duration (Years)
1	Corso Europa 22, Milano (sold November 10, 2017)	Office	560	\$8.57	Italian firms	10
2	Milanofiori, Building A5	Office	865	\$3.13	Various int'l and Italian firms	10
3	Milanofiori, Building Q7	Office	586	\$1.27	Various int'l and Italian firms	10
4	Milanofiori, Building N	Office	1,750	\$4.48	Various int'l and Italian firms	10
5	Viale Lucania, Buccinasco	Office, Industrial	16,230	\$22.27	Microelettrica Scientifica	18
6	Via Buoizzi 22, Buccinasco	Office	545	\$1.85	Various int'l and Italian firms	10
7	Via Lazio 95, Buccinasco	Office, Warehouse	4,320	\$5.01	Italian firms	10
8	Via Emilia, Buccinasco	Commercial	200	\$0.35	Italian commercial co.	10
9	Via Mulino, Buccinasco	Commercial	360	\$1.37	Merkur	8
10	Milanofiori,	Office	400	\$1.26	Italian firms	10

## Building Q5

25,816	\$49.56
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### First Nine Months of 2017 Financial Summary

Below is a summary of Prime's unaudited financial results for the nine months ended September 30, 2017.

#### *Income Statement Highlights*

	<b>Nine months ended September 30, 2017 (unaudited)</b>	<b>Nine months ended September 30, 2016 (unaudited)</b>
Rental income	2,007,623	1,938,252
<b>Total revenues</b>	<b>\$ 2,317,501</b>	<b>\$ 2,490,577</b>
Total operating expenses	(1,756,418)	(1,800,095)
Operating profit	561,083	690,482
Loss before tax	(622,726)	(2,037,806)
<b>Loss for the period</b>	<b>\$ (750,624)</b>	<b>\$ (2,151,958)</b>

Rental income increased 3.6% to \$2.0 million for the nine months ended September 30, 2017, compared to \$1.9 million for the first nine months of 2016. Total revenues decreased by \$173,076, which is attributable to a decrease in Other Revenues to \$309,878 for the first nine months of 2017 from \$552,325 in the prior-year period due to revenue received in 2016 in connection with the settlement of a legal claim with an unrelated third party.

Total operating expenses decreased 2.4% to \$1.76 million for the nine months ended September 30, 2017, from \$1.8 million for the first nine months of 2016, primarily due to reduced stock option expenses and professional fees.

For the nine months ended September 30, 2017, the Company reported a loss of \$750,624, which compares to a loss of \$2.2 million in the first nine months of 2016, largely due to a significant improvement in finance costs, which were \$1.3 million in the first nine months of 2017, compared to \$2.4 million in the prior-year period. The decrease in finance costs was primarily related to certain adjustments to the fair value adjustment on promissory notes to shareholders. These adjustments are non-cash in nature and resulted from a derivative component embedded in the promissory notes.

#### *Balance Sheet Highlights*

As of September 30, 2017, Prime had total non-current assets of \$40.2 million; current trade and other receivables, net of allowance for bad debts, of \$526,825, with non-current other receivables of \$159,213; and cash and cash equivalents of \$188,257, compared to \$35.9 million, \$756,940, \$143,137, and \$55,393, as of December 31, 2016, respectively.

## **About Prime Acquisition Corp.**

Prime Acquisition Corp. is a Cayman Islands company that owns and operates office, commercial and industrial properties in Italy. Prime is focused on building a portfolio of high yield-producing assets.

## **Forward-looking Statements**

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Prime Acquisition Corp. Forward-looking statements are statements that are not historical facts. Such forward-looking statements, based upon the current beliefs and expectations of Prime's management, are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. The following factors, among others, could cause actual results to meaningfully differ from those set forth in the forward-looking statements:

- Continued compliance with government regulations;
- Changing legislation or regulatory environments;
- Requirements or changes affecting the businesses in which Prime is engaged;
- Industry trends, including factors affecting supply and demand;
- Labor and personnel relations;
- Credit risks affecting the combined business' revenue and profitability;
- Changes in the Italian real estate industry;
- Changing interpretations of generally accepted accounting principles;
- General economic conditions; and
- Other relevant risks detailed in Prime's filings with the Securities and Exchange Commission.

The information set forth herein should be read in light of such risks. Prime does not assume any obligation to update the information contained in this press release.

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