

MONTHLY DISCLOSURE IN ACCORDANCE WITH PARAGRAPH 5 OF ARTICLE 114, LAW N°. 58/98

Milan, 30 November 2012 – In compliance with the request sent by Consob on 13 September 2012, in accordance with paragraph 5 of article 114, Law N°. 58/1998, the following information is provided on Prelios S.p.A. and its Group, as of 31 October 2012.

1) Net Financial Position, with current and non-current items reported separately:

Prelios Group's Net Financial Position at 31 October 2012 was a negative 504.6 million euro, compared with -523.6 million euro in September 2012. The improvement of approximately 20 million euro in October compared with the previous position was attributable to the receipt of more than 27 million euro distributed by an associated company; also, the company recorded the recurring monthly provision for financial charges of approximately 4 million euro.

Prelios S.p.A.'s Net Financial Position at 31 October 2012 was a negative 538.9 million euro, an improvement of more than 20 million euro from -563.3 million euro in September 2012.

Details are provided in the table below.

Prelios Group Net Financial Position

(thousands euro)

	10.31.2012	09.30.2012	12.31.2011
CURRENT ASSETS			
Other receivables	63	63	63
- of which receivable from related parties	63	63	63
Financial receivables	63	63	63
- joint ventures and other Prelios Group companies	63	63	63
Cash and cash equivalents	50,880	27,639	37,684
TOTAL CURRENT ASSETS - A	50,943	27,702	37,747
CURRENT LIABILITIES			
Bank borrowings and payables to other financial institutions	(70,547)	(66,663)	(36,958)
- of which payable to related parties	(12,751)	(13,893)	(1,102)
- joint ventures and other Prelios Group companies	(2,196)	(2,196)	(1,102)
- other related parties	(11,392)	(10,300)	-
- Other financial payables	(1,838)	(1,397)	(2,661)
- Bank borrowings	(55,019)	(52,681)	(30,855)
- Payables to other financial institutions	(102)	(89)	(2,340)
TOTAL CURRENT LIABILITIES - B	(70,547)	(66,663)	(36,958)
NON-CURRENT LIABILITIES			
Bank borrowings and payables to other financial institutions	(485,027)	(484,641)	(488,802)
- of which payable to related parties	(157,023)	(157,023)	(160,038)
- joint ventures and other Prelios Group companies	-	(32)	-
- other related parties	(157,102)	(156,991)	(160,038)
- other financial debts	(635)	(645)	(642)
- Payables to other financial institutions	(327,290)	(326,973)	(328,122)
TOTAL NON-CURRENT LIABILITIES - C	(485,027)	(484,641)	(488,802)
NET DEBT EXCL. SHAREHOLDER LOANS GRANTED (*) = D = (A+B+C)	(504,631)	(523,602)	(488,013)

(*) Pursuant to the CONSOB Communication dated July 28th, 2006 and in compliance with the CESR Recommendation of February 10th, 2005 ("Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses").

Prelios S.p.A. Net Financial Position

(thousands euro)

	10.31.2012	09.30.2012	12.31.2011
CURRENT ASSETS			
Other receivables	49,369	49,255	54,769
- of which receivable from related parties	49,369	49,255	54,769
Financial receivables	49,369	49,255	54,769
- subsidiaries	49,369	49,255	54,769
Cash and cash equivalents	40,574	18,585	26,226
TOTAL CURRENT ASSETS - A	89,943	67,840	80,995
CURRENT LIABILITIES			
Bank borrowings and payables to other financial institutions	(149,546)	(152,301)	(119,593)
- of which payable to related parties	-95,228	-100,313	-89,485
- subsidiaries	(81,889)	(88,066)	(88,663)
- joint ventures	(1,947)	(1,947)	(822)
- other related parties	(11,392)	(10,300)	-
- Bank borrowings	(54,318)	(51,988)	(30,108)
TOTAL CURRENT LIABILITIES - B	(149,546)	(152,301)	(119,593)
NON-CURRENT LIABILITIES			
Bank borrowings and payables to other financial institutions	(479,249)	(478,813)	(482,270)
- of which payable to related parties	(157,102)	(156,991)	(160,038)
- other related parties	(157,102)	(156,991)	(160,038)
- Bank borrowings	(322,147)	(321,822)	(322,232)
TOTAL NON-CURRENT LIABILITIES - C	(479,249)	(478,813)	(482,270)
NET FINANCIAL POSITION (*) D = (A+B+C)	(538,852)	(563,274)	(520,868)

(*) Pursuant to the CONSOB Communication dated July 28th, 2006 and in compliance with the CESR Recommendation of February 10th, 2005 ("Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses").

2) Past due payables, recorded by category (financial, trade, tax, social security and amounts due to employees) and any associated actions by creditors (reminders, injunctions, suspended deliveries, etc.):

Prelios Group's past due **trade payables** total 11 million euro (9.8 million euro in September 2012), currently reduced to approximately 8.7 million euro following the payment of about 2.3 million euro in November.

Prelios S.p.A. 's past due **trade payables** total about 4.1 million euro (4 million euro in September 2012), currently reduced to 3.2 million euro following the payment of 0.9 million euro in November.

This situation reflects normal business relations with the suppliers of Prelios Group. About 70% of the past due amount refers to one supplier for which actual payment terms are longer than those envisaged contractually, as a result of the complicated payables/receivables structure.

There are no legal disputes, court proceedings or suspended deliveries associated with the above items. Any payment reminders are part of normal business relations.

There are no past due amounts of a financial or tax nature, or amounts due to social security institutions or to employees.

3) Prelios Group and Prelios S.p.A. dealings with related parties:

Dealings with related parties consisting of subsidiary companies of Prelios S.p.A. or joint ventures and its associated companies ("intragroup dealings"), and dealings with related parties other than intragroup dealings ("other related parties") – in particular, with parties related to directors (in our case, specifically, Pirelli & C. S.p.A. and its subsidiaries) – are of a trade and financial nature, falling within normal business operations, and are at arm's length. There are no atypical and/or unusual transactions.

This disclosure sets out the updated monthly information regarding dealings with other related parties, while the figures below relating to dealings with associated companies, joint ventures and other companies of the Prelios Group, as well as with subsidiaries of Prelios S.p.A., refer to 30 September 2012. This is due to the fact that the Group's internal invoicing cycle is essentially quarterly and no significant accounting provisions are made with subsidiary and associated companies in the intervening months. This especially affects operating revenues and costs, financial income and charges, current trade receivables and payables, which are items that do not therefore vary significantly in the intervening months.

It is also pointed out that the Prelios Group consolidates approximately 200 companies (on a line-by-line basis or with the equity method), most of which are minority interests measured using the equity method, whose earnings are recognised under the heading "Earnings from equity investments". In order to have monthly information, it would therefore be necessary to implement a chain of processes involving all the companies in question, with an enormous outlay of resources and high costs, which would provide information of limited significance, when considering the business cycle of the property sector which updates valuations on a quarterly or half-yearly basis.

Disclosed below are **Prelios Group's dealings with other related parties** (i.e., Pirelli & C. S.p.A. and Pirelli Group) **at 31 October 2012 and 30 September 2012**, which are essentially financial payables and related financial charges, and are updated on a monthly basis:

	As at 10.31.2012		As at 09.30.2012
Operating revenues	532	These mainly relate to the recovery of costs for renting some space in the Milan - HQ2 office and for various services provided.	455
Operating costs	(432)	The item includes costs for services provided by the company Poliambulatorio Bicocca S.r.l., costs for IT assistance provided by Pirelli Sistemi Informativi S.r.l. and costs charged by Pirelli & C. S.p.A. for the rent of the R&D building and some areas in the HQ1 building.	(340)
Financial expenses	(12.456)	These relate to interest accrued on the credit facility granted by Pirelli & C. S.p.A., and to the portion accruing of up-front commissions paid for the said loan.	(11.252)
Current trade receivables	1.016	These mainly refer to the recharge of various cost for services reported in "Operating revenues".	988
Other current receivables	756	The item includes 413 thousand euro related to an advance payment made in October to Pirelli & C. S.p.A. and 343 thousand euro of prepaid expenses for the rent of the R&D building	-
Current trade payables	(2.940)	These mainly refer to payables for health and for certain site remediation activities, as well as the recharge by Pirelli & C. S.p.A. of rent for the R&D building and some areas in the HQ1 building and sundry other expenses.	(2.443)
Non-current financial payables to other lenders	(157.102)	These refer to the short-term drawdown of the floating-rate credit facility granted by Pirelli & C. S.p.A. to Prelios S.p.A.	(156.991)
Current financial payables to other lenders	(11.392)	These refer to the interest matured on the floating-rate credit facility granted by Pirelli & C. S.p.A.	(10.300)

Thousands euro. Income statement figures are YTD at reporting date

Disclosed below are **Prelios S.p.A.'s dealings with other related parties** (i.e., Pirelli & C. S.p.A. and Pirelli Group) **at 31 October 2012 and 30 September 2012**, which are essentially financial payables and related financial charges, and are updated on a monthly basis:

	As at 10.31.2012		As at 09.30.2012
Operating revenues	304	These relate mainly to the recovery of costs for renting some space in the Milan - HQ2 office	288
Operating costs	(432)	The item mainly includes costs charged by Pirelli & C. S.p.A. for renting the R&D building and some areas in the HQ1 building, the costs for the services provided by the company Poliambulatorio Bicocca S.r.l. and costs for IT assistance provided by Pirelli Sistemi Informativi S.r.l..	(338)
Financial expenses	(12.456)	These relate to interest accrued on the credit facility granted by Pirelli & C. S.p.A., and to the portion accruing of up-front commissions paid for the said loan.	(11.252)
Current trade receivables	570	These refer mainly to recharging of costs for renting some space in the Milan - HQ2 building.	555
Other current receivables	756	The item includes 413 thousand euro related to an advance payment made in october to Pirelli & C. S.p.A. and 343 thousand euro of prepaid expenses for the rent of the R&D building	-
Current trade payables	(2.582)	These include mainly trade payables for services provided by certain Pirelli Group companies (IT advice, day surgery service), and the payable to Pirelli & C. S.p.A. for the rental of the R&D building and of some area in the HQ1 building.	(2.076)
Non-current financial payables to other lenders	(157.102)	These refer to the medium/long-term credit facility granted by Pirelli & C. S.p.A.	(156.991)
Current financial payables to other lenders	(11.392)	These refer to the interests accrued on the medium/long-term credit facility granted by Pirelli & C. S.p.A.	(10.300)

Thousands euro. Income statement figures are YTD at reporting date

The figures below refer to ***Prelios Group dealings with associated companies, joint ventures and other companies, at 30 September 2012 and 30 June 2012***, which, as noted above, are updated only on a quarterly basis:

	As at 09.30.2012		As at 06.30.2012
Operating revenues	52,703	These refer to contracts with Group companies for fund and asset management services (real estate and non performing loans) and technical and commercial services.	36,326
Operating costs	(3,985)	These refer to recharges of various kinds.	(2,629)
Net income from investments	(105,147)	This item mainly consists of the results of these investments valued using the equity method, as well as value adjustments made to some investments held by the Group and for dividends distributed by real estate funds and companies in which a minority interest is held.	(80,658)
Financial income	10,173	This mostly refers to interest earned on financial receivables held by Group companies.	6,464
Financial expenses	(3,453)	This item is in large part attributable to the effects of "discounting" of receivables from Group companies not fully consolidated.	(3,436)
Current trade receivables	41,862	This balance includes the receivables relating to "operating revenues".	42,260
Other non-current receivables	261,115		271,940
- of which financial receivables	261,105	This reflects the loans given to finance real estate projects being managed by individual Group companies. These loans are classified as non-current assets by virtue of their terms of repayment, which match the medium-term disposal programmes of the real estate portfolios owned directly or indirectly by these companies. These loans carry interest rates that are in line with those applied by the principal market participants except for some companies which have been given non-interest bearing loans.	271,930
Other current receivables	5,323	This includes dividends that have been declared but not yet paid and other receivables	6,035
- of which financial receivables	63		63
Current trade payables	(3,678)	They refer to recharges of various types, mainly traceable to rent and urbanization charges and accessory costs.	(5,890)
Other current payables	(20,831)	These refer to different kinds of recharge.	(18,620)
Current tax payables	(1,353)	This amount mainly relates to amounts owing to Trixia S.r.l. under its adoption of the "tax transparency" regime allowed by art. 115 of the Italian Income Tax Code, whereby a company's positive or negative taxable amounts are attributed to its shareholders.	(1,353)
Non-current bank borrowings and payables to other financial institutions	(32)		-
Current bank borrowings and payables to other financial institutions	(2,196)	This includes negative balances on intercompany current accounts.	(1,077)
Provisions for future risks and expenses	(3,793)	This refers to the provision for making good the losses of associates and joint ventures in excess of their carrying amounts.	(4,037)

Thousands euro. Income statement figures are YTD at reporting date

Prelios S.p.A. dealings with subsidiary and associated companies at 30 September 2012 and 30 June 2012, which, as noted above, are updated only on a quarterly basis:

		As at 09.30.2012		As at 06.30.2012
Operating revenues		10,846	These include mainly fees for general services, and the recovery of costs for office rental, personnel and trade mark.	7,363
Operating costs		(1,641)	These relate mainly to costs for administrative services provided by the subsidiary Sare S.p.A. and to costs paid to Prelios Credit Servicing S.p.A. for the refund of the NPL asset management fee; they also include urbanisation expenses charged by the associate Progetto Corsico S.r.l.	(1,246)
Net income from investments		21,133	These refer to dividends approved in favour of Prelios S.p.A. by subsidiaries.	12,361
Financial income		8,864	These refer mainly to interest income accrued on intra-group current accounts and on loans granted to investee companies.	5,970
Financial expenses		(1,535)	These include interest expenses accrued on intra-group current accounts, and on the loan in Polish currency from the subsidiary Pirelli Pekao Real Estate Sp.z.o.o.	(1,072)
Income taxes		2,708	These refer to revenues and costs transferred to Prelios S.p.A. by subsidiaries that have elected to be consolidated for a group taxation.	1,980
Current trade receivables		8,040	These include mainly fees for services provided to the subsidiaries by the Prelios S.p.A. central structures, and the recharging of costs for the Milan and Rome offices and for the trade mark.	4,795
Other non-current receivables		162,271	The item refers to the balances at September 30th, 2012 of loans granted to investee companies.	160,284
- of which financial receivables		162,271		160,284
Other current receivables		49,570	These include mainly the positive balances of intra-group current accounts in being between Prelios S.p.A. and its investee companies (financial receivables), and the receivables for VAT from subsidiaries that have elected to be consolidated for VAT purposes.	57,747
- of which financial receivables		49,255		47,153
Current tax receivables		7,743	These refer to revenues transferred to Prelios S.p.A. by subsidiaries that have elected to be consolidated for a group taxation.	6,869
Current trade payables		(2,635)	These refer mainly to payables for services rendered, and to the recharging of costs by subsidiaries; they also include, for 990 thousand euro, the payable to the associate Progetto Corsico S.r.l. for urbanisation expenses.	(2,845)
Other current payables		(9,430)	They include 9,118 thousand euro of payables to the subsidiary Edilnord Gestioni S.r.l. (in liquidation), and the payable for VAT to subsidiaries that have elected to be consolidated for VAT purposes.	(9,470)
Current tax payables		(4,248)	These refer to payables to subsidiaries that have elected to be consolidated for a group taxation	(3,995)
Current payables to other lenders		(88,066)	These refer to negative balances on inter-company current accounts between Prelios S.p.A. and its investee companies (of 83,756 thousand euro), and to the balance at September 30th, 2012 of the foreign currency loan obtained from the subsidiary Pirelli Pekao Sp.z.o.o. (4,310 thousand euro).	(90,040)

Thousands euro. Income statement figures are YTD at reporting date

Prelios S.p.A. dealings with joint ventures and other investee companies at 30 September 2012 and 30 June 2012, which, as noted above, are updated only on a quarterly basis:

	As at 09.30.2012		As at 06.30.2012
Operating revenues	893	These refer mainly to revenues for asset management fees, including NPL asset management fees which are all re-charged to the subsidiary Prelios Credit Servicing S.p.A.	706
Operating costs	(3,339)	These relate essentially to costs for renting the Milan - HQ2 office, charged by Fondo Cloe, owner of the building.	(2,233)
Financial income	6,578	These refer essentially to interest income accrued on loans granted to investee companies.	3,955
Financial expenses	(491)	These refer mostly to financial expenses for the net present value effect of some trade receivables from joint ventures.	(374)
Current trade receivables	5,682	These relate mainly to receivables for asset management fees.	5,675
Other non-current receivables	144,697	These refer to balances at September 30th, 2012 of loans granted to investee companies.	147,813
- of which financial receivables	144,697		147,813
Other current receivables	3,283	These include receivables for dividends approved, but not yet collected and other receivables	3,273
Current trade payables	(684)	These refer essentially to payables to Fondo Cloe for renting the HQ2 building.	(2,918)
Other current payables	(7,256)	These include mainly payables to joint ventures of the DGAG group for costs recharged to Prelios S.p.A.; they also include for 2,234 thousand euro the payable to Espelha - Serviços de Consultadoria L.d.A. related to the purchase of junior notes.	(5,025)
Current tax payables	(1,080)	These refer to payables for tax transparency to the joint venture Trixia S.r.l.	(1,080)
Current payables to other lenders	(1,947)	These refer to the balance at September 30th, 2012 of the inter-company current account with Jamesmail B.V. and other financial payables to the joint venture Afrodite Sàrl and Artemide Sàrl	(828)

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The Financial Reporting Officer of Prelios S.p.A., Mr. Riccardo Taranto, attests – pursuant to Art. 154-bis, paragraph 2 of the Financial Markets Consolidation Act (Italian Legislative Decree 58/1998) – that the accounting disclosures contained in this press release correspond to the contents of the documents, registers and accounts of the Company.

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