



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

Milan, 31 January 2013 – 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 December 2012.

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

Prelios Group's Net Financial Position at 31 December 2012 was a negative 520.5 million euro, compared with -513.2 million euro in November 2012. The decline compared to the preceding month of November is limited to approximately 7.3 million euro as a result of the Company's attentive monitoring and management of the working capital in order to align to the target of the Company extraordinary restructuring project; the accurate management is geared to favour compliance with the corporate events calendar for which the preliminary agreement with the various lending entities involved is necessary.

Prelios S.p.A.'s Net Financial Position at 31 December 2012 was a negative 542.2 million euro, substantially unchanged from -540.7 million euro in November 2012.

Details are provided in the table below.

Prelios Group Net Financial Position (preliminary data not yet approved)

(thousands euro)

| | 12.31.2012 | 11.30.2012 | 12.31.2011 |
|---|------------------|------------------|------------------|
| CURRENT ASSETS | | | |
| Other receivables | 176 | 211 | 63 |
| - of which receivable from related parties | 176 | 211 | 63 |
| Financial receivables | 176 | 211 | 63 |
| - joint ventures and other Prelios Group companies | 176 | 211 | 63 |
| Cash and cash equivalents | 45,090 | 46,051 | 37,684 |
| TOTAL CURRENT ASSETS - A | 45,266 | 46,262 | 37,747 |
| CURRENT LIABILITIES | | | |
| Bank borrowings and payables to other financial institutions | (144,771) | (73,988) | (36,958) |
| - of which payable to related parties | (18,025) | (14,645) | (1,102) |
| - joint ventures and other Prelios Group companies | (4,487) | (2,196) | (1,102) |
| - other related parties | (13,538) | (12,449) | - |
| - Other financial payables | (2,057) | (1,962) | (2,661) |
| - Bank borrowings | (124,591) | (57,283) | (30,855) |
| - Payables to other financial institutions | (98) | (98) | (2,340) |
| TOTAL CURRENT LIABILITIES - B | (144,771) | (73,988) | (36,958) |
| NON-CURRENT LIABILITIES | | | |
| Bank borrowings and payables to other financial institutions | (420,961) | (485,471) | (488,802) |
| - of which payable to related parties | (157,357) | (157,213) | (160,038) |
| - joint ventures and other Prelios Group companies | (32) | - | - |
| - other related parties | (157,325) | (157,213) | (160,038) |
| - other financial debts | (627) | (633) | (642) |
| - Payables to other financial institutions | (262,977) | (327,625) | (328,122) |
| TOTAL NON-CURRENT LIABILITIES - C | (420,961) | (485,471) | (488,802) |
| NET DEBT EXCL. SHAREHOLDER LOANS GRANTED (*) = D = (A+B+C) | (520,466) | (513,197) | (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 (preliminary data not yet approved)

(thousands euro)

| | 12.31.2012 | 11.30.2012 | 12.31.2011 |
|---|------------------|------------------|------------------|
| CURRENT ASSETS | | | |
| Other receivables | 52,460 | 50,316 | 54,769 |
| - of which receivable from related parties | 52,460 | 50,316 | 54,769 |
| Financial receivables | 52,460 | 50,316 | 54,769 |
| - subsidiaries | 52,460 | 50,281 | 54,769 |
| - other Prelios Group companies | - | 35 | - |
| Cash and cash equivalents | 27,896 | 37,035 | 26,226 |
| TOTAL CURRENT ASSETS - A | 80,356 | 87,351 | 80,995 |
| CURRENT LIABILITIES | | | |
| Bank borrowings and payables to other financial institutions | (207,416) | (148,323) | (119,593) |
| - of which payable to related parties | (83,519) | (91,750) | (89,485) |
| - subsidiaries | (68,543) | (77,354) | (88,663) |
| - joint ventures | (1,438) | (1,947) | (822) |
| - other related parties | (13,538) | (12,449) | - |
| - Bank borrowings | (123,897) | (56,573) | (30,108) |
| TOTAL CURRENT LIABILITIES - B | (207,416) | (148,323) | (119,593) |
| NON-CURRENT LIABILITIES | | | |
| Bank borrowings and payables to other financial institutions | (415,122) | (479,685) | (482,270) |
| - of which payable to related parties | (157,325) | (157,213) | (160,038) |
| - other related parties | (157,325) | (157,213) | (160,038) |
| - Bank borrowings | (257,797) | (322,472) | (322,232) |
| TOTAL NON-CURRENT LIABILITIES - C | (415,122) | (479,685) | (482,270) |
| NET FINANCIAL POSITION (*) D = (A+B+C) | (542,182) | (540,657) | (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 2.9 million euro (10.8 million euro in November 2012), today reduced to 1.8 million euro following to the payment of 1.1 million euro made in January.

The reduced amount in past due trade payables against 30 November 2012 is attributed for approximately 7.8 million euro to the definition of an agreement with an important supplier in December. In accordance with the agreement, payables were offset against Prelios Group receivables, several tranches of net debt were paid, and the outstanding balance was rescheduled.

Prelios S.p.A.'s past due **trade payables** total about 2.3 million euro (4.3 million euro in November 2012), now reduced to 1.7 million euro following the payment of 0.6 million euro in December.

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 parties¹:

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 preliminary 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.

Disclosed below are ***Prelios Group’s dealings with associated companies, joint ventures and other companies at 31 December 2012 (preliminary data not yet approved), compared to data at 30 September 2012***, for which – as above indicated – only a quarterly update is provided:

¹ It should be noted that the data regarding dealings with related parties are still in the process of audit and reconciliation prior to the approval of the report envisaged for the upcoming weeks. Only then will they be considered final.

| | As at 12.31.2012 | | As at 09.30.2012 |
|--|---------------------|---|------------------|
| Operating revenues | 70,570 | These refer to contracts with Group companies for fund and asset management services (real estate and non performing loans) and technical and commercial services. | 52,703 |
| Operating costs | (4,856) | These refer to recharges of various kinds. | (3,985) |
| Net income from investments | (141,313) | 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. | (105,147) |
| Financial income | 13,332 | This mostly refers to interest earned on financial receivables held by Group companies. | 10,173 |
| Financial expenses | (5,987) | This item is in large part attributable to the effects of "discounting" of receivables from Group companies not fully consolidated. | (3,453) |
| Current trade receivables | 46,582 | This balance includes the receivables relating to "operating revenues". | 41,862 |
| Other non-current receivables | 216,714 | | 261,115 |
| - of which financial receivables | 216,704 | 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. | 261,105 |
| Other current receivables | 4,872 | This includes dividends that have been declared but not yet paid and other receivables | 5,323 |
| - of which financial receivables | 176 | | 63 |
| Current trade payables | (3,572) | They refer to recharges of various types, mainly traceable to rent and urbanization charges and accessory costs. | (3,678) |
| Other current payables | (20,639) | These refer to different kinds of recharge. | (20,831) |
| Current tax payables | (1,324) | 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) | | (32) |
| Current bank borrowings and payables to other financial institutions | (4,487) | This includes negative balances on intercompany current accounts and other financial payables of the parent company related to an obligation to subscribe, through the companies Afrodite S.à.r.l. and Artemide S.à.r.l., units in the Fondo Residenziale Diomira and of the subsidiary Prelios Netherlands B.V. to subscribe units in the Fondo Vivaldi. | (2,196) |
| Provisions for future risks and expenses | (2,808) | This refers to the provision for making good the losses of associates and joint ventures in excess of their carrying amounts. | (3,793) |

Thousands euro. YTD Income statement figures at reporting date

Disclosed below are **Prelios S.p.A.'s dealings with subsidiaries and associated companies at 31 December 2012 (preliminary data not yet approved), compared to data at 30 September 2012**, for which – as above indicated – only a quarterly update is provided:

| | As at 12.31.2012 | | As at 09.30.2012 |
|-----------------------------------|---------------------|--|---------------------|
| Operating revenues | 14,128 | These include mainly fees for general services, and the recovery of costs for office rental, personnel and trade mark. | 10,846 |
| Operating costs | (2,320) | 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. | (1,641) |
| Net income from investments | 34,233 | These refer to dividends approved in favour of Prelios S.p.A. by subsidiaries and associates. | 21,133 |
| Financial income | 11,881 | These refer mainly to interest income accrued on intra-group current accounts and on loans granted to investee companies. | 8,864 |
| Financial expenses | (1,902) | These include interest expenses accrued on intra-group current accounts, and on the loan in Polish currency from the subsidiary Prelios Polska Sp.z.o.o. (previously Pirelli Pekao Real Estate Sp.z.o.o.). | (1,535) |
| Income taxes | 4,592 | These refer to revenues and costs transferred to Prelios S.p.A. by subsidiaries that have elected to be consolidated for a group taxation. | 2,708 |
| Current trade receivables | 11,160 | 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. | 8,040 |
| Other non-current receivables | 162,594 | The item refers to the balances at December 31st, 2012 of loans granted to investee companies. | 162,271 |
| - of which financial receivables | 162,594 | | 162,271 |
| Other current receivables | 52,950 | 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. | 49,570 |
| - of which financial receivables | 52,460 | | 49,255 |
| Current tax receivables | 3,684 | These refer to revenues transferred to Prelios S.p.A. by subsidiaries that have elected to be consolidated for a group taxation. | 7,743 |
| Current trade payables | (2,676) | These refer mainly to payables for services rendered, and to the recharging of costs by subsidiaries; they also include, for 1,037 thousand euro, the payable to the associate Progetto Corsico S.r.l. for urbanisation expenses. | (2,635) |
| Other current payables | (9,756) | They include 8,696 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. | (9,430) |
| Current tax payables | (1,904) | These refer to payables to subsidiaries that have elected to be consolidated for a group taxation. | (4,248) |
| Current payables to other lenders | (68,543) | These refer to negative balances on inter-company current accounts between Prelios S.p.A. and its investee companies (of 66,278 thousand euro), and, for 2,265 thousand euro, to the balance at December 31st, 2012 of the foreign currency loan obtained from the subsidiary Prelios Polska Sp.z.o.o. (previously Pirelli Pekao Sp.z.o.o.). | (88,066) |

Thousands euro. YTD Income statement figures at reporting date

Disclosed below are ***Prelios S.p.A.'s dealings with joint ventures and other companies at 31 December 2012 (preliminary data not yet approved), compared to data at 30 September 2012***, for which – as above indicated – only a quarterly update is provided:

| | As at 12.31.2012 | | As at 09.30.2012 |
|-----------------------------------|---------------------|---|---------------------|
| Operating revenues | 1,290 | 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. | 893 |
| Operating costs | (3,691) | These relate essentially to costs for renting the Milan - HQ2 office, charged by Fondo Cloe, owner of the building. | (3,339) |
| Net income from investments | 5,921 | These include for 5,248 thousand euro the dividends distributed in favour of Prelios S.p.A. by the joint venture Delamain Srl and for 673 thousand euro the dividends distributed by the the company Dicembre 2007 S.r.l.. | - |
| Financial income | 8,640 | These refer essentially to interest income accrued on loans granted to investee companies. | 6,578 |
| Financial expenses | (624) | These refer mostly to financial expenses for the net present value effect of some trade receivables from joint ventures. | (491) |
| Current trade receivables | 5,839 | These relate mainly to receivables for asset management fees. | 5,682 |
| Other non-current receivables | 101,519 | These refer to balances at December 31st, 2012 of loans granted to investee companies. | 144,697 |
| - of which financial receivables | 101,519 | | 144,697 |
| Other current receivables | 3,307 | These include receivables for dividends approved, but not yet collected and other receivables. | 3,283 |
| Current trade payables | (441) | These include the payables to Fondo Cloe for renting the HQ2 building and the payable to Tiglio II S.r.l. related to certain costs recharged during the previous years. | (684) |
| Other current payables | (7,009) | These include mainly payables to joint ventures of the DGAG group for costs recharged to Prelios S.p.A.; they also include for 1,987 thousand euro the payable to Espelha - Serviços de Consultadoria L.d.A. related to the purchase of junior notes. | (7,256) |
| 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 | (1,438) | These refer to the balance at December 31st, 2012 of the inter-company current account with Jamesmail B.V. and other financial payables related to an obligation to subscribe, through the companies Afrodite S.à.r.l. and Artemide S.à.r.l., units in the Fondo Residenziale Diomira | (1,947) |

Thousands euro. YTD Income statement figures at reporting date

Disclosed below are ***Prelios Group's dealings with other related parties (specifically Pirelli & C. S.p.A. and Pirelli Group) at 31 December 2012 (preliminary data not yet approved), compared to data at 30 November 2012***, essentially including financial debts and correlated financial charges, for which a monthly update is provided:

| | As at 12.31.2012 | | As at 11.30.2012 |
|---|---------------------|---|---------------------|
| Operating revenues | 1,013 | These mainly relate to the recovery of costs for renting some space in the Milan - HQ2 office and for certain land reclamation activities made by Lambda S.r.l. in an area in Milano Bicocca intended for a nursery school, and for various services provided. | 543 |
| Operating costs | (921) | The item includes costs for health 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; it also includes the economic effect related to the sale to Pirelli Tyre S.p.A. of the Milan - HQ2 building's furniture. | (756) |
| Financial expenses | (14,824) | 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. | (13,624) |
| Current trade receivables | 562 | These mainly refer to the recharge of various cost for services reported in "Operating revenues". | 223 |
| Other current receivables | 731 | The item mainly includes a caution money paid to Pirelli & C. S.p.A. for the rent of the R&D building. | 631 |
| Current trade payables | (130) | These mainly refer to payables for health services and for certain site remediation activities provided by Pirelli & C. Group companies. | (111) |
| Non-current financial payables to other lenders | (157,325) | 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. | (157,213) |
| Current financial payables to other lenders | (13,538) | These refer to the interest matured on the floating-rate credit facility granted by Pirelli & C. S.p.A.. | (12,449) |

Thousands euro. YTD Income statement figures at reporting date

Disclosed below are ***Prelios S.p.A.'s dealings with other related parties*** (specifically Pirelli & C. S.p.A. and Pirelli Group) ***at 31 December 2012 (preliminary data not yet approved), compared to data at 30 November 2012***, essentially including financial debts and correlated financial charges, for which a monthly update is provided:

| | As at 12.31.2012 | | As at 11.30.2012 |
|---|---------------------|---|---------------------|
| Operating revenues | 302 | These relate mainly to the recovery of costs for renting some space in the Milan - HQ2 office | 304 |
| Operating costs | (918) | 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.; it also includes the economic effect related to the sale to Pirelli Tyre S.p.A. of the Milan - HQ2 building's furniture. | (756) |
| Financial expenses | (14,824) | 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. | (13,624) |
| Current trade receivables | 14 | These refer mainly to recharging of costs for renting some space in the Milan - HQ2 building. | 16 |
| Other current receivables | 731 | The item mainly includes a caution money paid to Pirelli & C. S.p.A. for the rent of the R&D building. | 631 |
| Current trade payables | (122) | These mainly refer to payables for health services and for IT advice provided by Pirelli & C. Group companies. | (103) |
| Non-current financial payables to other lenders | (157,325) | These refer to the short-term drawdown of the floating-rate credit facility granted by Pirelli & C. S.p.A.. | (157,213) |
| Current financial payables to other lenders | (13,538) | These refer to the interest matured on the floating-rate credit facility granted by Pirelli & C. S.p.A.. | (12,449) |

Thousands euro. YTD Income statement figures at reporting date

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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