PRESS RELEASE

BOARD APPROVES MANAGEMENT REPORTS FOR LISTED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2006

• ALL FUNDS IN 2006 AGAIN EXCEED TARGET DIVIDEND YIELDS
  COMMUNICATED AT FLOTATION
  - BERENICE OFFICES FUND: 9.4% (31% FROM ORDINARY OPERATING INCOME AND 69% FROM PROPERTY SALES)
  - OLINDA SHOPS FUND: 7.0% (48% FROM ORDINARY OPERATING INCOME AND 52% FROM PROPERTY SALES)
  - TECLA OFFICES FUND: 11.4% (37% FROM ORDINARY OPERATING INCOME AND 63% FROM PROPERTY SALES)

• RESOURCES (DEBT AND EQUITY) AVAILABLE FOR NEW REAL ESTATE INVESTMENTS AMOUNT TO:
  - 69 €M FOR BERENICE OFFICE FUND
  - 22 €M FOR OLINDA SHOPS FUND
  - 102 €M FOR TECLA OFFICE FUND

• ANNOUNCEMENTS ON MANAGEMENT REPORTS FOR LISTED FUNDS
  TO BE PUBLISHED TOMORROW, WEDNESDAY, 31 JANUARY, ON FIVE NATIONAL NEWSPAPERS

Milan, 30 January 2007 – Today’s meeting of the Board of Directors of Pirelli RE SGR has approved the management reports for the year ended 31 December 2006 of the listed closed-end real estate investment funds, Tecla Offices Fund, Olinda Shops Fund and Berenice Offices Fund.

The fund management company’s Board has approved the distribution of dividends for the second half of 2006 for all listed funds, confirming also for 2006 returns exceeding targets indicated at listing.
For **Berenice Offices Fund**, which was placed in mid-July 2005, properties’ management activity during the second half of 2006 generated a profit, net of unrealised gains*, of €22.7m, equal to 7.6% of the average capital invested during the period. The Board has approved the distribution of a **dividend of €29.52 per share** for the second half of 2006 (equal to 80% of distributable profits), **representing a half-year return of 5.9%**. For full year 2006, the dividend yield is 9.4%, and thus **above the annual target yield** of 4.75% communicated at flotation. This value derived **31% from ordinary operating income** and **69% from capital gains on property sales**, of which the most significant is the sale of the property in Via Rizzo, 20/32, Rome (capital gain of approx. 16 million euro). Considering previous years’ distributions and based on dividend payments alone, the Fund has recorded an **average annual return of 8.3%** since its flotation, with an average pay-out of 84.6%.

The **carrying value of the shares**, which for investors who subscribed at the time of the offering was €505, remains €502.55, net of cumulated capital reimbursements. On the basis of available resources and assuming a 60% leverage, funds available for new investments amount to €69 m.

Shares in the Berenice Offices Fund will trade ex dividend as of 5 February. Payment will take place on 8 February.

For **Olinda Shops Fund**, floated at the beginning of December 2004, properties’ management activity during the second half of 2006 generated a profit, net of unrealised capital gains*, of €8.9m, equal to 3.6% of the average capital invested during the period. The Board has approved the distribution of a **dividend of €16.60 per share** for the second half of 2006 (equal to 95% of distributable profits), **representing a half-year return of 3.5%**. For full year 2006, the dividend yield is 7.0%, and thus **above the annual target yield** of 5.5% communicated at flotation. This value derived **48% from ordinary operating income** and **52% from capital gains on property sales**. Considering previous years’ distributions and based on dividend payments alone, the Fund has recorded an **average annual return of 6.8%** since its flotation, with an average pay-out of 91.2%.

The **carrying value of the shares**, which for investors who subscribed at the time of the offering was €508, remains €482.43, net of cumulated capital reimbursements. On the basis of available resources and assuming a 60% leverage, funds available for new investments amount to €22 m

Shares in the Berenice Offices Fund will trade ex dividend as of 5 February. Payment will take place on 8 February.

For **Tecla Offices Fund**, floated in March 2004, properties’ management activity during the second half of 2006 generated a profit, net of unrealised capital gains*, of €22.7m, equal to 7.8% of the average capital invested during the period. The Board has approved the distribution of a **dividend of €27.06 per share** for the second half of 2006 (equal to 80% of distributable

* Unrealised gains represent the increase in the market value of the properties owned by the funds, as indicated in the appraisal report prepared by the independent experts, CB Richard Ellis, as well as of other assets of the fund (i.e. interest rate hedging tools)

** It should be noted that the value of the dividend is reported gross of withholding tax of 12.5%, where applicable.
profits), representing a half-year return of 6.0%**. For full year 2006, the dividend yield is 11.4%, and thus above the annual target yield of 5.5% communicated at flotation. This value derived 37% from ordinary operating income and 63% from capital gains on property sales, of which the most significant are the sales of the properties in Largo Cairoli, 2, Milan and Corso Bramante, 20, Turin (capital gains of approx. 14 million euro). Considering previous years’ distributions and based on dividend payments alone, the Fund has recorded an average annual return of 9.5% since its flotation, with an average pay-out of 81.6%.

The carrying value of the shares, which for investors who subscribed at the time of the offering was €505, remains €452.79, net of cumulated capital reimbursements. On the basis of available resources and assuming a 60% leverage, funds available for new investments amount to €102 m.

Shares in the Tecla Offices Fund will trade ex dividend as of 5 February. Payment will take place on 8 February.

Finally, the Board of Directors of Pirelli RE SGR approved the annual report on corporate governance. This report will be available to the public starting from tomorrow, 31 January 2007, at www.pirelliresgr.com.

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Further information on the management reports of the listed funds, Tecla, Olinda and Berenice, for the year ended 31 December 2006 will be provided in the financial announcements to be published tomorrow on Il Corriere della Sera, Finanza e Mercati, Milano Finanza, La Repubblica and Il Sole 24 Ore. The above management reports and the related independent expert appraisal reports on the funds’ assets will be available to the public from Wednesday, 1 February 2007, at the registered office of Pirelli RE SGR, at Borsa Italiana SpA, at the offices of the Depositary Bank, Banca Intesa (including branches in regional capitals), and at www.pirelliresgr.com, www.fondotecla.com, www.fondo-olinda.com and www.fondoberenice.com.

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† ** It should be noted that the value of the dividend is reported gross of withholding tax of 12.5%, where applicable.