PRESS RELEASE

BOARD OF PIRELLI RE SGR APPROVES ACCOUNTS AT DECEMBER 31ST, 2007 FOR ITS 6 ORDINARY RESERVED FUNDS:

• DIVIDEND APPROVED FOR ALL FUNDS, WITH ANNUAL DIVIDEND YIELD RANGING BETWEEN 6% AND 39% DEPENDING ON EACH FUND’S CHARACTERISTICS

• OVERALL NAV (NET OF PAST PAYOUTS AND THOSE APPROVED TODAY) +24% ON CAPITAL INITIALLY INVESTED IN ALL FUNDS

• TAKING ACCOUNT OF ALL APPROVED PAYOUTS OF INCOME, PARTIAL REPAYMENTS OF CAPITAL AND CURRENT OVERALL NAV, TOTAL YIELD IS 67% (AVERAGE OPERATION OF FUNDS 27 MONTHS, WITH AN AVERAGE ANNUAL RATE OF RETURN OF CIRCA 26%)

• PIRELLI RE’S AVERAGE HOLDING IN ORDINARY FUNDS: 13%

BOARD OF PIRELLI RE OPPORTUNITIES SGR APPROVES ACCOUNTS AT DECEMBER 31ST, 2007 FOR ITS 10 SPECULATIVE FUNDS:

• DIVIDEND APPROVED FOR 3 FUNDS, WITH ANNUAL DIVIDEND YIELD RANGING BETWEEN 20% AND 52% DEPENDING ON EACH FUND’S CHARACTERISTICS

• OVERALL NAV (NET OF PAST PAYOUTS AND THOSE VOTED TODAY) +21% ON CAPITAL INITIALLY INVESTED IN ALL FUNDS

• TAKING ACCOUNT OF ALL APPROVED PAYOUTS OF INCOME, PARTIAL REPAYMENTS OF CAPITAL AND CURRENT OVERALL NAV, TOTAL YIELD IS 80% (AVERAGE OPERATION OF FUNDS 13 MONTHS, WITH AN AVERAGE ANNUAL RATE OF RETURN OF CIRCA 75%)

• PIRELLI RE’S AVERAGE HOLDING IN SPECULATIVE FUNDS: 30%

• INCLUDING THE THREE LISTED FUNDS, OVERALL NAV (NET OF PAST PAYOUTS AND THOSE VOTED TODAY) +27% ON CAPITAL INITIALLY INVESTED

• TAKING ACCOUNT OF ALL APPROVED PAYOUTS OF INCOME, PARTIAL REPAYMENTS OF CAPITAL AND CURRENT OVERALL NAV, TOTAL YIELD IS 74% (AVERAGE OPERATION OF FUNDS 25 MONTHS, WITH AN AVERAGE ANNUAL RATE OF RETURN OF CIRCA 30%)
OVERALL MARKET VALUE OF ASSETS MANAGED THROUGH FUNDS AMOUNTS TO €7 BILLION (ACCORDING TO INDEPENDENT APPRAISAL AT DECEMBER 31ST, 2007), COMPARED WITH BOOK VALUE OF €5.9 BILLION

Milan, February 28, 2008 – At today's meeting, the Board of Directors of Pirelli RE SGR approved the accounts at December 31st, 2007 of the ordinary closed-end real estate investment funds reserved for accredited investors.

The board voted to pay dividends for the second half of 2007 for all 6 reserved funds managed. The overall NAV of the ordinary reserved funds, net of past payouts and those voted today, has reported an increase of 24% on the capital initially invested. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total yield to date is 67% (the funds were placed between 2004 and 2007). Given that the average period of operation by the funds - weighted for the market value of their assets at December 31st, 2007 - is 27 months, the average annual rate of return is approximately 26%.

The average portion of the funds indirectly held by Pirelli RE is 13%.

For Armilla, a core constant-dividend fund in which Pirelli RE has a 2% indirect holding, the total distributable earnings for 2007 amount to €8 million, entirely from rental income since no properties were sold during the year. Taking account of the dividend voted today and those voted for the first three quarters of the year, the annual dividend yield is 9%; since its placement (September 2006) the fund has had an average annual dividend yield of 9%.

The market value of the 14 properties held by the Armilla fund at December 31st, 2007 amounts to €244 million (according to an independent appraisal by REAG). The Fund's NAV, net of past payouts and those voted today, amounts to €108 million, +22% on the capital initially invested of €89 million. Taking account of all payouts of income and current NAV, the total yield to date is 33%.

For Clarice Light Industrial, a core constant-dividend fund, the total distributable earnings for 2007 amount to €8 million, entirely from rental income since no properties were sold during the year. Taking account of the dividend voted today and those voted for the first three quarters of the year, the annual dividend yield is 9%; since its placement (December 2004) the Clarice fund has had an average annual dividend yield of 9%.

The market value of the 70 properties held by the Clarice fund at December 31st, 2007 amounts to €227 million (according to an independent appraisal by CB Richard Ellis). The Fund's NAV, net of past payouts and those voted today, amounts to €116 million, +29% on the capital initially invested of €90 million. Taking account of all payouts of income and current NAV, the total yield to date is 57%.

For Cloe Fondo Uffici, in which Pirelli RE has an 18% indirect holding, the total distributable earnings for 2007 amount to €35 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first half of the year, the
annual dividend yield is 17%; since its placement (June 2004) the fund has had an average annual dividend yield of 16%.
The market value of the 14 properties held by the Cloe fund at December 31st, 2007 amounts to €554 million (according to an independent appraisal by CB Richard Ellis). The Fund's NAV, net of past payouts and those voted today, amounts to €281 million, -6% on the capital initially invested of €299 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total yield to date is 85%.

For Fondo Immobiliare Pubblico Regione Siciliana (FIPRS), in which Pirelli RE has a 22% indirect holding, the total distributable earnings for 2007 amount to €6 million, entirely from rental income since no properties were sold during the year. Taking account of the dividend voted today and those voted for the first three quarters of the year, the annual dividend yield is 6%; since its placement (March 2007) the fund has had an average annual dividend yield of 6%.
The market value of the 33 properties held by the FIPRS fund at December 31st, 2007 amounts to €309 million (according to an independent appraisal by Scenari Immobiliari). The Fund's NAV, net of past payouts and those voted today, amounts to €155 million, +48% on the capital initially invested of €105 million. Taking account of all payouts of income and current NAV, the total yield to date is 54%.

For Teodora, the total distributable earnings for 2007 amount to €25 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first half of the year, the annual dividend yield is 39%; since its placement (October 2005) the fund has had an average annual dividend yield of 30%.
The market value of the 10 properties held by the Teodora fund at December 31st, 2007 amounts to €171 million (according to an independent appraisal by CB Richard Ellis). The Fund's NAV, net of past payouts and those voted today, amounts to €93 million, +37% on the capital initially invested of €68 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total yield to date is 109%.

As regards the Spazio Industriale fund, the results will be announced after the board meeting of Spazio Investment N.V., the company which owns 100% of the fund units and which is listed on the London Stock Exchange's Alternative Investment Market. The board, due to meet on March 11th, will examine the company's financial statements at December 31st, 2007.

The Board of Directors of Pirelli RE Opportunities SGR also met today and approved the accounts at December 31st, 2007 of the speculative closed-end real estate funds reserved for accredited investors.

The board voted to pay dividends for the second half of 2007 for 3 of the 10 reserved funds managed, typically those which have income-earning property in their portfolios and not development projects and which have an active strategy of portfolio rotation. The overall NAV of the reserved speculative funds, net of past payouts and those voted today, has reported an increase of 21% on the capital initially invested. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total yield to date is 80% (the
funds were placed between 2006 and 2007). Given that the average period of operation by the funds - weighted for the market value of their assets at December 31st, 2007 - is 13 months, the average annual rate of return is approximately 75%.

The average portion of the funds indirectly held by Pirelli RE is 30%.

For **Diomira**, a fund specializing in residential investments, in which Pirelli RE has a 32% indirect holding, the total distributable earnings for 2007 amount to €13 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first three quarters of the year, the annual dividend yield is 24%; since its placement (July 2005) the fund has had an average annual dividend yield of 14%.

The market value of the 119 properties held by the Diomira fund at December 31st, 2007 amounts to €150 million (according to an independent appraisal by CB Richard Ellis). The Fund's NAV, net of past payouts and those voted today, amounts to €73 million, -45% on the capital initially invested of €133 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total yield to date is 49%.

For **Retail & Entertainment**, a fund specializing in the retail sector, in which Pirelli RE has a 32% indirect holding, the total distributable earnings for 2007 amount to €60 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first three quarters of the year, the annual dividend yield is 52%; since its placement (June 2007) the fund has had an average annual dividend yield of 101%.

The market value of the 5 properties held by the Retail & Entertainment fund at December 31st, 2007 amounts to €611 million (according to an independent appraisal by CB Richard Ellis). The Fund's NAV, net of past payouts and those voted today, amounts to €176 million, +105% on the capital initially invested of €86 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total return to date is 157%.

Lastly, for **Raissa**, the fund with mainly office properties in its portfolio, in which Pirelli RE has a 35% indirect holding, the total distributable earnings for 2007 amount to €36 million and derive entirely from both property rental. Taking account of the dividend voted today and those voted for the first three quarters of the year, the annual dividend yield is 20%; since its placement (December 2005) the fund has had an average annual dividend yield of 17%.

The market value of the 349 properties held by the Raissa fund at December 31st, 2007 amounts to €461 million (according to an independent appraisal by CB Richard Ellis). The Fund's NAV, net of past payouts and those voted today, amounts to €259 million, -11% on the capital initially invested of €292 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total yield to date is 59%.

The total NAV of all 19 funds managed by the Pirelli RE Group, both listed and reserved, net of past payouts and those voted today, has reported an increase of 27% on the capital initially invested. The total market value of the assets under management at December 31st, 2007 amounts to €7 billion, compared with a book value of €5.9 billion.

Taking account of all approved payouts of income, partial repayments of capital and current NAV, the total yield to date is 74% (the funds were placed between 2004 and 2007). Given
that the average period of operation by the funds - weighted for the market value of their assets at December 31st, 2007 - is 25 months, **the average annual rate of return is approximately 30%**.

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