PIRELLI & C. REAL ESTATE PRESS RELEASE

PIRELLI & C. REAL ESTATE CONTINUES ITS ACTIVITY OF ADDING VALUE TO THE COMMERCIAL PORTFOLIOS UNDER MANAGEMENT:

- SOLD 50% OF THE COMPANY PRIME PROPERTIES TO AEDES WITH A GROSS CAPITAL GAIN OF 7.7 MILLION EURO
- SOLD SIX PROPERTIES FOR AN OVERALL GROSS CAPITAL GAIN OF 27 MILLION EURO

Milan, April 1, 2003 – Pirelli & C. Real Estate has concluded a series of transactions in the context of its activity relative to the acquisition, exploitation, and sale of commercial properties, which are held together with The Morgan Stanley Real Estate Funds, and for which Pirelli & C. Real Estate has a mandate for their strategic management.

The transactions concluded are the following.

The 50% stake held in Prime Properties was sold to Aedes, who already held the remaining 50%. Prime Properties holds a real estate portfolio worth about 150 million Euros, with properties located in Milan and Rome. The transaction value was equal to 25 million Euros, which yielded a gross capital gain of 7.7 million Euros, of which about 2 million Euros represent Pirelli & C. Real Estates’ share.

The sale of a portfolio of four quality properties, 30,000 sqm of mainly office properties, located in the center of Milan (comprising a portion of the former Ras portfolio which was acquired in 2002), to the property funds run by the Deka Group was executed. The transaction value was about 130 million Euros, with a gross capital gain of about 20 million Euros, of which 6.6 million Euros represent Pirelli & C. Real Estates’ share.
Finally, two office buildings, one located in the heart of Naples (comprised in the Ras portfolio) and the other located in Turin (comprised in the former Toro Insurance portfolio) were sold to local private investors. The transaction value for the two properties was about 25 million Euros, with a gross capital gain of about 7 million Euros, of which 2 million Euros represent Pirelli & C. Real Estates’ share.

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