PRESS RELEASE

PIRELLI RE CLOSE LAST QUARTER OF 2003 WITH ACQUISITIONS WORTH 470 MILLION EURO

Milan, January 2nd, 2004 – Pirelli RE closed the final quarter of 2003 with a series of operations, carried out in partnership with a number of leading investors, and leading to the acquisition of real estate portfolios worth an overall 470 million Euro. Of this figure, 259 million Euro were for residential properties while 211 million Euro were allocated to commercial real estate. Pirelli RE will exploit the newly acquired portfolios in line with its well-established business model as a management company, managing and investing in real estate businesses through significant minority stakes and providing the companies with specialist services.

Acquisitions in the residential sector

A contract was concluded through the Esedra company (35% Pirelli RE, 45% Lehman Brothers, 20% Risanamento) for the acquisition from Generali Properties, at a price of 65 million Euro, of a complex earmarked for residential development, located in the Poggio Ameno area of Rome.

Additional acquisitions worth an overall 36 million Euro were also completed, of which 31 million were allocated to a further complex earmarked for residential development in Milan; this was bought through Orione (35% Pirelli RE, 65% other private partners) from Immobiliare Lombarda.

A further acquisition, previously announced last December 23rd, was made by Continuum (40% Pirelli RE, 40% Generali Properties, 20% Lehman Brothers). This consisted of a real estate portfolio made up of 43 mainly residential properties in Milan and Rome, and drawn from the portfolio of Assitalia, for a total value of 158 million Euro.

Acquisitions in the commercial sector

Over the last few weeks of 2003, The Peabody Fund (O’Connor Capital Partners and JP Morgan-Chase) brought to the joint venture with Pirelli RE (20% Pirelli RE – 80% The Peabody Fund) 4 commercial galleries worth 46 million Euro, which were leased out to Rinascente.
Pirelli RE also bought nine office development properties for **85 million** Euro, from **Banca di Roma – Gruppo Capitalia**. This portfolio is located variously in Florence, Bologna, Rome, Naples, Bari, Ancona, Palermo and Mestre.

Lastly, in tandem with a group of Tuscan investors headed by the industrialist, Arduino Casprini (Pirelli RE 30%, other partners 70%), an industrial complex was bought from **Italtel**. The complex consists of properties for office development and of development areas in the Milan hinterland. This operation was carried out for **80 millioni** Euro. The agreement also features an option on the possible subsequent acquisition of Italtel’s industrial complex located in Settimo Milanese (province of Milan).

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