



PIRELLI & C. REAL ESTATE PRESS RELEASE

Finalized acquisition of FMC from Lazard

NEW PIRELLI RE FUND MANAGEMENT SGR COMPANY WILL PROMOTE AND MANAGE MUTUAL FUNDS INVESTING IN PROPERTY

Milan, July 21st 2003 – Having obtained clearance from the Bank of Italy and the Market and Competition Guarantee Authority, Pirelli & C. Real Estate has today completed its acquisition from Lazard Investments, for around € 2.3 million, of 100% of the capital of an **FMC** (Fund Management Company) which will take the name of **Pirelli RE Fund Management Sgr.**

Pirelli RE Fund management Sgr will be dedicated to the promotion, formation and management of **property investment mutual funds** and will target both retail and institutional investors.

The transaction fits the Group's strategic objective of adding a **long-term investment and management business** to its traditional activities as asset manager (co-investor with qualified minority interests in short to medium-term initiatives) and service provider. The new business will involve forming **property funds**, product-specific, with or without contribution. The funds will feature high investment stability, developing over a time-span of 8 – 15 years. The FMC will promote its first two funds in the last quarter of 2003, specialized in offices, of **€700 - 800 million** each.

In ordinary session, the meeting of the FMC's shareholders today received the resignations of the outgoing Board of Directors and appointed a **new, three to eleven member Board**. The meeting also appointed **Carlo Alessandro Puri Negri**, as Chairman, and **Giulio Malfatto**, who will be nominated at the next Board meeting for the position of Managing Director. **Giulio Lanciotti**, ex-Director of the Bank of Italy's Milan branch, was appointed as an independent adviser. Before the placement of the funds, the Board of Director's number will be extended to seven, and three of them will be independent advisers, as a representative of the Italian and foreign investors.

In extraordinary session, the shareholder meeting then changed the company name from Lazard Private Equity Sgr to **Pirelli RE Fund Management Sgr**.

“We are confident” explained Pirelli & C. Real Estate’s Managing Director Carlo Puri Negri, “that Italy has strong development potential for property funds. One need only think how widespread these funds are on more developed markets such as the United States, where more than 50% of office premises are held by listed real estate investment trusts. The creation and development of a stable secondary market will encourage the gradual emergence of short to medium-term investors and an increasingly strong presence of long-term investors. It will represent a major transformation in the Italian property market, and will make it possible to complete the industrial cycle in the sector”.

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