

**JOINT PRESS RELEASE PIRELLI & C. REAL ESTATE/MORGAN
STANLEY REAL ESTATE FUNDS**

**SIGNED AN AGREEMENT WITH ALERION INDUSTRIES
FOR THE SELLING OF 20% OF THE FORMER FONDIARIA-SAI
REAL ESTATE PORTFOLIO**

Milan, August 5th, 2003 - The joint venture between Pirelli & C. Real Estate (25%) and The Morgan Stanley Real Estate Funds (75%) has signed an agreement with Alerion Industries for the selling of about 20% of the real estate portfolio acquired from Fondiaria-SAI Group spin-off.

The portfolio which is the object of the agreement consists of **19 properties** located mainly in Milan and Rome, for a value worth about **200 million** Euro (plus VAT of 20 million Euro).

The agreement, reached after the signing of the contract between the joint venture Pirelli & C. Real Estate/The Morgan Stanley Real Estate Funds and Fondiaria-SAI Group, provides the selling to Aleiron Industries of the shares of a vehicle in which the 19 properties will be concentrated.

The remainder **68 properties** of the portfolio, occupying an area of roughly 377,000 sqm mainly in Milan, Florence and Rome, will be managed by Pirelli & C. Real Estate following the usual business model, both in long-term and in short-term rationale, according to the type of the assets.

The closing of the operation will take place on October 31st.

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