



PRESS RELEASE

- **BANK OF ITALY APPROVES THE ORDINANCE OF FIRST PRIVATE, QUOTED REAL ESTATE FUND, BY CONTRIBUTION, IN ITALY**
- **PIRELLI RE SGR WILL MANAGE THE FUND, KNOWN AS “TECLA OFFICE FUND”**

Milan, October 23, 2003 – Pirelli RE are pleased to announce that the Bank of Italy has approved the ordinance of the first private, quoted contributory real estate investment fund, by contribution, in Italy. The fund will specialise in the office sector and will be known as the **Tecla Offices Fund**, after the namesake invisible city – permanently under construction - featured in the work of Italo Calvino.

The fund, managed by Pirelli RE SGR, will be set up with the contribution of real estate assets by Tiglio I S.r.l., the company controlled by Morgan Stanley real estate funds.

The newly approved fund will be **worth somewhere between 300 and 350 million Euro**, net of financial indebtedness of approximately 60% (in compliance with the related legislation), for a contribution value estimated at between 800 and 850 million Euro. The **duration** of the fund is set at **seven years**, plus a possible extension of **three** years for completion of the liquidation of the assets.

The ordinance of the fund also features an innovative *corporate governance* structure, designed on one hand to guarantee the active involvement of fund investors in the SGR's decision-making process, and, on the other, to ensure the visibility and transparency of key operations, not least through the institution of a Consultative Committee to represent subscribers and an Investments Committee made up of independent sector experts.

As Carlo Puri Negri, Managing Director of Pirelli & C. Real Estate put it: *“In line with the intentions set out in our 2003-2005 three-year plan, the Tecla Office Fund will be the first in a series of funds to be launched by Pirelli RE specialising in specific types of assets, and with which we hope to make a significant contribution to the Italian real estate market, normalising its cycles and reducing its fluctuations. This, the first of Pirelli RE's funds, aims to become a reference point for the managed funds sector not only in terms of the quality of the real estate portfolio but also in terms of transparency and the involvement of subscribers in the decision-making process”*.

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