



## **PRESS RELEASE**

### ***BOARD OF PIRELLI RE SGR APPROVES ACCOUNTS AT DECEMBER 31ST, 2007 FOR ITS 6 ORDINARY RESERVED FUNDS:***

- ***DIVIDEND APPROVED FOR ALL FUNDS, WITH ANNUAL DIVIDEND YIELD RANGING BETWEEN 6% AND 39% DEPENDING ON EACH FUND'S CHARACTERISTICS***
- ***OVERALL NAV (NET OF PAST PAYOUTS AND THOSE APPROVED TODAY) +24% ON CAPITAL INITIALLY INVESTED IN ALL FUNDS***
- ***TAKING ACCOUNT OF ALL APPROVED PAYOUTS OF INCOME, PARTIAL REPAYMENTS OF CAPITAL AND CURRENT OVERALL NAV, TOTAL YIELD IS 67% (AVERAGE OPERATION OF FUNDS 27 MONTHS, WITH AN AVERAGE ANNUAL RATE OF RETURN OF CIRCA 26%)***
  - ***PIRELLI RE'S AVERAGE HOLDING IN ORDINARY FUNDS: 13%***

### ***BOARD OF PIRELLI RE OPPORTUNITIES SGR APPROVES ACCOUNTS AT DECEMBER 31ST, 2007 FOR ITS 10 SPECULATIVE FUNDS:***

- ***DIVIDEND APPROVED FOR 3 FUNDS, WITH ANNUAL DIVIDEND YIELD RANGING BETWEEN 20% AND 52% DEPENDING ON EACH FUND'S CHARACTERISTICS***
- ***OVERALL NAV (NET OF PAST PAYOUTS AND THOSE VOTED TODAY) +21% ON CAPITAL INITIALLY INVESTED IN ALL FUNDS***
- ***TAKING ACCOUNT OF ALL APPROVED PAYOUTS OF INCOME, PARTIAL REPAYMENTS OF CAPITAL AND CURRENT OVERALL NAV, TOTAL YIELD IS 80% (AVERAGE OPERATION OF FUNDS 13 MONTHS, WITH AN AVERAGE ANNUAL RATE OF RETURN OF CIRCA 75%)***
  - ***PIRELLI RE'S AVERAGE HOLDING IN SPECULATIVE FUNDS: 30%***
- ***INCLUDING THE THREE LISTED FUNDS, OVERALL NAV (NET OF PAST PAYOUTS AND THOSE VOTED TODAY) +27% ON CAPITAL INITIALLY INVESTED***
- ***TAKING ACCOUNT OF ALL APPROVED PAYOUTS OF INCOME, PARTIAL REPAYMENTS OF CAPITAL AND CURRENT OVERALL NAV, TOTAL YIELD IS 74% (AVERAGE OPERATION OF FUNDS 25 MONTHS, WITH AN AVERAGE ANNUAL RATE OF RETURN OF CIRCA 30%)***

- **OVERALL MARKET VALUE OF ASSETS MANAGED THROUGH FUNDS AMOUNTS TO €7 BILLION (ACCORDING TO INDEPENDENT APPRAISAL AT DECEMBER 31ST, 2007), COMPARED WITH BOOK VALUE OF €5.9 BILLION**

*Milan, February 28, 2008* – At today's meeting, the Board of Directors of **Pirelli RE SGR** approved the accounts at December 31st, 2007 of the **ordinary closed-end real estate investment funds reserved** for accredited investors.

The board voted to **pay dividends** for the second half of 2007 for all **6 reserved funds** managed. The overall **NAV of the ordinary reserved funds**, net of past payouts and those voted today, has reported an **increase of 24% on the capital initially invested**. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total yield to date is 67%** (the funds were placed between 2004 and 2007). Given that the average period of operation by the funds - weighted for the market value of their assets at December 31st, 2007 - is 27 months, **the average annual rate of return is approximately 26%**.

The **average portion** of the funds **indirectly held by Pirelli RE** is **13%**.

For **Armilla**, a core constant-dividend fund in which Pirelli RE has a 2% indirect holding, the total distributable earnings for 2007 amount to €8 million, entirely from rental income since no properties were sold during the year. Taking account of the dividend voted today and those voted for the first three quarters of the year, the **annual dividend yield is 9%**; since its placement (September 2006) the fund has had an **average annual dividend yield of 9%**.

The **market value** of the 14 properties held by the Armilla fund at December 31st, 2007 amounts to **€244 million** (according to an independent appraisal by **REAG**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€108 million, +22% on the capital initially invested** of €89 million. Taking account of all payouts of income and current NAV, the **total yield to date is 33%**.

For **Clarice Light Industrial**, a core constant-dividend fund, the total distributable earnings for 2007 amount to €8 million, entirely from rental income since no properties were sold during the year. Taking account of the dividend voted today and those voted for the first three quarters of the year, the **annual dividend yield is 9%**; since its placement (December 2004) the Clarice fund has had an **average annual dividend yield of 9%**.

The **market value** of the 70 properties held by the Clarice fund at December 31st, 2007 amounts to **€227 million** (according to an independent appraisal by **CB Richard Ellis**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€116 million, +29% on the capital initially invested** of €90 million. Taking account of all payouts of income and current NAV, the **total yield to date is 57%**.

For **Cloe Fondo Uffici**, in which Pirelli RE has an 18% indirect holding, the total distributable earnings for 2007 amount to €35 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first half of the year, the

annual **dividend yield** is **17%**; since its placement (June 2004) the fund has had an **average annual dividend yield of 16%**.

The **market value** of the 14 properties held by the Cloe fund at December 31st, 2007 amounts to **€554 million** (according to an independent appraisal by **CB Richard Ellis**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€281 million, -6% on the capital initially invested** of €299 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total yield to date is 85%**.

For **Fondo Immobiliare Pubblico Regione Siciliana (FIPRS)**, in which Pirelli RE has a 22% indirect holding, the total distributable earnings for 2007 amount to €6 million, entirely from rental income since no properties were sold during the year. Taking account of the dividend voted today and those voted for the first three quarters of the year, the **annual dividend yield is 6%**; since its placement (March 2007) the fund has had an **average annual dividend yield of 6%**.

The **market value** of the 33 properties held by the FIPRS fund at December 31st, 2007 amounts to **€309 million** (according to an independent appraisal by **Scenari Immobiliari**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€155 million, +48% on the capital initially invested** of €105 million. Taking account of all payouts of income and current NAV, the **total yield to date is 54%**.

For **Teodora**, the total distributable earnings for 2007 amount to €25 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first half of the year, the **annual dividend yield is 39%**; since its placement (October 2005) the fund has had an **average annual dividend yield of 30%**.

The **market value** of the 10 properties held by the Teodora fund at December 31st, 2007 amounts to **€171 million** (according to an independent appraisal by **CB Richard Ellis**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€93 million, +37% on the capital initially invested** of €68 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total yield to date is 109%**.

As regards the **Spazio Industriale** fund, the results will be announced after the board meeting of Spazio Investment N.V., the company which owns 100% of the fund units and which is listed on the London Stock Exchange's Alternative Investment Market. The board, due to meet on March 11th, will examine the company's financial statements at December 31st, 2007.

The Board of Directors of **Pirelli RE Opportunities SGR** also met today and approved the accounts at December 31st, 2007 of the speculative closed-end real estate funds reserved for accredited investors.

The board voted to **pay dividends** for the second half of 2007 **for 3 of the 10 reserved funds** managed, typically those which have income-earning property in their portfolios and not development projects and which have an active strategy of portfolio rotation. The overall **NAV of the reserved speculative funds**, net of past payouts and those voted today, has reported an **increase of 21% on the capital initially invested**. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total yield to date is 80%** (the

funds were placed between 2006 and 2007). Given that the average period of operation by the funds - weighted for the market value of their assets at December 31st, 2007 - is 13 months, **the average annual rate of return is approximately 75%.**

The **average portion** of the funds **indirectly held by Pirelli RE** is **30%.**

For **Diomira**, a fund specializing in residential investments, in which Pirelli RE has a 32% indirect holding, the total distributable earnings for 2007 amount to €13 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first three quarters of the year, the **annual dividend yield is 24%; since its placement (July 2005) the fund has had an average annual dividend yield of 14%.**

The **market value** of the 119 properties held by the Diomira fund at December 31st, 2007 amounts to **€150 million** (according to an independent appraisal by **CB Richard Ellis**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€73 million**, - 45% on the capital initially invested of €133 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total yield to date is 49%.**

For **Retail & Entertainment**, a fund specializing in the retail sector, in which Pirelli RE has a 32% indirect holding, the total distributable earnings for 2007 amount to €60 million and derive from both property rental and sale income. Taking account of the dividend voted today and those voted for the first three quarters of the year, the **annual dividend yield is 52%; since its placement (June 2007) the fund has had an average annual dividend yield of 101%.**

The **market value** of the 5 properties held by the Retail & Entertainment fund at December 31st, 2007 amounts to **€611 million**(according to an independent appraisal by **CB Richard Ellis**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€176 million**, **+105% on the capital initially invested** of €86 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total return to date is 157%.**

Lastly, for **Raissa**, the fund with mainly office properties in its portfolio, in which Pirelli RE has a 35% indirect holding, the total distributable earnings for 2007 amount to €36 million and derive entirely from both property rental. Taking account of the dividend voted today and those voted for the first three quarters of the year, the **annual dividend yield is 20%; since its placement (December 2005) the fund has had an average annual dividend yield of 17%.**

The **market value** of the 349 properties held by the Raissa fund at December 31st, 2007 amounts to **€461 million** (according to an independent appraisal by **CB Richard Ellis**). The **Fund's NAV**, net of past payouts and those voted today, amounts to **€259 million**, **-11% on the capital initially invested** of €292 million. Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total yield to date is 59%.**

The total NAV of all 19 funds managed by the Pirelli RE Group, both listed and reserved, net of past payouts and those voted today, has reported an **increase of 27% on the capital initially invested.** The **total market value** of the **assets under management** at December 31st, 2007 amounts to **€7 billion**, compared with a **book value** of **€5.9 billion.**

Taking account of all approved payouts of income, partial repayments of capital and current NAV, the **total yield to date is 74%** (the funds were placed between 2004 and 2007). Given

that the average period of operation by the funds - weighted for the market value of their assets at December 31st, 2007 - is 25 months, **the average annual rate of return is approximately 30%.**

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