



Press Release

Milan, 1 December 1999

The offering of shares in “Securfondo”, the closed-end real estate fund launched by Beni Stabili, has been completed. Investments already made report yield of 7.5%.

BENI STABILI: “SECURFONDO” LAUNCHES INVESTMENT PROGRAMME

Having closed the offering, Beni Stabili already has options on properties with a value equal to 60% of the €150m raised.

Preparations for the Fund’s stock market listing have begun.

Immobiliare Italia Gestioni SpA, the fund management company controlled by Beni Stabili, has completed the offering of shares in the closed-end real estate fund, “SECURFONDO”, distributed exclusively by Simcasse SpA and Iccrea Banca SpA via branches of Italy’s Cooperative Credit Banks, Rural and Artisan Credit Banks and Raiffeisen Banks.

The Fund, which was planned to have initial capital of €150m divided into 60,000 shares, has been fully subscribed.

At their meeting of 1 December, the Board of Directors of Immobiliare Italia Gestioni SpA took note of the success of the initiative. With a view to minimising the time needed in order to employ the funds raised, the Board has appointed independent experts to value the properties on which the Fund already has options amounting to over 60% of the Fund’s available liquidity.

The assets to be invested in are quality properties located in Milan, Turin, Rome and Naples, and are either leased or covered by lease commitments, providing an annual yield in the order of 7.5%, subject to revaluation according to ISTAT indexes. Taking account of the time needed to finalise the related formalities, the investments should be completed by the end of December 1999.

The Company is making preparations for an early flotation of shares in the Fund: trading in the shares on the stock market will increase the liquidity of the instruments and offer a key benefit to savers wishing to dispose of their investment in the future.

“This initiative,” declared Luciano Martino, CEO and Chairman of Beni Stabili, “is aimed at anyone looking for a medium- to long-term investment opportunity, but wishing to avoid the problems involving in managing a property purchased directly. It also offers the further advantage of enabling savers to invest relatively small sums. Beni Stabili believes there is significant room for growth in this sector, and is already examining further similar initiatives.”

Giuliano Tagliavini, General Manager of ICCREA, went on to provide further details: “More than 3,500 retail investors have shown their faith in us, in addition to a pension fund, an insurance company and a number of institutional investors. The fact that we have been able to attract institutional investors, who see real estate funds as a means of diversifying their investment portfolios, is in itself a guarantee for private investors, who are interested in low-risk forms of investment over the medium to long term.”

SECURFONDO has a duration of 15 years and a target yield of 4.5% per annum, a percentage based on objective market conditions and which takes account of the earnings potential of the investments.

Income will be distributed annually from the fourth year, in which accumulated income from the first three years will also be paid.

BENI STABILI, created by the spin-off of real estate assets from the Sanpaolo IMI Group and listed on the Milan stock exchange since 2 November 1999, is a leading Italian property company.

The property portfolio following the spin-off, worth a total of 1,338bn Italian lire at 30 June 1999 according to independent appraisers, consists primarily of commercial properties (85%) located in the cities of Milan (35%), Rome (19%) and Turin (8%).

The rest of the portfolio includes residential (6%) and industrial (2%) properties and building land (7%).

Key properties in the portfolio include the building in Via del Corso, Rome, buildings in Corso Matteotti and Piazza San Fedele in Milan, the old convent in Via delle Lame in Bologna, and Palazzo Contarini Corfù on the Grand Canal in Venice.

The Company's principal tenants are leading names: in addition to the Sanpaolo IMI Group, which accounts for over 63% of total rental income, these include companies from the fields of telecommunications and merchant banking, and public sector entities.

BENI STABILI's main areas of business are:

- 1) property management and development (the renegotiation of lease agreements, improvements to occupancy rates, and purchase, disposal and development policies);
- 2) management of closed-end real estate investment funds (the BENI STABILI Group launched the second fund to be set up in Italy, "Securfondo", in September 1999);
- 3) the provision of facility management services to third parties, exploiting the specialist know-how and technical skills of its management team.

The current balance sheet reveals a very low degree of leverage with shareholders' equity of 1,661bn Italian lire and net debt at the date the spin-off became effective of around 44bn Italian lire.

BENI STABILI intends to adopt a targeted management strategy with the aim of achieving a significant improvement in average yields. Its innovative property and facility management services, providing additional added value for the customer and thus higher margins for the property company, will account for a growing proportion of the Group's revenues, thereby contributing to an increase in earnings.

As part of a joint venture with Bonaparte SpA, on 10 November 1999 Beni Stabili embarked on an investment programme, worth 500bn Italian lire over the next five years, aimed at developing retail parks in areas located in Piedmont and Lombardy.

BENI STABILI's business environment shows undoubted promise, given the recent significant upturn in the real estate market.

On behalf of BENI STABILI:

Rowland Italia Srl

Tel. 02 4856181 Fax 02 48561840