PRESS RELEASE

- LAUNCH OF RAISSA FUND, THE NINTH FUND MANAGED BY PIRELLI RE SGR RESERVED TO QUALIFIED INVESTORS

• 561 ASSETS FOR A VALUE OF APPROX. € 486 MILLION WERE CONTRIBUTED BY TELECOM ITALIA GROUP

• TOTAL VALUE OF THE FUNDS, NET OF DEBT, APPROX. € 200 MILLION

• MAJORITY OF FUND’S UNITS PLACED TO THE INSTITUTIONAL INVESTORS OF THE MORGAN STANLEY REAL ESTATE FUNDS; PIRELLI RE HAS A STAKE IN THE FUND OF APPROX. 35%, IN JOINT VENTURE WITH THOSE FUNDS

• FURTHER CONTRIBUTION FROM TELECOM ITALIA GROUP OF MORE THAN € 300 MILLION EXPECTED WITHIN JUNE 2006

- SECOND INVESTMENT FOR DIOMIRA FUND, RESERVED TO QUALIFIED INVESTORS

• 151 ASSETS FROM BPU BANK FOR A TOTAL VALUE OF € 150 MILLION, CONTRIBUTED TO THE FUND

• THE VALUE OF THE FUND, NET OF DEBT, INCREASES UP TO € 188,5 MILLION

Milan, 28 December 2005 – Today Raissa fund has been launched. Raissa is a fund by contribution reserved to qualified investors, its expected life is six years and it represents the ninth fund managed by Pirelli RE SGR, for a total of more than Euro 5.7 billion of funds under management at market value including Euro 1.1 million of FIP fund.

Raissa has been created by the contribution of 561 assets, mainly offices and industrial destination, of Olivetti Multi Service a company of Telecom Italia Group. The contribution value is approx. Euro 486 million. The deal represents the first contribution of the transaction announced last 21st December foreseeing the total contribution to the fund of more than 900 assets for a total value of approx. Euro 790 million to be completed within June 2006.
The 561 assets contributed in the first tranche, are located mainly in the North (54%) in majority in Lombardy, Piedmont and Emilia Romagna. The total assets have a gross surface of approx. 770,000 square meters, and are entirely leased to Telecom Italia.

**Fund’s value** is approx. **Euro 200 million** as per the contribution value of Euro 486 million, net of **debt** equal to approx. **Euro 286 million**.

The majority of the fund’s units have been placed to institutional investors of **The Morgan Stanley Real Estate Funds**. Pirelli RE has a stake in Raissa of approx. 35% in joint venture with those funds.

As of today **Diomira fund** completed its second investment through the contribution of **151 properties** from BPU Bank for a total value of **Euro 150 million**. Diomira is a mixed fund (cash and contribution) reserved to qualified investors specialized in residential trading.

The real estate assets, mainly residential, are located 55% in North, mainly in Lombardy, and for the remaining part in the South part of Italy mainly in the regions of Calabria and Puglia. The properties have a gross surface of approx. 137,000 square meters and 65% of the space is leased.

Thanks to this assets contribution the total **value of the fund**, net of debt, amount to **Euro 188.5 million**.

Regarding the constitution of Raissa Fund, Morgan Stanley group acted as Broker and also provided the financing. Bonelli Erede Pappalardo and Chiomenti law firms acted as Legal Advisor. CB Richard Ellis Professional Services acted as independent expert; REAG released a **fairness opinion** on the valuation of the real estate assets.

Regarding the second investment of Diomira. Morgan Stanley acted as Broker for Pirelli RE SGR, Bonelli Erede Pappalardo and Chiomenti law firms as legal advisors, Calyon- Corporate Investment Bank and Capitalia Group provided the financing and CB Richard Ellis Professional Services as independent expert. Banca Intesa is the Depositary Bank for both Raissa and Diomira funds.

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