PRESS RELEASE

PIRELLI RE INCREASES ITS PRESENCE IN THE GERMAN MARKET:

• RAISES STAKE TO 90% IN JV SET UP WITH KRONBERG TO INVEST IN RESIDENTIAL PROPERTIES IN GERMANY

• ACQUIRES PORTFOLIO OF 18 MAINLY RESIDENTIAL PROPERTIES LOCATED IN BERLIN, WITH VALUE OF APPROX. €64M

• RESIDENTIAL ASSETS UNDER MANAGEMENT IN BERLIN RISE TO OVER €170M

• IDENTIFIED OTHER INVESTMENT OPPORTUNITIES

Milan, 20 June 2006 – Pirelli RE is strengthening its presence in the German market by raising its stake in P&K Real Estate GmbH to 90%. The company is a joint venture set up with Kronberg last October to invest in the country’s residential sector (Kronberg’s interest in the JV has thus been reduced from 40% to 10%).

P&K Real Estate has also completed the purchase of 18 mainly residential properties with a total surface area of approximately 78,000 square metres in Berlin for a value of approximately €64m. Around 90% of the units are leased, generating annual rental income of approximately €4.2m.

As a result, residential assets now managed by Pirelli RE mainly in Berlin rise to over €170m.

Pirelli RE, which in Germany aims to replicate the business model already successfully adopted in Italy, has already identified other attractive investment opportunities and is also looking at opportunistic investments in other segments of the German property market, above all retail and offices, given the country’s healthy economy and the potential for high returns.
The Group is successfully pursuing its overseas expansion strategy, with the aim of becoming one of the leading players in central and eastern Europe, via the creation of investment platforms and property services with local qualified partners.

For further information contact:
Pirelli RE Press Office Tel. +39/02/8535.4270
Pirelli RE Investor Relations Tel. +39/02/8535.4057
www.pirellire.com