PRESS RELEASE

- PIRELLI RE WITH CONWERT IMMOBILIEN AND ECO BUSINESS-IMMOBILIEN TO ACQUIRE PROPERTIES IN AUSTRIA WORTH APPROX. €225M FROM ALLIANZ

- A STAKE OF APPROX. 33% HAS BEEN TAKEN VIA P&K REAL ESTATE (90% PIRELLI RE – 10% KRONBERG), ACCORDING TO THE GROUP BUSINESS MODEL

- PIRELLI RE CONTINUES EXPANSION STRATEGY IN CENTRAL AND EASTERN EUROPE, NOW VIENNA, BERLIN AND WARSAW ARE OPERATIVE

Milan, 28 June 2006 – Pirelli RE together with Conwert Immobilien Invest and ECO Business-Immobilien, among largest Austrian players with in-depth knowledge of the local market, have acquired a portfolio of 78 properties worth approximately €225m from Allianz Austria.

In line with its business model, the Group will co-invest in the portfolio via P&K Real Estate (90% Pirelli RE-10% Kronberg) by taking a stake of around 33%.

The portfolio consists of 31 mainly residential properties, with a total surface area of approximately 39,000 square metres, and 47 commercial properties, primarily offices and retail units, of over 82,000 square metres. 49% of the properties are located in Vienna, with the remainder spread around the country, in particular in the cities of Innsbruck and Salzburg. About 82% of the properties are leased and generate annual rental income of approximately €10.5m.

After Vienna, Berlin and Warsaw, the Group continues its expansion in Central and Eastern Europe, in line with the strategy set out in the three-year plan for 2006-2008.

For the transaction, Pirelli RE was assisted as advisor by the investment bank Lazard.

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