PRESS RELEASE

PIRELLI RE FACILITY MANAGEMENT ACQUIRES INGEST FACILITY (FIAT GROUP)

- BINDING AGREEMENT SIGNED FOR ACQUISITION OF 100% INTEREST IN COMPANY FROM BUSINESS SOLUTIONS WITH ENTERPRISE VALUE OF €33M

- FOLLOWING ACQUISITION, PREFM TO HAVE ANNUAL TURNOVER OF OVER €400M, WITH APPROX. 1,000 EMPLOYEES

- TRANSACTION OBJECTIVE IS TO ACHIEVE ITALIAN MARKET LEADERSHIP AND TO EXPLOIT OPERATING SYNERGIES IN POLISH MARKET WITH PIRELLI PEKAO REAL ESTATE

- CLOSING EXPECTED BY FEBRUARY 2007

Milan, 15 December 2006 – Pirelli RE Facility Management (PREFM), a Pirelli RE Group company, announces the acquisition of Ingest Facility.

Yesterday evening PREFM signed a binding agreement for the acquisition of a 100% interest in Ingest Facility from Business Solutions (a FIAT Group company) with an Enterprise Value of €33m. The buyer will pay a further €17.3m for the company’s cash reserves. The above amount is provisional and is subject to future earn-out payments.

The acquisition includes Ingest Facility, in charge for the facility management business in Italy, and the subsidiaries Ingest Facility Polonia (wholly owned) and Building Services (51% owned*), in addition to the division of Fiat Finance et Services SA that supplies facility management services to FIAT Group companies in France.

Ingest Facility operates in all segments of the facility management market, offering integrated solutions for the users of office, industrial and retail properties. The company, which is expected to report consolidated turnover of around €225m for 2006 (including its French business), employs approximately 380 people. It includes a portfolio of high quality customers, including, in addition to the FIAT Group – which accounts for around 50% of turnover – Banca Intesa, Carige, Edison, Global Value (IBM), Mediaworld, TNT

* The remaining 49% of Building Services is owned by Johnson Controls.
and Unicredit. Ingest Facility also has expertise in the health sector, where one of its main customers is the Valduce Hospital in Como.

This transaction and the recent acquisition of the document management company, Aponeo, means that PREFM is implementing its growth strategy, including acquisitions. The company, achieved a leadership position in Italy, aims to enter other European markets in line with the Pirelli RE Group’s expansion into central and eastern Europe. One of the main targets is to exploit operating synergies between Pirelli Pekao Real Estate, the Polish-based asset management and service provider 75% owned by Pirelli RE, and Ingest Facility Polonia, which has annual turnover of approximately €12.5m and 40 staff.

As a result of the acquisition, PREFM will have annual turnover of over €400m and employ around 1,000 people, further broadening its offering of: 1) building services (management and routine and extraordinary maintenance of buildings and the related plant); 2) space management (space planning and space management, document management and move in-move out services); 3) people-related services (call centre, desk top management, reception, security, environmental services, safety at work and catering); and 4) project management (coordination of executive design, construction planning for new buildings and works supervision). The Company is present throughout the country via its main operating centres in Milan, Ivrea, Turin, Genoa, Padua, Bologna, Rome, Naples, Bari, Catania, Palermo and Cagliari.

The closing of the transaction is expected to take place by February 2007, subject to approval from the relevant antitrust authorities.

PREFM was advised by Mediobanca, acting as financial advisor, and by Freshfields Bruckhaus Deringer, acting as legal advisor. PricewaterhouseCoopers carried out the related financial and tax due diligence procedures.

For further information contact:

Pirelli RE Press Office Tel. +39/02/8535.4270
Investor Relations Pirelli RE Tel. +39/02/8535.4057
www.pirellire.com