



PRESS RELEASE

- **TENDER FOR THE SALE OF PROPERTY IN MILAN AT PIAZZA AFFARI, 2 BELONGING TO TIGLIO II AND LEASED TO TELECOM ITALIA IS COMPLETED AND AWARDED TO THE TISHMAN SPEYER FOR €82.2 MN (ENTRY YIELD OF 3.5%)**
- **THE TENDER WAS MANAGED, IN EXECUTION OF THE EXISTING MANDATE, BY PIRELLI RE AGENCY; FOUR BINDING OFFERS WERE RECEIVED VERSUS TEN INVITATIONS**
- **TIGLIO II (50.53% JOINT VENTURE MSREF-PIRELLI RE; 49.47% TELECOM ITALIA) REALISES A GROSS CAPITAL GAIN OF €37.3 MN**
- **TIGLIO II, WITH THIS SALE, HAS TAKEN ANOTHER STEP TO COMPLETE THE VALORIZATION PROCESS OF ITS ORIGINAL REAL ESTATE PORTFOLIO (DECEMBER 2002) OF €890 MN (APPRAISAL CB RICHARD ELLIS)**
- **CLOSING IS EXPECTED BY NEXT MARCH 30TH**

Milan, 22 March 2007 – The company **Tiglio II**, held 50.53% by the joint venture between Morgan Stanley Real Estate Funds (MSREF) (75%) and Pirelli RE (25%) and 49.47% by Telecom Italia, announces that the tender for the sale of the **office space** located in Milan at Piazza Affari, 2 has been completed and **has been awarded** to the **Tishman Speyer** fund for **€82.2 million**, with an entry yield of 3.5%. The tender was managed by **Pirelli RE Agency**, Pirelli RE Group company specialized in real estate consulting and brokerage activities, as part of the mandate for the management of valorization processes and the sales of Tiglio II's properties.

Ten institutional investors, individuated by Pirelli RE Agency and Tiglio II's shareholders, were invited to take part in the tender, that began last March 1st. On March 20th binding offers were received by Beni Stabili SGR, Cloe Office Fund*, Fondiaria-Sai and Tishman Speyer. In the four offers the property was valued at between €79.5 million and €82.2 million.

* The Cloe Fund is managed by Pirelli RE SGR that holds approx. 5%; the remaining 95% is held by primary institutional investors both Italian, that include the Generali Group, Sara Assicurazioni, Fondazione Cariplo and Fondiaria-SAI, and international, such as GE Real Estate, Merrill Lynch and HSBC.

The building occupies an **area of circa 10,000 m²** and houses the headquarters of Telecom Italia.

The sale to the Tishman Speyer fund, which will result in a **gross capital gain of €37.3 milioni** for **Tiglio II**, should be completed by next March 30th. Constituted in 2002 following conferment of real estate portfolios of like amounts by the jv MSREF-Pirelli RE and Telecom Italia, Tiglio II is now closed to completing the valorization of its real estate assets, that originally totalled circa €890 million (market value at 31 December 2002 according to the appraisal of independent expert CB Richard Ellis).

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