

Pirelli Real Estate S.p.A.

Proposal for Auditing Services for 2008 – 2016
pursuant to Legislative Decree 58 of 24 February 1998

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Pirelli Real Estate S.p.A.

Via G. Negri 10
20123 Milan

Milan, 25 February 2008

Further to recent contacts between ourselves we are pleased to submit to you the terms and conditions relating to the assignment described below.

I. Subject of Proposal

The subject of the proposal, formulated in compliance with Articles 155 et seq. of Leg. Dec. 58 of 24 February 1998 and subsequent amendments (hereinafter Consolidation Act, "C.A."), Article 145-*bis* of the Implementation Regulation for the C.A. providing rules governing Issuers (hereinafter "I.R.I.") and Consob Notice 3556 of 18 April 1996, is:

- auditing of the financial statements and consolidated financial statements for each of the nine financial years ending from 31 December 2008 to 31 December 2016 of Pirelli Real Estate S.p.A. (hereinafter also referred to as the "Company") pursuant to Art. 156 of the C.A.;
- auditing and inspection as provided in Art. 155 (1) (a) of the C.A.;
- auditing the consistency of the Annual Report with the financial statements and consolidated financial statements as provided in Art. 156 (4-*bis*) (d) of the C.A.;

The assignment will last for nine financial years pursuant to Art. 159 (4) of the C.A.

The Proposal also covers:

- the limited auditing of the abbreviated consolidated half-yearly financial statements for each of the nine interim periods closing on 30 June 2008 to 30 June 2016 of Pirelli Real Estate S.p.A.;
- auditing connected with signing of the Tax Declarations (*Modello Unico* and *Modello 770 Semplificato e Ordinario*) for the financial years 2007 – 2015.

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Auditing of the financial statements and consolidated financial statements will refer to the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes to the accounts drawn up in accordance with the International Financial Reporting Standards adopted by the European Union (hereinafter "IFRS").

Limited auditing refers to the abbreviated half-yearly financial statement drawn up in compliance with International Accounting Standard 34, under the provisions of Art. 154-*ter* (2) of the C.A.

Auditing of the Company's financial statements and consolidated financial statements will also include auditing the financial statements of the subsidiary and affiliated companies to the extent indicated in Annexe 1, or of any documents and information conveyed by subsidiary companies to the Lead Company for consolidation.

The level of auditing was defined using the criteria laid down in Art. 151 of the I.R.I. and Art. 165 of the C.A., and also took into account the relative importance of each subsidiary for the purposes of auditing the financial statements and consolidated financial statements of Pirelli Real Estate S.p.A.

II. Nature of the Assignment

Our assignment will cover fulfilment of the functions and operations laid down in Arts. 155, 156 and 165 of the C.A., in accordance with the conditions provided in this Proposal.

Examination of the financial statements and consolidated financial statements will be done by us in accordance with the principles and auditing criteria recommended by CONSOB.

The regulatory sources we will use as references consist of the International Financial Reporting Standards adopted by the European Union, which will be in force at the end of each financial year in question. These principles may be subject to changes either as a result of new guidelines from the European Commission relating to their approval, or as a result of new principles or interpretations issued by the competent bodies. The application of any new accounting principles will be obliged to comply with specific transition rules, where provided, or in their absence with the general IFRS rules on changes to accounting principles.

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The audits referred to Art. 155 (1) (a) of the C.A. will normally be carried out quarterly, unless special circumstances require more frequent audits. The periodical audits will also be extended to the period subsequent to 31 December 2016 until the date an assignment is given to the auditing firm taking over from us.

The review required under Art. 41 (1) of Leg. Dec. 127 of 9 April 1991, amended by Leg. Dec. 32 of 2 February 2007, will also be carried out, which is to verify that the consolidated financial statements are in order and that they correspond to the accounting records of the controlling company and to the information submitted by the subsidiaries included in the consolidation.

As regards auditing operations aimed at expressing an opinion on the consistency of the Annual Report with the financial statements and consolidated financial statements, as provided by Art. 156 (4-*bis*) (d) of the C.A., we must indicate that to date neither the competent professional bodies nor the supervising authorities have given any explicit auditing procedures to follow, or indications as to the general scope of these audits and the consequent form taken by the said professional opinion. As soon as guidelines for this are issued it will be our task to submit to the competent bodies a support document to this Proposal.

In relation to new elements introduced by Law 24 of 24 December 2007 (2008 Finance Act) referring to the responsibility of the body assigned to carry out auditing, it should be noted that the competent professional bodies have not yet analysed in detail the impact on auditing procedures from changes to the regulatory framework. As soon as guidelines for this are issued it will be our task to submit to the competent bodies a support document to this Proposal.

Auditing limited to the abbreviated half-yearly financial statements will make reference to the procedures laid down by CONSOB resolution 10867 of 31 July 1997.

The Directors have responsibility for drawing up the financial statements and consolidated financial statements, the abbreviated half-yearly financial statements and the Annual Report, for the accuracy of the information they contain and correction of all significant errors discovered, as well as for the adequacy of the organisational structure, internal monitoring arrangements and accounting and administration monitoring system, which also includes checking that accounts are being properly maintained, that business operations are correctly represented and that the company's assets are fully accounted for. The Directors are also responsible to ensure that an adequate internal monitoring system aimed at preventing and identifying

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fraud¹ and/or errors has been implemented and is functioning.

The executive officer in charge of drawing up the Company's accounting documents, appointed in accordance with the arrangements laid down in the by-laws, is responsible for provision of adequate administrative and accounting procedures in connection with drawing up the annual financial statements, the consolidated annual financial statements and abbreviated half-yearly financial statements, as well as any other notifications of a financial nature.

The auditor, on the other hand, is responsible for expressing a professional opinion on the financial statements in their entirety, based on an audit carried out in compliance with the auditing principles and criteria recommended by CONSOB.

Art. 154-*bis* of the C.A. provides for the appointment of the executive officer in charge of drawing up the Company's accounting documents, and this person is responsible for provision of adequate administrative and accounting procedures in connection with drawing up the annual financial statements, the consolidated annual financial statements and abbreviated half-yearly financial statements, as well as any other notifications of a financial nature. For this reason the letters of attestation we will request from you in compliance with Document 580 of the auditing principles in reference, and according to the indications given in the form contained in Assirevi (*Associazione Italiana Revisori Contabili*: Italian Auditors' Association) Research Document 104, must be signed not only by the Company's legal representatives but also by those responsible for administering and making available the annual financial statements, the consolidated annual financial statements and abbreviated half-yearly financial statements, and by the executive officer indicated above, appointed under the regulations in reference.

As regards the documentary evidence made available by you or your advisors to support the reports made available by delegated administrative bodies and by the executive officer appointed in accordance with Art. 154-*bis* (5), of the C.A., such evidence, and updates to it, must be made available in good time to carry out the audit.

¹ The term 'fraud' includes false declarations relating to intentionally misleading financial statements and the unlawful appropriation of the Company's assets. False declarations on financial statements include the omission of amounts or information on the statement with the aim of deceiving the users of such financial statement. The unlawful appropriation of assets includes theft of the Company's assets and false or misleading entries intended to conceal the absence of assets or the transfer of assets without proper authorisation.

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The carrying out of our assignment presumes that the documents we will examine are available and periodic audits, to be completed according to a timetable to be agreed. In particular, to allow us to carry out reviews in good time for us to issue our report, you will be required to send to us a draft copy of the projected annual financial statements and consolidated annual financial statements at least 40 days before the date fixed for their approval by the Shareholders' Meeting or the body designated under the By-laws.

With reference to the task of limited auditing of the abbreviated half-yearly financial statements, we feel we should point out here that to enable us to carry out a proper examination of these in compliance with the provisions of CONSOB in its Decision 10867 of 31 July 1997, it is vital that the executive officer in charge thereof sends us a draft copy of the abbreviated half-yearly financial statements a suitable time in advance of the date fixed for their approval by the Executive Board, and in good time for us to carry out the necessary auditing procedures, according to a timetable to be agreed, which is also so that the deadlines for the publishing of our auditors' report required by law can be adhered to.

We would remind you that if the half-yearly financial statements are not available in sufficient time for us to carry out auditing operations, this could put limitations on carrying out auditing, with consequent effects on the conclusion formulated in the auditors' report.

III. Details of carrying out the assignment

a) Auditing of the annual financial statements and consolidated annual financial statements (Art. 155 (1) (b) of the C.A.)

As laid down under professional and ethical/technical rules, auditing a financial statement consists of examining, using sample checks, certified documents supporting the account positions and information contained on the financial statement. Auditing a financial statement also includes assessing the adequacy and accuracy of the accounting criteria used, and the reasonableness of the estimates made by managers, as well as assessment of the financial statement's presentation in general.

The nature, time allotted to and extent of these reviews will be determined taking account of the significance of the data in the financial statements and the assessment made of procedural reviews.

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With this in mind, and to the extent we consider optimum, we shall carry out a study and check on the reliability of these reviews. Our conclusions will not be capable of being regarded as an assessment of the Company's system of internal review in its entirety.

The technical rules for the conducting of audits require the work of auditing to be planned and executed in such a way that it can be stated with reasonable certainty that no errors are present in the financial statements that would be of such significance as to alter its reliability.

Because of the selective nature of and other limits inherent in auditing procedures and in any internal review system, there remains an unavoidable risk that possible fraudulent statements, errors and irregularities, including important ones, may not be identified. Such fraudulent statements, errors and irregularities, if they are found, will be immediately notified to the board of statutory auditors or to other supervisory bodies, and to CONSOB, in compliance with Art. 155 C.A., and treated according to the auditing principles in reference.

Our work of auditing the financial statements will be broken down each financial year into the following three activities:

- Understanding the Company's accounting system and internal review arrangements, with particular reference to directives and procedures having a direct influence on the generation of the data on the financial statements, so that the approach to be taken to the audit can be planned and developed. At the end of this phase we shall formulate the detailed auditing plan, guided by the knowledge we have acquired.
- Carrying out, to the extent we consider optimum, checks based on the plan referred to, from the previous phase, mainly of business data from the financial year in question. The aim is, among other things, to ascertain to what extent the reviews inherent in the procedures are reliable, and consequently to assess the possibility of errors and irregularities in the end-of-year financial statements.
- Audit of the budget balances and also any further assessment necessary to formulate our opinion on the financial statements.

The first two activities will normally be completed by us before the end of the financial year, while the third will be carried out starting from the period when the financial statements are prepared.

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We may also carry out reviews of electronic archives, in order to examine in detail and in summary the accounting and business results deriving from them.

b) Audit of Proper Company Accounting and Accurate Reflection of Business Events in the Accounts (Art. 155 (1) (a) C.A.)

This audit will be carried out at least every quarter and will include carrying out the auditing procedures laid down by CONSOB Notice 23932 of 29 March 1999.

The results of periodic audits will be entered in the audit book as required by Art. 155 (3) C.A., Art. 145 I.R.I. and by CONSOB Notice 23932 of 29 March 1999. If such audits should result in the discovery of significant problems, we shall notify the Board of Statutory Auditors or other supervisory bodies, the administrative body and the Board of your Company.

It should be remembered that the same limits inherent in any auditing procedure apply to these periodic audits. They include the limits inherent in applying the sample method, and those connected with any administrative and accounting system and the linked system of internal review. Therefore errors and irregularities, which may include ones of significant size, may not be discovered.

c) Auditing laid down by Art. 165 C.A.

As regards the provisions of Document 600 of the Auditing Principles provided by the National Board of Certified Business Consultants and Accountants and recommended by CONSOB (hereinafter "Document 600"), and taking into account the provisions of Art. 165 C.A., in order to adopt the status of principal auditor it will be necessary for us to be able to examine directly a significant portion of the financial statements compared with the part examined by other auditors. For the purposes of determining the part of the statements we should examine as principal auditors both values relating to the financial statements of companies, or constituent companies as defined in Document 600, and subjected to a full audit, and values relating to the financial statements of companies or constituent companies where a limited audit has been carried out may be considered, as well as an assessment of the significance of these values and the degree of risk associated with the auditing procedures to be carried out on the various companies or constituent companies.

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In cases where during the carrying out of our assignment specific situations or structural changes should arise that would mean the loss over the nine-year period of status as principal auditor, we shall proceed to inform you as to the action we consider it necessary to take to retain our status as principal auditors.

Based on the data we have available, the overall percentages that enable us to assume the status of principal auditor within the Group, in accordance with Annexe 1, are greater than 90% by value of the assets and income audited by us or by external correspondents Ernst & Young, related to both the aggregate total and to the consolidated total.

The above percentages refer to the assignments currently granted or now in course of being granted. The auditing programme may however undergo modifications or additions reflecting variations in both the composition of the Group and the relative importance of various companies or constituent companies.

As regards the auditing plan in Annexe 1:

- We shall send to the following subsidiary companies an auditing proposal pursuant to Art. 155 C.A. for the financial statements for the 2008 – 2016 period since these exceed the thresholds indicated in Art. 151 I.R.I.:

- | | |
|--------------------------------------|--|
| - Centrale Immobiliare S.p.A. | - Parcheggi Bicocca S.r.l. |
| - CFT Finanziaria S.p.a. | - Pirelli & C. Opere Generali S.p.A. |
| - Pirelli RE Credit Servicing S.p.A. | - Pirelli & C. R.E. Agency S.p.A. |
| - Edilnord Gestioni S.p.A. | - Pirelli & C. R.E. Facility Management S.p.A. |
| - Geolidro S.p.A. | - Pirelli & C. Real Estate Franchising Serv. Fin. S.r.l. |
| - Ingest Facility S.p.A. | - Pirelli & C. R.E. Property Management S.p.A. |
| - Iniziative Immobiliari 3 S.r.l. | - Pirelli & C. R.E. Opportunities SGR S.p.A. |

- We shall send the following subsidiary companies a proposal for accounting review as provided by Para. 1 of Art. 2409-*ter* of the Civil Code for the 2008 – 2010 period:

- Progetto Perugia S.r.l.

- Our external correspondents Ernst & Young from the countries in question will send their auditing proposal for the financial statements for the 2008 – 2016 period to the following subsidiary companies:

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- Pirelli Pekao Real Estate Sp. z o.o.
- Pirelli RE Residential Investments GmbH*
- Mertus Achtunddreissigste GmbH
- Pirelli RE Netherland BV
- Valeratofin BV
- Pirelli RE Integrated Facility Management BV
- Ingest Facility Polska Sp. z o.o.

* formerly P&K Real Estate GmbH

- In relation to the following subsidiaries, which you have informed us are not operative, or have an operational size that is not relevant for the Group's purposes, and which therefore represent an entirely marginal portion of both the annual and the consolidated annual financial statements, and since the exemption criteria laid down in Art. 151 of the CONSOB Regulation dealt with in Resolution 11971 of 14 May 1999 (and subsequent amendments) apply, we shall carry out a summary analysis of their consolidation package as part of auditing their respective controlling companies in order to determine their actual irrelevance.

- Mistral RE Srl
- Iniziative Immobili 3 BV
- Ecoi Immobili GmbH
- Pirelli & C. Real Estate Asset Management GmbH
- DGAG Grundstücksbeteiligung GmbH
- DGAG Immobilienmanagement GmbH
- Pirelli RE Management Services Deutschland GmbH
- Pirelli Property Management GmbH
- Pirelli RE Hausmeister Service Deutschland GmbH
- Pirelli RE Agency Deutschland GmbH
- DGAG Shopping Immobilien GmbH
- Pirelli RE Facility Management Deutschland GmbH
- DGAG Wohnungsbau GmbH
- Projektentwicklung Bahnhof-Altona GmbH & Co. KG
- Projekt Bahnhof Hamburg-Altona Verwaltungs GmbH
- Omicron RE BV
- Pirelli RE Bulgaria AD
- Pirelli Romania SA
- Sigma Re Srl
- Sigma Re BV
- SIB Srl
- Consorzio Stabile Pirelli RE Servizi (in liquidazione)
- Facility Management France Sas
- XENDA Vermögensverwaltungsgesellschaft mbH
- PIT – Promozione Imprese e Territorio Srl
- Pirelli & C. Real Estate Deutschland GmbH
- Pirelli Energy Srl
- Progetto Vallata Srl
- S.AN. GE Srl
- Consorzio Sermagest
- Beta S.r.l.
- Botticino S.r.l.
- Casaclick S.p.A.
- Dolcetto Sei
- Elle Uno SCARL
- Erato Finance S.r.l.
- Newco RE 1 S.r.l.
- Newco RE 4 S.r.l.
- Newco RE 5 S.r.l.
- Newco RE 6 S.r.l.
- Newco RE 7 S.r.l.
- Newco RE 8 S.r.l.
- Newco RE 9 S.r.l.
- PBS SCARL
- Pirelli RE Agency Netherlands B.V.
- Pirelli RE Property Management Netherlands BV
- Progetto Bicocca Università S.p.A.
- Progetto Lainate S.r.l.
- Sechste Kajen 12 Verwaltungsgesellschaft mbH
- Servizi Amministrativi Real Estate S.p.A.
- Acquario S.r.l. società in liquidazione

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We shall update the audit plan to reflect these companies, according to their operational status during financial year 2008 and in following years.

Apart from the full audit, the audits relating to affiliated companies may consist of:

A limited examination of the consolidation package without issuing a report

The limited examination comprises less extensive auditing procedures than those required for carrying out a full audit. However it does in particular allow an assessment of:

- the criteria followed in forming the consolidated statements/package, and their conformity with the reference accounting principles;
- the reliability of the data for the purpose of identifying and quantifying any more problematic areas in the consolidated statements/package;
- the basis of the book value of shareholders' equity.

Summary examination of the consolidation package without issuing a report

The summary examination is based on information provided by the Management and by employees of the Company, and on an economic and financial analysis of the data received. Although its scope is different from that of the limited audit, the summary examination will be aimed at identifying the most important over- or under-valuations and problems with items in the consolidated statements/package, and at quantifying if need be the effect they have on the consolidation package, even if maximum figures are calculated.

Auditing procedures for the consolidation packages of companies or constituent companies examined by other audit firms.

As indicated in Art. 165 Para. 1-*bis* C.A., and in the interests of assuming the responsibility required pursuant thereto, we are obliged to carry out the auditing operations provided in Document 600 (a) (Using the work of other auditors) and, in particular, among other things the audit documents from other companies to which auditing of Group companies has been assigned will have to be forwarded to us. We will also be able to obtain documentation of the work carried out

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by the auditors entrusted with this task, as well as, either from them or from the Directors of Group companies, other documents and notices serving the purpose of the audit, and will carry out checks, inspections and reviews at the forms entrusted with auditing other companies belonging to the Group.

In particular, on the basis of the provisions of Document 600, subject to assessment of the professional competence of the other auditor in relation to the specific assignment given to it, the main procedures we expect to carry out are:

- informing the other auditor, either a third party or one belonging to the Ernst & Young organisation, regarding the use that will be made of their work, and sending appropriate instructions as to the work needing to be carried out and the deadlines to be adhered to, as laid down in Document 600;
- informing the other auditor of the independence requirements both vis-à-vis the Lead Company and vis-à-vis the group constituent companies being audited, and obtaining from the other auditor a written declaration that it possesses such requirements;
- informing the other auditor of the accounting and auditing principles to be followed, and of the type of audit report to issue and/or memorandum to create on the auditing procedures applied during the work and on their results, and also obtaining a written declaration from it stating that these principles and methods will be followed;
- obtaining from the other auditor a written declaration stating that its quality review procedures comply with the contents of Auditing Principle 220, or with the international auditing principles issued by the IFAC;
- giving the other auditor the instructions needed for it to carry out its work and to show the results thereof, as well as instructions for coordination of the corresponding auditing operations, right from the first planning phase. With this in mind the principal auditor will inform the other auditor on aspects such as the areas of the financial statements that require special attention, the auditing procedures to be followed to identify intra-group operations that may require a specific information note to the financial statements, and will also inform the other auditor of the deadlines provided for completion of the audit;
- requesting information on any problematic aspects the other auditor discovers when carrying out its assignment and, if need be, discussing these with the other auditor;
- obtaining from the other auditor the audit report and final memorandum of work done, as well as all other work papers deemed necessary;
- requesting the other auditor to examine subsequent events occurring between the date of its report on the audit of the financial statements of the subsidiaries and the date our report on the Lead Company's financial statements is issued.

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It is however understood – also in compliance with Art. 165 Para. 1-*bis* C.A., cited above – that we may in any case:

- request to examine the audit working papers prepared by the other auditor for completion of its assignment, and may consider it useful to carry out such auditing procedures during a meeting arranged with the other auditor;
- discuss with the other auditor and the management of the constituent company the results of the audit and other matters relating to the financial statements of that company; we may also decide that further checks of documentation and/or the company's financial statements are necessary, which may, depending on the circumstances, be carried out directly by us or by the other auditor.

d) Limited audit of the abbreviated consolidated half-yearly financial statements as at 30 June of each financial year from 2008 – 2016 inclusive

This audit will consist of carrying out the auditing procedures laid down by CONSOB Resolution 18067 of 31 July 1997. The Lead Company's data as at the closing of the half-year period and included in the abbreviated half-yearly statements will likewise be subjected to a limited audit in the context of the limited auditing procedures for limited audit of the half-yearly statements.

It should be pointed out that the concrete breakdown of auditing procedures for the abbreviated half-yearly statements depends on the Company's choice in reference to the interim period laid down in IAS 34.

e) Audit of the financial statements of subsidiaries abroad with registered offices in countries not guaranteeing corporate transparency (Art. 165-*quater* Para. 4 C.A.)

The new Article 165-*quater* C.A. provides that Italian companies with shares listed on regulated Italian markets or those of other EU countries, and Italian companies that issue financial instruments largely available to the public, and which control companies with registered offices in countries whose regulations do not guarantee corporate transparency, as will be defined by Ministry of Justice decree in conjunction with the Ministry of Economy and Finance, must submit the financial

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statements of the subsidiary company to auditing by the firm entrusted with the audit of its own financial statements. Consequently, it will be our task to formulate the appropriate supplementary information to this letter of appointment in the light of further activity that may be required in connection herewith.

f) Auditing connected with signing of the Tax Declarations (*Modello Unico* and *Modello 770 Semplificato e Ordinario*) for the financial years 2007 – 2015.

On the basis of DPR 322/1998 Art. 1 Paragraph 5, as amended by Law 244 of 24 December 2007 (2008 Financial Act), DPR 601 of 1973, and on the resolutions of Inland Revenue Department 129/E of 26 September 2005 and 146/E of 19 October 2005, we shall carry out auditing aimed at signing of the Tax Declarations.

Our signing of these – an essential prerequisite part of issuing such signed declarations – has the sole purpose of attesting that:

- with reference to the period for which the tax declaration was submitted, no accounting records have been found lacking at your company;
- the financial year's result, assumed as the starting point for completing the *Modello Unico*, corresponds to the information evident from accounting data reflected in the annual financial statements on which we have given our professional opinion.

Bearing in mind the above, we shall therefore carry out the auditing procedures for signing the Tax Declarations, shown for illustration purposes in Annexe 3 hereto, and will request you to issue a specific letter of attestation.

You will send to us two original copies of the declarations, already signed by your legal representative. In relation to the nature of the assignment we will not be issuing a report.

The assignment will be completed with signing of the Tax Declarations. The results of the abovementioned audit activities will be given in the audit book.

The auditing procedures, given their nature and extent, and consequently their signing, do not represent any opinion hereon, as regards the accuracy and completeness of the declaration or on whether current tax

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laws have been complied with. These evaluations remain within your sole jurisdiction and responsibility. However we shall take care to indicate to the competent company bodies any errors discovered in connection with the procedures we have carried out.

As already stated above in (II) "Nature of the Assignment", in connection with new elements introduced by Law 224 of 24 December 2007 (2008 Financial Act) in reference to the responsibility of the body entrusted with carrying out auditing of accounts, it should be noted that the competent professional bodies have not yet analysed in detail the impact on auditing procedures from changes to the regulatory framework. As soon as guidelines for this are issued it will be our task to submit to the competent bodies a support document to this Proposal.

IV. Deployment of staff, hours, remuneration and other auxiliary expenses of audit

I. Staff deployed and management group

Completion of the assignment will be entrusted to a group of auditors at various professional levels, and to staff expert in computerised systems and in taxation, actuarial and derivative financial matters, in proportion to the complexity of the areas being examined.

The partner responsible for the audit will be Alberto Romeo, registered in the Roll of Qualified Business Consultants and Register of Senior Auditors. He has acquired many years' experience in auditing the financial statements of listed companies and companies in this sector.

The office dealing with this assignment is Milan.

Pursuant to Art. 160 Paragraph 1-*quater* C.A., the person responsible for the audit of the same company may not fulfil this function for a period of more than six company financial years, nor may this person take on this assignment again in relation to the auditing of the financial statements of the same company, nor assume and/or continue to fulfil assignments relating to companies controlled by the former, affiliated to it, controlling it, or which are subject to the same control, unless at least three years have elapsed since his or her previous function ceased. Under current conditions the partner in charge hereof may take on this responsibility for the audit. If during his carrying out of the assignment a situation should arise which would require replacement of the partner responsible for the audit, you will be given appropriate notice of this, with information on this also being sent to CONSOB, in relation to the replacement.

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2. Hours, remuneration and other expenses

The hours and remuneration for the auditing assignment are determined according to general criteria indicated in Art. 145-*bis* I.R.I. and their components are detailed below.

Our ordinary hourly fees take account of the professional level of expertise of our staff, and are aligned with those usual in Europe for companies forming part of the Ernst & Young network. It is our hope that we can set up a professional service relationship with your company. In connection with that we believe we are able to limit our fees and offer you our services for the net fees indicated in the summary table below. An analysis of the resource mix by professional level is given in Annex 2.

<u>Assignment</u>	<u>Hours</u>	<u>Fee (euros)</u>
Auditing annual financial statements*	1,310	92,000
Auditing consolidated financial statements _	1,920	165,800
Limited auditing of abbreviated half-yearly statements	1,070	91,000
	<hr/>	<hr/>
	4,300	348,800
Review working documents secondary audit**:		
Limited auditing of abbreviated half-yearly statements	165	19,700
Auditing consolidated financial statements	315	37,900
	<hr/>	<hr/>
	480	57,600
	<hr/>	<hr/>
	4,780	406,400
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*Includes periodic reviews Art. 155 (1) (a) C.A. and auditing activities connected with signing the Tax declarations (*Modello Unico* and *Modello 770 Semplificato e Ordinario*)

**Includes review of working papers from secondary auditor PriceWaterhouse Coopers S.p.A., relating to the auditing assignment carried out by them on the subsidiary Pirelli Real Estate SGR and on the following nine property funds: Armilla, Berenice, Clarice, Cloe, Olinda, Spazio Industriale, Tecla, Teodora, Fondo Immobiliare Pubblico Regione Siciliana – FIPRS (Olivia).

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The professional resources and hours planned for the assignment have been determined bearing in mind:

- a) the dimensions, composition and risk level of the most important asset, economic and financial volumes on the Company's financial statements;
- b) the technical preparation and experience the work will require; the need to ensure, apart from the material execution of the checks, that there is adequate supervision and approach guidance, in compliance with the principles and criteria laid down by CONSOB in Article 162 Paragraph 2 (a) C.A.;

taking into account:

- a) knowledge of the main aspects identifying the Company, with particular attention to the risks connected to its activities and to the protective mechanisms set up as part of internal review systems;
- b) commitments and other elements of information acquired from the previous auditors.

Without prejudice to the contents of paragraph V hereunder, the abovementioned fees are valid until 31 December 2009. On 1 January 2010, and then each subsequent 1 January, they will be adjusted on the basis of the total variation in the ISTAT consumer index for the preceding year (base December 2008).

Reimbursement of expenses incurred for carrying out the work will be added to the above charges, such as expenses for work done away from our firm's offices and for travel, in the same amount as the costs involved, a contribution for CONSOB supervision, and VAT.

It is our practice to issue invoices as follows: 40% on commencement of the audit, 55% at the start of the audit phase following closure of the financial year, and 5% upon completion of the work. Payment is requested 60 days from end of month of invoice date.

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V. Updating remuneration payable to audit firm

The hours and fees payable for the auditing assignment may be reviewed periodically, including pursuant to the general criteria of Art. 145-*bis* I.R.I. In particular, if circumstances should arise that would lead to an increase in the hours over the estimate given in this letter of appointment, such as for example changes in the structure and dimensions of the Company and/or Group, changes to the protective mechanisms set up as part of internal review systems,

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changes in regulations, accounting and/or auditing principles, the carrying out of complex operations initiated by your Company and/or companies of the Group, further auditing procedures decreed by CONSOB in its notices or reference accounting principles, as well as, pursuant to Art. 165 (1-*bis*) C.A., any additional activities carried out in relation to the companies reviewed by other auditing firms: these will be discussed with the company's management in order to formulate a support proposal hereto. It will be your task to forward this support proposal to the competent governing body.

The circumstances indicated above will be made known by each party in good time, and mutually, in order to plan the variations in remuneration.

It is understood that any other activities which, in the light of changes to the regulatory framework or accounting rules applicable (example: new IFRS or interpretations), we may be obliged to undertake, including in connection with extraordinary operations in which your company is involved (such as for example mergers or demergers, withdrawal of shareholders, distributions of advance payments on dividends etc.) or in connection with further measures laid down by specific regulations, or other opinions, reports and attestations that our firm may be requested to provide as the firm entrusted with the auditing assignment, are not included in this letter of appointment and will from time to time form the subject of a support proposal hereto.

VI. Incompatibility

The assignment forming the subject of this proposal requires verification that no situations of incompatibility exist, as laid down by CONSOB regulation pursuant to Art. 160 C.A.

In order to identify any situations of incompatibility we have given a list of partners of Ernst & Young S.p.A. in Annexe 4 hereto.

In order to monitor compliance with the provisions of Art. 160 (1-*ter*), (1-*quinquies*) and (1-*sexies*) C.A., we would ask you to send us in good time any variation in your Group structure, with particular reference to subsidiaries of the company awarding the assignment, to companies controlling it, or those subject to joint control with it.

It is agreed that, in order to comply with the provisions of Art. 160 (1-*ter*), (1-*quinquies*) and (1-*sexies*) C.A., your Company undertakes to ensure that no action is taken by it that does not comply with the provisions of the regulations cited, and to inform us in good time of any circumstance of which you become aware that could

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potentially compromise our independence. For our part, we of course confirm our commitment to monitoring any threats to our independence that could arise during the assignment, and to take preventive measures in good time, as may be necessary from time to time in compliance with regulatory provisions and the accounting principles applicable.

We would moreover request you to send us in good time any variation in your Group structure, with particular reference to subsidiaries of the company awarding the assignment, to companies controlling it, or those subject to joint control with it.

VII. Auditors' report on annual financial statements and auditors' report on abbreviated half-yearly financial statements

Upon completion of our work, the auditors' report for the annual financial statements and for the consolidated financial statements of Pirelli Real Estate S.p.A. will be issued for each financial year, pursuant to Art. 156 C.A., and will follow as regards content and form the model recommended by CONSOB Notice 88450 of 1 December 1999 and any subsequent amendments thereto.

For the limited audit of the abbreviated half-yearly financial statements, the auditors' report will be drawn up in accordance with CONSOB Resolution 10867 of 31 July 1997.

VIII. Letter containing suggestions

If circumstances require, in a letter containing suggestions addressed to the Board of Management and the Board of Statutory Auditors, or to other supervisory bodies, we shall illustrate problems needing attention, which would include any defects discovered in the internal accounting and review system, as provided by Document 315 of the Auditing Principles issued by the National Council of Qualified Business Consultants and Accountants, and the recommendations of CONSOB contained in Notice 11069 of 1 December 1994.

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IX. Communication with the Board of Statutory Auditors pursuant to Art. 150 C.A.

We would like to point out that, bearing in mind the fact that your Company is listed, it may become necessary to exchange information with your Company's Board of Statutory Auditors and with the Board of Statutory Auditors of your subsidiaries (with the Board of Statutory Auditors of your Lead Company) and with the auditing firms entrusted with assignments by your Lead Company and your subsidiaries (where REY are not the auditors of the Lead Company or any subsidiary).

Acceptance of this proposal shall constitute authorisation by you to proceed as above, when specific circumstances require this.

X. Anti-money laundering regulations

Reconta Ernst & Young S.p.A. has been notified of the obligations laid down by Legislative Decree 231 of 21 November 2007 (Anti-Money Laundering Act), implementing Directive 2005/60/EC of the European Parliament and Council, of 26 October 2005, regarding preventing the use of the financial system for laundering the proceeds of criminal activities and the financing of terrorism.

In particular, these obligations include:

- a) identifying all clients, and in particular politically exposed persons (PEP), verifying data acquired in the course of professional activities, and keeping and recording relevant information;
- b) notifying the financial information authority, pursuant to Art. 41 of the Anti-Money Laundering Act, of suspect operations;
- c) notifying the Ministry of Economy and Finance, pursuant to Art. 51 of the Anti-Money Laundering Act, of breaches of restrictions on the use of cash and bearer securities.

The obligation of identifying does not however apply to certain entities indicated in Art. 25 of Legislative Decree 231 of 21 November 2007 (for example banks, financial intermediaries, Poste Italiane SpA, public administrative offices, institutions or bodies carrying having a public function in conformity with the EU Treaty, the EC treaties or Community law derived from these).

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In order to meet this obligation to identify its client, Reconta Ernst & Young S.p.A. is required by the applicable regulations to carry out the following activities when the assignment is granted:

- to verify the personal identity, by checking a valid identity document (for example an ID card or passport) of the physical person conferring the assignment (or, failing this, or if the assignment is made by resolution of a shareholders meeting, the legal representative), and also whether such person belongs in the category of politically exposed persons (PEP), pursuant to Art. 1 of the Technical Annexe to Legislative Decree 231 of 21 November 2007;
- to acquire the identifying data of the abovementioned physical person by means of the abovementioned identifying document, as well as of the client legal person;
- verify the representational powers held by the physical person identified, by means of checking official documents sent by the client (for example Chamber of Commerce certification or public deed), which show identifying data, the conferring of the powers to grant the assignment, and any other information necessary to comply with anti-money laundering obligations.

A failure to identify or a delay in such identification will entail criminal penalties for the auditing firm. It is therefore understood that if the necessary documents to carry out the above verification are not sent or are sent late, we shall be unable to proceed with the assignment.

For clarification, we should also point out that with reference to the obligation mentioned under (b) above, where a breach on your part will lead to penalties being applied, that this obligation must be fulfilled, in cases where the prerequisites exist, with maximum promptness by Reconta Ernst & Young S.p.A., and that it is protected by binding confidentiality, including vis-à-vis your Company, with the sole exception of the competent supervisory and investigative authorities.

- We have provided in annexe appropriate information relating to the anti-money laundering measures established and to be fulfilled by us through Legislative Decree 231 of 21 November 2007 and the relative implementing regulations. We would ask you to peruse this and return, completed and signed, the attached schedule containing personal data, as required for us to meet our obligation to identify the client in accordance with the provisions of anti-money laundering regulations.

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XI. Handling information acquired during the audits

With the purpose of fulfilling our auditing assignment we may become aware of information that comes under the category described in Art. 114 (1) C.A. (called "Privileged Information"). Privileged Information to which our company will have access will be subject to confidentiality restrictions as per this point, it being understood that third parties which we may have to communicate such information to will also be obliged to maintain the same confidentiality. In the register created by you, pursuant to Art. 115-*bis* C.A., the partner responsible for the auditing will be entered as the reference person from our firm for your purposes.

All information and data obtained during the assignment in reference shall be considered by us as strictly secret and confidential. They will for this reason only be used in a limited way, and only in the context of the assignment granted to us. This data and information, in addition to the communications laid down in connection with persons and bodies in the area of governance, may only be divulged to:

- partners, professional staff (employees and non-employees) and support staff belonging to all companies forming part of the international Ernst & Young network, as well as any external persons working in collaboration and involved in carrying out the assignment and our internal review procedures, limited to what is necessary for them to fulfil their respective tasks. In this regard we inform you that all partners and professional staff belonging to companies forming part of the international Ernst & Young network are subject to internal procedures in relation to confidentiality and secrecy of information;
- supervisory authorities, both Italian and foreign;
- administrative, judicial and tax authorities, in the cases and within the limits provided by law;
- other auditing firms, within the limits laid down by current laws and the reference auditing principles, and associations within this category, as part of carrying out quality control procedures. In these cases we shall ask for your written consent beforehand.

Attached in annexe we have provided you with due information pursuant to Leg. Dec 196 of 30 June 2003, Personal Data Protection Code. We would ask you to peruse this and return to us your consent hereto.

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XII. Working Papers

Working papers, whether in paper or electronic form, prepared by us or acquired by the Company or by third parties, supporting auditing operations forming this assignment, are the property of Ernst & Young S.p.A., and all information they contain shall be regarded by us as strictly secret and confidential, and will be treated as indicated in the information sheet on privacy referred to, and in the above paragraph XI², and presented as an annexe hereto.

To safeguard confidentiality and the secrecy of information contained in our working papers, it will be your duty to ensure that the work areas to be assigned to our audit team to carry out the work phases at your Company's offices are equipped to a reasonable standard of security.

XIII. Access to the internet

During our work we shall require a connection to your internal information network, and will also require the ability to connect via the internet to our information systems and to archive working papers electronically.

XIV. Electronic communications

As regards the possibility, during the carrying out of the assignment dealt with in this Proposal, that information will be exchanged electronically, it should be noted that (i) electronic transmission of information does not guarantee confidentiality and absence of error; (ii) such information could be intercepted, modified, lost, destroyed, arrive late or incomplete, or be in some other way damaged and therefore not be safe to use. Therefore any information and/or document whatsoever sent by us in electronic form may only legitimately be attributed to us when confirmed by subsequent written communication, countersigned by the partner responsible for the auditing assignment for the annual and consolidated financial statements of Pirelli Real Estate S.p.A. In any case before relying on the contents of data transmitted electronically, it will be your duty to ask us for a paper copy in confirmation of what was transmitted to you in electronic form.

² This reference is to the chapter on confidentiality.

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Would you therefore be so kind as to communicate this document to your Supervisory Board, since it falls within their jurisdiction, and then let us know in writing of your decision in relation to granting this assignment, based on a decision to this effect by the Shareholders' Meeting of your Company in compliance with the provisions of Art. 159 of Leg. Dec. 58/98.

Yours faithfully

Reconta Ernst & Young S.p.A.

Alberto Romeo – Felice Persico

(Partners)

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Annexes

- ***Table of assignments with subsidiaries (Annexe 1);***
- ***Analysis of resources mix by professional level (Annexe 2);***
- ***Illustration of checklist for the purpose of signing the Tax Declarations (Annexe 3);***
- ***List of partners (Annexe 4);***
- ***Anti-money laundering information (Annexe 5);***

Annexes which require to be returned to the auditing firm

- ***Declaration of consent as per Art. 13 Leg. Dec. 196/2003 (protection of personal data – privacy, Annexe 6);***
- ***Form for recording client information for anti-money laundering purposes (Annexe 7).***

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ANNEXE 1

(Table of assignments relating to subsidiaries)

to the Proposal for Auditing the Annual Financial Statements and Consolidated Financial Statements as at 31 December 2008 – 2016

for Pirelli Real Estate S.p.A.

Euro/000

SUBSIDIARY	INFORMATION ON ASSIGNMENT					PARAMETERS USED FOR STATUS PRINCIPAL AUDITOR					DIMENSIONS (a)		
	AUDIT FIRM	TERM OF ASSIGNMENT	DOC. FORMING ASSIGNMENT	EXTENT OF WORK	ISSUE SEPARATE REPT.	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF AGGREGATE TOTAL	NET INTRA-GROUP TOTAL	% OF CONSOLIDATED TOTAL	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF CONS. FINANCIAL STATEMENT

(b)

(b)

Lead Company and consolidated subsidiaries audited by REY

1.Pirelli & C. Real Estate S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	1,528,965 56,949	44.66% 6.27%	730,334 24,809	32.56% 2.95%	Tot. assets Tot. income	1,528,965 56,949	68.17% 6.77%
2. Alfa S.r.l. (incorporating into Pirelli & C. Opere Generali)	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	3,279 47	0.10% 0.01%	332 47	0.01% 0.01%	Tot. assets Tot. income	3,279 47	0.15% 0.01%
3. Centrale Immobiliare S.p.A..	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	44,985 3,562	1.31% 0.39%	33,844 3,562	1.51% 0.42%	Tot. assets Tot. income	44,985 3,562	2.01% 0.42%
4. CFT Finanziaria S.p.A..	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	32,497 1,343	0.95% 0.15%	18,442 1,343	0.82% 0.16%	Tot. assets Tot. income	32,497 1,343	1.45% 0.16%
5. Edilnord Gestioni S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	6,891 6,597	0.20% 0.73%	3,546 5,858	0.16% 0.70%	Tot. assets Tot. income	6,891 6,597	0.31% 0.78%

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6. Geolidro S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	25,673 12,617	0.75% 1.39%	23,211 12,618	1.03% 1.50%	Tot. assets Tot. income	25,673 12,617	1.14% 1.50%
7. Lambda S.r.l. (incorporating into Pirelli & C. Opere Generali)	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	35,362 91	1.03% 0.01%	7,779 19	0.35% 0.00%	Tot. assets Tot. income	35,362 91	1.58% 0.01%
8. Parcheggi Bicocca S.r.l.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	18,209 560	0.53% 0.06%	17,703 560	0.79% 0.07%	Tot. assets Tot. income	18,209 560	0.81% 0.07%
9. Pirelli Pekao Real Estate Sp. z o.o.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	37,227 38,725	1.09% 4.26%	41,130 38,725	1.83% 4.61%	Tot. assets Tot. income	37,227 38,725	1.66% 4.61%
10. Pirelli & C. Opere Generali S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	24,250 0	0.71% 0.00%	5,322 0	0.24% 0.00%	Tot. assets Tot. income	24,250 0	1.08% 0.00%
11. Pirelli RE Agency S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	51,574 47,379	1.51% 5.22%	46,898 46,259	2.09% 5.50%	Tot. assets Tot. income	51,574 47,379	2.30% 5.64%
12. Pirelli RE Property Management S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	67,319 40,883	1.97% 4.50%	60,758 36,183	2.71% 4.30%	Tot. assets Tot. income	67,319 40,883	3.00% 4.86%
13. Progetto Perugia S.r.l.**	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	20,031 0	0.59% 0.00%	19,992 0	0.89% 0.00%	Tot. assets Tot. income	20,031 0	0.89% 0.00%
14. Pirelli RE Facility Management S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	407,060 222,979	11.89% 24.55%	213,116 207,773	9.50% 24.72%	Tot. assets Tot. income	407,060 222,979	18.15% 26.53%
15. Ingest Facility Polska Sp. z o.o.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	10,200 44,776	0.30% 4.93%	10,200 44,776	0.45% 5.33%	Tot. assets Tot. income	10,200 44,776	0.45% 5.33%

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ANNEXE 1

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Euro/000

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(b)

(b)

Lead Company and consolidated subsidiaries audited by REY

16.Ingest Facility S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	129,333 160,677	3.78% 17.69%	181,555 160,677	8.10% 19.12%	Tot. assets Tot. income	129,333 160,677	5.77% 19.12%
17. Pirelli RE Netherland BV	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	387,666 1,516	11.32% 0.17%	383,751 1,296	17.11% 0.15%	Tot. assets Tot. income	387,666 1,516	17.29% 0.18%
18. Mertus Achtunddreissigste GmbH	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	5,914 5,286	0.17% 0.58%	16,469 5,202	0.73% 0.62%	Tot. assets Tot. income	5,914 5,286	0.26% 0.63%
19. Iniziative Immobiliari 3 S.r.l.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	92,982 24,426	2.72% 2.69%	88,675 24,426	3.95% 2.91%	Tot. assets Tot. income	92,982 24,426	4.15% 2.91%

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20. Pirelli RE Resident Investment GmbH	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	22,265 2,281	0.65% 0.25%	18,588 20,167	0.83% 2.40%	Tot. assets Tot. income	22,265 2,281	0.99% 0.27%
21. SUB-CONSOLIDATED Pirelli & C. Real Estate Deutschland GmbH.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	131,303 81,306	3.84% 8.95%	128,039 80,342	5.71% 9.56%	Tot. assets Tot. income	131,303 81,306	5.85% 9.67%
22. Pirelli RE Franchising Servizi Finanziari S.r.l. .p.A. (company incorporating into Pirelli RE Agency S.p.A.)	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	5,449 12,413	0.16% 1.37%	326 8,316	0.01% 0.99%	Tot. assets Tot. income	5,449 12,413	0.24% 1.48%
23. Pirelli RE Franchising S.p.A. (company incorporating into Pirelli RE Agency S.p.A.)	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	13,012 5,865	0.38% 0.65%	11,130 4,983	0.50% 0.59%	Tot. assets Tot. income	13,012 5,865	0.58% 0.70%
24. Pirelli RE Credit Servicing S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	9,277 33,754	0.27% 3.72%	21,509 33,042	0.96% 3.93%	Tot. assets Tot. income	9,277 33,754	0.41% 4.02%
25. Asset Management NPL (merged into Pirelli & C. Real Estate S.p.A. on 30/09/07)	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	0 4,106	0.00% 0.45%	152 3,281	0.01% 0.39%	Tot. assets Tot. income	0 4,106	0.00% 0.49%
27. Pirelli RE Opportunities SGR S.p.A.	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	9,633 11,263	0.28% 1.24%	6,110 11,263	0.27% 1.34%	Tot. assets Tot. income	9,633 11,263	0.43% 1.34%
28. Valeratofin BV	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	17,729 0	0.52% 0.00%	17,729 0	0.79% 0.00%	Tot. assets Tot. income	17,729 0	0.79% 0.00%
29. Pirelli RE Integrated Facility Management BV	Reconta Ernst & Young	2008-16	Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	67,688 0	1.98% 0.00%	421 0	0.02% 0.00%	Tot. assets Tot. income	67,688 0	3.02% 0.00%

Total company assets Lead Company and consolidated subsidiaries fully audited by REY

3,205,773 93.64% 2,107,061 93.95%

Total company income Lead Company and consolidated subsidiaries fully audited by REY

819,401 90.22% 775,527 92.26%

Total group assets

3,423,628 100.00% 2,242,739 100.00%

Total Group income net of deconsolidation Jamesmail BV*

908,208 100.00% 840,576 100.00%

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ANNEXE 1

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to the Proposal for Auditing the Annual Financial Statements and Consolidated Financial Statements as at 31 December 2008 – 2016
for Pirelli Real Estate S.p.A.

Euro/000

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(b)

(b)

Lead Company and consolidated subsidiaries audited by REY

30.Fedor – Fondo di investimento immobiliare di tipo chiuso	PwC		Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	508 0	0.01% 0.00%	508 0	0.02% 0.00%	Tot. assets Tot. income	508 0	0.02% 0.00%
31. Pirelli RE SGR S.p.A.	PwC		Ann. Fin. Statements	Full Audit	Y	Tot. assets Tot. income	79,880 42,857	2.33% 4.72%	100,139 42,855	4.47% 5.10%	Tot. assets Tot. income	79,880 42,857	3.56% 5.10%

Total company assets Lead Company and consolidated subsidiaries fully audited by other auditors	80,388	2.35%	100,647	4.49%		
Total company income Lead Company and consolidated subsidiaries fully audited by other auditors	42,857	4.72%	42,855	92.26%		
Total group assets 100.00%	3,423,628	100.00%	2,242,739	100.00%	Total assets	2,242,739
Total Group income net of deconsolidation Jamesmail BV* 100.00%	908,208	100.00%	840,576	100.00%	Total income	840,576

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to the Proposal for Auditing the Annual Financial Statements and Consolidated Financial Statements as at 31 December 2008 – 2016
for Pirelli Real Estate S.p.A.

Euro/000

SUBSIDIARY	INFORMATION ON ASSIGNMENT					PARAMETERS USED FOR STATUS PRINCIPAL AUDITOR					DIMENSIONS (a)		
	AUDIT FIRM	TERM OF ASSIGNMENT	DOC. FORMING ASSIGNMENT	EXTENT OF WORK	ISSUE SEPARATE REPT.	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF AGGREGATE TOTAL	NET INTRAGROUP TOTAL	% OF CONSOLIDATED TOTAL	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF CONS. FINANCIAL STATEMENT

(b)

(b)

Lead Company and consolidated subsidiaries audited by REY

32. Acquario S.r.l. società in liquidazione			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	913 2	0.03% 0.00%	900 2	0.04% 0.00%	Tot. assets Tot. income	913 2	0.04% 0.00%
33. Beta S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	1,932 226	0.06% 0.02%	1,897 226	0.08% 0.03%	Tot. assets Tot. income	1,932 226	0.09% 0.03%
34. Botticino S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	943 0	0.03% 0.00%	250 0	0.01% 0.00%	Tot. assets Tot. income	943 0	0.04% 0.00%
35. Casaclick S.p.A.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	908 314	0.03% 0.03%	378 145	0.02% 0.02%	Tot. assets Tot. income	908 314	0.04% 0.04%

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36. Dolcetto Sei			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	521 0	0.02% 0.00%	521 0	0.02% 0.00%	Tot. assets Tot. income	521 0	0.02% 0.00%
37. Elle Uno SCARL			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	2,107 0	0.06% 0.00%	845 0	0.04% 0.00%	Tot. assets Tot. income	2,107 0	0.09% 0.00%

38. Ersto Finance S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	1,124 0	0.03% 0.00%	991 0	0.04% 0.00%	Tot. assets Tot. income	1,124 0	0.05% 0.00%
39. Newco RE1 S.r.l..			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	55 0	0.00% 0.00%	1 0	0.00% 0.00%	Tot. assets Tot. income	55 0	0.00% 0.00%
40. Newco RE4 S.r.l..			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	54 0	0.00% 0.00%	1 0	0.00% 0.00%	Tot. assets Tot. income	54 0	0.00% 0.00%
41. Newco RE5 S.r.l..			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	41 0	0.00% 0.00%	41 0	0.00% 0.00%	Tot. assets Tot. income	41 0	0.00% 0.00%
42. Newco RE6 S.r.l..			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	41 0	0.00% 0.00%	41 0	0.00% 0.00%	Tot. assets Tot. income	41 0	0.00% 0.00%
43. Newco RE7 S.r.l..			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	41 0	0.00% 0.00%	41 0	0.00% 0.00%	Tot. assets Tot. income	41 0	0.00% 0.00%
44. Newco RE8 S.r.l..			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	34 1	0.00% 0.00%	1 0	0.00% 0.00%	Tot. assets Tot. income	34 1	0.00% 0.00%
45. Newco RE9 S.r.l..			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	34 1	0.00% 0.00%	1 0	0.00% 0.00%	Tot. assets Tot. income	34 1	0.00% 0.00%

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46. PBS SCARL			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	7,213 10,393	0.21% 1.14%	3,377 4,157	0.15% 0.49%	Tot. assets Tot. income	7,213 10,393	0.32% 1.24%
47. Pirelli RE Agency Netherlands BV			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	18 0	0.00% 0.00%	18 0	0.00% 0.00%	Tot. assets Tot. income	18 0	0.00% 0.00%

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ANNEXE 1

(Table of assignments relating to subsidiaries)

to the Proposal for Auditing the Annual Financial Statements and Consolidated Financial Statements as at 31 December 2008 – 2016
for Pirelli Real Estate S.p.A.

Euro/000

SUBSIDIARY	INFORMATION ON ASSIGNMENT					PARAMETERS USED FOR STATUS PRINCIPAL AUDITOR					DIMENSIONS (a)		
	AUDIT FIRM	TERM OF ASSIGNMENT	DOC. FORMING ASSIGNMENT	EXTENT OF WORK	ISSUE SEPARATE REPT.	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF AGGREGATE TOTAL	NET INTRAGROUP TOTAL	% OF CONSOLIDATED TOTAL	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF CONS. FINANCIAL STATEMENT

(b)

(b)

Fully consolidated subsidiaries not audited owing to limited operations, subject to summary examination**

48. Pirelli RE Property Management Netherlands BV			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	18 0	0.00% 0.00%	18 0	0.00% 0.00%	Tot. assets Tot. income	18 0	0.00% 0.00%
49. Progetto Bicocca Università S.p.A.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	2,864 0	0.08% 0.02%	2,466 0	0.11% 0.00%	Tot. assets Tot. income	2,864 0	0.13% 0.00%
50. Progetto Lainate S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	505 9,200	0.01% 1.01%	10 0	0.00% 0.00%	Tot. assets Tot. income	505 9,200	0.02% 1.09%
51. Progetto Vallatra S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	4,627 0	0.14% 0.00%	4,371 0	0.19% 0.00%	Tot. assets Tot. income	4,627 0	0.21% 0.00%

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52. Servizi Amministrativi Real Estate S.p.A.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	6,826 13,428	0.20% 1.48%	3,970 5,348	0.18% 0.64%	Tot. assets Tot. income	6,826 13,428	0.30% 1.60%
53. Consorzio Stabile Pirelli RE Servizi (in liquidazione)			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	210 69	0.01% 0.01%	10 0	0.00% 0.00%	Tot. assets Tot. income	210 69	0.01% 0.01%
54. Facility Management France SAS			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	4,120 3,856	0.12% 0.42%	4,234 3,856	0.19% 0.46%	Tot. assets Tot. income	4,120 3,856	0.18% 0.46%
55. Pirelli RE Energy S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	1,223 1,340	0.04% 0.15%	1,022 1,340	0.05% 0.16%	Tot. assets Tot. income	1,223 1,340	0.05% 0.16%
56. Consorzio Sermagest			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	5,030 5,845	0.15% 0.64%	5,031 5,845	0.22% 0.70%	Tot. assets Tot. income	5,030 5,845	0.22% 0.70%
57. Mistral RE Sarl			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	12 0	0.00% 0.00%	12 0	0.00% 0.00%	Tot. assets Tot. income	12 0	0.00% 0.00%
58. PIT-Promozione Imprese e Territorio Scrl			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	1,358 0	0.04% 0.00%	1,358 0	0.06% 0.00%	Tot. assets Tot. income	1,358 0	0.06% 0.00%
59. S.AN.GE Sarl			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	13 0	0.00% 0.00%	13 0	0.00% 0.00%	Tot. assets Tot. income	13 0	0.00% 0.00%
60. Omicron BV			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	18 0	0.00% 0.00%	18 0	0.00% 0.00%	Tot. assets Tot. income	18 0	0.00% 0.00%
61. Sigma RE BV			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	18 0	0.00% 0.00%	18 0	0.00% 0.00%	Tot. assets Tot. income	18 0	0.00% 0.00%
62. Pirelli RE Bulgaria AD			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	255 0	0.01% 0.00%	255 0	0.01% 0.00%	Tot. assets Tot. income	255 0	0.01% 0.00%

Pirelli Real Estate S.p.A.

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ANNEXE 1

(Table of assignments relating to subsidiaries)

to the Proposal for Auditing the Annual Financial Statements and Consolidated Financial Statements as at 31 December 2008 – 2016
for Pirelli Real Estate S.p.A.

(Euro/000)

SUBSIDIARY	INFORMATION ON ASSIGNMENT					PARAMETERS USED FOR STATUS PRINCIPAL AUDITOR					DIMENSIONS (a)		
	AUDIT FIRM	TERM OF ASSIGNMENT	DOC. FORMING ASSIGNMENT	EXTENT OF WORK	ISSUE SEPARATE REPT.	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF AGGREGATE TOTAL	NET INTRAGROUP TOTAL	% OF CONSOLIDATED TOTAL	PARAMETER	TOTAL LAST ANNUAL FINANCIAL STATEMENT	% OF CONS. FINANCIAL STATEMENT

(b)

(b)

Fully consolidated subsidiaries not audited owing to limited operations, subject to summary examination**

63. Pirelli RE Romania SA			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	232 0	0.01% 0.00%	232 0	0.01% 0.00%	Tot. assets Tot. income	232 0	0.01% 0.00%
64. Sigma Sarl			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	13 0	0.00% 0.00%	13 0	0.00% 0.00%	Tot. assets Tot. income	13 0	0.00% 0.00%
65. Iniziative Immobiliari			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	68,357 0	2.00% 0.00%	84 0	0.00% 0.00%	Tot. assets Tot. income	68,357 0	3.05% 0.00%
66. Pirelli RE Franchising Holding S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	25,288 0	0.74% 0.00%	1,521 0	0.07% 0.00%	Tot. assets Tot. income	25,288 0	1.13% 0.00%

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67. SIB – Servizi Immobiliari Banche S.r.l.			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	346 1,275	0.01% 0.14%	916 1,275	0.04% 0.15%	Tot. assets Tot. income	346 1,275	0.02% 0.15%
68. Ecoi Immobiliari GmbH			Rep. package	Summary Analysis	NO	Tot. assets Tot. income	155 0	0.00% 0.00%	155 0	0.01% 0.00%	Tot. assets Tot. income	155 0	0.01% 0.00%

Total assets fully consolidated subsidiaries not audited	137,467	4.02%	35,031	1.56%		
Total income fully consolidated subsidiaries not audited	45,950	5.06%	22,194	2.64%		
Total group assets 100.00%	3,423,628	100.00%	2,242,739	100.00%	Total assets	2,242,739
Total Group income net of deconsolidation Jamesmail BV* 100.00%	908,208	100.00%	840,576	100.00%	Total income	840,576

*Jamesmail BV and subsidiaries were consolidated as at 30 September 2007 and therefore still made a significant contribution to 2007 income

** Companies for which exemption criteria apply as per Consob Regulation 11971 of 14.05.1999 and subsequent amendments

Explanatory Notes:

- (a) For purposes of application of Art. 165 (1) C.A. and Art. 151 of Consob Regulation 11971 of 14.05.1999 and subsequent amendments
- (b) Calculated on provisional data as at 31 December 2007

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ANNEXE 2

Analysis of resources mix by professional level

Auditing and periodical reviews laid down by Art. 155 (1) (a) C.A. for each of the nine financial years 2008 – 2016

<u>Number Persons</u>	<u>Name & category</u>	<u>Hours</u>	<u>Mix hours (%)</u>	<u>Hourly fee</u>	<u>Amt. euros</u>
1	Partner	105	8%	280	29,400
1	Manager	225	17%	165	37,125
1	Expert auditor	380	29%	90	34,200
1	Assistant	600	46%	50	30,000
		<hr/>			<hr/>
		1,310	Rounded off		130,725
		<hr/>			<hr/>
			Total fees		92,000

Auditing of the consolidated financial statements for each of the nine financial years 2008 – 2016

<u>Number Persons</u>	<u>Name & category</u>	<u>Hours</u>	<u>Mix hours (%)</u>	<u>Hourly fee</u>	<u>Amt. euros</u>
1	Partner	240	13%	280	67,200
1	Manager	470	24%	165	77,550
1	Expert auditor	670	35%	90	60,300
1	Assistant	540	28%	50	27,000
		<hr/>			<hr/>
		1,920	Rounded off		232,050
		<hr/>			<hr/>
			Total fees		165,800

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Limited auditing of the half-yearly financial statements for each of the nine financial years 2008 – 2016

<u>Number Persons</u>	<u>Name & category</u>	<u>Hours</u>	<u>Mix hours (%)</u>	<u>Hourly fee</u>	<u>Amt. euros</u>
1	Partner	135	13%	280	37,800
1	Manager	270	25%	165	44,550
1	Expert auditor	320	30%	90	28,800
1	Assistant	345	32%	50	17,250
		<hr/>			<hr/>
		1,070	Rounded off		128,400
		<hr/>			<hr/>
			Total fees		91,000

Review of working papers of secondary auditor

<u>Number Persons</u>	<u>Name & category</u>	<u>Hours</u>	<u>Mix hours (%)</u>	<u>Hourly fee</u>	<u>Amt. euros</u>
1	Partner	96	20%	280	26,880
1	Manager	240	50%	165	39,600
1	Expert auditor	144	30%	90	12,960
		<hr/>			<hr/>
		480	Rounded off		79,440
		<hr/>			<hr/>
			Total fees		57,600

Illustration of checklist for the purpose of signing the Modello Unico

1. Check that financial year result, assumed as starting point for drawing up the *Modello Unico*, corresponds with the results from accounting data reflected in the annual financial statements. Compare variations upwards or downwards of particular significance and other important items set out in the *Modello Unico* with the analogous items on the audited financial statements, or with the off-the-books documentation relating to not directly verifiable items in the audited financial statements
2. Analysis of reconciliation statement between statutory and taxable values as reflection of continuity of values with corresponding values for previous financial year
3. Check of updating of books held for tax purposes, to be carried out by law by the deadline laid down for submission of the *Modello Unico*
4. Check, subsequent to submission of declaration, of correspondence between data on signed paper copy of *Modello Unico* and the receipt of fax transmission of the *Modello*.
5. Obtaining specific letter of attestation.

Illustration of checklist for the purpose of signing the Modello 770 Semplificato

1. Check, in the case of a few selected subjects to which deductions have been applied, using sample method, of the data resulting from *Modello 770 Semplificato* with the results obtained from book-keeping.
2. Check, subsequent to submission of declaration, of correspondence between by signed data on signed paper copy of *Modello 770 Semplificato* and the receipt of fax transmission of the *Modello*.
3. Obtaining specific letter of attestation.

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ANNEXE 4

RECONTA ERNST & YOUNG S.p.A. LIST OF PARTNERS

07/01/2008

WASSIM ABOU SAID	born 17/11/1964 El Abadieh (Lebanon)	BSDWSM64S17Z229R
PAOLO AIMINO	born 07/05/1964 Biella	MNAPLA64E07A859L
FILIPPO MARIA ALEANDRI	born 18/03/1968 Rome	LNDFPP68C18H501L
BEATRICE AMATURO	born 30/09/1964 Civitavecchia (RM)	MTRBRC64P70C773P
PAOLO ANCONA	born 24/11/1963 Milan	NCNPMR63S24F205A
MASSIMO ANTONELLI	born 27/06/1961 Rome	NTNMSM61H27H501L
MAURIZIO BASTASIN	born 19/10/1959 Pordenone	BSTMZR59R19G888Z
*GARY J. BAUMANN	born 07/12/1949 New York	BMNGYJ49T07Z404H
GIANNI BIRAL	born 03/07/1953 Revine Lago (TV)	BRLGNN53L03H253H
MASSIMILIANO BONFIGLIO	born 11/11/1963 Brescia	BNFMSM63S11B157M
STEFANIA BOSCHETTI	born 14/05/1968 Turin	BSCSFN68E54L219V
MARCO BOZZOLA	born 30/08/1960 Bolzano	BZZMRC60M30A952I
PIETRO CARENA	born 20/06/1961 Pavia	CRNPTR61H20G388I
STEFANO CATTANEO	born 05/05/1965 Milan	CTTSFN65E05F205R
GUIDO CELONA	born 18/08/1959 Genoa	CLNGDU59M18D969Y
FRANCESCO CHIULLI	born 22/12/1966 Rome	CHLFNC66T22H501B
ALBERTO COGLIA	born 11/10/1957 Turin	CGLLRT57R11L219Q
CARLO COLLETTI	born 02/04/1956 Rome	CLCRL56D02H501O
MASSIMO COLLI	born 20/08/1949 Bormio (SO)	CLLMSM49M20B049S
STEFANO COLPANI	born 23/10/1960 Brescia	CLPSFN60R23B157O
GIANFRANCO CONSORTI	born 07/07/1950 Atri (TE)	CNSGFR50L07A488G
LUIGI CONTI	born 13/09/1971 Turin	CNTLGU71P13L219P
STEFANIA DORETTI	born 26/12/1965 S.Margherita Ligure (GE)	DRTSFN65T66I225J
LAPO ERCOLI	born 18/08/1967 Florence	RCLLPA67M18D6612I
LUIGI FACCI	born 21/06/1961 Rome	FCCLGU61H21H501R
FULVIO FAVINI	born 18/10/1955 Ponte Buggianese (PT)	FVNFLV55R18G833J
CLAUDIO FERIGO	born 16/09/1962 Belluno	FRGCLD62P16A757Z
SALVATORE FLORENA	born 23/11/1952 Rome	FLRSVT52S23H501F
GIANLUCA FOCACCIA	born 01/12/1966 Forli	FCCGLC66T01D704S
ROBERTO FRANCHINI	born 23/05/1955 Southampton (UK)	FRNRRT55E23Z114J
NATALE FREDDI	born 06/06/1952 Rho (MI)	FRDNTL52H06H264T

Pirelli Real Estate S.p.A.

Proposal for Auditing Services for 2008 – 2016
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ANNEXE 4

MAURIZIO GIRARDI	born 28/11/1961 Milan	GRRMZC61S28F205T
MICHELE GRAZIANI	born 04/09/1955 Monastier di Treviso	GRZMHL55P04F332P
GABRIELE GRIGNAFFINI	born 21/12/1964 Parma	GRGGRL64T21G337K
MAURO IACOBUCCI	born 29/10/1966 Sesto S. Giovanni (MI)	CBCMLR66R29I690Z
*MARIO LAMPRATI	born 22/02/1949 Merano (BZ)	LMPMRA49B22F132Z
** PELLEGRINO LIBROIA	born 28/09/1946 Milan	LBRPLG46P28F205W
MARIO LOCATELLI	born 30/12/1946 Bergamo	LCTMRA46T30A794E
NADIA LOCATI	born 26/08/1955 Monza (MI)	LCTNDA55M66F704Y
FEDERICO LODRINI	born 20/06/1966 Milan	LDRFRC66H20F205Q
RENATO MACCHI	born 29/03/1962 Luino (VA)	MCCRTM62C29E734Q
ENRICO MARCHI	born 20/02/1960 Venice	MRCNRC60B20L736X
GIUSEPPE MIELE	born 10/04/1967 Formia (LT)	MLIGPP67D10D708M
MARCO MIGNANI	born 05/06/1962 Bologna	MGNMRC62H05A944R
FABIO MISCHI	born 13/11/1958 Milan	MSCFBA58S13F205G
GIORGIO MOSCI	born 17/05/1958 Genoa	MSCGRG58E17D969E
FRANCESCO NATALE	born 18/08/1960 Turin	NTLFNC60M18L219F
ANDREA NOBILI	born 06/11/1962 Bologna	NBLNDR62S06A944K
MAURO OTTAVIANI	born 22/07/1964 Rome	TTVMRA64L22H501J
GIORGIO PAGLIONI	born 02/10/1958 Rome	PGLGRG58R02H501J
CLAUDIO PASSELLI	born 29/08/1960 Udine	PSSCLD60M29L483D
LUCA PELLIZZONI	born 24/04/1970 Giussano (MI)	PLLCU70D24E063D
FELICE PERSICO	born 27/11/1959 Chieri (TO)	PRSFLC59S27C627C
ALBERTO MARIA PISANI	born 08/02/1955 Rome	PSNLRT55B08H501G
FRANCO RADDI	born 08/03/1958 Montalbano Ionico (MT)	RDDFNC58C08F399C
PAOLO RATTI	born 22/09/1960 Lecco	RTTPLA60P22E507P
ALDO RIGAMONTI	born 08/09/1959 Monza	RGMLMR59P08F704X
ALBERTO ROMEO	born 18/06/1965 Genoa	RMOLRT65H18D969V
ALBERTO ROSA	born 17/01/1965 Bologna	RSOLRT65A17A944S
EDOARDO SANNAZZARO	born 12/06/1954 Genoa	RMOLRT65H18D969V
MARCO SCAMPINI	born 29/10/1963 Borgomanero (NO)	SCMMRC63R29B019X
SIMONE SCETTRI	born 08/01/1960 Rome	SCTSMN60A08H501C
RICCARDO SCHIOPPO	born 20/07/1950 Milan	SCHRRCR50L20F205J
LORENZO SECCHI	born 12/06/1971 Mariano Cmense (CO)	SCCLNZ71H12E951Q
LORENZO SIGNORINI	born 25/07/1961 Florence	SGNLNZ61L25D612X

Pirelli Real Estate S.p.A.

Proposal for Auditing Services for 2008 – 2016
pursuant to Legislative Decree 58 of 24 February 1998

ANNEXE 4

PAUL SMITH	born 14/10/1951 Bamberbridge (UK)	SMTPLA51R14Z114U
MARIA ENRICA SPINARDI	born 14/07/1960 Turin	SPNMNR60L54L219L
ROBERTO TABARRINI	born 10/04/1963 Monterotondo (RM)	TBRRRT63D10F611L
EGIDIO TEMPINI	born 06/06/1947 Darfo (BS)	TMPGDE47H09D251J
MASSIMO TESTA	born 13/04/1968 Caserta (CE)	TSTMSM68D13B963Z
CARLO VAGO	born 03/05/1961 Monza (MI)	VGACLM61E03F704U
DANTE VALOBRA	born 21/07/1959 Grosseto	VLBDNT59L21E202B
BRUNO VANNI	born 28/11/1946 Rome	VNNBRN46S28H501D
AMBROGIO VIRGILIO	born 05/01/1956 Bari	VRGMRG56A05A662X
NICOLA ZAMA	born 26/12/1947 Milan	ZMANCL47T26F205F
DANIELE ZAMBONI	born 21/07/1959 Milan	ZMBDNL59L21F205Q
FABRIZIO ZAZZI	born 24/02/1953 Bormio (SO)	ZZZFRZ53B24B049H
PAOLO ZOCCHI	born 24/06/1963 Como	ZCCPLA63H24C933Y
GIUSEPPE ZUCCHINI	born 02/07/1958 Bologna	ZCCGPP58L02A944O

*Member s of Board of Directors

**Chairman of the Board

Pirelli Real Estate S.p.A.

Proposal for Auditing Services for 2008 – 2016
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ANNEXE 5

Measures pursuant to anti-money laundering legislation

Information Notice pursuant to Privacy Code

We would like to inform you that current legislation in the area of preventing use of financial system for laundering the proceeds of criminal activities (anti-money laundering) and the financing of terrorism, in particular Legislative Decree 231 of 21 November 2007, provides that auditing firms are obliged to (i) identify the client and in particular politically exposed persons (PEP), and to check the data acquired during their professional activities, and (ii) to safeguard information for anti-money laundering purposes in a suitable single electronic archive, and (iii) notify suspect operations to the Financial Information Unit (UIF).

The obligation of identifying does not apply however to certain entities indicated in Art. 25 of Legislative Decree 231 of 21 November 2007 (for example banks, financial intermediaries, Poste Italiane SpA, public administrative offices, institutions or bodies carrying having a public function in conformity with the EU Treaty, the EC treaties or Community law derived from these).

The abovementioned legislation provides the obligation for the client to give the auditing firm all information requested by it in order for it comply with anti-money laundering measures.

With this in mind we would ask you to complete and sign the attached form, indicating properly all identifying data requested in reference to your company, to the person awarding the assignment, or to the legal representative, and also attaching any documentation capable of attesting that the identifying data asked for, and the said representative powers, for example (according to need in specific cases, as specified from time to time):

- ***copy of currently valid identity document (or other equivalent identifying document);***
- ***Chamber of Commerce certificate showing granting of representative powers;***
- ***Shareholders' meeting or Board resolutions granting representative powers .***

Pursuant to Article 13 of Leg. Dec 196 of 30 October 2003, Protection of Personal Data Code, and Art. 8 of Ministry of Economy and Finance Decree 141 of 3 February 2006, we would also like to inform you that all personal data supplied to us in connection with this request will be processed solely for the purposes laid down in anti-money laundering regulations, in particular to comply with the obligation to identify and keep information on clients.

Data will be handled both with and without the help of electronic processes, and in any case with the security measures in place laid down by the Protection of Personal Data Code.

Contributing data is compulsory pursuant to Art. 21 of Leg. Dec. 231 of 21 November 2007. Any refusal to provide us with the personal data requested will make it impossible to comply with the obligations imposed under anti-money laundering legislation.

Personal data handled will not be distributed or communicated other than in relation to obligations under law.

The holder of the procedure handling personal data is Reconta Ernst & Young S.p.A., with registered office in Via Romagnosi 18/A, 00196 Rome.

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Personal data handled for the purpose of complying with anti-money laundering obligations may become known to the company responsible for processing Global Shared Services S.r.l. Via Wittgens 6, 20123 Milan, for the provision of IT services and electronic archiving, as well to persons entrusted with data processing (all employees, partners, managers and co-workers of the holder to which management of the steps taken in the interests of anti-money laundering is entrusted).

We would like to inform you that Art. 7 of Leg. Decree 196 of 30 June 2003 grants to the interested party the power to exercise specific rights to protect itself, such as access to data held by the holder; updating, amendment, cancellation or blocking of data being looked after by the holder, or the right to object to its being processed by the holder.

For any communication, request or to exercise the rights indicated above the interested parties may contact the holder processing the personal data at the address given above.

Definition of politically exposed person (PEP) pursuant to Art. 1 (1) of Legislative Decree 231 of 21 November 2007.

Definitions

- o) “politically exposed person”: physical persons that are citizens of other Community or non-Community countries who occupy or have occupied important public positions, or are a close family relation of such person(s), or are ones with whom such persons have particularly close ties, identified on the basis of the criteria referred to in the technical annexe to this Decree;

Criteria indicated in Art. 1 of the Technical Annexe to Leg. Dec. 231 of 21 November 2007

Article 1, paragraph 2 (a) – Politically Exposed Persons

1. Physical persons who occupy or have occupied important public positions means:
 - a) heads of state, heads of government, ministers and deputy ministers or under-secretaries;
 - b) members of parliament;
 - c) members of supreme courts, constitutional courts and other high-level judicial bodies whose decisions are not generally subject to further appeal, apart from in exceptional circumstances;
 - d) members of Courts of Auditors, and the administrative bodies of central banks;
 - e) ambassadors, chargés d'affaires, high-level officers of the armed forces;
 - f) members of administrative, management or supervisory boards of state-owned enterprises;

No middle or lower level officials come under the categories specified above. The categories from (a) to (e) include, where applicable, positions at European level or international positions.

2. Direct family members means:
 - a) spouse;
 - b) sons, daughters and their spouses;
 - c) those who in the last five years have cohabited with the persons indicated in the previous two letters;
 - d) parents.
3. To identify persons with whom the persons mentioned in Category 1 have particularly strong links, reference is being made to:

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- a) any physical person who is known to have effective joint ownership of legal entities or any other close business relationship with a person as per (1);
- b) any physical person who is the sole effective owner of legal entities or legal subjects known to have been created de facto to benefit a person as per (1).

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Information Summary pursuant to Article 13 of Leg. Decree 196 of 30 June 2003 Version 2006/11

Reconta Ernst & Young S.p.A. (hereinafter “REY”), as the Holder of personal data processing, is obliged pursuant to Article 13 of Leg. Dec. 196 of 30 June 2003 “Personal Data Protection Code” (hereinafter referred to for brevity as the “Code”) to provide certain information relating to handling of the client’s personal data (hereinafter the “Data”) connected with carrying out the auditing assignment or another assignment received. As our client your company (hereinafter the “Client”) has the status of “Interested Party”, in other words the person to which the Data forming the subject of this information summary refers.

1. Sources for acquiring Data

- a) Personal data relating to the Client is usually collected directly by REY from the Client by means of data handling assignments.
- b) The implementation of auditing procedures or other assignments may also include collecting data from third parties, generally ones with business relations with the Client, such as its clients, suppliers, creditors, debtors, banks and financial institutions, consultants, trust companies, depositories etc., and from private databanks and public registries.
- c) If in order to carry out our assignments it is necessary to handle personal information and data of third parties you will guarantee us that the communication of such information or personal data of third parties to REY is being done in full compliance with the provisions of the Code or of other laws applicable to you in the area of personal data protection if they are not subject to Italian law. In particular it will be your duty to provide appropriate information to “interested parties” involved and – if communication to REY of personal information and data of third parties requires the consent of the interested parties – it will be your duty to validly obtain such consent, which must also cover REY.

2. Purpose of data handling

Data is handled by REY as part of its normal auditing activities or of another assignment given to it, with the following purposes:

- a) purposes closely connected to and inherent in execution of the assignment:
 - document checks done of the Client’s accounting data, with access to and inspection of supporting documentation;
 - assessment of internal supervisory procedures adopted by the Client and check on their effective implementation;
 - checks and application of internal policies and procedures within the Ernst & Young network to monitor risk and quality (*quality control and risk management*) as part of managing auditing operations or other assignments, as required by applicable rules and professional and quality standards adopted from time to time at Ernst & Young;
 - control and management of activities, processes and operational and document procedures within the Ernst & Young network, as required under our professional duties and obligations;
- b) purposes related to compliance with obligations laid down in law, regulations, or in the contract with the Client vis-à-vis authorities supervising auditing activities and vis-à-vis the management and accounting review bodies existing in according with the corporate model chosen by the Client; in particular the handling of data necessary for purposes laid down by regulation in the area of anti-money laundering;

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- c) for the purpose of imparting information on and for advertising the professional services REY offers, including inserting collected names in mailing lists and databanks, and also on behalf of other legal entities belonging to the Ernst & Young network;
- d) informational purposes, connected with carrying out REY's activities (credentials) vis-à-vis potential new clients, or for the acquisition of new assignments, or if it becomes necessary to quote details of assignments entrusted to REY in order to take part in public calls for tenders.

It should be noted that with regard to handling of data by REY for the purposes indicated above under (a) and (b), pursuant to Article 24, Para. 1 (a) and (b) of the Code, the consent of the interested party is not required since this handling is necessary for the fulfilment of obligations arising from contractual obligations, or in order to comply with obligations in law, under regulations or under European legislation.

With regard to data handled for the purposes indicated above under (c) and (d), referring to participation in public calls for tenders, pursuant to Article 24, Para. 1 (d) of the Code, the consent of the interested party is not required since this handling relates to the carrying out of business activities, in compliance with current laws dealing with corporate and industrial secrecy.

3. Nature of transfer of data and consequences of a refusal

Transferring Data to REY is as a rule done optionally. Transfer can only be compulsory in cases expressly provided for in law or regulations, such as, in particular, laws in the area of anti-money laundering. A refusal to transfer Data that must be supplied under a specific obligation in law incumbent on REY could make it difficult or in some cases – as, in particular, in the area of anti-money laundering – impossible to carry out the assignment given by the Client; as a consequence, to avoid such deficiency of Data, REY would be forced to cease execution of contractual relations, with all the consequences this would entail for the Client.

Moreover, a refusal to transfer Data to REY that is strictly part of implementing the contractual relationship, and required only by professional rules (in other words in cases of audits not required by law), could make it difficult or impossible to implement this contractual relationship, with all the consequences this would entail for the Client.

4. Place where the Data is handled

The Data will be handled at the offices of REY in Italy, and will be stored at the same offices, or in places monitored by REY, for the period laid down in the Civil Code and tax laws, with the necessary diligence for ensuring its protection and confidentiality. The Data may alternatively be handled and stored at other entities in the Ernst & Young network, including those located abroad, to which management of processes and procedures adopted within this network has been entrusted.

5. Period during which the Data will be handled

The Data will be handled by REY and by other entities belonging to the Ernst & Young network for the entire duration of the contractual relationship entered into, and also subsequently, until this relationship is terminated, for the purpose of completing all professional and legal measures required.

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6. Communication of Data

REY, as part of its normal auditing activities, or when executing other assignments, communicates Data to the following entities:

- a) external entities, including private ones, carrying out supervisory activities with respect to the Client's business and/or that of the audit firm, such as Consob, Banca d'Italia, Isvap, Assirevi etc., and the existing bodies of the Client, according to its chosen corporate model, monitoring management and accounting activities,
- b) other professional firms and professional offices belonging to the Ernst & Young network, including those located abroad, with which a contractual relationship for collaboration or a correspondent relationship exists, including by means of links with these using telecommunications, IT and by correspondence, for carrying out professional assignments;
- c) companies and external entities and trusted professionals working with REY and carrying out activities vital for implementation of the auditing assignment or other assignments conferred on them;
- d) other auditing firms, as part of the Group audit, or at the Client's specific request;
- e) entities in the Ernst & Young network, including those located abroad, to which management of the processes and procedure adopted within the Ernst & Young network has been entrusted;
- f) individual professionals belonging to other firms and professional offices forming part of the Ernst & Young network, including those located abroad, as part of implementing quality controls and risk management procedures (*quality controls and risk management*) as provided by Ernst & Young.

Essential data on the assignments entrusted to REY may be quoted as credentials or references to past assignments in offers presented (i) to contracting entities in the event of taking part in a bid for public tenders, or (ii) to third parties, enterprises, entities and organisations, if there are offers for collaboration in professional services provided by REY.

The Data may, as indicated above, also be transferred to countries outside those belonging to the EU.

The communication of Data to such entities is done in order to comply with specific obligations in law, in regulations, or in Community legislation, or to fulfil obligations deriving from a contract where the Interested Party is a party thereto, or refers to data connected with business activities, handled in compliance with current laws governing corporate and industrial secrecy.

The Data transferred to us may become known to Global Shared Services S.r.l. Via Wittgens 6, 20123 Milan, as part of provision of IT services and electronic data archiving, as well to persons entrusted with data processing (all employees, partners, managers and co-workers of the Company).

The Data will not be distributed.

7. Rights provided under Article 7 of the Code

Finally we would like to inform you that Article 7 of the Decree cited confers on the interested party the power to exercise specific rights on its own, such as the right to: (i) obtain confirm of the existence or otherwise of personal data, and for it to be communicated in intelligible form; (ii) be given an indication of the origin of the Data, of its purposes and method of handling, of the elements identifying the holder and the persons in charge, of persons to whom the data could be communicated or who could acquire knowledge of it as persons in charge or persons entrusted with a responsibility; (iii) obtain the updating, amendment, cancellation or blocking of data handled in breach of the law, as well as an attestation that such operations have been notified to the persons to whom the data was communicated; (iv) object, on legitimate grounds, to the handling of data, even when it is relevant to

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the purpose for which it was collected; (v) object to handling for the purpose of sending out advertising material, direct selling, or for carrying out market research.

8. Holder

The Holder of the data handling is Reconta Ernst & Young S.p.A., Via Romagnosi 18/A, 00196 Rome.

9. Declaration of consent

A copy of this information document with the consent attached, duly signed in the original by a legal representative of your company, must be returned to Reconta Ernst & Young S.p.A.

Declaration of Consent

Expression of consent:

We confirm that we have been duly informed by you, as laid down in Art. 13 of Leg. Dec 196/03.

We grant our consent

We do not grant our consent

to quoting of the particulars and details of the assignments entrusted by us to the Company as reference or as credential to be included in information documents and offers presented to third parties (undertakings, entities, organisations that are potential clients of the Company).

Date _____

Signature(s) _____

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ANNEXE 7

DIRECT CLIENT IDENTIFICATION FORM		
<i>(PURSUANT TO ARTS. 16 AND 21 OF LEGISLATIVE DECREE 231 OF 21 NOVEMBER 2007)</i>		
COMPANY DATA		
Company name	Vat No.	
Address registered office	CAP	
Commune	Province	
Country		
DATA OF LEGAL REPRESENTATIVE OR COMPANY NEGOTIATOR		
Surname	Name	Tax Code
Date of birth / /	Commune of birth	Sex
Province / Country of birth	Nationality	
Address of residence or domicile	CAP	Commune of residence or domicile
Type of ID document	Number of ID document	
Authority and place issuing ID document	Date of issue	
I declare that I have the position of		
I declare on my own personal responsibility that I am / am not a “politically exposed person” (PEP) within the meaning of the definition contained in Art. 1 of the Technical Annexe to Decree 231 of 21 November 2007.		
Place and date	Signature	