

THE JOINT VENTURE BETWEEN PIRELLI RE AND SOROS REAL ESTATE SIGNS ITS SECOND TRANSACTION OF THE YEAR:

- **SEVEN PROPERTIES WERE ACQUIRED FROM THE PRADA GROUP FOR 77 MILLION EURO, WITH THE OPTION TO PURCHASE TWO MORE**
- **THE PROPERTIES ARE PRIMARILY FOR INDUSTRIAL USE AND WILL BE RENTED ENTIRELY TO THE PRADA GROUP**

Milan, Dec. 27, 2004 – Spazio Industriale, the joint-venture between Pirelli RE (25%) and Soros Real Estate Investors (75%) has made its second acquisition in 2004 after the purchase of real estate assets formerly owned by Enel. On Dec. 23, it signed a binding agreement for the purchase of seven industrial properties from the PRADA Group for 77 million Euro. The closing of the transaction is scheduled to occur by Jan. 31, 2005. The agreement itself gives the joint venture the option to buy 2 more industrial properties. This option can be exercised within 3 months of the closing date.

The properties will be fully leased to the PRADA Group with contracts that stipulate that the insurance and the maintenance, both ordinary and extraordinary, are to be paid by the occupant. The first expiration date for some of the contracts is 2011 and while for others, it is 2017. The relevant properties will be used as warehouses, laboratories, offices, and a shopping outlet. The assets, which have been built recently and are in excellent condition, are located in the textile district of Tuscany (Arezzo and Siena) and in the Marche region (Ancona and Ascoli Piceno). Two of the assets in the portfolio -- Montegranaro (Ascoli Piceno) and Montevarchi (Arezzo) -- were designed by the architect Guido Canali, while the property in Piancastagnaio (Siena) was designed by the architect Vittorio Gregotti.

The above-mentioned property portfolio is a perfect example of the kind of industrial property assets that can offer significant and stable cash flow in the long-term. With this transaction, the real estate portfolio of Spazio Industriale will increase to a market value of over 200 million Euro and consequently, this places the joint venture among the top investors in Italy in this sector.

Studio Ashurst served as legal advisor for Spazio Industriale. The financial advisor for the PRADA Group was Lazard & Co. Real Estate while Gianni Origoni Grippo & Partners was the Group's legal advisor.

For more information:

Pirelli Re
Press Office, Tel. +39/02/8535.4270
Investor Relations, Tel. +39/02/8535.4057
www.pirellirealestate.com

The PRADA Group
Jason Mitchell Jacobs
Tel. +39/02/5419.2405
jason.jacobs@prada.com