



## PRESS RELEASE

- **P&K REAL ESTATE GMBH ESTABLISHED, A JOINT VENTURE WITH KRONBERG GROUP (COMPANY SPECIALISED IN THE GERMAN MARKET) TO INVEST IN THE GERMAN RESIDENTIAL SECTOR**
- **FIRST DEAL COMPLETED: ACQUISITION FROM CORPUS IMMOBILIENGRUPPE, IN PARTNERSHIP WITH LEHMAN BROTHERS, OF A PORTFOLIO OF €72.5M VALUE**

*Milan, 10 October 2005* – **Pirelli RE** and the **Kronberg Group**, a private property company specialised in the German market, have set up a joint venture in order to invest in Germany, with an exclusive for the residential sector.

The new agreement marks the launch of Pirelli RE's expansion into some European markets via the creation of local entities, with the aim of replicating the business model already successfully adopted in Italy.

The partners have established **P&K Real Estate GmbH**, a company based in Berlin and 60% owned by Pirelli RE and 40% by the Kronberg Group. The company has successfully bid for around **1,600 properties** in west **Berlin** being sold by Corpus Immobiliengruppe GmbH & CO. KG and valued at **€72.5m**. Corpus is one of the leading German real estate companies managing assets valued at around € 3 bn.

The portfolio acquired consists of 1,560 residential properties with a total surface area of approximately 100,000m<sup>2</sup> and 31 retail units occupying over 5,000 m<sup>2</sup>. About 95% of the properties are leased, generating rental income of over €5m a year.

P&K Real Estate will invest in this portfolio with Lehman Brothers and will manage and develop the real estate acquired, supplying specialist property services. Further attractive investment opportunities have already been identified.

**P&K Real Estate** aims to become a key player in the German property market, by distinguishing itself for the range and quality of its services, guaranteed by Pirelli RE's considerable experience and the in-depth local market knowledge acquired by the Kronberg Group since its establishment by Martin Hellweger in 1987.

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The German property market has significant growth potential, above all in the residential sector. Only 43% of German families own their own home, compared with a European average of 59% (source: Eurostat).

According to Scenari Immobiliari, in 2005 the German residential sector will account for 61% of the turnover generated by property deals, which are expected to amount to €170bn by year end. The segment offers healthy rental yields.

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