



## **PRESS RELEASE**

*Milan, December 12, 2007* –Pirelli RE, together with RREEF and the Borletti Group, as co-investor and asset manager signed a non binding letter of intent to purchase from Kardstadt Quelle AG (Arcandor Group) 49% of the joint venture which owns the real estate portfolio leased to Karstadt, the largest player in Germany and one of the leaders in Europe in the department store business.

The real estate portfolio, with a value of approx. 4.7 billion euro, is comprised of 164 primarily retail properties (total surface area of approx. 3.1 million sqm), approx. 90% of which is represented by 90 department stores and sporting goods stores leased to Karstadt with a total gross sales area equal to 1.2 million sqm. The assets in the portfolio include the KaDeWe in Berlin, one of the largest department stores in Europe.

The letter of intent signed includes an exclusivity agreement to negotiate with Arcandor Group the contents of the potential acquisition within the 1<sup>st</sup> February 2008.

The signing of any binding agreement related to the transaction is however subject to several conditions, among which the agreement with the shareholder which holds the 51% of the joint-venture, and is subject to the approval of the Board of Directors.

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