



PRESS RELEASE

BOARD OF DIRECTORS APPROVES LAUNCH OF FIRST EUROPEAN OPPORTUNISTIC CONTRIBUTION FUND (*FUND RAISING*) FOR INVESTMENT IN OFFICE AND RETAIL PROPERTY IN COUNTRIES WHERE GROUP IS ALREADY PRESENT

SIMPLIFICATION OF ORGANIZATIONAL STRUCTURE.

PERSONS REPORTING TO CEO ARE:

- **OLIVIER DE POULPIQUET, CHIEF INVESTMENT OFFICER IN CHARGE OF INVESTMENT AND FUND RAISING**
- **RODOLFO PETROSINO, MANAGING DIRECTOR OF COMMERCIAL ASSET MANAGEMENT & SERVICES**
- **PAOLO BOTTELLI, MANAGING DIRECTOR OF RESIDENTIAL ASSET MANAGEMENT & SERVICES**

MASSIMILIANO BERTOLINO CONFIRMED AS DIRECTOR NON PERFORMING LOANS ASSET MANAGEMENT & SERVICES

Milan, May 27th, 2008 – The Board of Directors met today in extraordinary session to **authorize the launch of the Project for European contribution opportunistic funds. The first fund will be dedicated to the office & retail sector.** In the same session, **the Board also approved the Group's new organizational structure.**

The creation of the **first European opportunistic contribution fund**, focusing on countries in which Pirelli RE is already present, will allow the Company to increase the assets under its management, and to provide investors interested in the current process of consolidation within the European real estate industry with the services of a team with recognized management expertise. In fact, Pirelli RE is not only leader in the Italian real estate market but also has a direct presence in Europe with its own Asset Management and Services organizations after expanding into Germany and Eastern Europe.

The project of the new opportunistic fund aims to raise **approximately a target of €1 billion.** Its launch will be accompanied by completion in the Retail sector of the acquisition of the Highstreet portfolio from Arcandor AG (formerly Karstadt Quelle AG) for €4.6 billion, and by the planned merger in the Residential sector with existing

portfolios belonging to third parties. These actions, together with the start of a program of disposals for around €2 billion in assets, will help the Company to achieve its target of **increasing Assets under Management from €13 billion to approximately €17 billion.**

Given the importance of this project, **Olivier De Poulpiquet** has been charged today with responsibility for all Investment & Fund Raising activities: Olivier De Poulpiquet has been with Pirelli RE since 2004, before which he held various management positions in Morgan Stanley, first in the Investment Banking Division, then in real estate fund raising & investment and lastly as Executive Manager and Co-head of the "European Real Estate Investment Group".

For the purposes of ensuring continuity in this organizational simplification, the Board of Directors has also decided to give powers to two internal managers: **Paolo Bottelli**, formerly Deputy General Manager Services, has thus been appointed as *Managing Director of Residential Asset Management & Services* with responsibility for the entire Residential sector and for the associated specialized Services, while continuing to act as the head of the Property and Agency businesses; **Rodolfo Petrosino**, formerly Deputy General Manager Acquisition & Asset Management Office, has been appointed as *Managing Director of Commercial Asset Management & Services*, with responsibility for the entire Commercial sector and functionally for the associated Services.

Massimiliano Bertolino, Central Director of the Company, has been confirmed at the head of the *Non Performing Loans Asset Management & Services* sector.

Responsibility for head office functions remains the same as before.

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In view of these organizational changes, the Board of Directors has also approved a number of amendments to the options granted under the 2008-2010, as reported – in compliance with the requirements of para. 5, art. 84-*bis* of the Consob Issuer Regulations 11971/99 – in the attached table prepared in accordance with template 7 contained in Appendix 3A of the aforesaid Regulations.

The related revised Information Circular will be published tomorrow in accordance with para. 1, art. 84-*bis*.

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COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS
Table 1 of template 7, Appendix 3A to Regulation 11971/1999

STOCK OPTION PLAN 2008 - 2010

Date: May-27-2008

Name or category (1)	Office held (specified only for persons named individually)	TABLE 2						
		Option grants						
		Section 2 New options granted on basis of decision by body responsible for implementing shareholder resolution (9)						
		Date of shareholder resolution	Instrument description (13)	Number of financial instruments underlying options granted to each individual or category	Date granted by competent body (Board of Directors) (11)	Strike price (*)	Market price of financial instruments on grant date (*)	Option expiry date
Members of Board of Directors								
(2) Puri Negri Carlo Alessandro	Deputy Chairman and CEO of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	300,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) De Poulpiquet Olivier	Director – Fund Raising & Investment of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	200,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Biffi Emilio	Director and Chief Technical Officer of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	30,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Bottelli Paolo	Director and General Manager Residential Asset Management & Services of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	140,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Bottelli Paolo	Director and General Manager Residential Asset Management & Services of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	33,500	05/27/2008 (BoD)	N.A.	N.A.	12/31/11
(2) Wolfgang Weinschrod	Director of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	15,000	05/08/2008 (BoD)	21,23	19,37	12/31/11

Members of Subsidiary Company Board of Directors (the office held refers to just one company, generally the most important)								
(2) Cattaneo Angelo	Director of Servizi Amministrativi Real Estate S.p.A.	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	3,500	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Danielewicz Ryszard	Chairman of Board of Directors of Pirelli Pekao Real Estate Sp. zo z.	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	8,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Matteoli Andrea	CEO of Pirelli & C. Real Estate Integrated Facility Management S.p.A.	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	12,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Musacchio Antonio	Director of S.AN.GE S.c.a.r.l.	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	4,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Nicosia Roberto	Director of Pirelli & C. Real Estate Agency S.p.A	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	4,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Caruso Giuseppe	Director of Pirelli & C. Real Estate Agency S.p.A	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	4,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Allegretta Francesco	Director of Pirelli & C. Real Estate Agency S.p.A	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	4,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Montuschi Stefano	Director of Pirelli RE Credit Servicing S.p.A.	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	8,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(2) Moerl Martin	Director of DGAG Shopping Immobilien GMBH	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	2,500	05/27/2008 (BoD)	N.A.	N.A.	12/31/11
(2) Engelhardt Andreas	Director of Pirelli RE Property Management Deutschland GMBH	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	2,500	05/27/2008 (BoD)	N.A.	N.A.	12/31/11
(2) Goerge Martin	Director of Pirelli & C. Real Estate Deutschland	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I: 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	2,500	05/27/2008 (BoD)	N.A.	N.A.	12/31/11

Persons with management functions under art. 152-sexies, para. 1 c)-c.2 of the Issuer Regulations								
(3) Benuzzi Gerardo	Chief Financial & Human Resources Officer of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	65,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(3) Benuzzi Gerardo	Chief Financial & Human Resources Officer of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	12,500	05/27/2008 (BoD)	N.A.	N.A.	12/31/11
(3) Petrosino Rodolfo	General Manager Commercial Asset Management & Services of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	140,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(3) Petrosino Rodolfo	General Manager Commercial Asset Management & Services of Pirelli RE	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	33,500	05/27/2008 (BoD)	N.A.	N.A.	12/31/11
Key Managers under art. 152-sexies, para. 1 c)-c.2 of the Issuer Regulations (**)								
(5) Delmonte Paola	Deputy General Manager Advisory	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	48,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(5) Bordoni Mauro	Deputy General Manager Planning & Finance	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	45,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(5) Key Managers (= 4)	-	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	89,000	05/08/2008 (BoD)	21,23	19,37	12/31/11
(5) Key Managers (= 4)	-	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	35,000	05/27/2008 (BoD)	N.A.	N.A.	12/31/11
Senior Managers								
(7) Senior Managers (=21)	-	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	120,500	05/08/2008 (BoD)	21,23	19,37	12/31/11
(7) Senior Managers (=10)	-	04/14/2008	Call Option with physical settlement in Pirelli RE shares: Tranche I : 05/01/10 – 12/31/10 Tranche II: 05/01/11 – 12/31/11	71,500	05/27/2008 (BoD)	N.A.	N.A.	12/31/11

(*) This information is indicated as N.A.(not available) because it requires knowing the official price of Pirelli RE shares on May 27th, which is not available at the time of publishing the press release to which this table is appended. The table will be updated with this information and will be published on May 28th, 2008, as an appendix to an Information Circular under art. 84-bis of the revised Issuer Regulations.

(**) Although not required by law, persons holding the office of Deputy General Manager have been named separately.