



PRESS RELEASE

- **PIRELLI RE EXERCISES AND OPTIMIZES THE OPTION SIGNED WITH THE LUCCHINI FAMILY AND LUCCHINI GROUP IN 2006, FOR LAND OF THEIR PROPERTY LOCATED IN WARSAW**
- **PIRELLI RE RE-INVESTS IN THE NEW INITIATIVE WITH A STAKE OF 34%, IN PARTNERSHIP WITH GROVE 51% AND LUSIGEST (LUCCHINI FAMILY) 15%**
 - **THE PROJECT INVOLVES CIRCA 720,000 SQM OF BUILDABLE LAND, WITH A BOOK VALUE OF €90/SQM**
- **PIRELLI PEKAO RE WILL CONTINUE TO BE RESPONSIBLE FOR DEVELOPMENT MANAGEMENT AND THE SPECIALIZED SERVICES NECESSARY FOR PROJECT ENHANCEMENT**
- **THANKS TO THE NEW INITIATIVE THE BUILDABLE AREA IN POLAND WILL REACH ABOUT 1.2 MILLION SQM, WITH 8 PROJECTS ONCE AGAIN IN PARTNERSHIP WITH GROVE, FOR A TOTAL OF 12,600 APARTMENTS**
- **DESPITE THE FINANCIAL CRISIS THE HOUSING MARKET DEMAND REMAINS STRONG IN THE MOST IMPORTANT POLISH CITIES**

Milan, June 26th, 2008 – The **Pirelli RE Group** realized the first phase of a new urban development project in Poland, involving a buildable area of 720,000 sqm located about 6 km from Warsaw's old town.

The project was born in 2006 when **Pirelli RE** signed an option agreement for the purchase of land, located in the northwestern part of the city in an area which will benefit of a new metro stop, from the **Lucchini Family and Lucchini Group**. Today the option exercised by **Pirelli RE** was optimized: **Pirelli RE** will re-invest in the new urban development initiative with a stake of 34%, in partnership with private equity funds advised by **Grove International Partners** who will hold 51% (and with whom the Group is already involved in the construction of an impressive 7 development projects in Poland for a total of 4,200 apartments, for which building permits have already been obtained), and the **Lucchini Family** who will hold 15% through the **Lusigest Company**.

The investment will not impact **Pirelli RE Group's** Net Financial Position (NFP).

Pirelli Pekao RE will be responsible for development management and will provide specialized real estate services. The Company will work with the Municipality

of Warsaw in order to ensure that the project, designed by one of the most respected architectural firms in Poland, becomes an ideal and eco-compatible urban space and part of the city's master plan, which is to be defined. Based on a conservative building ratio, the project will result in the construction and marketing of about 8,400 highly eco-sustainable apartments which will be offered at very attractive market prices.

The buildable area in Poland thus reaches approximately 1.2 million sqm, thanks to the partnership with funds advised by Grove, for a total of about 12,600 apartments. Pirelli RE has also signed agreements to extend the project over the next two years, subject to certain conditions, to include neighbouring areas of **up to 170 hectares of land to be developed in full respect of the existing complexes**, bringing the project's potential buildable area to a total of more than 2 million sqm. The project would, consequently, become one of the largest real estate development initiatives in Europe.

Pirelli Pekao Real Estate, the leading real estate company in Poland, belongs to the Pirelli Real Estate Group (75%) and Bank Pekao - UniCredit Group (25%). PPRE's development projects under management include residential initiatives such as Jarzebiny, Wilanow Park and Olszyny in Warsaw. PPRE's primary real estate development projects in Warsaw are the Okopowa and Banderii 4 residential complexes and the new complex in via Ostrobramska, along with the complex under construction in Gdansk.

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