

PRESS-RELEASE**Pirelli & C. Real Estate SpA**

Press Release, September 1st 2009

Pirelli & C. Real Estate SpA and Morgan Stanley Real Estate Investing sell Mercado in Hamburg to Union Investment

- **Union Investment acquires shopping centre for the open-ended Real Estate Investment Fund Unilmmo: Deutschland for 164 million Euro**
- **Largest single deal in Germany this year**
- **Centre and Property Management awarded to Pirelli RE for a further 5 years**

Union Investment Real Estate AG has acquired the Mercado shopping centre in Hamburg for its real estate investment fund Unilmmo: Deutschland from a Pirelli & C. Real Estate SpA and Morgan Stanley Real Estate Investing joint venture company. With a sale price of 164 million Euro the companies have thus realised the largest single deal in Germany this year. "The acquisition of 'Mercado' means a further strengthening of our portfolio of centrally located shopping centres that, with very high degrees of occupation and crisis-proof yields, have developed into the stable anchors of our real estate investment fund," says **Dr. Frank Billand, member of the executive board of Union Investment Real Estate AG**. The emphasis in Unilmmo: Deutschland investment is on German conurbations and European cities with sustainable economic development potential. Office buildings and retail properties form the core. Hotels and business parks serve as investment diversification.

Mercado's centre management, the leasing, the property management and the facility management will also remain in the hands of Pirelli & C. Real Estate Deutschland GmbH in future. "With Union Investment we have gained an internationally active company with many years of real estate expertise as pur-

chaser," says **Paolo Bottelli, Direttore Generale of Pirelli & C. Real Estate SpA**. "Considering the current situation on the European real estate market, Union Investment Real Estate AG's decision speaks clearly in favour of Mercado's quality and profitability." Pirelli & C. Real Estate is active nationwide with retail projects such as Geschäftshaus Ottensen, Wandsbek Quarree, the Bahnhof Altona Shopping Centre in Hamburg, the Geschäftshaus Große Straße in Osnabrück as well as Lago in Constance, where they are involved in the sectors of project development, asset management and property management, together with shopping centre management.

The Mercado was built as district centre in 1995 and 2003 in two construction phases and has since then been continually developed by Pirelli RE. Through this long-term involvement, Pirelli RE has contributed significantly towards the western sector of Hamburg becoming nowadays one of Hamburg's most attractive shopping destinations. Mercado is located in the central pedestrian area of Hamburg's Altona-Ottensen quarter adjacent to Altona station and has four floors with a total retail area of 24,000 square metres. With its attractive mix of tenants, the shopping centre is seen as the focal point for the up-and-coming Altona-Ottensen quarter. There are more than 90 retail outlets including well-known chains such as H&M, C&A, Strauss Innovation, Douglas, Görtz, New Yorker, Edeka, Intersport Voswinkel, Buchhaus Weiland and MediMax who are currently Mercado tenants and attract between 30.000 and 35.000 visitors daily, with 55.000 at peak periods.

The heart of Mercado is the 900 square meter Market area on the ground floor with over 30 stalls that offer international specialities and everyday commodities. The shopping centre also houses service centre facilities such as a public health insurance office, a doctors' surgery, a kindergarten, and

venue for senior citizens as well as Hamburg's public library, occupying 1,200 square metres on the second floor. Mercado is rounded off with 75 apartments. In addition, 420 parking spaces are available for customers.

About Pirelli RE:

Pirelli RE (Pirelli & C. SpA Group) has been listed on the Milanese stock exchange since May 2002 and is a leader in the European real estate sector. Pirelli RE is an Asset & Fund Management Company that acquires high-quality portfolios, manages them and increases their value. This is exercised through minority stakes in Joint Ventures with leading international investors.

Real estate under management is valued at 15.1 billion Euro (as of 30.06.2009).

In geographical terms, half of the assets under management are in Italy (7.5 billion Euro), in Germany (7.4 billion Euro) and in Poland (0.2 billion Euro in project development).

The organisational structure is based on the geographic regions – Italy, Germany and Poland. The Business Units (Commercial, Residential), specific to the projects, combine the knowledge of local markets with the specialised know-how of the different sectors.

About Morgan Stanley Real Estate Investing:

Morgan Stanley Real Estate Investing is one of the largest real estate investment companies globally. Since 1991 the company has acquired real estate across the world to a value of USD 173.5 billion and is currently managing properties with a value of USD 70.4 billion on behalf of its clients. For more information on Morgan Stanley Real Estate Investing please visit our website at www.morganstanley.com/realestate.

About Union Investment:

Union Investment Real estate AG is a leading European real estate investment manager. The company, founded in 1965, is part of the Union Investment Group and currently manages five open-ended real estate investment funds for private and institutional investors with a fund volume of around 16 billion Euro. The real estate portfolios of Union Investment contain around 220 properties

and projects in Europe and North, Central and South America as well as in Asia. Union Investment Real Estate AG delivers made-to-measure real estate solutions in the context of private and institutional asset allocation. The company is active in the commercial real estate market as investor, developer and landlord. Active for over 40 years in the area of real estate investment, Union Investment Real Estate AG is currently operating in 25 countries around the world.



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