PIRELLI & C. REAL ESTATE PRESS RELEASE

STRENGTHENED ALLIANCE BETWEEN
PIRELLI & C. REAL ESTATE AND THE PEABODY FUND
IN THE RETAIL & ENTERTAINMENT SECTOR:
NEW AGREEMENT STRUCK FOR DEVELOPMENT INITIATIVES

• TWO ENTERTAINMENT CENTRES TO BE COMPLETED BY
2004 IN MILAN AND TURIN, FOR A TOTAL INVESTMENT
OF ABOUT 200 MILLION EURO

• PIRELLI & C. REAL ESTATE TO MANAGE THE INITIATIVE

*Milan, April 2nd, 3002* – Pirelli & C. Real Estate and The Peabody Fund (a
joint venture between O’Connor Capital Partners and JP Morgan-Chase) have
reached an agreement for the development of two new projects in the retail &
entertainment segment. In line with their traditional business model, Pirelli & C.
Real Estate, who will hold a significant minority stake in the investment (equal to
25%), will act as asset manager for the schemes and will also be responsible for
providing specialized services.

The initiatives, which are the object of the agreement between Pirelli & C. Real
Estate and the Peabody, involve two entertainment centres. Pirelli & C. Real
Estate has already begun construction in Milan (in the Bicocca area) and Turin
(Moncalieri), for an overall investment worth approximately 200 million Euro.

In the retail & entertainment sector, one of the key diversification segments within
the real estate market, Pirelli & C. Real Estate have led the way as promoters of
development initiatives that are unique in Italy. These projects stem from a new
concept involving the construction – around a key hub attraction such as multiplex
cinema complexes – of large-scale entertainment centres (fitness, restaurant and
themed shopping facilities).

At the Milan Bicocca site, in an area of 45,000m², Pirelli & C. Real Estate is
currently constructing a complex featuring an 18-screen multiplex cinema with
seating for almost 6,000, a fitness centre occupying over 4,000m² and almost 20
bars and restaurants. In addition, roughly 20 themed shops, targeting young people, are foreseen. The project also features a multi-storey car park with approximately 1,500 spaces. The entertainment centre will be completed by the end of 2004.

The same deadline applies in Turin, where the borough of Moncalieri will see an area of 90,000m² being developed to accommodate a 16-screen multiplex cinema, seating 4,000 people, as well as a fitness centre covering 4,000m² and a series of support structures. Five average surface areas measuring between 1,200 and 2,400m² will be available for developments dedicated to sport, music and books. Additional forms of entertainment will be further complemented by a wide range of bars and restaurants (over 20 different types) and approximately 20 shops. The centre’s overall surface area will be 32,000m². Parking facilities for over 1,700 vehicles will complete the overall structure.

Freshfields Bruckhaus Deringer have acted as legal advisors for Pirelli & C. Real Estate, while Gianni Origoni Grippo & Partners have acted on behalf of The Peabody Fund.

This agreement further strengthens the well-established alliance between Pirelli & C. Real Estate and the Peabody fund, which have already worked together on the acquisition of real estate in the retail sector (shopping facilities). Their earlier collaboration has already led to the creation of a major portfolio worth upwards of 250 million Euro.

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