



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 Bruckaus 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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