GENOA’S LOCAL EXECUTIVE HEALTH AUTHORITY 3 APPROVES PLAN FOR THE CONSTRUCTION OF THE VALLATA HOSPITAL IN THE CITY, TO BE READY EARLY IN 2008 AND WITH AN INVESTMENT VALUE OF 70 MILLION EURO


Genoa, July 15th, 2003 – Genoa’s Local Executive Health Authority (LHA) 3 have approved plans for the construction, through project financing, of the city’s new Vallata Hospital. The architectural and financial project put forward by Pirelli & C. Real Estate - sanctioned by the Genoa’s LHA 3 as being in the public interest - will be put out to tender to the highest offer so as to identify the best candidate for the implementation of the scheme.

The initiative, part of a general reorganisation of the healthcare system in the city of Genoa, is the first in Italy to take advantage of the potential created by recent amendments to the so-called Merloni-Quater law (Law 109/94), allowing for the use of project financing in public sector utilities such as healthcare. The law, which allows for public sector contributions in terms of both money and real estate assets, aims to exploit private sector competencies as a means of renewing the public sector real estate portfolio.

Pirelli RE is one of only a handful of operators in Italy currently able to marry the specialist know-how of project and facility management to the necessary experience in real estate finance for the implementation of complex financial operations. Against this backdrop, last December the company presented a
The project for the construction and (non-healthcare) management of the new hospital, for a 30-year period.

The architectural side of the project was carried out by the firm of Genovese architect Luca Clavarino, who collaborated on functional aspects of the project with Andrea Bambini, a member of the committee of experts headed up by Renzo Piano, who in 2001 produced the so-called “new hospital model”.

The legal advisors to Pirelli & C. Real Estate in the preparation of the project were the Giustiniani firm.

Advisors and arrangers for the financial project were Banca OPI, part of the Sanpaolo IMI Group and specialists in the financing of public works and infrastructures. The firm boasts an experienced specialist team dedicated to project financing in the sectors of healthcare and public construction works.

Further to confirmation of the feasibility and value for money of Pirelli RE’s proposal (approved by Genoa’s LHA 3), the proposal will provide a springboard for a public tender based on the highest offer, so as to identify the best candidate for the construction and management of the hospital. Thanks to the assignment of the role of “promoter” (as per the Merloni-Quater law) to Pirelli & C. Real Estate, the latter will be entitled to exercise a right of pre-emption, should they deem it appropriate, adjusting their offer to the best offer put forward during the tender phase.

The project for the new Vallata Hospital, which will be built on the former “Mira Lanza” site in Genoa, features plans for the construction of the facility over a 4-year period, as well as its management for the subsequent 26 years. Of the overall 70 million Euro investment involved (plus the cost of the area), 21 million Euro of this figure will be raised through a project financing operation set up by Banca OPI, drawing on capital worth roughly 6 million Euro and indebtedness of almost 15 million Euro. Repayment of this sum will be ensured by the concessionary fees received during the years under management, and at the end of this period, the whole works will be handed over free of charge to the LHA. The remainder will be covered by the public contribution, in the form of both cash and real estate assets.

The tender is to be posted by LHA 3 by the end of July; assignment of the concession should come about by the end of November 2003. Further to the definitive design phase, building works should kick off on June 1st, 2004. The hospital will then enter service as of January 1st, 2008.
Commenting on the initiative, Sandro Biasotti, President of the Region of Liguria, stated: “The process of identifying the right area was a difficult one, especially when I think of the various projects involving the promoter and all the inspections that our technicians carried out on suitable sites that then became unavailable. But in the end we got the project off the ground. The aim of the Region of Liguria is to offer our citizens modern, efficient healthcare facilities, in terms both of the reception they get and the technologies made available to them. The renewal of a healthcare provision system that in Liguria, until 2000, could scarcely count on the basic investments needed for ordinary maintenance”.

As Carlo Puri Negri, Managing Director of Pirelli & C. Real Estate, put it: “We are absolutely delighted by the success of our proposal, not least because it gives rise to the first concrete application of the Merloni-Quater law. Project financing is an extremely valuable instrument for the development of public sector structures, who will be able to draw on the expertise of seasoned private operators such as Pirelli & C. Real Estate. Project financing is an innovative tool that we plan to use for other operations in the Italian public sector and will also prove to be a major growth factor for our company”.