

10. Investments in associates and joint ventures

Equity investments in associates and joint ventures amounted to Euro 593,237 thousand compared with Euro 515,300 thousand at December 31, 2008.

The following movements occurred in the period:

(in thousands of euro)

	12/31/2009	12/31/2008
Opening balance	515,300	534,194
Assets sold	-	(5,145)
Acquisition/change in Share capital and Reserves	40,247	171,607
Distribution of Dividends	(10,105)	(30,831)
Impairments	(16,000)	(74,421)
Disposals and liquidations	(166)	(25,696)
Share of net income	(61,161)	(175,677)
Share of other components recognised in Equity	(1,629)	(52,525)
Decrease in Financial receivables	114,629	-
Reclassifications and other	57,513	131,629
Movements in provisions for liabilities and charges	(45,391)	42,165
Closing balance	593,237	515,300

The table below shows in detail the movements in equity investments in associates:

(in thousands of euro)

	12/31/2008	Acquisitions Changes S.C. and reserves	Components recognized in equity	Reclassifications change in scope and other	Distributions dividends and reserves	Disposals and liquidations	Impairments	Portion in net income	Decreases receivables financial	Movements provisions for risks and expenses	12/31/2009
Cloe Fondo Uffici	-	570	(92)	37,446	(2,738)	-	-	2,963	-	-	38,149
Olinda Fondo Shops	-	-	-	33,492	(793)	-	-	2,314	-	-	35,013
Dixia S.r.l.	5,031	9	-	-	-	-	-	(274)	-	-	4,766
Orione Immobiliare Prima S.p.A.	53	314	-	346	-	-	-	(713)	-	-	-
Sci Roev Texas Partners L.P.	237	-	-	-	(220)	-	-	-	-	-	17
Spazio Investment N.V.	62,586	(154)	349	-	-	-	-	(348)	-	-	62,433
Turismo e Immobiliare S.p.A.	7,698	5,848	-	-	-	-	-	(3,401)	-	-	10,145
Eurostazioni S.p.A.	54,335	-	-	-	(1,460)	-	-	4,892	-	-	57,767
Cyoptics	29,579	-	-	-	-	(16,000)	-	-	-	-	13,579
RCS MediaGroup	66,450	-	(635)	-	-	-	-	(3,914)	-	-	61,901
Altre PRE	217	(2)	-	-	(160)	(144)	-	255	64	(60)	170
Other group companies	1,685	17	-	(381)	-	-	-	611	-	-	1,932
Associates	227,871	6,602	(378)	70,903	(5,371)	(144)	(16,000)	2,385	64	(60)	285,872

It should be noted that the extraordinary shareholders' meeting of the associate Spazio Investment N.V. held on December 3, 2009 resolved to delist the company from the Alternative Investment Market managed by London Stock Exchange plc.

The item “Equity investments in associates” includes the interest in the company RCS Mediagroup S.p.A of 5.3% of the voting capital; Pirelli & C. S.p.A. is one of the major shareholders, is represented on the Board of Directors and is a party to the shareholders’ agreement which aims to ensure stability of the shareholding structure and coherent strategies in the management of the RCS Group (the parties to the agreement hold shares representing 63.5% of the share capital). For the purposes of measurement of this equity investment in accordance with the net equity method the last published accounts were taken into consideration. These were found in the interim management report at September 30, 2009. The fair value attributable to the equity investment in the associate RCS Mediagroup S.p.A., which is listed on the Milan Stock Exchange, calculated using the reference price of December 31, 2009 (Euro per share 1.268), was Euro 49.6 million (Euro 38.2 million in 2008).

This stock exchange quotation, which has recovered with respect to December 31, 2008 (Euro per share 0.98), continued to be less than the carrying amount of the companies own equity. Therefore, taking into account also the amount of the equity of the associate, and considering the role held on the administrative and executive bodies, for which recognition on the basis of the stock exchange figures is of little significance, it was considered reasonable not to make adjustments to the current carrying amount.

Taking into account the influence exerted, substantially, on certain investments as a result of the conditions of governance and of the significance of the interests held in comparison with the fragmentation of the stakes of other investors, confirmed in the light of the long-term investment strategy which also led to the purchase of further interests, although for a limited amount, the reclassifications described below, included in the column “**Reclassifications, changes in scope and other changes**” were made in a consistent manner:

- the shares held in Cloe Fondo Uffici were reclassified from the item “Other financial assets” to the item “Investments in associates”, for a total amount of Euro 37,446 thousand. This amount includes the value, net of fair value changes cumulatively recognized in equity up to December 31, 2008, of the interests held by the company Pirelli & C. Real Estate Società di Gestione del Risparmio S.p.A. (5.03%), of Euro 7,847 thousand, and the interest held by Pirelli RE Netherlands B.V. (13.57%), the change in the fair value of which was recognized in the income statement, of Euro 29,599 thousand;

- the shares held in Olinda Fondo Shops were reclassified from the item “Other financial assets” to the item “Investments in associates”, for an amount of Euro 33,492 thousand. This amount relates to the value, net of the fair value changes cumulatively recognized in equity at December 31, 2008, in relation to the interests held by the companies Pirelli & C. Real Estate Società di Gestione del Risparmio S.p.A. (5.18%) and Pirelli RE Netherlands B.V. (6.64%). The attributable fair value of the listed fund *Olinda Fondo Shops*, calculated using the reference price at December 31, 2009 of Euro 325 per share, was Euro 20 million.

“**Impairment losses**” include Euro 16,000 thousand relating to CyOptics Inc.

The table below shows in detail the movements in equity investments in joint-ventures:

(in thousands of euro)

	12/31/2008	Acquisitions Changes S.C. and reserves	Components recognized in equity	Reclassifications change in scope and other	Distributions dividends and reserves	Disposals and liquidations	Impairments	Portion in net income	Decreases receivables financial	Movements pro- visions for risks and expenses	12/31/2009
Afrodite S.à r.l.	-	(7)	-	-	-	-	-	(832)	1,751	(912)	-
Aida RE B.V.	-	(1,552)	(418)	-	-	-	-	(698)	12,586	(9,918)	-
Alceo B.V.	582	(39)	-	-	-	-	-	(4,734)	4,191	-	-
Alimede Luxembourg S.à r.l.	-	(48)	-	-	-	-	-	(10,366)	14,067	(3,653)	-
Alnitak S.à r.l.	2,677	-	-	-	-	-	-	1,164	-	-	3,841
Aree Urbane S.r.l.	1,780	10,707	-	-	-	-	-	(5,240)	-	-	7,247
Artemide S.à r.l.	-	(3)	-	-	-	-	-	(529)	1,189	(657)	-
Austin S.à r.l.	3,954	15	-	-	-	-	-	(4,533)	564	-	-
Bicocca S.à r.l.	-	(2)	-	-	-	-	-	(665)	1,047	(380)	-
Capitol Immobiliare S.r.l.	-	54	-	-	-	-	-	(42)	-	(12)	-
Castello S.r.l. (in liquidation)	57	-	-	-	-	-	-	(45)	-	-	12
Colombo S.à r.l.	17,774	14	321	-	-	-	-	551	-	-	18,660
Consorzio G6 Advisor	22	-	-	-	-	-	-	-	-	-	22
Continuum S.r.l.	1,935	(24)	-	-	(1,200)	-	-	(264)	-	-	447
Dallas S.à r.l.	3,954	15	-	-	-	-	-	(4,634)	665	-	-
Delamain S.à r.l.	204	-	-	(346)	-	-	-	22,764	-	-	22,622
Dolcetto Sei S.r.l.	34	67	-	-	-	-	-	(67)	-	-	34
Doria S.à r.l.	17,672	2	321	-	-	-	-	551	-	-	18,546
Erice S.r.l. (in liquidation)	327	-	-	-	(207)	-	-	140	-	-	260
Espelha - Servicos de Consultadoria L.d.A.	8,148	-	-	-	-	-	-	(1,046)	-	-	7,102
European NPL S.A.	18,034	(165)	(1,403)	-	-	-	-	(1,303)	-	-	15,163
Fedora - Fondo comune di investimento immobiliare di tipo chiuso	-	250	(17)	-	-	-	-	-	-	-	233
Finprema S.r.l.	5,178	(1,047)	(565)	-	-	-	-	(588)	-	-	2,978
Fondo Città di Torino - Fondo comune di investimento immobiliare speculativo di tipo chiuso (già Patrimonio Casa - Fondo comune di investimento immobiliare speculativo di tipo chiuso)	11,482	-	-	-	-	-	-	(1,433)	-	-	10,049
Gädeke & Landsberg Dritte Contract KG	-	(1,657)	-	(1,646)	-	-	-	(4,500)	7,803	-	-
Gamma RE B.V.	79,285	(625)	732	-	-	-	-	(2,219)	-	-	77,173
Gatus 372.GmbH	11	-	-	(11)	-	-	-	-	-	-	-
Gemeinnützige Wohnungsgesellschaft für den Kreis Herzogtum Lauenburg mbH	-	448	-	-	-	-	-	(427)	-	-	21
Gesellschaft für Wohnungsbau Lübeck mbH	-	997	-	-	-	-	-	223	-	-	1,220
Golfo Aranci S.p.A. - Società di trasformazione urbana	3,361	663	-	-	-	-	-	(5,455)	-	1,431	-
Grundstücksgesellschaft Königstraße mbH & Co. KG	-	-	-	-	(2,368)	-	-	2,368	-	-	-
GWK Braunschweig GmbH	-	1,368	-	-	-	-	-	522	-	-	1,890
GWL Wohnungsbetreuungsgesellschaft mbH	-	34	-	-	-	-	-	(13)	-	-	21
Heimstätten Lübeck GmbH	-	2,313	-	-	-	-	-	(1,761)	-	-	552
IN Holdings I S.à r.l.	-	-	-	-	-	-	-	516	-	(343)	173
Induxia S.r.l.	-	1,587	-	-	-	-	-	(2,364)	1,213	(436)	-
Inimm Due S.à r.l.	2,125	-	-	-	(834)	-	-	(212)	-	-	1,079
Iniziativa Immobiliari S.r.l.	3,920	(42)	-	-	-	-	-	(784)	-	-	3,094
Localto ReoCo S.r.l. (in liquidation)	2	7	-	-	-	(10)	-	1	-	-	-

(in thousands of euro)

	12/31/2008	Acquisitions Changes S,C, and reserves	Components recognized in equity	Reclassifications change in scope and other	Distributions dividends and reserves	Disposals and liquidations	Impairments	Portion in net income	Decreases receivables financial	Movements pro- visions for risks and expenses	12/31/2009
Manifatture Milano S.p.A. (formerly Quadrifoglio Milano S.p.A.)	3,197	(103)	-	-	-	-	-	1,661	-	-	4,755
Maro S.r.l. (in liquidation)	336	(45)	-	-	-	-	-	(222)	-	-	69
Masseto I B.V.	-	-	-	-	-	-	-	(140)	-	140	-
Mistral Real Estate B.V.	21,817	(7,998)	734	-	-	-	-	(2,256)	-	-	12,297
M.S.M.C. Italy Holding B.V.	1,866	2,500	-	-	-	-	-	(1,296)	-	-	3,070
Nashville S.à.r.l.	3,953	14	-	-	-	-	-	(4,533)	566	-	-
Polish Investments Real Estate Holding B.V.	4,500	126	-	-	-	-	-	14	-	-	4,640
Polish Investments Real Estate Holding II B.V.	-	2,228	-	-	-	-	-	(2,670)	5,984	(5,542)	-
Popoy Holding B.V.	451	700	-	-	-	-	-	(486)	-	-	665
Progetto Bicocca La Piazza S.r.l. (in liquidation)	1,872	-	-	-	-	-	-	(294)	-	-	1,578
Progetto Bicocca Università S.r.l. (in liquidation)	-	(113)	-	-	-	-	-	-	-	113	-
Progetto Gioberti S.r.l. (in liquidation)	44	(13)	-	-	-	-	-	(159)	128	-	-
Projektentwicklung Blanke- nese Bahnhofplatz GmbH & Co. KG	-	-	-	(277)	-	-	-	-	-	277	-
Resi S.r.l. (in liquidation)	5	7	-	-	-	(12)	-	-	-	-	-
Resident Baltic GmbH	227	(13)	-	-	-	-	-	121	-	-	335
Resident Berlin 1 P&K GmbH	3,633	282	-	11	-	-	-	3,165	-	-	7,091
Resident Sachsen P&K GmbH	148	(4)	-	-	-	-	-	154	-	-	298
Resident West GmbH	77	6	-	-	-	-	-	39	-	-	122
Rinascente/Upim S.r.l.	-	5,298	-	(9,059)	-	-	-	-	7,202	(3,441)	-
Riva dei Ronchi S.r.l.	-	4,555	-	-	-	-	-	(1,713)	-	(2,276)	566
Roca S.r.l. (in liquidation)	1,148	(48)	-	-	-	-	-	(856)	-	-	244
Sigma RE B.V.	8,608	279	6,657	-	-	-	-	(40,948)	25,404	-	-
Sicity Investments S.à.r.l.	121	-	-	-	-	-	-	4,085	-	-	4,206
Solaia RE S.à.r.l.	-	3,261	(780)	2,352	-	-	-	20,317	-	(4,363)	20,787
Solar Utility S.p.A.	5,841	-	-	(4,414)	-	-	-	(1,427)	-	-	-
Solaris S.r.l.	1,143	-	-	-	-	-	-	(887)	-	-	256
S.I. Real Estate Holding B.V.	-	(17)	-	-	-	-	-	(1,042)	790	269	-
S.I.G. RE B.V.	1,430	1,045	-	-	-	-	-	1,913	-	-	4,388
Tamerice Immobiliare S.r.l.	4,006	23	-	-	-	-	-	1,519	-	-	5,548
Theta RE B.V.	-	6,545	(7,154)	-	-	-	-	(13,047)	29,322	(15,666)	-
Tizian Wohnen 1 GmbH	2,233	712	-	-	-	-	-	455	-	-	3,400
Tizian Wohnen 2 GmbH	1,055	238	-	-	-	-	-	4	-	-	1,297
Trinacria Capital S.à.r.l.	128	-	-	-	-	-	-	4,906	-	-	5,034
Trixia S.r.l.	3,913	-	-	-	-	-	-	(3,394)	-	-	519
Verwaltung Mercado Ot- tensen Grundstuecksgesells- chaft mbH	10	-	-	-	-	-	-	(103)	93	-	-
Vespucci S.à.r.l.	17,791	5	321	-	-	-	-	549	-	-	18,666
Vesta Finance S.r.l.	12	-	-	-	-	-	-	-	-	-	12
Vivaldi - Fondo comune di investimento immobiliare speculativo di tipo chiuso	8,614	-	-	-	-	-	-	(383)	-	-	8,231
Other Pirelli & C. Real Estate Deutschland GmbH Group companies	6,732	845	-	-	(125)	-	-	(638)	-	38	6,852
Joint ventures	287,429	33,645	(1,251)	(13,390)	(4,734)	(22)	-	(63,546)	114,565	(45,331)	307,365
Total equity investments in associates and joint ventures	515,300	40,247	(1,629)	57,513	(10,105)	(166)	(16,000)	(61,161)	114,629	(45,391)	593,237

It is also important to note that the investment in Rinascente Upim was classified among “assets held for sale”, on the basis of a plan for the sale of the two investments held by the same, which represent the exclusive corporate purpose, carried out at the end of the year and which already led to completion of the sale of the investment in Upim S.r.l. (controlled by Rinascente/Upim S.r.l.) in January 2010; the carrying amount of the investment, net of the actuarial losses cumulatively allocated to equity up to December 31, 2008 (Euro 239 thousand net of the resultant tax effect) was wholly offset with the shareholders’ loan granted to the same by Pirelli & C. Real Estate S.p.A..

The column “**Decrease in financial receivables**” contains the reduction in financial receivables from associates and joint ventures in the Real Estate segment due to the portions of loss made by the same associates and joint ventures in excess to the carrying amount of the investments.

The column “**Movements in provisions for liabilities and charges**” includes provisions to cover losses of associates and joint ventures in the Real Estate segment exceeding their carrying amounts, where a legal or constructive obligation exists.

For comments on the column “**Share of net income**”, see the comments contained in Note 34.1 below “share of net income of associates and joint ventures”.

The most important data of the main associates and joint ventures (at 100%) at December 31, 2009 relating to the Real Estate segment are presented below:

(in thousands of euro)

	associates	joint ventures
Non-current assets	572,529	4,840,535
Current assets	1,528,279	9,090,760
Non-current liabilities	1,078,035	11,018,260
Current liabilities	100,083	1,689,069
Revenues from sales and services	270,587	1,351,381
Costs of production	(244,539)	(1,843,076)
Net income	7,822	(214,613)

It is worth noting, finally, that of total equity investments in associates and joint ventures, an amount of Euro 97,415 thousand has been pledged as collateral.

11. Other financial assets

These amounted to Euro 228,106 thousand compared with Euro 527,229 thousand at December 31, 2008. They can be broken down as follows:

(in thousands of euro)

	12/31/2009	12/31/2008
Available-for-sale financial assets	221,351	476,300
Financial assets carried at fair value through profit or loss	-	29,599
Financial assets carried at amortized cost	6,755	21,330
	228,106	527,229