

IL MONDO – 05/6/2005

Sorgente SGR launches its third real estate product

A FUND WITH REALTY AT HEART

Following the Michelangelo and Raffaello Funds, the Caravaggio, open to investors, is about to enter the stock exchange

If a property is not only beautiful but also unique, either for its intrinsic features that are impossible to copy or because of its location, then its value can only rise. This type of market law, verified by the experience of generations of realtors, forms the basis for the investment strategy employed by Sorgente SGR, always among the top performers in the real estate investment fund market in Italy. Their focus is prestigious buildings and properties in or close to the center of major cities or in any case in unique positions and capable of generating revenues after any necessary renovation and renting out to similarly prestigious tenants.

With one billion and one million worth of equity, which with financial leverage amounts to 2.5 billion investment potential, Sorgente is the third largest Italian group operating in this sector. It has launched three funds, two, the Michelangelo and the Raffaello for institutional investors and the Caravaggio, a fund open to private investors which is about to be floated on the stock exchange. A fourth fund, already authorized by the Bank of Italy and currently signing up in kind property subscriptions, has also been named after another great painter, Donatello. Behind this choice of names lies CEO and main shareholder Valter Mainetti's love of art. However, the stamp of the Mainetti family is more especially to be found in the very nature of the company and makes it stand out from its competitors. It has the heart of a realtor, being born therefore, not out of a bank or financial group's initiative on the lookout for new opportunities but from the experience and sound knowledge of the real estate market with which the necessary financial expertise was combined to create Sorgente SGR in 1999 when real estate investment funds were introduced in Italy.

Back in the 1920s, Mainetti's maternal grandfather, Luigi Binda, owner of a steel frame construction company in America, participated in the whirlwind urban development of New York. In fact, he was responsible for one of the most famous skyscrapers, the Chrysler Building as well as the steel frame of the so called addition to Wall street, the extension to the most famous stock exchange in the world.

Valter Mainetti's father, Sergio, carried on the interest in real estate through utilities installation. Valter Mainetti himself has always been involved in the property market, promoting initiatives in Italy and abroad. He was also CEO of Sagefim Partecipazioni (currently Tiberiade Servizi Finanziari) a finance holding company for real estate companies with over a billion euros worth of assets. It was his know how in the New York market which led him to take a close interest in property investment funds well before 1999. "I was hoping to it would be possible for these funds to develop and play an important role here too, as they do in the American market."

So when the law on such funds was passed, for Mainetti the choice of creating a savings management company was a logical consequence of that attentiveness and expertise. It's not surprising that Sorgente was the first management company to come out with a real estate fund reserved for institutional investors. Following the launch of the new subscription in kind fund named Donatello and the opening of its first operational arm in America, the strategic choice for Sorgente is for further diversification into new international markets. The first objective is the Far East. "Not so much to purchase property," clarifies Valter Mainetti, but rather to create funds with banks and local partners. We are not aiming only to invest but also to attract investors". However, the Sorgente CEO points out that internationalization is also important for another reason. "If one market finds itself in crisis it's possible to switch the center of interest to another. The worldwide propagation of property crises is actually much slower than for financial ones."

The president of Sorgente SGR is Rodolfo Cutino, previously the director of the Bank of Italy's headquarters in Rome, Central State Treasurer and director for a number of finance houses. Vice-president is Paolo Emilio Nistri, a director of the Fondazione Cassa di Risparmio di Roma and many Italian and international companies. The Sorgente SGR Board of Directors also includes another former Bank of Italy top executive, Claudio Patalano, who was also Central Director for the BNL bank. The management structure is headed up by CED Stefano Cervone. The president, vice-president and CEO make up the investment committee which evaluates both real estate and financial opportunities.

The focus of attention for Michelangelo Properties, the New York operational arm of Michelangelo Italy, is American neo-gothic, the typical architectural style of the pre Second World War period and also the Wall Street area for which increases in value are expected. In America too, Sorgente's target includes buildings offering unique architectural or location based features. At the helm in the New York office are currently three people: Paul Stern, Guido Pompilj and Veronica Mainetti, 26, who joined the company, following in the footsteps of her father Valter, while business adviser is Luciano Magri.