

Press Release 02/28/06

SORGENTE SGR S.p.A.

The Baglioni fund is taking off: It will have 9 hotels and will trade on the Paris stock exchange as an SIIC

The properties of the prestigious Baglioni Group chain of hotels are about to be transferred to the Sorgente SGR Baglioni Fund established last November. There are nine highly prestigious hotels in Italy and France, all situated in major luxury urban tourism centres. Thus Sorgente SGR is about to set up a Société d'Investissement Immobilier Cotée (SIIC) in France through which the French properties in the Baglioni Real Estate Fund can be floated on the Paris stock exchange. It is a fundamental step in the existence of the subscription in kind real estate fund based on the hotel industry, the first in Italy to specialize in a particular sector in this way. For the creation of the SIIC, the twenty-fourth on the French market, the management company has called upon law firm Delli Santi & Partners for legal advice.

More in detail, the operation requires the setting up of a holding company under French law with the requisites for later floatation and tax categorization as an SIIC to which the property shares for the Chateau de Mirambeau Hotel, situated between Bordeaux and Cognac, the Chateau de Codignat Hotel, in Auvergne, the Royal Champagne Hotel, near Reims and the La Villa Gallici Hotel, in the Aix en Provence area will be transferred. The newly-created French holding company which will be directly transferred to the Italian Baglioni Fund, will have a start up capital of approximately 25 million euros of which the Michelangelo Fund will hold a 30% share. Further acquisitions are expected in France to increase the equity up to 40 million euros. Through the transfer of the other Baglioni Hotels properties, the Luna Hotel in Venice, the Cala del Porto Hotel and the Alleluja di Punta Ala Hotel to the Baglioni Fund will bring the assets of 150 million euros. The fund will have an interesting yield; the properties are all let to the managing company Baglioni with a cap rate of between 6.5 and 7%. Financial leverage to 60% of investments will give a strong impetus to performance from the start.

After its important real estate operations in New York, through the Baglioni Fund Sorgente is also entering the French market with a wholly transparent investment structure - a listed French company for the purchase of French properties.

For some time the management company has been turning its attention to foreign markets to enhance its growth potential and anticipate development. Major attention has been paid to the selection of investment property both from an artistic and architectural point of view as well as the possible revenues including the possibility of development and requalification.