

Sorgente Group: the art of real estate

Sorgente Group has tailored a model of real estate portfolio management that is focused on the requirements of important institutional investors. The strength of the model is built around a very linear vision of real estate, with long term horizons, high quality, prime real estate objects and great flexibility in the selection of value enhancement solutions.

This last point originates from over 100 years' experience in the real estate sector; an experience based on excellence, as illustrated by past achievements such as the development of the Chrysler Building and the New York Stock Exchange, as well as notable housing and commercial construction projects in Italy, France and Switzerland. The key to success in all these initiatives has always been the capacity to combine innovative project management and profitable management of the real estate assets.

This market intelligence has allowed the Group, today dedicated to real estate finance, to achieve very significant results for its investor client base. In the course of 10 years of real estate fund management average performance across the board has exceeded 6.5%, maintaining very stable returns over time, the result of a prudent risk profile. The capital value of the real estate acquired has also experienced steady continuous growth during that time.

The Italian market is the starting point for the Group which now invests internationally. Sorgente's real estate funds have invested in the

External view of 32-34 Greene Street in SoHo, New York, one of Sorgente Group's real estate portfolio investments



Big Apple; currently the Group owns seven buildings in Manhattan, three of which are undergoing an intense redevelopment and repositioning process to enhance investor returns.

The guidance in this process of internationalisation is provided by Sorgente Group S.p.A., a financial intermediary under Italian law, set up as a holding company at the helm of the conglomerate. Sorgente Group controls, directly and indirectly, over 20 operating companies encompassing three main lines of business, which cover the entire value creation chain of real estate portfolio management. In particular, within the Group are two savings management companies: Sorgente SGR, which creates and promotes real estate investment products under Italian law; and Main Source SA, which operates at the European level, by coordinating and managing real estate funds under Luxembourg law.

The two European management companies currently hold assets under management in excess of €1.5bn. The funds under Italian and Luxembourg law have been identified as ideal investment vehicles, respectively in Italy and within the European Union. In the pursuit of an improvement in efficiency and transparency for our savings product offering, Sorgente Group has elected to define its involvement in the US and Swiss markets with the establishment of management companies within the jurisdiction of each country, subject to the supervision and surveillance of the US and Swiss federal authorities.

In line with our wish to export our management model and with the need to observe properly local laws and conduct, the following companies have been established: Sorgente Asset Management LLC and Sorgente SA.

Sorgente Asset Management LLC is an asset management company

based in the State of New York, with the task of developing investment products (REITs and property funds) to offer to US and European investors. This intermediary is part of a sub-group of companies that Sorgente Group has created to conduct its business in the US, which is led by Sorgente Group of America Corporation and the skill and youthful energy of Veronica Mainetti, managing director for US Activities.

The first objective of Sorgente Group of America Corporation is to assemble a portfolio of real estate investments in New York totaling US\$500m, more than doubling the current volume. The real challenge, however is the second objective: to attract the extensive field of demanding US institutional investors to our US initiatives. From this perspective, the commercial launch strategy centres firstly on the creation of a high quality real estate portfolio and, only then, the value proposal to US investors.

Sorgente SA, a company in the process of being authorised as a Direction de Fonds under Swiss law, has been established with the task of applying Sorgente Group's investment expertise within the framework of one of the world's principal wealth management centers. The funds of this vehicle will focus on the Swiss real estate market, whose characteristics are a very good fit with Sorgente's philosophy. In fact, Switzerland presents numerous valuable and prestigious real estate investment opportunities, whose leasing dynamics are closely tied to the operation of the advanced tertiary sector (FIRE: Finance, Insurance, Real Estate) and whose risk profile is very prudent.

The geographical growth, steered both on the fundraising side through an international fundraising drive – and on the investment side, develops under the

constant professional guidance of the Group. The management companies are supported and assisted by an integrated network of subsidiaries which cooperate to maximise value for the funds' shareholders, ensuring professional commitment in all phases of



Veronica Mainetti, Managing Director, Sorgente GROUP USA

real estate management. It is in this framework that the Group's other two business lines become apparent: real estate technical support companies on the one hand; and financial and commercial advisory companies on the other.

The Group possesses professional expertise in the areas of property development, property and facility management, real estate financing and structuring, as well as market research and deal brokerage. The various core competencies are rooted in autonomous entrepreneurial platforms. All real estate technical assistance in Italy is guaranteed by Aramaico Gestioni S.p.A.; brokerage and advisory services are developed by the UK company Sorgente International PLC, based in London which provide a service to an extensive network of institutional investors.

In the US, the sub-group of companies under Sorgente Group of America Corporation offers the same skill sets. Star Source Inc., a company based in New York, guarantees the highest level of professional oversight of all complex development initiatives which the Group has initiated and intends to initiate in real estate investments in the US.

The convergence within the Group of all real estate portfolio management activities provides the asset management components with complete control of all building data, information about the physical and technical condition of the assets and their locations, the effective timing and costings of each value enhancing step, which together maximise the investment potential.

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Internal view of 32-34 Greene Street in SoHo, New York, one of Sorgente Group's real estate portfolio investments

