

## Puri Negri sets Italy's Aedes on path toward REIT status, expansion

Carlo Puri Negri, a member of the Pirelli tyre-making family and one of the most well-known industrialists in Italy, in late 2014 entered struggling listed property group Aedes, and has set his sights on the nation's restructured REIT status and portfolio expansion.



Carlo Puri Negri: "The government hasn't done everything but it's done a lot - and what is more important is its focus on the real estate industry."

He told PIE recently that the 'Unblock Italy' (Sblocca Italia) legislation of late 2014 was the catalyst, bringing rules for Italian REITs (Società di Investimento Immobiliare Quotata, SIIQ) into line with European standards. "The government hasn't done everything but it's done a lot - and what is more important is its focus on the real estate industry," says Puri Negri. "In Italy this has never happened before: Real estate was not considered an industry, so if you went to the ministry that takes care of the property wealth of the country they would say, 'Why are you here?' Now, they say they think this is an important industry; in fact, they have made

changes in a very short time and they are working to do more."

With only office group Beni Stabili and shopping centre firm IGD so far holding Italian REIT/SIIQ status, Rome's adjustments awoke significant interest from the nation's senior real estate executives. "We now are in line with other countries," Puri Negri told PIE. "However we are not really there yet in terms of liquidity and of dimension." Sblocca Italia lifted the ceiling for a majority shareholding in a SIIQ to 60% from 51%, cut dividend distribution requirement to 70% of recurring rental income from 85%, and imposed 50% distribution of profits from net capital gains. In return, as elsewhere in Europe, the vehicle incurs no corporate taxation.

Puri Negri is connected to the Pirelli family by his mother Margherita Negri, a cousin of Leopoldo Pirelli, grandson of founder Giovanni Battista Pirelli. After studying media and real estate at Milan University, and stints at the Venice Biennale arts organisation and the L'Espresso and Mondadori media groups, he

joined Pirelli in 1988, and was soon named CEO and deputy chairman of its property arm Milano Centrale - renamed Pirelli & Co. Real Estate in 2002 and floated on the stock market. It rebranded again as Prelios after Puri Negri stepped down following the 2008/9 global crisis. He had been appointed deputy chairman of Camfin, the senior shareholder of the Pirelli group, in 1996. Other positions he has held include board seats at the Artemide Group, Aon Italia, Capitalia, Olivetti, Permasteelisa and Italia Telecom, as well as deputy chair of Italy's senior real estate association Assoimmobiliare.

Puri Negri joined Aedes as chairman in December 2014. The company has a total portfolio of €412m at year-end 2015, and is controlled at 51% by the Augusto holding firm which groups Sator of Matteo Arpe, Roveda family with the CEO Giuseppe Roveda and Amenduni family.

Renamed Aedes SIIQ but not yet fully qualified for REIT status, the firm reported 2015 net income of €4.4m, compare to a loss of €24.1m in 2014 before restructuring costs. It estimates net asset value at €0.87 in December, around twice its current share price in Milan.

Puri Negri and CEO Giuseppe Roveda intend to make Aedes a pure listed vehicle, giving up fund management SGR activities which he sees as conflictual. "People have to understand as an entrepreneur that they must separate completely the SGR from SIIQ," he told PIE. "And on this Italians probably have to do some rethinking." He cited no other names. But funds group Sorgente failed in its attempt to IPO late last year-end, partly for this reason. De Agostini's IdeA group, which with IdeA Fimit also owns Italy's largest property fund manager, is grappling with this hurdle - while Coima, now in the middle of a REIT/SIIQ IPO, intends to separate its SGR activities completely. Founder and CEO Manfredi Catella told PIE's Italy Breakfast last month.

Aedes SIIQ has three years to fully convert to meet Rome's new REIT rule of deriving 80% of portfolio revenues from leases. But he says: "We're one year in advance of where we need to be. "In the meantime we have to grow; we are still too small." ■ pie