

Real property crowdfunding in Italy

A new law allows real property equity crowdfunding to operate in Italy

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Thanks to an amendment to the legislation concerning “innovative start-ups”¹, the beneficiaries of equity crowdfunding in Italy are no longer restricted to innovative start-ups, but more generally SMEs (PMI – *piccolo medie imprese*), which includes building companies. The legislation introducing the change is art. 57 of Decree Law of April 24, 2017 n. 50 converted into a Law approved by the Senate on **June 15, 2017** (and not yet published on the Official Gazette)². Art. 57 cit. (*Attracting investments*) para 1, is a very short paragraph which simply replaces the words “innovative start-up” with the word “SME” in paragraphs 2, 5 and 6 of art. 26.³

Paragraph 5, states that the shares (“quota”) of innovative start-ups (now also of SMEs), established in the form of limited liability companies (“SRL”) may become the object of public offerings of financial products, including through portals for the collection of capital referred to at article 30 of the Decree itself, within the limits of the special legislation - up to the maximum of 5 million Euro permitted by the law. Article 30 governs the collection of risk capital via online portals and other interventions to sustain innovative start-ups: the management of portals for the collection of capital for innovative start-ups is reserved to investment enterprises and to banks authorised to carry out investment services, as well as to entities enrolled in the special registry held by the CONSOB, the Italian Securities and Exchange Commission.

The press has reported (IlSole24Ore) that finally, after many announcements, real property crowdfunding in Italy is starting to come alive, thanks specifically to the legislation mentioned above, which has eliminated the limitation existing in respect of equity crowdfunding. A certain number of platforms already registered with the CONSOB, such as a project on the Wearestarting portal promoted by the Crowdre network of enterprises, a social crowdfunding promoting an urban development investment project called *La città del vetro*, the city of glass, a mixed public-private requalification of the former glass factory called Savam, near the city of Savona, in the region of Liguria, aimed at keeping in life the production of glass, although no longer as an industrial, but rather as a handicraft activity; and the project on the Walliance portal for developing in the region of Trentino Alto-Adige a residential complex with 13 apartments and 3 attics having a value of 10 million Euro, where the crowdfunding is aimed at collecting €800,000.

The potential real estate investors are either professional investors intending to diversify from financial to real estate investments, as well as digital investors looking for small investments, say of € 500 each, searched through the Internet, attracted by the idea and in line with their interests, regardless of the certainty of economic return.

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¹ art. 26, Decree law of October 18, 2012 no. 179 converted into Law of December 17, 2012 no. 221

² DECRETO-LEGGE 24 aprile 2017, n. 50 Disposizioni urgenti in materia finanziaria, iniziative a favore degli enti territoriali, ulteriori interventi per le zone colpite da eventi sismici e misure per lo sviluppo, convertito in legge - Testo definitivamente approvato dal Senato il 15 giugno 2017, in attesa di pubblicazione sulla Gazzetta Ufficiale

³ Art. 57 (*Attrazione per gli investimenti*)

1. All’articolo 26, commi 2, 5 e 6, del decreto-legge 18 ottobre 2012, n. 179, convertito, con modificazioni, dalla legge 17 dicembre 2012, n. 221, le parole: “start-up innovative” e “start-up innovativa”, ovunque ricorrano, sono sostituite dalla seguente: “PMI.”