



## **DeSanto Realty Group may launch IPO in 3-5 years, CEO says**

By Erica Bak, March 22, 2007

DeSanto Realty Group, a privately held Pennsylvania-based real estate investor, may turn itself into a traded REIT and file for an initial public offering within three to five years, chief executive officer (CEO) Gary DeSanto said.

“Most larger [real estate investment companies] are headed in that direction,” the CEO said.

The group provides tax-advantaged real estate investment opportunities to individuals - offering residential, retail, office and warehouse properties.

Louis DeSanto, father of the current CEO, founded the group in 1951. Gary DeSanto joined the group in 1993. And in 2006, the group had about USD 5m in revenue. The group's ownership is split evenly between father and son who are now aged 76 and 39. The founder currently holds an advisory role with no set schedule.

The group purchased three properties worth USD 55m in the Harrisburg, Pennsylvania, area in 2006. This year it is pursuing potential properties in Pittsburgh and Philadelphia, as well as in Indiana, Ohio and Texas. In 2007, the CEO is optimistic that the group will visualize tremendous growth.

The group mainly offers tenant-in-common, or TIC, transactions, which it launched a few years ago. TIC assets represent almost all of the group's business transactions. TIC, also known as fractional ownership, offers an undivided fractional interest in an entire property and a share in a portion of the net income, tax shelters and growth.

Further, it offers a separate deed and title insurance for the percentage interest in the property with the same rights as a single owner. The CEO said there are 50 to 60 companies offering TIC transactions in the US, and most are not based in the East Coast. The realty group mainly uses Citigroup, Wachovia and Meridian Capital Partners as its investment advisors. The group uses them when it wants to acquire a property at short notice.