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Vatican denies it built property empire on back of Mussolini's money

The Vatican has rebutted claims that it built up a huge property portfolio, including assets in Britain, on the back of money it received from Benito Mussolini in return for recognising his fascist regime.



The Quirinal Palace is a former papal palace, lost under the Lateran Accords, which is today the residence of the Italian President Photo: AP

By **Nick Squires, Rome**
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The tiny city state has extensive property holdings in London and other parts of Britain, including the headquarters of an investment bank in St James's and the premises of Bulgari in New Bond Street.

In an investigative report, **The Guardian** said that the portfolio had been "built up over the years, using cash originally handed over by Mussolini in return for papal recognition of the Italian fascist regime in 1929."

Sources within the Holy See however said that was misleading and historically incorrect.

The Vatican received money from Mussolini's government as recompense for the extensive properties it lost when the papal states

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In Vatican City And Holy See



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were invaded and occupied by the Kingdom of **Italy** in the 1860s.

The money was paid out under the Lateran Accords of 1929, the agreement by which the Mussolini government recognised the Vatican City State as a sovereign nation and the Church gave up its claim to the former papal states.

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It was compensation for the millions of pounds' worth of property that the Church lost under the accord, such as the Quirinal Palace in Rome, a former papal palace which is today the residence of the Italian president.

The fact that the Vatican had property holdings around the world was no secret, said Father Federico Lombardi, its official spokesman.

"I'm bewildered – this article reveals nothing that was not known already," he said on Tuesday.

"The existence of property investments by the Holy See, bought with money paid by the Italian State as compensation for expropriated assets, has been known for more than 80 years. "I'm amazed by the publication of this story – it doesn't reveal anything new."

The Vatican's British properties are managed by a special unit inside the Vatican called L'Amministrazione del Patrimonio della Sede Apostolica (APSA), or the Administration of the Patrimony of the Holy See.

"The fact that APSA has a special section is even recorded in the Vatican telephone exchange," and was again no secret, said Father Lombardi.

In his book "Inside the Vatican", Thomas J. Reese, an American expert on the inner workings of the Holy See, wrote that in 1929 Italy agreed to subsidise the Italian Catholic Church and to give the pope the equivalent of \$92 million as an indemnity for the loss of the papal states.

"Some of this indemnity was immediately used for construction within Vatican City – the train station and an office building for Vatican City.

The rest was invested as the patrimony or endowment of the Holy See," Father Reese said.

That patrimony now includes an extensive property portfolio, including buildings in some of London's smartest areas and apartment blocks in Switzerland and France.

Ownership of the properties is through a web of offshore companies, the names of which have nothing to do with the Vatican or the papacy, The Guardian said.

But Vatican sources said it was not unusual for large, multinational organisations to use a web of companies to manage their assets.



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