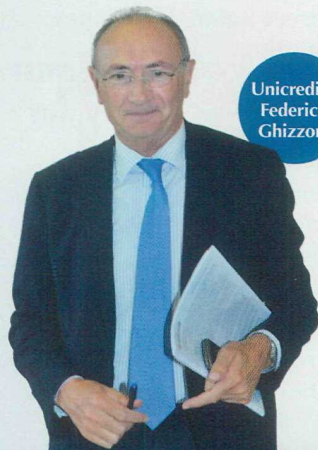


The new geography

... and investors. Here's **who's who** of people and companies on the changing **frontier** of the **finance, banking** and **real estate** businesses



Unicredit's
Federico
Ghizzoni

Banks on the front of doubtful loans

There is movement on two big fronts: business integration and taking charge of the €350 bn mountain of overdue, doubtful and even non-performing loans. The watershed in the first area will come following the Asset Quality Review and stress tests which will clearly map out the situation in the Italian industry. UBI Banca, Banco Popolare and BP Milano are on the forefront for integration. Meanwhile, the big UniCredit, Intesa Sanpaolo and MPS groups are hoping that new market strategies will help them to get some kind of return from difficult and non-performing loans, which are increasingly weighing down their books and holding back growth.



Lazard's
Marco
Samaja

M&A, more deals from foreign investors

Although there are more deals taking place, the total value is lower. Nevertheless, some big foreign investments are making their mark. Though the Italian economy is not growing, there is more and more interest from foreign investors, who were responsible for more than half the overall value of M&A in the first eight months of the year according to Mergermarket. Greater stability about the future of the Euro and some tempting prices are leading to international investors' renewed interest in Italian companies. In 2014 1H, the total amount spent on acquisitions topped €10 bn, with a 18% increase in the number of deals to 182, which was the highest amount since 2008. Lazard led the way in the advisor league table for the period.

Strategic buyers and Turnaround funds are on the move

Some funds are betting on the rich doubtful loans and turnarounds market, such as the American financial sponsors at Cerberus, Apollo Global Management and KKR. Strategic European, Middle Eastern and Asian investors are looking for top quality industrial and service companies. Then there are the sovereign wealth funds created to make use of the Chinese trade surplus or Middle Eastern oil revenues, which are focusing on investments in strategic assets (Etihad-Alitalia and CIC-Reti Gas) and global brands.

Fineurop's
Eugenio
Morpurgo



Li
Keqiang,
China prime
minister

China has entered the bank sector as well

The long series of acquisitions by Chinese sovereign wealth funds and big groups in Italy that started last spring has now been followed by 20 contracts worth approximately €8 bn in total. The new contracts were signed by Li Keqiang in Rome during his recent state visit on 14 October 2014. They show "the tangible results" that Beijing and Rome can achieve, as the Chinese Premier underlined. Cassa Depositi e Prestiti and the China Development Bank have agreed to invest €3 bn in the next five years, while Bank of China acquired a 2.1% of Mediobanca, worth €115mn. FSI and the CIC have signed a MoU that should see them jointly invest up to €500 mn.



▷ INVEST IN ITALY

of investments...

Stock Exchange: venture capital markets with ELITE

With its natural ability to attract foreign capital, Borsa Italiana has always presented important growth opportunities for companies. Since 1997, more than €270 bn have been raised on the Italian stock market. 1,300 investment firms invest in FTSE MIB stocks through approximately 7,000 funds from more than 45 countries worldwide. The institutions and market organizations are heading in the right direction, but the system needs to make another big push that also caters to the needs of investors. In addition to its main market, Borsa Italiana has an ELITE path especially for SMEs venturing into the capital markets. It supports them all of the way from the preparation stage to their debuts on dedicated equity and bond markets specifically for companies of this kind. This tailored approach has allowed SMEs to raise more than €10 bn.

Borsa
Italiana's
Raffaele
Jerusalmi



CDP's
Giovanni
Gorno
Tempini



Private Debt is coming with One Big Fund

The turning point came at the end of July, when Cassa Depositi e Prestiti – the largest equity investor in Italy – created a huge new €600 mn fund to finance the emerging Italian private debt market, which is the only viable alternative to medium and long-term bank loans. Fondo Italiano d'Investimento will play a prominent role on the management side. It is putting together the operating structure, which will be supervised by Gabriele Cappellini and Luigi Tommasini. Although there are already 21 specialist organizations operating in the field, it is still early days for the market.



FII's,
Innocenzo
Cipolletta

Private Equity: It's time for innovation and growth

The time for growth in Private Equity is here. The need for risk capital is increasingly evident, especially in Europe, due to the current shortage of bank financing and the chronic undercapitalization and lack of internationalization of many companies, in particular SMEs. The figures of the first half 2014 confirm the trend: more than half of the funds invested in Italy (€1.9 bn, 30% more than the previous year) came from non domestic investors, according to PWC, while 51% of the funds raised in Italy also came from foreign investors. Even the divestments of the period confirm that the market is bullish. A mix of good prices and potential growth of the companies acquired are the reasons behind.

Stefano
Scalera, head
of the Public
RE Agency



Real Estate, a chance for state-owned properties?

According to CBRE, in the next 10 years something like \$140 bn will be invested in European real estate by investors from the Middle East, developers, sovereign wealth funds and other funds. And analysts say that Italy will play a prominent role in the market, thanks to its unique dowry of historic and modern trophy assets in the residential, leisure and directional segments. One of the reasons behind the trend is the diversification in the asset allocation strategies of big, international institutional investors. Will public properties be able to benefit, deleveraging the Italian public debt cross?