

Real Estate Valuation
Large Commercial Equity & Debt Placement
Distressed Debt Solutions Group
Debt Restructuring Group
Asset Management



CARLTON ITALIA

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Unlike Certain Other Eurozone Countries Like Greece and Spain,

International Investors are Extremely Anxious to Invest in Italy

Italy's well established destination cities, high barriers to entry and wealthy population are all very attractive long-term demand generators, which investors appreciate. As such, there is a huge opportunity for financial institutions and large property owners to **attract international capital to recapitalize assets on very favorable terms**

In fact, within the last couple of weeks we have arranged over €300 million to facilitate the senior loan buy back and financing for an iconic, five-star Italian hotel and major Italian retail portfolio.



Via Montenapoleone, Milan

Carlton Europe Overview



Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

Porta Nuova Garibaldi Tower A, Milan

In business since 1991, The Carlton Group (“Carlton”) is a leading international real estate investment banking and advisory firm, with offices located throughout Europe and the United States. Having closed over \$85 billion in global transactions, Carlton is one of the most aggressive and successful client advocates in the world.

We specialize in representing large property owners and financial institutions to either raise large amounts of equity or debt capital or to provide distressed debt dispositions services.

Carlton specializes in...

Raising Equity & Debt Capital to Facilitate Large Acquisitions or Recapitalizations

***Strategic Advice & Capital Raising for Large Loan Restructurings
to Facilitate Discounted Loan Payoffs***

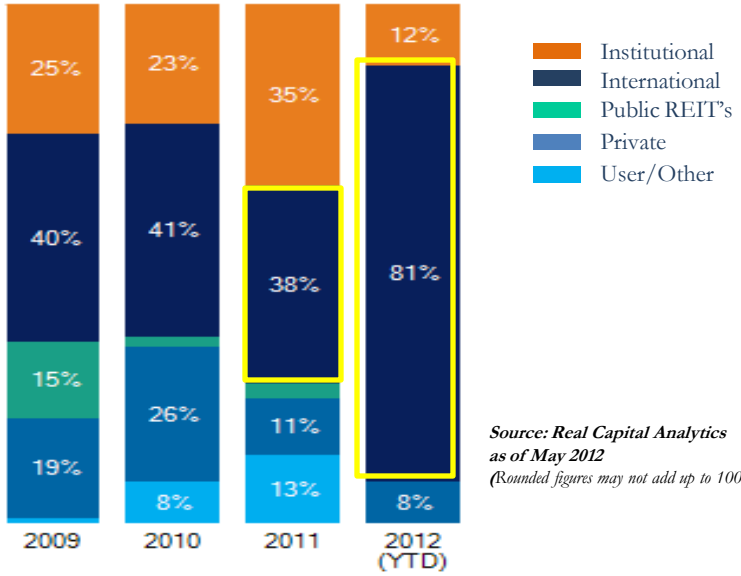
Real Estate Valuation for All Asset Classes

Strategic Advice and Distressed Debt Disposition Services for Financial Institutions

Large Commercial Loan Sales

Asset Management

International vs. Internal Capital Investment in Italy



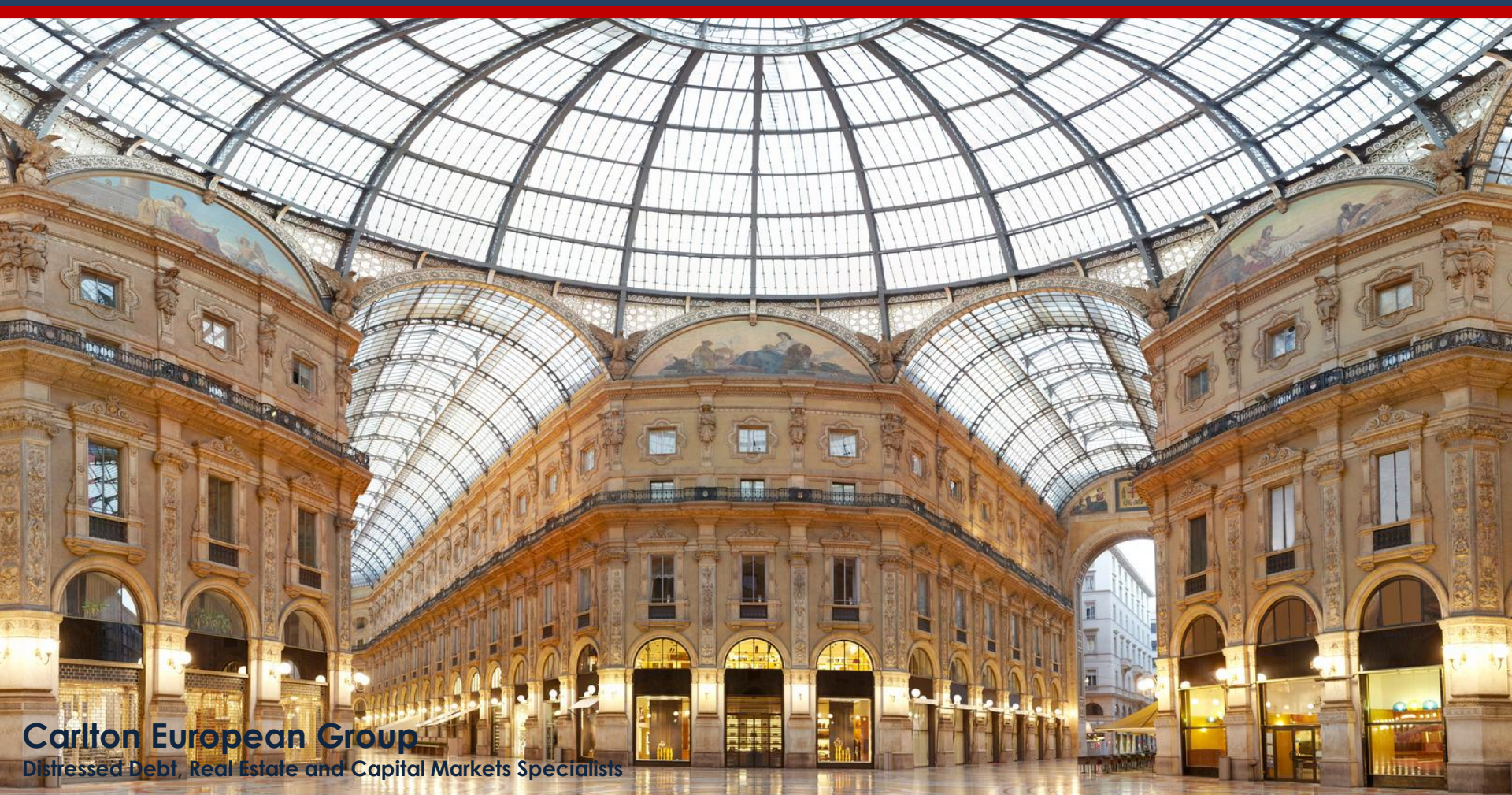
Source: Real Capital Analytics as of May 2012
(Rounded figures may not add up to 100%)

As illustrated in the adjacent chart, the importance of accessing “International Capital” has become more important than ever before in Italy.

→ Accessing international capital is essential for Italian banks and property owners.

Within the last few months, we have arranged committed capital from international sources, to fund over €300 million of first mortgage discounted loan payoffs, secured by large, iconic Italian assets.

We are presently executing well over one billion euros of exclusive transactions, for Italian financial institutions & property owners.



Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists



We have been active in the distressed debt and large commercial finance businesses since 1991 and have sold thousands of assets for billions of dollars.

This has given us significant relationships with all of the following investor groups throughout the world.

- Investment Banks
- Life Insurance Co.
- Commercial Banks
- REIT's
- Money Management
- Bridge Lenders

- Family Office
- Hedge Funds
- Private Equity
- HNW Individuals
- Pension Funds
- Opportunity Funds

- Local Owners
- Local Operators
- Local Developers
- Sovereign Wealth Funds
- Private Investors

Global Capital  Local Knowledge

ACCESSING THE RIGHT CAPITAL FOR YOUR DEAL

Bank Investors

We access institutional capital sources who are interested in acquiring seasoned, performing loans at a "near-par" pricing.

Core Investors

We access institutional investors who have lower return hurdles and will bid aggressively for stabilized assets.

Value-Added

Low to mid-teens institutional and entrepreneurial investors who are looking to create value from transitional assets.

Opportunistic

The best of the vulture funds that are looking to achieve high-teens and greater returns.

Large Commercial Equity & Debt Placement and Investment Sales



Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

Palazzo della Civiltà Italia, Rome

We Have Been Closing Large Transactions in Italy & the rest of Europe for Over 15 Years

In business since 1991, Carlton has closed over \$85 billion of capital market transactions.

We specialize in providing either investment sales or large amounts of equity and debt to facilitate large transactions. As outlined below, we have been very active and successful in the Italian markets for many years and are presently having great success in arranging capital for property owners in Italy.

CIGA Hospitality Portfolio \$685 Million

Venice, Milan, & Paris

Carlton Hospitality Division Co-Head, John Bralower, represented ITT Sheraton, who was the largest hotel company in the world at the time. The Co-Head of our Hospitality Division executed the acquisition on this portfolio of some of Europe's most luxurious hotels. Certain of the assets included the Hotel Danieli in Venice, The Meurice in Paris, France and Hotel Principe Di Savoia in Milan



Last Year Alone Carlton Closed Over Two Billion Dollars of Hotel Transactions.

We are one of the most successful and experienced hospitality real estate experts and advisory firms in the world.

Historically, Carlton executives have completed many of the largest European hospitality transactions throughout Europe, such as the sale of the **Savoy Hotel Group Portfolio** and the **CIGA Hotel Portfolio**.

Savoy Hotel Group Portfolio \$800 Million

London, United Kingdom

The Co-Head of Carlton's Hospitality Division executed the \$800 million sale of the Savoy Group Hotel Portfolio, consisting of London's finest hotels such as the Savoy Hotel, the Claridges, the Connaught and the Berkeley Hotel.



Iconic Italian Office Asset

Carlton is the exclusive advisor to a prominent Italy property owner to market and sell a credit-leased, one million square foot iconic office asset in Italy.

The property is 100% leased under a long term contract to a high credit quality, publicly-listed tenant.

The property enjoys an excellent location in the business district of a major submarket in Italy.



Billion Dollar Entity Level Recapitalization of Italian REOC

Carlton is the exclusive advisor for restructuring and discounted debt pay off for a major Italian Real Estate Operating Company. This is a highly confidential transaction, which you will be reading about in the newspapers shortly.



Billion Dollar Restructuring and Entry Level Recapitalization

Carlton is the exclusive advisor for the acquisition and restructuring for a major publicly traded Real Estate Operating Company and fund manager. The underlying real estate includes over 40 Class-A and B operating real estate assets.





Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

Salewa Spa Headquarters, Bolzano

Carlton's Practical Approach to Maximizing Recovery in Italy

Provide analysis and strategic advice for modification or disposition of asset(s)

Develop loan pricing estimates

Outline strategic view of the portfolio

Enhance value of assets

Provide advice regarding the modification of portfolio components, if appropriate

Develop a timeline to execute the proposed transaction

Access international investors, coupled with local Italian investors to maximize recovery for client

Carlton specializes in representing financial institutions and investment funds by developing customized valuation and recovery strategies to maximize the value of your assets.

We utilize different sales formats depending on the clients' objectives, which may include:

Portfolio Sales (including Bulk & Mini-Bulk)

Individual Loan Sales

Online Sales

Negotiated Large Loan Trades

Competitive Bid Processes

Joint Venture Recapitalizations

Restructurings

Pre Sale Due Diligence

We will organize all required due diligence and documentation on a “bidder-friendly” website, which will contain all necessary information for bidders to review and place qualified bids for your assets.



Assessment of Value

Prior to the commencement of the sale, we will provide an indicative valuation to you, to ensure there is a similar expectation with respect to the proceeds which will be generated.



Investor Contact

Carlton will target and access all appropriate bidders for your particular assets, to generate a qualified audience of bidders. We will contact large institutional and local investors who are proximate to the asset in order to generate the highest possible pricing.



Event Marketing

We will create a multi-dimensional marketing and public relations program in order to generate the most interest in the sale to achieve the highest possible pricing. We also heavily rely on our 100,000 person database of highly qualified investors, which will benefit the marketing process.



Successful Bidder Selected & Close The Sale

Loan sales are either conducted on a negotiated basis through our online live bidding system or a through sealed bid after a six to eight week marketing period. Bidders will do all of their due diligence before the bid and will be encouraged to provide non-contingent bids with a signed purchase agreement and a non-refundable deposit.

Debt Restructuring Group



Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

Milanofiori Housing, Milan

Our Senior Executives Have Successfully Completed Billions of Dollars of Restructurings and Discounted Loan Payoffs

Our team has originated, valued, underwritten and closed well over \$85 billion in commercial whole loans and CMBS transactions throughout Europe and the United States.

We have long standing relationships with virtually every major bank responsible for lending on the majority of the large finance transactions over the past several years.

We navigate difficulties in trying to gain consensus with servicers or financial institutions on mutually acceptable loan payoffs amidst the difficulties of balancing the many competing interest that must be taken into account prior to reaching a resolution.

We acknowledge and understand the foreclosure process in Italy is widely known to last many more years than its fellow Eurozone nations or the United States.

This gives the borrower the negotiation power.

Now is the most ideal time to restructure your loan or pay it off at a significant discount.

Performing Loan Recapitalizations and Debt Restructurings

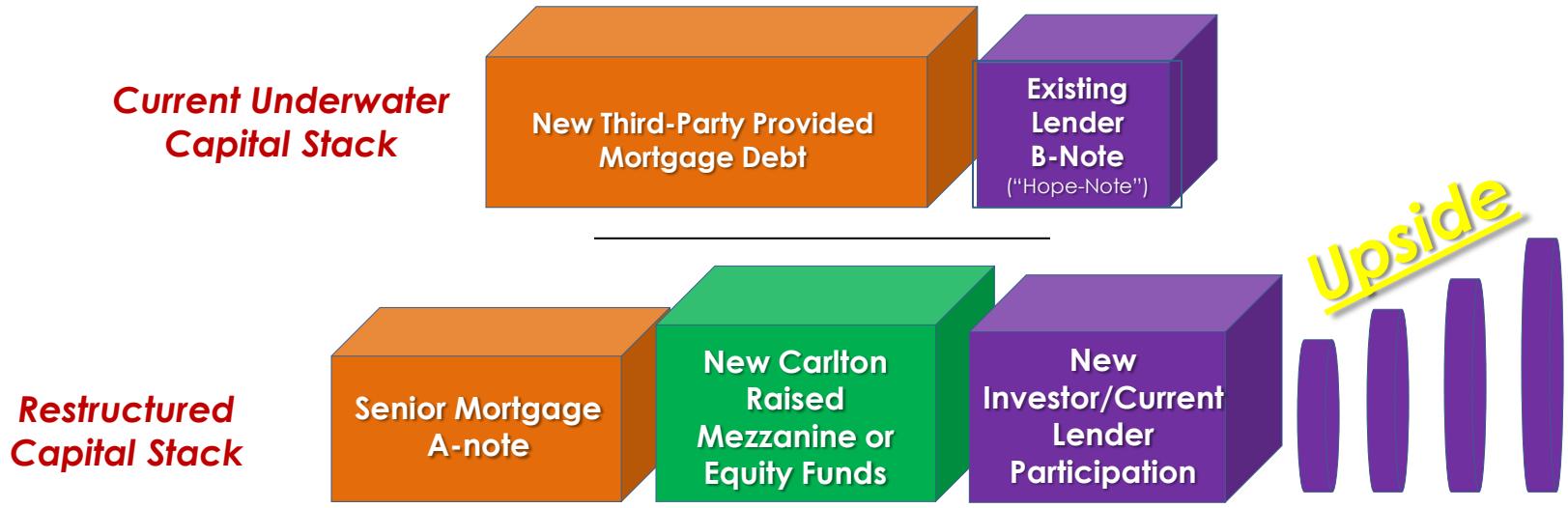
Notwithstanding the current distressed real estate market and general economic environment, positive long term Italian real estate fundamentals coupled with an eventual recovery creates a positive environment to transact business.

We have outlined below two specific strategies that will allow financial institutions to either sell off or recapitalize a first mortgage lien position from an existing whole loan, providing tremendous flexibility depending on the financial institution's objective.

The **First Scenario** involves selling off an effective A-note from an existing first mortgage whole loan, while the lender retains a B-note ("Hope Note"), which positions the lender to recover lost value when the market stabilizes.

Alternatively, the **Second Scenario** involves having the existing whole loan lender bifurcate its existing first mortgage while retaining a senior piece of the reduced mortgage on revised terms. This structure contemplates Carlton bringing in a new investor, who will put in fresh capital. In a subsequent capital event, the new investor and the existing lender will share future economics accordingly.

-Restructured Capital Stack Scenarios-





Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

Nuovo Sede Comune di Bologna

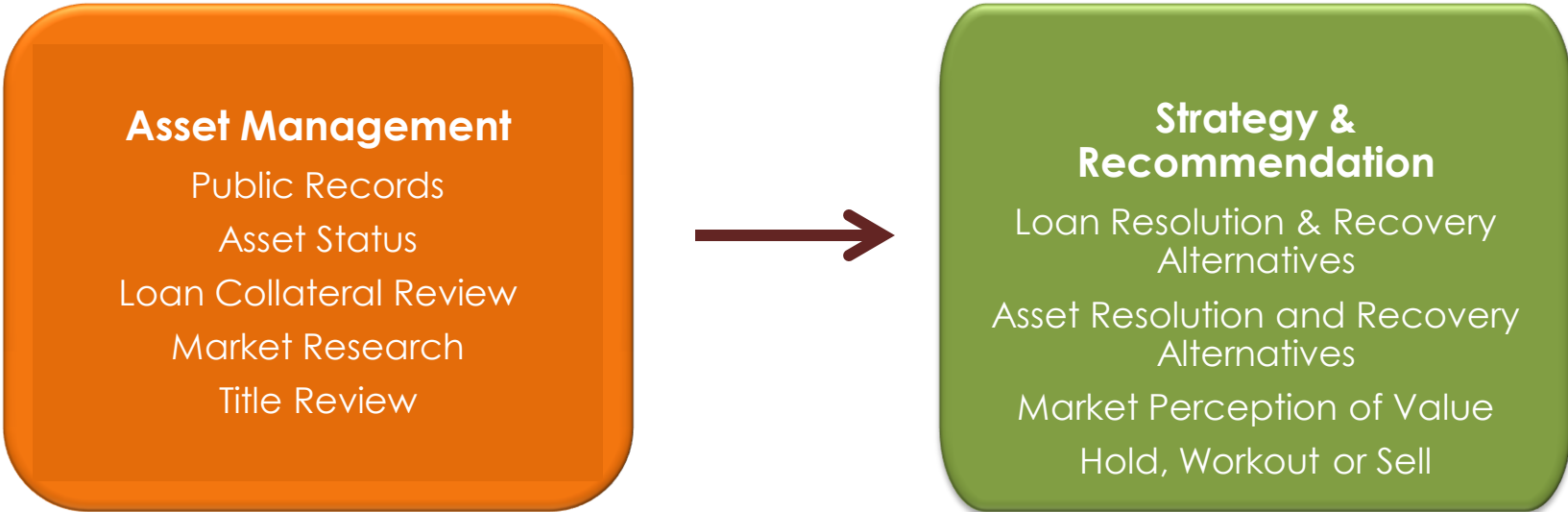
Carlton's Asset Management Team includes experts from Lehman Brothers, Apollo, Blackrock and other leading investment banks, private equity groups and hedge funds. These experts will assist with the development, implementation, analysis and integration of the following services:

- *Enhanced Reporting/Key Performance Indicators*
- *Servicer and Special Servicer Oversight*
- *Individual Asset Value Enhancement*
- *Investment & Portfolio Management*
- *Product Controls and Compliance*
- *Business Plan Creation, Revision and Enhancement*
- *Loan Workout and Modification Support*
- *Asset Valuation, Specifically Broken Out by Both Loan and Asset*

- *Generic Management Advisory Services*
- *Disposition Planning*
- *Loss Mitigation and Damage Control*
- *Duration Management*
- *Legal and Bankruptcy Analysis*
- *Exit Strategy Planning*
- *Secondary Market Trading and Whole Loan Sales*
- *Marketing Support*
- *Other Advisory Services*

Carlton’s Asset Management review and reporting system uncovers issues which will improve the value of an asset and the best course of action to use for maximum recovery.

We have the combined knowledge of banking, real estate, finance, investment, development, marketing and brokerage, allowing us to identify and evaluate assets and recovery options.



Carlton will provide customized reports to meet the individual needs of our clients.

We recognize that the information necessary for one asset may differ from another asset and that the timing and budget for due diligence and market information can be a critical factor in determining next steps.

We work with our clients to determine the critical factors to include in a report scope of work. Customized reports may vary from basic asset information to in-depth, market and financial analysis.

Custom Reports

Any combination of information:

Public Records Review

Asset Status Review

Loan Collateral Review

Market Review

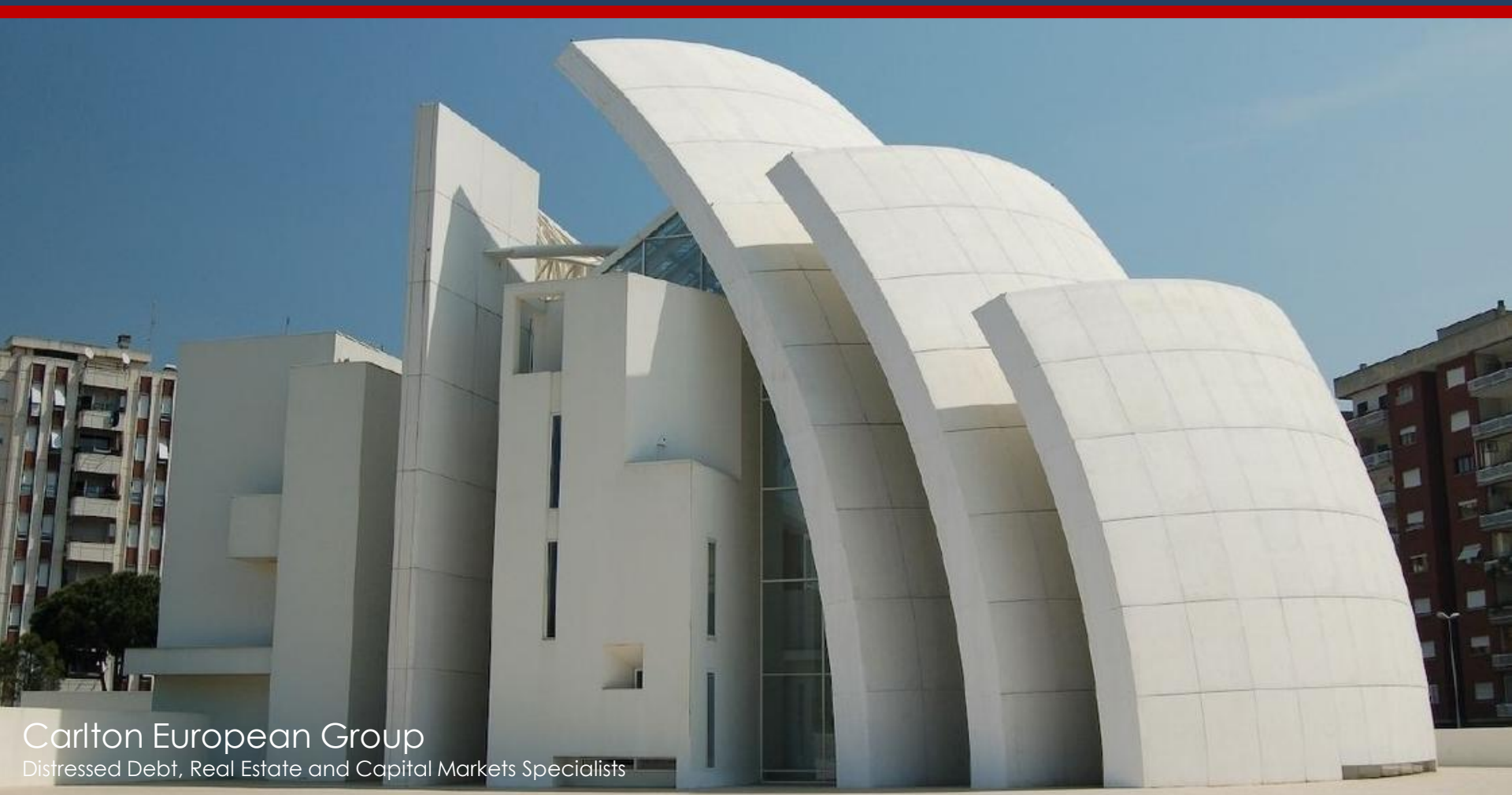
Title Review

Loan Resolution and Recovery Alternatives

Asset Resolution and Recovery Alternatives

Market Perception of Value

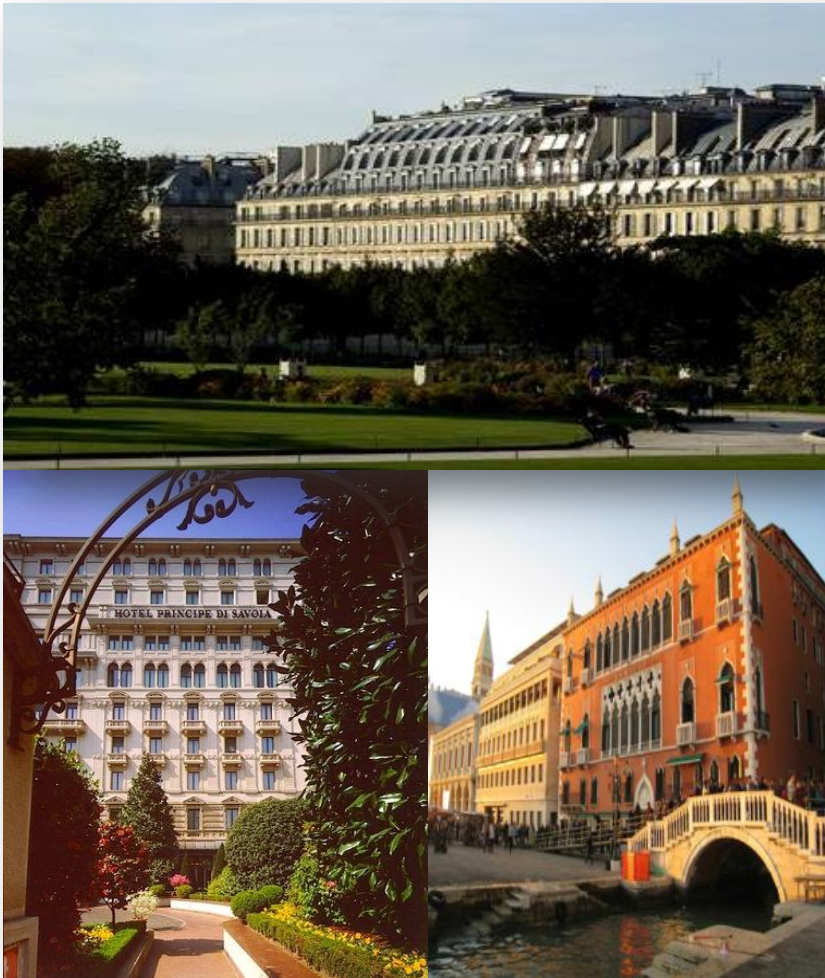
Hold, Workout or Sell



Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

CIGA Hospitality Portfolio *Venice & Milan, Italy* *Paris, France*

Carlton Hospitality Division Co-Head, John Bralower, represented ITT Sheraton, who was the largest hotel company in the world at such time. The Co-Head of our Hospitality Division executed the acquisition on this portfolio of some of Europe's most luxurious hotels. Certain of the assets included the Hotel Danieli in Venice, The Meurice in Paris, France and Hotel Principe Di Savoia in Milan





Four Iconic Luxury Hotel Assets London, United Kingdom

Executed this sale of an iconic portfolio of ultra-luxury hotels located throughout London totaling \$800 million



Latvia Apartment Building Riga, Latvia

Arranged over \$120 million in equity & debt for the acquisition and renovation of an apartment building



Portfolio of the Finest Hotels in the United States Various Locations

Completed a \$4 billion mezzanine foreclosure sale on behalf of Paulson & Co. and Winthrop Realty on the “CNL/MSREF” portfolio which consists of some of the finest hospitality properties in the United States including the Grand Wailea Resort & Spa, the Claremont Hotel Club & Spa and the Ritz Carlton Grand Lakes.



General Motors Building New York, NY

Carlton arranged the \$1.4 billion equity recapitalization on behalf of our client, Harry Macklowe, by bringing in a German closed-end fund to partner with him for the additional \$300 million of equity needed to complete the deal. This was a 2 million square foot office building, arguably the most high profile office tower in Manhattan.



Bank of America Tower San Francisco, CA

Carlton arranged an \$860 million of equity and debt financing from a major Canadian REIT and an investment bank. 18 months later, without the clients executing one lease, we were able to bring in an Asian investor who acquired the property for \$1.1 billion, which resulted in a \$240 million gain for our clients.



Trump SoHo New York, NY

Carlton arranged the \$350 million construction financing for this 42-story, five-star hotel located in the heart of the highly desirable and fashionable SoHo District of Manhattan. The project included a five-star restaurant, premier day-spa, as well as an outdoor sundeck and pool with adjacent bar.

Carlton Real Estate Specialists



Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

MedaTeca Building, Milan

Howard L. Michaels, Chairman: Mr. Michaels is the owner and Chairman of the Carlton Group. Since 1991, Mr. Michaels has been instrumental in the marketing, sale and financing of over \$60 billion of commercial and residential assets through the Carlton Group and its related entities. In addition to his responsibilities as Chairman, Mr. Michaels directs Carlton's loan sales and debt and equity placement activities. In this capacity, he has established a reputation as one of the nation's foremost dealmakers, and has arranged capital for such notable transactions as The General Motors Building, Manhattan House, 666 Fifth Avenue, and the Starrett-Lehigh Building in New York, among numerous others. He is a graduate of American University with a BS in Business Administration.

Michael J. Campbell, Partner: Mr. Campbell has over 15 years of commercial real estate experience. Since joining Carlton in 1998, he has been integrally involved in the structuring and procuring of equity and debt capital for over \$40 billion of real estate projects around the world, is a senior member of Carlton's principal business. Prior to joining Carlton, Michael spent five years at various Prudential real estate groups including Prudential Realty Group, Prudential Capital Group and Prudential Mortgage Capital Corp. He has extensive experience in all facets of real estate investments including: complex equity and debt capital structuring, business origination & development, loan/REO auctions and underwriting for all property classes. Michael has a bachelor's degree in Financial Engineering from James Madison University and a master's in Real Estate Finance and Investments from New York University.

Mark Gollin, Managing Director & European Capital-Markets Director: Mr. Gollin, is a managing director and director of Carlton's European capital-markets business. At Apollo, which he joined in 2007, Gollin oversaw the firm's nonperforming loan portfolio. That included oversight of the management and resolution of individual assets. He joined Apollo from Lehman Brothers, where he oversaw its European nonperforming loan investments and their servicing, including WhitestarSA, a Portuguese servicing operation. At Carlton, which is handling some \$5 billion of potential transactions in Europe, Gollin will help financial institution and investment banking clients value loans and manage and execute the sale of distressed debt. He'll also work with Howard L. Michaels, the firm's founder and chairman, in helping clients line up debt and equity for their real estate holdings.

Anthony Marando, Managing Director: Mr. Marando is a Managing Director in Carlton's Equity/ Debt Advisory and Strategic Ventures Departments, responsible for the origination and placement of large corporate and real estate related structured transactions and funds. Prior to joining Carlton, as a veteran of the commercial real estate market for the past 30 years, he has personally originated and placed over \$1 billion of commercial real estate and corporate transactions throughout his career. He has also been a Licensed NYS Real Estate Broker since 1983.

John Bralower, Managing Director & Co-Head of Hospitality Group: During his career, Mr. Bralower has completed over \$20 billion of debt, equity, corporate finance, M&A advisory and leasing transactions for many of the real estate and hospitality industry's leading companies. Mr. Bralower's positions prior to joining Carlton include Managing Director and co-head of global real estate investment banking at Houlihan Lokey Howard & Zukin and President of Sonnenblick-Goldman Company. Mr. Bralower is a member of the board of the Lincoln Center Corporate Fund's Real Estate and Construction Council and of the advisory board of Distressed Assets Reporter. He is a Trustee Emeritus of the Advisory Board of New York University's Tisch Center for Tourism and Hospitality and is also a member of the New York State Bar and the Chairman of the Planning Board of the Village of Oyster Bay Cove.

Brendan Sullivan, Managing Director & Co-Head of Hospitality Group: Mr. Sullivan has executed hospitality-related principal and advisory transactions with a market value in excess of \$5.0 billion. Prior to joining Carlton, Mr. Sullivan was President of Stephen W. Brener Associates/InterBank, Brener Hospitality, where he was responsible for the company's three primary business lines: Investment Banking and Principal Activities; Advisory and Brokerage Services; and Strategic Relationships. His major clients included Marriott International/Host Marriott, Ladbroke (Hilton), FelCor Lodging Trust, Thayer Lodging Group and the Port Authority of NY and NJ, among others

Harry Mizrahi, Managing Director: Mr. Mizrahi, before joining Carlton, co-founded Columbia Capital, a full-service real estate consulting firm, where both financial institutions and property owners would utilize him for essentially any area within the industry that impacted the value and liquidity of assets, loans and portfolios. With a 25-year career in investment banking and corporate and structured finance, Harry was integral in the development and management of Columbia Capital's operations and national expansion. He has advised financial institutions, corporate clients and federal and state government agencies on real estate loans, assets and portfolios through positions as Managing Director, Structured Real Estate, at Ambac Assurance Corp., Principal at Eastbridge Ventures, Chief Operating Officer at American Spectrum Realty, Director at Salomon Brothers' and Salomon Smith Barney's Real Estate Investment Banking Groups, and Partner at Eastdil Realty. His experience also encompasses international finance, including the acquisition bid for Canary Wharf Group plc, a £6 billion property company. Harry has a B.A in History from Northwestern University, an M.B.A in Finance and Real Estate from Columbia University Graduate School of Business and was an M.P.A candidate at Harvard University John F. Kennedy School of Government.

John Kyriakopoulos, Director & Head of Carlton Athens Office: For the last three years, Mr. Kyriakopoulos has been managing equities and bond portfolios of institutional investors at the vicinity of 1.2 billion Euros and has been responsible for the increase in AUM of more than 40% in 2009-2010. He has extensive educational experience in real estate, insurance and equity related matters in Greek Universities. He is an Athens Law Faculty Graduate, a MSc holder in Real Estate Appraisal and European Banking and a Certified Real Estate Appraiser, Asset Manager and Investment Consultant by the Hellenic Capital Markets Committee (www.hcmc.gr)

Richard Nordin, Managing Director: Mr. Nordin has over 15 years experience in real estate and private equity, with extensive experience living and working in Russia and Eastern Europe. His previous positions include Managing Director of Lone Star Ventures, a Moscow-based property developer, in which role he raised and deployed over \$900 million of capital for industrial developments in Russia and Kazakhstan. Prior to Lone Star, Mr. Nordin managed a private equity fund with investments in Moscow, St. Petersburg, Kiev (Ukraine) and Almaty (Kazakhstan), as well as stints in portfolio companies in the broadcast television and telecommunications fields in Russia. Mr. Nordin is a fluent Russian speaker, and received B.A. and M.A. degrees from Harvard University. He is a CFA Charterholder.

Joseph Korbar, Managing Director & Co-Head of Loan Sale Group: Mr. Korbar is a Managing Director of the Carlton Group. Mr. Korbar is a residential loan and capital markets expert having held senior positions for JP Morgan Chase, Mortgage It and Deutsche Bank over a 20 year period. At Deutsche Bank, Mr. Korbar was a Senior Banker in the RMBS Fixed Income Division where he was responsible for pricing and new product development for a \$25 billion per year book of investments. In addition, Mr. Korbar managed risk, hedged positions and determined best execution strategies for the portfolio. Prior to Deutsche Bank, Mr. Korbar worked at JP Morgan Chase as a Senior Vice President in the Finance Division. Mr. Korbar has a B.S. in Finance from Seton Hall University.

William Moss, Managing Director & Co-Head of Loan Sale Group: Mr. Moss is a Managing Director of the Carlton Group and Co-Head of its Loan Sale Advisory Group. Mr. Moss has almost 20 years experience in the residential marketplace. He is an expert in residential whole loans and capital markets. He has held several senior positions with some of the most prestigious global firms such as BlackRock, Deutsche Bank, UBS, Credit Suisse, and GE Capital. Most recently he was BlackRock as a Managing Director / Portfolio Manager in their Financial Markets Advisory Group. In that role Mr. Moss was responsible for all residential whole loan transactions, including asset valuation, risk assessment and loan dispositions. While at Deutsche Bank Mr. Moss was Director in the Fixed Income Department, managing daily positions in the size of \$1 Billion to \$3Billion, creating new products for clients to originate, and developing asset exit strategies in order to maximize returns on initial whole loan acquisitions. Mr. Moss has a B.A. in English from Saint John's University.

Robert Mudry, Managing Director: Mr. Mudry oversees the Carlton Merchant Banking/Equity Placement and Advisory Service Groups. Having worked for Salomon Brothers previously during his career, Mr. Mudry is a seasoned sales and marketing professional with over 30 years of business development, capital raising and managerial skills. He has raised billions of dollars in capital from global sources for financial institutions including, prominent hedge funds, private equity and family offices. He has also served as advisor and provided strategic direction and financing for several listed public companies over the last decade.



Carlton European Group
Distressed Debt, Real Estate and Capital Markets Specialists

Porta Nuova Garibaldi Tower A, Milan

Recession and GDP

The Italy economy re-entered recession in the second half of 2011, driven by increased volatility in the euro-zone sovereign debt markets and credit stress in the private sector. Italy's continued public and private sector cost of debt capital has sharply reduced business and consumer confidence, and continues to suppress demand and production capacity utilization. Real GDP in Italy contracted significantly in the fourth quarter of 2011, by -0.7% quarter-over-quarter from -0.2% in the third quarter. Real GDP for 2011 as a whole has been revised downward from 0.5% to only 0.2%. Economic activity is forecasted to stabilize in the second half of 2012, following expected quarter-over-quarter declines during the first half of the year.

Industrial Production and Investment

Italy's capital goods and consumer durables sectors continue to see contraction, as does Italy's overall industrial production. Based on a March estimate by the Bank of Italy, manufacturing activity contracted by just over 2% in the first quarter of 2012. Against a backdrop of excess production capacity, fixed investment, specifically in the machinery, general equipment and transportation equipment sectors, continues to be held back by lackluster demand and persistent volatility strains in the capital markets. Investment contracted 1.9% in the second half of 2011, with some sectors falling over 2.5%. Confidence among industrial firms began to pick up in March, reversing the downward trend of the past year, with firms sighting increased foreign demand and positive effects from European Central Bank liquidity support operations.

Real Estate Market

Italy's real estate market weakened in the second half of 2011, with construction investment diminishing by almost 1%, primarily attributable to contraction in the residential housing sector. On nominal terms, house prices held relatively stable in the second half of 2011, but contracted by 1.4% after adjusting for inflation. House prices have been declining in real terms since the middle of 2009. Sales volume remains minute and construction company confidence remains severely suppressed. Italian commercial real estate investment has been flat since 2007, with average quarterly investment volumes of €1 billion per quarter, but there is the potential for considerable upside in 2012 and beyond as investors reconsider the next opportunity as country risk subsides. In the past 12 months, many of the world's largest institutional investment advisors have been prepping euro-focused real estate funds and will be targeting debt and equity investments in Italy, which will provide liquidity to sellers and banks, contributing to price discovery in the country's real estate market.

Financial Markets

Yields on Italian government securities declined in the first quarter of 2012, benefiting from the easing of euro-area sovereign debt strains and the government's action for fiscal adjustment and structural reform. However, at the end of March, renewed fear caused spreads to widen, and by the end of the month, had a knock on effect in the equity markets, which fell below the level at which they started in 2012. While short-term volatility has returned, Italy credit at both the public and private level appears to be improving, as indicated by tightening corporate bond and credit default swap spreads over Germany, and in relation to Spain's continued negative outlook.

**Source: Bank of Italy*