



ILLIMITY SELECTIVE CREDIT, THE FIRST ITALIAN BANK LOAN FUND, INVESTS OVER 50% OF ITS FUNDING JUST ONE YEAR AFTER STARTING UP OPERATIONS

TWO NEW FINANCING DEALS CARRIED OUT BY THE FUND SET UP BY ILLIMITY SGR TO SUPPORT THE GROWTH OF SMES

Milan, 8 April 2024 – illimity SGR, the illimity Group’s asset management company specialising in setting up and managing Alternative Investment Funds (AIFs), concluded two new financing deals in the first quarter of 2024 through the “illimity Selective Credit” fund (the “**Fund**” or “**iSC**”), the first Italian bank loan fund for performing SMEs which, just one year after starting up operations, has already deployed over 50% of its funding.

The Fund’s aim is to support the country’s real economy by financing performing businesses wishing to implement growth, digitalisation and internationalisation plans as well as sustainable growth projects. Just one year from starting operations, iSC has already carried out **7 operations** in various sectors and in the first quarter of 2024 deployed **over 50% of the funding** raised thanks to the completion of the last two sustainability-linked loans, transactions based on sustainability objectives.

These two operations can be summarised as follows:

- On the one hand, a loan granted to support **Xenon Fidec** – a private equity impact fund specialising in investments in companies in the circular economy and energy transition sectors – **for the acquisition of S.T.A. Società Trattamento Acque S.r.l.**, a leading player in water treatment technologies and services. More specifically, the fund co-invested alongside other banks, including illimity Bank, **to make fresh funding of 9 million euro available** as part of a **syndicated lending operation worth 26.5 million euro**. With this acquisition, Xenon Fidec completed the first stage in creating a group that is the leading Italian private player in providing engineering and technological services for water treatment in an industrial and civil environment with a turnover of over 90 million euro and around 700 managed plants.
- On the other, **the provision of fresh finance for the growth of Industrie Polieco MPB S.p.A.**, a leading group in Italy in the design and manufacture of piping and resin systems for coating and packaging. In more detail, on 22 March of this year, iSC supported the Group’s development by **providing capital of 7 million euro to RedFish LongTerm Capital S.p.A.** – an industrial holding company specialising in investments in small and medium-sized high-potential businesses – that has acquired a 10% interest in the share capital of Industrie Polieco – M.P.B. S.p.A.. The arrangement also provides for the possibility of exercising a purchase option on a further 5% of Polieco’s capital by 30 June 2024, following which Redfish would have a 15% stake.

iSC is an Alternative Investment Fund (AIF), as well as being Alternative PIR (Alternative Individual Savings Plan) compliant, which acts as a medium-long term strategic partner for SMEs by using a flexible approach and a broad spectrum of investment instruments ranging from senior loans to subordinated debt and/or equity instruments. Thanks to a co-investment agreement, iSC is able to operate in synergy and “*pari passu*” with illimity Bank, in this way enlarging the potential size of each financing operation. It can also work in syndicates with other banks.



As a fund classified under article 8 of the EU's SFDR, iSC places considerable emphasis on the processes it uses for analysing and selecting investments. In addition, the Fund also provides more favourable economic conditions to SMEs that achieve specific targets on their sustainability path. As further proof of its commitment, the SGR as a whole adheres to the UN-supported Principles for Responsible Investment (PRI).

The initial cash contribution of 90 million euro was subscribed by professional investors, including Fondo Italiano di Investimento (the Italian Investment Fund) as anchor investor, and illimity Bank. Fundraising will be extended to September 2024.

Led by Francesco Piovanelli, Head of Private Capital Funds in illimity SGR, illimity Selective Credit completes the SGR's offer together with illimity Real Estate Credit and illimity Credit & Corporate Turnaround, two contribution AIFs focusing on non-performing loans, most of which unlikely-to-pay balances. Just three years since the start of operations, illimity SGR currently manages investment assets and commitments totalling ca. 520 million euro.

Francesco Piovanelli, Head of Private Capital Funds in **illimity SGR**, commented: *"With illimity Selective Credit we are continuing to work alongside Italian SMEs with potential and are proud of what we have achieved so far. We believe that our distinctive approach can make the difference in contributing to the growth and development of many other companies, as can be seen with the use of structured sustainability-linked loans to support, on the one hand, the Italian group of excellence in water treatment technologies created by Xenon Fidec, and on the other the market leader Industrie Polieco MPB. We are on an evolving path that has taken us, just one year since iSC started operations, to invest over 50% of our capital. We therefore intend to continue fundraising until September 2024 in order to increasingly support this country's entrepreneurial fabric".*

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illimity SGR S.p.A.

illimity SGR, a member of the illimity Group, sets up and manages alternative investment funds specialising in corporate loans. In the spring of 2021 it created its first fund, the "illimity Credit & Corporate Turnaround" fund ("iCCT"), dedicated to investments in UTP loans to SMEs with revival and relaunch prospects operating in highly diversified sectors. This fund allows lending banks to benefit from a professional management of their loans without necessarily having to sell them, thereby enabling them to yield their maximum value following a company's industrial and financial turnaround. In August 2022 illimity SGR created its second fund, "illimity Real Estate Credit Fund" ("iREC"), dedicated to investments in distressed credits – mainly UTPs – secured by real estate assets under the form of both mortgages and lease agreements. "illimity Selective Credit", the first Italian bank loan fund for performing SMEs, was launched in the spring of 2023. As of today, illimity SGR manages assets totalling ca. 520 million euro.