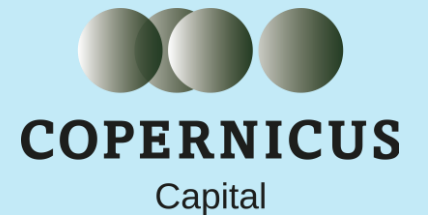


COPERNICUS S.C.A. SICAV-RAIF – SOUTHERN EUROPEAN NPLS

January 2023



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- 1. Representative: The representative in Switzerland is OpenFunds Investment Services AG, Seefeldstrasse 35, 8008 Zurich.*
- 2. Paying Agent: The paying agent in Switzerland is Società Bancaria Ticinese SA, Piazza Collegiata ,6501 Bellinzona*
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EXECUTIVE SUMMARY

1

Market Opportunity

- **Exclusive market opportunity** to acquire collateralized non-performing debt in Europe (NPLs)
- Regulation and pressure from the ECB will result in an **acceleration of disposal of NPLs**, resulting in an **imbalance between supply and demand**
- **Current market situation** (Ukraine war + inflation + macro uncertainty) is **expected to accelerate the stock of NPLs**
- Main opportunity exists in the secured **SME and Corporate subsegment in Spain, Italy and Greece**

2

Investment Strategy

- Acquire **secured SME and Corporate NPLs** backed by **residential and commercial real estate assets (hotels, offices, retail...)** at discount from **financial institutions, funds and securitization vehicles**
- Monetize the NPL investments through different workout and asset management strategies: **consensual agreements with the debtors, judicial auctions, insolvency proceedings, repossessing, repositioning the asset and selling the collaterals.**
- Build a portfolio of **cherry-picked NPLs acquired in off-market transactions**
- Target **Net IRR 13-15%* // Net MoM 1.4x-1.5x* // Average investment horizon of each acquisition: 3 years**

3

Fund Overview

- Hard cap at **€150m** commitments
- **Closed Ended Fund** (5 years)
- First closing **September 2022**; Final Closing expected by **Q1 2023**

4

Why Copernicus?

- **European footprint** (Spain, Italy, France, Portugal and Greece) and a **talented and multidisciplinary team**
- **Successful track-record** investing and managing NPLs in different jurisdictions
- Unparalleled **sourcing**, rigorous **investment process** and best-in-class **NPL servicing capabilities**

*Gross of Management Fees and net of Operational Expenses of the Fund

NPLs: A VERY ATTRACTIVE ASSET CLASS

1

Attractive Returns

- **Double digit** returns
- Unlevered **IRR*** of **13-15%** and **MoM*** of **1.4x-1.5x**

2

Medium-long term Investment Horizon

- **Weighted Average Life of 3 years**
- Maturity: **2y** investment period + **3y** harvesting period (incl. 1y for recycling) + max **1+1 year** extension

3

Downside Protection

- Secured NPLs are purchased at **high discounts** to liquidation value of the collateral providing an important **downside protection**

4

Diversification Benefits

- Secured NPLs can act as a **diversifier** to portfolios, providing a **low correlation return** stream

5

Low Volatility

- **Volatility in line** with the **prices** of the underlying collaterals
- **Big discounts plus non listed debt/assets** provides product with **low volatility**
- **Liquid and quality collaterals** limit volatility

6

Low Competition

- Market with **significant barriers to entry**
- Target deals of small size which are typically **below the radar of the major NPL players**

*Gross of Management Fees and net of Operational Expenses of the Fund

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ADVISORY COMMITTEE



Jose Néstola
*Chief Advisory Officer &
CEO of Copernicus Group*

Jose founded Copernicus in 2013, and he is currently CEO of Copernicus Servicing and Copernicus Group. Previously, he has been Member of the Board of Citigroup Iberia; Co-Head of Investment Banking and Capital Markets and Managing Director of Citigroup España. Also, he was Co-Founder and Managing Director for Spain and Portugal at Salomon SmithBarney and President and CEO of Nikko Securities SVSA. Jose holds an Executive MBA from Chicago Booth University and a BS in Business Administration with Honors by Coventry University.



Juan Uscola
Principal Servicing

Juan was one of the founding members of Copernicus, where he is Head of Legal, Head of Servicing and Head of Spain and Portugal. Previously, Juan was Head of the Legal department specialized in foreclosures and bankruptcies at Banco Popular where he managed the 35 biggest corporate bankruptcies of Banco Popular, more than 20,000 delinquent mortgages and 10,000 corporate bankruptcies. Overall, he has more than 20 years of experience in the distressed debt and assets. Juan holds a bachelor's degree in Law and a Master's degree in Corporate Legal advice from Universidad Complutense.



Paul Tighe
Principal Advisory

Paul joined Copernicus in 2014 and is Global Head of Advisory and has advised on over 100 NPL portfolio transactions in Spain, Portugal and Italy. Previously, he was Director of Restructuring in KPMG Spain, advising lenders, debtors and alternative investors. He has advised Private Equity and Corporate clients in M&A processes including some of the largest LBOs in Spain in the period 2004-09. Paul holds a Bachelor of Business (First class honours) from the University of Limerick, and is an Irish Chartered Accountant with more than 20 years professional experience



Andrés Cerdán
*Principal Real
Estate*

Andres joined Copernicus in 2019. Previously, he led the Altamira AM in the Institutional Investors business. Previously, he was Head of Asset Management in Morgan Stanley Spain and Head of Asset Management (Core & Value-added strategies) in UBS GAM Spain. Prior to that, he was Head of Property Management in Oppenheim Immobilien for Iberia. Andres holds a B.Sc. Economics by Universidad Autónoma of Madrid, a M.Sc. Management of Development & Construction companies at Architectural School by Polytechnic University of Madrid and a M.Sc. RE Sciences by the Polytechnic University of Valencia and Nottingham Trent University

ADVISORY COMMITTEE



Javier Sánchez
Global Head of Underwriting

Javier joined Copernicus in 2017 and he has participated in more than 100 NPL and REO transactions in different jurisdictions. Previously he worked at SAREB (Spanish bad bank), Hipoges Advisory, TDX and Gescobro. Javier holds a Full-time MBA at NYU Stern School of Business (New York University) and a Double Degree in Industrial Engineering in Universidad Politécnica de Madrid (1st class honors) and École Supérieure d'Électricité (Paris).



Diego Avizzano
Head of Underwriting Italy

Diego has over 12 years' experience in the financial services sector gained in the Transaction Advisory Services department of PwC and EY in the Italian financial services sector, as well as in the Italian NPL space. On the last few years as senior manager of the Transaction Advisory Services at EY, Diego led many of the sell-side and buy-side transactions in the Italian NPL secured and unsecured space for a total GBV of over €4bn.



Gonzalo Moro
Head of International Expansion

Gonzalo has more than 20 years' experience at Investment Management, Banking, Investment Banking, Capital Markets and Consulting in companies such as Urban View, PwC, Deutsche Bank and Santander. He has over 12 years of experience in Business Banking area (business corporate development, strategy, lending portfolio management, scoring and sales). He has also led projects of operational and commercial due diligence for Private Equities and Distressed Debt Funds advising for M&A of Banks and debt Collection Companies (Non-Core companies). He holds a Bachelor in Business Administration from IMPV, an MBA from ICADE and a PDD from IESE



Francesco Mocchiari
Head of Servicing Italy

Francesco Joined Copernicus in 2018 as Head of Servicing and Business development in Italy. He has 20+ years of experience in corporate secured credit recovery and real estate advisory. From 2003 to 2018 he was Head of Legal in the Debt Advisory Services division at Duff & Phelps REAG. He has a law degree and is lawyer in the Italian Bar. Francesco also holds a Master in Real Estate Finance at Politecnico of Milan



Confidential
Portfolio Advisory Manager

Professional with over 20 years of financial management experience having worked in financial institutions in Latam and the UK and in a Real Estate Asset Manager in Spain prior to joining Copernicus. Holds an Economics degree and an MBA.

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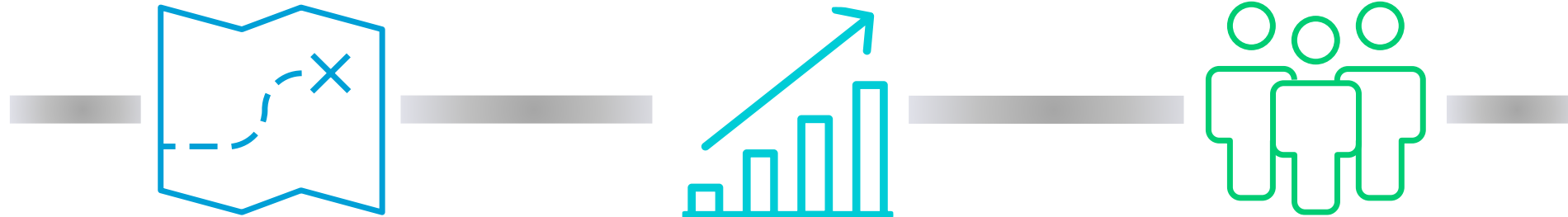
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SECURED NPLs IN EUROPE OFFER A COMPELLING OPPORTUNITY FOR INVESTORS



Excellent Momentum

Window of opportunity to acquire secured **NPLs** in **Europe**, driven by the **increasing stock of NPLs in banks** and a **demand/supply imbalance**

Attractive Investments returns

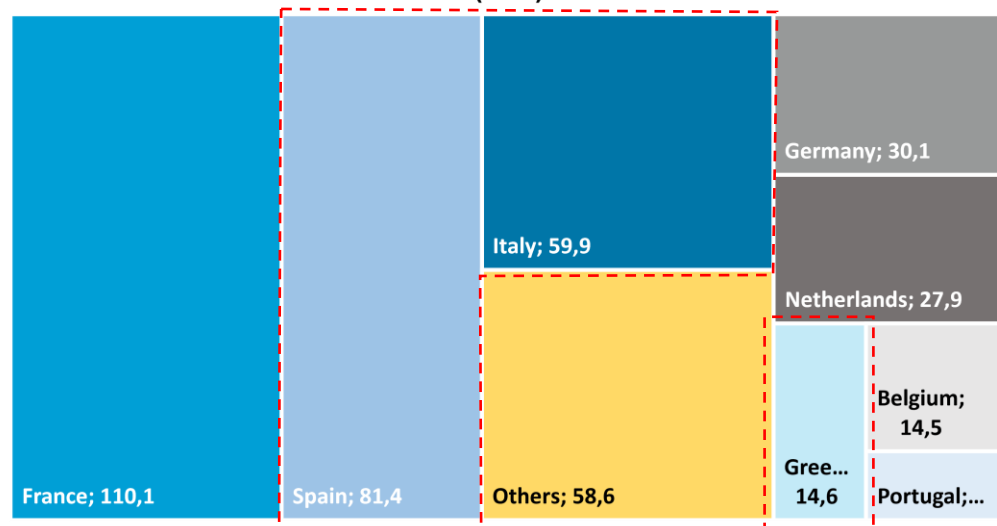
Investing in secured NPLs provides an **attractive risk-adjusted uncorrelated return** to investors struggling to **generate alpha** in the public bond and equity markets, providing them with equity returning and secured debt risk profile

Low competition

The process of **sourcing, purchasing and managing secured NPLs** from European banks is complex and we believe serves as a **barrier to entry** for many investors, **reducing buyer's competition**

STOCK OF UNRESOLVED NPLs IN EUROPE PRE-PANDEMIC WAS HUGE

Total NPL Stock in financial institutions by country as at Mar-22 (€bn)

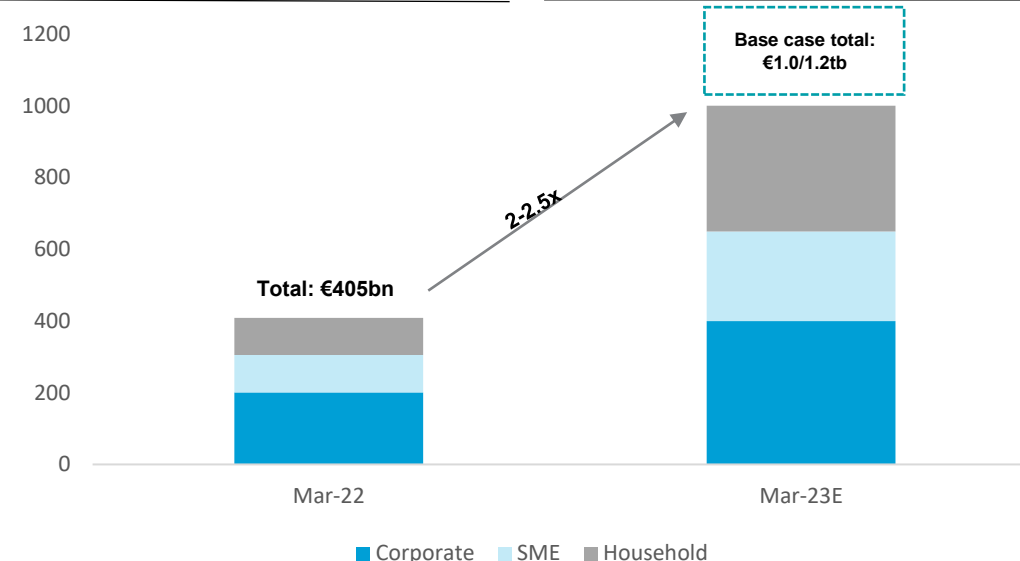


Source: EBA Dashboard Mar-22
 (*) Includes secured and unsecured loans

Target Countries

Current total NPL stock

Post Moratoria total NPL stock



NPL Volume, OB, 2022YE, by customer type. It includes secured and unsecured
 Source: Deloitte & EBA

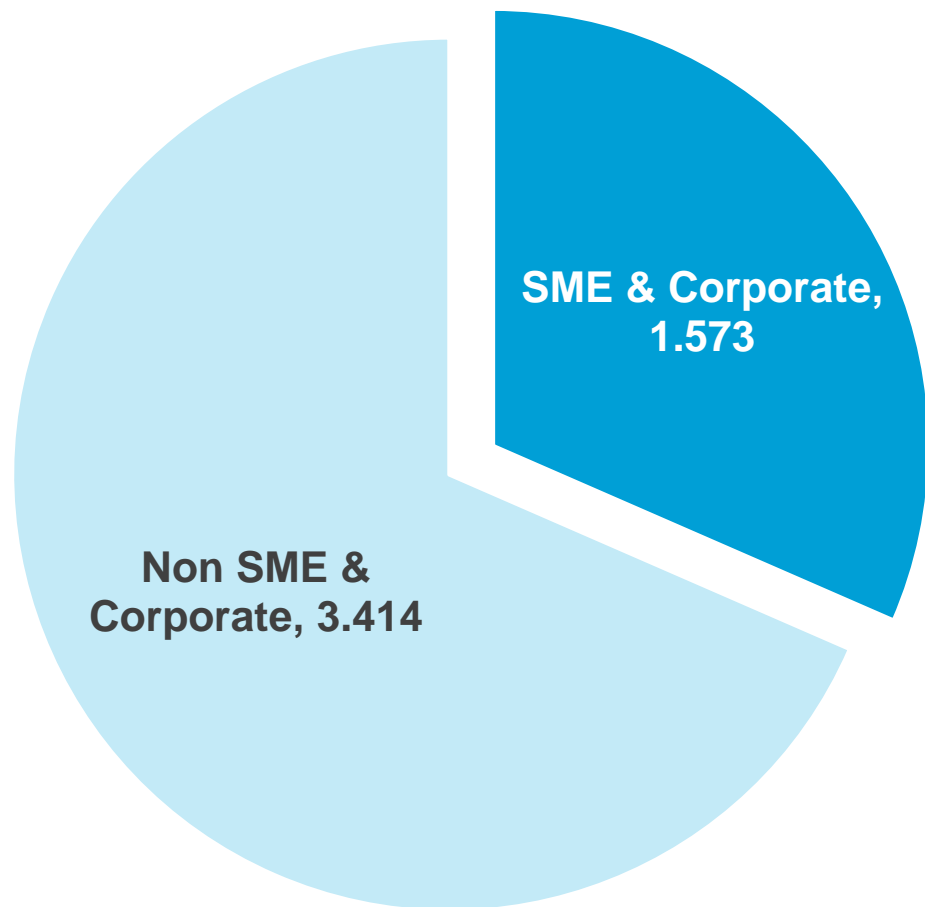
- As of March 2022, **European NPL volumes amounted to €405bn**
- Copernicus Servicing** operates in some of the **largest markets for NPLs**: Spain, Italy and Greece which account for a total **stock of €156bn**
- Additionally, Copernicus has offices in **France and Portugal**, two buoyant NPL markets, which accounted for a **total of €118bn** as of March 2022 and in which **new opportunities to acquire NPLs** will arise

- NPL ratios of the financial institutions have not changed significantly** due to the current pandemic, mostly **due to the moratoria** put in place by different European countries
- There is a **market consensus that a significant increase in NPL generation** will happen once the moratoria comes to an end
- Moreover, **Investments Funds and securitization vehicles** account for a significant amount of non-resolved NPLs and are **likely sellers of NPLs in the secondary market** as they struggle to meet their servicing business plans

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DETERIORATING ECONOMIC CONDITIONS ARE THE MAIN DRIVERS FOR NPLs SURGE

Breakdown of Loans and advances breakdown in Spain, Italy and Greece (€bn)



Source: EBA Dashboard Mar-22

GDP Change (%)	2018	2019	2020	2021	E2022	E2023
Spain	2.4	2.0	(10.8)	5.1	4.8	3.3
Italy	0.9	0.3	(9.0)	6.6	2.3	1.7
Greece	1.6	1.9	(9.0)	8.3	3.5	2.6
Germany	1.3	0.5	(4.6)	2.8	2.1	2.7
UK	1.3	1.5	(9.3)	7.4	3.7	1.2

Source: International Monetary Fund

- The **increase in NPLs** will be in those countries with highest **decrease in GDP** and where **SMEs** are predominant
- **SMEs in Spain, Italy and Greece represent c.33%** of the total loan book of the financial institutions
- According to a recent **McKinsey & Co** survey in Spain and Italy:
 - **21% of SMEs** are worried about being able to repay their loans
 - **12% of SMEs** expect to file for bankruptcy in the next six months
- **Cyclical sectors**, expected to be the **most severely affected** by the pandemic, account for **€1bn in Spain, Italy and Greece**, representing **65%** of the total **SME and Corporate** book

Source: [McKinsey & Co](#)

REGULATION AND WEAK BANK PERFORMANCE WILL ACCELERATE NPL DISPOSALS

New regulatory framework for provisioning

New “**Calendar Provisioning**” from 2019 will **accelerate** the timeframe for banks’ provisioning of defaulted loans

Banks will likely be unable to deal with the upcoming wave of NPLs

Banks do not have the **adequate resources** in terms of **technology and personnel** to effectively manage all the new NPLs wave

Increased Regulation

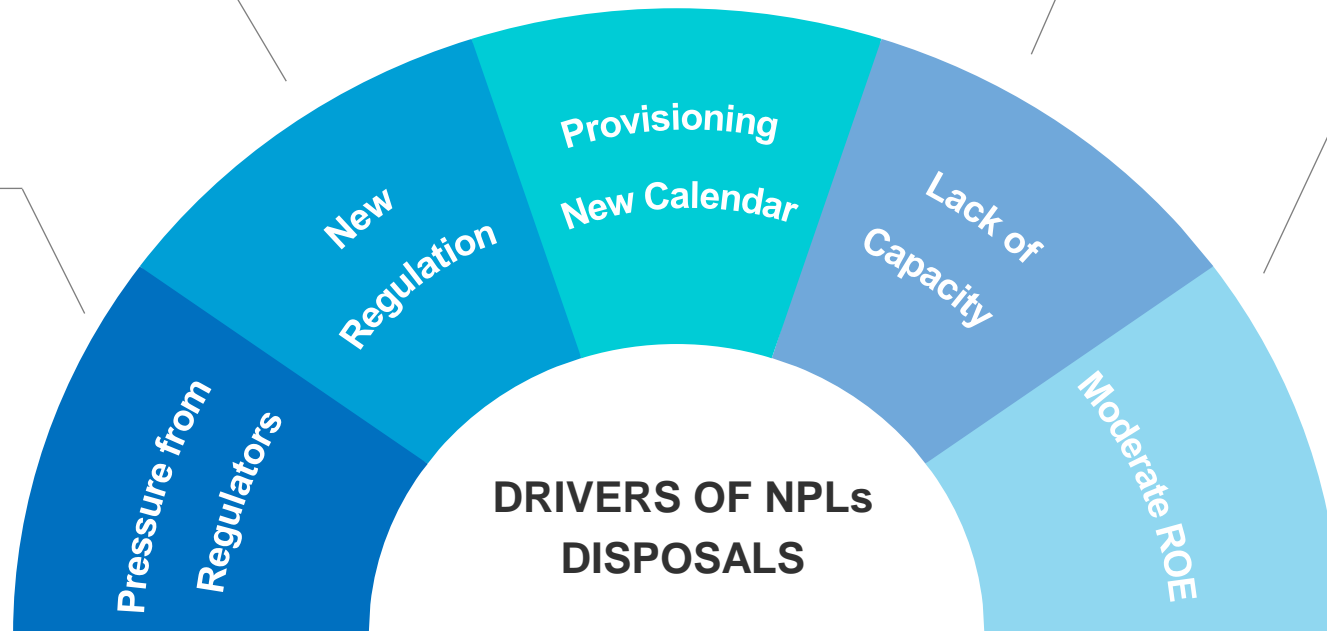
Increased pressure to deleverage as a result of increased regulation (**IFRS9 and Basel III**)

NPLs are in the ECB priority list

Resolution of NPLs is one of the European Central Bank’s top priorities

Banks need to deliver attractive returns

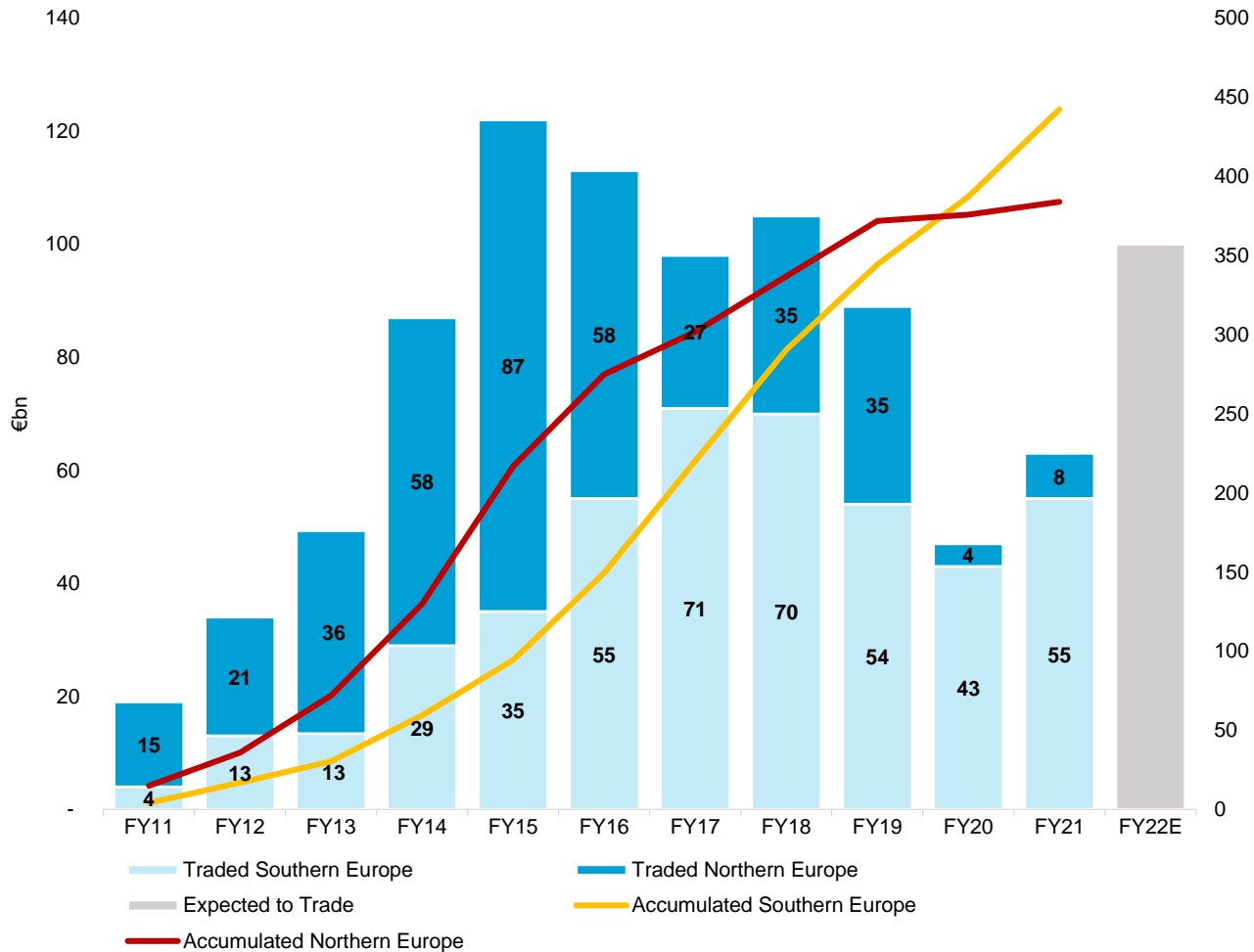
Most of the European banks are **unable to deliver returns above their cost of capital**, which will most likely force Banks to restructure their balance sheets



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EUROPEAN NPL MARKET EXPECTED TO REVERT THE TREND SEEN IN THE LAST YEARS

NPL trades volumes FY11-FY22E



Source: PwC - 150 billion of NPL portfolios Report

- Sales activity of European NPL portfolios significantly increased after the previous Global Financial Crisis, with more than **€700bn** traded

- **Sales activity increased in 2021** after a slowdown in activity in 2020. A **reverting trend has started in 2022** and expected to continue in 2023

- According to the last market data available, 2021 trades level surpassed pre-covid levels (2019) in Europe. **Experts estimate NPL sales above €100bn in 2022**

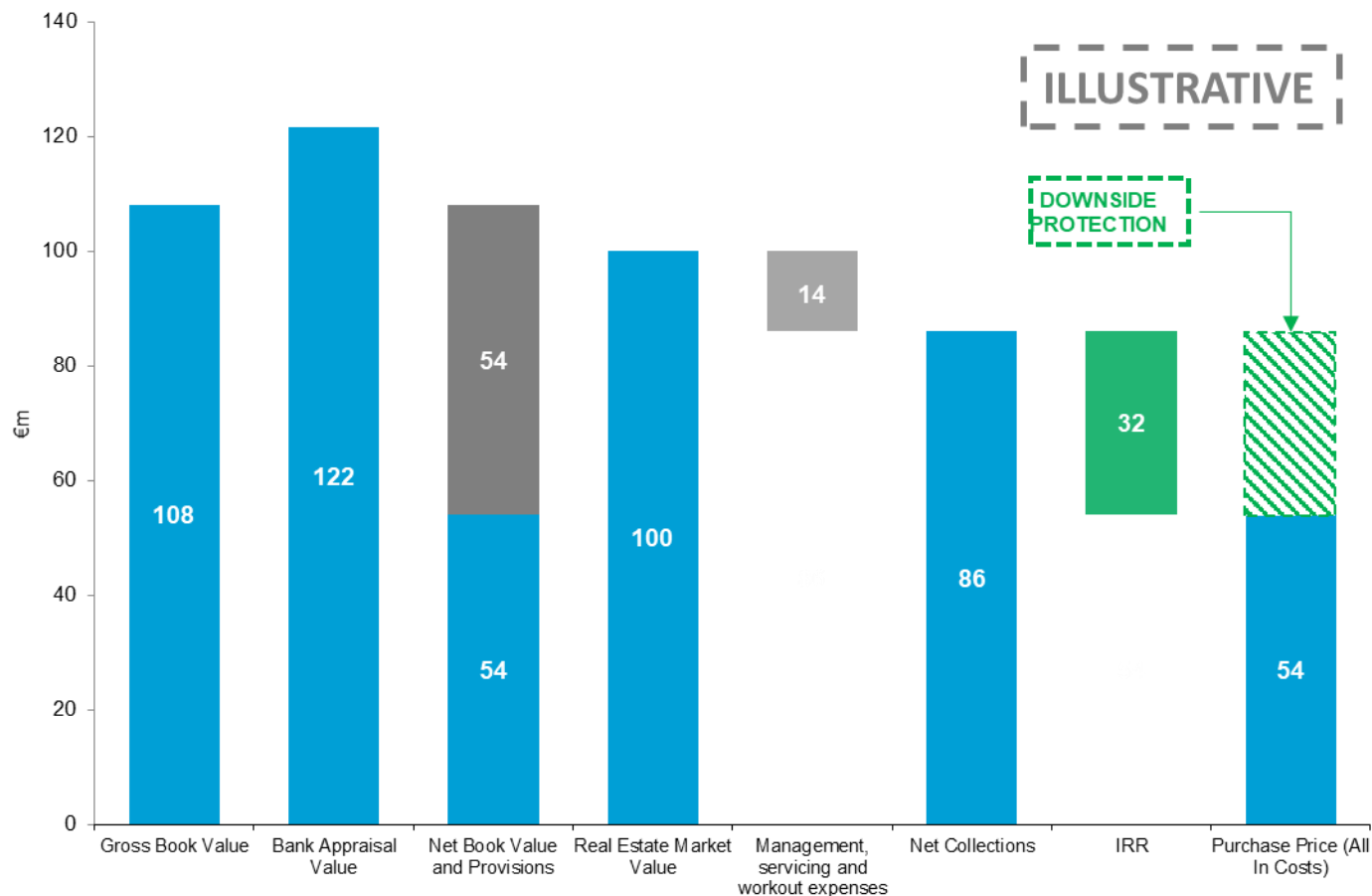
- **During 2021**, most of the product being traded was **legacy stock**. From **2022 onwards** we expect the trades to be **new stock** arising from the current crisis.

A market dislocation between supply and demand is expected in 2022 and 2023 so we expect the European NPL market will become a buyers' market

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SECURED NPLs PROVIDE EFFECTIVE DOWNSIDE PROTECTION

The investment rationale for secured NPLs relies on the price gap between the Collateral value and the purchase price of a NPL loan



- Secured NPLs are acquired **at a high discounts over the market value of the collateral**, which implies a cushion of almost 50% at high discounts of the market value of the collateral, providing a significant **downside protection**
- Acquisition of NPLs provide investors with **embedded capital gain**
- **Main risk resides in timing**, be it in the delay of the legal procedure and / or in the timing for the disposal of the collaterals

For illustrative purposes, we assume:

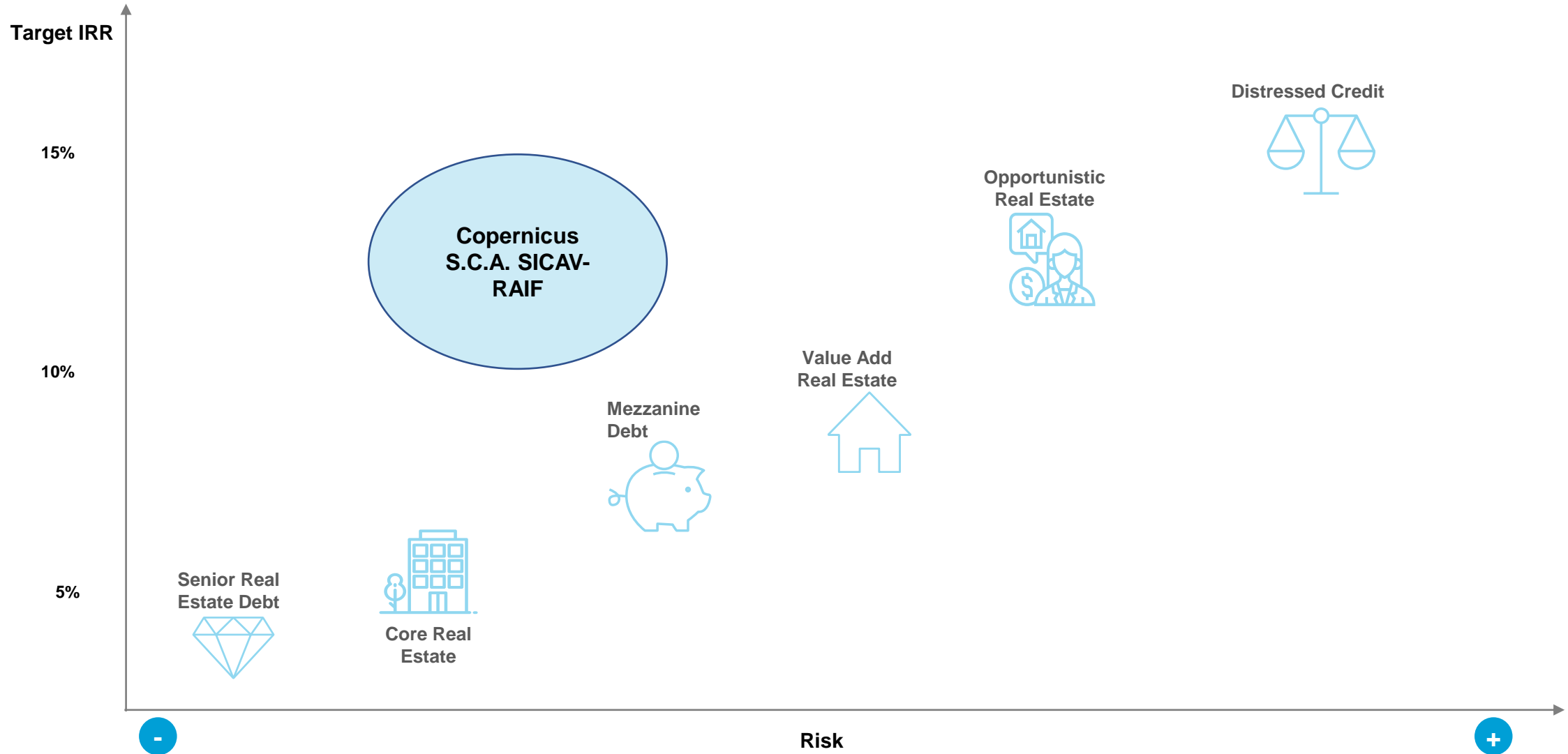
- A LTV of 108% with an average coverage ratio of 50%, based on industry benchmarking (EBA Dashboard Jun-20)

- Workout and Real Estate Management Expenses includes: (a) legal and judicial costs, (b) real estate management expenses such as insurance, property maintenance, property registration, broker fees, etc. (c) Servicing expenses and (d) Management fees

- Haircut to net collections to achieve 10-15% unlevered investor return

- Purchase Price includes both the purchase price, the acquisition fee and all pre-execution expenses for their valuations works, legal due diligence, legal advice and other third-party costs

NPLs OFFER AN ATTRACTIVE RISK / REWARD PROFILE



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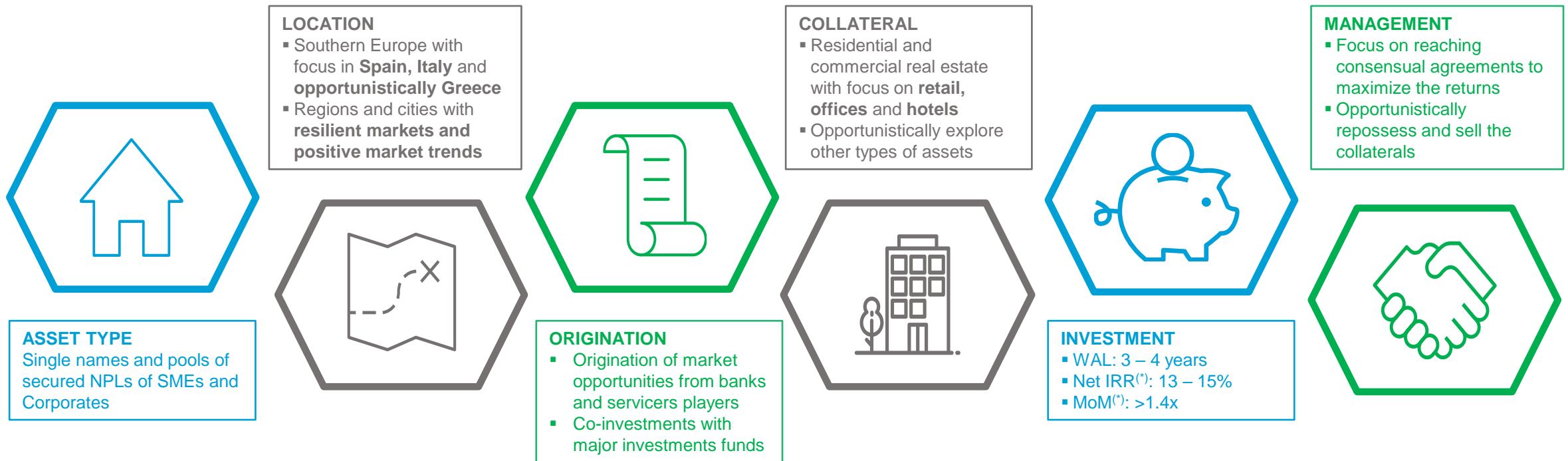
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INVESTMENT STRATEGY AND POLICY

Acquisition of secured SME and Corporate NPLs in Southern Europe with residential and commercial Real Estate collateral



*Gross of Management Fees and net of Operational Expenses of the Fund

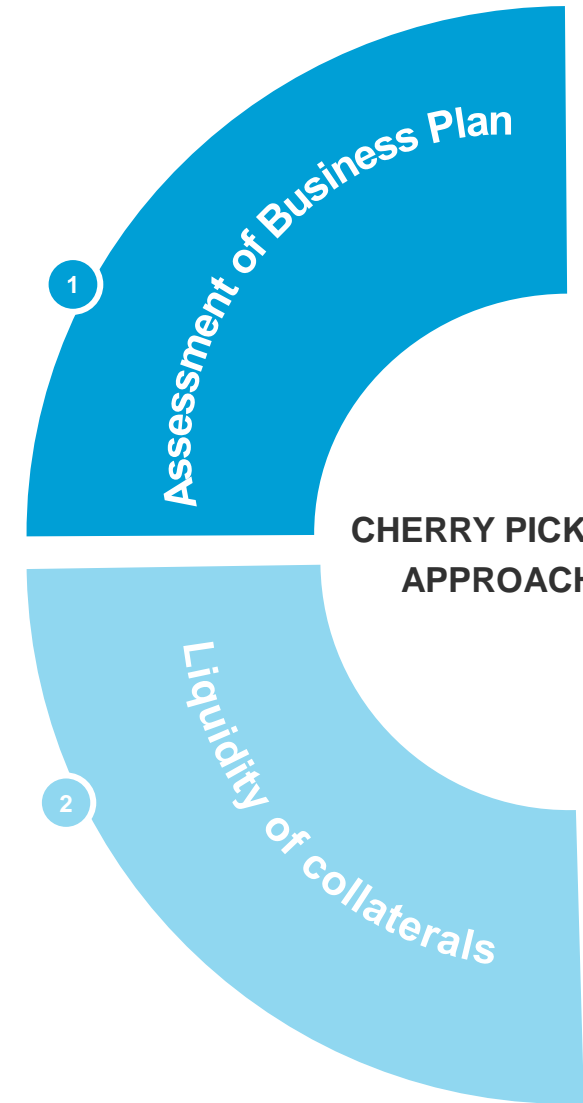
CHERRY-PICKING: SELECTION CRITERIA

1 Assessment of Business Plan

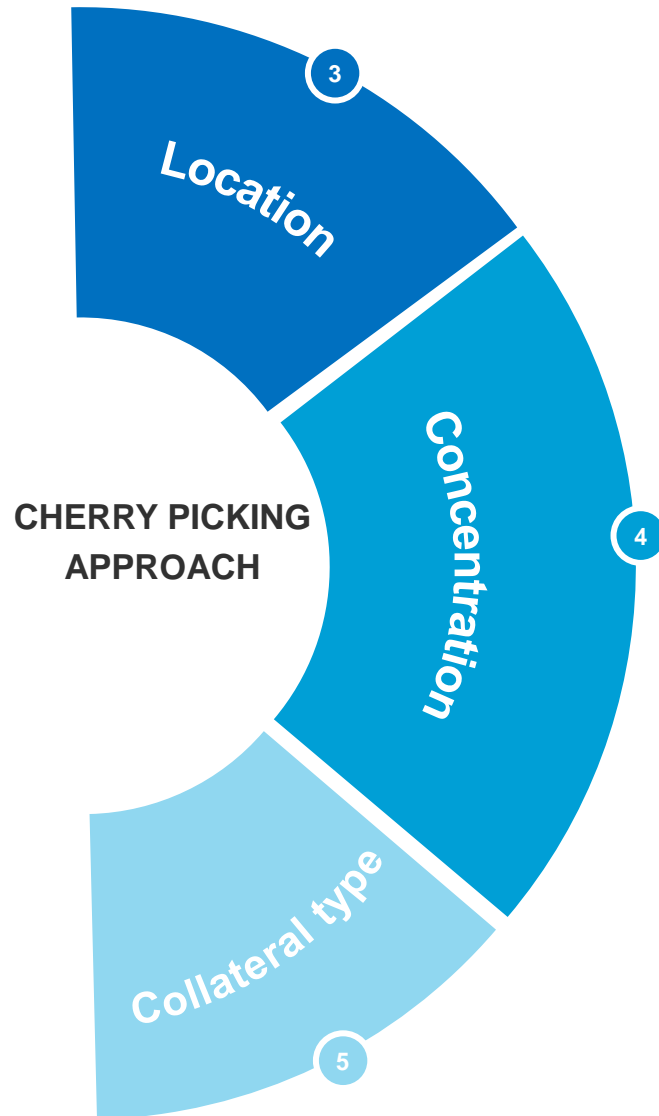
- **Viable** strategy
- Preference for **Linear legal situations with a high degree of visibility**

2 Liquidity of collaterals

- Look for quality **assets mostly in prime or near prime locations** where the risk related to the timing of a disposal is limited
- Focus on assets that have an **identifiable management case and foreseeable exit strategy**
- **Limited Capex** requirements



CHERRY-PICKING: PORTFOLIO CONSTRUCTION



3 Location

- **Diversification across different jurisdictions** to capture different market dynamics and diversify country and political risk
- Preference for **assets in markets with limited volatility and with positive micro market indicators**

4 Concentration

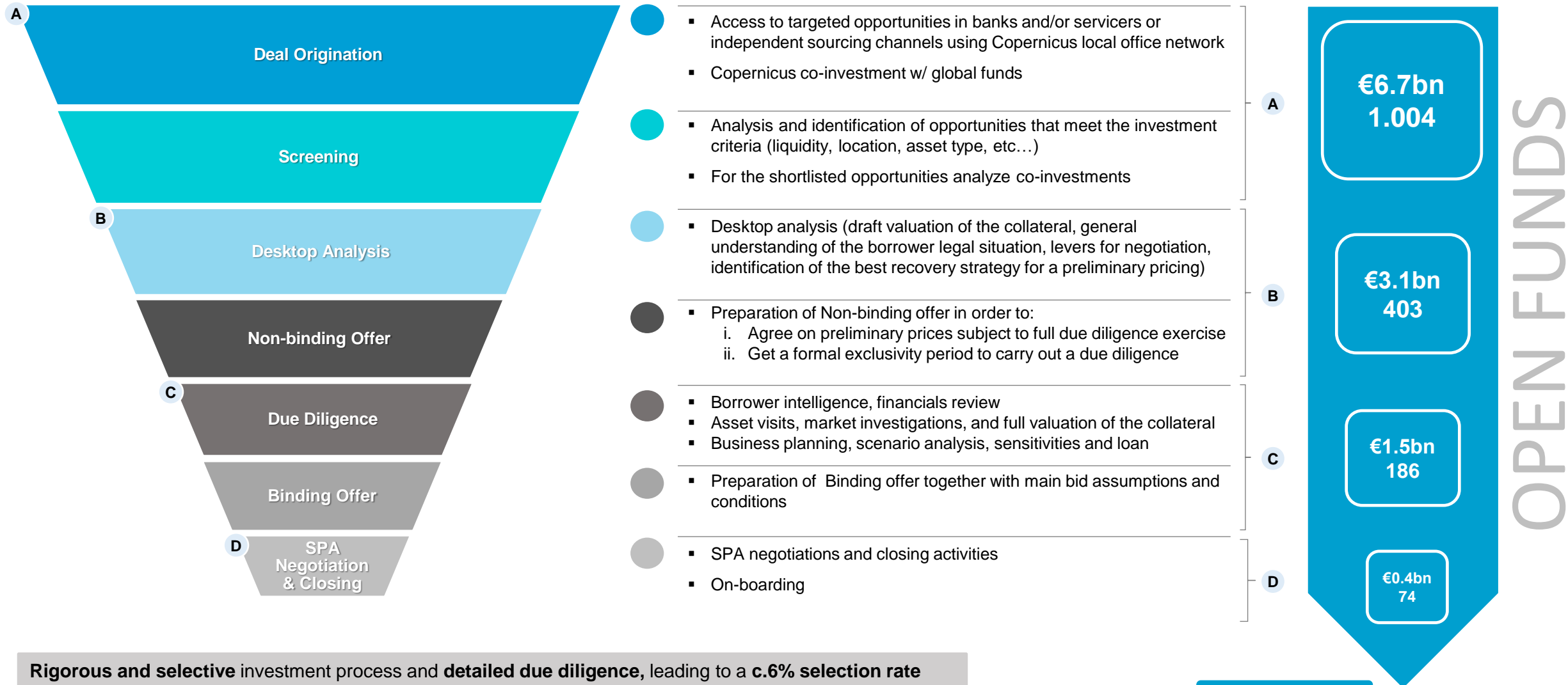
- **No more than 10%** of the Commitments will be invested in any **single borrower**
- **Top 5 borrowers** by Commitments invested will **not represent more than 40%** of the total capital invested
- Capital Commitments in **secured NPLs** will represent **no less than 95%** of the total investments of the Fund
- **No more than 70%** of the Commitments will be invested in any **single country**

5 Guarantees

- **Diversification** across different asset types
- **No more than 10%** of the Commitments will be invested in **direct real estate assets***.

*This will exclude the purchase of the underlying real estate collaterals of any individual NPL as the result of the servicing of the NPL

HIGHLY SELECTIVE INVESTMENT PROCESS

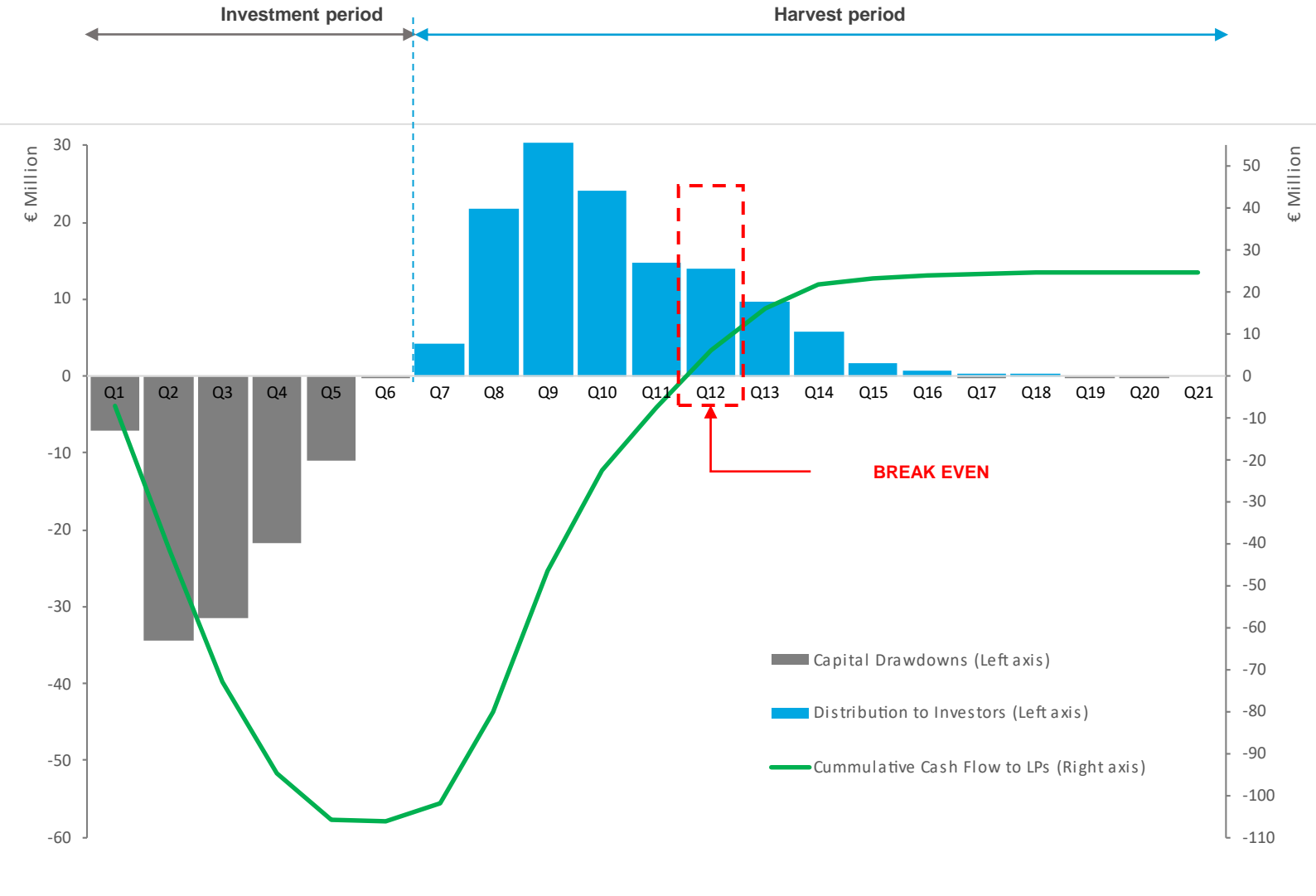


Rigorous and selective investment process and detailed due diligence, leading to a c.6% selection rate

Figures refer to 2017 - 2020

Total debt analyzed
Total # of opportunities analyzed

COPERNICUS SPECIAL SITUATIONS FUND: EXPECTED CASH FLOWS TO LPs



INVESTMENT EXAMPLE

- Capital deployment starting in September 2022 and expanded for 18 months. Recycling of capital based on opportunity set
- Portfolio built as a result of 40 acquisitions
- Included 65 connections with a total outstanding debt of €200m and €170m of Gross Recoveries
- Primarily SMEs and Corporates
- Top 5 borrowers represent 35% of the value of the portfolio
- Primarily with residential collaterals (63% of Gross Recoveries)
- Concentration in Madrid, Comunidad Valenciana, Cataluña and Veneto

BUSINESS PLAN

- Total Capital Invested: €100m
- Gross Recoveries: €170m
- Total Cash for Distribution: €145m

INVESTMENT METRICS

- WAL: 3.1 years
- IRR to LPs: 13.5%
- MoM to LPs: 1.42x

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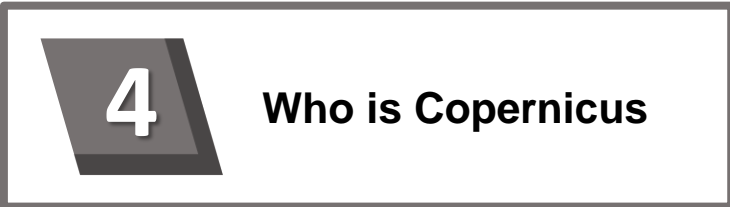
Executive Summary



The Opportunity



Investment Process and Strategy



Who is Copernicus



Why Copernicus



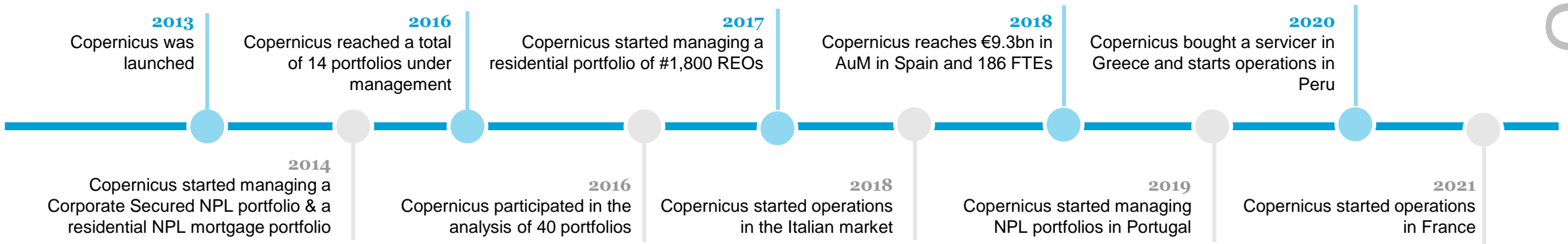
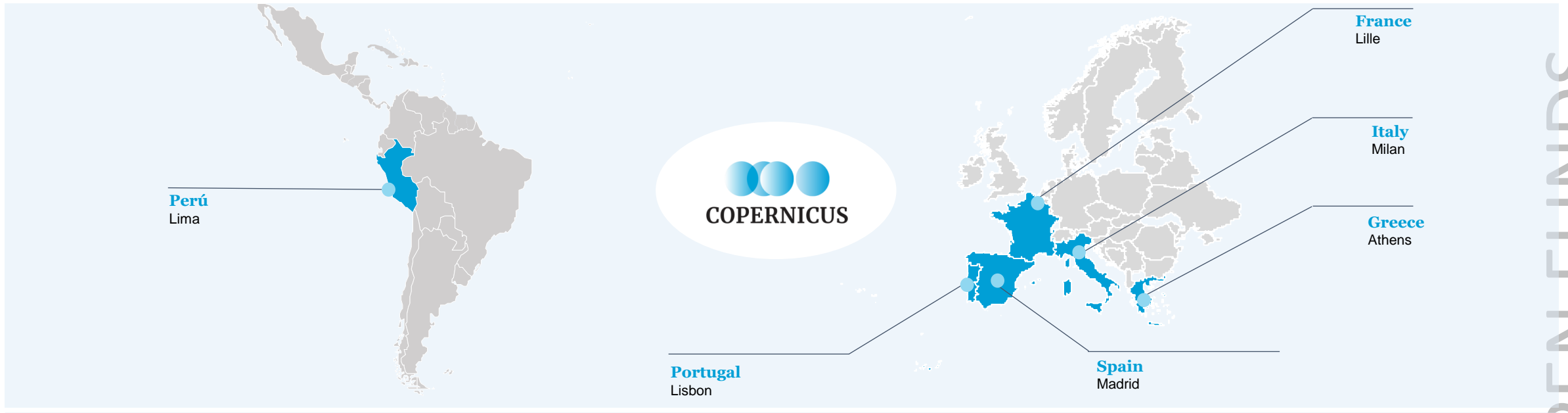
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MILESTONES AND OFFICES

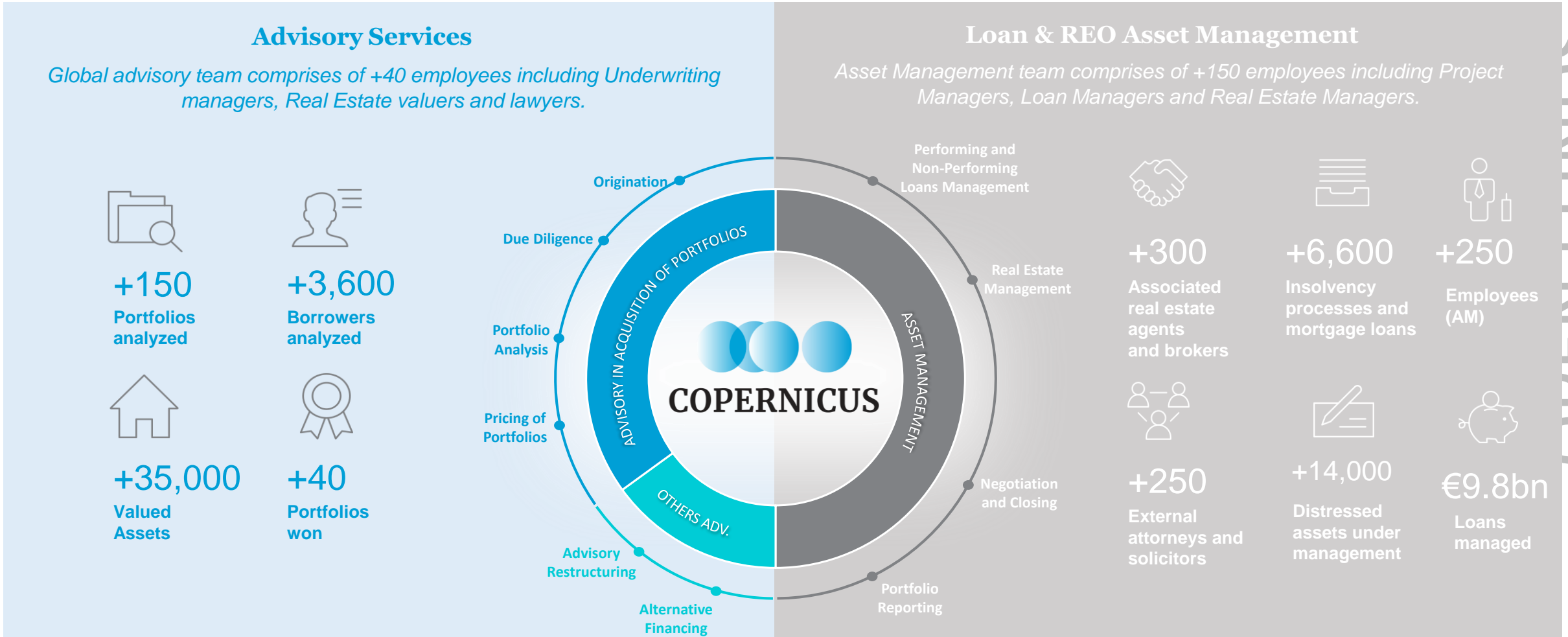
Copernicus has presence in the main European NPL markets and in Latam



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WHO IS COPERNICUS?

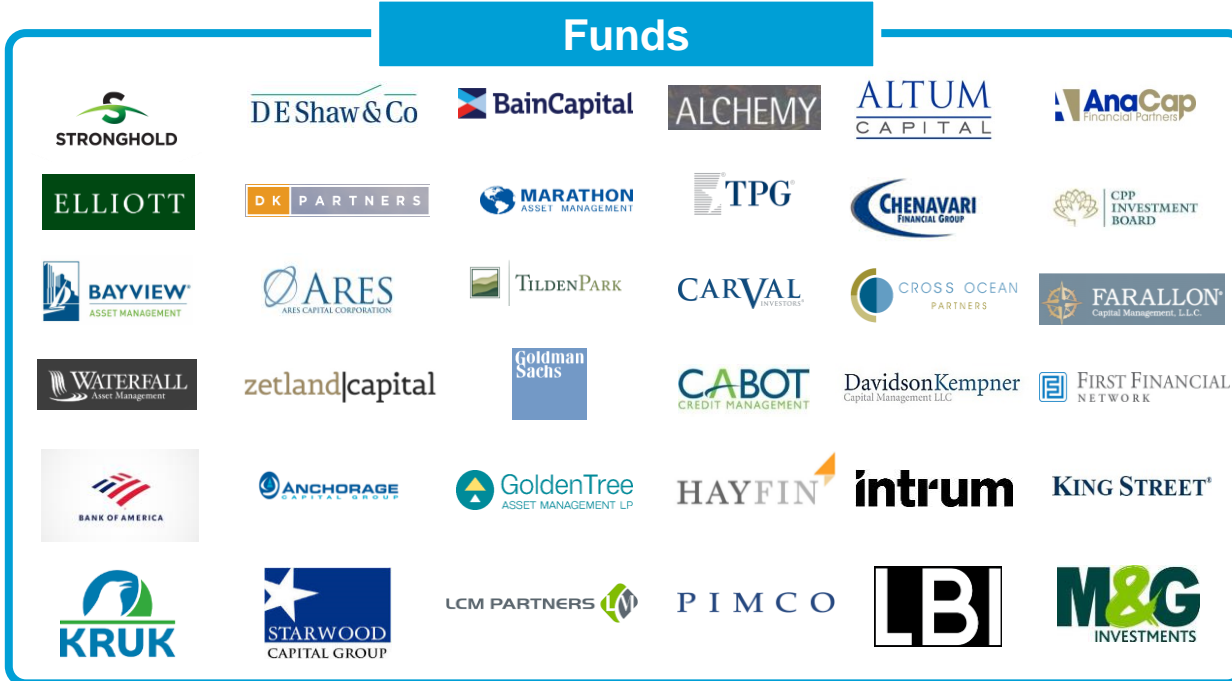
Copernicus is a global independent Loan & REO Asset Management platform that specializes in Corporate and SME secured loans, residential mortgages and REO portfolios with +€9.8bn in distressed assets under management.



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CURRENT AND PAST CLIENTS

Funds



Financial Institutions



Our clients trust Copernicus and we help them reach their objectives

- Copernicus has developed **long-standing relationships** with **first class investment funds** and **financial institutions**
- Our objective is to **help our clients** gain **access to new opportunities** maximizing the **returns** in their investments
- We continue to **grow our client** base in the **different product types** and **countries** where we operate

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ORGANIZATIONAL STRUCTURE

Global Investment Team

Investment

Deal Origination



Jérôme Vallée

Country Manager France



Francesco Mocciano

Head of Business Dev & Servicing Italy



Paul Tzelepis

Head of Business Dev Greece

+ 10 professionals

Real Estate Advisory



Andrés Cerdán

CEO of Copernicus RE



Pilar Monzón

Hotels Specialist



Francesco Varisco

Head of RE Underwriting Italy



Natalia Huejes

Real Estate Advisory Manager

+ 15 professionals

Underwriting



Paul Tighe

Head of Advisory & Business Dev



Javier Sánchez

Global Head of Underwriting



Diego Avizzano

Head of Underwriting Italy



Michele Cautillo

Underwriting Senior Analyst

+ 15 professionals

Management

Legal Servicing



Juan Uscola

Head of Servicing



Amadeu Blasco

Head of Legal



Francesco Mocciano

Head of Business Dev & Servicing Italy



Stefano Casali

Head of Loan Management Italy

+ 70 professionals

Asset Management



Mónica Garbisu

Portfolio Manager



Luis Ugarte

Project Manager



Fernando Roldán

Project Manager



Guillermo Poggio

Project Manager

+ 20 professionals

RE Management



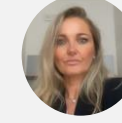
Andrés Cerdán

CEO of Copernicus RE



Cristina Orasanu

Head of RE Asset Management



Elena Contardi

RE Asset Management Italy

+ 40 professionals

Corporate Legal & Compliance (> 5 Professionals)

Operation, Data Management & Analytics (> 20 Professionals)

Countries



Spain

(205 professionals)



Italy

(15 professionals)



Portugal

(4 professionals)



France

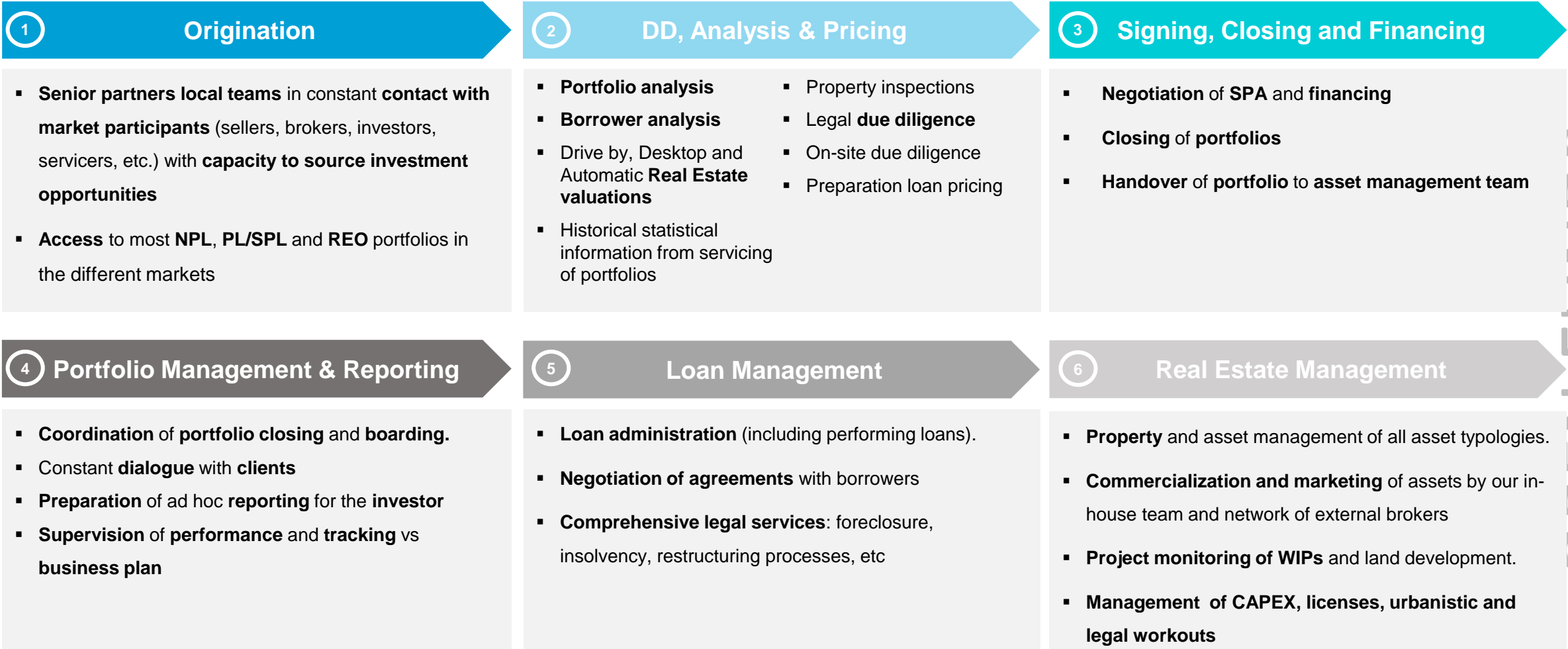
(2 professionals)



Greece

(1 professional)

END TO END SERVICE: INVESTMENT & MANAGEMENT



- Global Advisory team comprises of +40 employees (**Spain, Italy, Portugal and Greece**), including investment professionals Real estate valuers and lawyers
- Senior members of our servicing team participate in the legal due diligence, providing **valuable loan workout experience in acquisition phase**
- **Asset Management team of +150 employees**, including specialized lawyers and Real estate managers

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WHY COPERNICUS?

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Successful secured NPL acquisitions are weighted more towards **effective servicing** than macroeconomic conditions

2

Secured NPLs are a **complex** asset class, which needs **specialized know-how from beginning to end**

3

Competitive **infrastructure, market presence** and multidisciplinary **experience (legal, finance, RE,...)** is **scarce** in southern European countries



We offer access to a leading NPL investment and management platform with the relevant expertise to capture the NPL opportunity in Europe



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COPERNICUS KEY DIFFERENTIATORS IN SECURED NPL INVESTING

Track Record

- Total **AuM of €9.8bn**. Average unleveraged **IRR of 12.5%** in SMEs and Corporates NPLs portfolios
- Performed **23 portfolio investments** over the last 5 years

Technology

- Consolidated **best-in-class technological tools** for pre- and post-acquisition activities
- Extensive **use of data for decision making**

Multidisciplinary Recovery Process

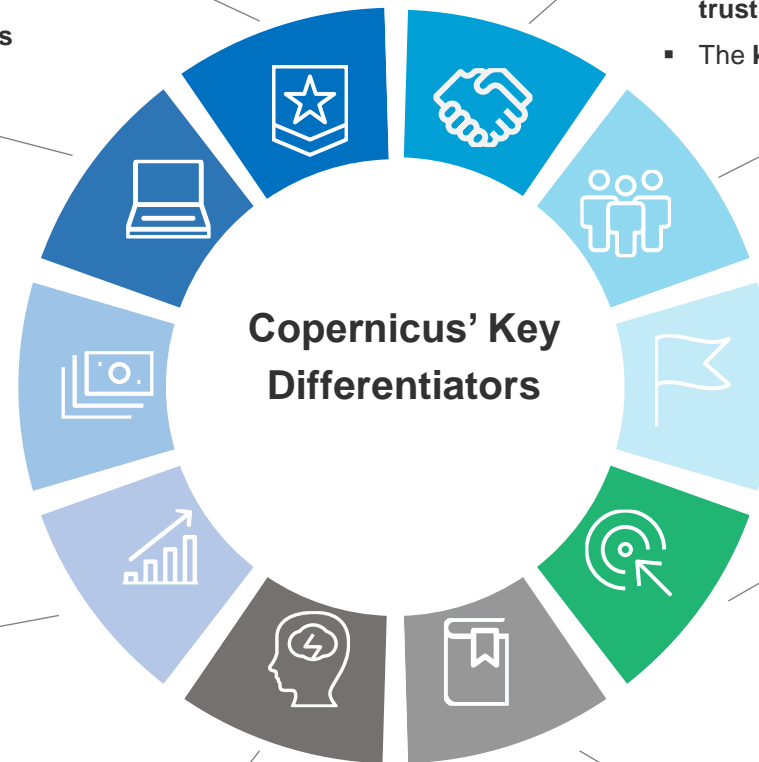
- **Experienced legal & real estate teams** with ability to manage complex situations
- Focus on **obtaining consensual agreements with debtors**, saving money & time as well as optimizing returns

Active Portfolio Management

- Strong **control over the recovery process**
- **Proactive approach** to maximize return and capital gains and minimize downside risk

Competitive Power

- **Optimized Asset management and Servicing fees**, which allows us to be more competitive, facilitating the deployment of capital



Alignment of Interests

- Copernicus does not belong to any fund or bank; it belongs to its partners which allow us to attract top talent. This gives us more **independence and trust to our clients**
- The **key members of Copernicus are shareholders of the Company**

Team

- **Talented and multidisciplinary** (legal, financial and real estate) investment and servicing teams

Footprint

- **Pan European presence** with headquarters in **Madrid** and local offices in **Italy, Portugal, Greece and France** allow us to select the best opportunities

Sourcing

- **€6.7bn bilateral opportunities** originated during last 5 years
- Access to **coinvest with multiple NPL funds**
- Foot on the ground presence with **close relationships** with portfolio brokers, banks, servicers and international funds

Investment Process

- **Rigorous investment process** based on (a) **cherry-picking** loans based on **risk-adjusted return attractiveness and downside protection**, and (b) **comprehensive legal, financial and collateral due diligence**

COPERNICUS CAPITAL VS OTHER FUNDS (1/2)



Fee and Cost Structure

- Optimal asset manager and servicing costs.
- Lower costs at team & company level allow Copernicus to be more competitive and capture a higher share of the best opportunities available.
- Most of the works done internally (except RE valuations) leading to higher alignment of interests and lower TER in the fund.

Cherry Picking Approach

- Our Targeted approach allows us to focus solely on specific opportunities with the most attractive risk-return profiles and highest downside protection rather than investing in large portfolios with heterogeneous assets acquired in competitive auctions.



Fully integrated end-to-end service

- All value-added activities are performed internally by Copernicus.
- We do not outsource origination, valuation or management of investments.

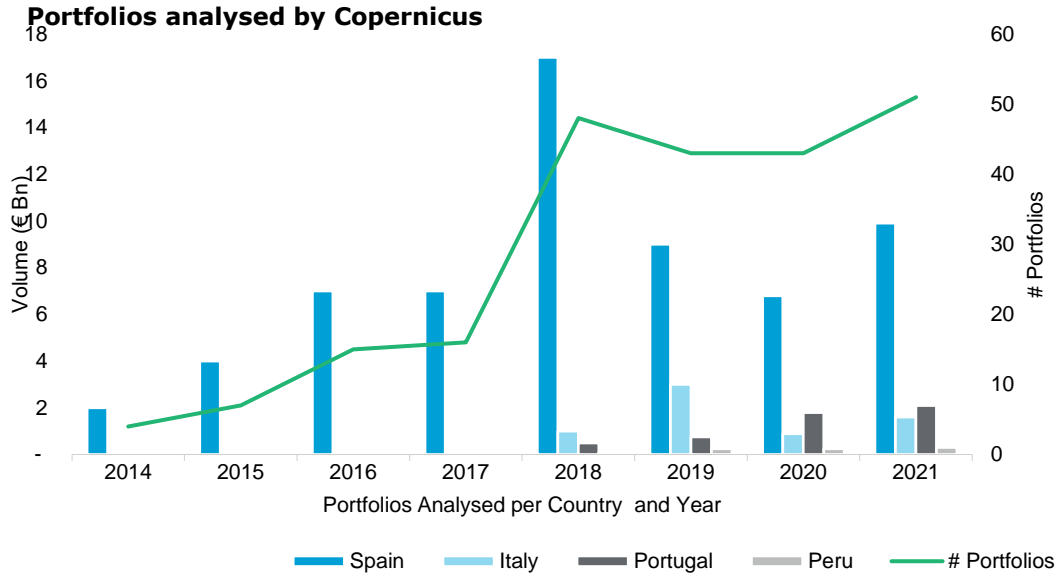
Dedicated Local European teams

- First-hand on the ground Expertise: Local knowledge in investment and management in all jurisdictions where Copernicus has presence.
- Our approach takes into account the particularities of each jurisdiction, allowing us to provide tailor-made solutions in each country.
- Network of contacts in each country in which Copernicus operates, with unique capability to source unique opportunities locally.

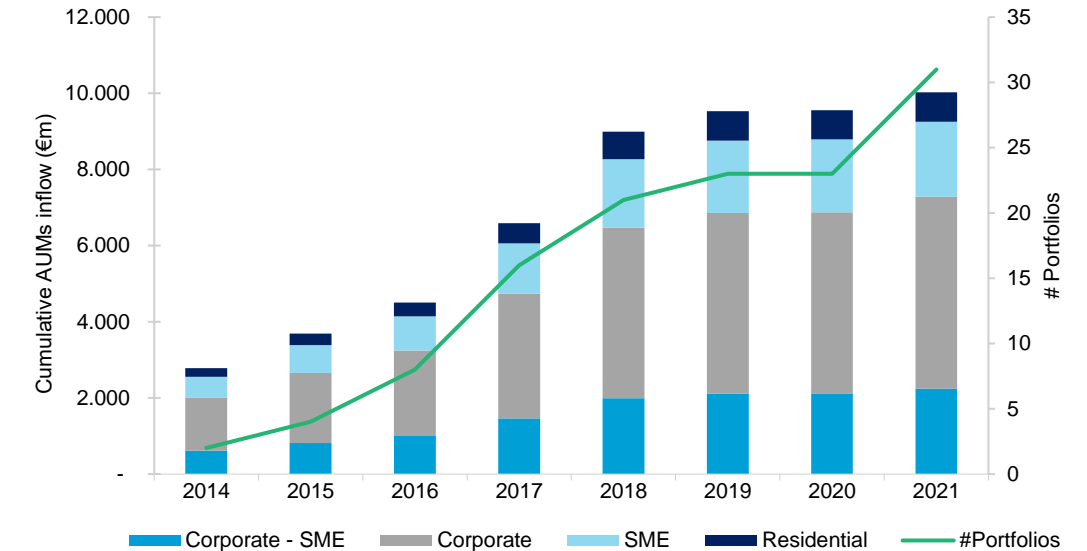
COPERNICUS CAPITAL VS OTHER FUNDS (2/2)

	Distressed PE & Hedge Funds	Copernicus Capital
Investment Strategy	- Acquisition of portfolios	- Cherry picking of SME / Corporate NPL opportunities in order to build a portfolio of attractive risk / reward NPL investments acquired in off-market/bilateral transactions
Geographical Focus	- Opportunistic - Highly dependent on market cycles in each geography together with access to a partnership with the servicer	- Southern Europe with focus in Italy and Spain and opportunistically Greece
Investment Size	- >€50m	- <€5m - Coinvestments in bigger tickets
Sourcing of opportunities	- Investments are typically executed through the participation in highly competitive auctions where price is ultimately the main decision driver of the seller	- Offmarket opportunities originated by Copernicus Servicing and its network of contacts - Reputation is a key factor to secure profitable transactions
Investment Process	- Reliance on data provided by third parties - Lack of local expertise and knowledge (need to partner with local servicers) - Need to outsource the Due Diligence process	- Due diligence and investment process executed internally by professionals of Copernicus Servicing - Relies on historical internal data, as well as external data - Business Plan created by taking into account both historical data and inputs from legal and real estate experts from servicing team
Team	- Small investment team based in London, sometimes with regional presence - Some funds have a dedicated team responsible for post-deal execution and oversight of the servicer	- Large team covering all the critical steps of investment and servicing of NPLs - Local knowledge and geographic focus - Fully integrated end-to-end service
Access to Servicing Infrastructure	- Outsourced to operational partner (servicer) - Access to a servicer is needed in order to execute strategy	- The General Partners owns the servicer and has an agreement for executing the Investment strategy on an exclusive basis
Servicing Approach	- Mostly litigation and disposal of collaterals	- Maximizing the return and profit for the investors by focusing on reaching extrajudicial agreements and executing value-added strategies in the collaterals when appropriate
Fees	- Depending on each case	- Optimal asset manager and servicing costs - Lower costs at team & company level allow Copernicus to be more competitive and capture a higher share of the best opportunities available - Most of the works done internally leading to higher alignment of interests and lower costs for the Fund

TRACK RECORD IN UNDERWRITING AND MANAGEMENT OF NPL PORTFOLIOS



Copernicus' Assets Under Management (AUMs)

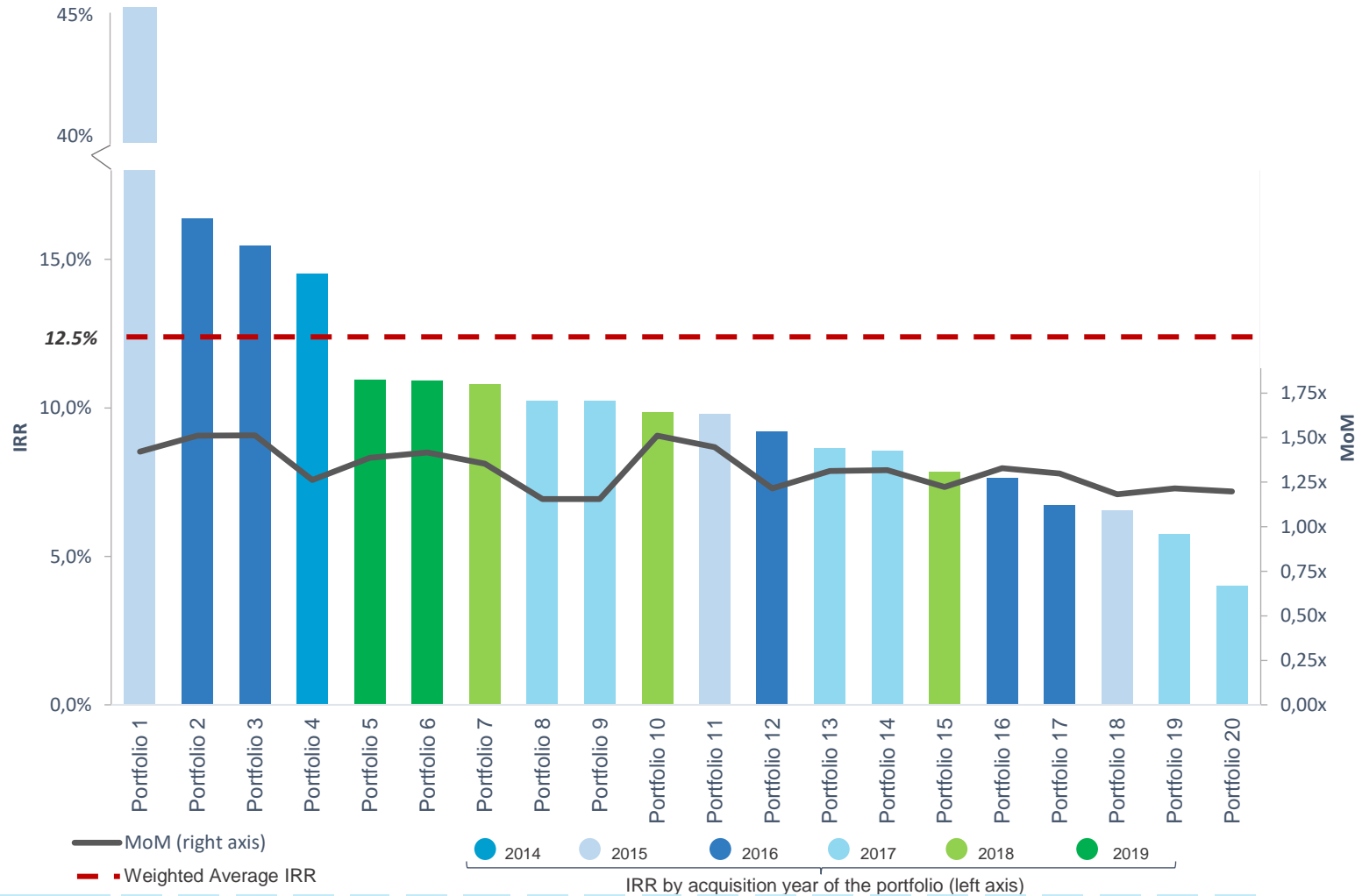


- Over the last eight years, Copernicus has underwritten **227 portfolios**, with **+€75bn** of Gross Book Value, in **4 different countries**
- In the last 3 years, the Investment and Underwriting teams analyzed **more than 40 portfolios and more than 200 bilateral deals per year**
- Investment and Underwriting teams **operate on a Pan European basis**, having **capacity to direct the teams** to where the opportunities arise

- As of Dec-2021, Copernicus has managed **31 portfolios** with over **€10bn** of debt, focused on **SMEs** and **Corporate** positions
- SMEs and Corporate portfolios include **complex positions**, which have provided Copernicus' team with **great experience and skills**
- Special focus on **Corporate** and **SME** portfolios (**92% of AUMs**) when looking at portfolio profile distributions which allows Copernicus to have a **relevant track record in underwriting** the type of NPLs the fund will be aiming to invest

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PERFORMANCE OF PORTFOLIOS UNDER MANAGEMENT



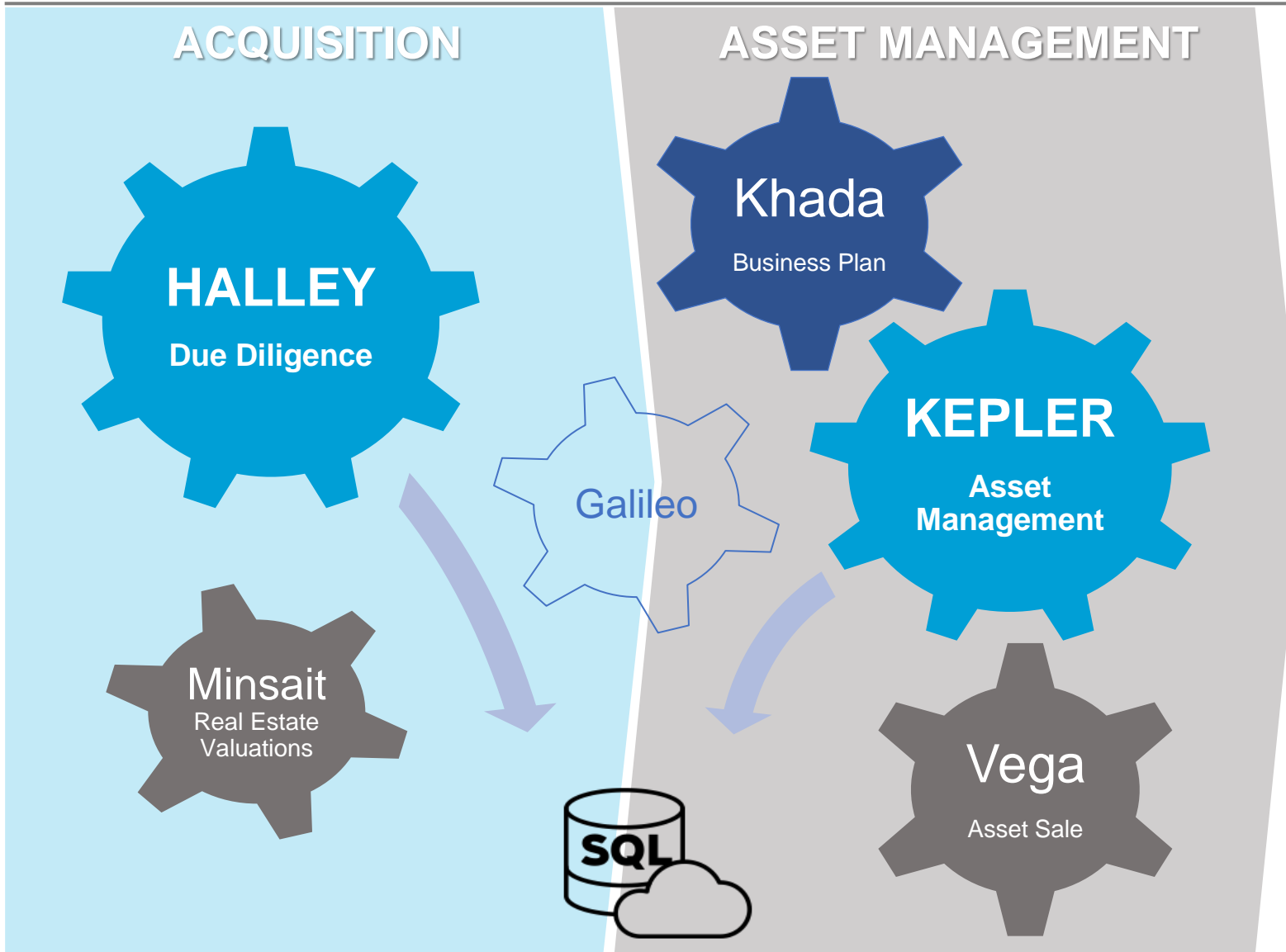
Portfolio #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
OB (€M)	184	119	182	777	674	713	1396	57	198	282	204	790	386	210	759	47	459	57	564	56
% Completion	88%	50%	44%	96%	6%	14%	16%	72%	28%	8%	48%	83%	48%	32%	37%	74%	51%	51%	30%	13%

(*) Refers to unlevered MoM and IRR

- **Average IRR*** of SME and Corporate portfolios **above 12%**
- More than **75% of the portfolios are in the IRR range between 8% and 16%**.
- **MoM above 1.15x in all portfolios, with 80% of portfolios above 1.20x***
- The figures on the chart show the **performance of portfolios with no cherry-picking approach**. A **cherry-picking approach** is expected to **improve the returns** shown in portfolios due to specific deal selection and management focus

OPEN FUNDS

HIGH-END PROPRIETARY TECHNOLOGY



- Copernicus has internally developed an interrelated set of tools that covers **all stages of the NPL life-cycle**. This allows **special flexibility providing a competitive advantages**
- **Forensic due diligence (underwriting)** is performed in the acquisition phase using **Halley** to consolidate all relevant information, including the **RE valuations** through **Minsait**
- Our **onboarding system Galileo** is used to **migrate the insights of the underwriting process to Kepler** so the asset management team can use all this intelligence to maximize the performance of the portfolio
- Kepler supports all activities related to the asset management, including **legal procedure management, consensual agreements, documentation repository, debtors CRM, etc**
- The **underwriting business plan** is prepared during the investment phase and loaded in **Khada** to **create scenarios and maximize the exit strategies (machine learning process)**
- Vega allows the **optimal management of the collaterals**, from the **acquisition to the disposal**

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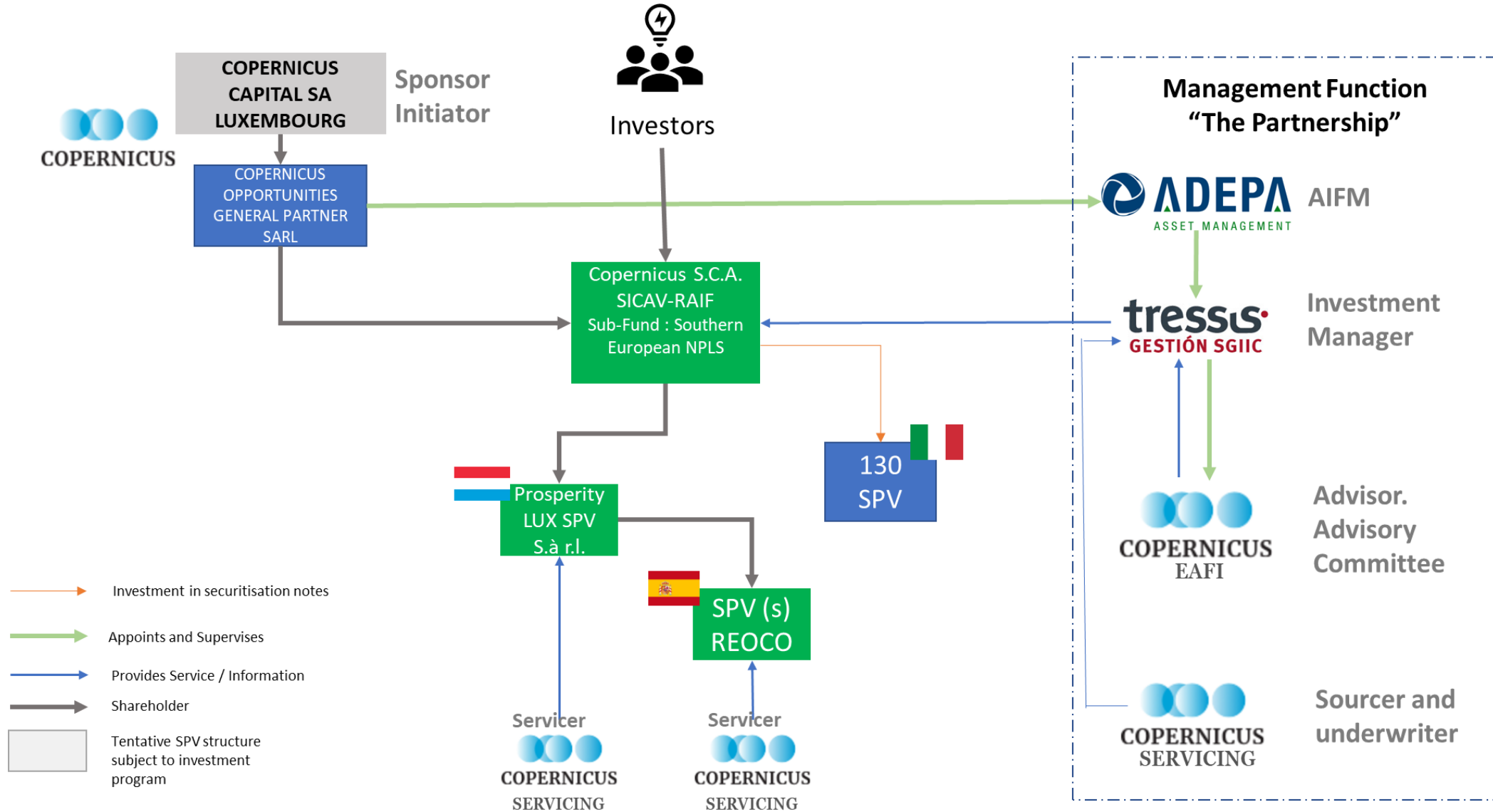
5 Why Copernicus

6 Fund Structure and Terms

7 Appendix

OPEN FUNDS

FUND STRUCTURE AND INVESTMENT FLOW



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FUND TERMS AND CONDITIONS

Domicile	Luxembourg				
Fund format	S.C.A. SICAV-RAIF				
AIFM	ADEPA Asset Management S.A.				
Investment Manager	Tressis Gestion S.G.I.I.C. S.A				
Investment Advisor	Copernicus Advisors EAFI SL				
Administrator	ADEPA Asset Management S.A.				
Depositary bank	Quintet Private Bank (Europe) S.A.				
Auditor	KPMG LUXEMBOURG				
Legal	KPMG Law Luxembourg				
Transfer Agent	ADEPA Asset Management S.A.				
Eligibility	Well-Informed Investors (Qualified and professional investors)				
Base Currency	EURO				
Minimum Subscription	€ 125,000				
Management Fee	Share class	Description	Minimum Capital Contribution (€)	Management Fee ^(*)	Subscription fee
	A	General	125.000	1.80%	up to 3.00%
	B	Institutional and Significant Investors	1.500.000	1.50%	0%
	C		4.000.000	1.15%	0%
<i>(*) Management fee paid quarterly. Calculated over commitments during the Investment Period and as % of the Asset Value after the Investment Period</i>					
Performance Fee	15% applicable on the distributable proceeds in accordance with a waterfall mechanism and a hurdle rate of 8% per annum				
Investment Period	Max 24 months following Final Closing				
Fund Term	2 years investing + 3 years harvesting (option to recycle during 1 st year of harvesting). Two annual discretionary harvest period extensions				
Distributions	On a bi-annual basis at maximum				
Target Size	Hard Cap at €150m				
NAV calculation	Yearly				

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POLICIES AND CORE VALUES OF COPERNICUS ARE ALIGNED WITH ESG

SOCIAL



- Strong focus on providing a “**second opportunity**” to the borrowers to solve their debt problems through **amicable consensual solutions**
- After the acquisition of the loans the fund and the servicer will make its best efforts to **reach out the borrower and proactively look for debt solutions and agreements** that are beneficial for both the borrower and the Fund.

ENVIRONMENTAL



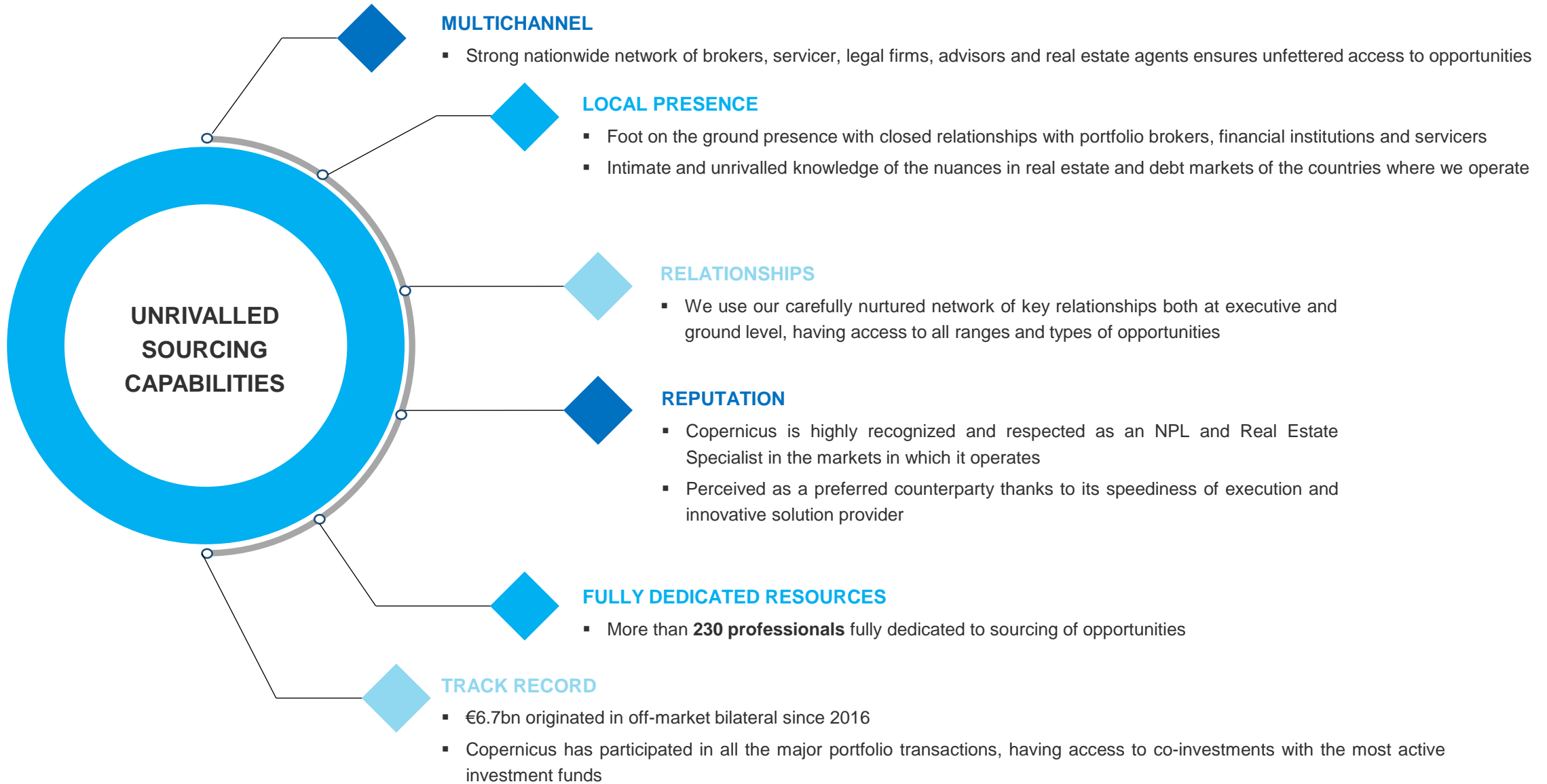
- The fund will proactively try to **engage the borrower to improve the energy efficiency of the collaterals, facilitating actions of the borrowers to implement energy efficiency mechanisms** or take initiatives to transition to the use of renewable energy

GOVERNANCE



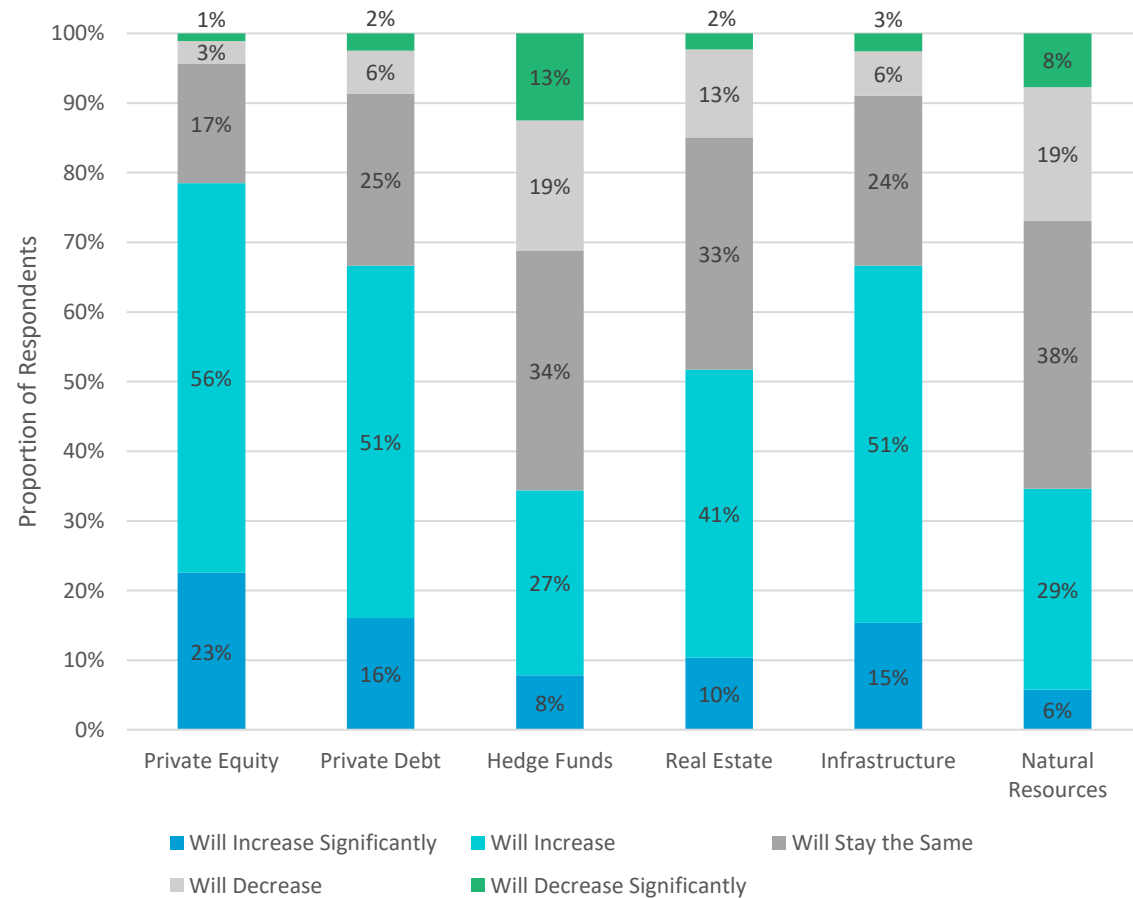
- From the investment to the divestment, **the fund will actively promote the Copernicus Governance Policy at all times.**
- The fund will act with **integrity and demonstrate good governance practices** and relationship management.
- All decisions and actions are **aligned with Copernicus’ internal governance policies** (Conflict of interest, remuneration policy, etc.)

ORIGINATION CAPABILITIES



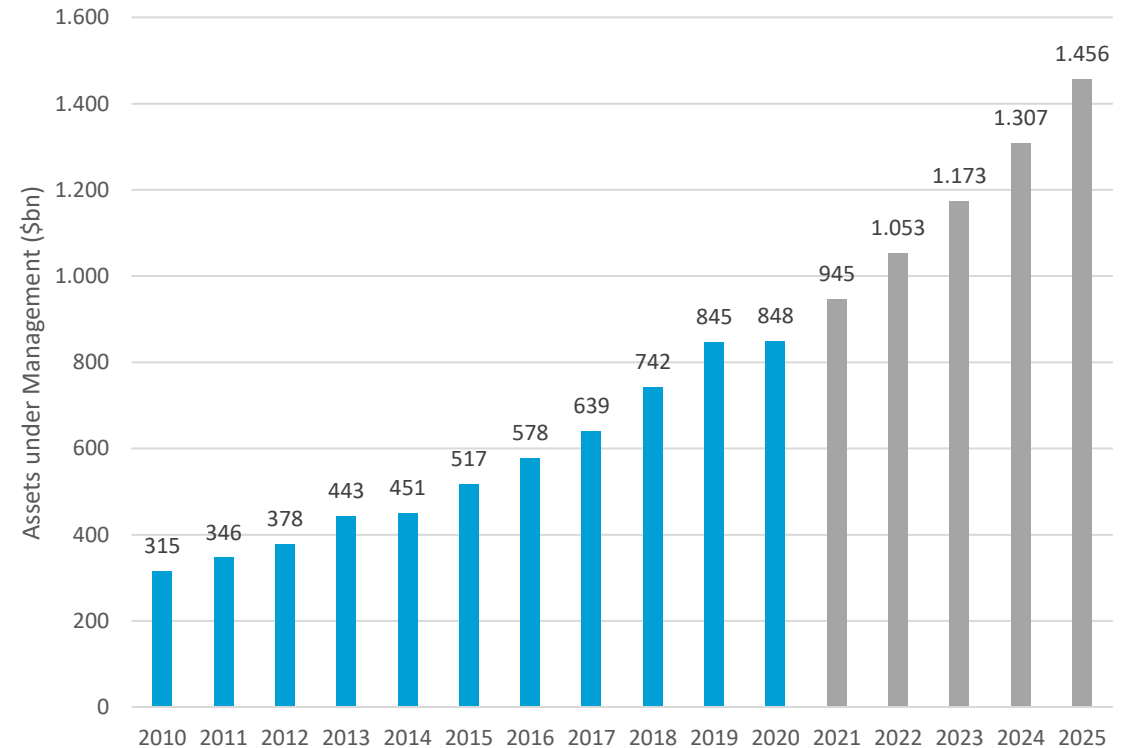
ALLOCATION TO ALTERNATIVE ASSETS EXPECTED TO GROW OVER THE NEXT YEARS WITH PRIVATE DEBT AS ONE OF THE MAIN ASSET CLASSES

Fig. 1: Investors' Plans for Their Allocation to Alternatives by 2025 by Asset Class



Source: Preqin

Fig. 2: Private Debt Assets under Management and Forecast, 2010 - 2025*



Source: Preqin Investor Survey, August 2020

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NPLs: AN ATTRACTIVE ASSET CLASS

According to Mercer, NPLs are a Sub strategy of Real Estate Investments

Private non-core real estate

Mercer believes private non-core real estate strategies have three key benefits for an institutional investor:



They have **outperformance potential** when compared with traditional core real estate strategies



They provide **access to new investment opportunities** that may not be accessible through listed or core real estate allocations



They can **act as diversifier** within institutional investors real estate, private markets or overall portfolios

5%-9%

Core

- 80% income/20% appreciation
- High-quality, fully leased assets in strong locations
- Comparably high liquidity

- Most defensive subcategory
- Comprised of high-quality properties in traditional property sectors
- Institutional investors often own core property directly and domestically
- Has historically generated long-term, stable returns, primarily generated by their rental income component
- Not as liquid as securities such as real estate investment trust or REITs
- More liquid than value-add and opportunistic property

5% (senior debt whole loans) - 14%+ (NPLs + REOs)

Real estate debt

- Include numerous sub-strategies that can be broadly classified into two main segments:
 - (Senior) debt – target returns between 5% and 14% p.a.
 - Real estate owned encompassing foreclosed property owned by banks. This second segment involves higher opportunistic-type risk and has target returns higher than 14% p.a.
- Duration of closed-end debt funds is about seven years

9%-14%

Value-add

- 50% income/50% appreciation (depending on exact strategy and stage)
- Assets in need of upgrades, repositioning or development
- Less liquid assets than core

- Comprised of properties with some refurbishment, repositioning or leasing requirements
- Besides the traditional property sectors, value-add real estate may include specialist funds and niche property sectors – e.g.m self-storage, senior housing and elderly care, medical office, lab space, data centers
- Strategies are built through commitments via specialized managers that raise capital for closed-end vehicles with an average term of about eight years
- Generally expected to benefit from and liquidity premium

14%+

Opportunistic

- 20% income/80% appreciation
- Complex and stressed situations, developments, entity-level investing with operating risk
- Less liquid assets than value-add

- Comprised of properties across all aforementioned sectors
- May involve exposure to development or re-development activities, complex distressed situations, a higher level of exposure to operating risk (e.g., the hospitality segment), involving operational complexities or emerging markets risks
- Strategies are built through commitments via specialized managers that raise capital for closed-end vehicles with an average term of about eight years
- Expected to benefit from an illiquidity premium; however, it is difficult to isolate this risk premium from the main alpha driver, which is value creation

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NPL MONETIZATION THROUGH A FULL SUITE OF MANAGEMENT STRATEGIES

Negotiation



Discounted Pay-Off

Agreement with the borrower to cancel the debt in exchange of a cash payment

- Repossession: No
- Resolution time: 6 - 18 months



Consensual Sale

Consensual sale from the balance sheet of the borrower and debt cancelation

- Repossession: No
- Resolution time: 6 - 24 months



Deed In-Lieu

Repossession of the asset in a debt-for-asset agreement

- Repossession: Yes
- Resolution time: 6 - 24 months



Payment Plan

Agreement with the borrower to set a payment plan for the cancelation of the debt

- Repossession: No
- Resolution time: 12 - 48 months

Litigation



Sale At Auction

Auction of the assets and sale of the asset at auction

- Repossession: No
- Resolution time: 12- 36 months



Foreclosure

Award + Repossession of the asset through judicial procedure

- Repossession: Yes
- Resolution time: 18 - 36 months



Liquidation

Award + Repossession of the asset through Insolvency procedure

- Repossession: Yes
- Resolution time: 18 - 36 months



Necessary Insolvency

Request necessary insolvency of the borrower to force it to negotiate

- Repossession: No
- Resolution time: 9 - 24 months

Real Estate



Sale as is

Sell assets "as they are" without performing any value-added activity



Finish Development

Invest Capex in an unfinished development in order to maximize disposal value



Repositioning

Change use of an asset to create value and access to more profitable exit value



Leasing

Rent assets to cover holding costs and create new revenue streams that allows for other asset strategies



COPERNICUS

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