

STRICTLY PRIVATE AND CONFIDENTIAL

Mercury Fund

Investing in Portuguese SMEs and Mid Caps

2023

Certified



This company meets the
highest standards of social
and environmental impact

Corporation

Executive Summary

Mercury Fund

I

Fund manager Overview

- The **leading Portuguese investment firm**, with **c. €1bn AUM** under several strategies, ranging from growth/buyout, restructuring, real estate and public markets
- Invested in **over 70 companies** over the last decade
- Main LPs include Portuguese banks, **US Foundations**, EU entities, HNWI, and **Fund manager's team**
- Seasoned team comprised of **25 investment professionals**; partners working together since launch in 2012
- **Proven track-record** of delivering value across strategies – **aggregate IRR >30% in growth/buyout funds**

II

Golden Visa

- Manager is **currently fundraising** for three **Golden Visa-compliant funds**, focusing on (i) **Private Equity** (Mercury Fund – focus of this presentation), **allowing investors to mix and match strategies** in order to adapt to their risk/return profile

III

Mercury Fund

- **Investment in mature Portuguese SMEs/Mid Caps** ranging from €1mIn to €10mIn
- Market turmoil (e.g. higher inflation and interest rates) will pressure companies' treasury over the next 3 to 4 years – these conditions **will allow for interesting and opportunistic deals**
- Flexible instruments will favor **equity-like returns with downside protection, targeting mid teens returns**
- **Strong active pipeline**: The fund has sourced a total of 17 deals with a potential investment of €85-112mIn
- **Fund already with >€25mIn in size**, aiming to €50mIn until year end. **State-owned LP (bank responsible for the EU Funds)** representing up to 60% of the Fund. **The team will also invest (“skin in the game”)**

Agenda



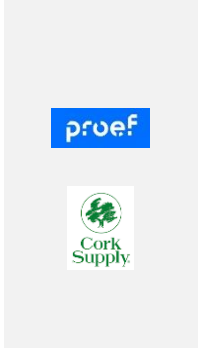



I

Fund Manager Overview

II

Mercury Fund

Fund Manager is the leading Portuguese alternative investment firm managing >€1bn across several strategies over >10 years

	Active				Divesting		
	Private Equity 1	Real Estate	R&D Financing	Public Equities 2	SMEs Capitalization 3	RE/Hospitality 4	Corporate Restructuring 5
Investment mandate	Flexible equity and debt instruments in growing Iberian companies	Defensive and opportunistic real estate investments in Portugal	Financing SMEs' R&D (grants LPs tax benefit)	High conviction public equities' investments	Minority buyouts and growth financing (execution-focused)	Bad bank real estate/hospitality	Bad bank industrial
Fund size (launch year)	c. €240mln (2014, 2018, 2021)	c. €20mln (2021)	€44mln (2018)	€15mln (2018, 2023)	€80mln (2013)	€545mln (2014)	€440mln (2012)
Limited Partners	<ul style="list-style-type: none"> Institutional Investors Family Offices & Private Investors Fund Manager 	<ul style="list-style-type: none"> Golden Visa investors 	<ul style="list-style-type: none"> Private Investors Fund Manager 	<ul style="list-style-type: none"> Private Investors Fund Manager 	<ul style="list-style-type: none"> E.U. Structural Funds Portuguese Banks 	<ul style="list-style-type: none"> Portuguese Banks 	<ul style="list-style-type: none"> Portuguese Banks
Selected Investments <i>Non-exhaustive</i>				<p>Concentrated, long-term investment style, with a focus on poorly followed companies and sectors where the Fund Manager already has experience</p>			

The Fund Manager has a strong track record of growing its portfolio companies and performing successful exits

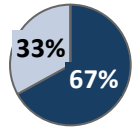
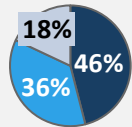
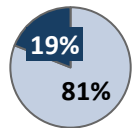
Portfolio companies sold in recent years to international players

Non exhaustive

Company	Sector	Year	Purchaser	EBITDA Entry (€mln)	EBITDA Exit (€mln)
	Cork & Wine Stoppers	2015		~6	~7
	Health and Fitness	2017	 backed by 	~1	~10
	Aluminum Extrusion	2019	 backed by 	~8	~8
	Hospitality	2020	HIP backed by 	~2	~5
	Oil & Gas	2020		~16	~33
	E-billing	2021	sovos backed by  TA ASSOCIATES	~1	~4
	Hospitality	2021		~1	~4

Strong operational experience, acquired through years of supporting portfolio companies' growth

1 Private Equity: Strong performance across all 3 funds, with pooled gross IRR of 33%

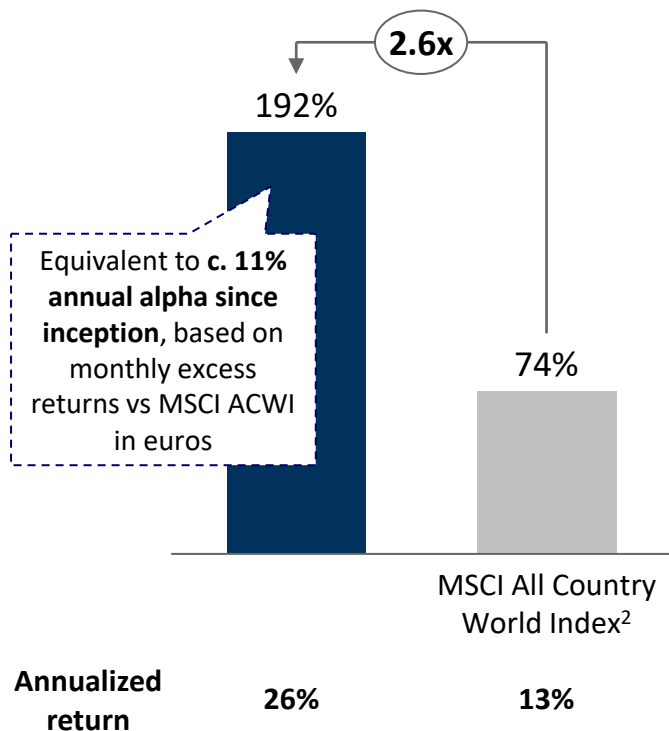
Fund	Summary Indicators			Performance ¹ (Q2 2023)			Portfolio
	Size (€mln)	Called (%subscribed)	Distributed (% called)	Net IRR	Net MM	Realized MM	
#1 (May-14)	66	89%	157%	15%	1.6x ²	1.6x	
#2 (Oct-18)	73	83%	87%	45%	3.0x ²	0.9x	
#3 (Dec-21)	105	70%	–	23%	1.4x	–	

1. Includes both realized and unrealized values.

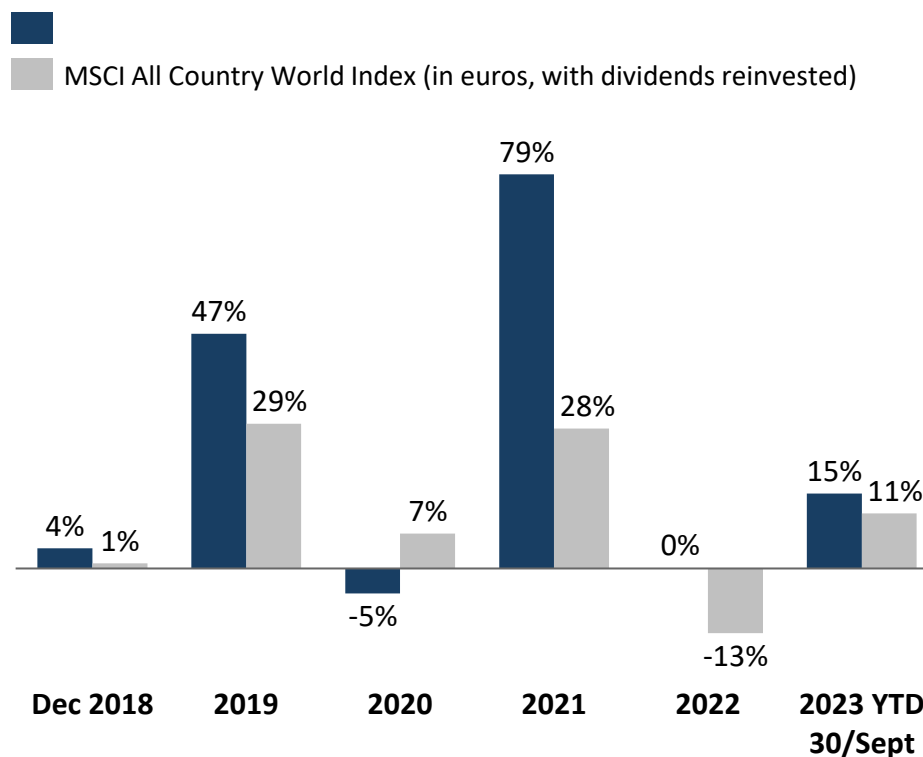
2. Considering LPs peak out of pocket contribution (i.e., net of prior distributions from PortCos sales).

2 Public Equities: Strong track record in public markets, >2,6x the MSCI all Country World Index

Cumulative return¹



Annual performance¹



Fund Manager and its partners³ have a track record of successful investments in public markets

1. Calculated as time-weighted return, i.e. it corresponds to the chain product of returns between redemption dates and capital increases, removing the impact of these movements on the rate of return, and is gross of fees for the period during which invested through Fundo FCR (Dec 2018 until 2022, inclusive); Disclosed performance represents past data and is not a guarantee of future performance. Investment in this investment strategy and consequently in the respective funds may entail the loss of the capital invested; 2. In euros, with reinvested dividends; 3. Partner involved in the initiative generated a return of 22.1% p.a. over the last 12 years (vs 8.5% MSCI World Total Return EUR) by investing in public markets | Source: Bloomberg

3 SMEs Capitalization: Superior execution and performance *vis-à-vis* local competitors within the Revitalizar initiative

Revitalizar Centro (FRC)

- **Execution-focused regional fund set-up** in partnership with Portuguese banks and the government
- 3 funds were launched to deploy €220mln divided by North (€80mln), Center (€80mln) and South (€60mln), managed by independent management companies
- **Substantial investment restrictions** with maximum deployment of €1.5mln per year per company
- **Manager** won the Center and South Funds and **selected the Center region**¹

A 1st investment period (2013-15): 2 years to fully invest the Funds

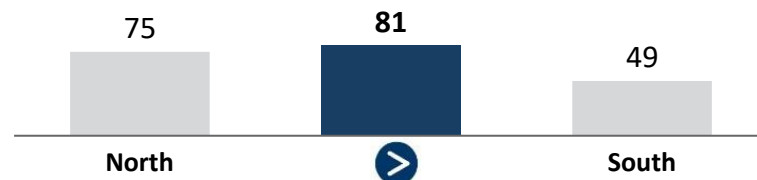
B 2nd investment period (2016-19): 3 years to deploy capital that had been divested in the meantime

Revitalizar Centro's returns are expected to be superior to competitor funds based on qualitative data of the portfolios

1. Each management company could only manage one of the funds.
2. Latest publicly available data.

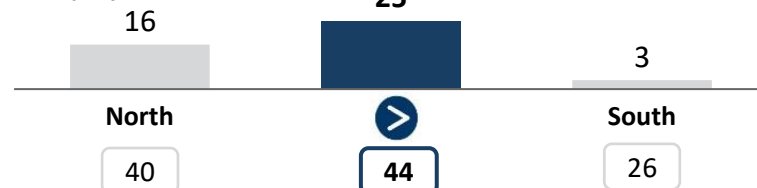
A Fund Manager was the only management company that deployed >100% of committed capital in 2 years

Capital deployed 2013-15 (€mln)



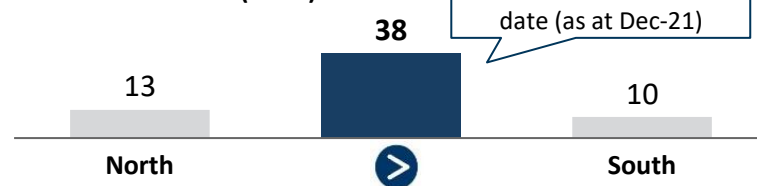
B Fund Manager deployed more capital in the 2nd investment period than its two competitors combined

Capital deployed 2016-19 (€mln)



Fund manager was the fastest to distribute capital to investors being responsible for 60% of total capital returned

Divestments until 2018² (€mln)



Restructuring: Proven track record in implementing operational and financial restructurings across a wide range of distressed assets

4 Real Estate Restructuring

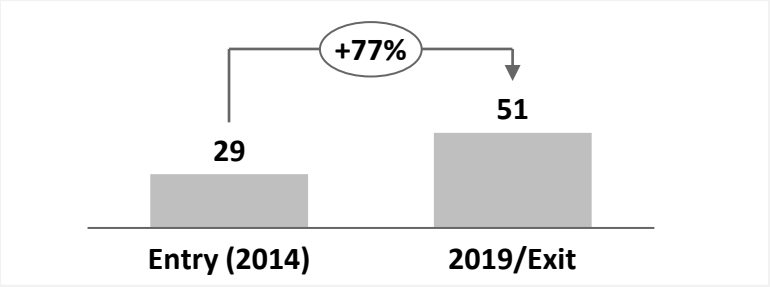
Strategy

- **Overleveraged but viable companies** with high exposure to Portuguese banks, which are Limited Partners
- **Increasing recovery value** (low target returns) through **debt-to-equity conversions** and **operational improvement programs**

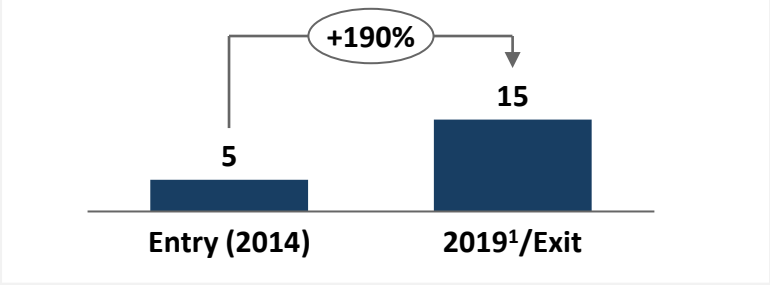
Highlights

- **5 deals executed** (2014-15) in **distressed tourism and real estate assets**
- **2 divestments** of 5-star hotels **amid the pandemic** (2020 and 2021), after strong increase on the level of quality and profitability

Portfolio Sales (€mln)

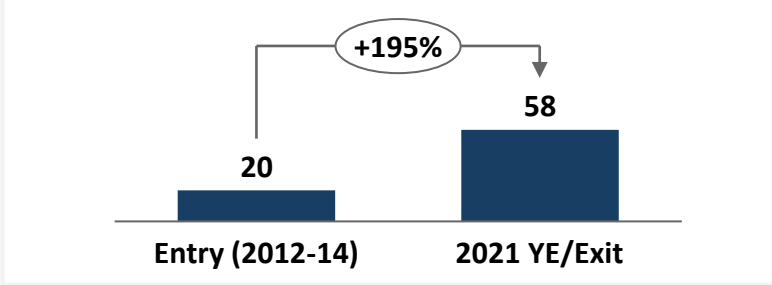
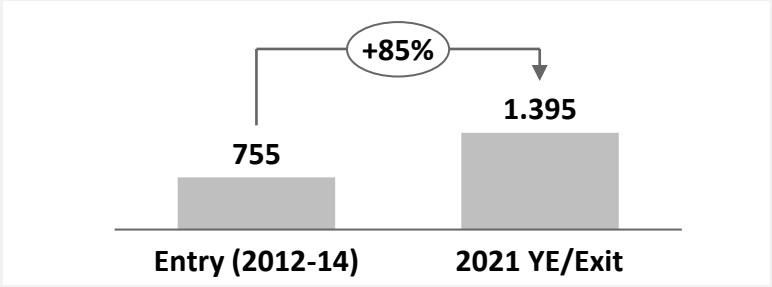


Portfolio (€mln)




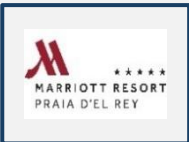



5 Corporate Restructuring

- **5 deals executed** (2012-14) in **overleveraged industrial companies**
- **3 divestments concluded to date**, of which one with IRR >40% and other with MOIC >2.0x



1. Aggregate EBITDA of the hotels exceeded break-even in 2020 and 2021, despite COVID-19. *Zoom-in in the next slide*

4 Fund Manager has extensive experience in implementing value add initiatives in real estate and touristic assets in Portugal


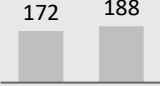
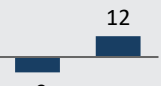

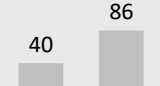
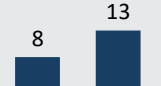

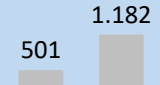
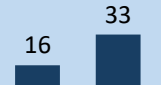

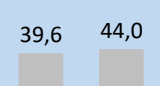
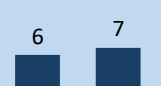

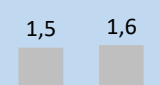


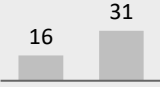
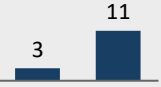

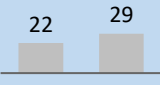
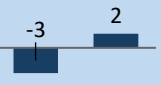
Asset	Description	Main Initiatives	Rating ¹	Sales ² (€mIn)	EBITDA ² (€mIn)
	5-star hotel located in Tróia acquired in jun/2014	Developed group/ events segment seeking usage of the facilities of the hotel in the low season	8.6 → 9.0	6 → 10	0 → 2
	5-star hotel located in Óbidos acquired in jun/2014	Extensive refurbishment Development of a rental pool and F&B outlets	8.8 → 9.2	7 → 17	0 → 4
	5-star hotel located in Coimbra acquired in dec/2014	Hotel refurbishment enabled its repositioning as the only 5-star hotel in Coimbra	8.3 → 9.0	3 → 5	1 → 1
	5-star hotel located in Vilamoura acquired in Jun/2014, sold in 2020 Divested	Untap unexplored target segments such as golf Professionalization of yield management	9.0 → 9.2	7 → 12	2 → 5
	5-star hotel located in Algarve acquired in Jun/14 and sold in Oct/21 Divested	Construction of several apartments (for rental) Extensive Hotel revamp	8.9 → 9.4 2014 → 2022 ¹	6 → 11	1 → 4
Portfolio	Fund Manager also manages 2 golf course and 2 greenfield projects for the development of 5-star resorts	Identification of repositioning/ improvement opportunities	Strong focus on quality and customer experience Constant monitoring of quality indicators	29 → 55 Pre → Post	5 → 16 Pre → Post

1. Rating from booking.com (reference date 31/12/2022, except for divested assets).

2. Pre-COVID 19 figures. Aggregate EBITDA exceeded break-even in 2020 and 2021.

5 Fund Manager invested in 8 Portuguese groups implementing operational and financial measures to improve results

Fundo Reestruturação Empresarial

	Companies	Description	Date	Participation	Sales (€mIn)	EBITDA (€mIn)
Portfolio	 CABELTE	Production of energy cables in copper and aluminium	Mar-13	94.5% + shareholder loans		
	 MCS PORTUGAL	Extraction of raw-materials for the ceramic industry and produces ceramic bodies	Aug-13	50% + shareholder loans		
Exits	 prio	Distribution and sale of fuel (gas stations); (ii) production and sale of biofuel and (iii) fuel storage	Aug-13	100% + shareholder loans		
	 PIE DADE	Production and distribution, in the world market, cork closures produced from selected materials	Feb-14	60% + shareholder loans		
	 ENP	Construction and repair of naval ships	Nov-14	30% + shareholder loans		
Portfolio	 FLATLANTIC <small>SEASONABLE PLATFISH VILLAGE</small>	Aquaculture Production of turbot	Jul-17	100%		
	Agricultural Assets	>800 ha of super intensive Olive Grove >1.000 ha of Avocados and Tangerines	May-18 Nov-21	-	n.a.	n.a.
Exit	 ALELUIA CERÂMICAS	Production and decoration of wall and floor ceramic tiles	Jan-16	>90%		

Agenda

I	Fund Manager Overview
II	Mercury Fund
A	Investment Strategy
B	Pipeline
C	Key terms

Leveraging on strong track record on Private Equity, the Fund will be focused on equity like returns with strong downside protection

1 Market turmoil



- **Covid-19 Pandemic followed by UA/RU war led to a turmoil in the real economy** that will pressure companies' treasury. **In addition:**
 - SMEs represent >98%¹ of the number of companies – opportunities to **consolidate market improving productivity**;
 - Non-professional / family-owned business with low financial education – **support from a financial investor will be needed**;
 - Portuguese **corporate sector is highly levered**, with most **financial debt concentrated in SMEs**

Unique moment to invest in companies impacted by macro environment with **sustainable business models**

Current size > €25mIn with target of €50mIn YE

2 Investors Profile

Anchor Investor with €30mIn already committed and up to 60% of the Fund

Banco Português de Fomento²
State-owned bank responsible for the allocation of EU Fund's

Other

- **The Team will invest**, aligning the interest of all stakeholders
- **Other Private and Institutional investors**

Opportunity to invest alongside a team that believes in the success of the Fund – “Skin in the game”

3 Deal flow origination

Fund Manag has well-established **proprietary deal origination channels** through strong professional network and relationships with owners, banks, brokers and advisors

Access to off-market deals with lower competition

4 Track Record

Fund Mana has a **proven track record of investing and generating returns** in Private Equity investments with >80 investments and >40 exits both in restructuring and Growth/Buyout

Strong track record on execution and delivering returns

1. Bureau Van Dijk; SABI
 2. Similar to the KfW Development Bank in Germany

Investment in mature SMEs/Mid Caps with sustainable business models via flexible Debt/Equity instruments

Investment Strategy

- Investment in mature Portuguese companies with EBITDA ranging from €1mln to €10mln
- Proactively sourced with **proprietary deal flow (key to achieve higher returns)**

Investment Structures

- Flexibility to **provide liquidity** to companies **and/or acquire minority/majority stakes**
- Flexible Debt/Equity instruments that will **favor attractive returns with downside protection**

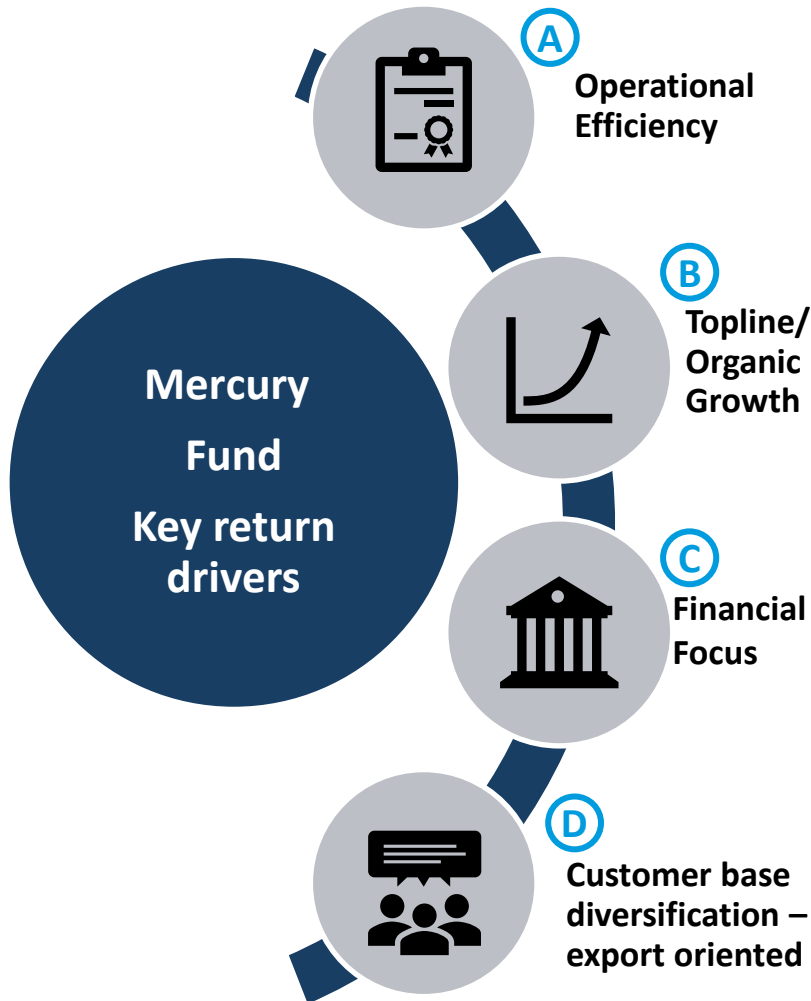
Target Returns

- **Mid teens**

Target Sectors

	Industrial
	Health
	Retail and Services
	Agrobusiness
	Transportation and Logistics

Fund Manager aims to partner with viable companies on a fundamental shift towards profitability and sustainability



- **Increase operational efficiency** – namely redesigning plant layout, product mix
- **Cost reduction measures** – namely **workforce optimisation**, suppliers tenders

- **Focus on margin control** instead of value/volume – looking for more value added
- **Investment in stable/resilient revenue streams** – on a medium/long term perspective
- **Leverage on brand recognition**

- **Financial deleveraging**
- **New Money to level up the company WC and equipment** vis-à-vis competitors

- **Focus on decrease dependency** from certain markets/regions/customers
- **Implement strong export oriented mindset at the C-level** that will spread to organization

Agenda

I	Oxy Capital Overview
II	Golden Visa
III	Mercury Fund
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Active pipeline comprised of 17 companies, with one investment already in contracts discussion

Active Pipeline				
#	Industry	Investment Type	EBITDA (€mln)	Ticket (€mln)
1	Industrial	Hybrid	c. 2	5
Contract Negotiation			-	5
2	Industrial	Equity	c. 2	3 – 4
3	Industrial	Hybrid	c. 3	4 – 6
4	Industrial	Hybrid	c. 2	2
5	Industrial	Hybrid	c. 1	2 – 3
6	Services/Tourism	Equity	c. 5	8 – 13
NBO Signed/Under Discussion			-	19 – 28
Under Analysis			-	61 – 79
11 companies in the Industrial, Food, Agrobusiness and Mining industries				
Total			-	85 – 112

Employing an opportunistic approach and through proprietary channels, the fund has sourced a total of 17 deals with a total potential investment of €85mln – €112mln, 1 of which to be signed in the upcoming month

Agenda

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Private Equity (Mercury Fund)

Key Terms

Fund Strategy:	Capitalization, Growth and Acquisition of mature SMEs/Mid Caps in Portugal
Closing:	Successive periodic closings until final closing
Fund Target Size:	€50mln
Gross IRR Target:	Mid teens
Subscription Fee:	None for subscriptions until the end of Dec-23
Management Fee:	2.0% annual over subscribed capital over the investment period (2025) and over the invested capital on Portfolio companies after
Hurdle rate:	3.0% per annum (if >50% of the is invested in quasi-equity/debt) or 5% per annum (if >50% of the is invested in equity)
Carried interest:	20.0% of profits once hurdle rate has been achieved with catch-up
Term of Fund:	Dec-30, which can be extended contingent on approval by the General Meeting
Minimum subscription:	€100 thousand, fully realized upon subscription
Subscription period:	Open until 2024YE
FATCA:	FATCA-compliant

Entities

Fund Manager:	
Auditor:	Ernst & Young Audit & Associados – SROC, S.A.
Legal Counsel:	PLMJ Advogados, SP, RL

Contact Details

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