



CAPITAL FOR PROGRESS INVESTS IN COPERNICO, ONE OF THE ITALIAN LEADERS IN CO-WORKING PROPERTY MANAGEMENT

Milan, 8th July 2019

Capital For Progress Single Investment S.p.A. ("**Capital For Progress**" or the "**Company**"), a company listed on the AIM Italia market, today signed an agreement to invest in Copernico Holding S.p.A. ("**Copernico**" or "**Target**"), one of the Italian leaders in the real estate office management and property enhancement, through the rental of office space and *co-working* stations, event spaces, as well as in the provision of services linked to smart working for its *corporate* customers.

According to the agreement, described below in detail, Capital For Progress is reserved the subscription of up to €15mln capital increase in Copernico, to be exercised by 31 December 2019, partly in the form of special category shares and partly to service a convertible bond loan.

Capital For Progress is expected to subscribe the first 3.5 MLN/€ in the coming days.

The rationale of Capital For Progress investment is pre-IPO, to support the Target in this strong *business* development phase, coupled with a relevant organizational effort. Copernico has agreed to commit to listing on the AIM Italia market by 31 December 2021.

Capital For Progress intends to sell (on the market or by direct negotiation) part of the treasury shares in its portfolio, resulting from the shareholders' put option exercise in May, in order to increase its resources and fully subscribe Copernico's reserved capital increase.

CFPSI has been assisted as legal advisor by Gattai, Minoli, Agostinelli & Partners.

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INFORMATION ON THE SIGNIFICANT TRANSACTION

(a) Detailed information about the Transaction

On the basis of the agreement signed today, Copernico Holding S.p.A. ("**CH**") will reserve to Capital For Progress Single Investment ("**CFPSI**") (i) a capital increase in B shares (the "**Aucap**") up to 7.5 MLN/€, at the subscription price of €21 per share, and (ii) a convertible bond ("**POC**"), convertible in B shares, up to 7.5 MLN/€, both to be subscribed by December 31, 2019 (the "**Transaction**")

The Transaction also provides for the transfer of 10 A Shares to CFPSI, at a unit price of €21, by certain shareholders of CH.

The current share capital of CH consists of 1,205,570 class A shares (the "**A Shares**") and 410,517 class B shares (the "**B Shares**"). The extraordinary shareholders' meeting resolves with the majority of 81% of the A Shares.

B Shares have the following main characteristics: (a) have no voting rights, (b) are subject to a prior offer obligation by the other shareholders holding B Shares in the event of a transfer, (c) have a tag-along right in the event of a transfer of control by the shareholders holding A Shares, (d) are subject to a drag-along obligation (at a price not lower than the subscription price) towards holders of A shares in the event of *change of control* and (e) B share automatically transform into A shares in the event of listing, merger or split, according to a variable conversion ratio, aimed at protecting the holder of B Shares from any losses¹, (f) are preferred in the event of liquidation.

The following table shows CH's shareholding structure as at 31.12.2018.

Copernico Holding S.p.A.	31/12/2018	
	share capital - n. of shares	
Total shares (#)	1.616.087	100,0%
of which A shares (#)	1.205.570	74,6%
of which B shares (#)	410.517	25,4%
Main shareholders of A shares:		
Martani Pietro	469.669	29,1%
Ferragamo Leonardo	362.500	22,4%
Ghetti Stefano	160.499	9,9%
Canavesio Giancarlo	116.087	7,2%
Esclapon Cristiano	46.036	2,8%
Other shareholders	50.779	3,1%

The POC shall have the following characteristics: (i) is due on 30 September 2022, (ii) 4% yearly yield (to be paid in quarterly coupons of 1%) and 15% redemption premium,

¹ More precisely, the exchange ratio will be equal to the Weighted Average Purchase Price / Placement Price or Weighted Average Purchase Price / Merger or Demerger Value. The economic rationale of the described mechanism is to protect B shareholders in the context of extraordinary transactions.

(iii) automatic conversion in case of IPO or *change of control* of CH, with conversion price at 15% discount to the transaction value, (iv) early repayment option by CH after the first 12 months from the subscription, at a consideration equal to 100+x% of the nominal value, where X is equal to the percentage that allows to obtain an annual *pro rata temporis* return of 10%, (v) *pari passu* guarantees with the bonds already issued.

CFPSI will pay in the next few days the first 3.5 MLN/€ of Aucap.

CH will use the resources paid by CFPSI exclusively for the needs of Copernico S.r.l. ("**COP**"), the 100% controlled operating subsidiary through which it carries out its *business* as described in the following paragraph (CH and COP, the "**Copernico Group**").

The POC can be subscribed by CFPSI only after it has subscribed at least 5 MLN/€ of Aucap and in any case in such a way that the ratio between the subscribed Aucap and the POC is always [3:1] until the Aucap² is totally subscribed. Once the subscription of 7.5 MLN/€ of Aucap has been exceeded, the [3:1] ratio between Aucap and POC must no longer be maintained.

CH will also commit to:

- Get listed on the AIM Italia market by 31 December 2021, unless in the meantime there is a liquidity event for all shareholders holding B Shares (such as, for example, the transfer of control of CH).

To this end, CH will give an *advisory* mandate to CFPSI, in addition to a success fee of €150,000 in case the underwriting of CH Aucap/POC reaches €7.5 million and a further €100,000 if it reaches €15 million;

- publish, in addition to the audited annual consolidated financial statements, a consolidated half-yearly report within 75 days of the end of each first half of the year and promptly inform the public of the occurrence of circumstances qualifying as *price sensitive* information in accordance with the rules applicable to listed companies.

The Transaction also provides for the drawing up of a shareholders' agreement between the main three shareholders of CH and CFPSI that provides for (i) the extension of the Board of Directors of CH to include a member designated by CFPSI and (ii) a veto right of CFPSI on the following resolutions: a) the approval of any investment exceeding Euro 500,000, and implying additional outflows compared to CH *business plan* approved by the Board of Directors in June 2019, and b) the approval of substantial amendments to the aforementioned *business plan*.

² For example, if Capital For Progress subscribed to 7.5MLN/€ of Aucap of CH it would be entitled to subscribe 2.5MLN/€ of POC of CH.

(b) Description of the *business* carried out by Copernico

CH was founded in 2016 through the demerger from the Windows On Europe S.p.A. of the office business unit³, and now carries out its activities through COP.

The entrepreneurial idea and the business model

The entrepreneurial idea of founder Pietro Martani and partner Leonardo Ferragamo is to offer a workspace that meets all the needs of the customer, be it a professional, a *start-up*, a small or medium business up to a large *corporation*, through the provision of a customized office solution and access to a platform of common services such as meeting rooms, event spaces, spaces for catering and cafes, dedicated to *business*, but also to socialization.

In addition to reception services, *facility management* (user management, cleaning, maintenance, etc..) and customized IT solutions, the customer has the opportunity to decline the corporate image in customized environments with the assistance of COP.

The offer of modular spaces and contracts with more limited lifespan compared to normal office contracts, ensures customers the flexibility to adapt over time the most appropriate office solution to their needs for growth, without wasting time and resources.

Finally, the availability of socializing areas animated by a schedule of events and contents supports the networking and the *community* growth, which in turn is ground for growth for the professionals and companies that are part of it.

The ***business model*** consists in renting office spaces from real estate owners and transforming them into "Copernicus environments", with the declinations and characteristics described above, leveraging on organizational, project management and design skills as well as on a consolidated group of suppliers that COP has built thanks to past developments. The properties, rented by COP under the usual long-term contracts, are redeveloped and marketed under annual or three-year contracts, in the formula of "serviced office" including a suite of activities offered, services provided and customized IT solutions.

The *know-how* present at COP is not only focused on the most typically real estate design development (division of spaces, plant engineering, finishes, furnishings, etc.), but is increasingly focused on the definition of services to customers with greater added value, an element of value creation and competitive differentiation.

In particular, an important role is played by the innovation of the "*office as a service*" technological platform, enabled by proprietary technology, which orchestrates intra-platform communication and integration between the various components such as the *marketing automation* platform, CRM (*Customer Relationship Management*), ERP (*Enterprise Resource Planning*), components for access to centres and *building automation*, etc. .

³ The Windows On Europe Group, through its subsidiary Halldis, specialises in the short term rental market, with over 1,850 apartments in the main Italian holiday cities, in Paris and Brussels.

The offer

At 31 December 2018 COP offered office solutions for a total of 58,000 square meters distributed in 11 buildings with 5,000 workstations, mainly located in Milan, but with a presence also in Rome (with a building of about 3,800sqm), Turin (with a building of about 10,300sqm) and Brussels (with a building of about 4,600sqm). During 2019, in addition to the introduction of new spaces in the major cities of Milan and Rome, the expansion in some provincial capitals began, in order to create a territorial network that can be used both by local customers and by customers outside the province, going there for business reasons and therefore requiring an operational base. It is estimated that by the end of the year a total of about 88,000 square meters of contract office space will be reached.

The Copernico Group's offices are located in areas functional to office use and/or in commercially attractive areas: in Milan most of the buildings are located in the immediate proximity of the Central Station and Garibaldi Station, but there are also offices in the Tortona area as well as in Foro Buonaparte with the location "Club House Brera" which offers meeting spaces, a restaurant for the exclusive use of members and *meeting rooms* in the heart of Milan.

Immobile	Città	Indirizzo	2018	2019
			<i>mq</i>	<i>mq</i>
Copernico Blend Tower Milano	Milano	Piazza IV Novembre 4	4.464	4.464
Copernico Centrale Milano	Milano	Via Copernico 38	15.838	15.838
Copernico Science14 Bruxelles	Bruxelles	14b Rue de la Science	4.603	4.603
Copernico Conca del Naviglio Milano	Milano	Conca del Naviglio 18	839	
Copernico Club House Milano	Milano	Foro Bonaparte 22	1.223	1.223
Copernico Tortona Milano	Milano	Via Tortona 33	766	766
Copernico Garibaldi Torino	Torino	Corso Valdocco 2	10.266	10.266
Copernico Isola Milano	Milano	Via Sassetti 32	7.285	7.285
Copernico Martesana Milano	Milano	Viale Monza 259-265	6.870	6.870
Copernico Castello Milano	Milano	Piazza Castello 13	2.019	2.019
Copernico Barberini Roma	Roma	Via di San Basilio 48	3.838	3.838
Copernico D'Amico Roma	Roma	Via Silvio D'Amico 53		4.102
Copernico Zuretti Milano	Milano	Via Zuretti 34		7.942
Copernico Roma Salandra	Roma	Via Antonio Salandra		8.756
Copernico Cagliari	Cagliari	Largo Carlo Felice 11		4.661
Copernico Varese	Varese	Via Volta		3.329
4 Porte Segrate Meeting	Milano	Idroscalo		1.518
4 Porte Segrate Uffici	Milano	Idroscalo		475
Totale			58.011	87.956

In terms of the solutions offered, the client can sign a contract for workspaces of the size most appropriate to him (depending on the number of workstations he needs), or a single

workstation in a *co-working* environment, as well as a *membership* that gives him access to workstations available in all locations of the Copernico Group in Italy.

Customer base

The customer base is very fragmented and is represented for the most part by small businesses, *start-ups* and professionals. Over time the presence of medium and large companies has increased and, as at 31 December 2018, 20% of the turnover represented by larger customers was composed of 33% of medium companies (with staff between 50 and 250 employees) and 66% of large companies (companies with more than 250 employees)⁴.

The level of loyalty is more marked in the segment of medium and large companies: if we consider office customers who make up about 40% of revenues, 30% have been customers for more than two years and 54% have existing contracts with a duration of more than 2 years⁵.

Copernicus' appeal to real estate owners

COP manages third-party real estate assets on which lease agreements have been signed, generally lasting 6 years + 6 years; COP does not own real estate properties.

The terms of the lease vary from property to property, reflecting the state of preservation, the architectural structure (specifically, the relationship between the commercially usable space and the total space built) and the location. It may provide for the total or partial contribution of the owner to the initial set-up costs, as well as agreements to start payment of rent postponed with respect to the signing of the contract. The owner's share of the overall restructuring costs can be associated with the owner's perception, in addition to the fixed minimum rent, of a variable rent expressed as a percentage of the rents received by COP.

The achievement of more or less favourable negotiation terms depends, among other things, on the owner's reliance on COP's ability to design and develop a commercially valid and attractive service offer, thanks to which the property benefits from long-term redevelopment and repositioning in the real estate market.

In this respect, the management of Copernico believes that the COP *track record* resulting from the redevelopment of approximately 90,000 square meters of buildings, diversified in terms of size and location, as well as the occupancy rate achieved, may represent an important asset in future negotiations.

From the point of view of COP, the preference between the different methods of rent to be agreed with the owner of the property, who always bears the costs of restructuring, depends on the assessment of the potential of the property itself.

⁴ Source: Copernico

⁵ Source: Copernico

In places with the greatest commercial potential, i.e. with a more limited non-occupancy risk profile, fixed rent contracts and more *capital-intensive* rental contracts are preferred (i.e. with furniture and technology costs borne by COP).

Conversely, in areas where the demand forecast is more uncertain, contracts with greater investment by the owner are preferred in exchange for partial revenue sharing.

Recently, COP has also signed pure *office management* contracts in which it provides restructuring consulting services to the owners and, subsequently, office management services, for an agreed fee. In this case, the enhancement of the platform and know-how developed by COP are associated with a low business risk.

Competitive context

It should be noted that in many European, Asian and North American cities the offer of office space is a relevant reality and has evolved into the different declinations of the simple "served office" (i.e. an office that is rented already furnished, equipped with basic services, generally in a very standardized format), the co-working space (i.e. open office space, with indistinct workstations, accessible on the basis of a membership contract), hybrid spaces (i.e. combining co-working, event, office and catering spaces, such as COP) and, finally, flexible office spaces, a broader term that refers to spaces that combine the above features in addition to other office management services.

It is estimated⁶ that by 2030, 30% of the company's office portfolio will have a flexible profile, consistent with labour market trends and the company's need for greater flexibility, efficiency and cost reduction, all made possible by technological evolution. Technology becomes an intrinsic component of the work environment and a distinctive feature of the office spaces offered.

In Europe, flexible office space increased by 27% in 2017, continued to grow by more than 25% in the first half of 2018 and is expected to continue this trend over the next 5 years to reach a penetration of 5% of the total office space.

In Italy, the most developed town in terms of the offer of flexible office space is Milan, (followed by Rome at a distance) which had a penetration of flexible office space on the total office of 1%⁷ in 2018. Excluding small and medium-sized spaces (< 500sqm), often managed by local operators with one or more locations, the largest spaces are dominated by international operators.

Among the main operators of the domestic market we point out:

- IWG (*International Workplace Group*, which operates under the Regus, Spaces, HQ, Signature and N.18 brands), is a group founded in 1989, with 3,094 office locations in 100 cities worldwide. The first international operator to approach the Italian market in 1996, since then it has opened 50 offices in 11 cities. The

⁶ Elaborations from different sources: Workspace, reworked - JLL, 2018 EMEA Real Estate market Outlook, CBRE Italy.

⁷ Source: Flexible workspaces in Italy. A new way of conceiving office and work 2018, JLL

company is listed on the LSE (London Stock Exchange) and has a capitalisation of approximately £3,000 million.

- Spaces was acquired by IWG in 2015, with the strategic rationale of entering *hybrid spaces*, i.e. hybrid centers that can offer a mix of dedicated offices, flexible co-working spaces, virtual offices, meeting rooms, event spaces and food offer in one place.
- WeWork, established in 2010, has more than 650 office locations in more than 100 cities; the press reports that the company has applied for listing on the NY Stock Exchange with an estimated valuation of \$47,000 million. The company is expanding globally and offers hybrid spaces with standardized private offices, shared spaces that stimulate productivity, innovation and collaboration up to the rent of offices of such a size to be used by the client company as a headquarters, entirely dedicated. In 2020 the first opening of offices in Italy, in the central area of Milan, is expected.
- Talent Garden (TAG) is an Italian company founded in 2010, owned by Tamburi Investment Partners, which is now present in 8 countries, in 19 cities, has 23 active campuses and an Innovation School. TAG offers spaces designed to support innovation (especially co-working spaces, but also fab labs, cafes, meeting rooms and training rooms), for companies and professionals in the digital field.

(c) Economic results of Copernicus

The following tables illustrate the consolidated balance sheet and income statement prepared in accordance with Italian accounting principles and audited by EY S.p.A.

Gruppo Copernico Holding (000 €)	CONS 12.2018	CONS 12.2017	CONS 12.2016
Immobilizzazioni Immateriali	6.720	5.557	4.554
Immobilizzazioni Materiali	3.152	3.645	2.903
Immobilizzazioni Finanziarie	263	285	13
Altre Attività non correnti	480	456	89
ATTIVITA' IMMOBILIZZATE	10.615	9.943	7.559
Rimanenze	36	49	34
Crediti Commerciali	2.788	2.404	1.529
(Debiti Commerciali)	(6.646)	(6.691)	(3.079)
CCN	(3.822)	(4.238)	(1.516)
Crediti/(Debiti) netti vs società correlate	2.292	1.357	644
Altre Attività Correnti	754	648	649
(Altre Passività Correnti)	(2.375)	(1.261)	(2.218)
(TFR)	(496)	(442)	(270)
CAPITALE INVESTITO NETTO	6.968	6.007	4.848
Capitale Sociale	1.616	1.474	1.378
Riserve	2.796	3.599	2.417
Utile/(Perdita)	(3.831)	(3.220)	(384)
PATRIMONIO NETTO	581	1.853	3.411
(Cassa)	(829)	(1.014)	(1.154)
Altri Finanziatori M/L	222		
Banca M/L	1.590	2.583	1.072
Obbligazioni M/L	2.208		
Altri Finanziatori B/T	811		
Banche B/T	2.385	2.585	1.519
POSIZIONE FINANZIARIA NETTA	6.387	4.154	1.437

At December 31, 2018, net invested capital of the Copernico Group was approximately 7 MLN/€, of which 0.6 MLN/€ was financed from own resources and the remainder from third-party resources. Among the latter, the M/L term bond for 2.2 MLN/€ consist of a convertible bond (the "**POC Convertendo**"), which provides for an automatic conversion into capital when capital increases of CH were to be subscribed for at least 3.0 MLN/€. In view of the fact that the initial Aucap subscribed by CFPSI will be 3.5 MLN/€, the convertible bond will be converted into capital.

Intangible assets, which represent the main item of fixed assets, are mainly represented by investments (improvements) made in leased third-party properties and are amortised in line with the duration of the contracts.

Net receivables from related companies mainly refer to receivables from the Halldis Group, a related company, and were partially repaid in 2019.

Gruppo Copernico Holding (000 €)	CONS 12.2018	CONS 12.2017	CONS 12.2016
Ricavi	20.788	14.141	11.644
Altri Proventi	826	567	726
TOTALE VALORE DELLA PRODUZIONE	21.614	14.708	12.370
yoy	47%	19%	
(Materiali)	(1.538)	(1.293)	(1.003)
(Servizi)	(7.134)	(4.959)	(3.755)
(Godimento Beni di Terzi)	(9.613)	(6.087)	(3.807)
(Personale)	(4.279)	(3.412)	(2.624)
(Altri Costi Operativi)	(1.026)	(669)	(473)
EBITDA	(1.976)	(1.712)	708
% su ricavi	n.m	n.m	6%
(Ammortamenti)	(1.561)	(1.234)	(915)
(Accantonamenti e svalutazioni)	(109)	(2)	(25)
EBIT	(3.646)	(2.948)	(232)
(Oneri)/Proventi finanziari	(195)	(249)	(108)
Proventi da Partecipazioni			
EBT	(3.841)	(3.197)	(340)
(Imposte)	10	(23)	(44)
Utile/(Perdita) netta	(3.831)	(3.220)	(384)

The economic results of the Copernico Group are affected by the strong development activities carried out during the financial years 2016, 2017 and 2018.

Lease and rental costs mainly represent rents payable, leasing, rentals and condominium expenses, while the costs for services include all those functional to the management of the buildings. The staff, including about 120 people, is made up of personnel specific to each buildings and personnel in central structures.

Amortisation mainly relates to intangible assets.

(d) Copernico valuation and total consideration

The subscription of the B Shares will take place at a price of [21] € per share, which implies an *equity value pre money* of the Copernicus Group of approximately 34 MLN/€. However, it should be borne in mind that the outstanding convertible bond, according to its regulations, will be converted at approximately € 17 per share, thus causing a dilution for all shareholders, but at the same time a reduction in the net financial position.

The valuation was negotiated between CFPSI and CH taking into account past performance, future prospects and transactions involving companies active in the same sector or otherwise comparable.

The participation that CFPSI will hold in CH will range from a minimum of 8.9% of the total capital (including A and B Shares) corresponding to an investment of 3.5 MLN/€ up to a maximum of approximately 17% corresponding to an investment of 7.5 MLN/€.

It is not possible to indicate the amount of the "*fully diluted*" participation in case of the POC conversion because the conversion price is not established *ex-ante* as an absolute value, but is a relative value that is equal to the value of any transaction, which makes it mandatory to convert, less a discount of about 16%.

(e) Effect of the Transaction on CFPSI

Following the sale offer made last May, CFPSI now has approximately 6.7 million of ordinary shares in circulation, of which 6.1 million are represented by treasury shares. In addition, 15 shareholders have exercised their right of withdrawal for a total of 77,700 shares, which must be liquidated within the time limits referred to in Article 2437-*quater* paragraph 5 of the Italian Civil Code.

Finally, at the end of the exercise period of the CFP2 Warrants (from 10 to 28 June 2019) 52,000 warrants were exercised for the subscription of 52,000 CFPSI ordinary shares at the exercise price of €9.5/share, for a total value of €494,000.

The following table illustrates the current shareholding structure of CFPSI on the basis of the information available.

	Shares held	
	n.	%
Leviathan S.r.L. (a)	71.650	12,9%
GICO S.r.L.	64.850	11,7%
Gattai Bruno	54.950	9,9%
Tempestina S.r.L. (b)	44.850	8,1%
Perricone Antonio	30.000	5,4%
Other shareholders < 5%	287.000	51,9%
TOTAL (c)	553.300	100,0%
Treasury shares	6.193.700	
TOTAL	6.747.000	

(a) Controlled by Marco Fumagalli

(b) Controlled by Antonio Perricone

(c) Of which 77.700 withdrawn

It is the intention of CFPSI to sell its own shares on the market and/or directly to institutional investors by the deadline of 31 December 2019, in order to increase its resources and complete its investment in CH which, as stated above, may have a maximum threshold of 15 MLN/€.

The resolution passed by the CFPSI shareholders' meeting on 30 April provides that such assignments may take place at a price that may not be 20% lower than the market value of the shares on the day preceding each assignment.

It is recalled that the duration of the CFPSI has been set at 31 December 2022. Therefore, by that date, if CFPSI has not been the subject of an extraordinary transaction such as a merger, a shareholders' meeting will have to be called to decide whether to extend the company's maturity or to establish the liquidation procedures pursuant to Article 2484 of the Italian Civil Code.

Moreover, the investment in CH provides for the listing of the latter 12 months before the expiration of the CFPSI and the redemption of the bond, in any case, three months before. It is therefore reasonable to expect that, even in the absence of extraordinary transactions, the investment can be liquidated in time to distribute the proceeds to the members of CFPSI if they do not decide to extend the duration of the company.

During the period of holding of the investment, CFPSI will bear, in addition to the fees of its administrative body, only the operating costs relating to its *status* as a company listed on the AIM, quantifiable as approximately 150 k€ per year. These expenses do not include the initial expenses incurred in carrying out the Transaction.

It should be noted that the Board of Directors in office for the three-year period up to the approval of the financial statements as at 31 December 2021 receives a fee of 5,000€ for each director and 10,000€ for the Chairman. There are no variable fees of any kind for the result of the investment in CH. The Directors Marco M. Fumagalli, Antonio Perricone, Alessandra Bianchi are entitled to an end of term indemnity of 250.000€ if

they are revoked without just cause from office, or if they are not confirmed at the end of the three-year period, or if their present or future powers are revoked.

CFPSI's operating expenses during the investment period will reduce the investment result for the company's shareholders.

(f) Risks relating to the Transaction

- *Risk of lack of diversification for CFPSI*

CFPSI is an investment company that will hold only one investment represented by the stake in CH. Therefore, CFPSI's investment portfolio is devoid of any risk diversification and its results will be determined solely by the performance of the Copernicus Group. The risk of investing in CFPSI shares is therefore very high and basically corresponds to the risk of investing in the risk capital of a developing company with negative results.

- *Risk arising from the holding of a minority interest in Copernico*

CFPSI will hold its investment in CH in B Shares, without voting rights, and therefore, even if there is a shareholders' agreement with other shareholders, it will have limited capacity to influence CH's management and operational choices.

- *Risk arising from failure to liquidate your investment in Copernico*

Although the price of CH and the redemption of the POC must take place before the expiration of CFPSI, there is no certainty that CH is able to access a stock market on time, nor that it is able to repay the POC regularly. In such a case, CFPSI may not be able to return the capital to its shareholders in liquidation.

- *Risk arising from the lack of liquidity of CFPSI shares*

CFPSI is and will remain a low capitalisation company for which there is no guarantee of a smooth trading and a correct valuation by the AIM Italia market. Therefore, shareholders, despite the presence of a *specialist*, may find it difficult to dispose of their shares or be forced to do so under penalising conditions.

- *Risk arising from due diligence*

CFPSI, by signing the final contractual documentation, will have performed a limited *due diligence* on the activities of the Copernicus Group which may not necessarily have detected all material critical aspects of the same. In the event of a lack of assets or contingent liabilities or any other type of damage to CFPSI's investment in CH, there is no certainty that CFPSI can take action to make good the damage suffered.

- *Dilution risk for CFPSI shareholders*

CFPSI will have limited operational cash flows during the period of investment in CH. There is therefore no certainty that these flows are sufficient to allow them to function properly. If CFPSI were to sell its own shares on the market in order to finance its operating expenses, it could find itself doing so on penalising terms, with prices lower than those previously paid by its members, subjecting them to a risk of dilution.



- *Risks deriving from the business model and from Copernicus' activities*
 - CH, is a growing group with negative economic results and may need additional capital to complete its development. There is no certainty that CH will be able to raise the necessary capital, nor that it will be able to do so on terms that do not penalise CFPSI.
 - The current financial situation of the CH group appears to be strongly influenced by the high level of investment in recent years and depends to a large extent on bank financing and the willingness of service providers, mainly service providers (property owners), to recognise payment deferrals. If these circumstances are no longer present, the CH group may find it difficult to continue on a regular basis as an operating company.
 - The CH group operates in a market that is undergoing strong development and with a growing level of competition. The entry of other operators, including foreign ones, with financial capacities greater than those of CH could result in a worsening of its operating conditions and of the profitability of the individual initiatives.
 - CH's expansion policy involves managing properties in smaller cities where the profitability of the initiatives may not be aligned with that achieved in profitable historical properties.
 - The CH group's passive rental contracts with the owners of the properties can be concluded for much longer periods than the active rental contracts with its customers and can provide minimum guarantees. The CH group may therefore be exposed to fluctuations in the rental values of real estate as a result of developments in the real estate market.
 - The development of the CH group has depended on and depends on a number of key figures, including the CEO Pietro Martani. If, for any reason, any of these key figures should fail, there is no certainty that the company will be able to replace them, nor that it will be able to do so in a timely manner and at a reasonable cost.
 - The development of CH implies the extension and updating of an adequate internal control system. There is no certainty that the company will be able to maintain and develop an adequate management control system compatible with its rapid growth.