



Private Credit & Distressed Assets

Income through secured lending.
Recovery through disciplined asset selection.

ACCREDITED INVESTOR DISCUSSION DRAFT

October 2026

Capital for businesses worth saving

A proposed debt-led expansion of the Principal Alpha strategy

A clear investment discipline

Income	Loans secured by identifiable assets.
Entry value	A defensible valuation and enforceable rights.
Repayment	A credible refinance, sale, or business recovery path.



18% annual income target is not guaranteed. Investors can lose their entire investment. Imagery is conceptual, not portfolio holdings.

Proposed investment terms

A clear commitment, a defined term, and transparent return objectives

Term	Discussion basis
Income objective	18% annually: 1.5% monthly or 4.5% quarterly
Minimum commitment	\$100,000 standard. \$25,000 at GP discretion.
Term and liquidity	3 years, plus two optional 1-year extensions. No promised early redemption.
Fees and costs	Source states no management fee. Fund expenses still reduce available cash.
Instrument and issuer	Proposed note. Issuer, ranking, security and covenants require final documents.

Source describes fund interests, not an executed secured note. No direct investor lien is established. Expanded mandate requires final documents.

Capital matched to the recovery cycle

Why the lockup supports the strategy

01

MONTHS 0-12

Deploy in stages. Verify liens, collect payments, and monitor borrowers.

02

MONTHS 13-36

Recycle repayments, resolve troubled assets, and prepare maturities.

03

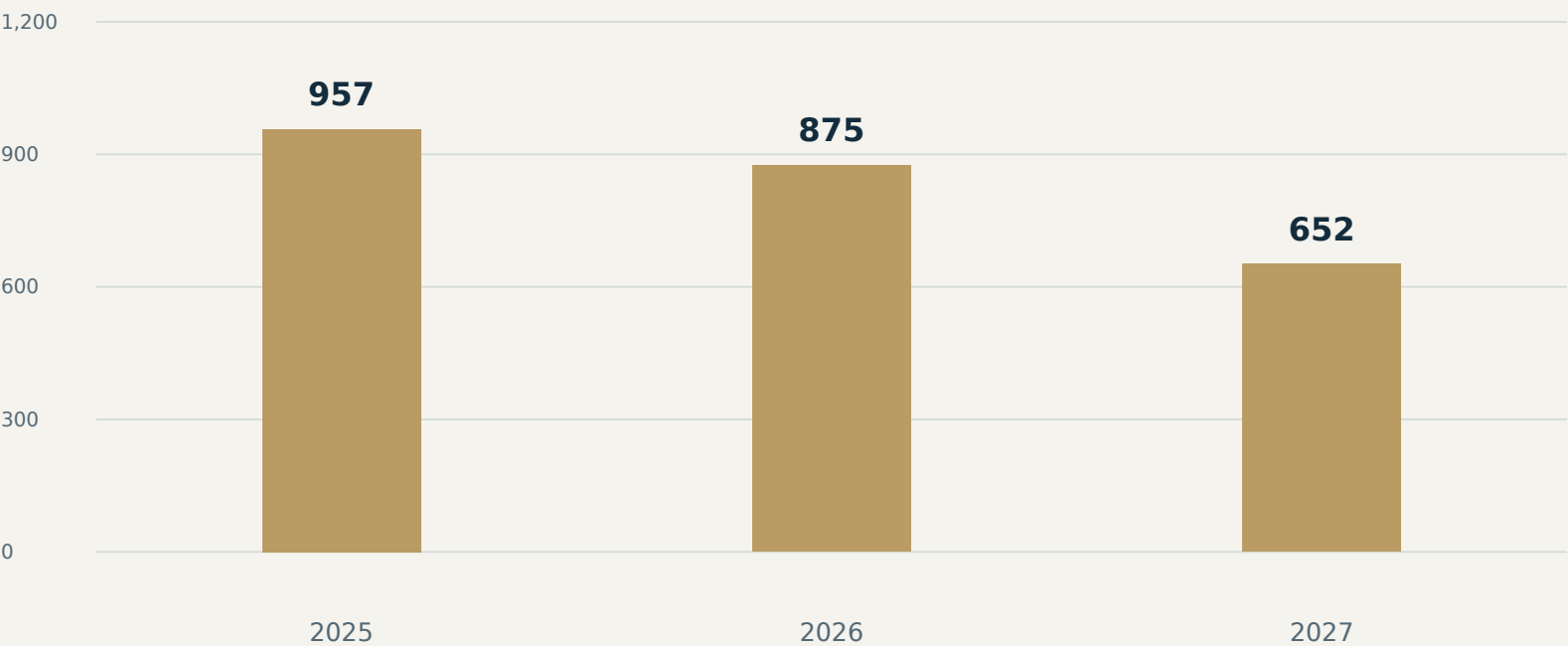
POTENTIAL YEARS 4-5

Extensions allow more recovery time and also extend investor illiquidity.

Monthly or quarterly income is a target. Distribution start, suspension rights, extension authority and repayment mechanics depend on final terms.

A substantial refinancing calendar

Scheduled U.S. commercial and multifamily mortgage maturities, \$ billions



\$875B

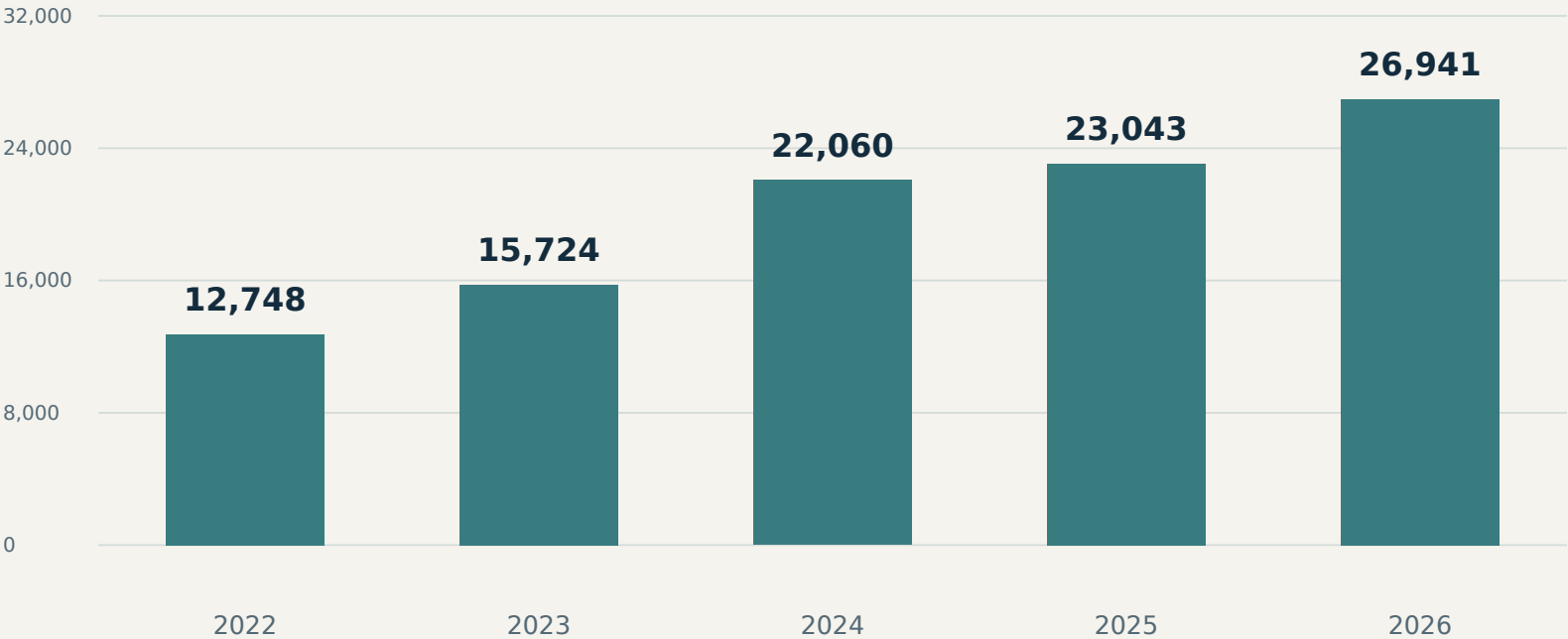
scheduled in 2026

Refinancing needs can create selective lending opportunities. Maturity does not mean default.

Source: MBA, February 9, 2026. 2025 is the prior scheduled figure. National market context, not Scipio pipeline.

Business distress creates a selective opportunity

U.S. business bankruptcy filings, twelve months ending June 30



+16.9%

annual increase in 2026

Some distressed situations retain recoverable asset value. Rising filings also indicate greater credit risk.

Source: Administrative Office of the U.S. Courts, July 28, 2026. Bankruptcy filings are not a measure of investable deals.

A focused commercial asset mandate

Business-purpose loans and selectively approved distressed purchases

Asset / borrower	Opportunity	Repayment or recovery
Boats and marine	Bridge finance or distressed purchase	Borrower payoff / brokered sale
Commercial property	Refinancing gap or viable repositioning	Cash flow / refinance / sale
Bars and adult venues	Licensed business rescue / asset finance	Operating cash / asset sale
Medical businesses	Equipment / eligible receivables	Collections / equipment resale
Pawnshops and other firms	Inventory and equipment-backed credit	Trading cash / collateral sale

Proposed mandate. No committed pipeline, acquisition, or operating license is implied.

Marine assets and resale discipline

An established market still requires careful asset-level underwriting



79.7%

of 2025 U.S. boat unit sales were pre-owned

Survey condition, title, storage, insurance, repair costs and dealer bids determine the loan decision.

Source: NMMA, July 6, 2026. Total U.S. marine retail spending was \$54B in 2025, including boat-use costs. Resale activity does not ensure liquidity.

Security follows the asset

A UCC filing is a notice. It does not automatically establish first priority.

Equipment

Security agreement, asset schedule, lien search and proper UCC filings.

Boats / titled assets

Applicable title lien or vessel mortgage process. Verify ownership and prior claims.

Commercial property

Recorded mortgage and appropriate assignments. Separate filings for personal property.

Priority and control

Resolve prior liens, obtain consents, verify insurance and use control agreements as required.

Sources: Florida Statutes 679.2031 and 679.3111. Counsel must confirm asset-specific attachment, perfection and priority.

Operating viability is part of the collateral review

Specialized businesses require specialized diligence

Bars and adult venues

Verify zoning, adult-use permissions, liquor approvals, lease rights and operator eligibility.

Medical / pharmacy

Verify ownership rules, clinical licensing, payer contracts and assignment restrictions.

Pawnshops

Verify licensing, inventory ownership, customer property and transaction records.



Proposed diligence: reconcile deposits to sales and budget taxes, payroll and restart costs. Licenses and leases may not transfer.

Proposed underwriting limits

Collateral value and a credible exit govern capital deployment

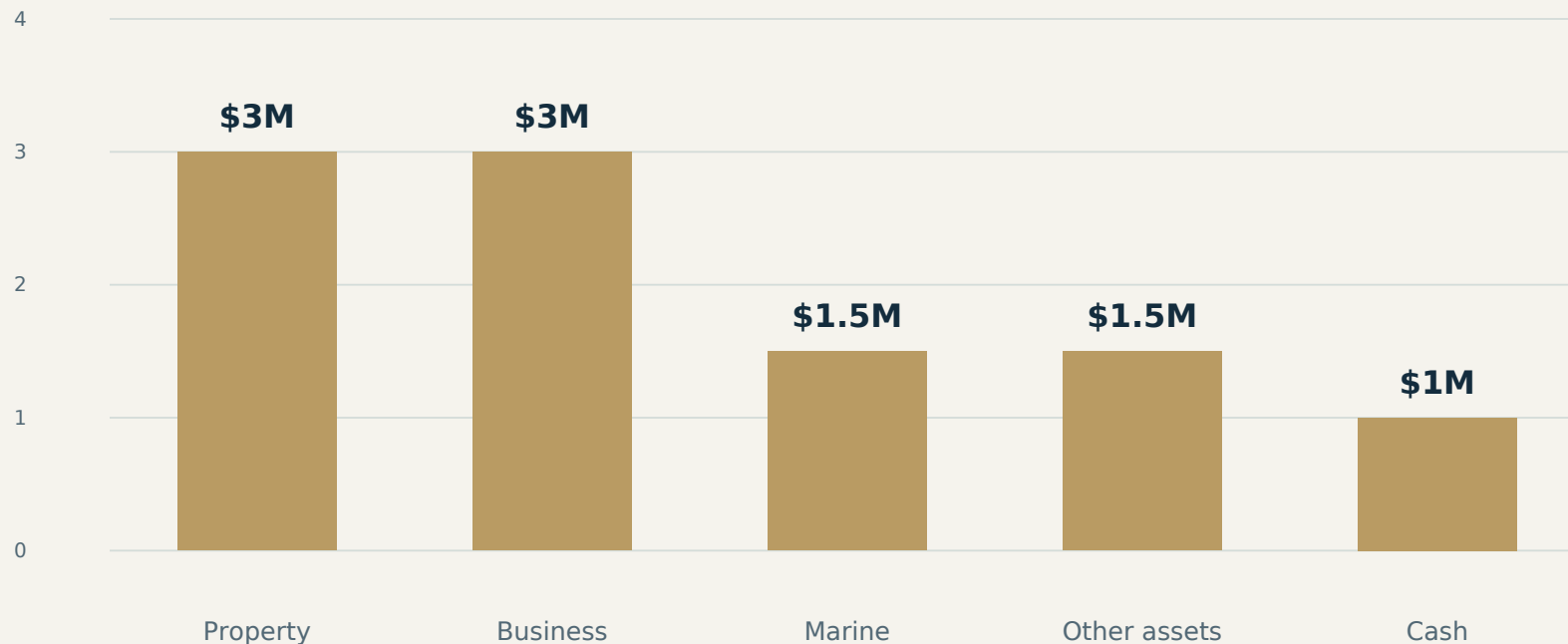
50-60%	General LTV range on supported net realizable collateral value.
10%	Single-borrower limit without specific approval.
10%	Illustrative cash reserve. Increase for maturities or workouts.
Milestones	Staged funding, reporting and revaluation after adverse events.

Proposed controls, not historical practice or final covenants. Verify cash flow or a specific sale / refinance path before funding.



Illustrative \$10 million allocation

Planning assumptions. No leverage. No announced raise or committed capital.



Hypothetical allocation. Cash reserve: \$1M. Property: \$3M. Business: \$3M. Marine: \$1.5M. Other assets: \$1.5M.

90%

average deployment

Loans fund commercial purposes. Separate approvals govern direct acquisitions and business operating exposure.

Illustrative three-year income projection

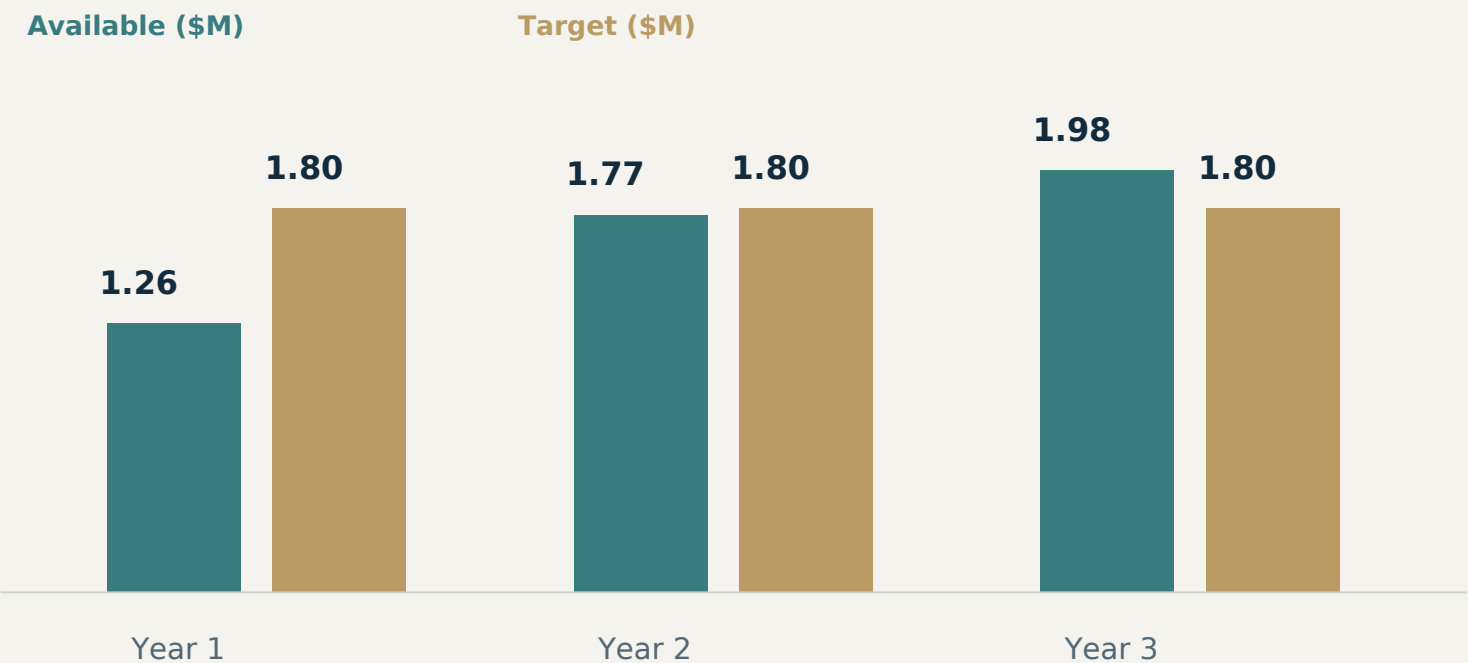
Constant \$10M capital base and \$9M average deployed balance. Figures in \$ millions.

Model item	Year 1	Year 2	Year 3
Collected yield on deployed capital	24%	28%	30%
Gross collected income	2.16	2.52	2.70
Operating / servicing costs	(0.45)	(0.45)	(0.45)
Credit loss provision	(0.45)	(0.30)	(0.27)
Available after costs / provision	1.26	1.77	1.98
18% distribution objective	1.80	1.80	1.80

Hypothetical, before investor tax. No equity gains or leverage. Loss provisions retain cash for modeled principal losses. Yields are assumptions.

Target income must be covered by collections

Available income compared with the \$1.80M annual distribution objective



0.70x / 0.98x /
 1.10x

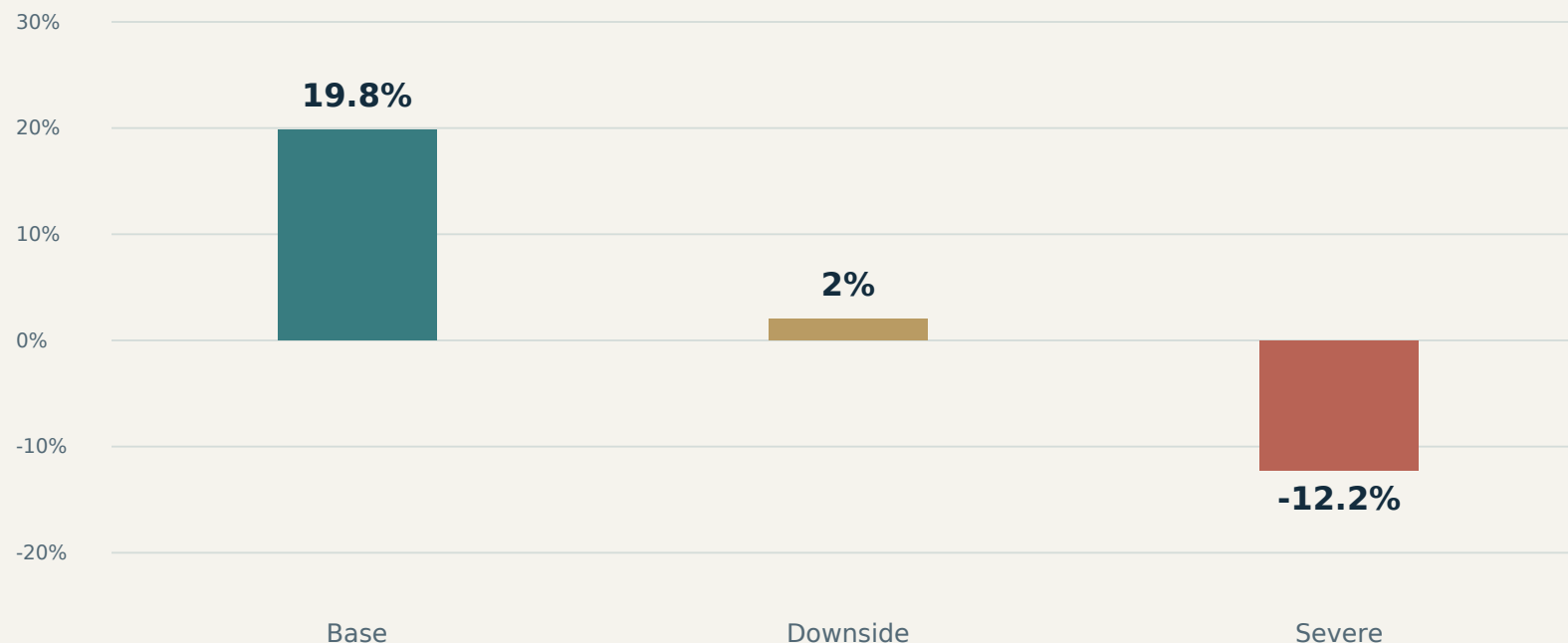
Annual target coverage

The model misses the target in years 1 and 2. Payments should follow available cash and final terms. Capital-funded distributions reduce principal.

Hypothetical. Year 1 shortfall: \$540,000. Year 2 shortfall: \$30,000. Model excludes investor taxes and assumes no leverage.

The downside deserves equal attention

Annual modeled net economic return on contributed capital



Scenario assumptions

Base: 90% deployed x 30% yield, less 4.5% costs and 2.7% loss.

Downside: 80% x 20%, less 6% costs and 8% loss.

Severe: 70% x 14%, less 7% costs and 15% loss.

Hypothetical annual scenarios, not probabilities or forecasts. Negative return means capital impairment.

Collateral protection has limits

Illustration: \$600,000 loan against \$1M initial appraised collateral value

Exit scenario	Sale price	Costs	Net recovery	Principal loss
Orderly exit	\$1,000,000	\$100,000	\$900,000	\$0
30% value decline	\$700,000	\$100,000	\$600,000	\$0
45% value decline	\$550,000	\$100,000	\$450,000	\$150,000

Entry value matters. So do the costs and timing of recovery.

Hypothetical only. Assumes no senior claims. Excludes interest, taxes and time value. Actual recovery costs may be higher.

The income objective in dollars

Illustration at 18% annually. Simple income, without compounding.

Investment	Monthly target	Annual target	36-month target
\$25,000*	\$375	\$4,500	\$13,500
\$100,000	\$1,500	\$18,000	\$54,000
\$250,000	\$3,750	\$45,000	\$135,000
\$500,000	\$7,500	\$90,000	\$270,000

*GP-discretion minimum. Assumes full payment for 36 months. Excludes principal repayment and investor taxes. Payments and principal are at risk.

Visibility into the use of capital

Proposed reporting and transaction controls

Quarterly reporting

Deployment, cash, collections, expenses, distributions and maturities.

Credit transparency

Delinquencies, non-accruals, collateral changes, recoveries and realized losses.

Related-party controls

Disclose affiliate transactions, independently value assets, and document approvals.



No audited track record accompanies this draft. Review loan tape, bank reconciliations, lien evidence and verified management biographies.

Risks that matter to the investment decision

Illiquid, speculative private investments can result in total loss.

Credit / assets	Default, falling values, uncertain recoveries and sale delays.
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Legal / operations	Lien defects, bankruptcy stays, licensing issues and litigation.
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Liquidity / region	Lockup, extensions, South Florida concentration and hurricanes.
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Structure / conflicts	Fund debt, affiliate transfers, final ranking and expenses.
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No FDIC insurance or SEC approval. Collateral, target returns and accreditation do not ensure performance or suitability.



A considered commitment

- 1 Review the offering documents and evidence.
- 2 Verify accreditation and discuss allocation.
- 3 Subscribe after final terms are agreed.

Request the diligence package.

info@scipiocapitaladvisors.com
(888) 990-7795



CONCEPTUAL ASSET IMAGERY

Sources and offering basis

Research reviewed October 20, 2026

Mortgage maturities	Mortgage Bankers Association, February 9, 2026.
Business distress	U.S. Courts, July 28, 2026. Business bankruptcy series, twelve months ending June 30.
Marine activity	NMMA, July 6, 2026. U.S. recreational marine spending and boat sales mix.
Offering / security	SEC Rule 506(c) guidance. Florida Statutes 679.2031 and 679.3111.

All projections, allocations and underwriting limits are hypothetical proposals. Images illustrate asset classes and do not depict Scipio holdings.

References and final-document requirements

Original source terms and proposed strategy assumptions remain distinct.

MBA mortgage maturities

<https://www.mba.org/news-and-research/newsroom/news/2026/02/09/17-percent-of-commercial-and-multifamily-mortgage-balances-to-mature-in-2026>

U.S. Courts bankruptcy series

<https://www.uscourts.gov/data-news/judiciary-news/2026/07/28/bankruptcies-rise-122-percent>

NMMA 2025 marine spending

<https://www.nmma.org/press/article/25545>

SEC Rule 506(c)

<https://www.sec.gov/resources-small-businesses/exempt-offerings/general-solicitation-rule-506c>

Florida 679.2031: attachment

https://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0600-0699/0679/Sections/0679.2031.html

Florida 679.3111: titled collateral

<https://www.flsenate.gov/Laws/Statutes/2026/679.3111>

Confirm issuer, note vs. fund interests, fees, extensions and distribution rights. Clarify the source phrase “minimum payout 24 months.” Final documents control. Rule 506(c) requires accredited purchasers and reasonable verification.