AnaCap Financial Europe S.A. SICAV-RAIF

Presentation of the consolidated financial results of AnaCap Financial Europe S.A. SICAV-RAIF for the quarter ended 31 March 2021

25 May 2021

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Today's Presenters

Justin Sulger – Head of Credit Investments
AnaCap Financial Partners

Eric Verret – Director and CFO
AnaCap Financial Europe

Ed Green – Director and COO
AnaCap Financial Europe

Agenda

1	Overview
2	Operational Review
3	Key Financial Highlights
4	Strategic Outlook
5	Q&A
6	Appendix

Overview

Justin Sulger

Q1 highlights: Strong continued collections performance and accelerated deployment

STRONG Q1 COLLECTIONS PERFORMANCE	▪ Gross Attributable Collections 15.9% ahead of forecast at €18.6m ▪ Collections expected to grow in Q2, currently on track to achieve €23m target
POSITIVE FINANCIAL PERFORMANCE	▪ Adjusted EBITDA and Revenue both exceeding target ▪ Cost to collect ratio down from 24.1% to 22.8%
ACCELERATED DEPLOYMENT	▪ Significant deployment progress - 40% of FY21 budget / €39m already signed ▪ Generates €70m of ERC by YE at a high aggregate GMM of 1.8x
ENHANCED DIVERSIFICATION	▪ Further diversification across secured NPLs and direct real estate ▪ Strong continued pipeline, including granular performing loans delivering stable cash flow
AMPLE LIQUIDITY	▪ Significant liquidity of €88m as at Q1 end available to fund growing deployment ▪ Leverage to decrease as collections and deployment ramp up

Operational Review

Ed Green

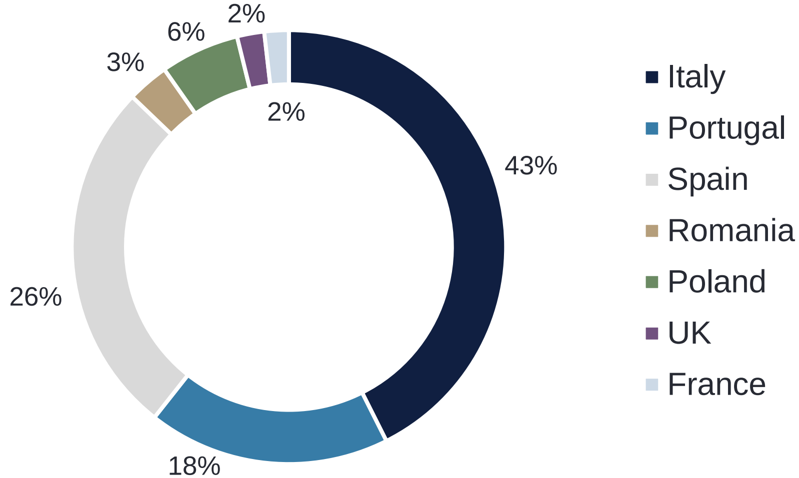
Q1 2021 cash collection was strong despite extended lockdowns

	Italy	Spain	Portugal	Other
ERC Concentration	**43%**	**26%**	**18%**	**13%**
Q1 Collections	€8.1m €1.9m above target	€3.3m €1.0m above target	€4.2m €1.1m below target	€3.1m €0.8m above target
Q2 Collections Target	€10.0m	€2.9m	€8.3m	€2.0m
AFE Asset Management FTE[1]	1	12	4	8
Key Lockdown Updates	▪ Loan moratoria extended until Dec-21 ▪ Courts operational with some restrictions	▪ Regional restrictions still in place ▪ Courts operational, though operating at reduced capacity	▪ Courts closed during Q1 2021 ▪ Now re-opened, although debtor protections remain in place	▪ Restrictions easing in UK ▪ Regional restrictions in place in Romania ▪ Polish courts closed to public
Key Asset Management Initiatives	▪ Cash-in-Court Acceleration ▪ Campaign to drive amicable resolutions	▪ Internalisation within AFE AM platform ▪ Campaign to drive amicable resolutions ▪ Active marketing of liquid REO Stock	▪ Cash-in-Court Acceleration ▪ Active marketing of liquid REO Stock	▪ Auction stimulation, and active REO strategy ▪ Targeted segment sales

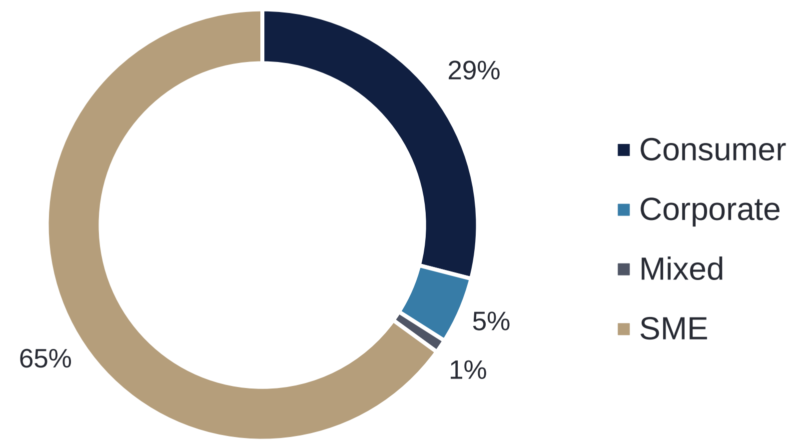
(1) As at May 2021.

ERC composition as at 31 March 2021

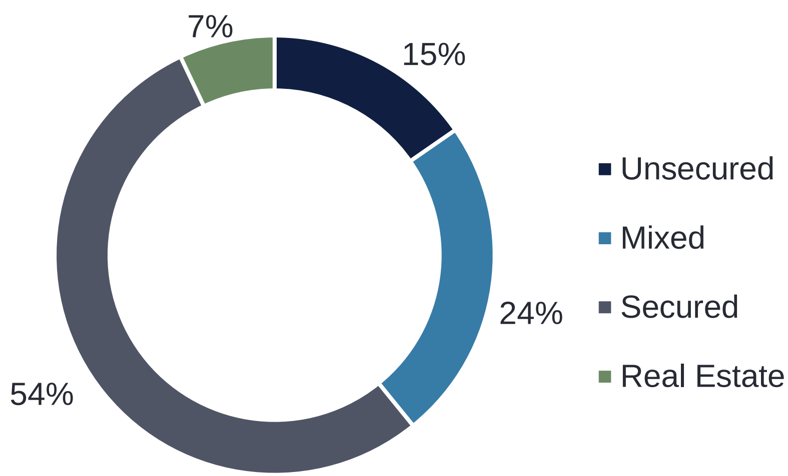
84-MONTH ERC BY GEOGRAPHY



84-MONTH ERC BY BORROWER



84-MONTH ERC BY ASSET TYPE



Note: Data as of 31 March 2021, unless otherwise specified

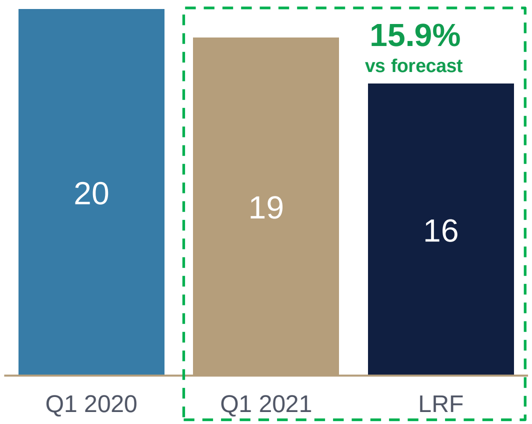
Key Financial Highlights

Eric Verret

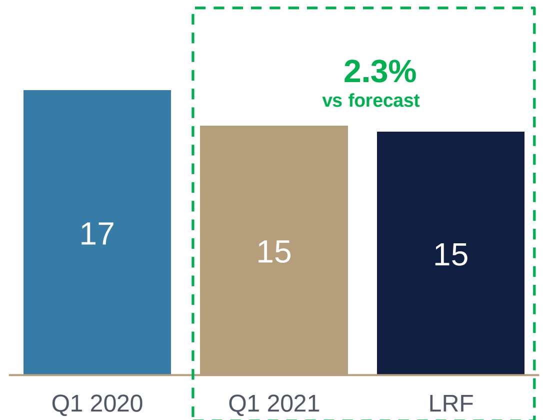
Strong financial performance in Q1

All values in €M

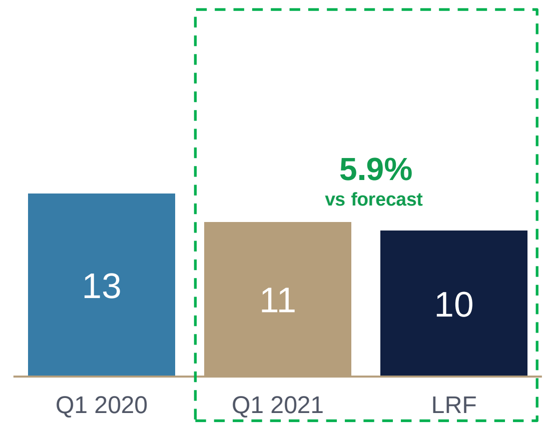
GROSS ATTRIBUTABLE COLLECTIONS



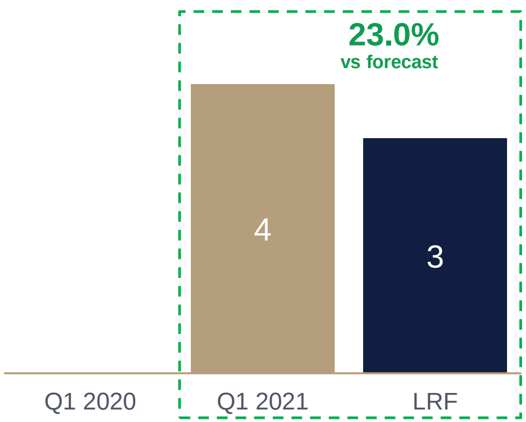
REVENUE



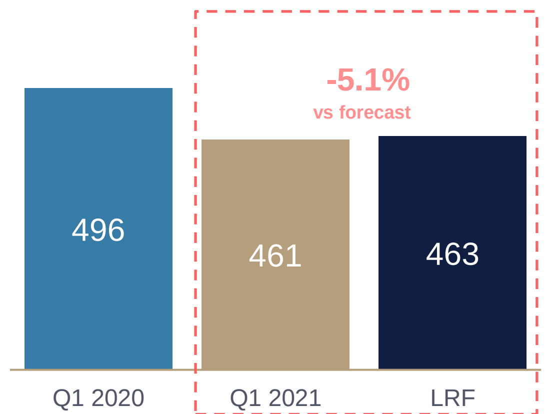
ADJ. EBITDA



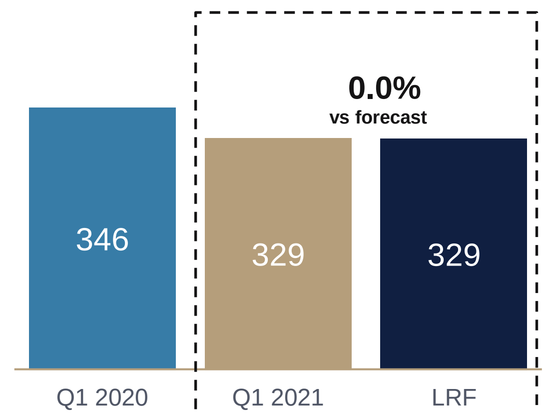
DEPLOYMENT



84- MONTH ERC[1]



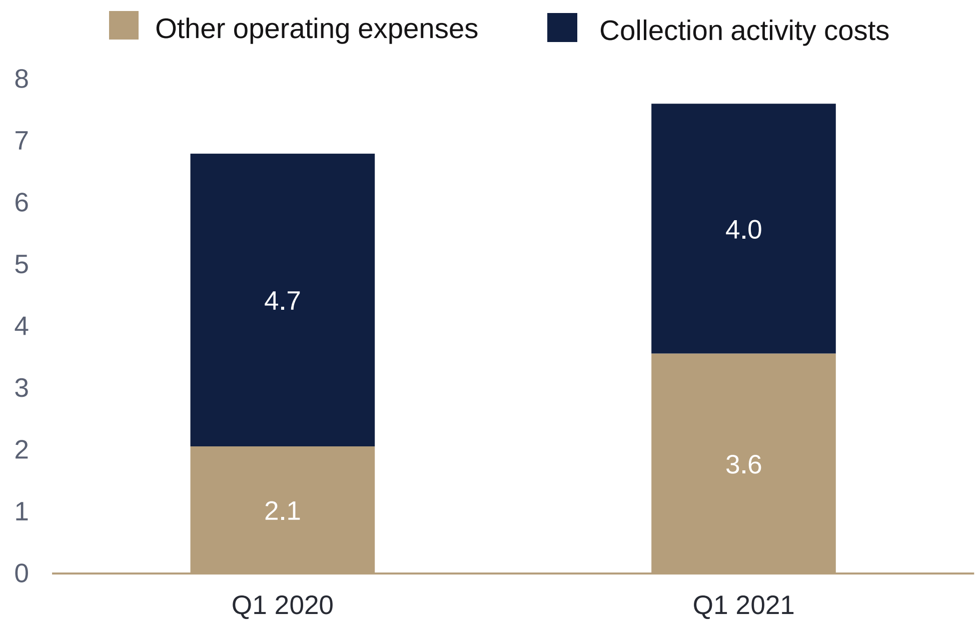
NET DEBT



(1) Includes expected 84-month ERC of 2020 closed investments per our Q4 2020 reforecast + expected 84-month ERC of investments closed in Q1 2021

Effective cost control maintained

OPERATING COST OVERVIEW (€M)



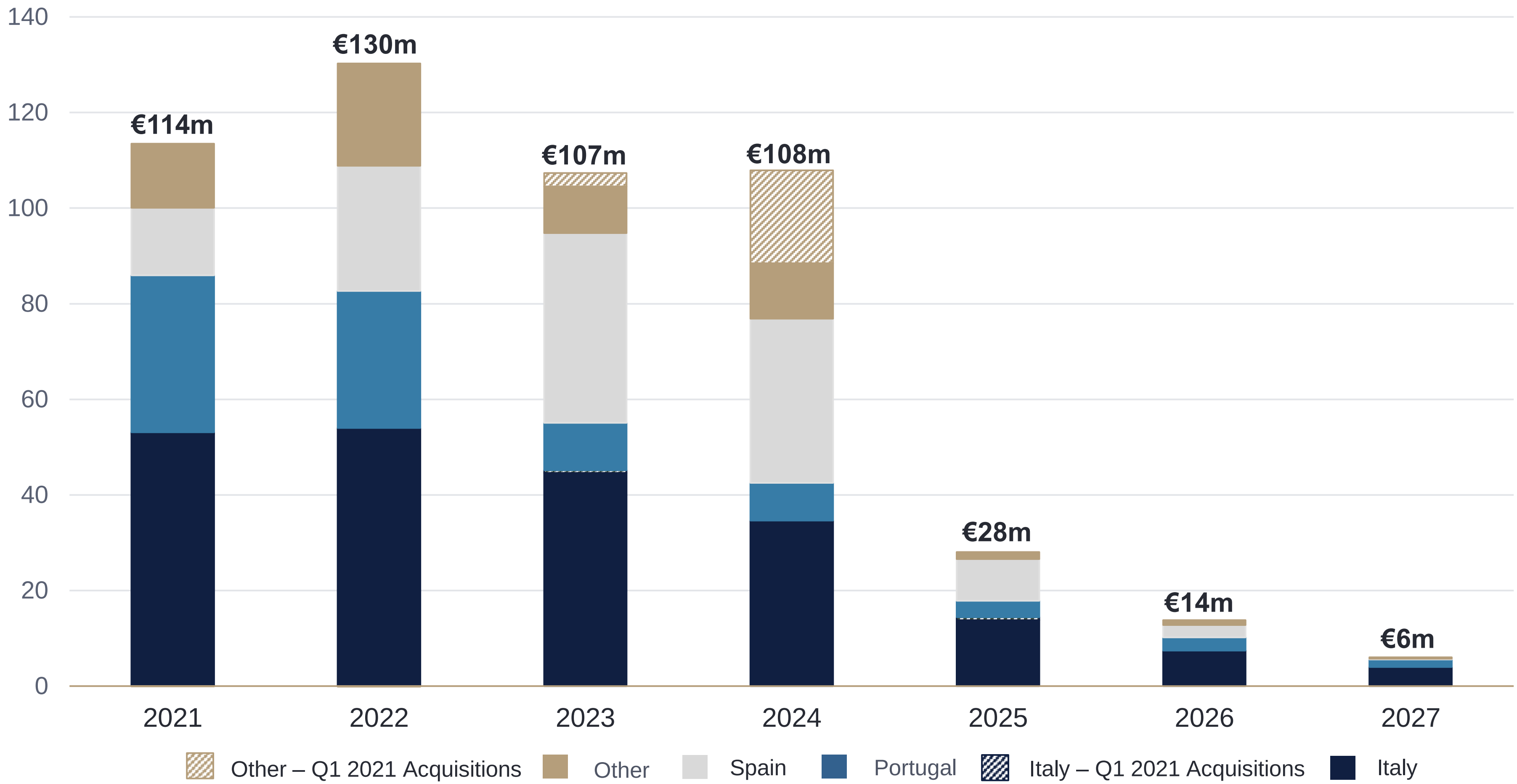
	Q1 2020	Q1 2021
Core Collections	**€19.7m**	**€17.7m**
Total	**€19.7m**	**€18.5m**
Cost to collect ratio	24.1%	22.8%
Operating cost ratio[1]	34.5%	42.9%

- **Cost to collect ratio has decreased** since Q1 2020
- Operating cost ratio expected to decline again as collections and deployment ramp back up, including additional Master servicing income
- Maintaining disciplined cost control and low fixed overheads

(1) Operating cost ratio represents the ratio of operating expenses (excluding impairment and FX) to Core Collections.

Expected collections replenished with further geographic and asset type diversification

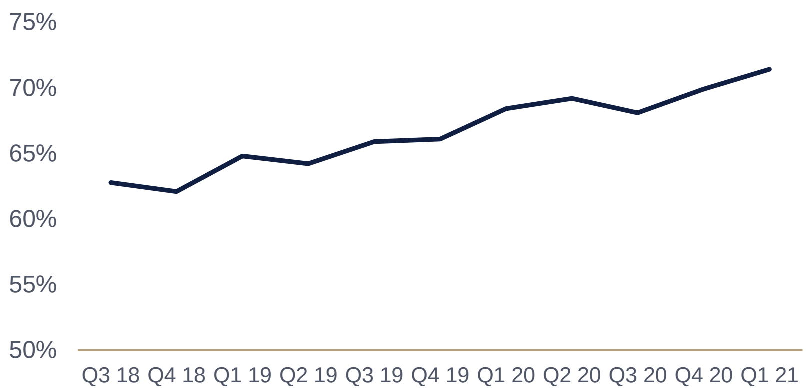
84-MONTH EXPECTED GROSS ATTRIBUTABLE COLLECTIONS (€M) [1]



(1) On real estate investments AFE will be required to fund its share of capital expenditure and other working capital needs, and these additional capital injections will increase invested capital over time. 84-month ERC is calculated such that the gross money multiple at any given time reflects the expected returns AFE anticipates to generate upon exit. This may differ from expected Gross Attributable Collections

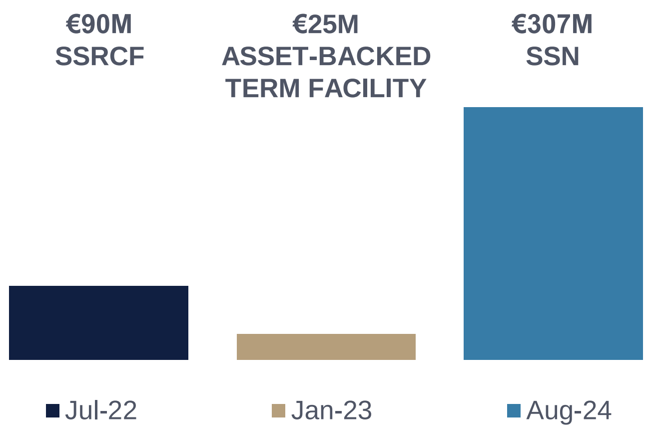
Significant liquidity of €88m available to fund growing deployment

RCF COVENANT – LTV RATIO %



- LTV ratio 71.4% at 31 March 2021 (RCF covenant of 75%)
- Net Debt to Adjusted EBITDA at 6.42x as of 31 March 2021
- Leverage metrics expected to fall throughout the remainder of the year

DEBT MATURITY ANALYSIS (€M)



- €88m available liquidity, including €74m available on RCF + €14m cash as of 31 March 2021
- €25m drawn on amortising asset-backed term facility as of 31 March 2021
- Advanced discussions with existing RCF lenders for extension to Dec 23 - expecting completion by end of Q2

Note: Data as of 31 March 2021, unless otherwise specified

Strategic Outlook

Justin Sulger

40% of FY21 budget already secured in Q1

FY21 EXPECTED DEPLOYMENT – CLOSED + SIGNED DEALS AS AT 31 MARCH 2021

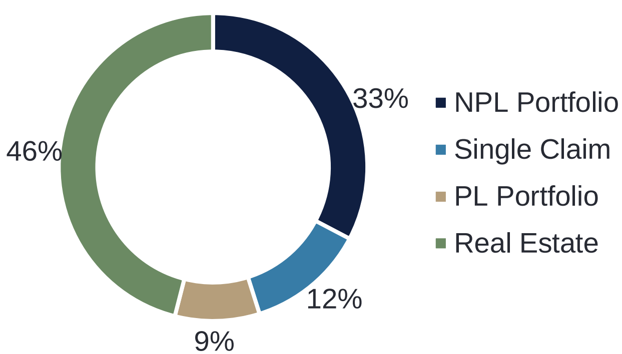
Investments	2021 Deployment (€M)	% of FY21 budget
Closed (as at Q1)	4.0	4.1%
Closed (as of May)	19.9	20.5%
Signed (Closing 2021)	15.3	15.8%
Total FY21	**39.2**	**40.4%**

- 5 investments signed in Q1, representing €39m deployment in 2021
- Diversified across secured NPLs and direct real estate in 3 geographies (Italy, France and the UK)
- Strong visibility to further deployment

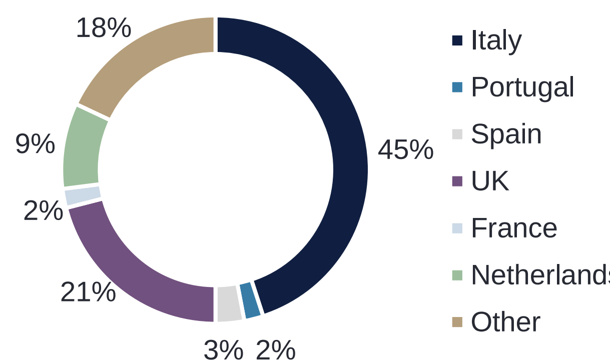
Strong pipeline offering consistently high returns and further diversification

MARKET OPPORTUNITY	▪ Over €300m executable pipeline offering further diversification in well known geographies ▪ Remaining highly selective targeting opportunities outside competitive auctions averaging 1.8x GMM
NPLs	▪ Concerted focus on follow-on and secondary investments in well known geographies such as Italy ▪ Cherry-picking includes rigorous, well established loan-by-loan underwriting approach
REAL ESTATE	▪ Significantly advanced pipeline of further opportunities from predominantly distressed sellers ▪ Offering significant discounts to fair value in high quality locations across a range of asset types
PERFORMING LOANS	▪ Leveraging AnaCap's extensive track record investing in granular consumer and SME debt ▪ Including near term Dutch residential mortgage opportunity offering exceptional risk-adjusted returns

CURRENT PIPELINE BY ASSET TYPE



CURRENT PIPELINE BY GEOGRAPHY



Source: AnaCap, EBA. Pipeline data as at 21 May 2021.

Q&A

Q&A

Any questions?

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Appendix

Adjusted EBITDA reconciliations

The below outlines the reconciliation of profit before tax to Adjusted EBITDA for the quarter ended 31 March 2021 and 31 March 2020:

	Q1 2021	Q1 2020	Variance	Variance
	€m	€m	€m	%
Profit / (Loss) before tax	2.0	(31.1)	*33.2*	*(106.6%)*
Finance costs	5.5	3.0	*2.5*	*84.8%*
Share of profit in associate and joint ventures	(0.2)	(0.1)	*(0.0)*	*56.3%*
Net foreign currency movements	0.2	1.7	*(1.5)*	*(86.1%)*
Impairment	-	37.2	*(37.2)*	*(100.0%)*
Collections from portfolios	17.7	19.7	*(2.0)*	*(10.0%)*
Revenue	(15.3)	(17.5)	*2.2*	*(12.6%)*
Other income	0.8	0.2	*0.6*	*323.5 %*
Cash collected on behalf of secured loan noteholders	(0.2)	(0.5)	*0.3*	*(54.0%)*
Finance income	-	(0.0)	*0.0*	*(100.0%)*
Normalised Adjusted EBITDA	**10.6**	**12.6**	***(1.9)***	***(15.4%)***

Note: Data as of 31 March 2021, unless otherwise specified

Reconciliation from Gross Attributable Collections to Core Collections

Collections are monitored in two different ways:

1. **Core Collections** - Core Collections refers to the way collections are accounted for in the Financial Statements. These comprise collections (including any portion attributable to co-investors) received before any costs to collect are deducted for purchased loan portfolios and net collections (i.e. net of costs to collect) for purchased loan notes and investments in joint ventures.

2. **Gross Attributable Collections** - These comprise collections received before any costs to collect are deducted for purchased loan portfolios, purchased loan notes and investments in joint ventures, however only those collections which are attributable to and to the sole benefit of the Group i.e. excluding co-investors portion of collections.

Reconciliation from Gross Attributable Collections to Core Collections (€k)		
Q1 2021 Gross Attributable Collections	**18,594**	Used to calculate ERC
Gross up for portfolios with co-investors[1]	439	
Remove costs deducted at source[2]	(1,322)	
Q1 2021 Core Collections	**17,711**	Used in Financial Statements to calculate book value of investments

Note: Data as of 31 March 2021, unless otherwise specified
(1) When investments have co-investors, co-investor share of Core Collections is used to calculate Secured Loan Notes on Balance Sheet
(2) For Purchased Loan Notes and Joint Ventures, Collection Activity Costs are deducted at source

Glossary

- **"84-month ERC ("ERC")"** means AFE's estimated remaining collections on purchased loan portfolios, purchased loan notes, investments in joint ventures and Inventory over an 84-month period, assuming no additional purchases are made and on an undiscounted basis. ERC excludes any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes. ERC includes estimated collections on sold portfolios where part of the sale proceeds are based on future collections from that underlying portfolio.
- **"Adjusted EBITDA"** represents (loss)/profit before tax adjusted to exclude the effects of finance costs and finance income, share of profit/(loss) in associates, net foreign currency losses/(gains), impairment of portfolio investments, portfolio investment disposals, repayments of secured loan notes and non-recurring items. Revenue on purchased loan portfolios, purchased loan notes, investments in joint ventures and costs on secured loan notes calculated using the effective interest rate method are replaced with Gross Collections in the period.
- **"Asset Management"** investment monitoring to enhance recoveries and provide servicing solutions on credit loan portfolios and executing value-add strategies to enhance real estate assets[1].
- **"Collection Activity Costs**" represents direct costs incurred from servicing and managing purchased loan portfolios (excluding structural overheads). Costs incurred from servicing and managing purchased loan notes and investments in joint ventures are not considered since Gross Collections for these portfolio investments are recognised and accounted for net of direct costs in the financial statements.
- **"Core Collections"** represent Gross Collections, less any disposals of the Group's Assets.
- **"Gross Attributable Collections"** represents total collections attributable to AFE Group before costs and excluding any share of cash collections that relate to the interests of co-investors holding secured loan notes.
- **"Gross Collections"** represents cash collected from debtors in connection with purchased loan portfolios and net cash collections (after servicing costs) for purchased loan notes and investments in joint ventures including disposals of portfolio investments. Gross Collections include any proportionate share of cash collections that relate to the interests of co-investors holdings of secured loan notes.
- **"Gross MM"** represents Gross attributable collections received on a portfolio to the date the multiple is measured, plus ERC for that portfolio at the same date, divided by the total amount paid for the portfolio at the date of purchase.
- **"Leverage Ratio"** represents Net Debt divided by LTM Adjusted EBITDA.
- **"Liquidity"** €74m undrawn on the Facility plus cash available of €14m as at 31 March 2021.
- **"LTM Adjusted EBITDA"** means Adjusted EBITDA for the 12 month period to 31 March 2021.
- **"LTV ratio"** means the aggregate secured indebtedness of the Group less cash and cash equivalents (including cash and cash equivalents in servicers' accounts or otherwise that are due from servicers but not yet paid by servicers to the Group, less cash collections due to be paid to co-investors under secured loan notes) divided by ERC.
- **"Net Debt"** represents third-party indebtedness, including bank guarantees, less cash and cash equivalents, and excluding unamortised debt issue costs, facility fees and amounts due to co-investors under secured loan notes.
- **"Normalised Adjusted EBITDA"** represents Adjusted EBITDA excluding disposals of portfolio investments.
- **"Super Senior Revolving Credit Facility ("SSRCF")"** – The total Facility available to use is €90.0m.

(1) AFE does not engage in portfolio management or any other MiFID activity or other regulated financial service