AnaCap Financial Europe S.A. SICAV-RAIF

Presentation of the consolidated financial results of AnaCap Financial Europe S.A. SICAV-RAIF for the year ended 31 December 2019

10 March 2020

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Today's Presenters

Justin Sulger – Head of Credit Investments
AnaCap Financial Partners

Chris Ross-Roberts – Director and CFO
AnaCap Financial Europe ("AFE")

Ed Green – Director and COO
AnaCap Financial Europe

Agenda

AFE Credit Review

Justin Sulger

AFE Credit Review | AnaCap Financial Europe 2019 Highlights

Disciplined deployment, leverage at 3.83x, conservative reforecast of timing of collections leads to impairment

1. **Gross Collections achieved 92% of forecast in 2019 following a slow Q4, totalling €125m**
2. **Operating Costs were 20% below forecast, with Total Operating Cost Ratio of only 25.9%**
3. **A conservative YE19 reforecast of predominantly secured ERC, pushing out overall timing of collections further, resulted in a gross non-cash impairment of €35.9m, 58% of which in Spain**
4. **Despite large pipeline consistently throughout 2019, completed low level of deployment at just €36.5m versus large €161.5m 2018 vintage, limiting collections from new portfolios**
5. **Leverage at 3.83x Net Debt to Adjusted EBITDA, with significant liquidity for new opportunities, including asset types directly adjacent to NPLs where AnaCap has a broader track record**
6. **AnaCap continues to develop its Asset Management operations in AFE, further enhancing Master Servicing model to optimise value and address challenges across geographies and asset types**

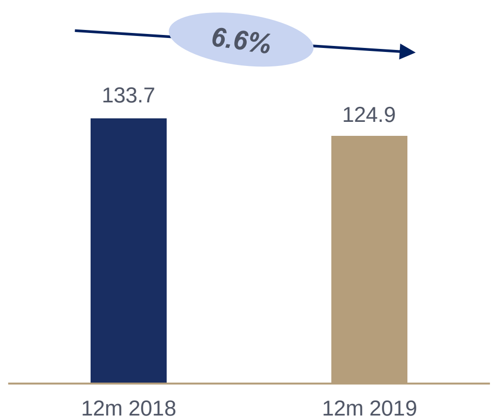
Key Financial Highlights

Chris Ross-Roberts

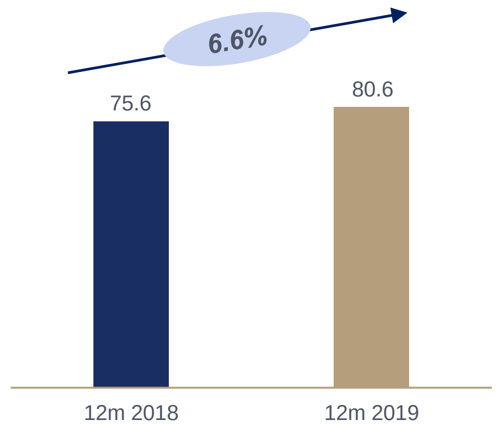
Key Financial Highlights | AFE Financials

Slower collections in Q4 2019 and lower deployment during the year impacting LTM Adjusted EBITDA

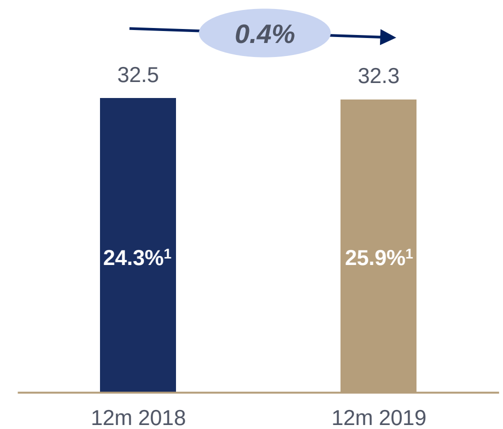
GROSS COLLECTIONS (€m)



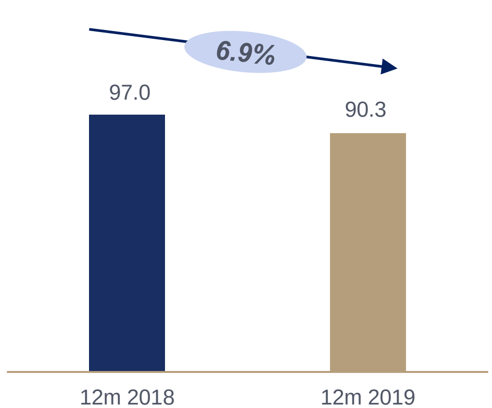
REVENUE (€m)



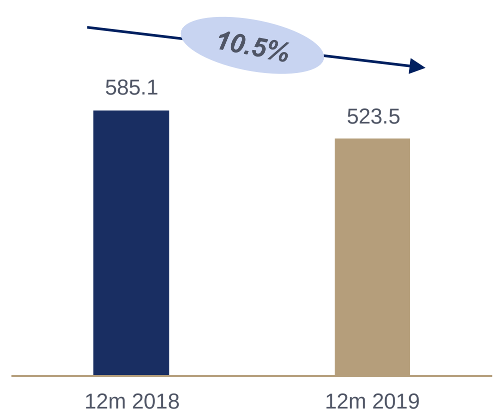
TOTAL OPERATING COSTS (€m)



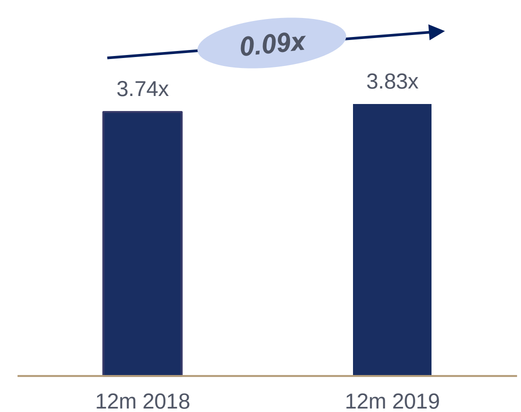
LTM ADJUSTED EBITDA (€m)



ERC (€m)



LEVERAGE (MULTIPLE)



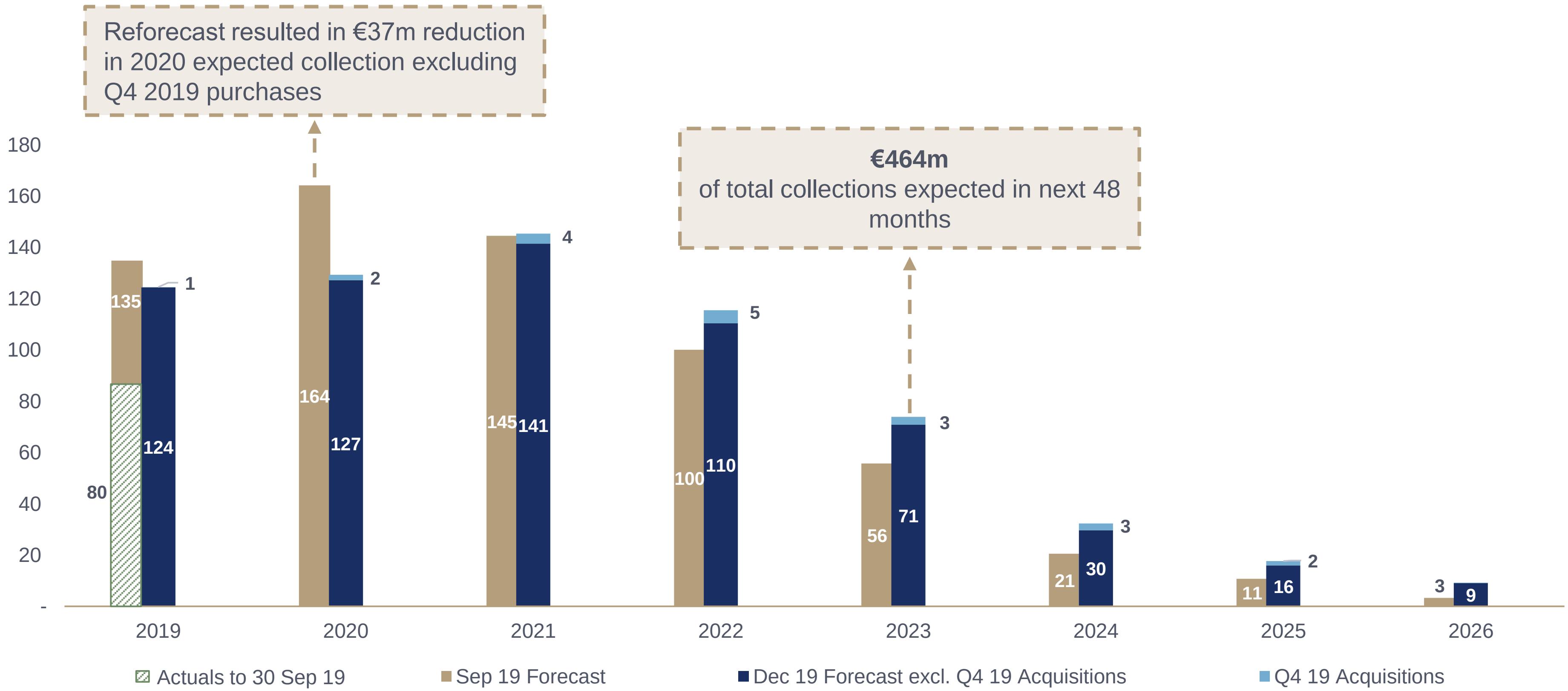
Year ended 31 December 2018 Year ended 31 December 2019 Year on Year movement

Note: Data as of 31 December 2019, unless otherwise specified
(1) Total Operating Cost ratio represents the ratio of operating expenses (excluding non-recurring items, impairment and FX) to Gross Collections

Key Financial Highlights | ERC Comparison Q3 19 vs Q4 19 Post Reforecast

Prudent assumptions on timing result in delays in forecast collections with overall ERC quantum in line with previous expectations

84-MONTH ERC AS AT Q3 19 (€555m) VS Q4 19 (€523m) BY YEAR (€m)



Note: Data as of 31 December 2019, unless otherwise specified
84-month ERC is based on Gross Attributable Collections as opposed to Gross Collections, each amounting to c.€125m respectively as of 31 December 2019. See slide 34 which reconciles Gross Attributable Collections to Gross Collections.

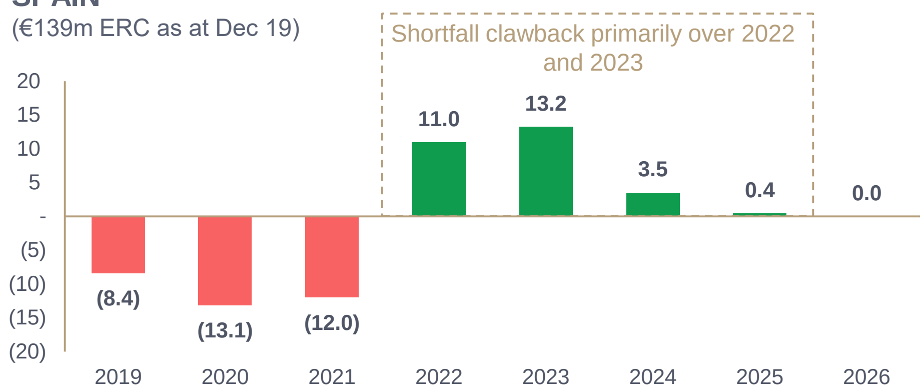
Key Financial Highlights | Reforecast Comparison of ERC by Country

Reduction in short-term collections forecast primarily driven by timing differences

COLLECTIONS BETWEEN 2019-2026 - DEC 19 REFORECAST VERSUS JUN 19 REFORECAST BY COUNTRY (€m)

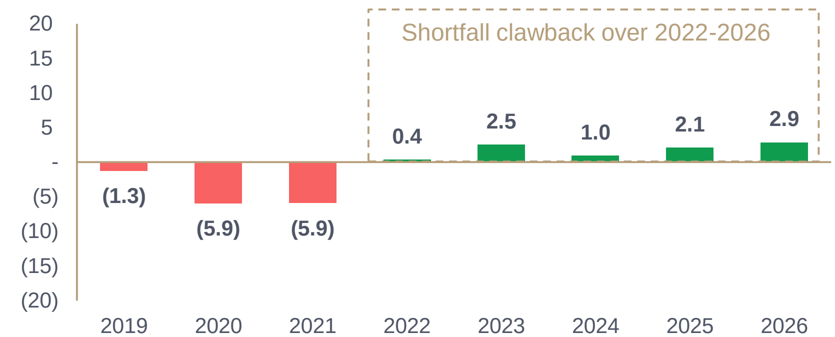
SPAIN

(€139m ERC as at Dec 19)



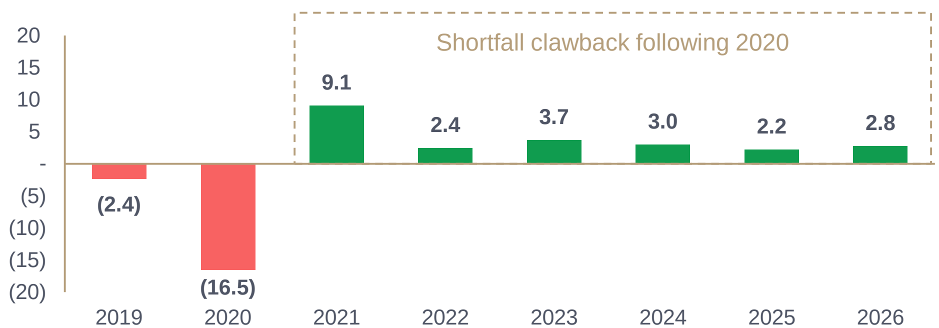
ITALY

(€205m ERC as at Dec 19)



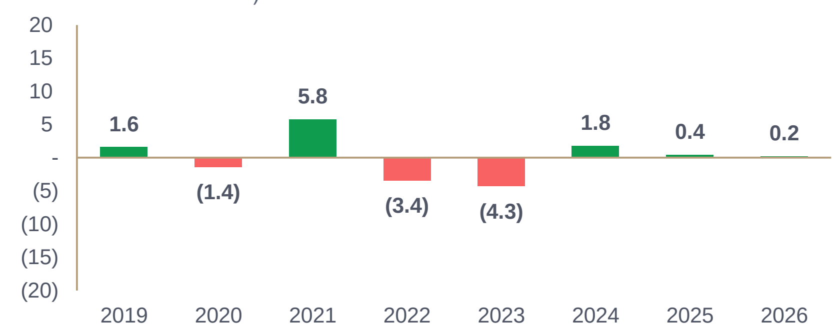
PORTUGAL

(€114m ERC as at Dec 19)



OTHER[1]

(€65m ERC as at Dec 19)



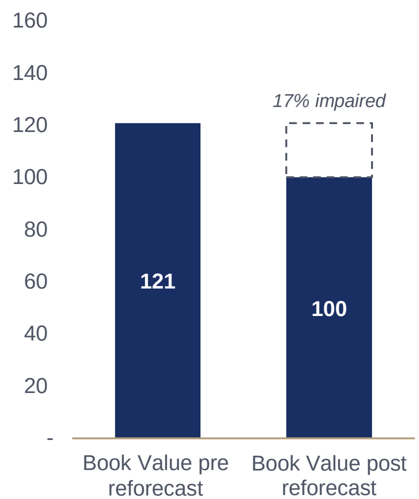
- Overall €5m reduction in lifetime Collections, mainly comes from Italy and Spain, which is offset against a gain in Portugal
- €8m out of €10m 2019 collection shortfall rose in Spain due to delays in court timings

Note: Figures presented are a static view comparison excluding the impact of Q4 2019 acquisitions
(1) Other includes the UK, Romania and Poland

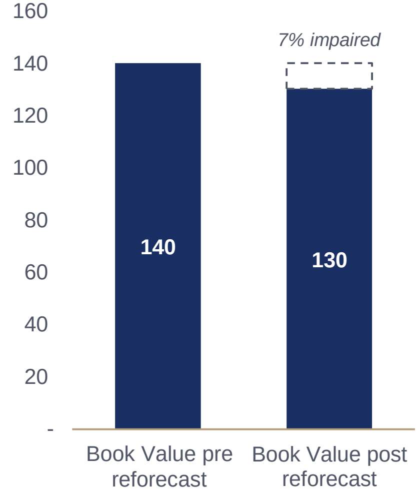
Key Financial Highlights | AFE Impairment Analysis by Country - Q4 2019

58% of total impairment driven by Spain due to ongoing regulatory change

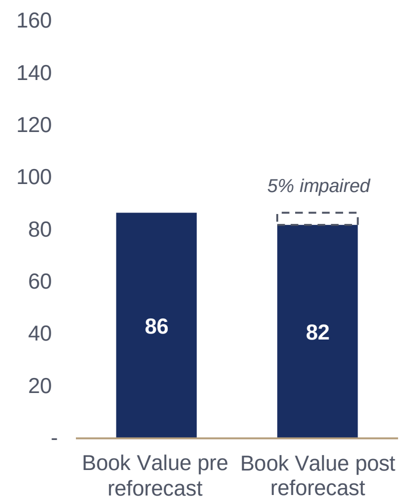
SPAIN



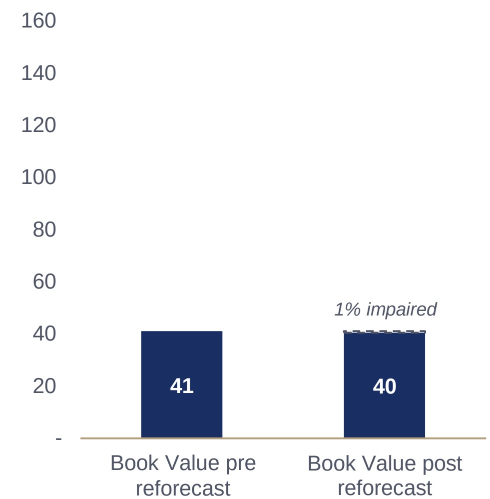
ITALY



PORTUGAL



OTHER



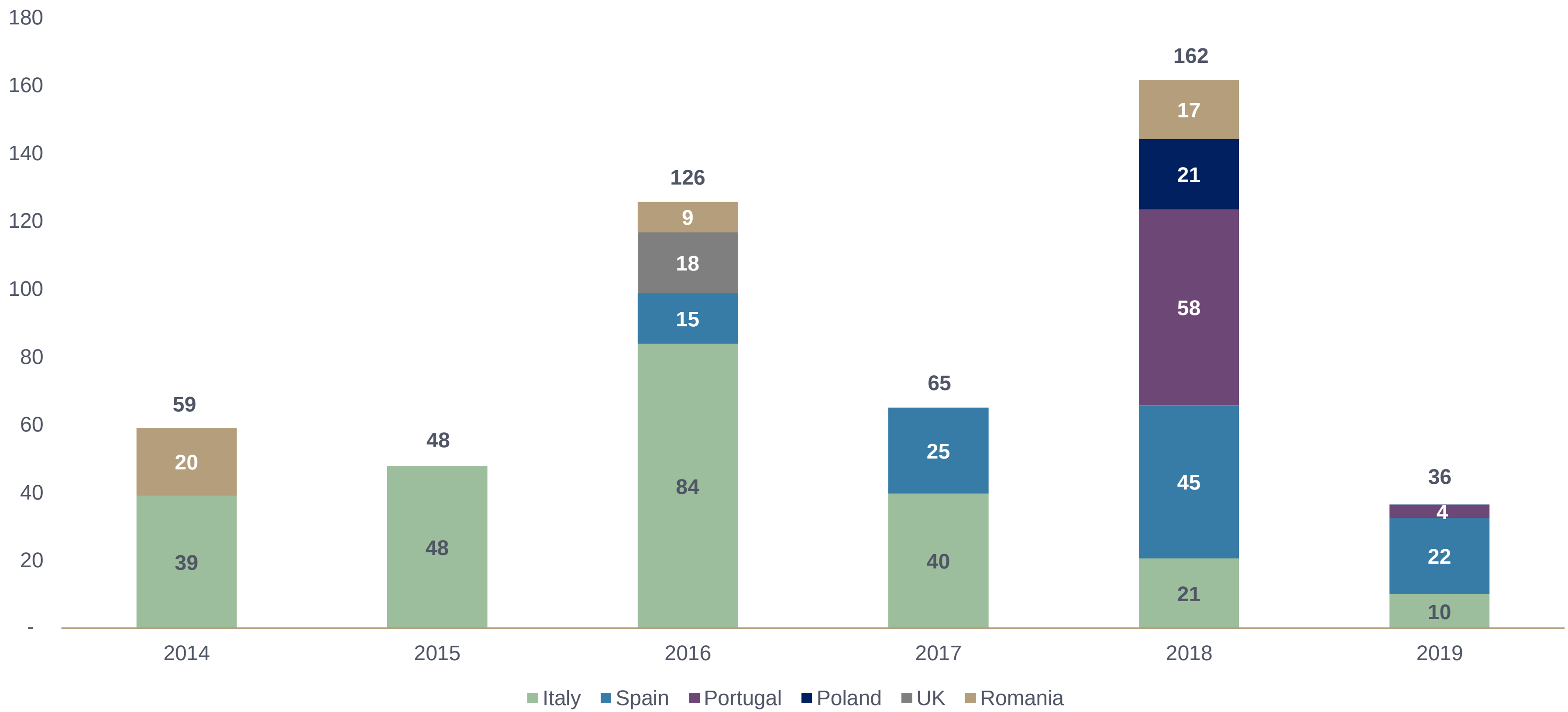
	Spain	Italy	Portugal	Other
% of total impairment	**58%**	**27%**	**13%**	**2%**
% of total ERC	**27%**	**39%**	**22%**	**12%**

- Changes in timing, together with the high effective interest rate used to discount future gross collections, resulting a reduction in balance sheet value (this does not take into account positive cost savings due to changes in collection strategy)

Key Financial Highlights | Deployment by Year by Geography

Significant reduction in capital deployment in 2019 vs 2018

DEPLOYMENT TIMELINE BY GEOGRAPHY (€m)



Note: Figures presented are rounded to the closest million

Key Financial Highlights | 2018 Vintage Case Study (1/2)

Positive outcome expected from 2018 vintage

2018 VINTAGE TOTAL COLLECTIONS AND COSTS FROM 2018 TO 2026

€m	UNDERWRITTEN AT ACQUISITION	ACTUALS TO DEC 19 & CURRENT REFORECAST
Gross Collections[1]	240.4	232.6
Collection Activity Costs[2]	(30.9)	(20.9)
Impact on Adj. EBITDA	209.5	211.7
Costs % of Collections	*13%*	*9%*

- Lower Gross Collections (used for impairment calculation), coming from predominantly change in strategy, resulting in significant less Collection Activity Costs and an overall positive impact on cash profit on 2018 vintage

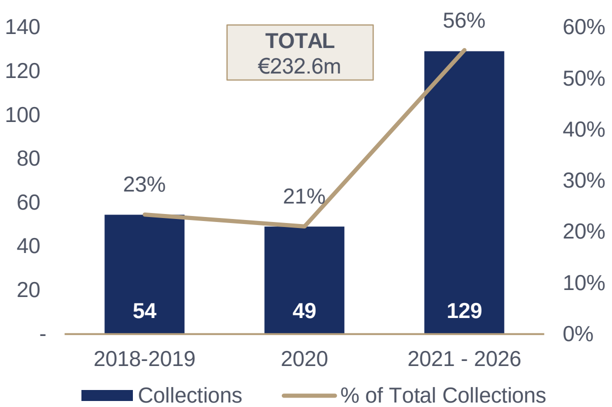
(1) Represents Gross Collections used to calculate Book Value, not ERC. See slide 34 for reconciliation between Gross Collections and Gross Attributable Collections in 2019. / (2) Represent Collection Activity Costs. See Glossary for full list of definitions.

Key Financial Highlights | 2018 Vintage Case Study (2/2)

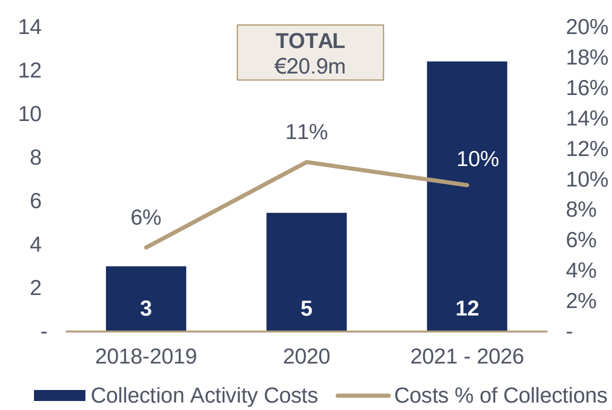
Current expected cost ratio of 9% vs 13% at underwriting at acquisition

ACTUALS TO DEC 19 AND CURRENT REFORECAST

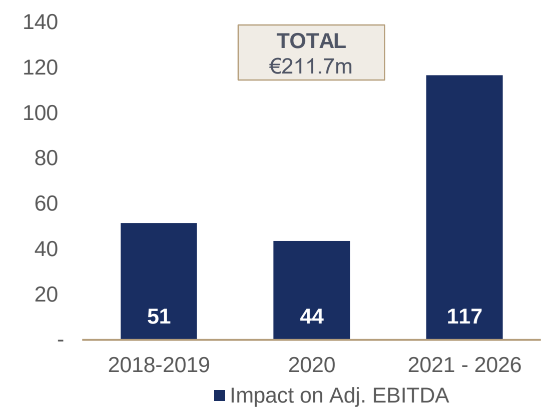
Gross Collections[1] (€m)



Costs[2] (€m)

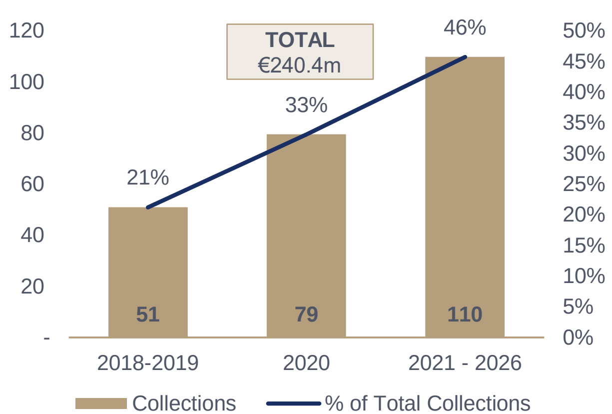


Impact on Adj. EBITDA (€m)

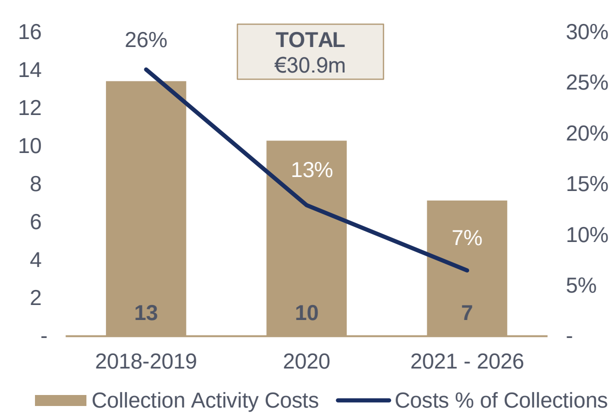


UNDERWRITTEN AT ACQUISITION

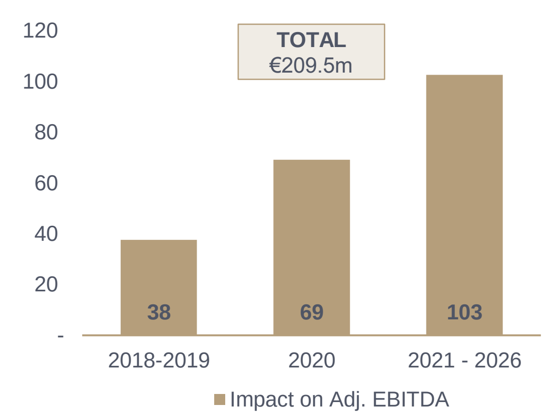
Gross Collections[1] (€m)



Costs[2] (€m)



Impact on Adj. EBITDA (€m)



Note: Figures presented are rounded to the closest million
(1) Represents Gross Collections used to calculate Book Value, not ERC. See slide 34 for reconciliation between Gross Collections and Gross Attributable Collections in 2019. / (2) Represent Collection Activity Costs. See Glossary for full list of definitions.

Key Financial Highlights | Key Debt Metrics and Capital Structure

Leverage of 3.83x below market expectation

	31 December 2019	31 December 2018
84-Month ERC	€523.5m	€585.1m
LTM Adj. EBITDA	€90.3m	€97.0m
LTM Net Interest Expense	€21.2m	€20.5m
Net Debt / LTM Adj. EBITDA	3.83x	3.74x
LTV Ratio	66.1%	62.1%
SSRCF LTV Ratio	3.7%	3.3%
FCCR	4.25x	4.73x
Liquidity – cash	€26.5m	€37.3m
Liquidity – undrawn RCF	€35.1m	€25.7m
Net Debt	€345.9m	€363.2m

COMMENTARY

- Leverage of 3.83x below market expectations
- Available liquidity as at 29 February 2020 of €67m (excluding cash held at servicer bank accounts and securitisation vehicles)
- LTV Ratio of 66% vs financial covenant of 75%
- Leverage expected to rise above target due to delay in collections and more recently limited capital deployment
- Long term leverage target of 3-3.5x still expected by end of 2021

Will continue to review capital structure and liquidity position and look to optimise them over time; depending on market conditions and operating results, this could include open market repurchases of securities, among other strategies

Note: Data as of 31 December 2019, unless otherwise specified

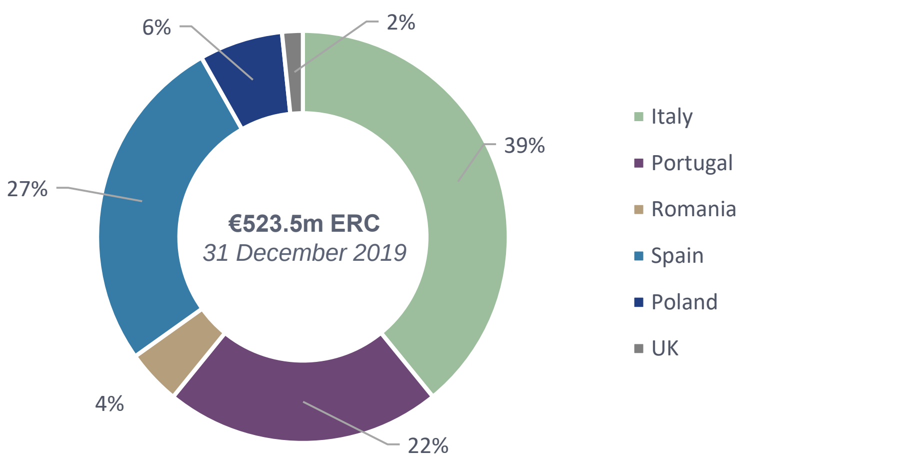
Detailed ERC Analysis

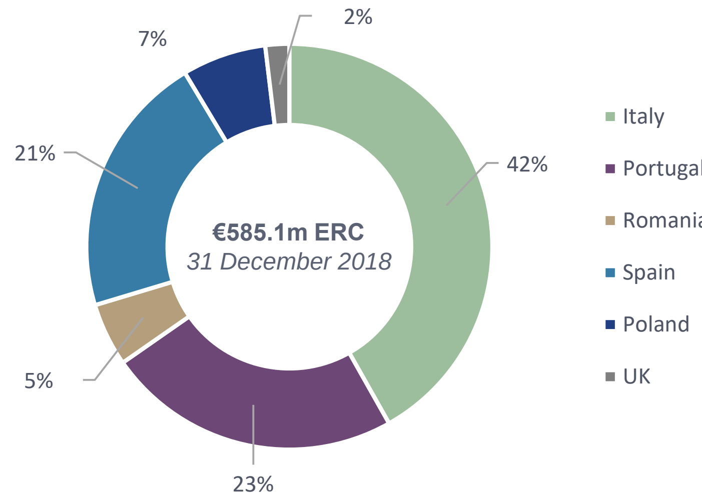
Ed Green

Detailed ERC Analysis | Summary

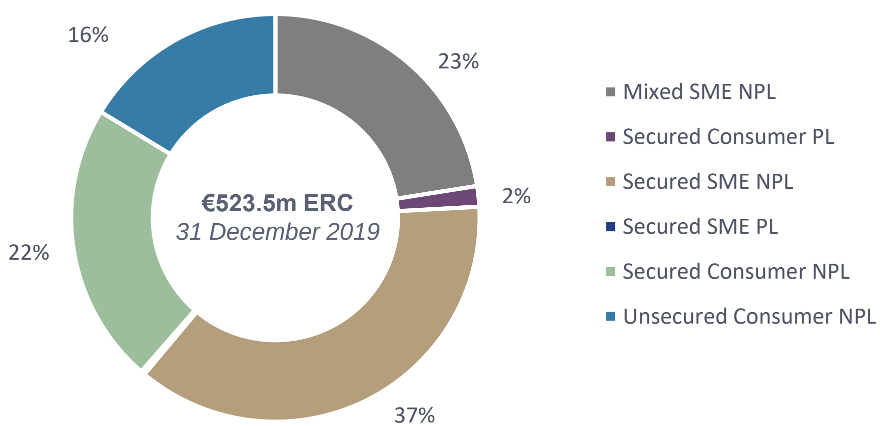
Collections base diversified by geography and asset type

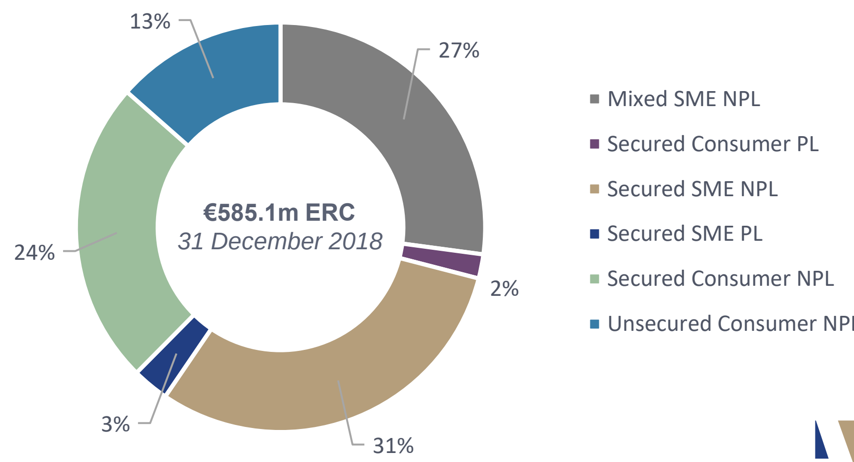
84-MONTH ERC BY GEOGRAPHY





84-MONTH ERC BY ASSET TYPE



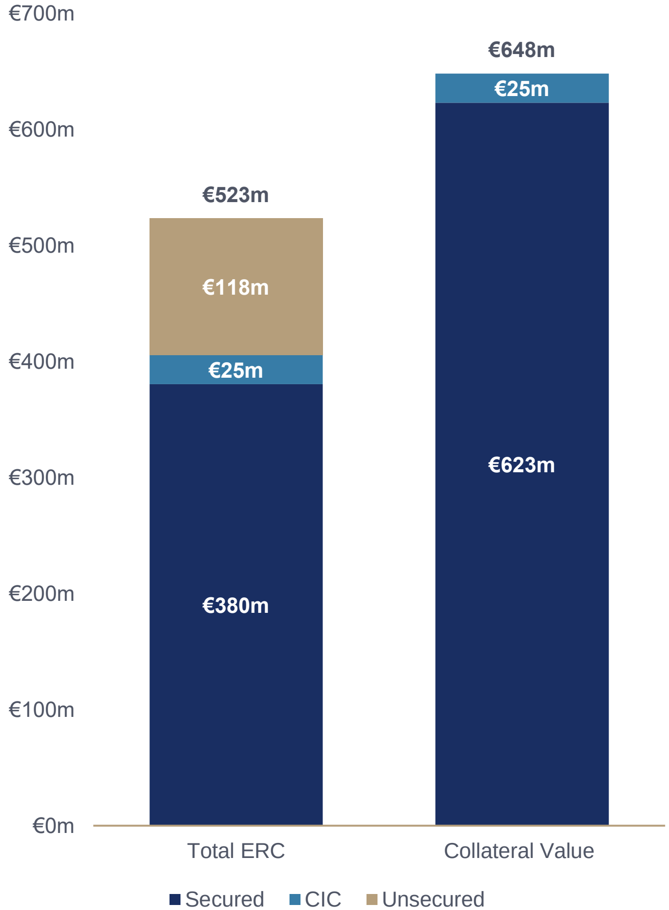


Note: Data as of 31 December 2019, unless otherwise specified

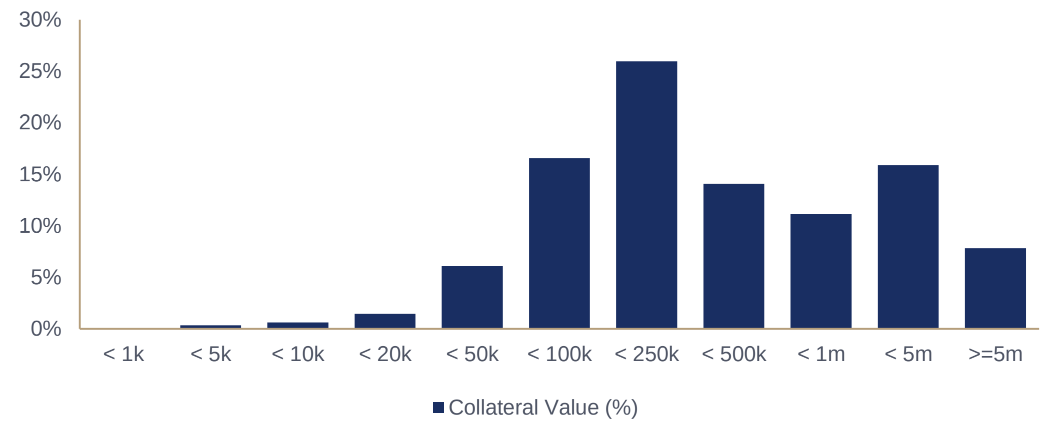
Detailed ERC Analysis | Secured ERC

Secured ERC backed by significant collateral, diversified by value and type

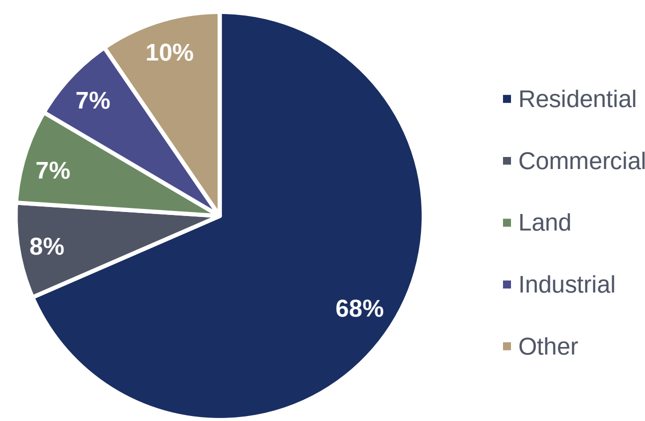
84-MONTH ERC AND COLLATERAL[1] (€m)



COLLATERAL VALUE DISTRIBUTION (%)



€380M SECURED ERC BY TYPE (%)

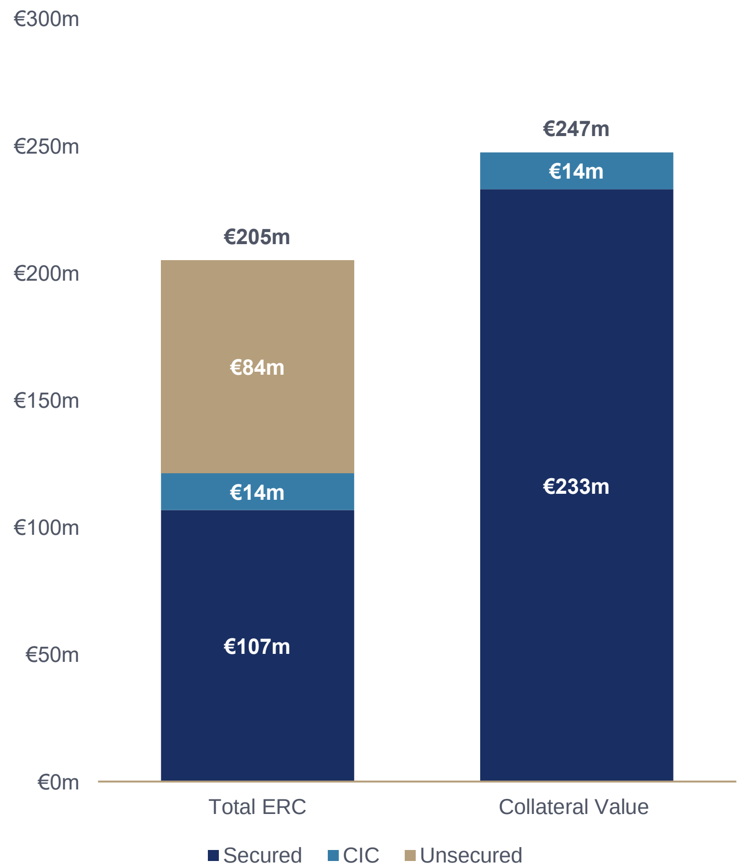


Note: Data as of 31 December 2019, unless otherwise specified
(1) Analysis of ERC by security type is calculated from underlying asset, account or borrower level information

Detailed ERC Analysis | Italy – Collateral Value

Significant headroom between Secured ERC and Collateral Value reflects dynamics of judicial resolution

84-MONTH ERC AND COLLATERAL[1] (€m)



SPLIT OF COLLATERAL VALUE BY TYPE OF PROPERTY

TYPE	% OF COLLATERAL VALUE
Residential	51%
Commercial	16%
Industrial	12%
Land	7%
Other	14%

SPLIT OF COLLATERAL VALUE BY SIZE OF PROPERTY

SIZE	% OF COLLATERAL VALUE
0-100k	10%
100-200k	14%
200-500k	23%
500-1,000k	17%
1,000k+	36%

SPLIT OF COLLATERAL VALUE BY REGION

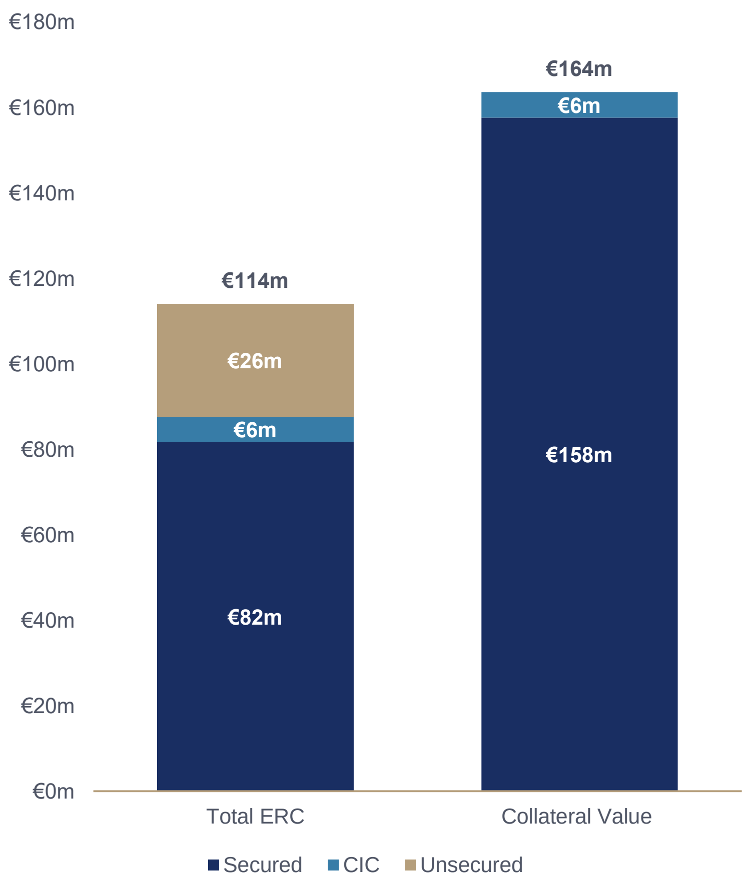
MACRO REGION	% OF COLLATERAL VALUE
North-East	15%
North-West	13%
Central	44%
South	16%
Islands	12%

Note: Data as of 31 December 2019, unless otherwise specified
(1) Analysis of ERC by security type is calculated from underlying asset, account or borrower level information

Detailed ERC Analysis | Portugal – Collateral Value

Headroom between ERC and Collateral Value reflects defensive nature of resolutions on back book portfolio

84-MONTH ERC AND COLLATERAL[1] (€m)



SPLIT OF COLLATERAL VALUE BY TYPE OF PROPERTY

TYPE	% OF COLLATERAL VALUE
Residential	92%
Commercial	5%
Land	2%
Industrial	0%
Other	0%

SPLIT OF COLLATERAL VALUE BY SIZE OF PROPERTY

SIZE	% OF COLLATERAL VALUE
0-100k	59%
100-200k	15%
200-500k	11%
500-1,000k	9%
1,000k+	6%

SPLIT OF COLLATERAL VALUE BY REGION

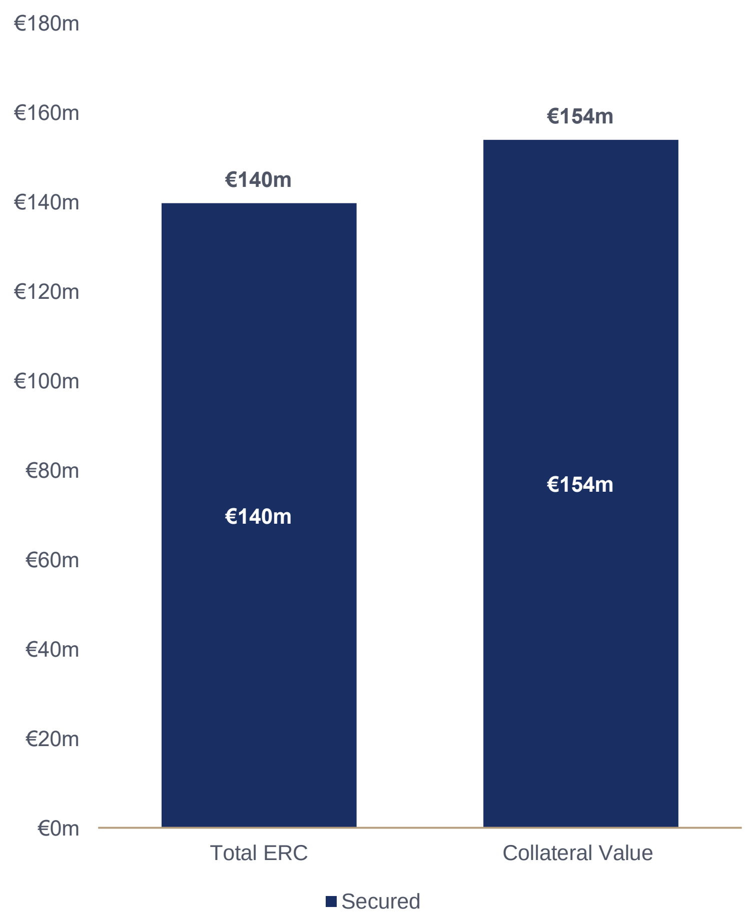
MACRO REGION	% OF COLLATERAL VALUE
Lisbon	49%
Porto	12%
Algarve	9%
Islands	4%
Rest of country	26%

Note: Data as of 31 December 2019, unless otherwise specified
(1) Analysis of ERC by security type is calculated from underlying asset, account or borrower level information

Detailed ERC Analysis | Spain – Collateral Value

Margin between ERC and Collateral Value reflects prudent approach to valuation in Spain portfolio

84-MONTH ERC AND COLLATERAL[1] (€m)



SPLIT OF COLLATERAL VALUE BY TYPE OF PROPERTY

TYPE	% OF COLLATERAL VALUE
Residential	47%
Commercial	20%
Industrial	11%
Land	7%
Other	15%

SPLIT OF COLLATERAL VALUE BY SIZE OF PROPERTY

SIZE	% OF COLLATERAL VALUE
0-100k	38%
100-200k	17%
200-500k	13%
500-1,000k	8%
1,000k+	24%

SPLIT OF COLLATERAL VALUE BY REGION

MACRO REGION	% OF COLLATERAL VALUE
Andalucía	32%
Madrid	26%
Valencia	13%
Cataluña	8%
Rest of country	21%

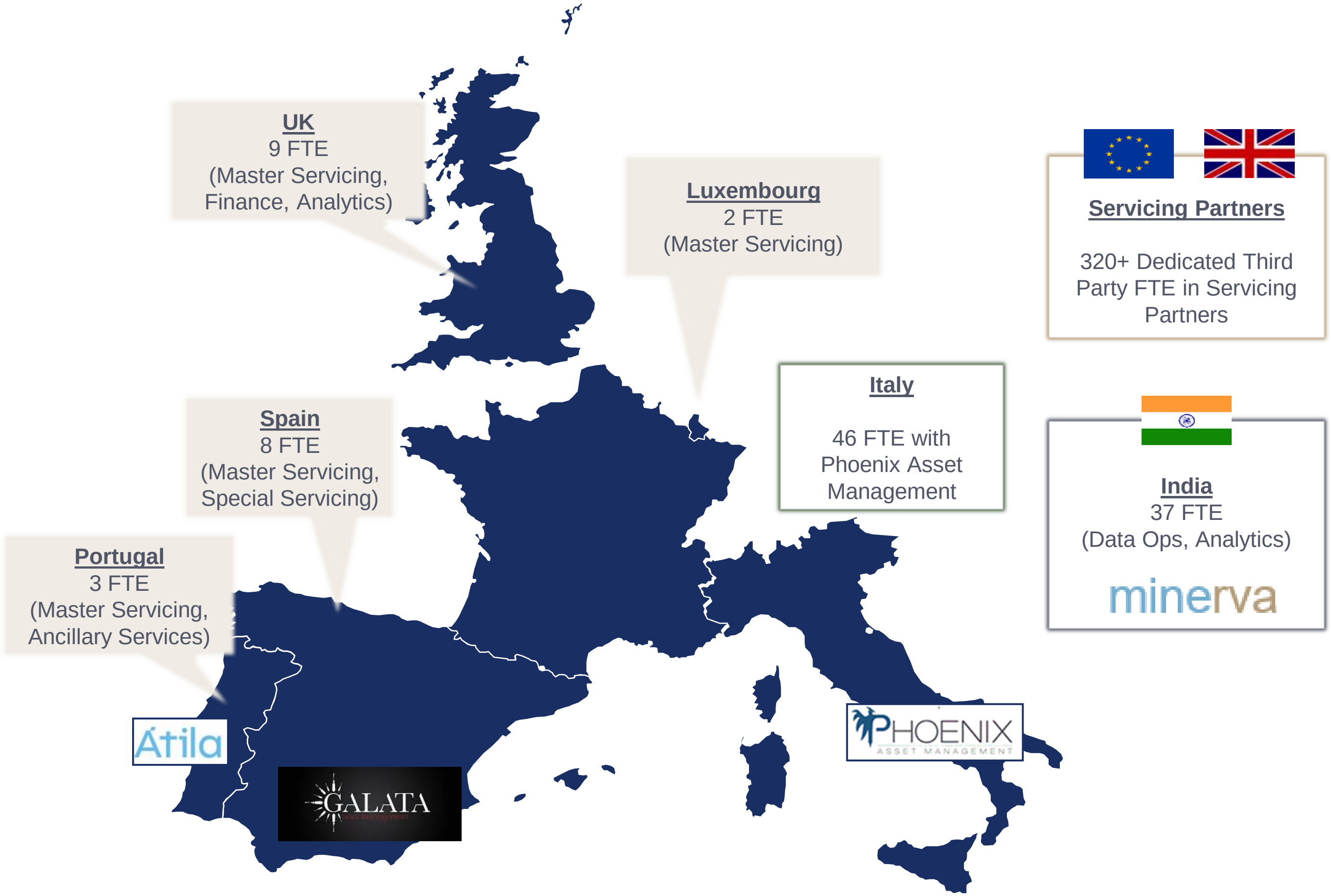
Note: Data as of 31 December 2019, unless specified otherwise
(1) Analysis of ERC by security type is calculated from underlying asset, account or borrower level information

Asset Management

Ed Green

AFE Asset Management | Platform Development

AnaCap continues to develop its dynamic, digitally enabled Asset Management capabilities within AFE



Servicer	Átila	Galata	Phoenix Asset Management
Equity stake	100%	100%	30%

- Further consolidation of Asset Management capabilities into AFE to strengthen Credit Servicing and Real Estate management capabilities to take place during 2020, including dedicated resources in UK and Luxembourg
- Investment in resources in local markets to deepen connectivity with servicing partners and provide on the ground operational capability
- Provision of services to AFE as well as AnaCap Credit Funds and third parties
- Access to Minerva platform and deep pool of analytical capability across London & India teams to support portfolio strategy, valuation and optimisation

Note: Data as at 31 December 2019 unless otherwise specified

AFE Asset Management | Performance Optimisation

Continued operational developments in platform to drive performance on existing and future portfolios

AFE Asset Management Platform – Key Performance Priorities

1 Existing Portfolio Performance Enhancement

- 100% internalisation of portfolios which have experienced timing delays
- Forensic assessment of borrower resolution / asset sale opportunities
- Active, intense engagement on positions with high collateral value to maximise recovery opportunity
- Close oversight of marketing strategies for Real Estate to manage existing REO Portfolio
- Optimisation of Amicable vs. Repossession resolution paths

2 Performance Optimisation on Future Purchases

- Further servicing internalisation where AFE Asset Management outperforms market benchmarks
- Extension of Real Estate management capabilities
  - Direct management of Real Estate positions
  - Packaging and sale of Real Estate positions/sub-portfolios
  - Maximisation of REO opportunity

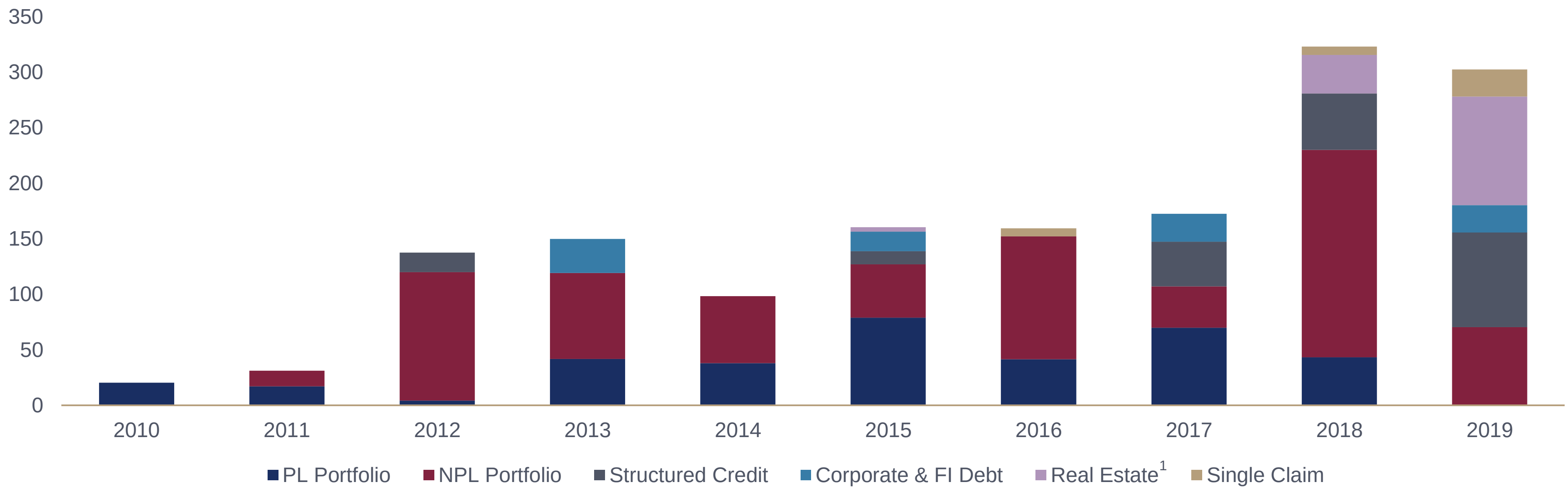
Strategy and Outlook for AFE

Justin Sulger

Strategy and Outlook for AFE | Credit Deployment Timeline by Asset Type

Investments across a broadening range of predominantly seasoned, highly diversified credit

DEPLOYMENT TIMELINE BY ASSET TYPE



- Focus of investing in granular, seasoned, performing and non-performing loan portfolios and assets remains (including structured credit and single claims), leveraging AnaCap's expertise in Credit to invest in complex structures and transactions across asset types
- Incremental expansion into new asset types since ACOF inception, now investing across credit and credit related assets, including direct Real Estate

Note: Data as at 31 December 2019, unless otherwise specified
(1) Includes REO portfolios and direct Real Estate investments

Strategy and Outlook for AFE | Current Pipeline

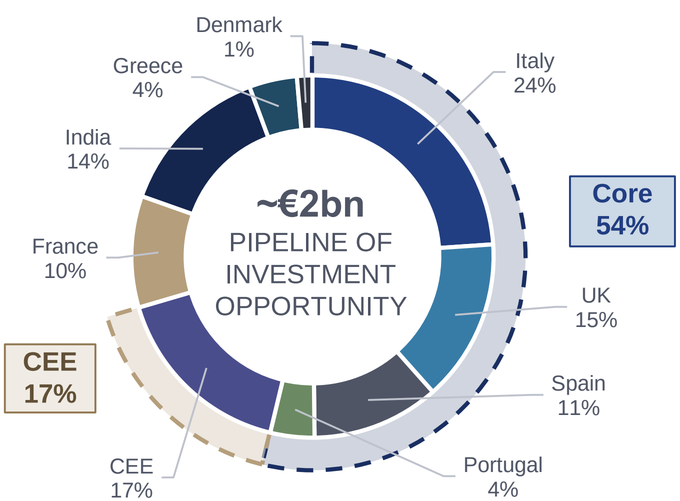
Pipeline continues to evolve across not only NPLs but broader range of highly cash generative and secured asset types where AnaCap has extensive track record

OVERVIEW

- **54%** of current pipeline in **Core Geographies** of Italy, the UK, Spain and Portugal
- **17%** in well known Central and Eastern European ("CEE") geographies as well as increasing opportunities in France, Greece and India
- Leveraging well known channels, including enhanced internal resources as well as established **local partners and advisors**
- Less than 50% of wider AnaCap addressable credit oriented pipeline In **NPLs**
- NPL focus includes growing pipeline of **REO** opportunities as banks increasingly looking to dispose of repossessed assets as well as secondaries
- Performing Loan (PL) focus diversified across seasoned, highly cash generative consumer, SME and secured corporate debt deemed non-core by sellers
- Growing Real Estate pipeline comprises not only REO portfolios but also **high quality, single assets** with funding constraints or in need of repositioning

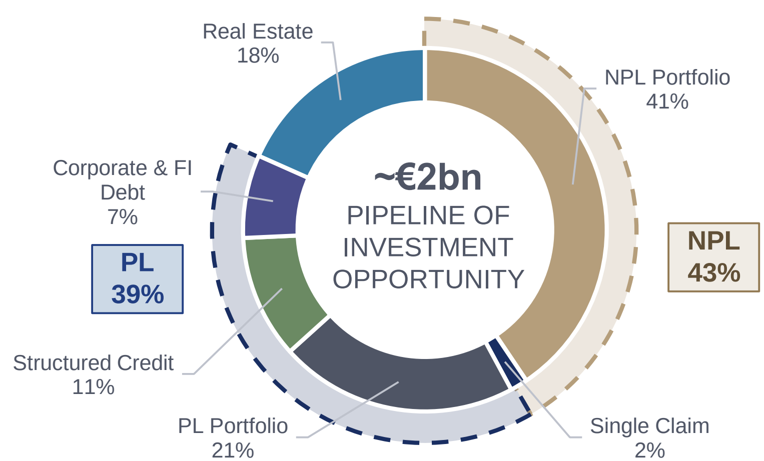
PIPELINE DEALS SOURCED BY GEOGRAPHY

(TOTAL € INVESTMENT REQUIRED)



PIPELINE DEALS SOURCED BY ASSET TYPE

(TOTAL € INVESTMENT REQUIRED)



Note: Current pipeline data excluding dead deals

Strategy and Outlook for AFE | Closing Remarks

Ongoing platform development, growing opportunity set and significant available liquidity

1. **Shortfall in Q4 19 collections buffered by significant, highly diversified underlying pool of collateral**
2. **Substantial ongoing development directly in AFE's own operations to dynamically address performance challenges and optimise recoveries**
3. **Non-cash impairment primarily related to addressable timing challenges in legacy secured portfolios with strong continued performance on more recent acquisitions**
4. **Following period of low deployment, combination of already seasonally low Q1 collections and potential impact of COVID-19 could lead to temporary increase in leverage**
5. **Strong embedded collections from predominantly secured portfolios to help achieve target leverage of 3 – 3.5x in 2021, with €464m of already existing ERC between 2020 and 2023**
6. **Significant available liquidity to pursue new opportunities from amidst strong continued pipeline in both NPLs and directly adjacent asset types where AnaCap has a broader based track record**

AnaCap Financial Europe

Q&A

Q&A

Any questions?

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Appendix

Appendix

1. Adjusted EBITDA Reconciliations
2. Reconciliation from 84-month ERC as at Q3 19 versus Q4 19 Reforecast
3. Reconciliation from Gross Attributable Collections to Gross Collections
4. Impairment, ERC and BV
5. Glossary

Adjusted EBITDA Reconciliations

The below outlines the reconciliation of profit before tax to Adjusted EBITDA for the years ended 31 December 2019 and 31 December 2018:

	12 months to 31 December 2019 (€m)	12 months to 31 December 2018 (€m)	Variance (€m)	Variance (%)
(Loss)/Profit before tax	(7.1)	21.3	(28.4)	(133%)
Finance costs/(income)	22.0	19.7	2.3	12%
Share of profit in associate	(0.8)	(0.7)	(0.1)	14%
FX	(0.2)	0.1	(0.3)	(300%)
Impairment	35.9	2.2	33.7	1532%
Gross Collections	124.9	133.7	(8.8)	(7%)
Gain from purchase of Senior Secured Notes	(1.7)	-	-	-%
Revenue	(80.6)	(75.6)	(5.0)	7%
Other income	0.3	0.2	0.1	50%
Repayment of secured loan notes	(3.2)	(4.4)	1.2	(27%)
Non-recurring items	0.2	0.5	(0.3)	(60%)
Dividend received	0.6	-	-	-%
Adjusted EBITDA	**90.3**	**97.0**	**(6.7)**	**(7%)**

Note: Data as of 31 December 2019, unless otherwise specified

Reconciliation from 84-month ERC as at Q3 19 versus Q4 19 Reforecast

	€m
84-month ERC as at Q3 2019	555
Less: Actual Q4 19 Collections	(45)
Plus: New ERC	19
Reforecast ERC pre-adjustments	528
ERC write off	(5)
84-month ERC as at Q4 2019	**523**

Reconciliation from Gross Attributable Collections to Gross Collections

Collections are monitored in two different ways:

1) **Gross Collections -** Gross 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.

For the year ended 31 December 2019 a reconciliation can be found below reconciling Gross Attributable Collections to Gross Collections:

Reconciliation from Gross Attributable Collections to Gross Collections (€k)		
12m 2019 Gross Attributable Collections	**125,037**	Used to calculate ERC
Gross up for portfolios with co-investors[1]	4,412	
Remove costs deducted at source[2]	(4,543)	
12m 2019 Gross Collections	**124,906**	Used in Financial Statements to calculate book value of investments

Note: Data as of 31 December 2019, unless otherwise specified
(1) When investments have co-investors, co-investor share of Gross 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

Impairment, ERC and BV

BY COUNTRY (€m)

Country	Book Value Pre Reforecast	Impairment	Impairment %	Book Value Post Reforecast	ERC	ERC/BV Post Reforecast
Italy	140	9.8	7%	130	205	1.6x
Spain	121	20.8	17%	100	139	1.4x
Portugal	86	4.7	5%	82	114	1.4x
Other	41	0.5	1%	40	65	1.6x
Total	**388**	**35.9**	**9%**	**353**	**523**	**1.5x**

ERC is only 1.4x of book value post revaluation for Spain and Portugal, indicating a lower GMM for these two countries

BOOK VALUE RECONCILIATION

	€m
PLPs	242
PLNs	18
JVs	62
Inventory	26
Advances for Inventory	5
Per analysis	**353**
Provisions	(0)
Per statutory accounts	**352**

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 total gross collections in the period.
- **“Cash due from servicers”** relates to cash collected by servicers on the portfolios which were not received until after the period.
- **“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”** represents total gross collections less portfolio investment disposals.
- **“Fixed Cover Charge Ratio (“FCCR”)”** is calculated as LTM Adjusted EBITDA divided by net interest expense.
- **“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 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”** represents Net Debt divided by LTM Adjusted EBITDA.
- **“Liquidity”** - €35m undrawn on the Facility plus cash available of €26m as at 31 December 2019.
- **“LTM Adjusted EBITDA”** means Adjusted EBITDA for the 12 month period to 31 December 2019.
- **“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.
- **“Net interest expense”** means interest expense incurred for a period of 12 months.
- **“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.
- **“Total 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 as well as disposals of portfolio investments. Total gross collections include any proportionate share of cash collections that relate to the interests of co-investors holdings of secured loan notes.