

**AnaCap Financial Europe  
S.A. SICAV-RAIF**

Presentation at the Morgan Stanley 2020 Virtual  
Leveraged Finance Conference

15<sup>th</sup> October 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





## AnaCap and AFE Asset Management



# AnaCap | A Leading Specialist Private Equity and Credit Investor

Complementary Private Equity and Credit strategies leveraging specialist expertise across Europe

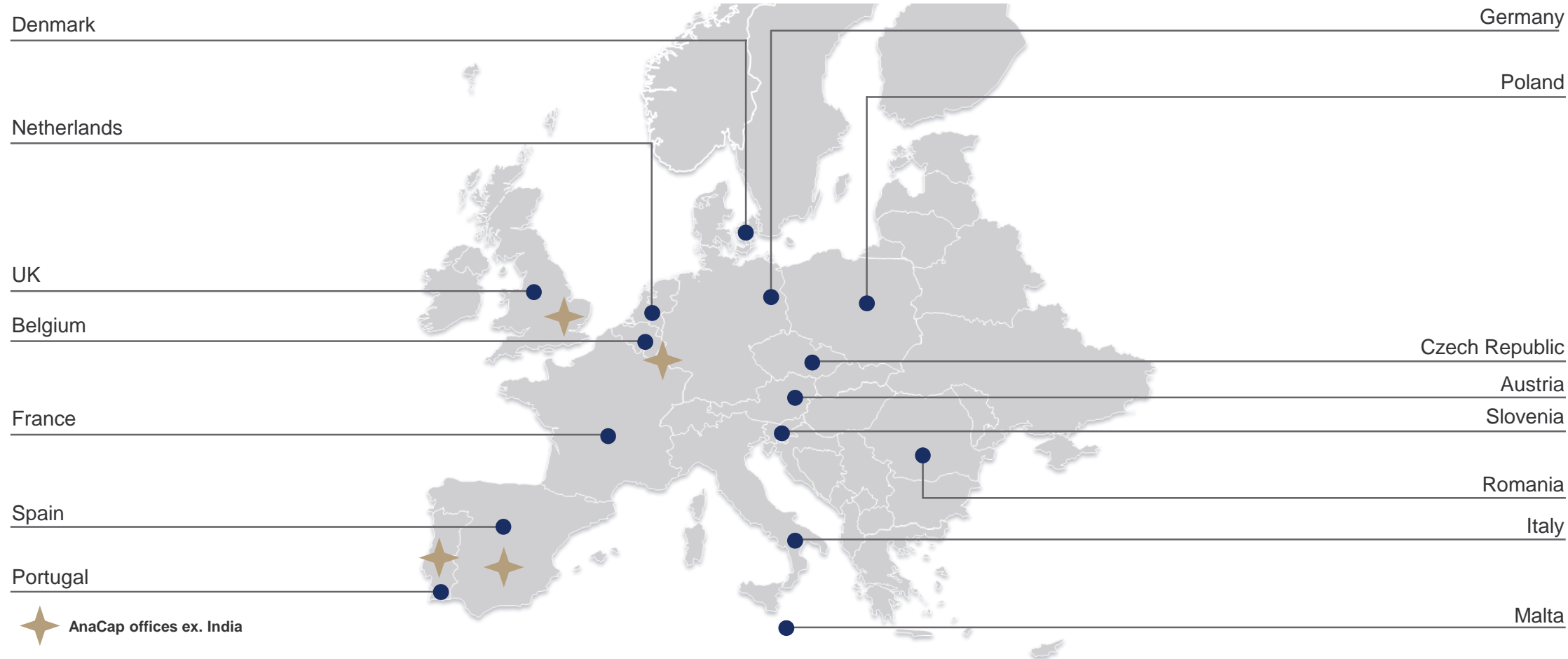
**€5bn** FUNDS RAISED

**8** PARTNERS WORKING TOGETHER FOR 13 YRS

**125+** FTE GLOBALLY

**100+** TOTAL INVESTMENTS

**15** EUROPEAN COUNTRIES<sup>1</sup>



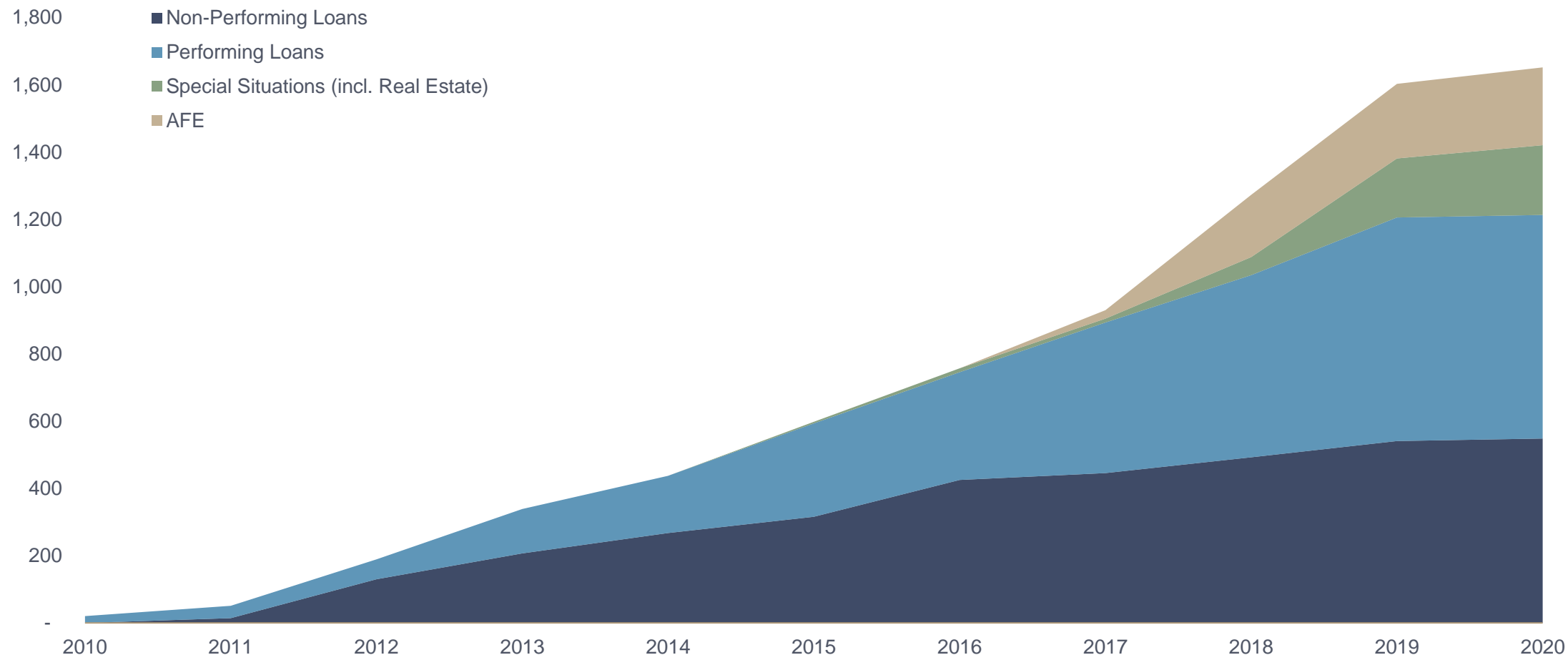
Note: Data as of 07 October 2020, unless otherwise specified  
1) One investment closed in India in January 2020 resulting in a total of 16 countries invested in  
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# AnaCap Credit | Investing Across Asset Types

Since inception, capital deployed consistently across both performing and non-performing debt as well as adjacent credit-oriented opportunities including real estate

## CUMULATIVE INVESTED CAPITAL BY ASSET TYPE<sup>1</sup> (€M)



Note: Data as at 30 September 2020, unless otherwise specified

1) AFE acquired multiple ACOF portfolios as part of the Maximus transaction in 2017, classified as ACOF deployment between 2012 and 2017 in the chart above

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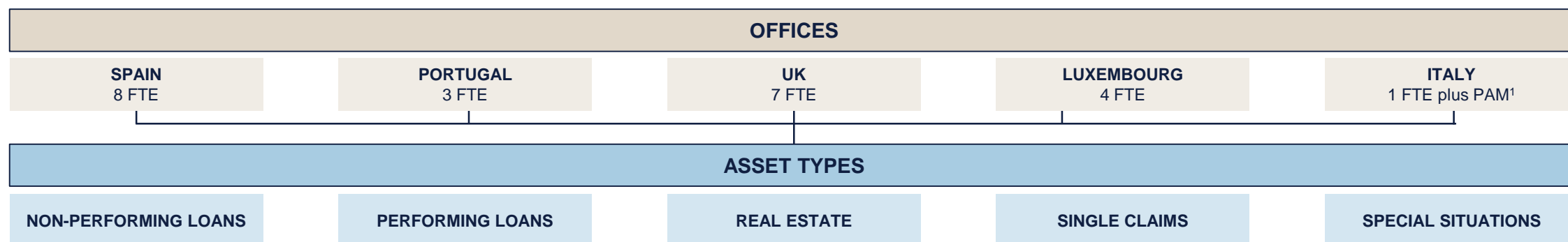


# AFE Asset Management | Our European Platform

*A dynamic, digitally enabled platform that maximises investment returns by combining deep analysis with agile asset management executed locally*



<b>€13.1bn</b> AUM	<b>5</b> EUROPEAN OFFICES	<b>5</b> SERVICE OFFERINGS	<b>23</b> FTE	<b>320+</b> DEDICATED FTE AT PARTNERS
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- AFE Asset Management provides services to **both AFE and ACOF funds**<sup>2</sup> at commercial arm's length fees
- Nimble, agile** and **low-cost platform** that **optimises returns** across a range of asset types
- Local servicing, real estate and legal resources** strategically located across Europe to **execute dynamic asset management strategies**
- 34 servicers** integrated into our proprietary digital intelligence platform, **Minerva**, informing underwriting and asset management
- Access to our **Minerva platform** and **over 40 FTE data and analytics specialists** in India provides a deep pool of capabilities

Note: Data as at 30 June 2020, unless otherwise specified

1) PAM = Phoenix Asset Management. AFE Asset Management has a 30% equity stake in PAM which has 47 FTEs in total / 2) AFE has provided these services to ACOF since 01 April 2020



# AFE Asset Management | Our Service Offerings

Broad range of services offered with extensive experience in each driving performance on existing and future portfolios



## MASTER SERVICING

- **European platform** with **scale**
- **Developed operation** with history of managing **credit** and **real estate**
- **Track record** in delivering superior returns
- Providing **Master Servicing** to ACOF and AFE portfolios

Master Servicing across 52 portfolios (22 AFE | 20 ACOF | 10 both)



## SPECIAL SERVICING

- **Optimal** resource allocation
- **Selective internalisation** to directly control workout process, **optimising returns**
- Providing **Special Servicing** for ACOF and AFE portfolios

Special Servicing of 3 portfolios in Spain



## DUE DILIGENCE AND UNDERWRITING

- **Enhancing** origination capabilities in 3 core markets
- **Local intelligence** feeds directly into underwriting
- **80+ diversified investments** informing underwriting
- **Portfolio insight, pricing and benchmark** analysis

Track record of ~6 mandates per annum<sup>1</sup> in Spain with capabilities recently established in Italy and Portugal



## ANCILLARY SERVICES

- **Internalising** basic accounting and administrative services that support ACOF funds and AFE vehicles
- **Portuguese securitisations vehicle** maximizing efficiencies on collections

2 vehicles in Portugal currently administered







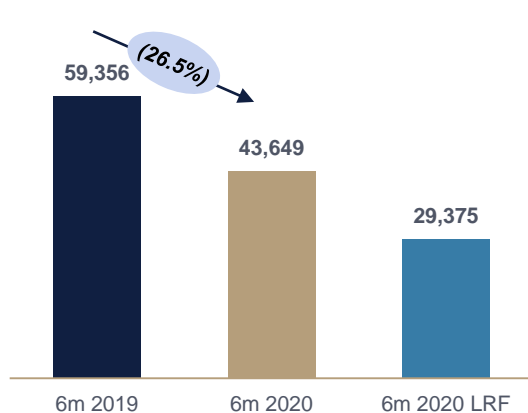
## **AFE Financial Update**



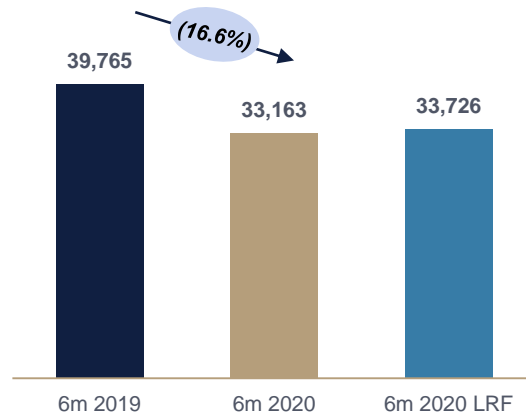
# AFE Financial Update | Key Financials

Despite contraction year on year due to low level of deployment in 2019, strong outperformance against forecast in Q2 2020

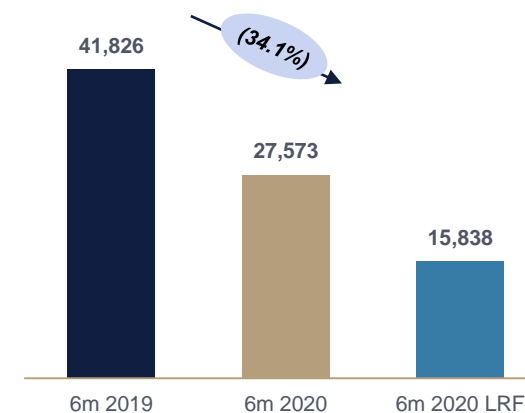
Gross Attributable Collections (€000)



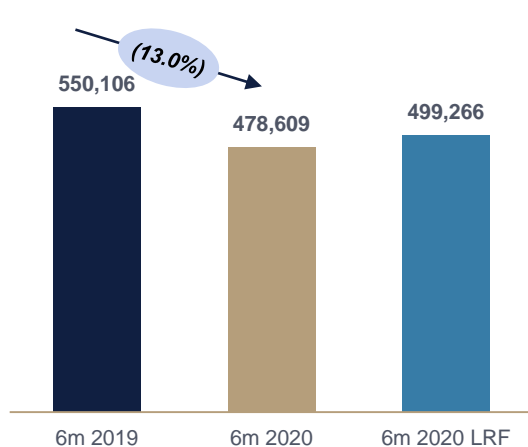
Revenue (incl. AM income) (€000)



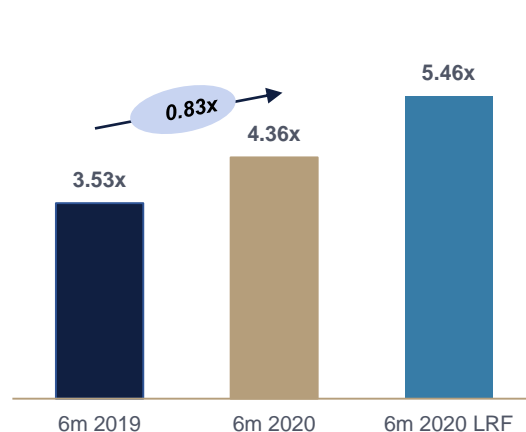
Adjusted EBITDA (€000)



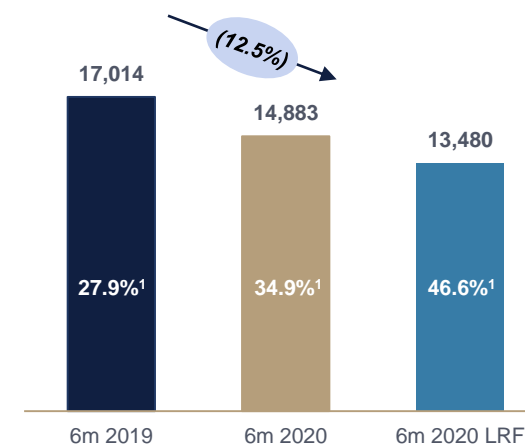
ERC (€000)



Leverage



Total operating costs (€000)



■ 6m ended 30 June 2019

■ 6m ended 30 June 2020

■ 6m ended 30 June 2020 forecast

Note: Data as at 30 June 2020, unless otherwise specified

1) Total Operating Cost ratio represents the ratio of operating expenses (excluding non-recurring items, impairment and FX) to Gross Collections

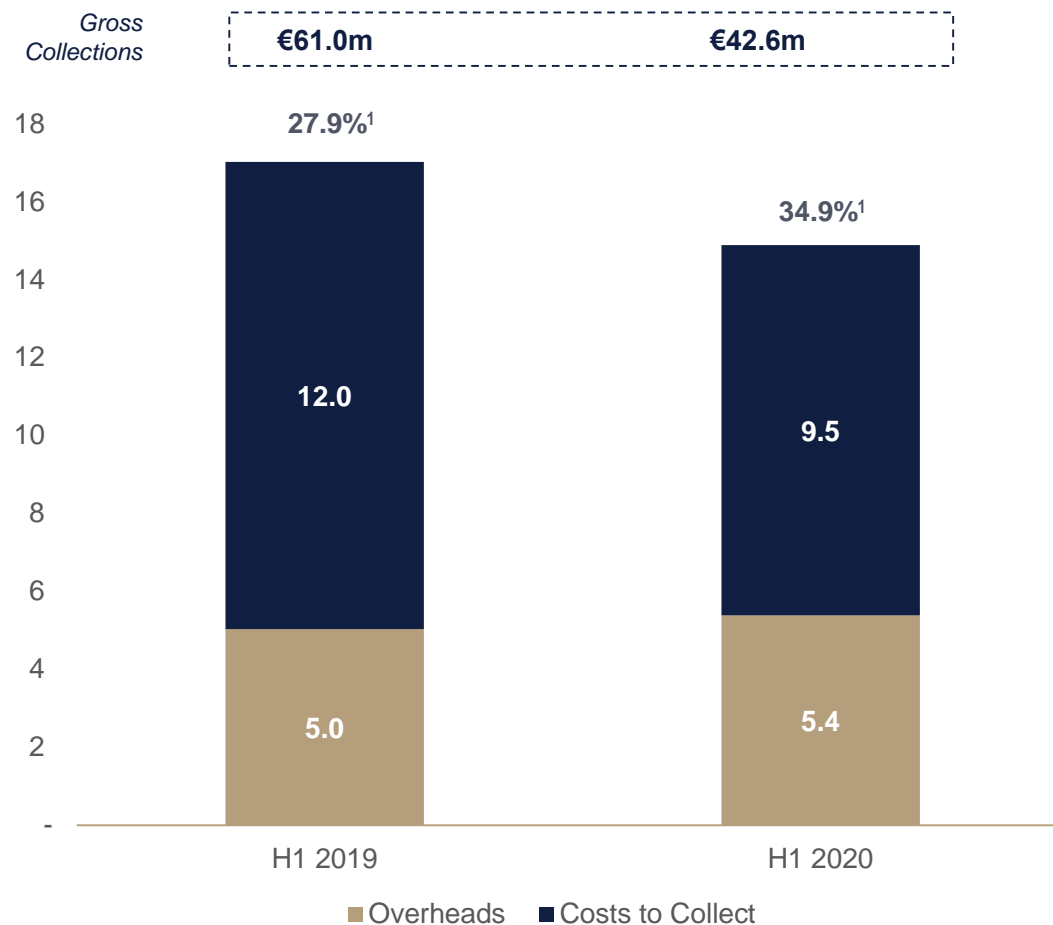
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# AFE Financial Update | Market Leading Cost Structure and Ample Liquidity

*Predominantly variable cost base supports market leading cost structure*

## OPERATING COST OVERVIEW (€M)



- Fixed costs remain low at €5.4m in H1 2020 vs €5.0m in H1 2019
- Modest increase in Costs to Collect ratio (as a % of Gross Collections) from 19.6% in H1 2019 to 22.3% in H1 2020, mainly due to:
  - Changes in asset mix with a higher proportion of collections come from secured NPL/PL portfolios in H1 2019 vs H1 2020 in Italy, which have a lower Costs to Collect ratio
  - Progression on collection curve in Portugal with more repossession in H1 2020, whereas in H1 2019 a higher proportion of collections come from amicable resolutions
- Predominantly variable cost base helps allows for optimisation of liquidity resource
- Ample liquidity - €90m+ in cash plus undrawn RCF available to take advantage of emerging opportunities

Note: Data as at 30 June 2020, unless otherwise specified

<sup>1</sup> Total Operating Cost ratio represents the ratio of operating expenses (excluding non-recurring items, impairment and FX) to Gross Collections

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# AFE Financial Update | Portfolio Analysis

48% outperformance in H1 2020 against Q1 reforecast with €478.6m 84-month ERC as at Q2 2020

## ERC OVERVIEW BY GEOGRAPHY (€M)

	Italy	Spain	Portugal	Other	Total
<b>H1 actual collections</b>	17.1	6.8	13.7	6.0	<b>43.6</b>
<b>Q1 reforecast for H1</b>	10.1	6.6	8.8	3.9	<b>29.4</b>
<b>%</b>	<i>169%</i>	<i>104%</i>	<i>157%</i>	<i>153%</i>	<b>148%</b>
<b>Total ERC</b>	192.4	131.8	96.7	57.7	<b>478.6</b>
<i>- Secured</i>	91.0	131.6	66.1	56.0	<b>344.7</b>
<i>- Unsecured</i>	89.2	-	27.9	1.5	<b>118.6</b>
<i>- CIC</i>	12.2	0.2	2.8	0.2	<b>15.4</b>
<b>Collateral Value</b>	248.0	145.4	160.1	105.2	<b>658.7</b>

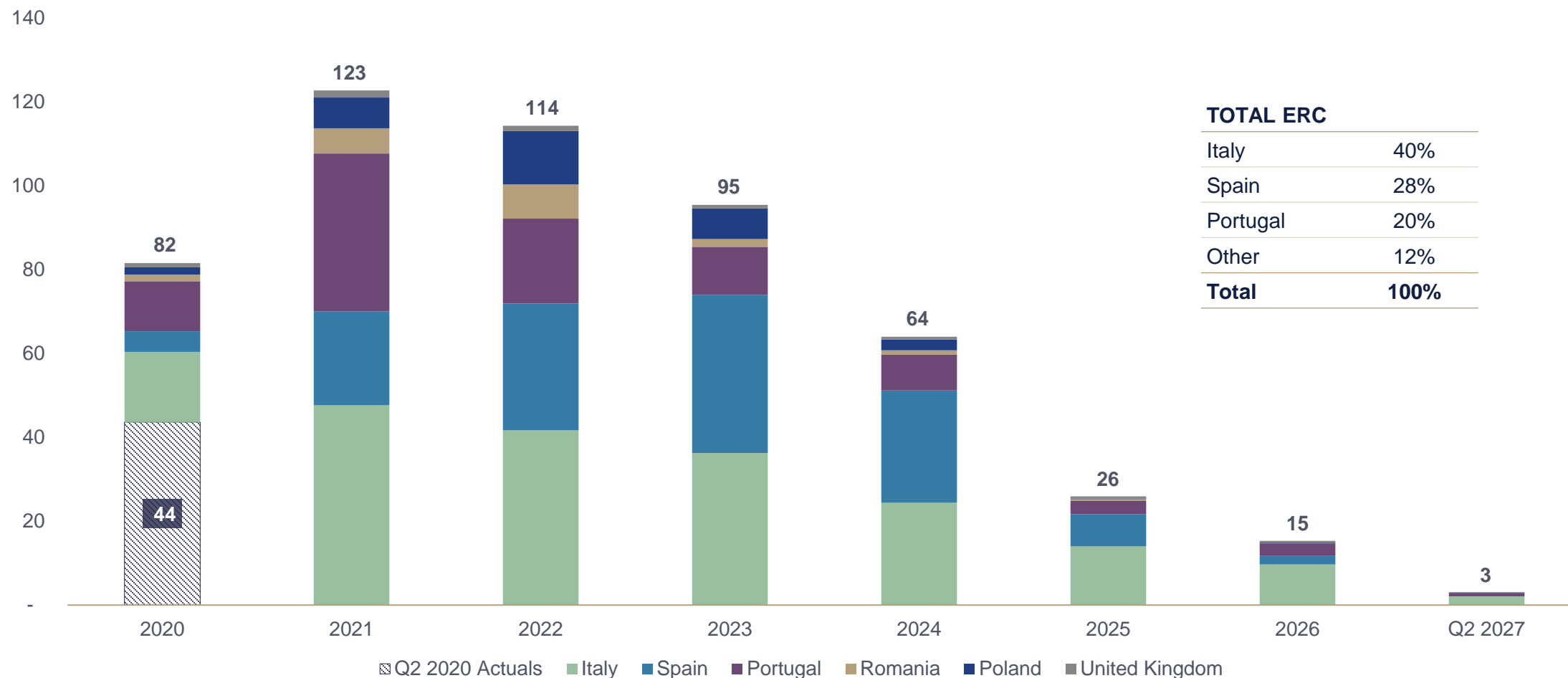
- 48% outperformance against Q1 2020 reforecast for the AFE portfolio overall further improving liquidity and providing buffer
- Significant headroom between collateral value and ERC reflecting dynamics of the portfolio with defensive resolution paths
- AFE Asset Management platform embedded in core markets driving tailored asset management strategies to optimise collections



# AFE Financial Update | Q2 2020 ERC by Country

ERC diversified by geography with over 85% forecast from Italy, Spain and Portugal, markets well-known to AFE

84-MONTH ERC AS AT JUNE 20 (€478.6M)



Note: Data as at 30 June 2020, unless otherwise specified  
 84-month ERC is based on Gross Attributable Collections as opposed to Gross Collections.  
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## AFE Pipeline



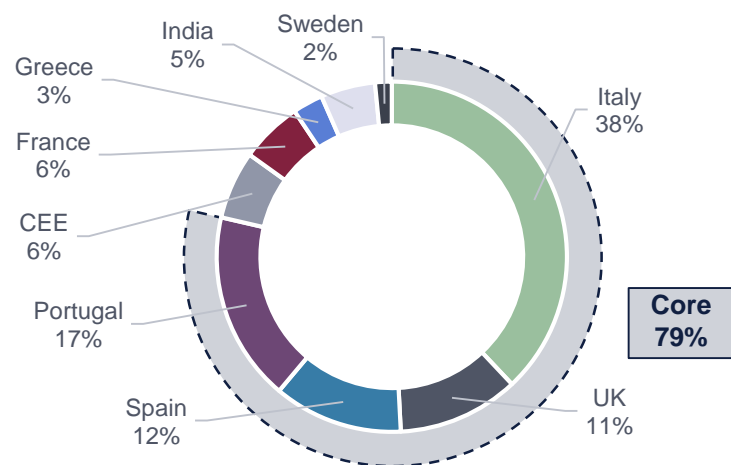
# Investment Pipeline | Current Snapshot

Current pipeline includes broad based opportunity set underpinned by a continued focus on real estate secured asset types

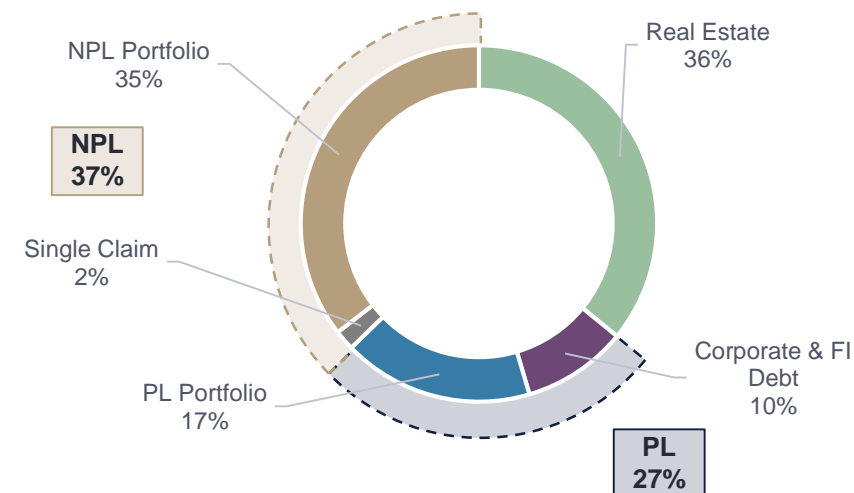
## OVERVIEW

- Current pipeline of **over €1.5bn** transaction value, including **~80%** in **core geographies**
- Provides AFE the opportunity to **co-invest across a range of asset types** in seeking the **best risk adjusted returns** and **greater diversification** across **cash generative** asset types
- Continued focus on **real estate secured NPLs** as well as **targeted high quality real estate** assets in top locations with resilient liquidity
- **NPL opportunities re-emerging in both the primary and secondary market**, with supply expected to increase as economic realities take hold and price expectations continue to adjust
- PL opportunities include **cash generative non-core asset disposals** as well as **special situations** where traditional funding channels are limited

## CURRENT PIPELINE BY GEOGRAPHY



## CURRENT PIPELINE BY ASSET TYPE



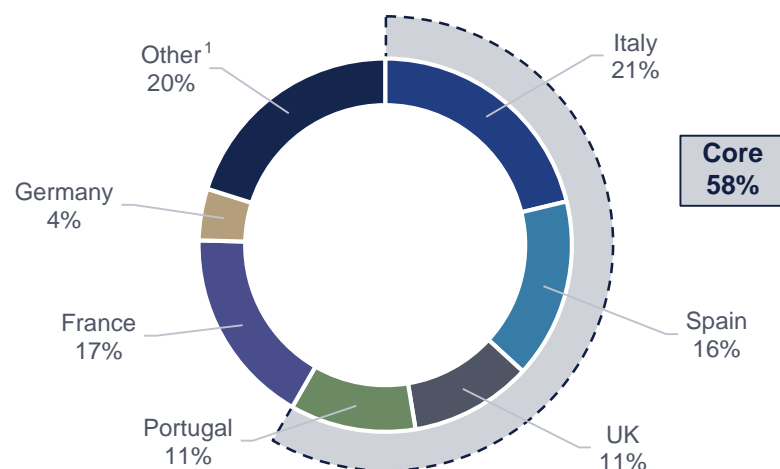
# Investment Pipeline | LTM Real Estate Pipeline

~€2.5bn pipeline of direct real estate investment opportunities generated over the last twelve months

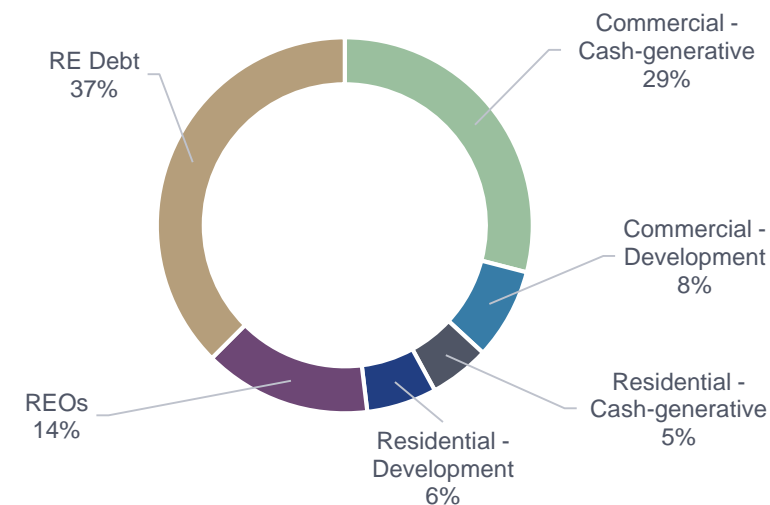
## OVERVIEW

- **Growing direct real estate opportunity** diversified by geography and asset type
- Building on **extensive AnaCap track record** in real estate backed debt, workout and asset management
- Targeting **off the run, mid-market sized opportunities** in more **liquid, top tier locations** which offer better liquidity through the cycle
- Utilising **AFE's local Asset Management resources** in **core geographies** as well as **strong network of operating partners** across Europe
- Pipeline **balanced** across **stable income-generating, value add** and **development** opportunities offering **highly attractive risk adjusted returns**

## LTM REAL ESTATE PIPELINE BY GEOGRAPHY



## LTM REAL ESTATE PIPELINE BY ASSET TYPE



Source: AnaCap. LTM pipeline data between 01 October 2019 and 30 September 2020.

1) Other includes Belgium, Denmark, Greece, Ireland, Romania and India

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## Q&A

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### Any questions?

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**Telephone:** +44 20 7070 5258



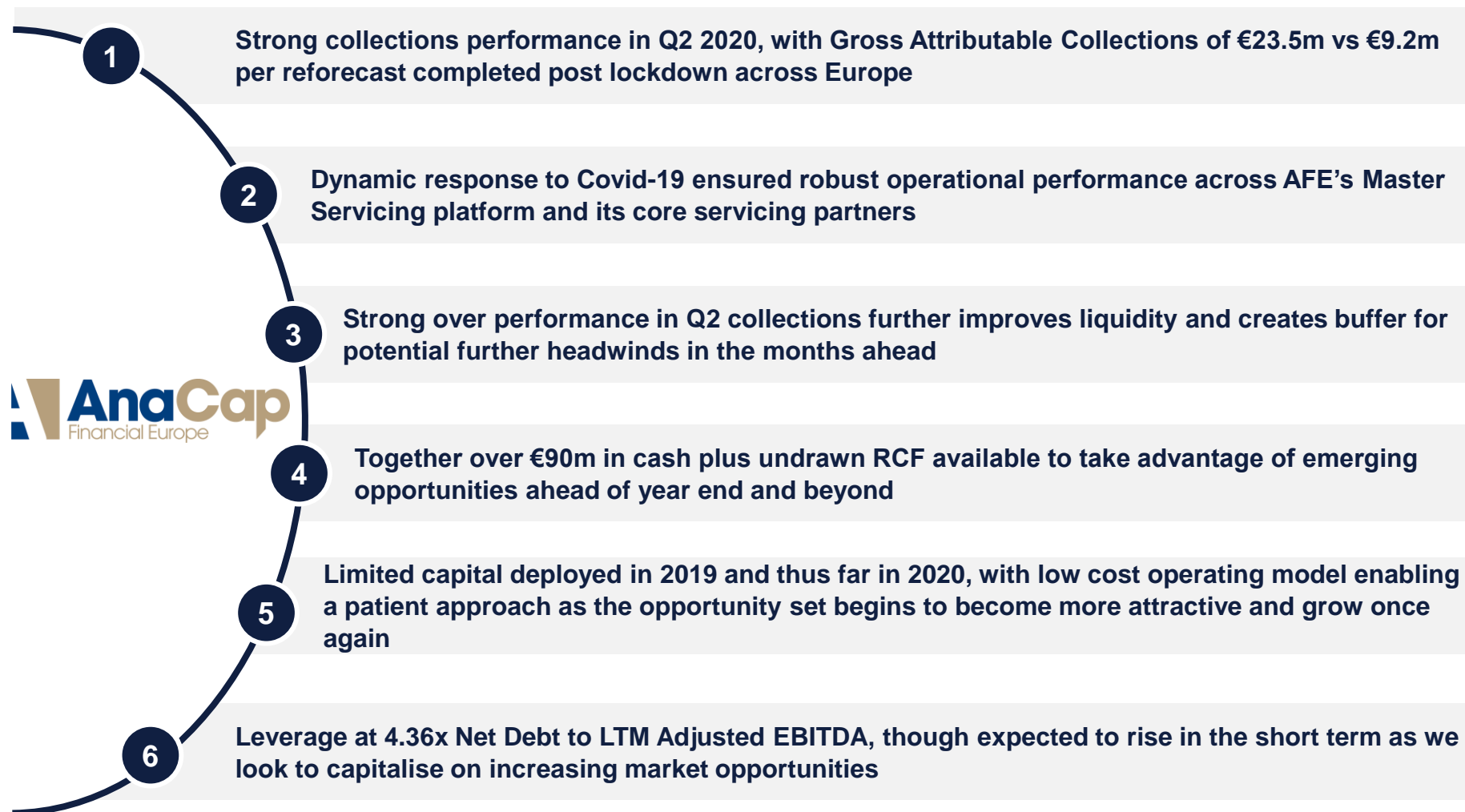


## Appendix – AFE Q2 2020 Results Presentation



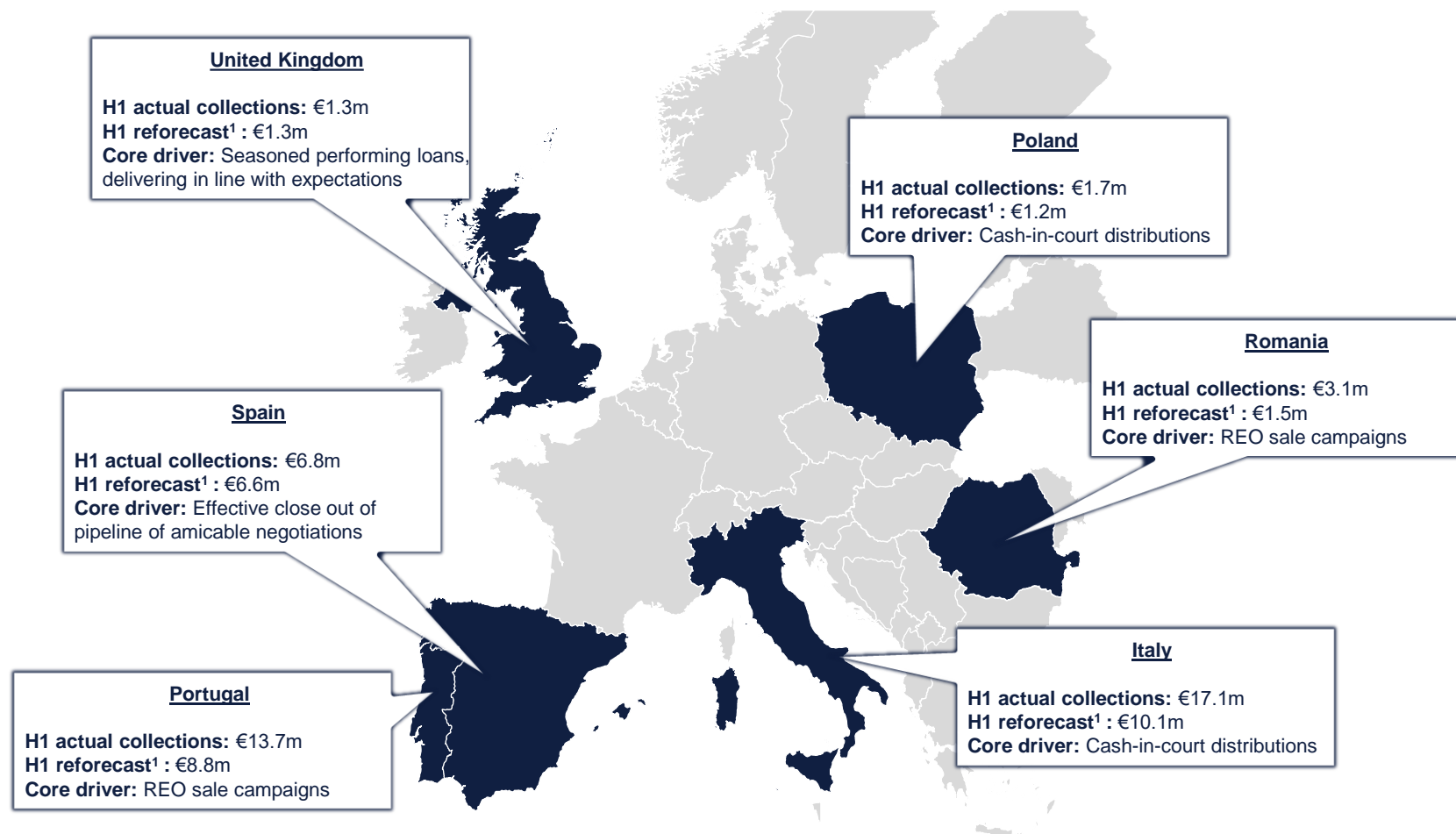
# AFE Credit Review | AnaCap Financial Europe Q2 2020 Highlights

*Q2 collections significantly ahead of prudent reforecast completed following the onset of Covid crisis*



# Operational Review | Platform Status and Development

Targeted asset management strategies has resulted in positive Q2 performance whilst protecting ERC



Data as at 30 June 2020 unless otherwise specified

<sup>1</sup>) H1 reforecast consists of Q1 2020 actual collections plus Q2 2020 forecast collections per reforecast completed in March 20

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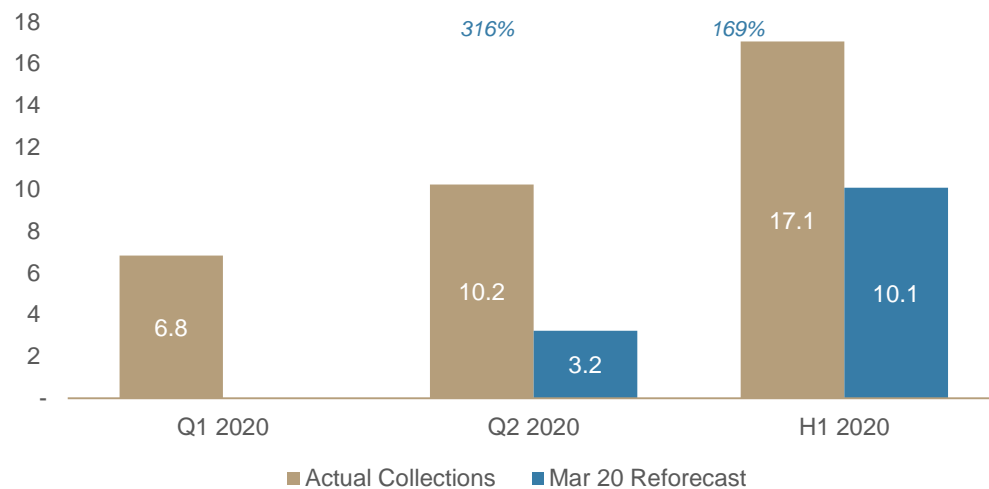
# Operational Review | Italy

Targeted approach to cash-in-court releases driving €7m outperformance



## ITALY - H1 2020 COLLECTIONS ANALYSIS (€M)

Actuals as a % of reforecast:



## ERC & COLLATERAL ANALYSIS

30 June 2020	TOTAL (€m)
<b>Total ERC</b>	192.4
- Secured	91.0
- Unsecured	89.2
- CIC	12.2
<b>Total Collateral Value</b>	248.0

## COMMENTARY

- Key operational focus during the quarter
  - Specific campaign to target virtual hearings with judge to deliver cash-in-court (“CIC”) releases
  - Direct negotiation with debtors to secure amicable settlements
- €10.2m of collections were received in Italy, €7m above our forecast for the quarter
- Out of the €10.2m total, €7.4m or c.72% was generated from CIC distributions, and this compares to a quarterly average of €4.9m or c.64% observed in previous three quarters
- Actual H1 2020 collections achieved 169% of revised expectations (and 85% of Dec 19 reforecast target)
- Significant headroom between collateral value and ERC reflecting dynamics of Italian portfolio (defensive resolution paths via auction process)



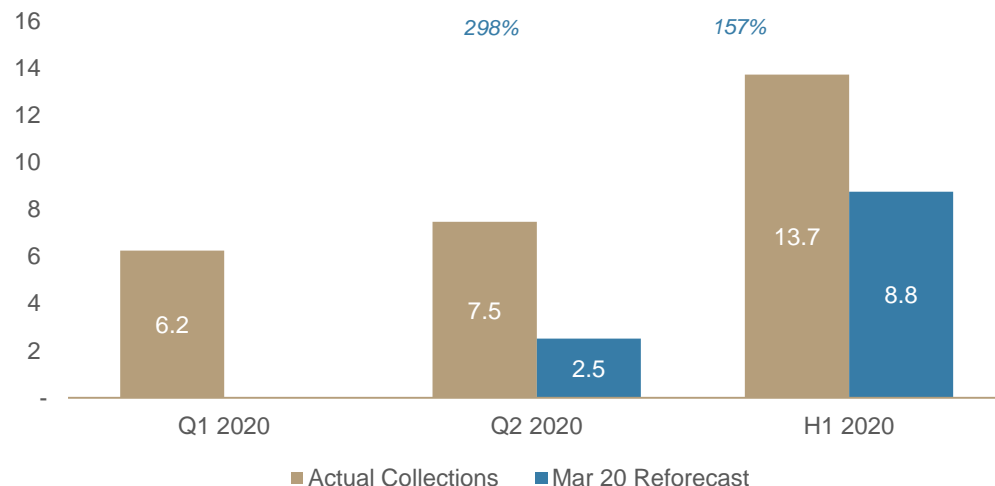
# Operational Review | Portugal

Focused marketing campaign on residential assets delivered €5m outperformance



## PORTUGAL - H1 2020 COLLECTIONS ANALYSIS (€M)

Actuals as a % of reforecast:



## ERC & COLLATERAL ANALYSIS

30 June 2020	TOTAL (€m)
<b>Total ERC</b>	96.7
- Secured	66.1
- Unsecured	27.9
- CIC	2.8
<b>Total Collateral Value</b>	160.1

## COMMENTARY

- Key operational focus during the quarter
  - Utilisation of on-the-ground network of public notaries to deliver property sales for repossessed assets
  - Ongoing drive on CIC releases
- Campaign on asset sales delivered asset level outperformance in the quarter. Cumulatively year to date asset realisations have exceeded ERC by c.13% on fully sold positions
- Actual H1 2020 collections achieved 157% of revised expectations (and 92% of Dec 19 reforecast target)
- High coverage ratio of collateral value to ERC is driven by our Secured SME book, where a defensive judicial strategy drives a prudent approach to valuation



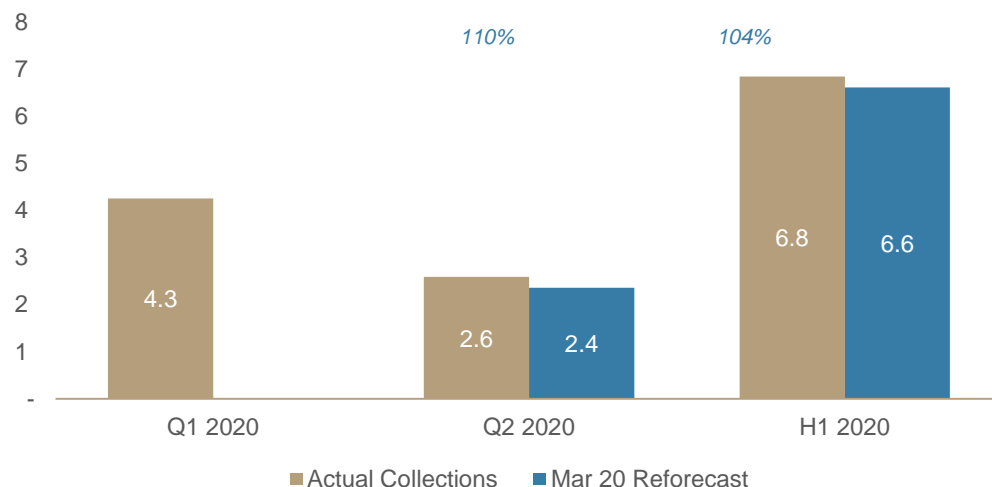
# Operational Review | Spain



Close tracking to revised expectations driven through tight management of pipeline of amicable collections

## SPAIN - H1 2020 COLLECTIONS ANALYSIS (€M)

Actuals as a % of reforecast:



## ERC & COLLATERAL ANALYSIS

30 June 2020	TOTAL (€m)
<b>Total ERC</b>	131.8
- Secured	131.6
- Unsecured	-
- CIC	0.2
<b>Total Collateral Value</b>	145.4

## COMMENTARY

- Key operational focus during the quarter
  - Close focus on near-term negotiations of amicable agreements
  - Completion of asset sales negotiated pre-lockdown
- Actual H1 2020 collections achieved 104% of revised expectations (and 92% of Dec 19 reforecast target)
- Following the impairment booked in March 20, asset realisations have exceeded ERC by c.3% in Q2 2020 on fully sold positions
- Reduced level of headroom between collateral value and ERC in Spain reflects our valuation methodology, which assumes a prudent liquidation value for a forced sale as opposed to a more standard market valuation

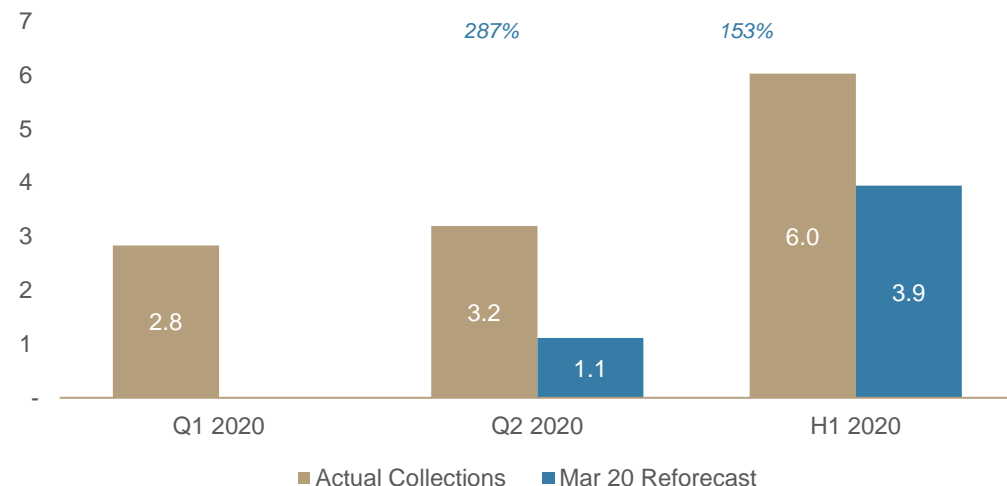


# Operational Review | Other Regions (UK, Romania, Poland)

Consistent mobilisation of initiatives in UK, Romania and Poland delivered €2m outperformance in quarter

## OTHER - H1 2020 COLLECTIONS ANALYSIS (€M)

Actuals as a % of reforecast:



## ERC & COLLATERAL ANALYSIS

30 June 2020	TOTAL (€m)
<b>Total ERC</b>	57.7
- Secured	56.0
- Unsecured	1.5
- CIC	0.2
<b>Total Collateral Value</b>	105.2

## COMMENTARY

- Key operational focus during the quarter
  - Drive on CIC releases in Poland
  - Focused asset sale campaign in Romania
- Campaign on asset sales delivered particularly strong asset level outperformance in Romania. Cumulatively year to date asset realisations have exceeded ERC by c.16% on fully sold positions
- Actual H1 2020 collections achieved 153% of revised expectations (and 84% of Dec 19 reforecast target)
- High coverage ratio of collateral value to ERC reflects our Romania book, where we assume a highly defensive approach to asset clearing value

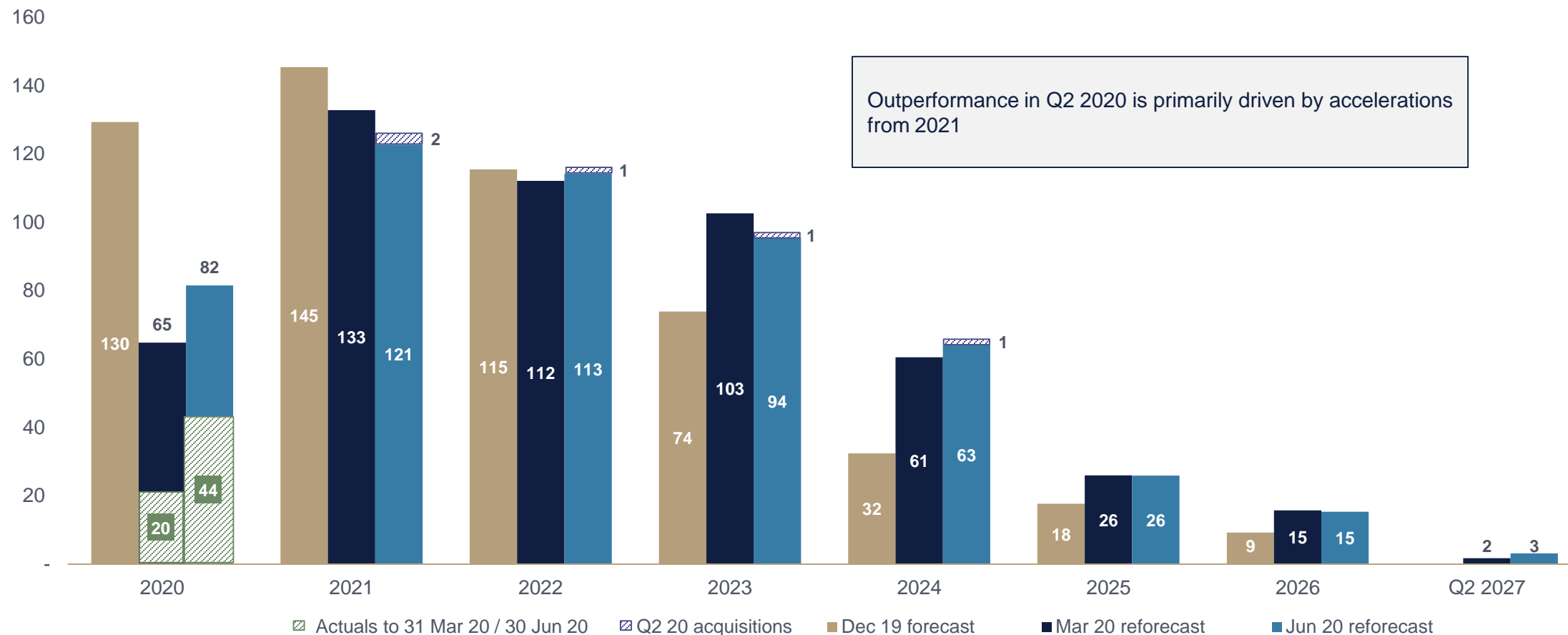




# Key Financial Highlights | ERC - Q4 19 vs Q1 20 vs Q2 20 Reforecasts

Overall neutral ERC position - actual H1 2020 cash collections of €43.6m against a Q1 2020 reforecast target of €29.4m, with €14.3m outperformance primarily due to accelerated collections from 2021

## 84-MONTH ERC AS AT June 20 (€478.6m)



Note: Data as of 30 June 2020, unless otherwise specified

84-month ERC is based on Gross Attributable Collections as opposed to Gross Collections. See slide 24 which reconciles Gross Attributable Collections to Gross Collections.

1) Basis of calculation includes Q1 2020 / Q2 2020 actuals plus 84-month ERC

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# Key Financial Highlights | Key Debt Covenant and Capital Structure

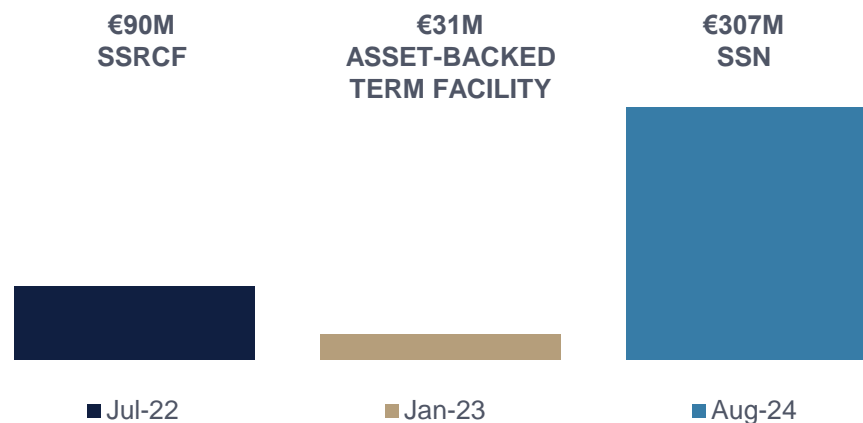
*Despite leverage remaining marginally higher than target, AFE maintains a strong liquidity position with no near term financing requirement*

## RCF COVENANT – LTV RATIO %



- LTV ratio 69.2% at 30 June 2020, below RCF covenant of 75%
- Slight rise since year end as AFE continues to remain prudent with capital deployed
- SSRCF LTV ratio 0.0% at 30 June 2020, below RCF covenant of 25%
- Net Debt to Adjusted EBITDA at 4.36x as of 30 June 2020 (LTM Adj. EBITDA of €76.0m vs €99.9m in prior year period)

## DEBT MATURITY ANALYSIS (€M)

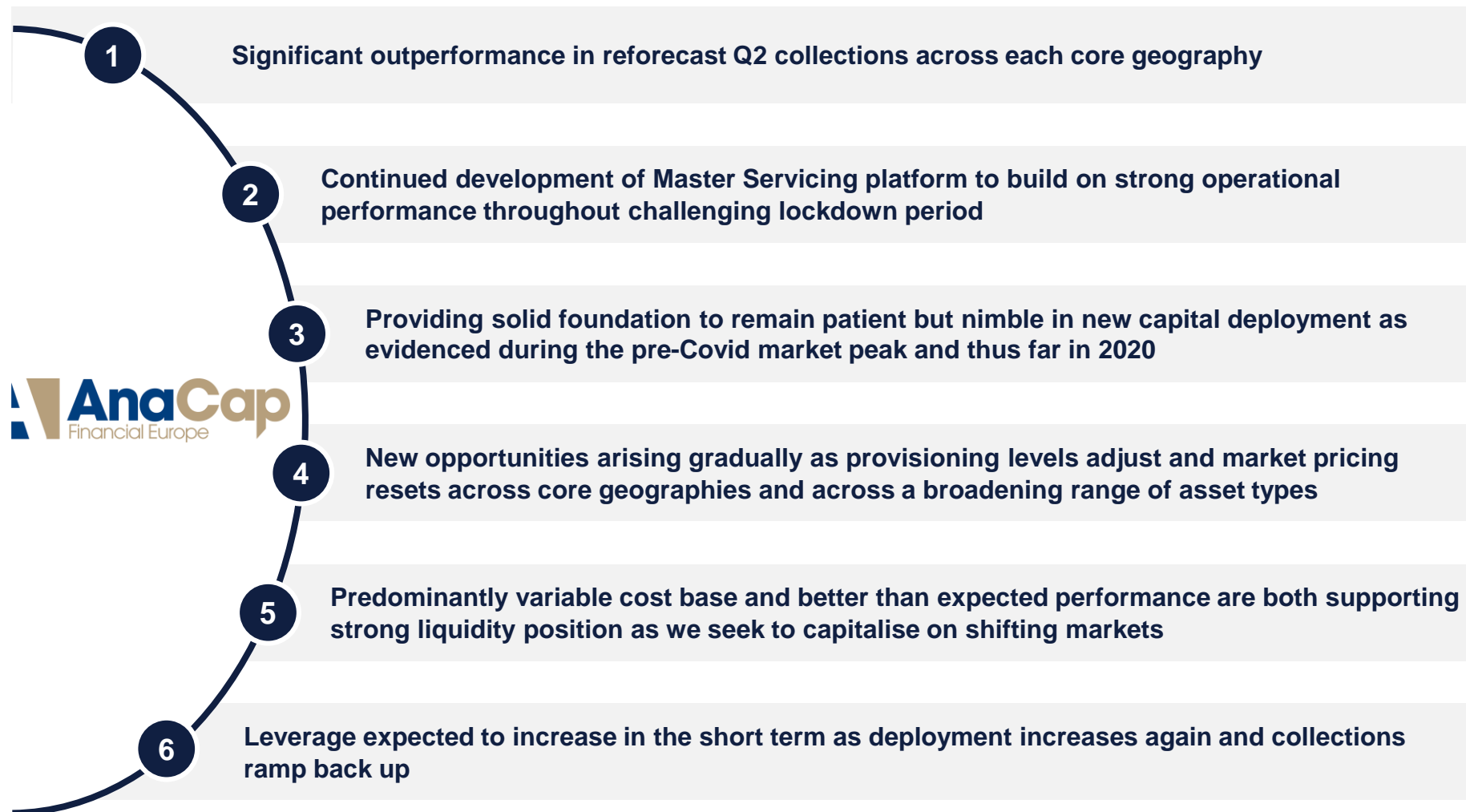


- No debt financing maturing until July 2022
- €90.0m Revolving Credit Facility; €51m available to draw on as of 30 June 2020 + €42m cash and cash receivables on balance sheet gives AFE sufficient liquidity of €93m to effectively manage its operations and cash flow requirements
- €31.3m Asset-backed Term Facility (amortising); €27m drawn as of 30 June 2020
- €307.5m (5% + EURIBOR) senior secured floating rate notes due Aug-24



# Strategy and Outlook for AFE | Closing Remarks

*Dynamic, low cost operating model and improving liquidity enabling patient but nimble approach*



## Adjusted EBITDA Reconciliations

The below outlines the reconciliation of profit before tax to Adjusted EBITDA for the 6 months ended 30 June 2020 and 30 June 2019:

	6 months to 30 June 2020 (€m)	6 months to 30 June 2019 (€m)	Variance (€m)	Variance (%)
(Loss)/Profit before tax	(28.2)	12.6	(40.8)	(324%)
Finance costs/(income)	8.6	12.0	(3.4)	(28%)
Share of profit in associate	(0.3)	(0.4)	0.1	(25%)
FX	1.0	(0.2)	1.2	(600%)
Impairment	37.2	0.2	37.0	(18,500%)
Gross Collections	42.6	61.0	(18.4)	(30%)
Gain from purchase of SSNs	-	(1.7)	(1.7)	(100%)
Revenue	(32.5)	(39.6)	7.1	(18%)
Repayment of secured loan notes	(0.8)	(2.2)	1.4	(64%)
Non-recurring items	-	0.2	(0.2)	(100%)
<b>Adjusted EBITDA</b>	<b>27.6</b>	<b>41.8</b>	<b>(14.2)</b>	<b>(34%)</b>



# 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 six months ended 30 June 2020 a reconciliation can be found below reconciling Gross Attributable Collections to Gross Collections:

Reconciliation from Gross Attributable Collections to Gross Collections (€k)		
6m 2020 Gross Attributable Collections	43,649	Used to calculate ERC
Gross up for portfolios with co-investors <sup>1</sup>	1,336	
Remove costs deducted at source <sup>2</sup>	(2,364)	
<b>6m 2020 Gross Collections</b>	<b>42,621</b>	Used in Financial Statements to calculate book value of investments

Note: Data as of 30 June 2020, unless otherwise specified

<sup>1</sup>) When investments have co-investors, co-investor share of Gross Collections is used to calculate Secured Loan Notes on Balance Sheet / <sup>(2)</sup> For Purchased Loan Notes and Joint Ventures, Collection Activity Costs are deducted at source

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# 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”** - €51m undrawn on the Facility plus cash available of €31m as at 30 June 2020
- **“LTM Adjusted EBITDA”** means Adjusted EBITDA for the 12 month period to 30 June 2020.
- **“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.

