AnaCap Financial Europe S.A. SICAV-RAIF

Presentation of the consolidated financial results of AnaCap Financial Europe S.A. SICAV-RAIF for the nine months ended 30 September 2020

17th November 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

AnaCap Financial Europe | **Q3 2020 Highlights**

Following strong Q3 collections and ample liquidity, AFE poised to capitalise on near-term pipeline opportunities

1. **Stronger than expected collections performance in Q3 2020, with Gross Attributable Collections of €18.0m v. €15.3m per Jun-20 reforecast, an 18% outperformance in the quarter**
2. **Continuing to operate effectively at full capacity across AFE's Master Servicing platform and core servicing partners, with low fixed cost base enabling patient approach to new deployment**
3. **Limited capital deployment in Q3 of just €2m, but increased deployment expected in Q4 as pipeline builds into year end and pricing begins to adjust to new realities**
4. **After relatively short lived rebound, economic headwinds return across Europe, with loan moratoria already granted on over €850bn gross loans**
5. **€99m in liquidity currently available to take advantage of emerging opportunities ahead of year end and into 2021, as pressure builds across geographies and asset types**
6. **Leverage at 4.48x Net Debt to LTM Adjusted EBITDA, but expected to rise in the short term as we look to capitalise on increasingly attractive opportunities**

AFE Governance | **Update**

Management and governance changes effective from 1st January 2021, with introduction of new CFO and consolidation of finance with the wider AnaCap Group

Eric Verret

CFO, AFE

Eric has been appointed CFO of AFE effective from 01 January 2021. He is currently a Managing Director at AnaCap responsible for Risk & Liability Management, including all Capital Markets activity. Eric previously worked at NN Investment Partners (Head of Private Debt), GE Capital (M&A and Capital Markets) and Clifford Chance (Capital Markets Lawyer). Eric is a CFA Charterholder, with an MBA from INSEAD (France) and a law degree from Laval University (Canada).

Graeme Chaffe

Finance Director, AFE

Graeme joined AnaCap in 2008 and has been AnaCap's Group Head of Finance for the past 7 years. He is responsible for all aspects of financial control and reporting across AnaCap's funds platform, including AFE effective from 01 January 2021, managing a team of 11 accountants across the UK and Luxembourg. Graeme is a Fellow of the Institute of Chartered Accountants in England and Wales and holds several Directorships across the AnaCap Group.

Chris Ross-Roberts

Non-Executive Director, AFE

Having been a Director of the Company since inception in June 2017, Chris will step down from his full-time role as the Company's Chief Financial Officer and as a member of the Investment Recommendation Committee of AFE's investment adviser, AnaCap Financial Partners Limited, with effect from 31 December 2020. Chris will remain a member of the Board as a Non-Executive Director and will chair the Company's Audit Committee.

Operational Review

Ed Green

Country Analysis | **Italy**

Targeted asset management strategies focused on cash-in-court and amicable resolutions driving significant outperformance to post Covid reforecast

KEY STATUS UPDATES

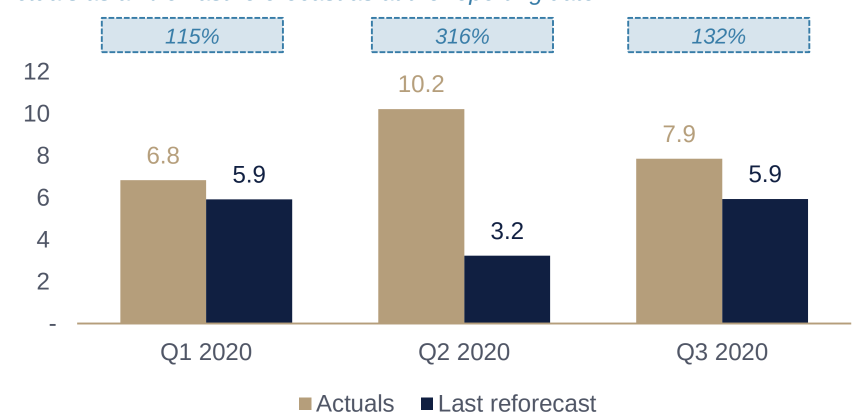
- Payment moratoria extended – those already admitted in scheme can extend to Jan-21 and new admission extended until Dec-20
- Courts open with wider range of online services - judicial auction dates already being rescheduled in Q4 2020
- Cash-in-court ("CIC") expected to drive collections in the short term

AFE ASSET MANAGEMENT HIGHLIGHTS

- Targeting amicable resolutions to drive collections outside of judicial processes - **€1.9m** of pipeline as at 30 September 2020
- Focus on CIC acceleration - **€10.6m** of CIC stock
- Leveraging on-the-ground resource to optimise marketing at auctions
- **Q3 2020 Attributable Gross Collections – 32% outperformance against Jun-20 reforecast expectations**

ITALY – Q1-3 2020 COLLECTIONS ANALYSIS (€M)[1]

Actuals as a % of last reforecast as at the reporting date:



ERC & COLLATERAL ANALYSIS

30 September 2020	TOTAL (€m)
Total ERC	200.6
- Secured	*105.0*
- Unsecured	*85.0*
- CIC	*10.6*
Total Collateral Value	231.1

Data as at 30 September 2020 unless otherwise specified
(1) Actuals compared to last reforecast as at the reporting date – Q1 actuals compared to Dec-19 forecast, Q2 actuals to Mar-20 reforecast and Q3 actuals Jun-20 reforecast

Country Analysis | **Portugal**

Local Asset Management team maximising opportunity of relatively buoyant property market in Portugal

KEY STATUS UPDATES

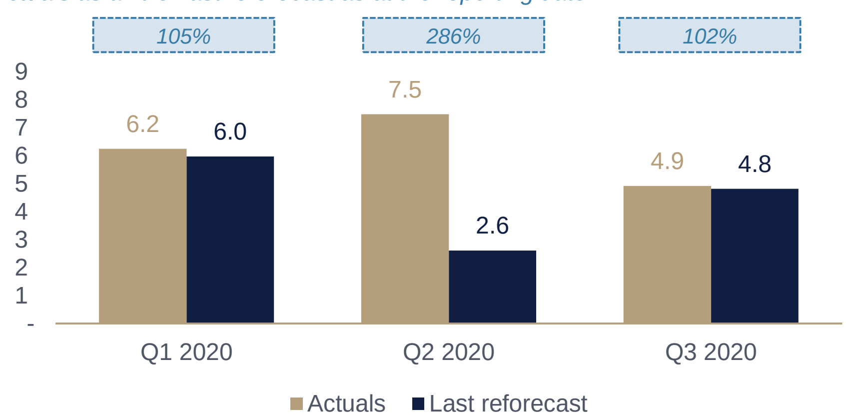
- Slowdown in secured residential NPLs due to judicial suspensions where the collateral is permanent housing of the borrower
- House prices rose by 1.0% QoQ in Q3 2020 (5.5% YoY) reaching an average €2,090/m², positively impacting asset sales
- Additional societal restrictions implemented in Oct-20 but courts and core public bodies operational, but subject to temporary closures

AFE ASSET MANAGEMENT HIGHLIGHTS

- Progress judicial suspensions by evidencing to the court that the borrower is not living there currently (70% of the cases)
- Driving real estate sales to capitalise on current market appetite; targeted approach to portfolio segmentation for sale
- **Q3 2020 Attributable Gross Collections – 2% outperformance against Jun-20 reforecast expectations**

PORTUGAL – Q1-3 2020 COLLECTIONS ANALYSIS (€M)[1]

Actuals as a % of last reforecast as at the reporting date:



ERC & COLLATERAL ANALYSIS

30 September 2020	TOTAL (€m)
Total ERC	91.8
- Secured	*63.3*
- Unsecured	*25.6*
- CIC	*2.9*
Total Collateral Value	149.3

Data as at 30 September 2020 unless otherwise specified
(1) Actuals compared to last reforecast as at the reporting date – Q1 actuals compared to Dec-19 forecast, Q2 actuals to Mar-20 reforecast and Q3 actuals Jun-20 reforecast

Country Analysis | **Spain**

Focus on maximisation of amicable resolutions and targeted engagement with courts

KEY STATUS UPDATES

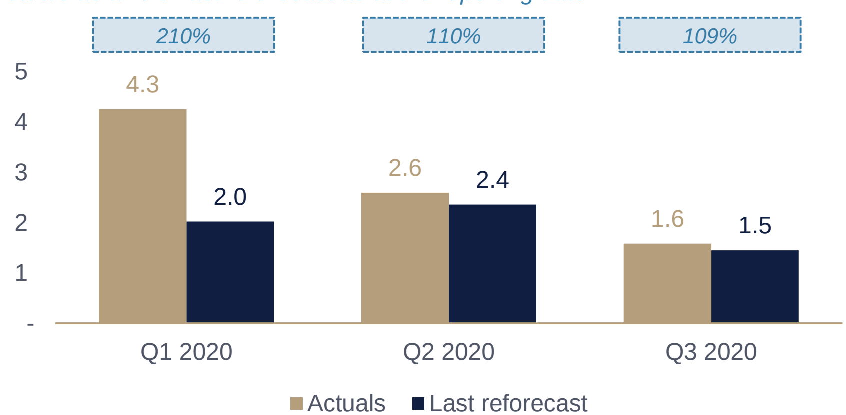
- Courts have re-opened though are operating significantly below pre-Covid-19 capacity levels, impacting resolution timing
- Emergency status was declared in Madrid in early Oct-20 with stronger national measures implemented late Oct-20
- Delays or cancellations of REO sales driven by financing difficulties (19 cases with total value of €1.2m during past 2 quarters)

AFE ASSET MANAGEMENT HIGHLIGHTS

- Focus on amicable resolutions to drive near-term cash flows given challenges in court proceedings
- Deployment of local resources to maximise asset level performance, despite challenges in real estate market
- Ongoing internalisation of assets within local platform to ensure relentless focus on legal recoveries amidst court slowdowns
- **Q3 2020 Attributable Gross Collections – 9% outperformance against Jun-20 reforecast expectations**

SPAIN – Q1-3 2020 COLLECTIONS ANALYSIS (€M)[1]

Actuals as a % of last reforecast as at the reporting date:



ERC & COLLATERAL ANALYSIS

30 September 2020	TOTAL (€m)
Total ERC	130.2
- Secured	*129.9*
- Unsecured	*0.0*
- CIC	*0.3*
Total Collateral Value	143.6

Data as at 30 September 2020 unless otherwise specified
(1) Actuals compared to last reforecast as at the reporting date – Q1 actuals compared to Dec-19 forecast, Q2 actuals to Mar-20 reforecast and Q3 actuals Jun-20 reforecast

Country Analysis | **Other Regions (UK, Romania, Poland)**

Dynamic tailored asset management strategies driving collections outperformance over Q3, primarily through collateral sales and amicable resolutions

KEY STATUS UPDATES

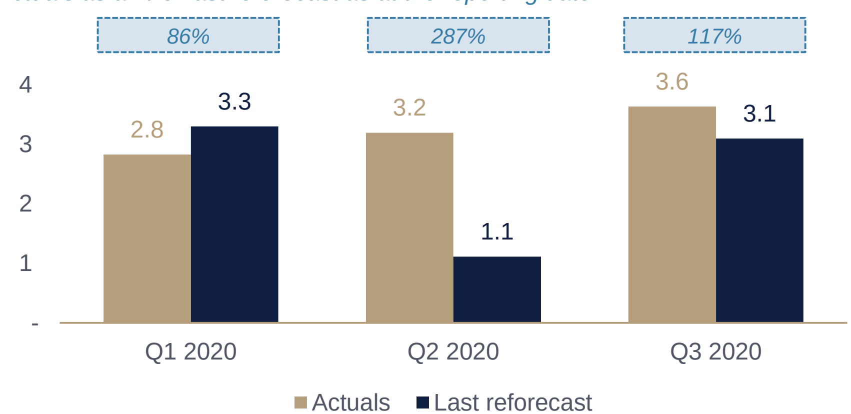
- Full National Lockdown in England in place until 02/12/2020
- UK loan payment holidays extended by 6 months
- Updated FCA guidance on secured lending effective from Sep-20 focussed on supporting customers affected by coronavirus
- Mobility restrictions remain in place in Romania, impacting ability to drive auction resolutions due to lack of virtual auctions
- Polish courts not open to the public slowing CIC releases

AFE ASSET MANAGEMENT HIGHLIGHTS

- UK portfolio continues to perform in line with expectations with less impact than expected from payment holidays
- Strong performance in Romania and Poland primarily driven by targeted collateral sales and amicable resolutions respectively
- **Q3 2020 Attributable Gross Collections – 17% outperformance against Jun-20 reforecast expectations**

OTHER – Q1-3 2020 COLLECTIONS ANALYSIS (€M)[1]

Actuals as a % of last reforecast as at the reporting date:



ERC & COLLATERAL ANALYSIS

30 September 2020	TOTAL (€m)
Total ERC	54.1
- Secured	*44.5*
- Unsecured	*1.4*
- CIC	*8.2*
Total Collateral Value	101.0

Data as at 30 September 2020 unless otherwise specified

(1) Actuals compared to last reforecast as at the reporting date – Q1 actuals compared to Dec-19 forecast, Q2 actuals to Mar-20 reforecast and Q3 actuals Jun-20 reforecast

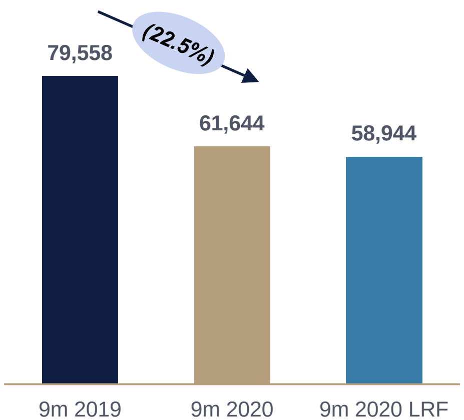
Key Financial Highlights

Chris Ross-Roberts

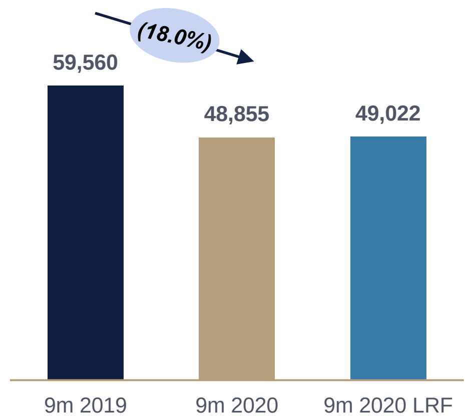
Key Financial Highlights | **AFE Financials**

Despite contraction year on year due to low level of deployment in 2019 and thus far in 2020, outperformance on collections against forecast in Q3 2020

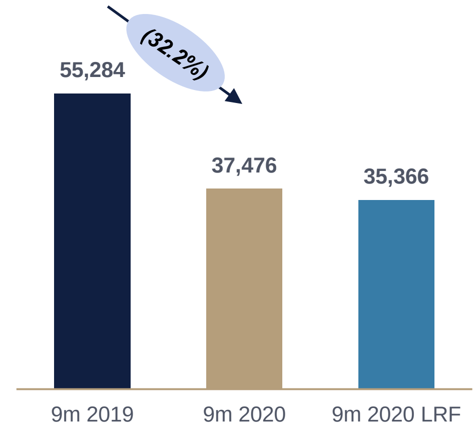
Gross Attributable Collections (€000)



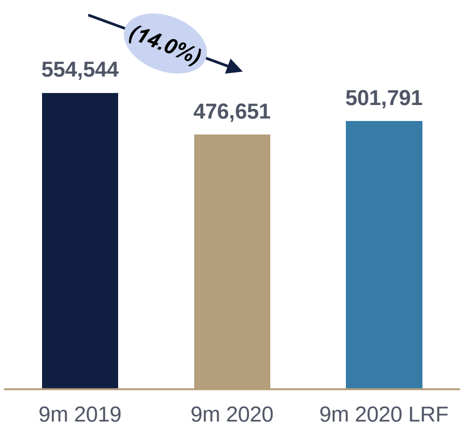
Revenue (incl. AM income) (€000)



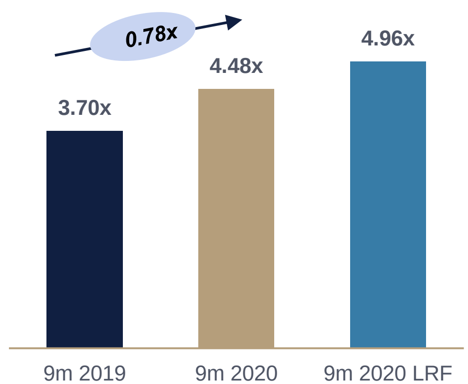
Adjusted EBITDA (€000)



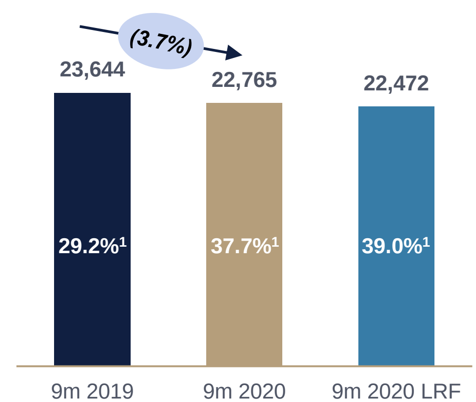
ERC (€000)



Leverage



Total operating costs (€000)



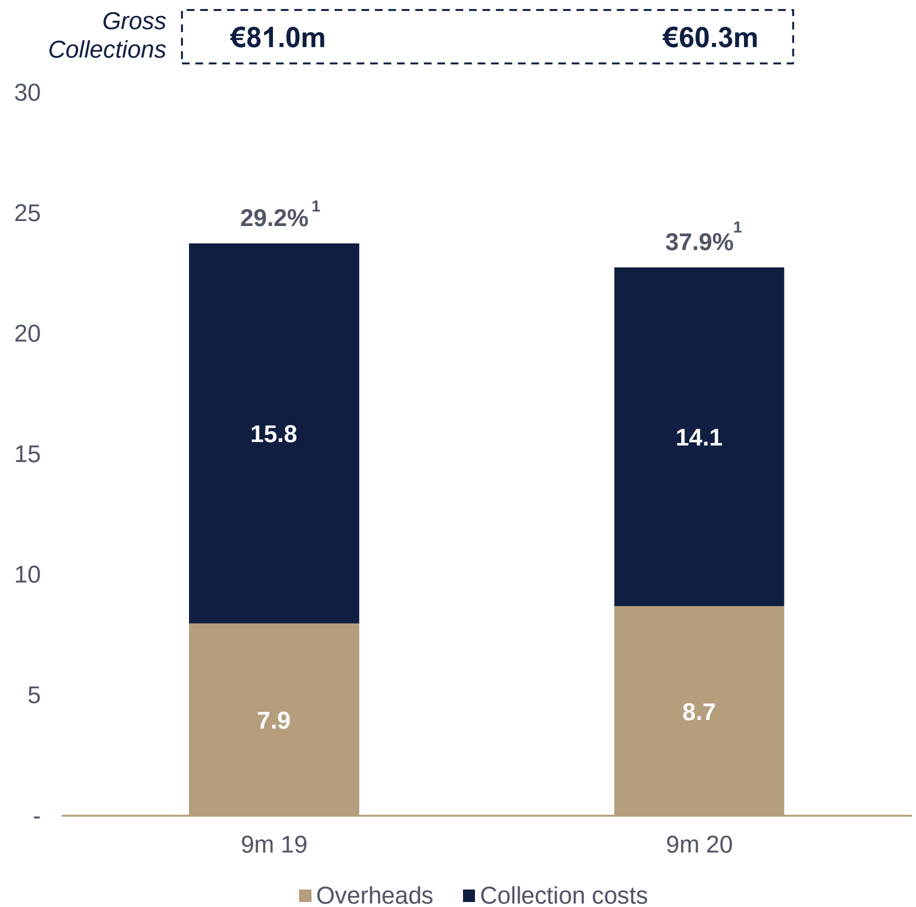
9m ended 30 Sept 2019 | 9m ended 30 Sept 2020 | 9m ended 30 Sept 20 per Jun-20 reforecast

Note: Data as of 30 September 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

Key Financial Highlights | **Market Leading Cost Structure**

Predominantly variable cost base supports market leading cost structure

OPERATING COST OVERVIEW (€M)



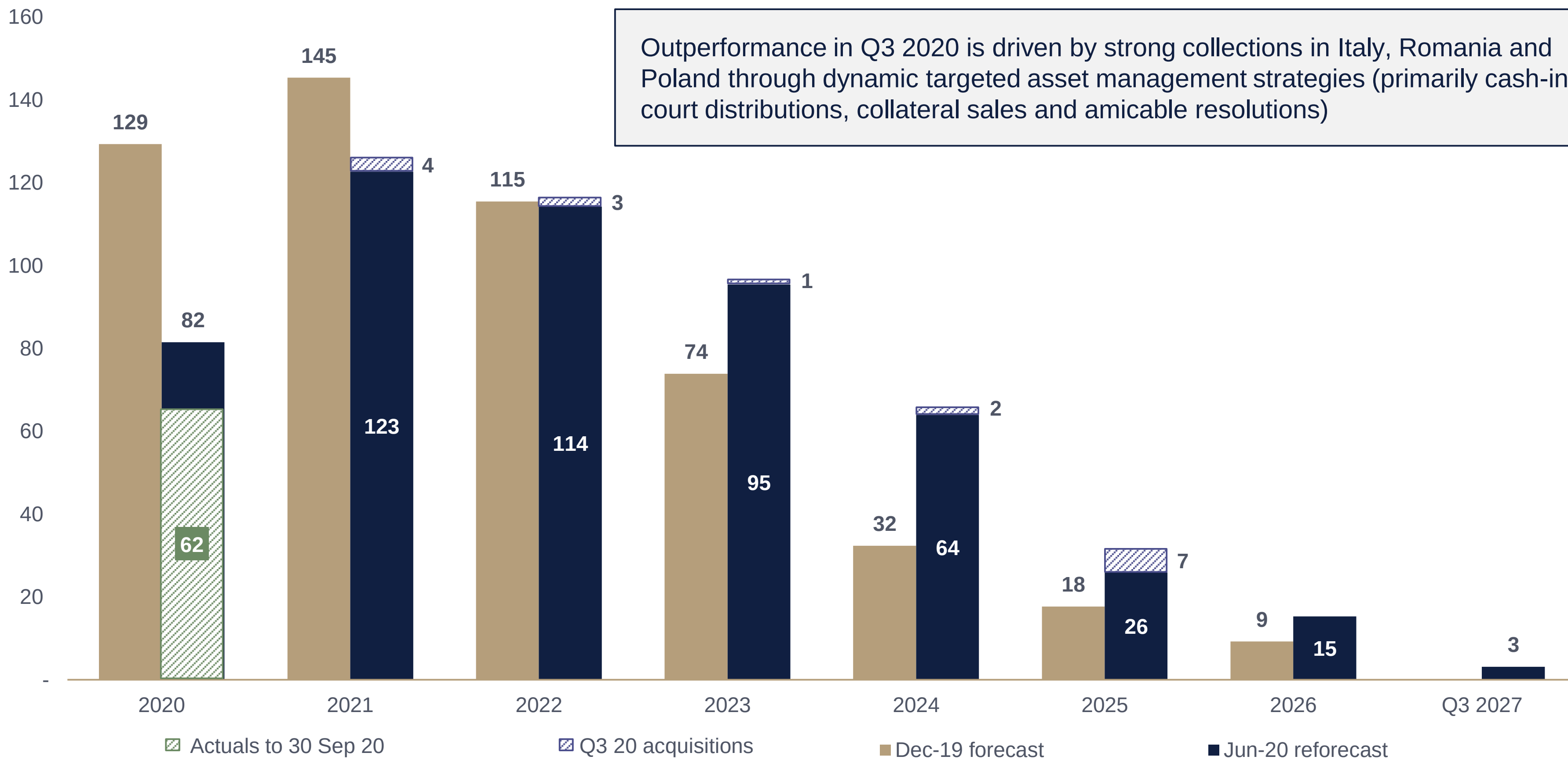
- Fixed costs remain low at €8.7m for the 9m ended 30 September 20 vs €7.9m in the prior year period
- Increase in Costs to Collect ratio[2] (as a % of Gross Collections) from 19.5% for the 9m ended 30 September 2019 to 23.4% in the 2020 comparative period, mainly due to:
  - Changes in asset mix with a higher proportion of collections coming from unsecured Italian NPLs in the 9m ended September 20, compared with the same period last year, which have a higher Costs to Collect ratio than secured portfolios
  - Maturity of older secured portfolios where legal activity is higher resulting in a higher Costs to Collect ratio
- Predominantly variable cost base helps allows for optimisation of liquidity resource

Note: Data as of 30 September 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
(2) Cost to Collect ratio represents the ratio of collection costs to Gross Collections

Key Financial Highlights | **ERC – Dec 19 vs Sep 20**

18% outperformance in Q3 against Jun-20 reforecast; 26.2% underperformance against Dec-19 forecast

2020 ACTUALS PLUS 84-MONTH ERC AS AT SEPTEMBER 20 - €538.3m[1]



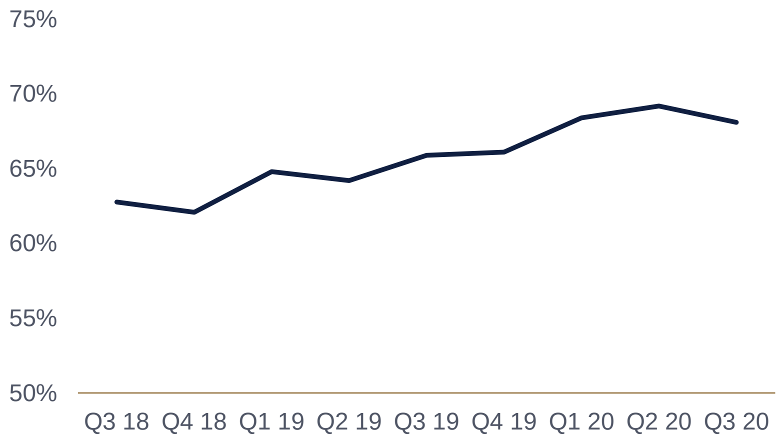
Outperformance in Q3 2020 is driven by strong collections in Italy, Romania and Poland through dynamic targeted asset management strategies (primarily cash-in-court distributions, collateral sales and amicable resolutions)

Note: Data as of 30 September 2020, unless otherwise specified
84-month ERC is based on Gross Attributable Collections as opposed to Gross Collections. See slide 27 which reconciles Gross Attributable Collections to Gross Collections.
(1) Basis of calculation includes Year to Q3 2020 actuals plus 84-month ERC

Key Financial Highlights | **Key Debt Metrics and Capital Structure**

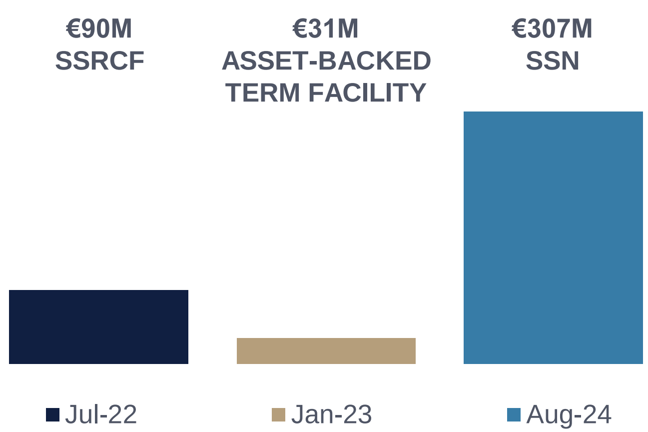
AFE maintains a strong liquidity position with no near term financing requirement to support

RCF COVENANT – LTV RATIO %



- LTV ratio 68.1% at 30 September 2020 (RCF covenant of 75%)
- SSRCF LTV ratio 0.0% at 30 September 2020, below RCF covenant of 25%
- Net Debt to Adjusted EBITDA at 4.48x as of 30 September 2020 (LTM Adj. EBITDA of €72.5m vs €98.9m in prior year period)
- Net Debt to Adjusted EBITDA expected to rise through year-end

DEBT MATURITY ANALYSIS (€M)



- No debt financing maturing until July 2022
- €99.0m available liquidity, including €82m available on RCF + €17m cash and cash receivables as of 30 September 2020 giving AFE sufficient liquidity to effectively manage its operations and growing pipeline
- €26m drawn on asset-backed term facility as of 30 September 2020
- €307.5m (5% + EURIBOR) senior secured floating rate notes due Aug-24

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

Strategy and Outlook for AFE

Justin Sulger

Market Opportunity | **Non-Performing Loans**

NPL supply expected to increase as banks accelerate the disposal of both legacy and newly generated NPLs

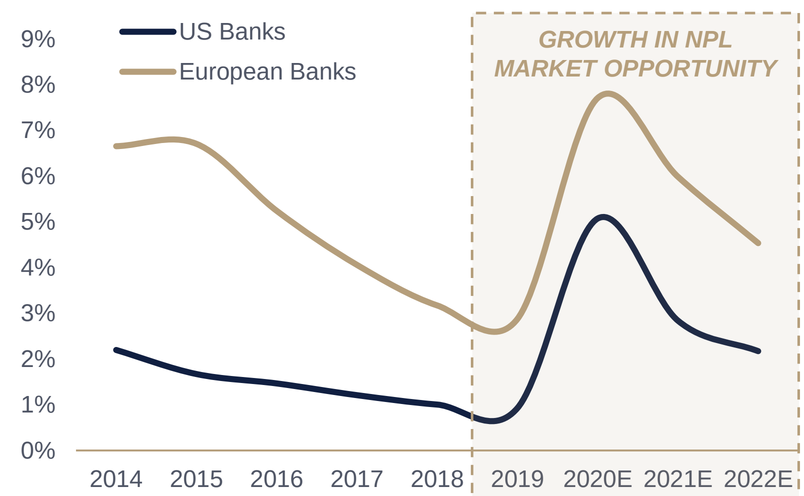
OVERVIEW

- Slowdown of legacy post-GFC NPL sales activity expected to reverse along with an anticipated spike in newly generated NPLs as longer term economic realities take hold
- Unprecedented loan moratoria granted by European banks of **over €850bn,** representing **~7% of aggregate gross loans**, even before Europe entered into its second lockdown
- Strengthened capital position of European banks should help **accelerate deleveraging activity compared to previous post-crisis cycle**
- However, **competitive market with significant amount of dry powder** will require continued rigour and pricing discipline
- **Expected acceleration in deployment in 2021** fuelled by easing of government stimulus and expiry of moratoria

BANK CAPITALISATION IN CORE GEOGRAPHIES

	Post-GFC			2019 Pre-Covid-19		
	RoE[1]	NPL ratio[2]	CET1 ratio[3]	RoE	NPL ratio	CET1 ratio
UK	3.3%	4.0%	9.1%	7.1%	2.1%	15.4%
Spain	6.8%	9.4%	8.0%	9.1%	4.0%	12.0%
Italy	3.1%	18.1%	8.2%	5.0%	8.9%	13.7%
Portugal	(2.5%)	17.5%	8.0%	2.8%	8.3%	13.5%

EUROPEAN AND US NPL RATIOS



Source: Oliver Wyman, Acuity Knowledge Partners, EBA Risk Dashboard, DBRS
(1) Data as at Q4 2015 / (2) Data presented is highest reach per geography following the GFC / (3) 2009 data presented

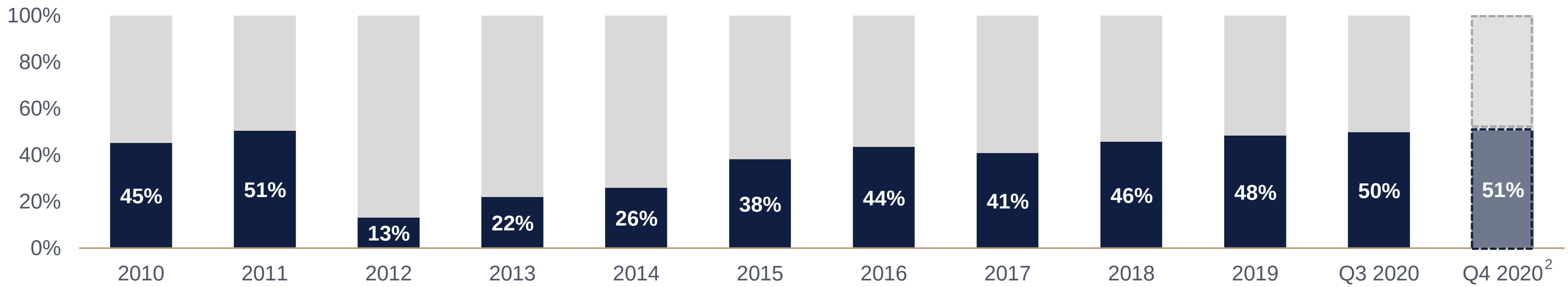
Market Opportunity | **Real Estate (1 of 2)**

AnaCap has invested in real estate secured debt since inception and direct real estate since 2015, leveraging its established network and expertise in real estate backed debt workout across Europe

ANACAP DIRECT REAL ESTATE KEY METRICS[1]

2015	**10**	**2**	**€155m**	**19%**	**>2.0x**
FIRST YEAR OF INVESTMENT	DIRECT RE TRANSACTIONS	GEOGRAPHIES INVESTED	INVESTED CAPITAL	Q3 2020 AGGREGATE IRR	Q3 2020 AGGREGATE GMM

CUMULATIVE % OF EQUITY INVESTED IN DIRECT AND INDIRECT REAL ESTATE TO DATE



- Real estate has always been a **core component of AnaCap's credit investment strategy**, with REOs and other direct real estate investments representing a natural extension in targeted geographies
- Extensive **real estate valuation, asset management** and **disposal experience** through over a decade of secured NPL investing
- First investment in direct real estate completed in 2015 in Italy, with a total of **7 investments** completed across **residential, office and hotel properties** and an additional 3 investments expected to close by Q1 2021

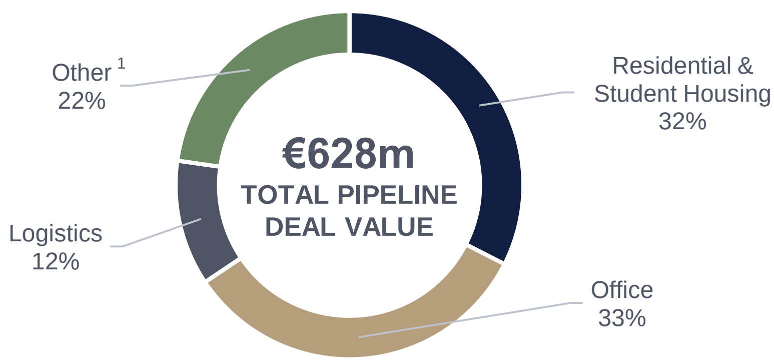
Data as at 30 September 2020, unless otherwise specified
(1) Includes 3 investments expected to close by 31 December 2020 / (2) Includes AnaCap expected Q4 2020 deployment

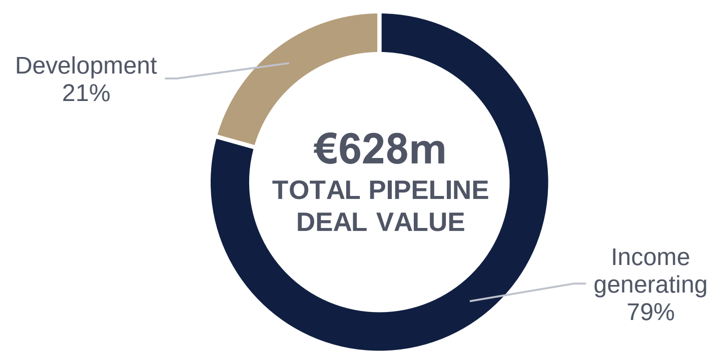
Market Opportunity | **Real Estate (2 of 2)**

Targeting high quality real estate opportunities from motivated sellers in need of liquidity to acquire assets at significant discount to intrinsic value

- **Market dislocation** – current market dynamics driving a growing universe of **motivated sellers** of **high quality assets** in **need of liquidity**
- **Embedded platform in core geographies** – **established network** of local sellers, advisors and operating partners along with **embedded Asset Management platform** with significant **in house real estate expertise**
- **Compelling returns – combining income generation** and **capital appreciation** to generate compelling IRRs and MMs relative to other asset types where pricing has only adjusted incrementally so far, whilst **limiting volatility** from increasingly constrained legal procedures
- **Gap in the market** – highly selective approach to less competitive **mid-market, off-the-run** opportunities in **more resilient, top tier locations** with attractive **supply-demand dynamics,** but where less funding is available

ANACAP REAL ESTATE PIPELINE





- **€628m** (**€374m** AnaCap equity) of diversified and executable pipeline, balanced between **income** and **development** managing risk-adjusted returns

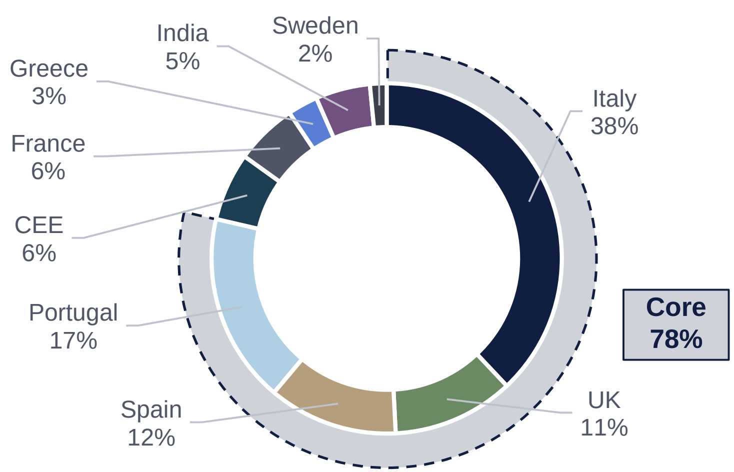
Current pipeline data as at 04 November 2020
(1) Other represents sector-agnostic opportunistic approach to special situations

Overall Pipeline | **Current Snapshot**

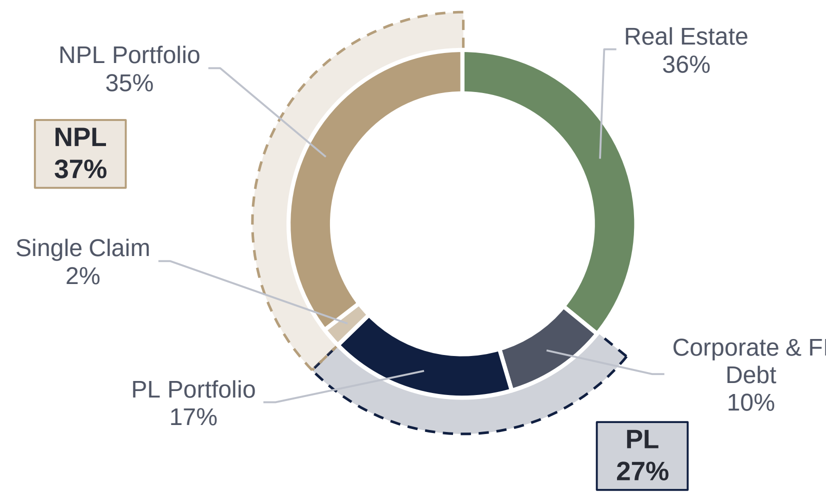
Opportunity set remains broad based across performing and non-performing debt as well as direct real estate

- Current pipeline of **over €1.5bn** primarily focussed on core geographies (78%) and opportunistically in well known geographies across Europe, remaining **patient, nimble** and **highly selective** in deployment
- **NPL** opportunities **re-emerging more gradually** as banks extend moratoria and look to increase provisions to drive higher volumes in 2021 and beyond
- Focus on **targeted off-the-run opportunities,** including numerous **direct follow-on transactions,** primarily in **Italy, Portugal and Spain,** as pricing to adjust to new economic realities
- **Real Estate** opportunity set expanding rapidly, including **motivated sellers of high quality assets** in **top tier locations**

CURRENT PIPELINE BY GEOGRAPHY



CURRENT PIPELINE BY ASSET TYPE



Pipeline data as at 04 November 2020
Source: AnaCap

Q&A

Q&A

Any questions?

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Appendix

Appendix

Adjusted EBITDA Reconciliations

The below outlines the reconciliation of profit before tax to Adjusted EBITDA for the 9 months ended 30 September 2020 and 30 September 2019:

	9 months to 30 September 2020 (€m)	9 months to 30 September 2019 (€m)	Variance (€m)	Variance (%)
(Loss)/Profit before tax	(26.2)	19.7	(45.9)	(233%)
Finance costs/(income)	14.2	17.9	(3.7)	(21%)
Share of profit in associate	(0.5)	(0.5)	0.0	(5%)
FX	1.4	0.2	1.2	710%
Impairment	37.2	0.2	37.0	17297%
Gross Collections	60.3	81.0	(20.7)	(26%)
Gain from purchase of SSNs	-	(1.7)	1.7	(100%)
Revenue	(47.7)	(59.3)	11.6	(20%)
Repayment of secured loan notes	(1.3)	(3.0)	1.6	(56%)
Non-recurring items	-	0.2	(0.2)	(100%)
Dividends received	-	0.6	(0.6)	(100%
Adjusted EBITDA	**37.5**	**55.3**	**(17.9)**	**(32%)**

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

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 nine months ended 30 September 2020 a reconciliation can be found below reconciling Gross Attributable Collections to Gross Collections:

Reconciliation from Gross Attributable Collections to Gross Collections (€k)		
9m 2020 Gross Attributable Collections	**61,644**	Used to calculate ERC
Gross up for portfolios with co-investors[1]	2,217	
Remove costs deducted at source[2]	(3,528)	
9m 2020 Gross Collections	**60,333**	Used in Financial Statements to calculate book value of investments

Note: Data as of 30 September 2020, 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

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”** - €82m undrawn on the Facility plus cash available of €17m as at 30 September 2020
- **“LTM Adjusted EBITDA”** means Adjusted EBITDA for the 12 month period to 30 September 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.