

# **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 December 2021

**22 March 2022**

# Disclaimer

This presentation has been prepared by AnaCap Financial Europe S.A. SICAV-RAIF (the “Company”) solely for informational purposes. For the purposes of this disclaimer, the presentation shall mean and include the slides that follow, the oral presentation of the slides by the Company or any person on their behalf, any question-and-answer session that follows the oral presentation, hard copies of this document and any materials distributed in connection with the presentation. By attending the meeting at which the presentation is made, dialling into the teleconference during which the presentation is made or reading the presentation, you will be deemed to have agreed to all of the restrictions that apply with regard to the presentation and acknowledged that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the presentation.

The Company may have included certain non-IFRS financial measures in this presentation, including but not limited to Estimated Remaining Collections (“ERC”), Adjusted EBITDA, Normalized Adjusted EBITDA, Pro Forma Normalized Adjusted EBITDA, Total Gross Collections, Gross Money-on-Money Multiple and certain other financial measures and ratios. These measurements may not be comparable to those of other companies and may be calculated differently from similar measurements under the indenture governing the Company’s Senior Secured Floating Rate Notes due 2024 (“Notes”). Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures, but should not be considered a substitute for results that are presented in accordance with IFRS.

Certain information contained in this presentation has not been subject to any independent audit or review. A significant portion of the information contained in this document, including all market data and trend information, is based on estimates or expectations of the Company, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyse or compute market information and data would obtain or generate the same results. We have not verified the accuracy of such information, data or predictions contained in this report that were taken or derived from industry publications, public documents of our competitors or other external sources. Further, our competitors may define our and their markets differently than we do. In addition, past performance of the Company is not indicative of future performance. The future performance of the Company will depend on numerous factors which are subject to uncertainty.

Certain statements contained in this document that are not statements of historical fact, including, without limitation, any statements preceded by, followed by or including the words “will,” “targets,” “believes,” “expects,” “aims,” “intends,” “may,” “anticipates,” “would,” “could” or similar expressions or the negative thereof, constitute forward-looking statements, notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements. Examples of forward-looking statements include, but are not limited to: (i) statements about future financial and operating results; (ii) statements of strategic objectives, business prospects, future financial condition, budgets, projected levels of production, projected costs and projected levels of revenues and profits of the Company or its management or board of directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of the management of the Company. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. We have based these assumptions on information currently available to us, if any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, our future results of operations and financial condition, and the market price of the Notes, could be materially adversely affected. You should not place undue reliance on these forward-looking statements. All subsequent written and oral forward-looking statements in this presentation are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

The presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire the Company or the Company’s securities, or an inducement to enter into investment activity in any jurisdiction in which such offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not for publication, release or distribution in any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction nor should it be taken or transmitted into such jurisdiction.

The debt securities issued by the Company have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “Securities Act”), or the securities laws of any state or other jurisdiction of the United States. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940 (the “Investment Company Act”), in reliance on the exception provided by Section 3(c)(7) thereof. The securities may not be offered or sold within the United States or to or for the account or benefit of “U.S. persons” (as defined in Regulation S under the Securities Act) or “U.S. residents” (as defined for the purposes of the Investment Company Act), except to “qualified institutional buyers” in reliance on the exemption from registration provided by Rule 144A under the Securities Act (“Rule 144A”) that are also qualified purchasers (“Qualified Purchasers”) (as defined in Section 2(a)(51)(A) of the Investment Company Act) and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act.

In addition, this presentation is only directed at: (A) in the United Kingdom, to persons (i) who have professional experience in matters relating to investments and who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) who fall within Article 49 of the Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended, in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated, and (B) in any other EEA Member State, to persons who are “qualified investors” within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each Member State of the European Economic Area.



# 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

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





# Overview

*Justin Sulger*



# Q4 highlights: Strong continued collections performance and accelerated de-leveraging

## STRONG Q4 CASH COLLECTIONS

- Another strong quarter of cash collection activity – Q4 collections of €57.4m up 130.0% on the prior year
- Resulting in year to date collections of €131.5m up 51.8% on the prior year

## POSITIVE FINANCIAL PERFORMANCE

- AFE Asset Solutions contributed €3.9m in revenue, up 86.0% from prior year
- Adjusted EBITDA of €99.1m up 86.4% on prior year
- Cost control maintained with core collection cost ratio down to 26.1% year to date from 38.0% in the prior year

## ERC REPLENISHED AND GROWING

- ERC of €531.1m has reached highest levels since Q1 2020
- Currently averaging 1.9x GMM on €100.1m of FY21 deployment
- Signed and closed deals to date already embeds €52.0m of 2022 deployment (~50% of budget)

## DELEVERAGING AHEAD OF PLAN

- Leverage down to 3.58x at YE 2021, within target range of 3.5x-4x
- LTV of 66.8% at YE 2021





# Key Financial Highlights

*Eric Verret*



# Q4 2021 Key Financial Highlights

## 12m 2021 METRICS

<p>GROSS ATTRIBUTABLE COLLECTIONS</p> <p><b>€131.5m</b></p> <p>+51.8% vs prior year</p>	<p>REVENUE</p> <p><b>€62.0m</b></p> <p>-4.2% vs prior year</p>	<p>ADJ. EBITDA</p> <p><b>€99.1m</b></p> <p>+86.4% vs prior year</p>
<p>DEPLOYMENT</p> <p><b>€100.1m</b></p> <p>+376.3% vs prior year</p>	<p>84-MONTH ERC<sup>1</sup></p> <p><b>€531.1m</b></p> <p>+12.4% vs prior year</p>	<p>NET DEBT</p> <p><b>€354.8m</b></p> <p>+7.4% vs prior year</p>

1. On direct 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.





# Current trading update

FY 2021 – return to normal on the back of strong operational and financial success

## OPERATIONAL DELIVERY...

### Collections Performance

- Improving operating environment along with targeted strategies driving positive performance and outlook
- Strong rebound in 2021 (€131M)<sup>1</sup> compared with 2020 (€87M), returning to pre-COVID normalised levels, exceeding post-COVID forecasts for 2020 and 2021
- Return to pre-COVID pattern of strong Q4 collections; Q4 2021 Total Attributable Collections represents ~44% of 2021 total<sup>1</sup> vs. ~36% for Q4 2019 and ~42% for Q4 2018

### Deployment

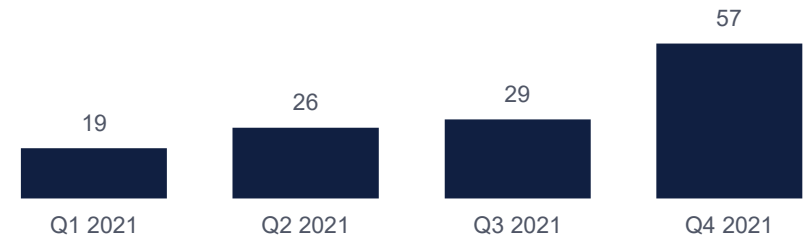
- After a subdued 2020 and compressing returns peaking in 2019, deployment returned to normalized levels at €100M<sup>1</sup> in 2021
- Expansion into direct real estate increasing portfolio diversification and predictability of collections, eliminating volatility of courts

### Platform Development

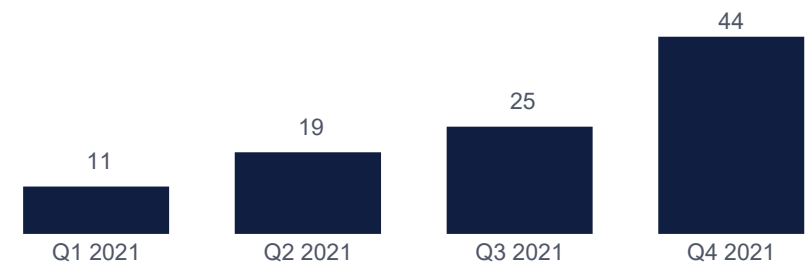
- Locally embedded platform including 25 FTE across 5 core geographies overseeing a servicing and operating panel of 380+ dedicated third party FTEs
- Resilience of flexible low fixed cost operating model reflected by continued improvement to Adjusted EBITDA; Collection Activity Costs ratio of 26.1% in 2021 vs. 38.0% in 2020<sup>3</sup>

## ...DRIVING FINANCIAL SUCCESS

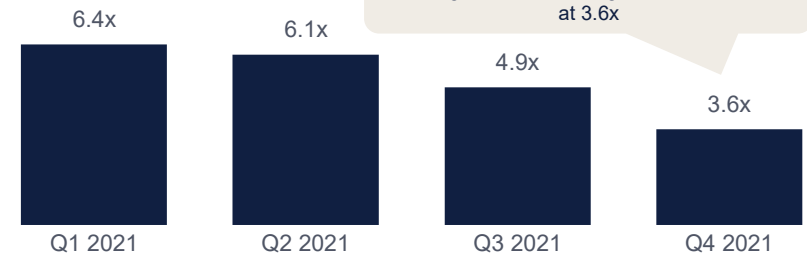
### Total Attributable Collections (€M)



### Adjusted EBITDA (€M)



### Leverage<sup>2</sup>



<sup>1</sup> For the year ended 31 December 2021. | <sup>2</sup> Calculated as Net Debt / LTM Adjusted EBITDA. | <sup>3</sup> Core collection cost ratio represents the ratio of operating expenses (excluding non-recurring items, impairment and FX) to Core Collections.



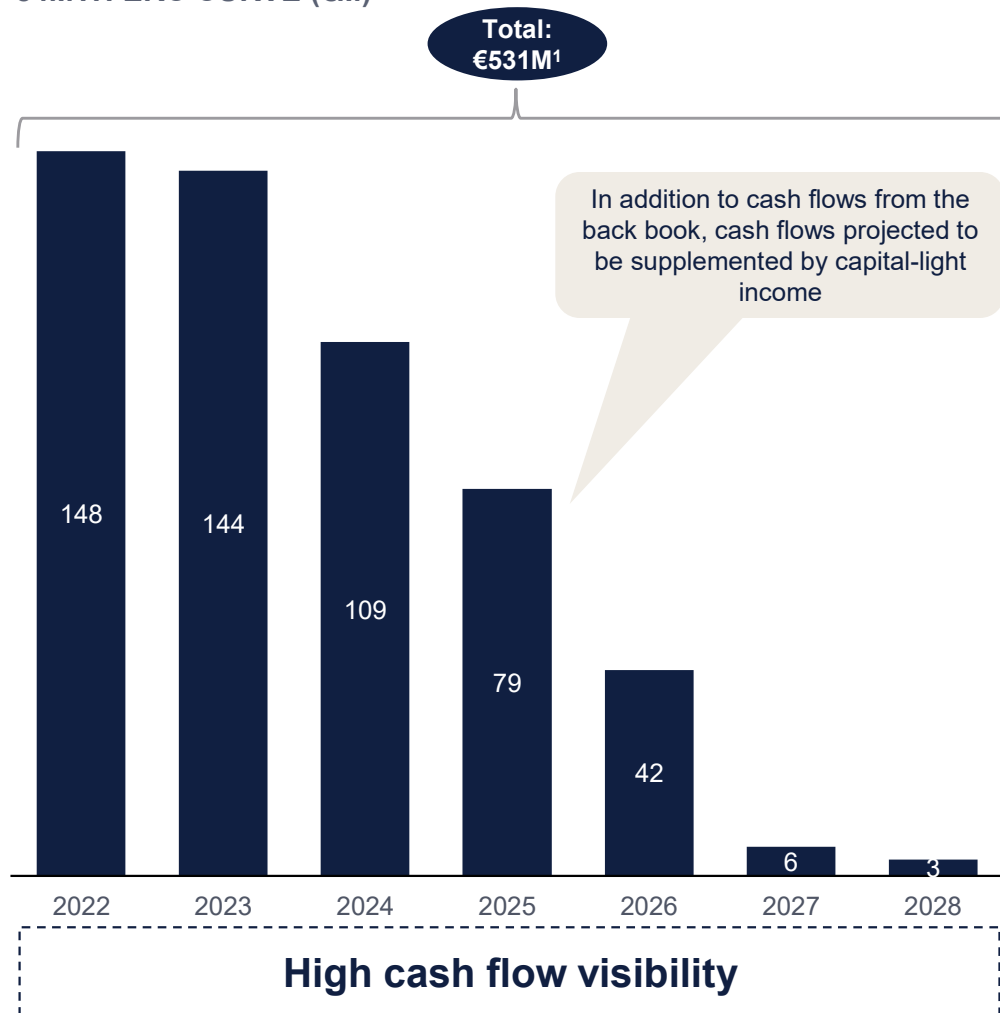
# Targeted focus on secured assets with high cash flow visibility...

## HIGHLY ATTRACTIVE BACKBOOK CHARACTERISTICS

- ✓ Seasoned, high-visibility ERC base mitigating timing volatility
- ✓ Pre-dominantly secured portfolio (83% of ERC) with 129% over-collateralization provides substantial cushion
- ✓ Ability to delever from significant cash flows embedded in the portfolio, even before ERC replenishment / growth
- ✓ Complemented with new additional capital-light income from the AFE Asset Solutions platform

## SIGNIFICANT CASH FLOWS ALREADY EMBEDDED IN EXISTING ERC

84MTH ERC CURVE (€M)<sup>1</sup>

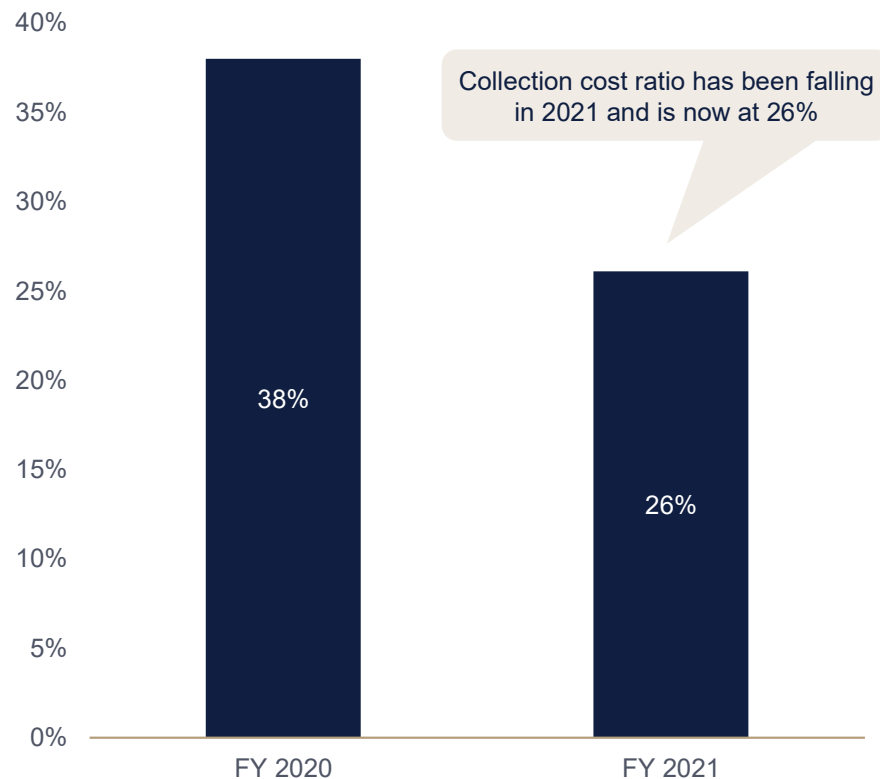


<sup>1</sup>) As at 31 December 2021.



# Market leading cost structure enabled continued positive cash flows

## CORE COLLECTION COST RATIO



- Core collection cost ratio decrease in 2021 as collections returned to pre-COVID normalised level
- Overhead cost rise linked to the development of the AFE Asset Solutions platform – FTE has risen from 19 in 2020 to 25 in 2021

	FY 2020	FY 2021
<b>Core Collections</b>	€82.6m	€122.6m
<b>Collections Activity Cost</b>	€18.9m	€18.0m
<b>Overheads</b>	€12.5m	€14.0m





# Operational Review

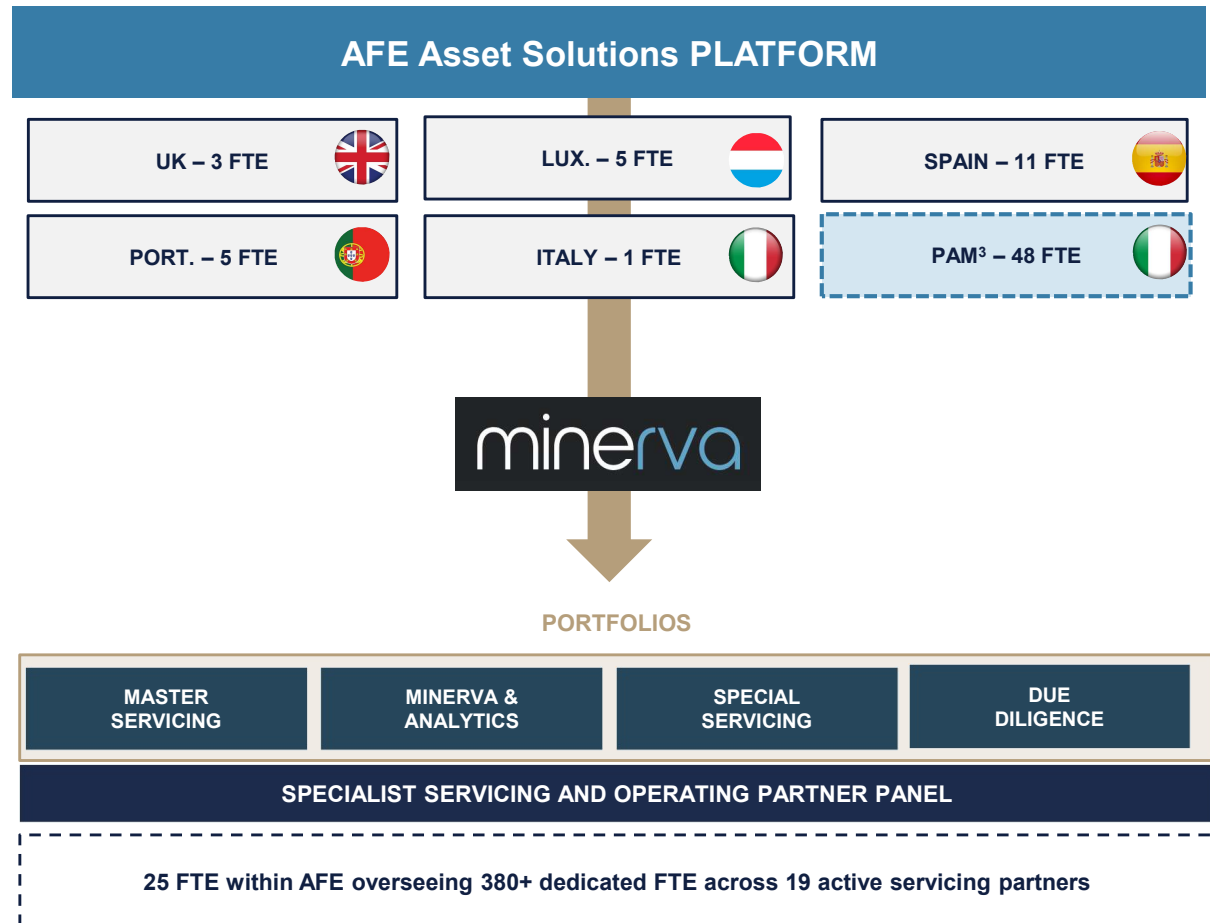
*Ed Green*



# AFE Asset Solutions platform within AFE



- AnaCap Credit's funds provide aligned co-investment partners across a wider range of investment opportunities
- AFE has the ability to generate incremental capital-light income by managing assets across Anacap's Credit platform
- €1.5bn of executable pipeline enabling sharp growth in 2022



Note: Data as at 31 December 2021.







1) FTE equivalents. | 2) Assets managed by AFE Asset Solutions as at 31 December 2021. Calculated as the fair value of assets managed by AFE Asset Solutions as at Q3 2021 plus Q4 deployment (assumes held at cost at year end).

© AnaCap 2022. All rights reserved.



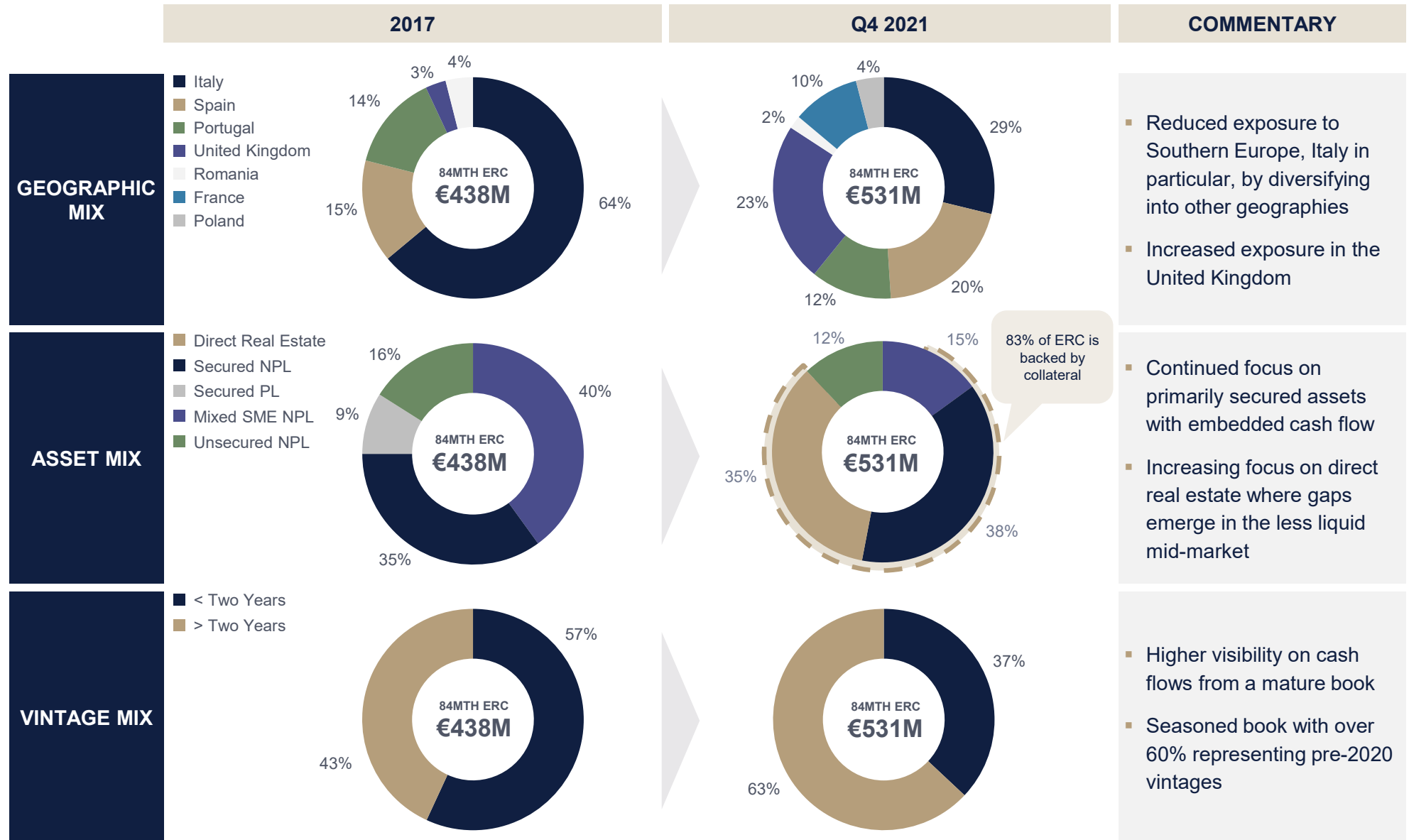
# Market update

Improving operating environment along with targeted strategies driving positive performance and outlook

	 Italy	 Spain	 Portugal	 United Kingdom	 France	 Other
<b>ERC %</b>	<b>29%</b>	<b>20%</b>	<b>12%</b>	<b>23%</b>	<b>10%</b>	<b>6%</b>
<b>Key COVID Updates</b>	<ul style="list-style-type: none"> <li>Courts operating at pre-COVID levels</li> <li>Loan moratoria extended to June 2022 within limited asset class (1<sup>st</sup> residential house)</li> <li>Buoyant residential market in top tier cities</li> </ul>	<ul style="list-style-type: none"> <li>Courts operating at pre-COVID levels but still with significant backlogs in certain regions</li> <li>Resilient property market</li> </ul>	<ul style="list-style-type: none"> <li>Courts operating at pre-COVID levels but with backlogs from previous lockdowns regarding evictions</li> <li>Moratoria expired on 30 September 2021</li> <li>Continued strength in residential market</li> </ul>	<ul style="list-style-type: none"> <li>Increased household savings and buoyant residential market</li> <li>Hybrid work models impacting office take-up</li> </ul>	<ul style="list-style-type: none"> <li>Most restrictions lifted on 14 March, including mandatory mask wearing in most indoor settings</li> <li>Office take-up remains below historical averages but early signs of improving</li> </ul>	<ul style="list-style-type: none"> <li>Poland – courts still not open to the public</li> <li>Romania – courts operating at pre-Covid levels but with backlogs from previous lockdowns</li> <li>Some disruption in East of Romania</li> </ul>
<b>Key Performance Drivers</b>	<ul style="list-style-type: none"> <li>Cash-in-court acceleration</li> <li>Tactical focus on amicable collections</li> <li>Targeted sub-portfolio sale strategy</li> <li>Intensive focus on residential marketing and pre-sales activity, capitalising on robust market</li> </ul>	<ul style="list-style-type: none"> <li>Direct internalisation of assets from third party servicers</li> <li>Ongoing drive on amicable collections</li> <li>Active marketing of REO stock</li> <li>Mini portfolio sales of less liquid assets on the seasoned residential books</li> </ul>	<ul style="list-style-type: none"> <li>Intensive engagement with courts</li> <li>Focused on REO sales to capitalise on positive market</li> <li>Third party sales strategies as main resolution</li> </ul>	<ul style="list-style-type: none"> <li>Tight controls on rent collection processes</li> <li>Proactive lease re-gearing</li> </ul>	<ul style="list-style-type: none"> <li>Tight controls on rent collection processes</li> <li>Proactive lease re-gearing</li> <li>Tight controls on capex programmes</li> </ul>	<ul style="list-style-type: none"> <li>Intensive engagement with courts</li> <li>Facilitating amicable resolutions where possible</li> </ul>
<b>Outlook for Q1 2022</b>	<ul style="list-style-type: none"> <li>Continue derisking activity of back book portfolio</li> <li>Optimise REOCO strategy on residential assets</li> </ul>	<ul style="list-style-type: none"> <li>Continued proactive, forensic management of legal cases to mitigate impact of any regional backlogs</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing REO sale campaigns</li> <li>Maintain intensity of engagement with courts</li> </ul>	<ul style="list-style-type: none"> <li>Restrictions on commercial evictions ending in Q1 22</li> <li>Leasing activity to improve over course of 2022</li> <li>Inflationary pressures expected to result in further interest rate rises</li> </ul>	<ul style="list-style-type: none"> <li>Leasing market subdued however tenants continue exiting non-prime office space, benefiting landlords with prime buildings</li> </ul>	<ul style="list-style-type: none"> <li>Targeted REO campaigns</li> <li>Task force for Cash-in-Court in Poland</li> </ul>



# We are today a more diversified business than ever before





# Strategic Outlook

*Justin Sulger*



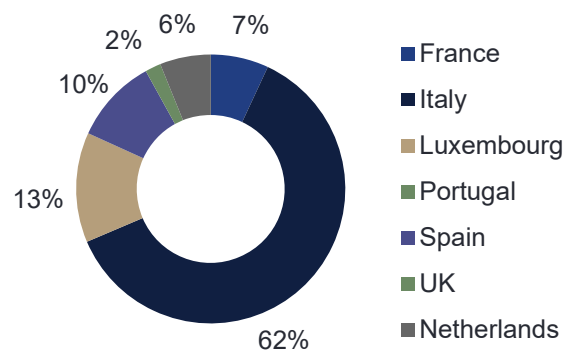


## Strong pipeline offering consistently high returns and further diversification

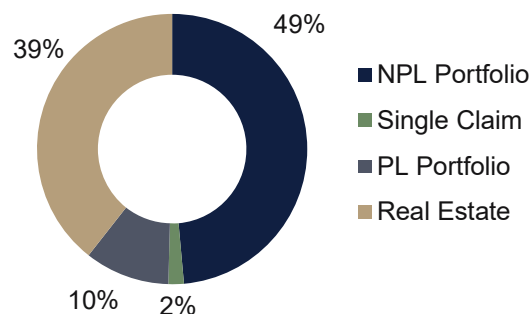
- Signed and closed deals to date embeds €52.0m of 2022 deployment (~50% of budget)
- Circa €500m of executable pipeline offering further diversification in well known geographies
- Targeting predominantly real estate secured opportunities outside competitive auctions, currently averaging +1.8x GMM
- Remaining highly selective in NPLs, including secondary opportunities in Italy and Spain
- Direct real estate and performing debt enhancing asset and geographic diversification, with further deployment expected in Spain, France and Netherlands

### CURRENT PIPELINE

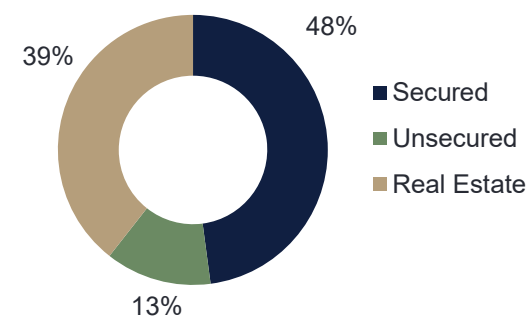
#### BY GEOGRAPHY



#### BY ASSET TYPE



#### BY SECURITY



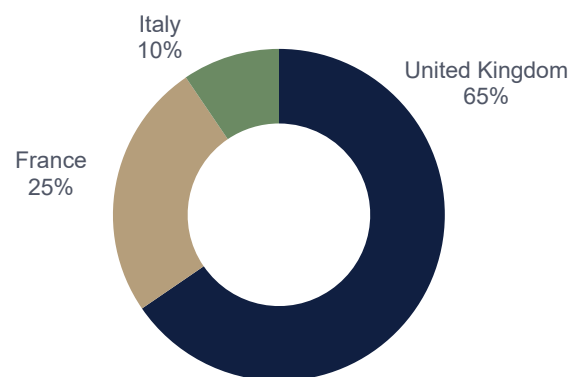
# Diversified Direct Real Estate Portfolio

*Consistent deployment increasingly diversified across geographies, strategies and asset types*

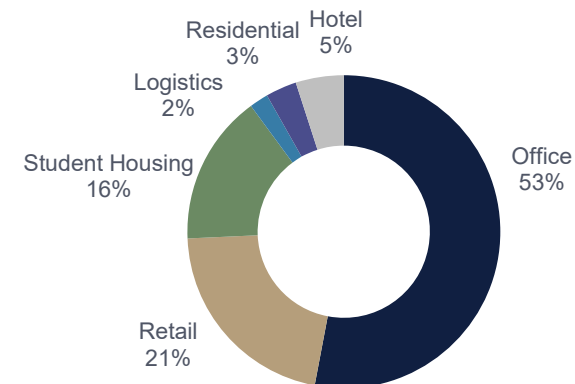
Direct Real Estate investments represent **35% of total ERC at average GMM of 2.0x** diversified across:

- **Geography** within top, more liquid locations
- **Strategy** balancing stable income generating, value add assets and limited targeted development risk
- **Asset types** offering diversified exposure to varied property type across 15 assets and 1,333 units<sup>1</sup>
- 6 different Real Estate specialised **operating partners**, tailored to local, asset specific requirement

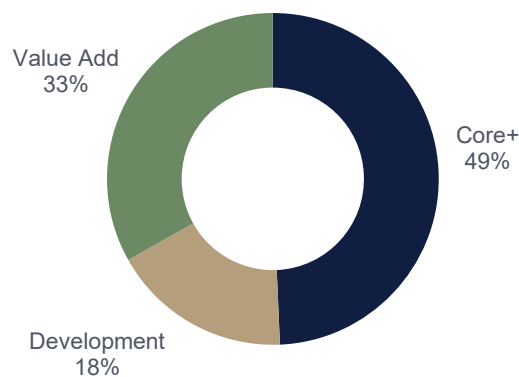
**REAL ESTATE INVESTED CAPITAL BY GEOGRAPHY**



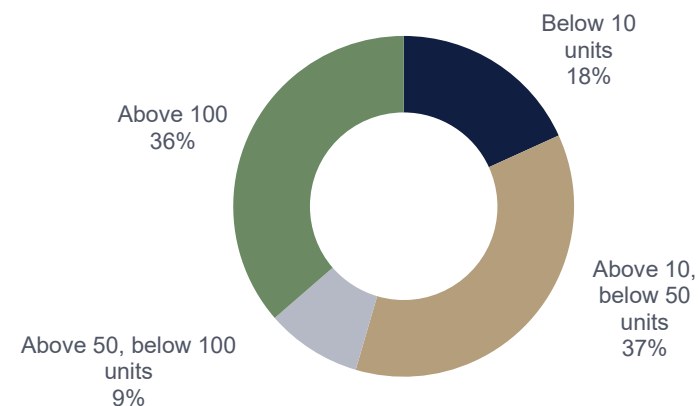
**REAL ESTATE INVESTED CAPITAL BY ASSET TYPE**



**REAL ESTATE INVESTED CAPITAL BY STRATEGY**



**REAL ESTATE NUMBER OF DEAL BY UNIT SIZE**



<sup>1</sup>) A unit is part of a group of similar dwellings which are located in real estates that can be sold to third parties separately



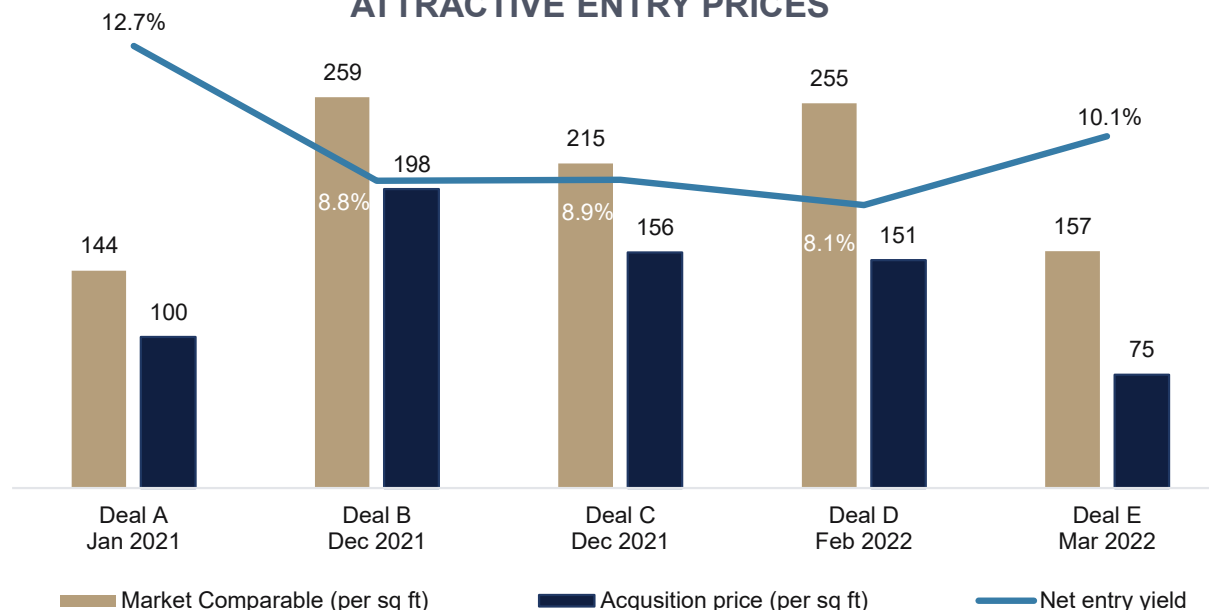
# Direct Real Estate Case Study

*A portfolio of mid-market, income-generating offices across the UK, acquiring under-managed or “reason to exit” assets opportunistically at distressed prices from motivated sellers*

## INVESTMENT OVERVIEW

<b>Location</b>	UK
<b>Asset type</b>	Office
<b>Strategy</b>	Core+
<b>Sourcing</b>	Proprietary
<b>Investment date</b>	Jan 2021 – Mar 2022
<b>Gross lettable area</b>	410,683 sq ft
<b>ERV</b>	£7.86m per annum
<b>Occupancy</b>	75%
<b>Invested capital</b>	£36.8m

## ATTRACTIVE ENTRY PRICES



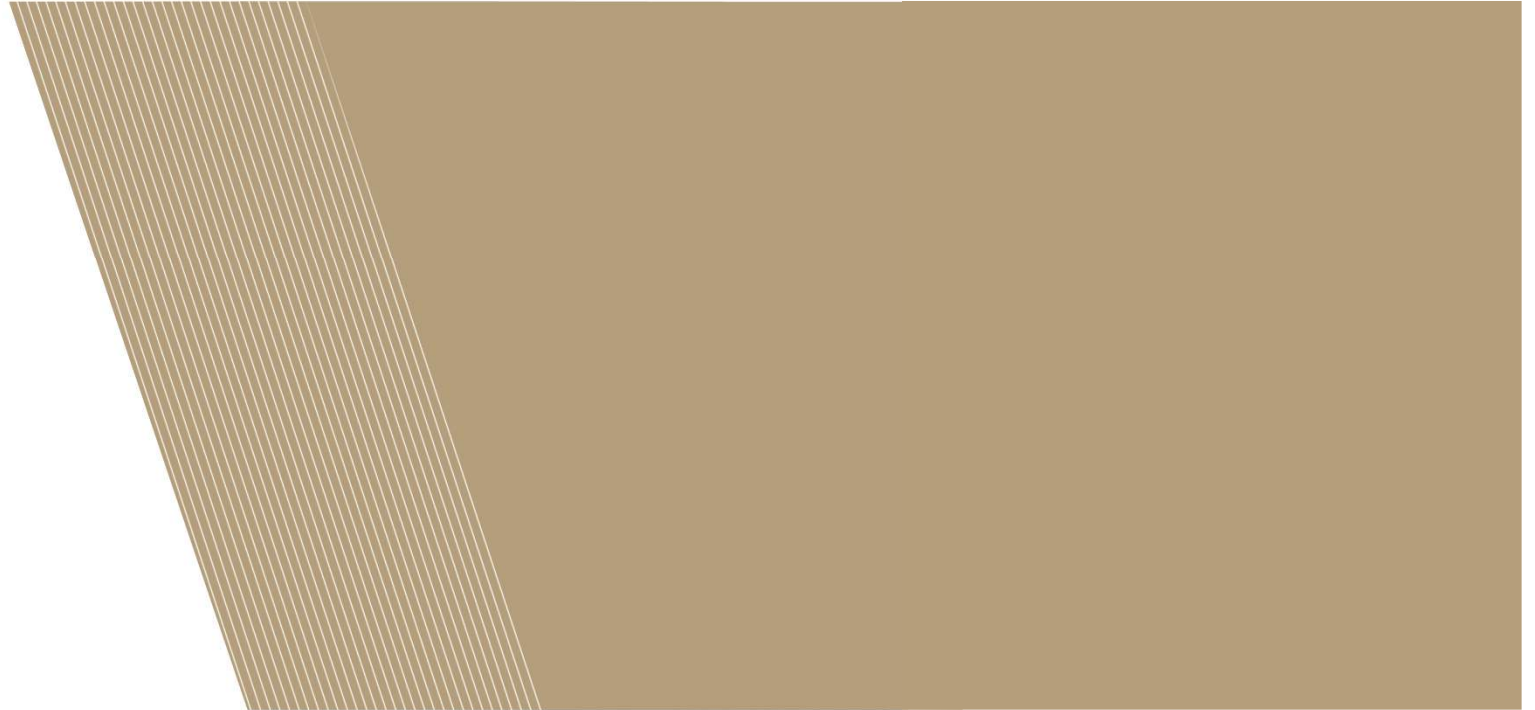
## KEY INVESTMENT FEATURES

<p><b>OFF-MARKET ORIENTATION</b></p> <p>Assets sourced directly by operating partner</p> <p>Operating partner has demonstrated strong sourcing and underwriting capabilities, a disciplined approach and an impressive track record in the UK</p>	<p><b>ATTRACTIVE FUNDAMENTALS</b></p> <p>Targeting assets and locations which exhibit strong market dynamics and have been mostly under-managed, where value can be easily unlocked through an active asset management strategy</p>	<p><b>HIGH ENTRY YIELD</b></p> <p>Tracking multiple opportunities by engaging in bilateral dialogue with sellers and waiting for pricing to meet our expectations allows for entry at high cash-on-cash yields</p>	<p><b>CONSERVATIVE UNDERWRITING</b></p> <p>Exit and leasing assumptions have been conservatively underwritten, with ERV and cap rates prudently modelled against market comparables</p>	<p><b>DOWNSIDE PROTECTION</b></p> <p>De-risking by investing solely in opportunities that can be acquired at substantial discounts to current market values</p> <p>Assets are income-generating with low vacancy rates</p>
---	---	--	---	--





**Q&A**



## Q&A

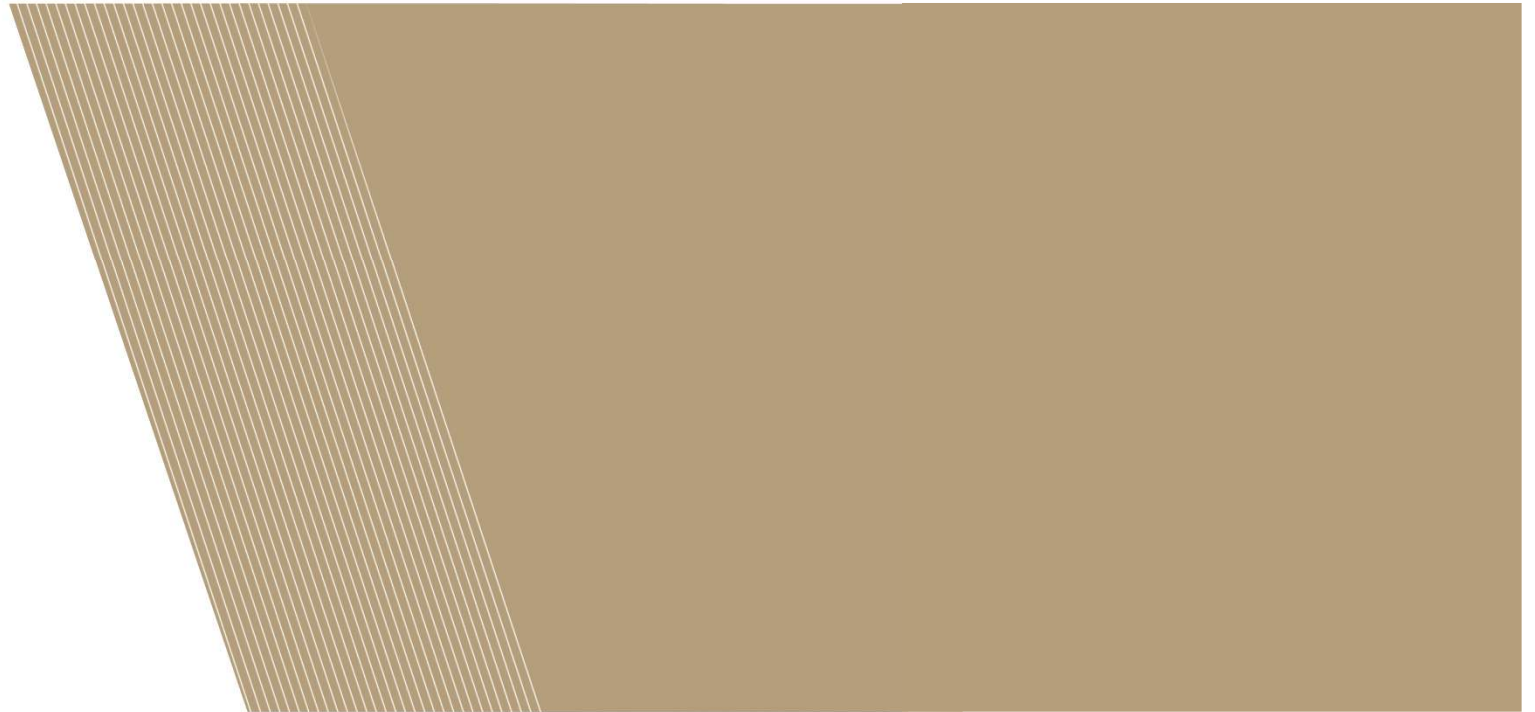
### Any questions?

**Website:** <http://www.anacapfe.com/>  
**Email:** [info@anacapfe.com](mailto:info@anacapfe.com)  
**Telephone:** +44 20 7070 5258





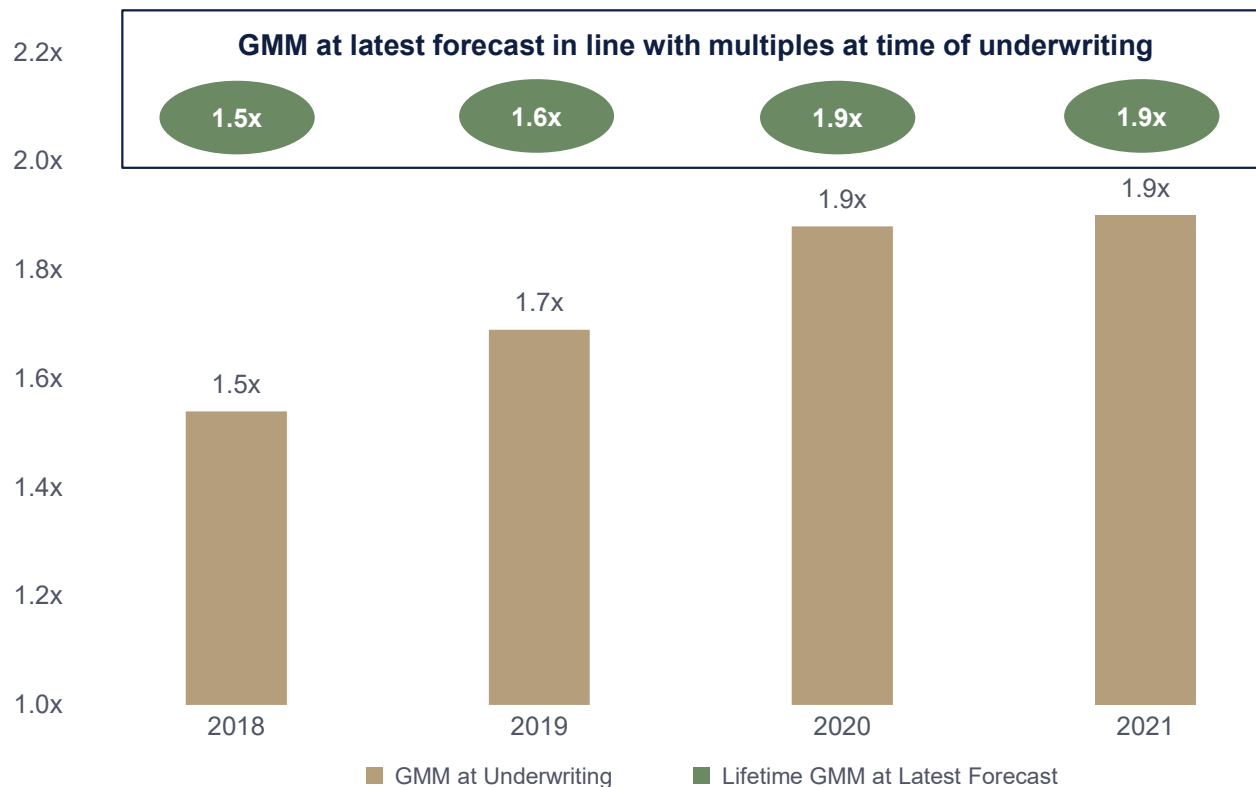
# Appendix



# Deployment Summary



## UNDERWRITTEN GMM BY VINTAGE

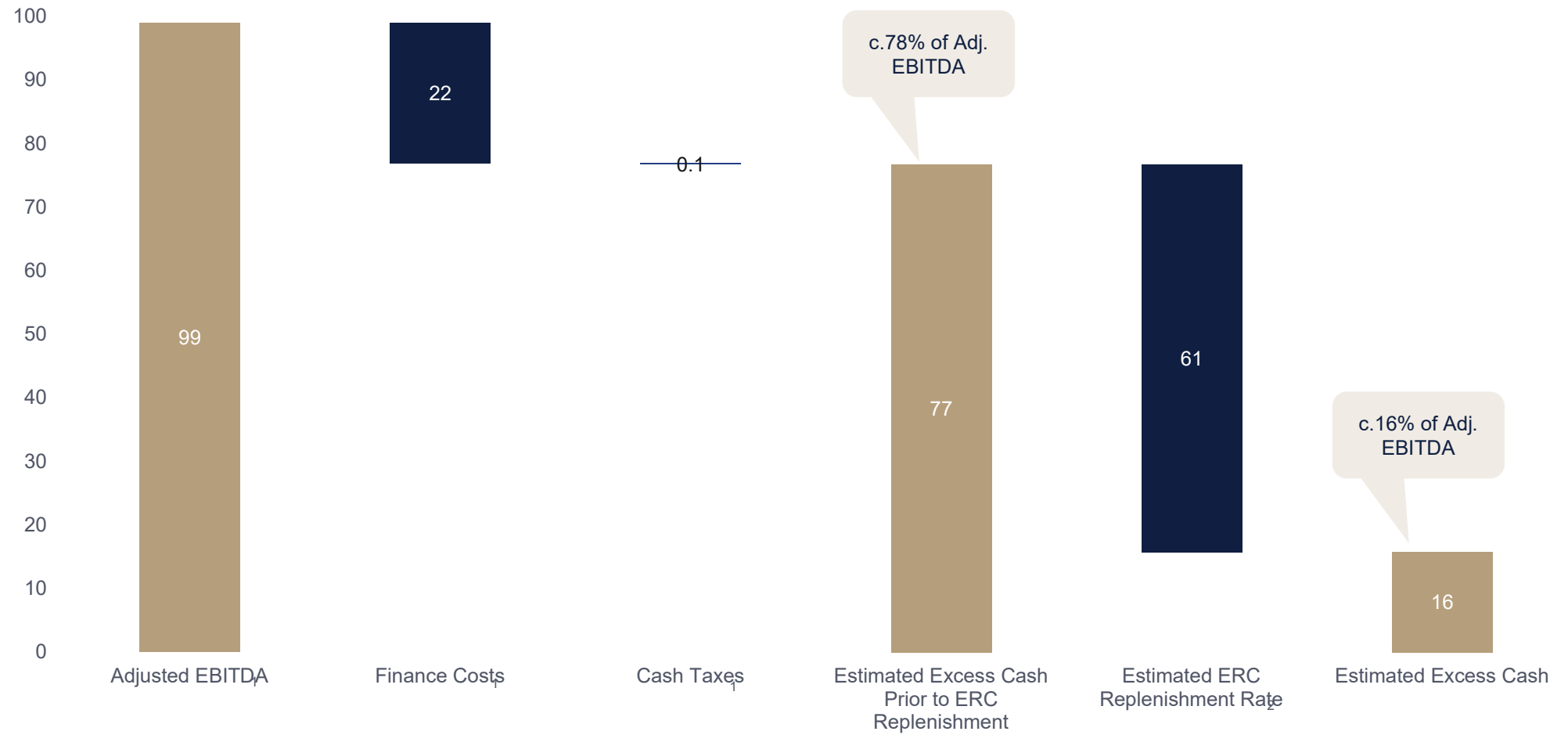


- 1) AFE remained highly selective in 2020 and 2021 with GMMs staying above 1.9x+
- 2) After years of compressing returns peaking in 2019, motivated sellers and market dislocation post onset of COVID is driving enhanced value
- 3) Recently includes direct real estate investments and predominantly secondary, secured SME NPLs in Italy, with re-pricing is more evident thus far in real estate as financing markets retreat
- 4) NPL returns expected to continue to improve along with increased supply



# Estimated Excess Cash Flow Generation

ESTIMATED EXCESS CASH FLOW GENERATION WATERFALL (€M)



1) As of year ended 31 December 2021. | 2) Further details on estimated ERC replenishment rate can be found on slide 24.





# Estimated ERC replenishment rate calculation

## ERC REPLENISHMENT RATE CALCULATION (€M)

For the twelve-month period ending 31 Dec 2021

<b>Total Attributable Collections for FY 2020</b>	87	a
<b>Total Attributable Collections for FY 2021</b>	131	b
<b>Average Total Attributable Collections<sup>1</sup></b>	109	$(a+b) / 2 = c$
<b>Estimated money multiple for new deployments<sup>2</sup></b>	1.8x	d
<b>Estimated 84MTH ERC Replenishment Rate<sup>3</sup></b>	61	$c / d$

In line with:

- Original underwriting, despite conservative revaluations

## FOOTNOTES AND DEFINITIONS

- 1) Average Total Attributable Collections represents management's estimate of the amount of collections that would need to be replenished in order to maintain a steady state ERC balance. Utilizing the Average Total Attributable Collections to estimate the ERC Replenishment Rate may result in understating the ERC Replenishment Rate as the method assumes that all purchases are made at period end. Management utilizes Average Total Attributable Collections to estimate the ERC Replenishment Rate to enable comparability amongst competitors, many of whom utilize this same method.
- 2) Money multiples represent total expected gross cash collections divided by portfolio acquisition price. Money multiple for new deployments represents the money multiple reported at the end of the year of acquisition.
- 3) Estimated ERC Replenishment Rate represents management's estimate of the amount of purchases that were needed to replenish ERC in order to maintain a steady state ERC balance. The Estimated ERC Replenishment Rate is an illustrative calculation based on management's estimates and assumptions with respect to money multiples and the amount of ERC to be replenished. The Estimated ERC Replenishment Rate may be determined or calculated differently by other companies. Actual purchases during the period were €100M.



## Adjusted EBITDA reconciliations

The below outlines the reconciliation of profit before tax to Adjusted EBITDA for the 12 months ended 31 December 2021 and 30 December 2020

	12m 2021	12m 2020	Variance	Variance
	€m	€m	€m	%
Profit / (Loss) before tax	15.4	-24.1	39.5	164%
Finance costs	22.1	19.6	2.5	13%
Share of profit in associate and joint ventures	-7.7	-0.9	-6.8	744%
Net foreign currency movements	0.3	1.5	-1.2	-78%
Impairment (gains)/losses	-0.2	37.2	-37.4	-100%
Portfolio disposals	6.5	2.0	4.5	224%
Core Collections	122.6	82.6	40.0	48%
Revenue	-62.0	-64.7	2.7	-4%
Other income	3.9	2.0	1.8	89%
Cash collected on behalf of secured loan noteholders	-1.8	-2.1	0.3	-13%
Finance income	0.0	0.0	0.0	0%
<b>Adjusted EBITDA</b>	<b>99.1</b>	<b>53.2</b>	<b>45.9</b>	<b>86%</b>



# 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, less any disposals of the Group's Assets.
- 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)

12m 2021 Gross Attributable Collections	131,484	Used to calculate ERC
Gross up for portfolios with co-investors <sup>1</sup>	-	
Remove costs deducted at source <sup>2</sup>	(2,474)	
Remove proceeds from assets sale	(6,456)	
<b>12m 2021 Core Collections</b>	<b>122,554</b>	Used in Financial Statements to calculate book value of investments

(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.
- **“Estimated Rental Value (“ERV”)”** means current rent at which space within a property could reasonably be expected to be let given current market conditions.
- **“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.
- **“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.
- **“GMM”** 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.
- **“LTM Adjusted EBITDA”** means Adjusted EBITDA for the 12 months period to 31 December 2021.
- **“LTV”** means Net Debt 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.
- **“Direct Real Estate”** represents participation into JVs holding direct real estates
- **“Asset Solutions”** represents investment monitoring to enhance recoveries and provide servicing solutions on credit loan portfolios and executing value add strategies to enhance real estate assets<sup>1</sup>

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

