



AnaCap Financial Europe S.A. SICAV-RAIF

Presentation of the consolidated financial results
of AnaCap Financial Europe S.A. SICAV-RAIF
for the quarter ended 31 March 2022

25 May 2022

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Today's Presenters



Justin Sulger – Head of Credit Investments
AnaCap Financial Partners



Eric Verret – Director and CFO
AnaCap Financial Europe



Ed Green – Director and COO
AnaCap Financial Europe



Agenda

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





Overview

Justin Sulger



Robust LTM collections drives strong EBITDA growth year-on-year

Q1 COLLECTIONS AHEAD OF TARGET

- Q1 Gross Attributable Collections 8.0% ahead of forecast at €19.0m
- 9th consecutive quarter of collections outperformance to forecast

POSITIVE FINANCIAL PERFORMANCE

- Q1 Adjusted EBITDA of €11.7m, up 9.9% from prior year
- LTM Adjusted EBITDA of €100.1m, up 95.5% year-on-year

GROWING ERC

- ERC of €543.4m has reached highest levels since Q1 2020
- Closed and signed deals total €57.3m FY22 deployment at a 2.1x GMM

STABLE LEVERAGE

- LTM Adjusted EBITDA leverage lowered to 3.55x, within target range of 3.5x to 4.0x
- LTV of 65.5% down from 66.8% at 2021 YE





Key Financial Highlights

Eric Verret



Q1 2022 Key Financial Highlights

3m 2022 METRICS

<p>GROSS ATTRIBUTABLE COLLECTIONS</p> <p>€19.0m</p> <p>+2.1% vs prior year</p>	<p>REVENUE</p> <p>€14.0m</p> <p>-8.6% vs prior year ¹</p>	<p>LTM ADJ. EBITDA</p> <p>€100.1m</p> <p>+95.5% vs prior year</p>
<p>DEPLOYMENT ³</p> <p>€10.6m</p> <p>+163.1% vs prior year</p>	<p>84-MONTH ERC ²</p> <p>€543.4m</p> <p>+18.0% vs prior year</p>	<p>NET DEBT</p> <p>€355.9m</p> <p>+8.2% vs prior year</p>

1. The variance to prior year is due to a change in asset mix. Revenue is not recognised on equity invested into joint ventures holding direct real estate.

2. 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 forecast Gross Attributable Collections.

3. Includes cash injections into 2021 and 2020 vintages



Current trading update

Continuing post-Covid recovery, with steady collections and increased deployment at highly attractive returns

STRONG CONTINUED COLLECTIONS...

Collections Performance

- LTM collections stable at €132m vs €131m as at YE 2021
- Further confirmation of post Covid recovery

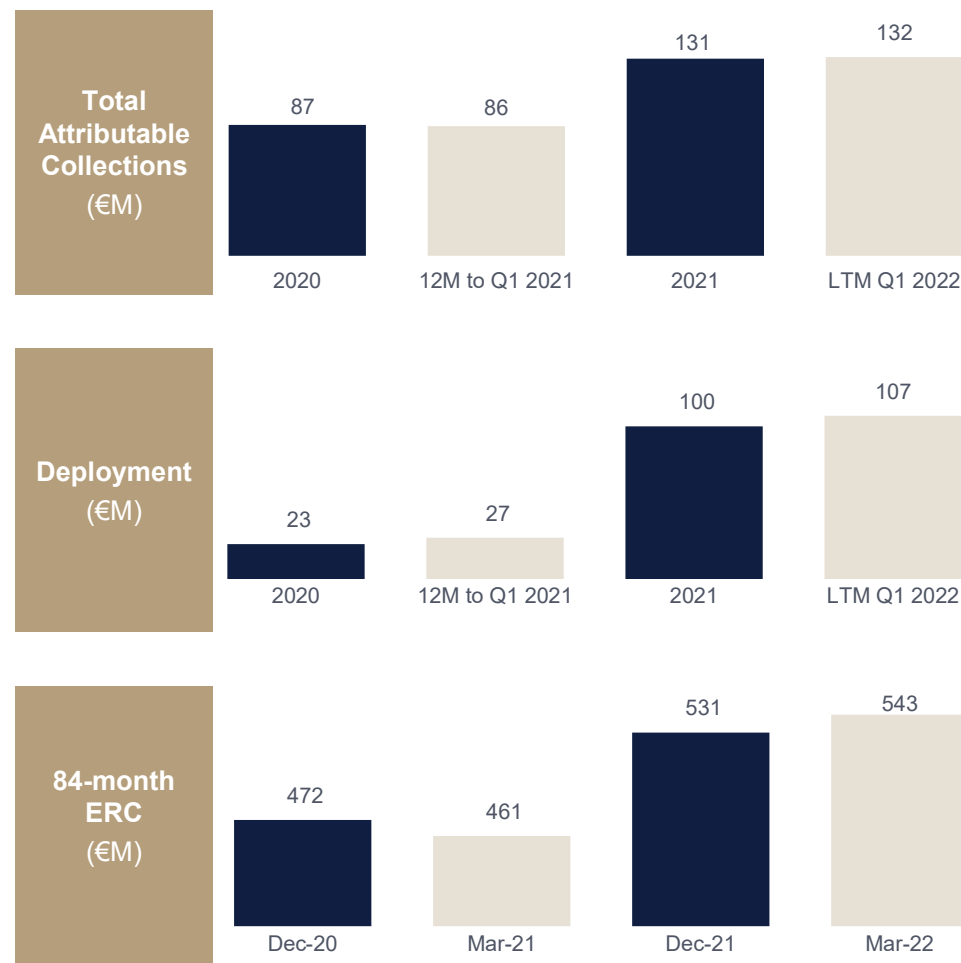
Capital Deployment

- After returning to €100m+ in 2021, Q1 22 deployment remained strong – exceeding replacement rate
- More than 55% of total FY 22 deployment target already signed, driven predominantly by direct real estate

ERC Growth

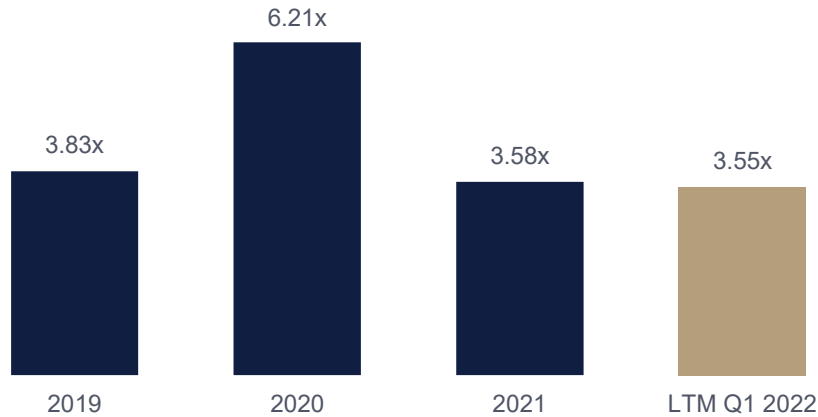
- ERC increasing on the back of accelerated deployment at increasingly attractive returns (2.1x GMM YTD)
- Strong forecast collections still embedded in back book

...DRIVING RENEWED GROWTH

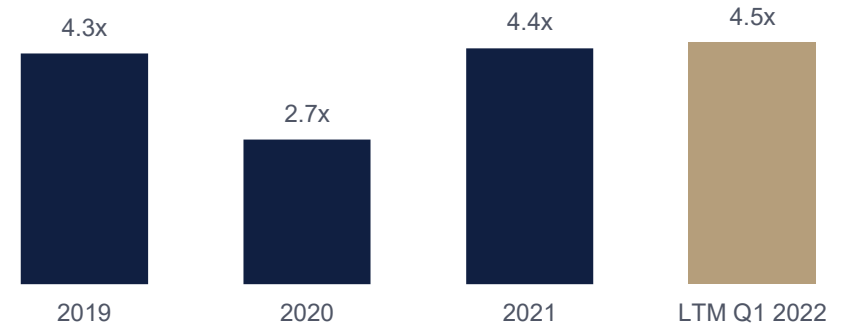


Decreasing leverage in line with long term target, interest coverage and LTV improving

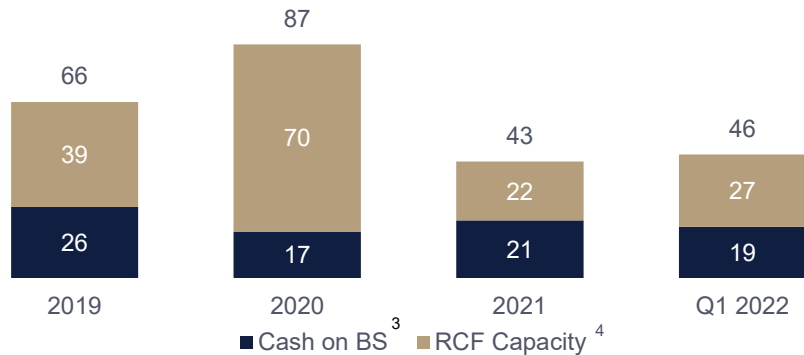
STRONG DELEVERAGING PROFILE¹



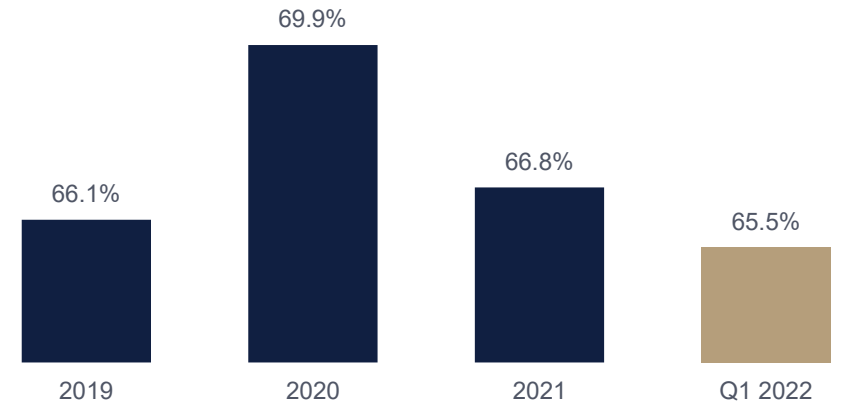
IMPROVING INTEREST COVERAGE²



STABLE LIQUIDITY POSITION (€M)



DECREASING LTV



Note: Liquidity represents amount undrawn on the Facility plus cash available. 2021 figures are based on preliminary results from unaudited management accounts and information currently available.

1) Net Debt / Adjusted EBITDA. | 2) Adjusted EBITDA / Finance Costs | 3) Excludes cash held on AFE's account at servicers', cash deposits paid, and cash collected on behalf of secured loan note holders. | 4) As reported in company accounts, excludes bank guarantees.



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

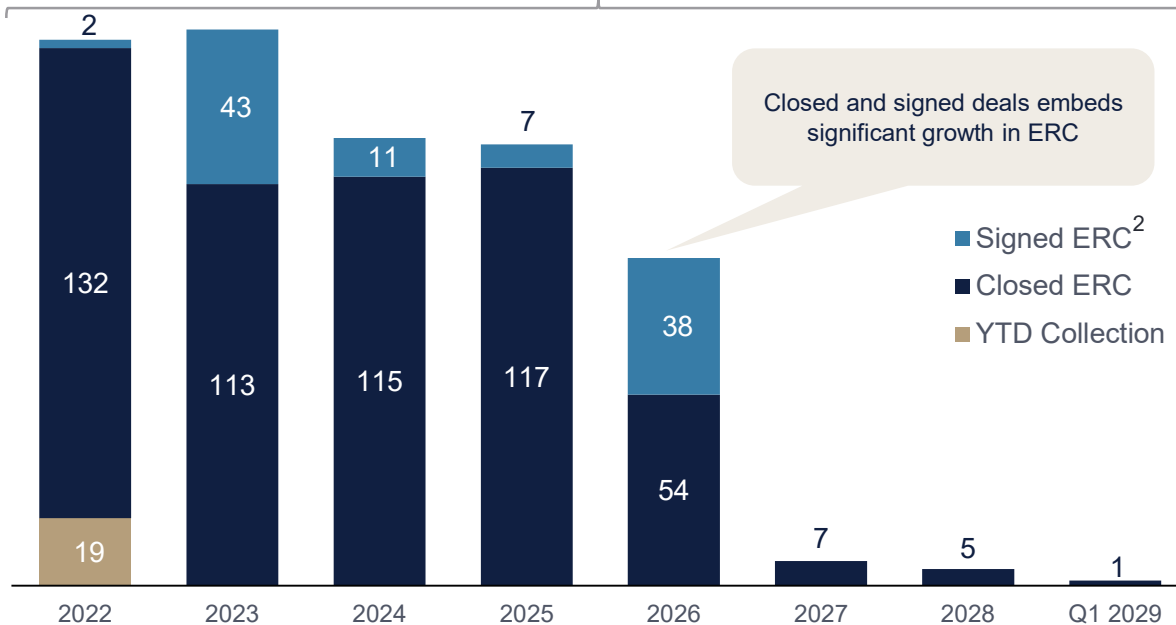
HIGHLY ATTRACTIVE BACKBOOK CHARACTERISTICS

- ✓ Seasoned, high-visibility ERC base mitigating timing volatility
- ✓ Predominantly secured portfolio (82% of ERC) with 136% over-collateralization provides substantial cushion
- ✓ Ability to de-lever from significant cash flows embedded in the portfolio, even after ERC replenishment / growth
- ✓ Complemented with new additional capital-light income from the AFE Asset Solutions platform

SIGNIFICANT CASH FLOWS ALREADY EMBEDDED IN EXISTING ERC

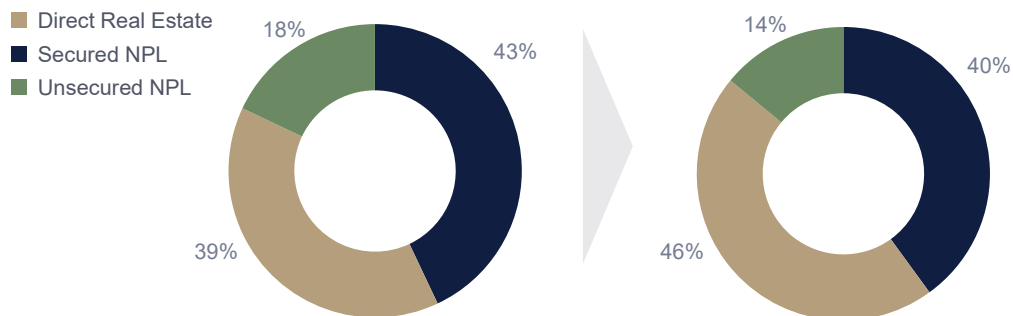
ERC CURVE (€M)¹

Closed 84M ERC:
€543M¹



ERC mixed (as at Q1 22 end)

ERC mixed (incl. signed deals)

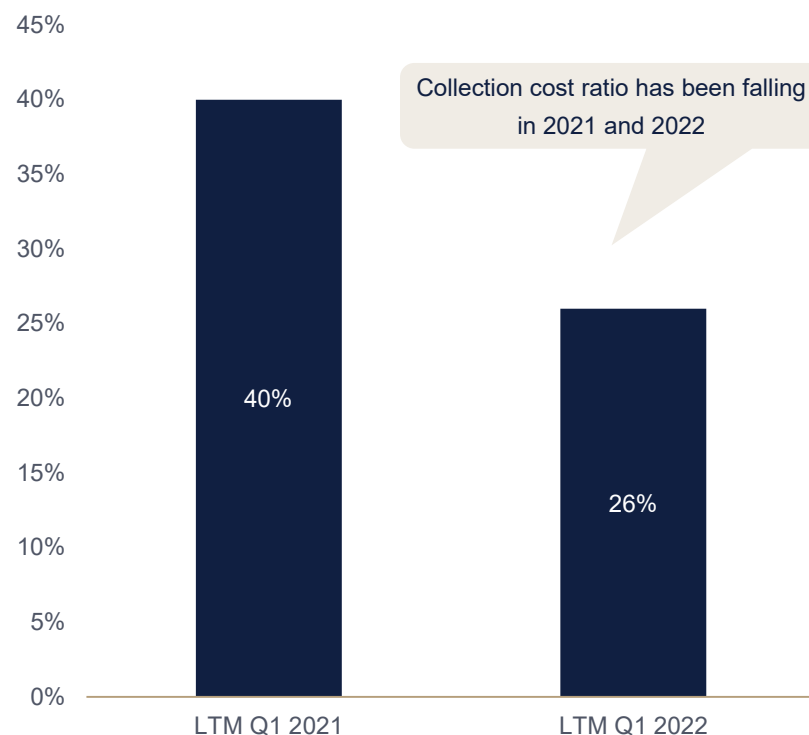


1) As at 31 March 2022. | 2) Includes ERC on future capital injections of closed deals



Market leading cost structure enabled continued positive cash flows

CORE COLLECTION COST RATIO



- Core collection cost ratio decrease in 2022 as collections return to pre-COVID normalised level
- Overhead cost rise linked to the development of the AFE Asset Solutions platform – FTE has risen from 19 in Q1 2021 to 25 in Q1 2022

	LTM Q1 2021	LTM Q1 2022
Core Collections	€80.6m	€123.2m
Collections Activity Cost	€18.2m	€17.4m
Overheads	€14.0m	€14.3m





Operational Review

Ed Green



AFE Asset Solutions platform within AFE

25 FTE¹

(+6 vs prior year)

Across 5 core geographies

€1.1M

(+49% vs prior year)

In asset light revenue

€1.1Bn

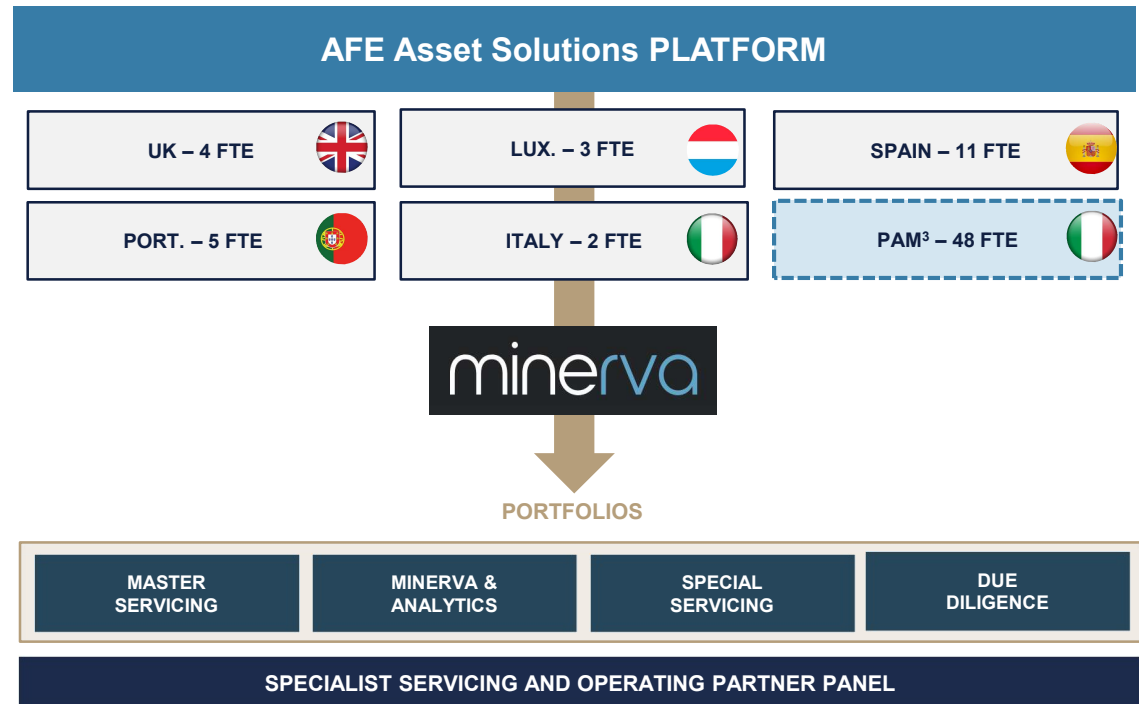
(+36% vs Q1 2020)

Assets managed by AFE Asset Solutions²

€286M

LTM growth in assets managed by AFE Asset Solutions

- Locally embedded platform including 25 FTE across 5 core geographies
- Oversee a servicing and operating panel of 380+ dedicated third party FTE across 19 active servicing partners
- Platform generates incremental capital-light income by managing assets across AnaCap's Credit platform
- Asset light revenue up 49% YoY to £1.1m in Q1 2022, contributing to 8.1% of AFE total revenue in Q1



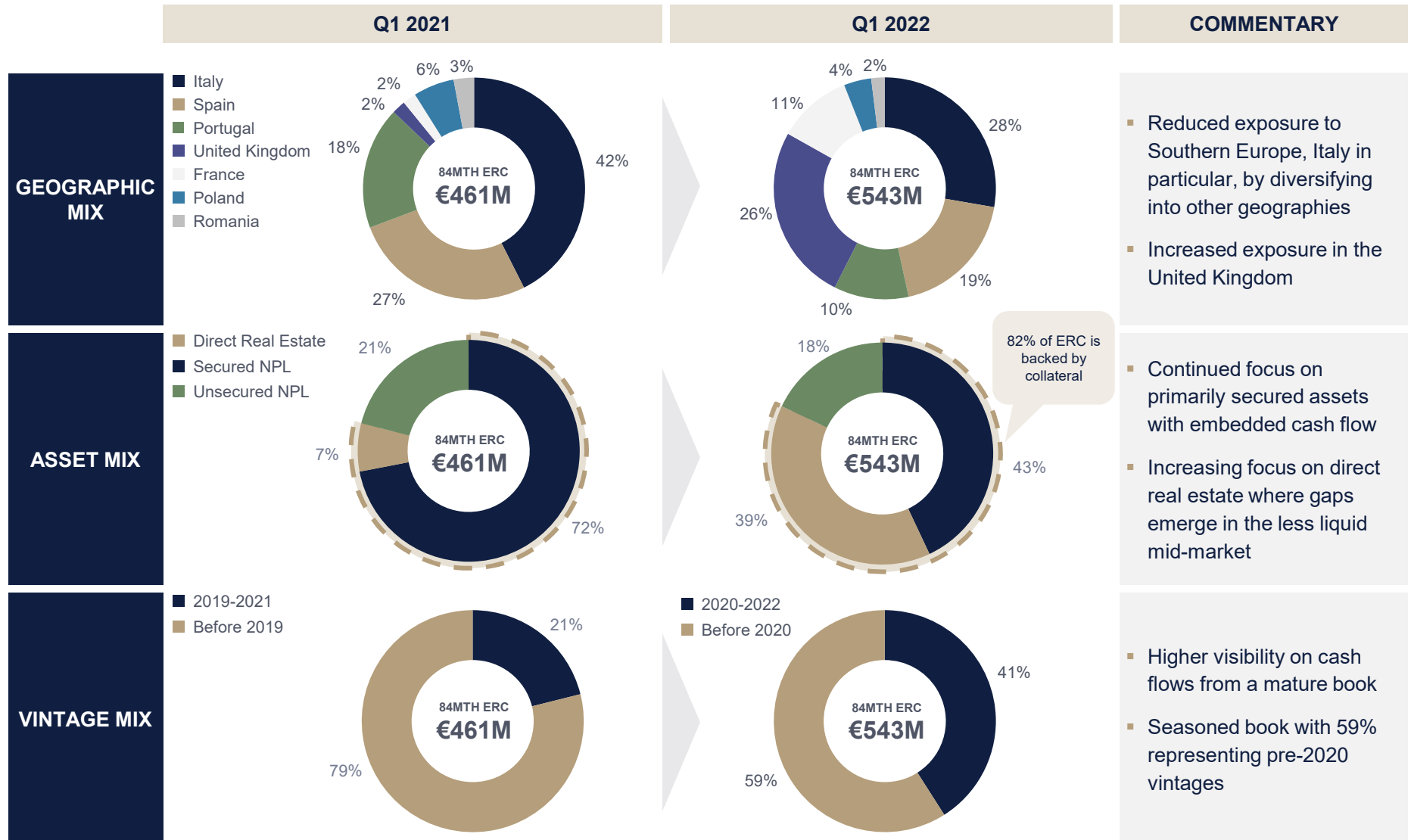
Note: Data as at 31 March 2022.

1) Full Time Equivalents

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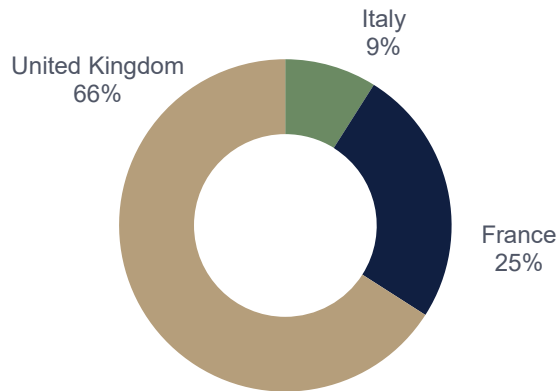
We are today a more diversified business than ever before



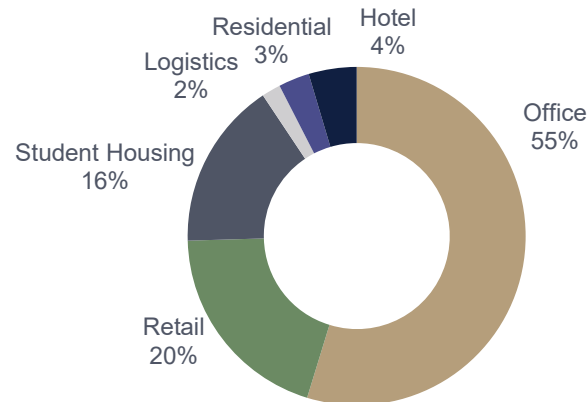
Diversified Direct Real Estate Portfolio

Consistent deployment diversified across geographies and asset types

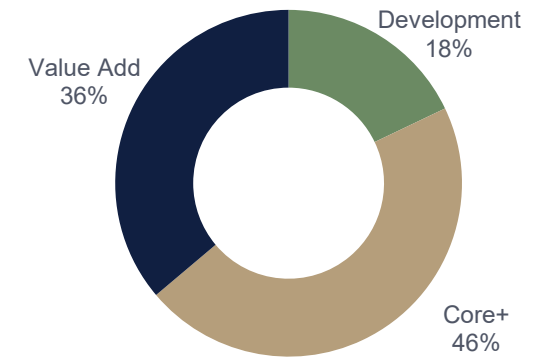
REAL ESTATE INVESTED CAPITAL
BY GEOGRAPHY



REAL ESTATE INVESTED CAPITAL
BY ASSET TYPE



REAL ESTATE INVESTED CAPITAL
BY STRATEGY



Direct Real Estate investments represent **39% of total ERC at average GMM of 2.2x** diversified across:







- Investing in sub-themes and opportunistically across **well-known geographies** in top tier cities and strategic locations
- Strategy** focused on stable income generation, with limited and selective development risk
- Diversified portfolio by **asset type**, with underlying granularity across 23 assets and 1,362 units¹
- 6 different specialised real estate operating partners, tailored to local, asset specific requirements

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



Market update

Targeted strategies driving positive performance and outlook

	 Italy	 United Kingdom	 Spain	 France	 Portugal	 Other
ERC %	28%	26%	19%	11%	10%	6%
Key Market Updates	<ul style="list-style-type: none"> Courts operating at pre-COVID levels Loan moratoria extended to June 2022 within specific asset classes (1st residential house) Continued strength in residential market (especially in Milan and Rome) 	<ul style="list-style-type: none"> Office occupancy continues recovering reaching c.70% of pre-pandemic levels Hybrid working models still impacting occupational decisions however regional office take-up is now only 17% below 10-year average in Q1 22 	<ul style="list-style-type: none"> Courts operating at pre-COVID levels but still with significant backlogs mostly on evictions in certain regions Resilient property market Declaration of Bankruptcies moratoria ends June 30th though likely to be extended 	<ul style="list-style-type: none"> Most restrictions lifted in March, including mandatory mask wearing in most indoor settings, with remaining restrictions ending in May Office take-up remains below historical averages but early signs of improving 	<ul style="list-style-type: none"> Courts and public services operating at pre-COVID levels but still with backlogs associated with evictions and securing documentation from public registries Continued strength in residential market 	<ul style="list-style-type: none"> Poland – courts reopening to public in Q2; previous ban on residential evictions lifted Romania – courts operating at pre-Covid levels and working well through backlogs Some disruption in East of Romania due to ongoing war in Ukraine
Key Performance Drivers	<ul style="list-style-type: none"> Continued drive on CIC collections Amicable solutions and loan sale remain key resolution path Intensive focus on residential marketing and pre-sales activity, capitalising on robust market 	<ul style="list-style-type: none"> Tight controls on rent collection processes Proactive lease re-gearing Restrictions on commercial evictions ended in Q1 22 	<ul style="list-style-type: none"> Active marketing of REO stock Mini portfolio sales of less liquid assets on the seasoned residential books 	<ul style="list-style-type: none"> Tight controls on rent collection processes Proactive lease re-gearing Disciplined capex programmes with tight controls over budgets 	<ul style="list-style-type: none"> Intensive engagement with courts and public services Focus on REO sales to capitalise on positive market Tactical campaigns for unsecured segments focusing on DPOs 	<ul style="list-style-type: none"> Intensive engagement with courts to facilitate CIC releases in Poland Continue amicable resolutions in Poland where possible
Outlook for Q2 2022	<ul style="list-style-type: none"> Additional sub-portfolio sale opportunities to capitalise on favourable secondary market dynamics Close monitoring of impact of inflation on construction costs and asset prices 	<ul style="list-style-type: none"> Leasing activity to continue improving over course of 2022 Close monitoring of impact of inflation on construction costs and asset prices 	<ul style="list-style-type: none"> Continued proactive, forensic management of legal cases to mitigate impact of any regional backlogs Additional portfolio internalisation opportunities 	<ul style="list-style-type: none"> Leasing market subdued however tenants continue exiting non-prime office space, benefiting landlords with prime buildings 	<ul style="list-style-type: none"> Ongoing REO sale campaigns and DPOs for the unsecured segments Maintain intensity of engagement with courts and public services 	<ul style="list-style-type: none"> Segment sale opportunities in Romania Targeted marketing campaigns across larger Romanian CRE/Industrial assets Task force for CIC in Poland





Strategic Outlook

Justin Sulger

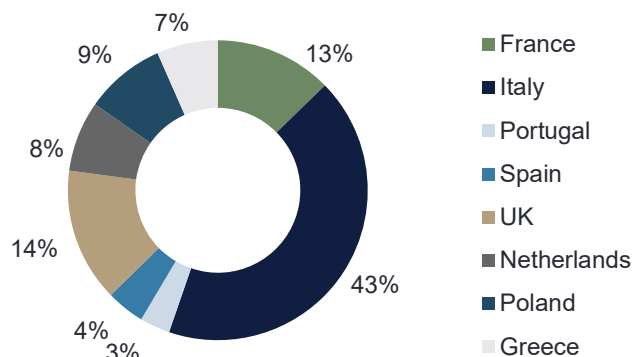


Strong pipeline offering consistently attractive returns and further diversification across predominantly real estate secured asset types

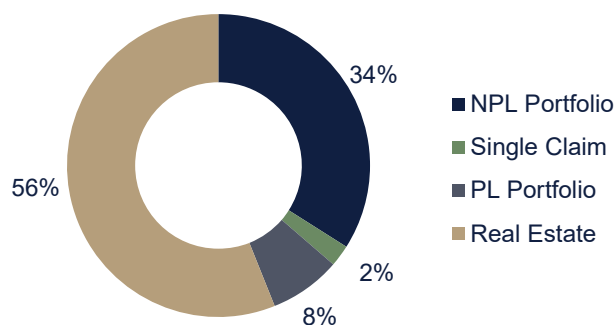
- With >55% of total annual budget already secured, able to remain selective whilst driving renewed growth
- Circa €500m of executable pipeline offering further diversification in well known geographies
- Targeting predominantly real estate secured opportunities outside competitive auctions
- NPL pipeline increasing again across both primary and secondary markets

CURRENT PIPELINE

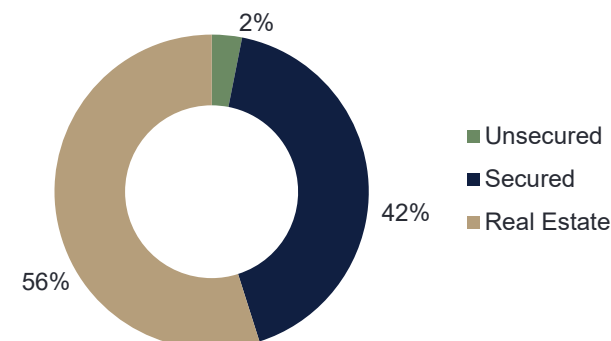
BY GEOGRAPHY



BY ASSET TYPE

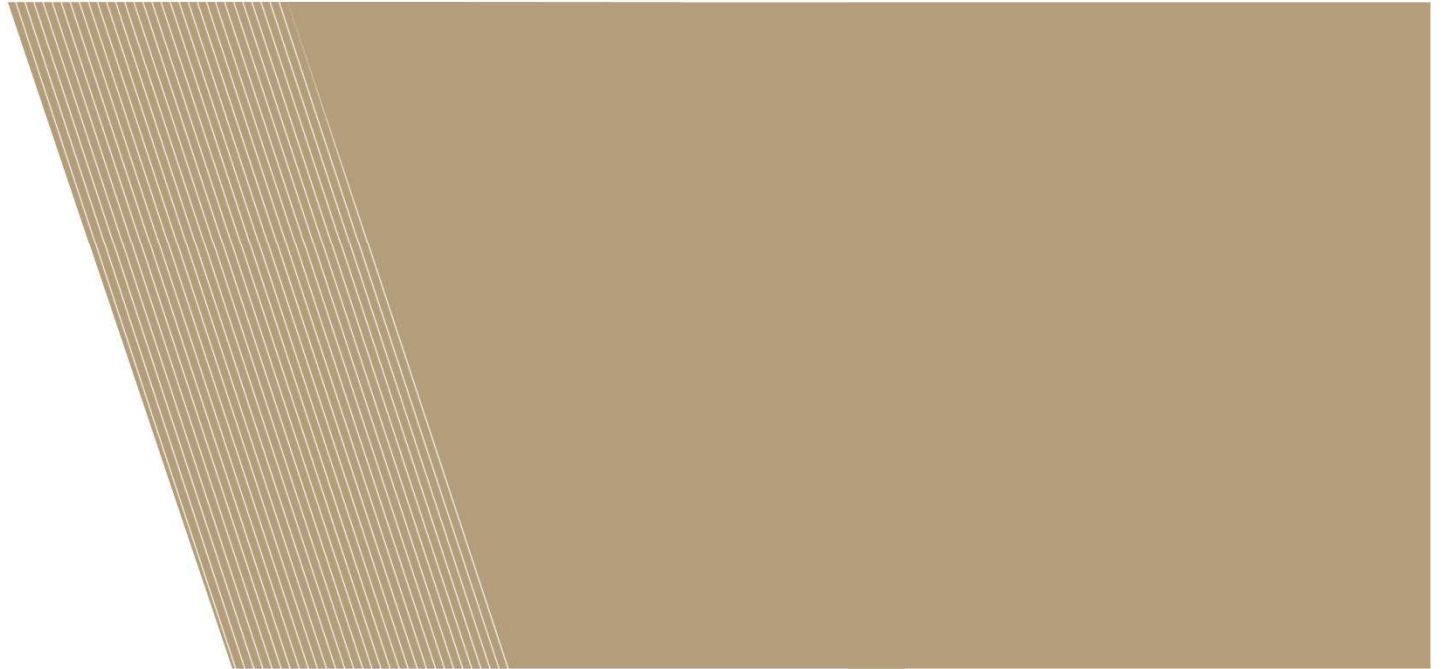


BY SECURITY





Q&A



Q&A

Any questions?

Website: <http://www.anacapfe.com/>
Email: info@anacapfe.com
Telephone: +44 20 7070 5258





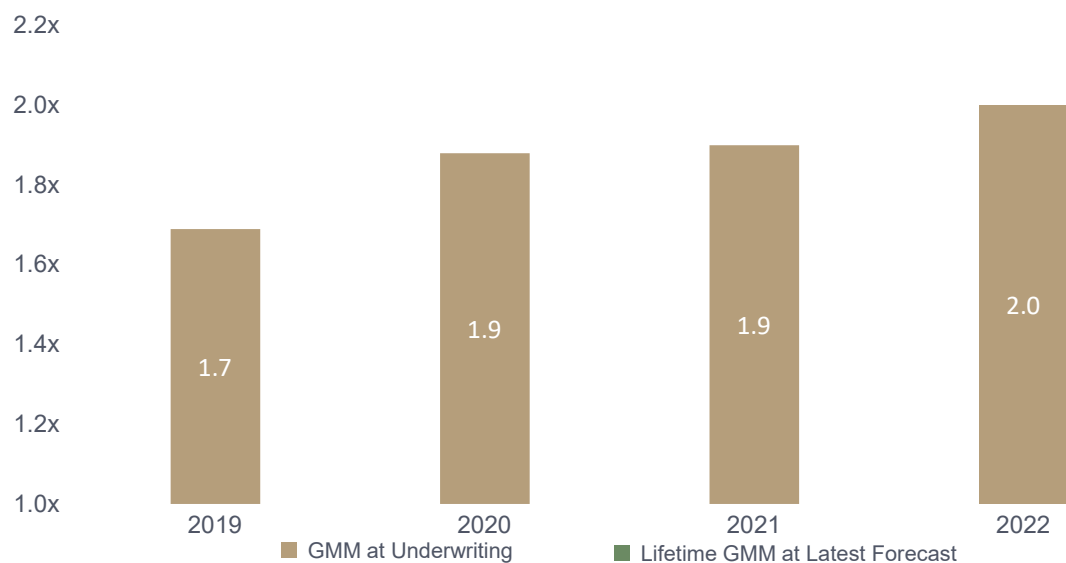
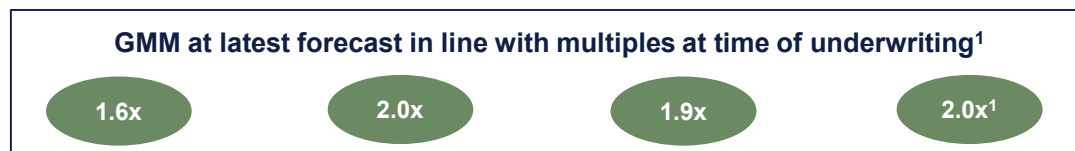
Appendix



Deployment Summary



UNDERWRITTEN GMM BY VINTAGE



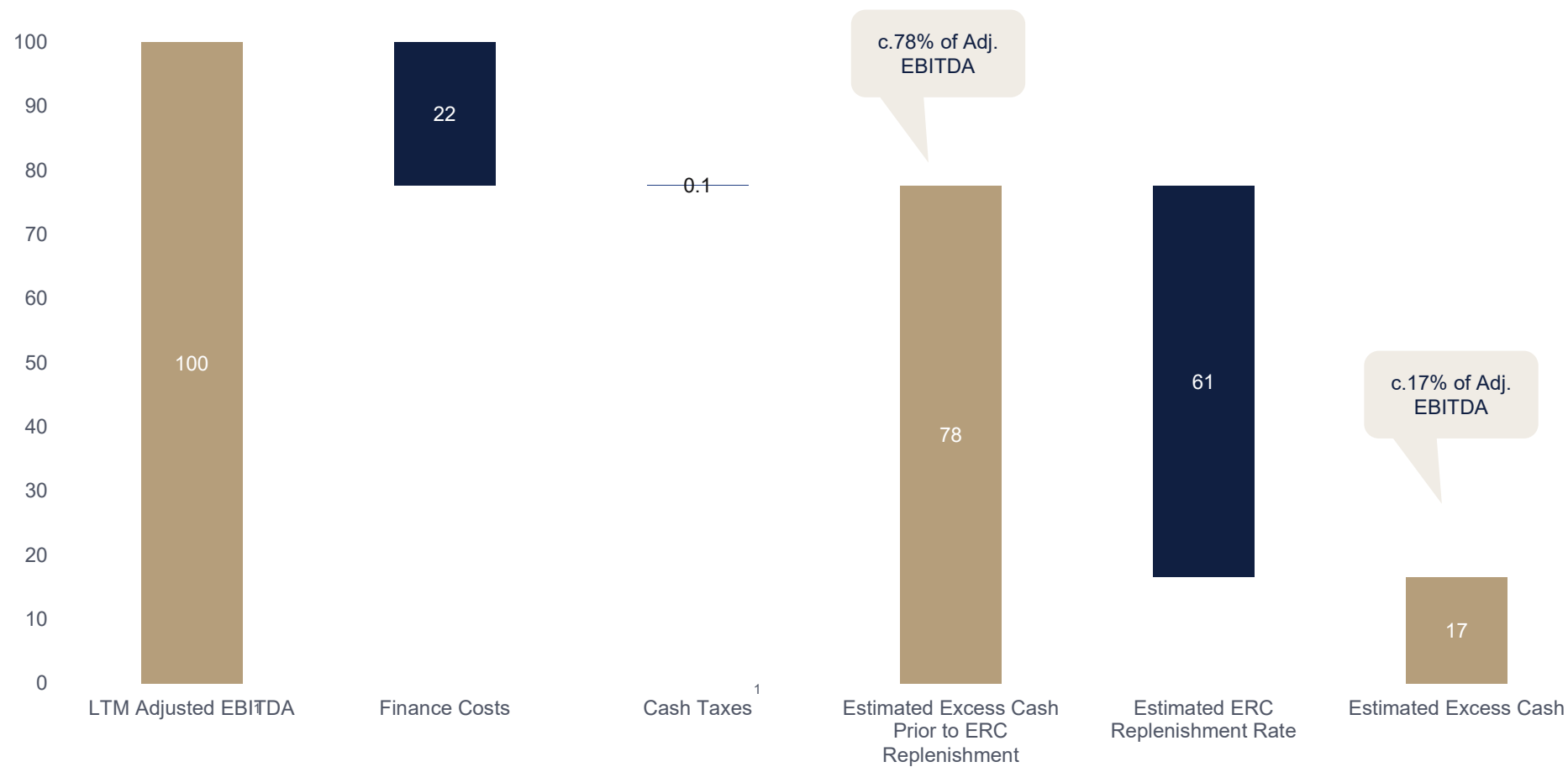
- 1) AFE remained highly selective in Q1 2022 GMMs staying above 2.0x+
- 2) After years of compressing returns peaking in 2019, motivated sellers and market dislocation post onset of COVID is driving enhanced value
- 3) Recently includes direct real estate investments and predominantly secondary, secured SME NPLs in Italy, with re-pricing more evident thus far in real estate as financing markets retreat
- 4) NPL returns expected to continue to improve along with increased supply

1) Shown by vintage, which may differ to the year cash injections are made



Estimated Excess Cash Flow Generation

ESTIMATED EXCESS CASH FLOW GENERATION WATERFALL (€M)



1) Last twelve months ending 31 March 2022.



Estimated ERC replenishment rate calculation

ERC REPLENISHMENT RATE CALCULATION (€M)

For the twelve-month period ending 31 March 2022

Total Attributable Collections for LTM Q1 2021	86	a
Total Attributable Collections for LTM Q1 2022	132	b
Average Total Attributable Collections¹	109	$(a+b) / 2 = c$
Estimated money multiple for new deployments²	1.8x	d
Estimated 84MTH ERC Replenishment Rate³	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 3 months ended 31 March 2022 and 31 March 2021

	3m 2022	3m 2021	Variance	Variance
	€m	€m	€m	%
Profit before tax	1.1	2.0	-0.9	-82%
Finance costs	5.8	5.5	0.3	5%
Share of profit in associate and joint ventures	-0.3	-0.1	-0.2	67%
Net foreign currency movements	0.1	0.2	-0.1	-100%
Core Collections	18.3	17.7	0.6	3%
Revenue	-14.0	-15.3	1.3	-9%
Other income	1.1	0.8	0.3	27%
Cash collected on behalf of secured loan noteholders	-0.4	-0.2	-0.2	50%
Adjusted EBITDA	11.7	10.6	1.1	9%



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)

3m 2022 Gross Attributable Collections	18,984	Used to calculate ERC
Gross up for portfolios with co-investors ¹	407	
Remove costs deducted at source ²	-1,079	
Remove proceeds from assets sale	-	
3m 2022 Core Collections	18,312	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.
- **“Core Collections Cost Ratio”** represent the ratio of operating expenses to core collections
- **“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 3 months period to 31 March 2022.
- **“LTV”** means Net Debt divided by ERC.
- **“CIC”** means Cash-in-court.
- **“REO”** means Real Estate Owned.
- **“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 assets¹

