



# 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 30 June 2022

**05 September 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



**Tim Ayerbe – Head of Asset Solutions**  
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
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# Overview

*Justin Sulger*



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

### STRONG CONTINUED COLLECTION PERFORMANCE

- H1 Gross Attributable Collections of €84.1m, €1.3m ahead of forecast
- 10th consecutive quarter of collections outperformance to forecast

### ROBUST FINANCIAL PERFORMANCE

- H1 Adjusted EBITDA of €66.9m, up 122.5% year-on-year
- LTM Adjusted EBITDA of €135.9m, up 144.0% year-on-year

### DEPLOYMENT AHEAD OF PLAN

- Closed deals of €35.8m YTD, additional €48.0m signed deals expected to close in H2, at aggregate GMM of 2.3x
- ERC of €509.8m, 8.5% higher than Q2 21

### HISTORICAL LOW LEVERAGE

- LTM Adjusted EBITDA leverage lowered to historical low of 2.6x (target range of 3.5x to 4.0x)
- LTV of 68.0%, lower than 71.8% in Q2 21





# Key Financial Highlights

*Eric Verret*



# H1 2022 Key Financial Highlights

## H1 2022 METRICS

<p>GROSS ATTRIBUTABLE COLLECTIONS</p> <p><b>€84.1m</b></p> <p>+87.8% vs H1 2021</p>	<p>REVENUE</p> <p><b>€48.1m</b></p> <p>+55.9% vs H1 2021 <sup>1</sup></p>	<p>LTM ADJ. EBITDA</p> <p><b>€135.9m</b></p> <p>+144.0% vs H1 2021</p>
<p>DEPLOYMENT <sup>2</sup></p> <p><b>€35.8m</b></p> <p>+35.1% vs H1 2021</p>	<p>84-MONTH ERC</p> <p><b>€509.8m</b></p> <p>+8.5% vs H1 2021</p>	<p>NET DEBT</p> <p><b>€346.9m</b></p> <p>+2.9% vs H1 2021</p>

1. H1 22 Include €20.5M revaluation gain on Direct Real Estate investments

2. H1 22 Includes cash injections into 2021 and 2020 vintages





# Current trading update

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

## STRONG CONTINUED COLLECTIONS...

### Collections Performance

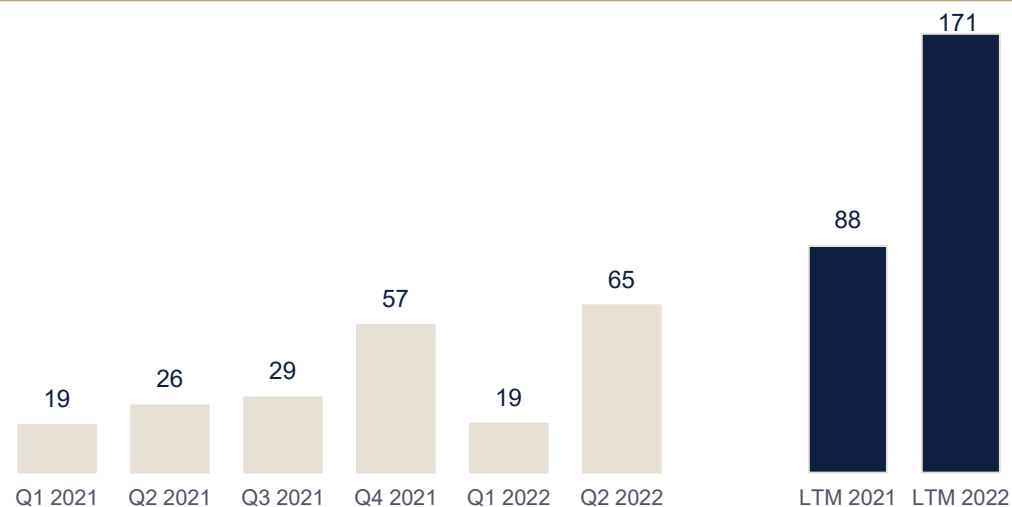
- Significantly higher LTM collections at €171m vs €88m in prior year
- Stabilised position due to combination of post Covid recovery and collections acceleration

### Capital Deployment

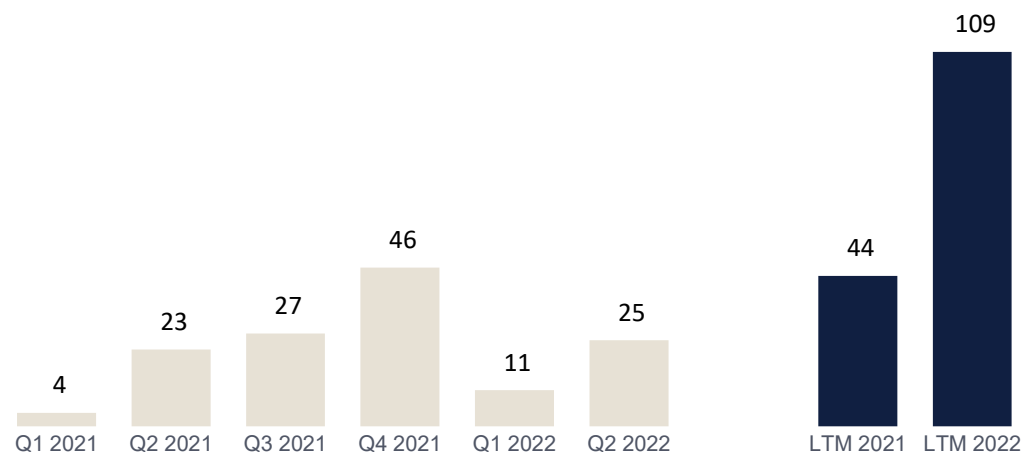
- Q2 22 deployment remained strong – LTM deployment at €109m exceeding €100m target
- Circa 84% of total FY 22 deployment target already signed

## ...DRIVING RENEWED GROWTH

Gross  
Attributable  
Collections  
(€M)

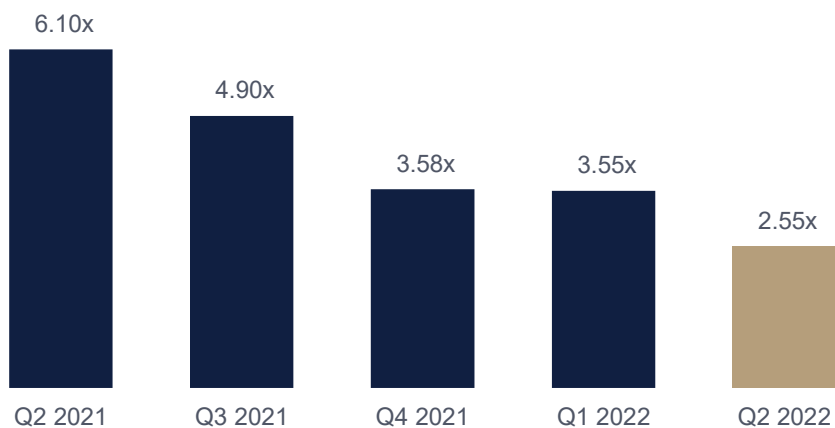


Deployment  
(€M)

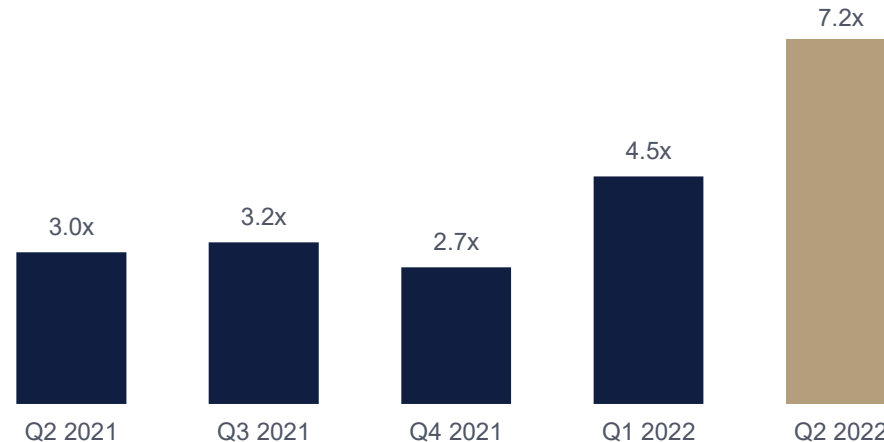


# Decreasing leverage significantly below long-term target

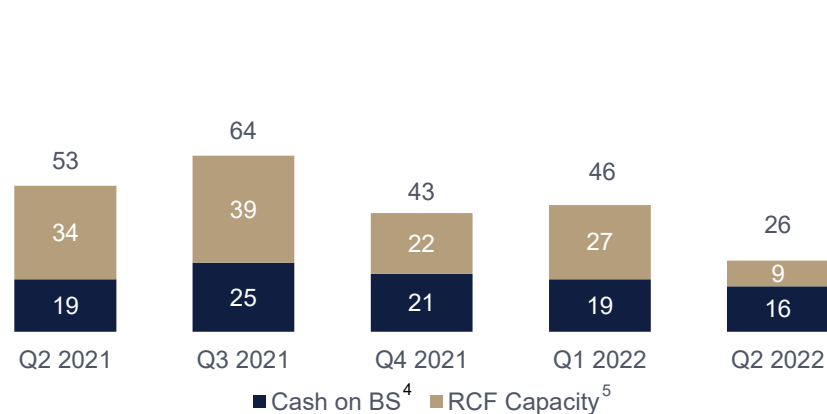
## STRONG DELEVERAGING PROFILE<sup>1</sup>



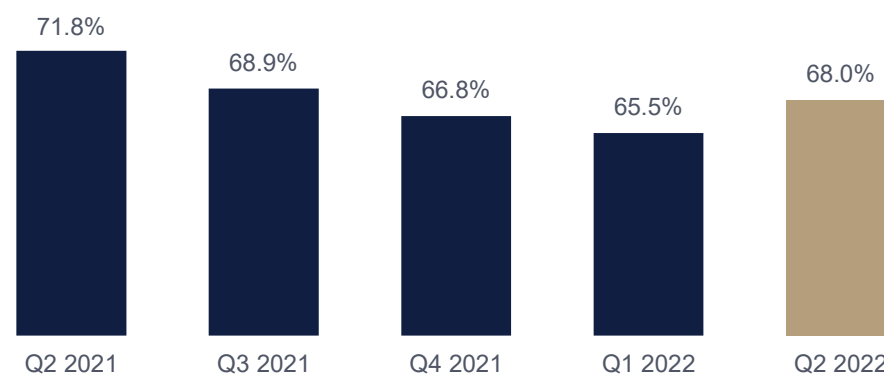
## IMPROVING INTEREST COVERAGE<sup>2</sup>



## SUFFICIENT LIQUIDITY POSITION<sup>3</sup>



## STABLE LTV



Note: We are constantly reviewing our capital structure and liquidity position and look to optimise them over time; depending on market conditions and our operating results, this could include open market repurchases of securities, among other strategies  
 1) Net Debt / Adjusted EBITDA. | 2) Adjusted EBITDA / Finance Costs | 3) In €m, Liquidity represents amount undrawn on the Facility plus cash available | 4) Excludes cash held on AFE's account at servicers', cash deposits paid, and cash collected on behalf of secured loan note holders. | 5) As reported in company accounts, excludes bank guarantees.



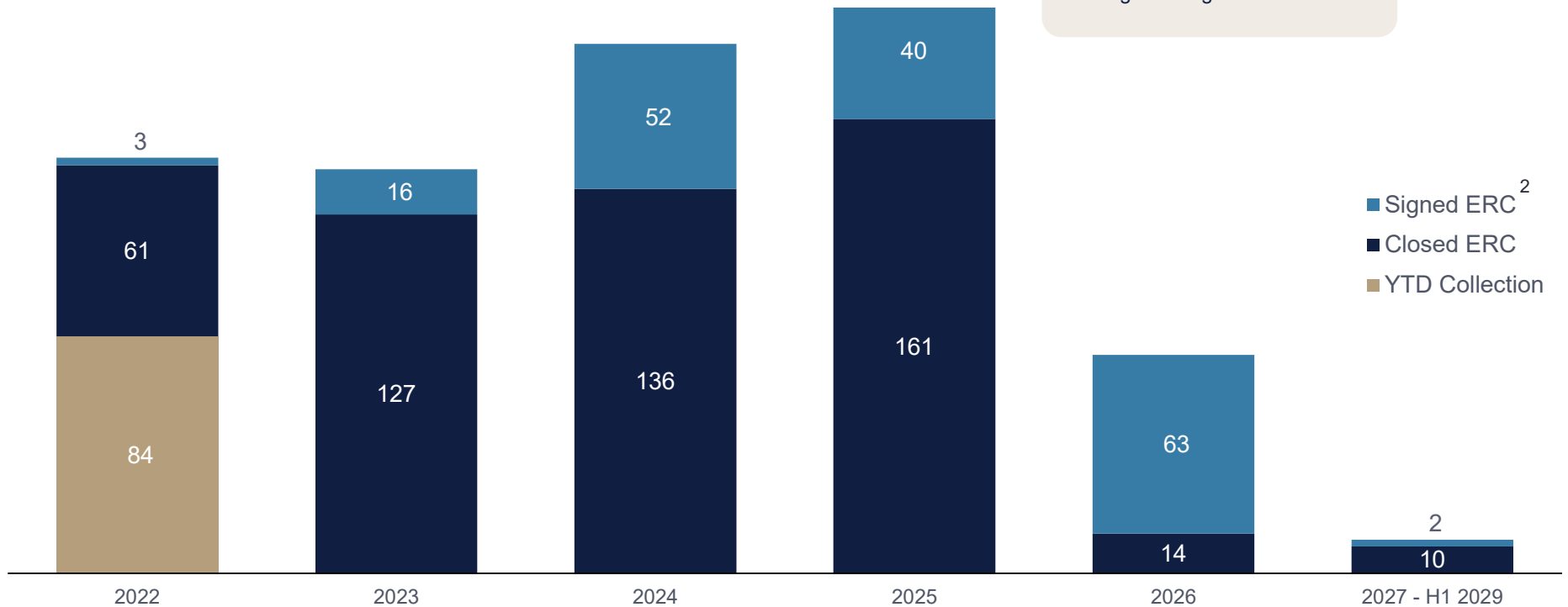
# Targeted focus on secured assets with strong near-term collections

## SIGNIFICANT CASH FLOWS ALREADY EMBEDDED IN EXISTING ERC

ERC CURVE (€M)

Closed 84M ERC:  
€510M<sup>1</sup>

Closed and signed deals embeds significant growth in ERC

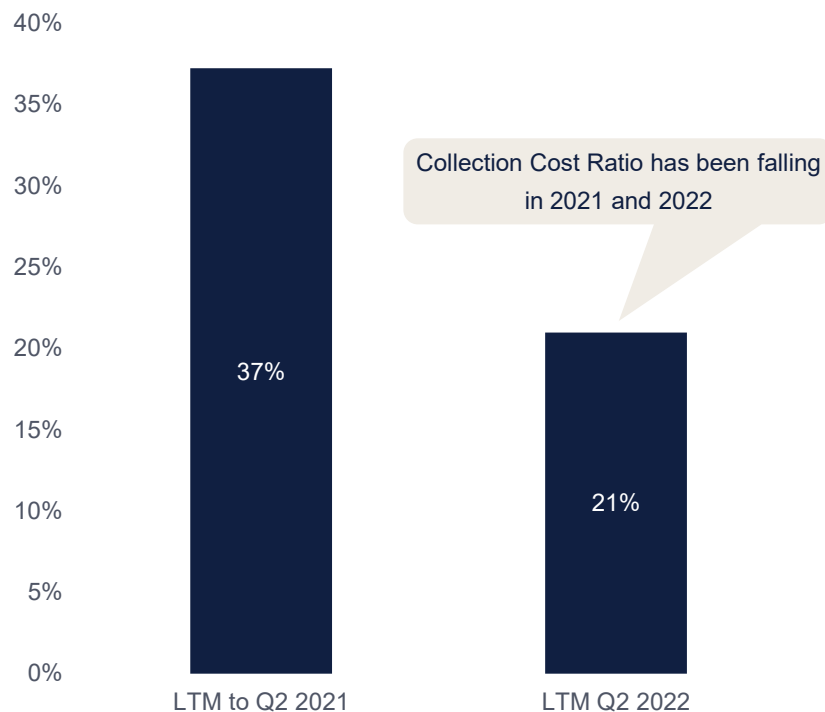


1) Including all deals closed by June 2022. | 2) Includes ERC from future capital injections of deals closed before 30 June 2022



# Market leading cost structure enabled continued positive cash flows

## CORE COLLECTION COST RATIO



- Direct Real Estate driving a low cost to collect with an average cost to collect of 16%
- Core Collection Cost Ratio decrease in 2022 as collections returned to pre-COVID normalised level
- Overhead cost increasing in line with the development of AFE Asset Solutions platform

	12M to Q2 2021	LTM Q2 2022
<b>Core Collections</b>	€84.0m	€160.0m
<b>Collections Activity Cost</b>	€17.9m	€17.8m
<b>Overheads</b>	€13.4m	€15.8m





# Operational Review

*Tim Ayerbe*



# AFE Asset Solutions platform

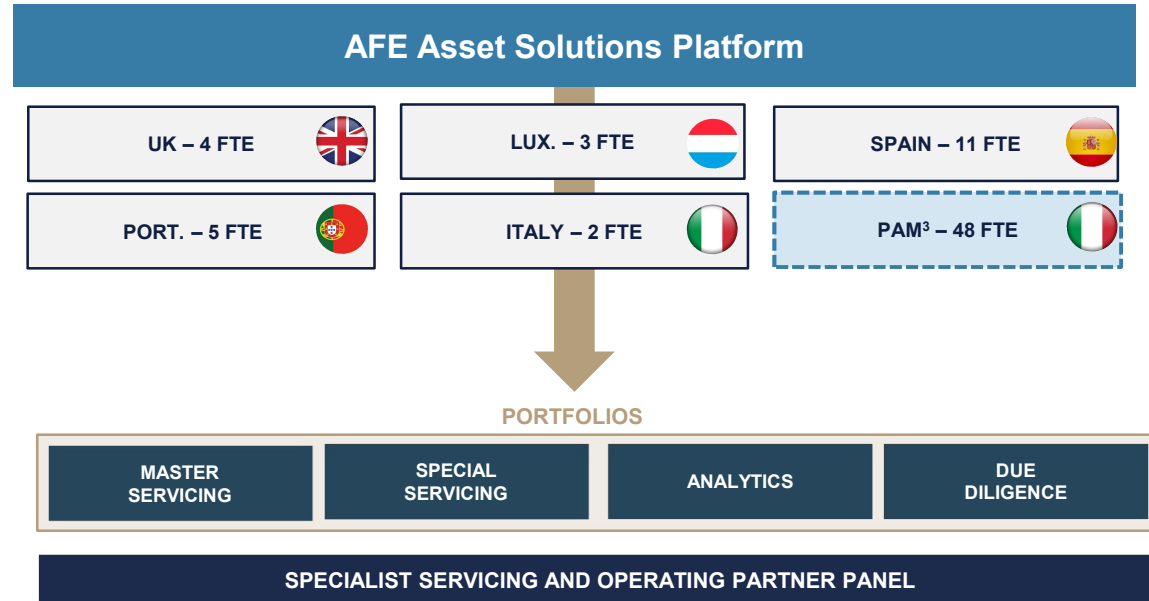
**€2.2M**  
 (+33% vs H1 2021)  
 In asset light revenue

**25 FTE<sup>1</sup>**  
 (+1 vs H1 2021)  
 Across 5 core geographies

**€463M**  
 (+46% vs H1 2021)  
 LTM Total Gross Collection across  
 all funds

**€1.1Bn**  
 (+20% vs H1 2021)  
 Asset value managed by AFE Asset  
 Solutions

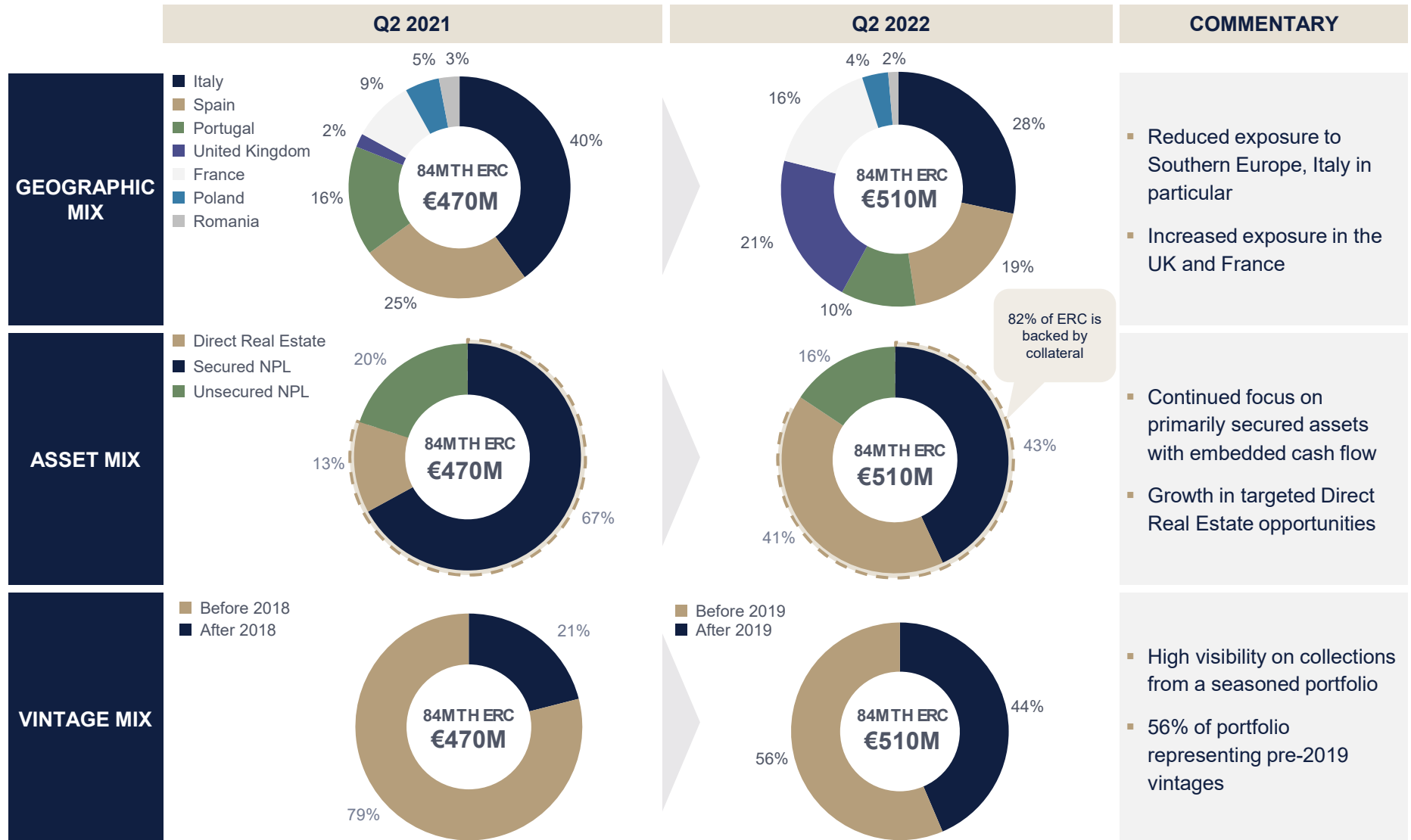
- Asset light revenue up 33% YoY to €2.2m in H1 2022, contributing to 8.0% of AFE total revenue in H1
- Locally embedded platform including 25 FTE across 5 core geographies
- Oversee a servicing and operating panel of 380+ dedicated third party FTE across 19 active servicing partners



Note: Data as at 30 June 2022.  
 1) Full Time Equivalents  
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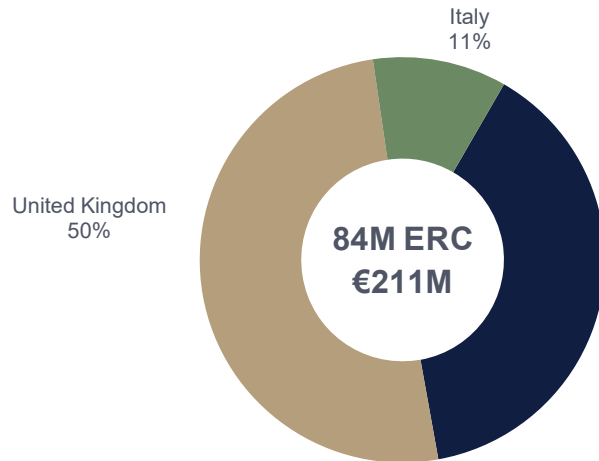
# We are today a more diversified business than ever before



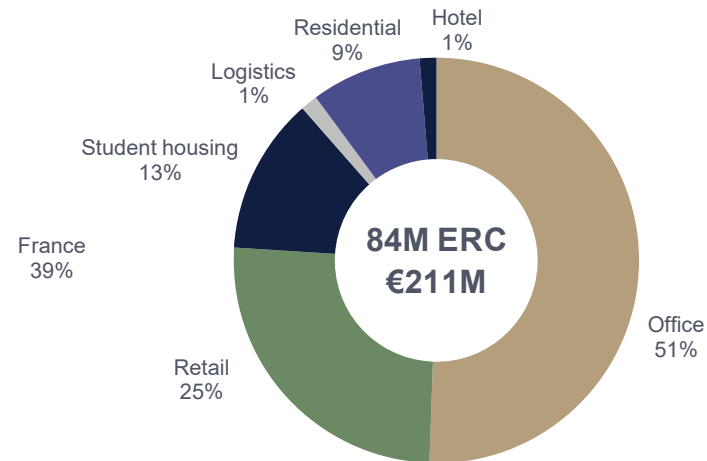
# Diversified Direct Real Estate Portfolio

*Consistent deployment diversified across geographies and asset types*

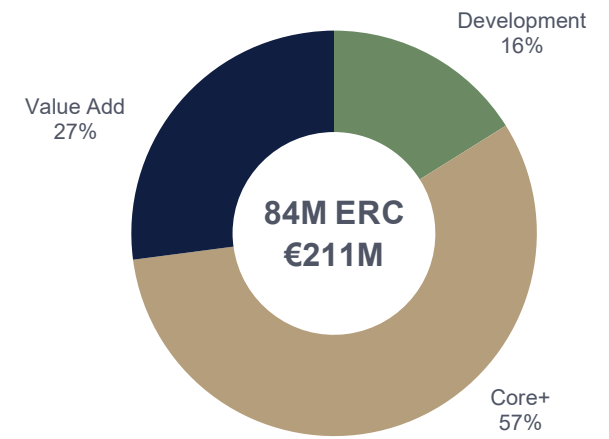
REAL ESTATE ERC  
BY GEOGRAPHY



REAL ESTATE ERC  
BY ASSET TYPE



REAL ESTATE ERC  
BY STRATEGY



Direct Real Estate investments represent **41% of total ERC at average GMM of 2.1x:**

- Diversified portfolio by **asset type**, with underlying granularity across 30 assets and 1,730 units<sup>1</sup>
- 10 different specialised real estate operating partners, tailored to local, asset specific requirements
- Targeted investments in **well-known geographies and asset types** in top tier locations
- **Strategy** focused on stable income generation, with limited development risk

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

Note: Data as at 31 August 2022.




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# Market update

Targeted strategies continue to drive positive performance

	 <b>Italy</b>	 <b>United Kingdom</b>	 <b>Spain</b>
<b>ERC %</b>	<b>28%</b>	<b>21%</b>	<b>19%</b>
<b>Key Market Updates</b>	<ul style="list-style-type: none"> <li>Loan moratoria expired in June 2022</li> <li>Residential real estate market remains resilient</li> </ul>	<ul style="list-style-type: none"> <li>Physical office occupancy continues recovering, with surrounding footfall 80%+ of pre-covid levels</li> <li>Central London office take-up continues recovering with H1 +7% on long-term average</li> </ul>	<ul style="list-style-type: none"> <li>Bankruptcies moratoria expired in June 2022</li> <li>Residential real estate market remains resilient however signs banks are tightening lending standards</li> </ul>
<b>Key Performance Drivers</b>	<ul style="list-style-type: none"> <li>Continued acceleration of cash-in-court distributions</li> <li>Tactical focus on amicable collections and targeted sales</li> <li>Residential sales continue capitalising on market strength in top tier cities</li> </ul>	<ul style="list-style-type: none"> <li>Proactive asset management driving vacancy lease-up</li> <li>Strategic lease re-gearing increasing duration of secured income</li> </ul>	<ul style="list-style-type: none"> <li>Amicable solutions &amp; loan sales of less liquid assets</li> <li>Active marketing of REO stock</li> <li>Intensive engagement with courts to accelerate late stage legal positions and obtain cash-in-court payments</li> </ul>
<b>Outlook for Q2 2022</b>	<ul style="list-style-type: none"> <li>Additional sub-portfolio sale opportunities</li> <li>Close monitoring of asset prices against backdrop of macro headwinds</li> </ul>	<ul style="list-style-type: none"> <li>Pent-up demand to continue driving leasing activity over course of 2022</li> <li>Closely monitoring impact of inflation on asset prices, rents and capex</li> </ul>	<ul style="list-style-type: none"> <li>Continued proactive, forensic management of legal cases and intense engagement with courts</li> <li>Additional portfolio internalisation opportunities</li> </ul>



# Market update

Targeted strategies continue to drive positive performance

	 <b>France</b>	 <b>Portugal</b>	 <b>Other</b>
<b>ERC %</b>	<b>16%</b>	<b>10%</b>	<b>6%</b>
<b>Key Market Updates</b>	<ul style="list-style-type: none"> <li>Leasing market gradually improving with greater Paris take-up 7% above long-term average in H1</li> <li>Physical office occupancy recovering with average occupancy rates of 54% in June</li> </ul>	<ul style="list-style-type: none"> <li>Robust public investment from EU funds and return of tourism expected to offset macro headwinds</li> <li>Residential real estate market remains resilient</li> </ul>	<ul style="list-style-type: none"> <li>Physical access to Polish courts resumed in Q2</li> <li>New moratoria introduced for Polish loans with potential for new legal volumes to decrease</li> <li>Tighter lending conditions in Romania starting to impact larger development assets</li> </ul>
<b>Key Performance Drivers</b>	<ul style="list-style-type: none"> <li>Increasing quality and duration of income via proactive lease re-gearing</li> <li>Disciplined capex programmes with tight controls over budgets</li> <li>Cost optimization to drive improvements in NOI on commercial assets</li> </ul>	<ul style="list-style-type: none"> <li>Intensive engagement with courts for the cash-in-court payments</li> <li>Accelerating REO sales to capitalise on resilient property market</li> <li>Tactical campaigns for unsecured segments focusing on DPOs</li> </ul>	<ul style="list-style-type: none"> <li>Intensive engagement with courts to facilitate remaining CIC releases across courts in Poland</li> <li>Continued broader marketing approach for industrial assets in Romania showing early promising signs</li> </ul>
<b>Outlook for Q2 2022</b>	<ul style="list-style-type: none"> <li>Leasing market expected to continue improving, particularly for smaller leases in good quality, well located buildings</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing REO sale campaigns and DPOs for unsecured segments</li> <li>Intense engagement with courts and public services to drive legal processes and asset sales</li> </ul>	<ul style="list-style-type: none"> <li>Task force within servicing partner for CIC in Poland</li> <li>Targeted marketing campaigns across larger Romanian CRE/Industrial asset</li> </ul>





# Strategic Outlook

*Justin Sulger*

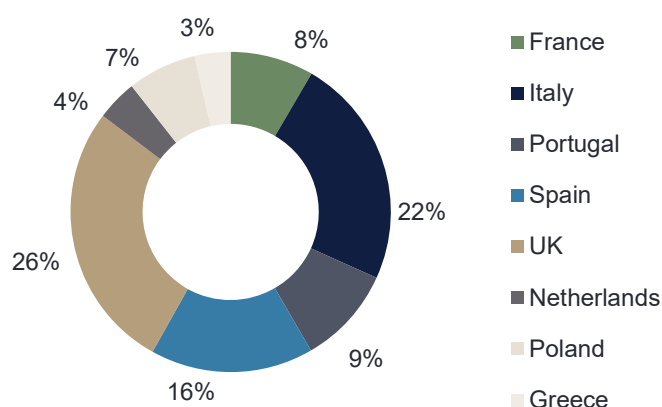


## Strong pipeline offering consistently attractive returns and further diversification across predominantly real estate secured asset types

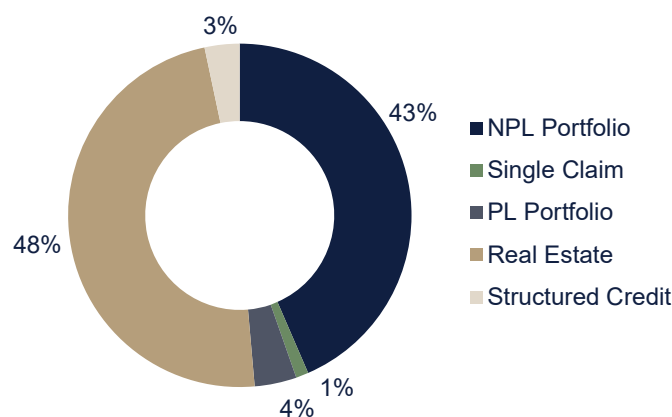
- ~ 84% already secured deployment, at high aggregate GMM of 2.3x, gave ability to remain selective whilst driving renewed growth
- ~ €750m of executable pipeline offering further diversification in well known geographies
- Targeting predominantly real estate secured opportunities outside competitive auctions
- NPL pipeline increasing again, with pricing continuing to adjust to economic realities

### CURRENT PIPELINE

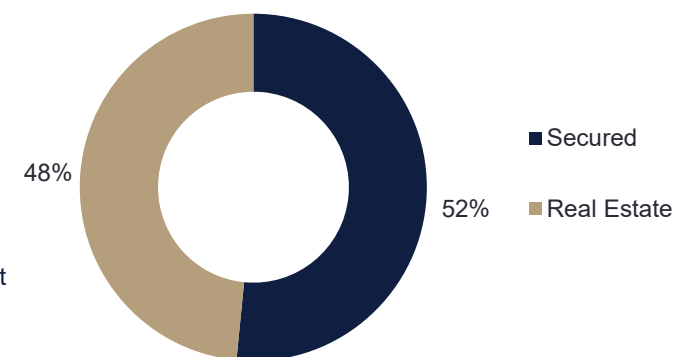
#### BY GEOGRAPHY



#### BY ASSET TYPE

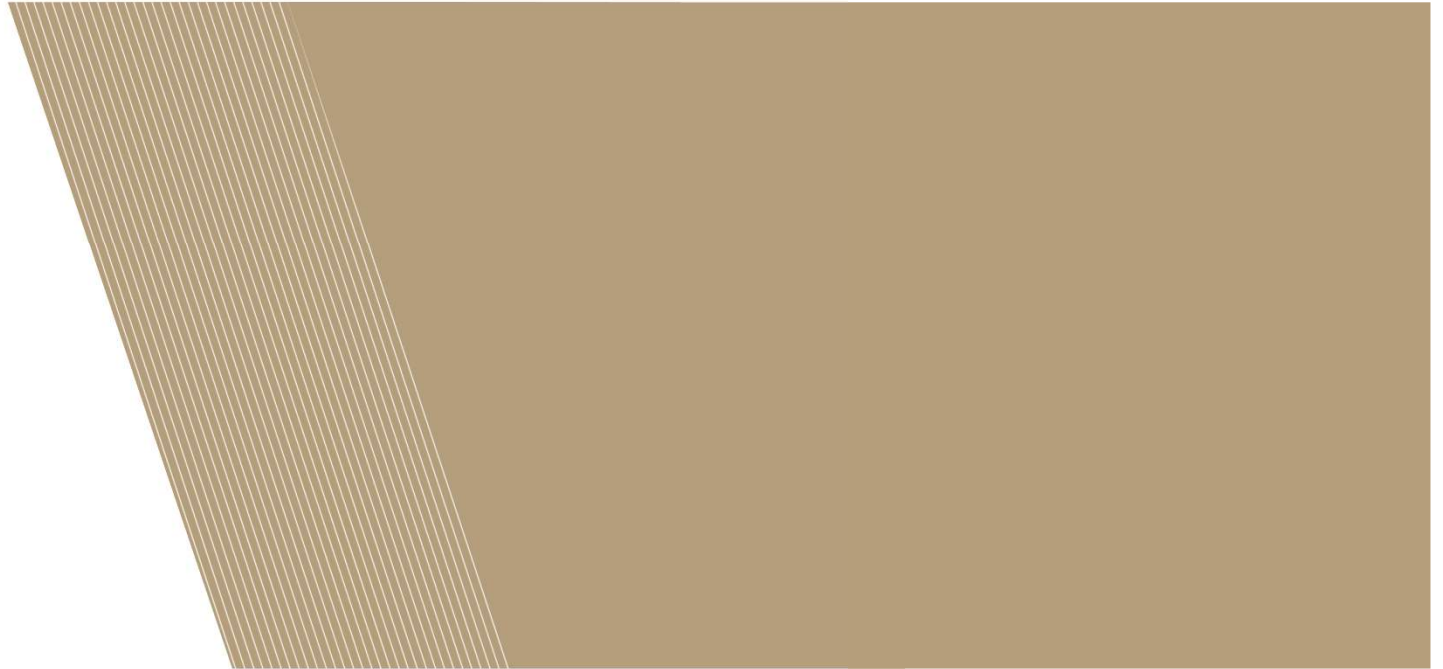


#### BY SECURITY





**Q&A**



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## Q&A

### Any questions?

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**Email:** [info@anacapfe.com](mailto:info@anacapfe.com)  
**Telephone:** +44 20 7070 5258



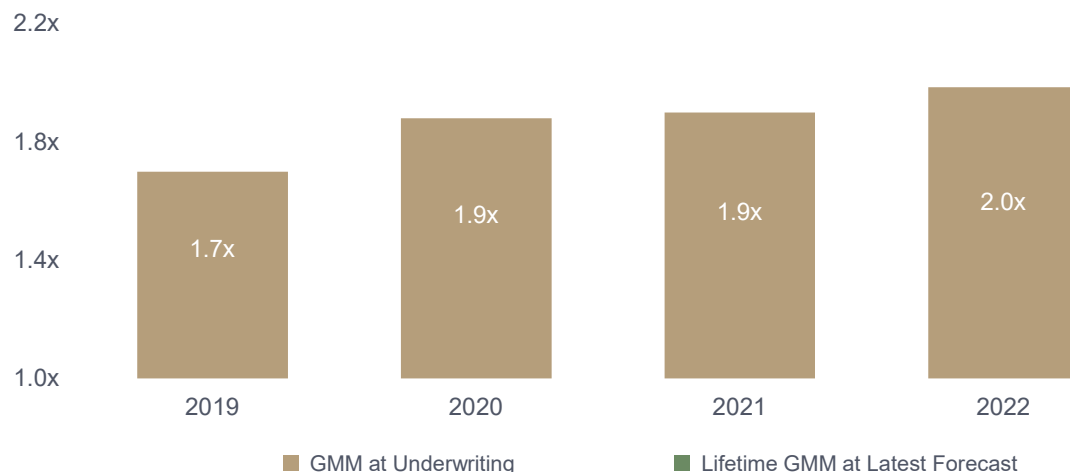
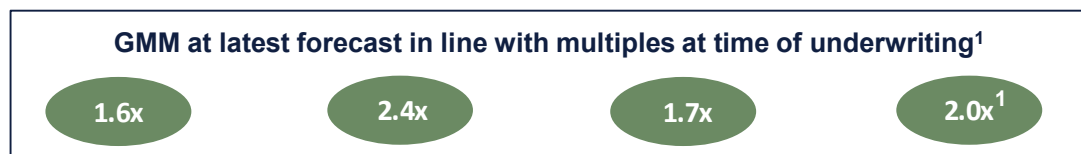


# Appendix



# Deployment Summary

## UNDERWRITTEN GMM BY VINTAGE



- 1) AFE remained highly selective in Q2 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

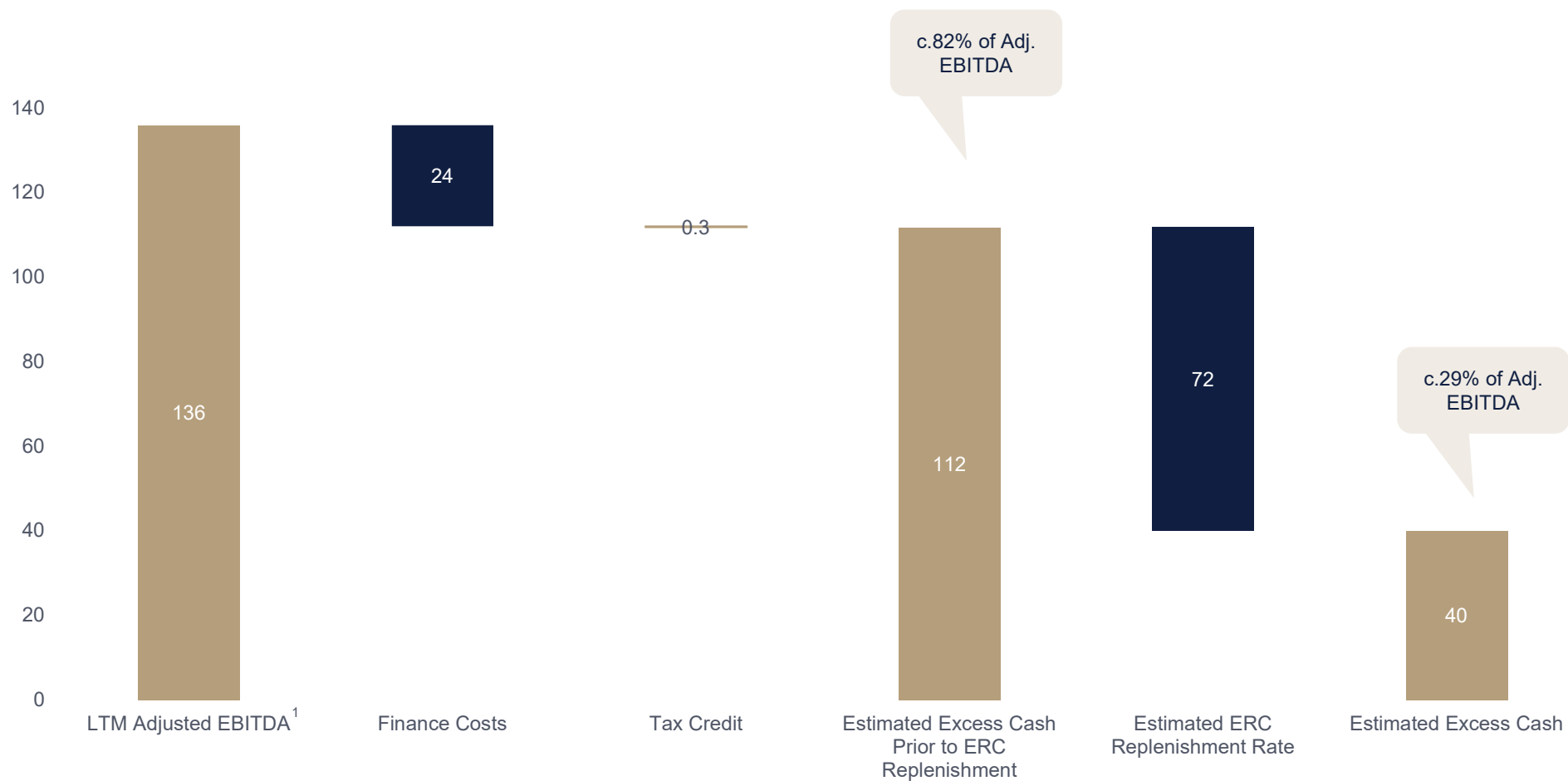
1) Shown by vintage, which may differ to the year cash injections are made





# Estimated Excess Cash Flow Generation

ESTIMATED EXCESS CASH FLOW GENERATION WATERFALL (€M)



1) Last twelve months ending 30 June 2022.



# Estimated ERC replenishment rate calculation

## ERC REPLENISHMENT RATE CALCULATION (€M)

For the twelve-month period ending 30 June 2022

<b>Total Attributable Collections for LTM Q2 2021</b>	88	a
<b>Total Attributable Collections for LTM Q2 2022</b>	171	b
<b>Average Total Attributable Collections<sup>1</sup></b>	129	$(a + b) / 2 = c$
<b>Estimated money multiple for new deployments<sup>2</sup></b>	1.8x	d
<b>Estimated 84MTH ERC Replenishment Rate<sup>3</sup></b>	72	$c / d$

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 6 months ended 30 June 2022 and 30 June 2021

	6m 2022	6m 2021	Variance	Variance
	€m	€m	€m	%
Profit before tax	18.9	5.9	13.0	69%
Finance costs	12.6	10.9	1.8	14%
Share of profit in associate and joint ventures	-1.8	-0.5	-1.4	75%
Net foreign currency movements	0.3	-0.1	0.4	128%
Impairment losses/(gains)	1.6	-0.2	1.8	110%
Portfolio disposals	1.1	0.0	1.1	100%
Collections from portfolios	81.5	44.1	37.4	46%
Revenue	-48.1	-30.8	-17.2	36%
Other income	2.2	1.6	0.5	25%
Cash collected on behalf of secured loan noteholders	-1.5	-0.9	-0.6	42%
<b>Adjusted EBITDA</b>	<b>66.9</b>	<b>30.1</b>	<b>36.8</b>	<b>55%</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)

6m 2022 Gross Attributable Collections	<b>84,137</b>	Used to calculate ERC
Gross up for portfolios with co-investors <sup>1</sup>	-	
Remove costs deducted at source <sup>2</sup>	- 1,512	
Remove proceeds from assets sale	- 1,111	
<b>6m 2022 Core Collections</b>	<b>81,514</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.
- **“Core Collection 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 12 months period to 30 June 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 assets<sup>1</sup>

