AFE S.A. SICAV-RAIF

Update to the Market

22 December 2023

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INFORMATION: For further information about AFE please visit our website at www.veld-afe.comor contact Eric Verret, AFE S.A. SICAV-RAIF, 43 45, Allée Scheffer, L 2520 Luxembourg, Grand Duchy of Luxembourg, telephone +44 (0) 20 4582 3759.

Introduction

- **AFE S.A. SICAV-RAIF (the "Company" or "AFE", and together with its subsidiaries, the "Group") and its parent company AFE Holdings SCSp SICAV-RAIF (the "HoldCo") are pleased to announce entry into an agreement (the "Framework Agreement") with its key stakeholders on (i) the acquisition of AFE by AGG Capital Management ("AGG") and (ii) a comprehensive recapitalization and refinancing of the Group's capital structure which will extend the Company's maturity runway to 2030 and provide access to additional liquidity (the "Transactions")**
  - AGG is a leading pan-European discretionary investment manager and subsidiary of Arrow Global Group
- **In relation to the Transactions, the Group has secured support from:**
  - A group of noteholders representing 94.7% under the existing Senior Secured Notes (the "Existing SSNs") including an ad hoc group of noteholders ("AHG"), funds managed by AGG and certain other noteholders
  - Lenders under the c.€96m Super Senior Term Loan Facility (the "Bridge Facility")
  - Veld Capital Limited ("Veld"), in its capacity as former Investment Advisor to the Company's AIFM[1]
- **The Transactions will consist of:**
  - New sponsorship of the Group by AGG as Investment Advisor and majority owner
    - AGG has market-leading expertise and a strong track record in deploying and managing comparable asset portfolios. Supported by additional liquidity, AGG plans to execute the Company's business plan by maximising value from AFE's existing portfolio, as well as growing estimated remaining collections (ERC) through opportunistic acquisitions.
  - The provision of a new 6-year Super Senior Term Loan Facility (the "New Money Facility") of €133m[2], 100% backstopped by AGG, to refinance the Bridge Facility and fund cash to balance sheet for general corporate purposes and reinvestment
  - A consent solicitation to amend and restate the Existing SSNs to July 15, 2030 (the "Consent Solicitation"), and an incremental SSN issuance of c.€36m (the "New Additional SSNs"), 100% backstopped by AGG to be placed at 30% OID. Eligible Existing SSN holders can participate pro-rata[3] up to 10% in the New Money Facility and New Additional SSNs, conditional on new money participation in both instruments
  - The transfer of the Company's equity to a new limited partnership vehicle. AGG to receive 51% of the economic interests with 100% of the voting rights, whilst other Existing SSN holders who are party to the Framework Agreement to receive pro-rata share[3] of the remaining 49% of the equity with the same economic entitlements as AGG but with limited voting rights
- **To support the Group's near-term financial flexibility until Transaction close and to refinance the existing RCF, the Company has entered into a Bridge Facility of c.€96m provided by AGG and certain members of the AHG**
- **As at the date of this announcement, the Framework Agreement is effective in accordance with its terms**
- **It is envisaged that the amendment and restatement of the Existing SSN indenture will be implemented via the Consent Solicitation upon receipt of the requisite consents of no less than 90% insofar as it relates to the Existing SSNs**
- **All noteholders are invited to provide consent for adoption of the Proposed Amendments per the Consent Solicitation. Any noteholders not already party to the Framework Agreement are invited to accede to the Framework Agreement**
- **Further information and instructions are available at https://deals.is.kroll.com/afe**

1. *Carne Global Managers (Luxembourg) SA has an Alternative Investment Fund Management Agreement with AFE S.A. SICAV RAIF*
2. *Structured as a c.€96m Facility A, reserved for Lenders under the Bridge Facility, and a €37m Facility B. 10% of the total New Money Facility is reserved for non-AGG SSN holders.*
3. *Pro-rata calculations excluding any AGG holdings under the Existing SSNs*

Key Long-Term Benefits of the Transaction

Company has reached an agreement with its key stakeholders on its acquisition by AGG[1] and a comprehensive recapitalization of its capital structure. The Transaction will strengthen the Group's near-term financial flexibility and create a strong platform for long term growth

	Key Benefits
AGG to Become New Sponsor and Position the Company for Growth	▪ The Investment Advisor role will be transitioned to AGG and AGG will hold a controlling interest in the Company's equity at Transaction close ▪ AGG is a pan-European discretionary investment manager with a strong track record of fund performance and capital deployment – Access to capital and market-leading expertise across strategies will create a stable platform for the Company to execute its business plan – Company to benefit from a strong investment pipeline through AGG's access to proprietary data and technology and scale of its existing investment platforms – Consolidation of operations under AGG to improve efficiencies for further value maximisation
Fully Funded Business Plan	▪ c.€81m of incremental financing[2] provides the Company with significant near-term liquidity and increased flexibility to execute its business plan – 100% of the incremental financing is backstopped by AGG, ensuring the Company has access to the entire quantum at transaction close – Company has entered into a Bridge Facility[3] provided by AGG and certain members of the AHG to refinance the existing RCF and support interim liquidity needs ▪ Ongoing liquidity position will be further supported by the PIK component on the New Money Facility
Material Deleveraging Over the Business Plan	▪ Near-term liquidity support ensures Company can resume deployment in new investments and follow-on capex requirements for existing investments – Company can invest in an attractive investment pipeline and replenish its ERC after limited deployment over the last 12 months ▪ A c.6-year maturity extension across the Company's capital structure provides runway to monetize assets at appropriate valuations – Company efforts focused on value creation for its stakeholders vs. near-term refinancings / extensions
Strategic Cooperation to Maximize Value	▪ Veld and AGG have agreed a co-operation framework to facilitate a smooth transition in ownership and governance ▪ Servicing of existing portfolio assets to be delegated to each party on an asset-by-asset basis – Ensures continuity in servicing and allows for clear decision making to maximize value for all stakeholders

1. *A subsidiary of Arrow Global Group*
2. *Represents cash available to the Company. Financing provided via (i) Bridge Facility (€22m net cash post RCF refinancing, OID and Underwriting Fee), (ii) New Money Facility (€35m net cash under Facility B post OID and Underwriting Fee) and (iii) New Additional SSNs (€24m, net of OID and Underwriting Fee)*
3. *Bridge Facility entered into by the Company on December 21, 2023, to refinance the prior RCF commitments of €68m and fund excess cash to Company's balance sheet*

Pre and Post Capital Structure

Transactions provide the Company with incremental liquidity and significant maturity runway to maximize value creation for all stakeholders

Capital Structure

		Pre-Transaction		Interim Period[1]		Post Transactions				
	€m	Amount	LTV	Amount	LTV	Amount	LTV	Cash Interest	PIK Interest	Maturity
	Existing RCF[2]	68		-		-		E + 3.95%	n.a.	31-Dec-2023
A	Bridge Facility[3]	-		96		-		1.00 %	11.50 %	01-Mar-2024
B	New Money Facility	-		-		133				
	Facility A	-		-		*96*		1.00 %	11.50 %	15-Jan-2030
	Facility B	-		-		*37*		1.00 %	11.50 %	15-Jan-2030
	Total Super Senior Debt	**68**		**96**		**133**				
C	Senior Secured Notes	308		308		308		E + 7.50%[4]	n.a.	15-Jul-2030
C	New Additional SSNs	-		-		36		E + 7.50%[4]	n.a.	15-Jul-2030
	Total Senior Secured Debt	**376**		**403**		**476**				
	Total Gross Debt	**376**	**73.7 %**	**403**	**79.1 %**	**476**	**93.4 %**			
	Cash and Cash Equivalents[5]	**(0)**		**(22)**		**(56)**				
	Total Net Debt	**376**	**73.6 %**	**381**	**74.8 %**	**420**	**82.3 %**			
	Q3-23 84-Month ERC	**510**		**510**		**510**				

Key Considerations

A **Company has entered into a Bridge Facility with AGG and certain members of the AHG**

- Proceeds used to refinance existing RCF and support Group's interim liquidity needs

B **New Money Facility available upon close of the broader Transactions**

- 100% backstopped by AGG
- Refinances Bridge Facility and provides incremental liquidity
- PIK structure maximizes cash to deliver on business plan

C **Senior Secured Notes amended and extended by 6 years to 2030**

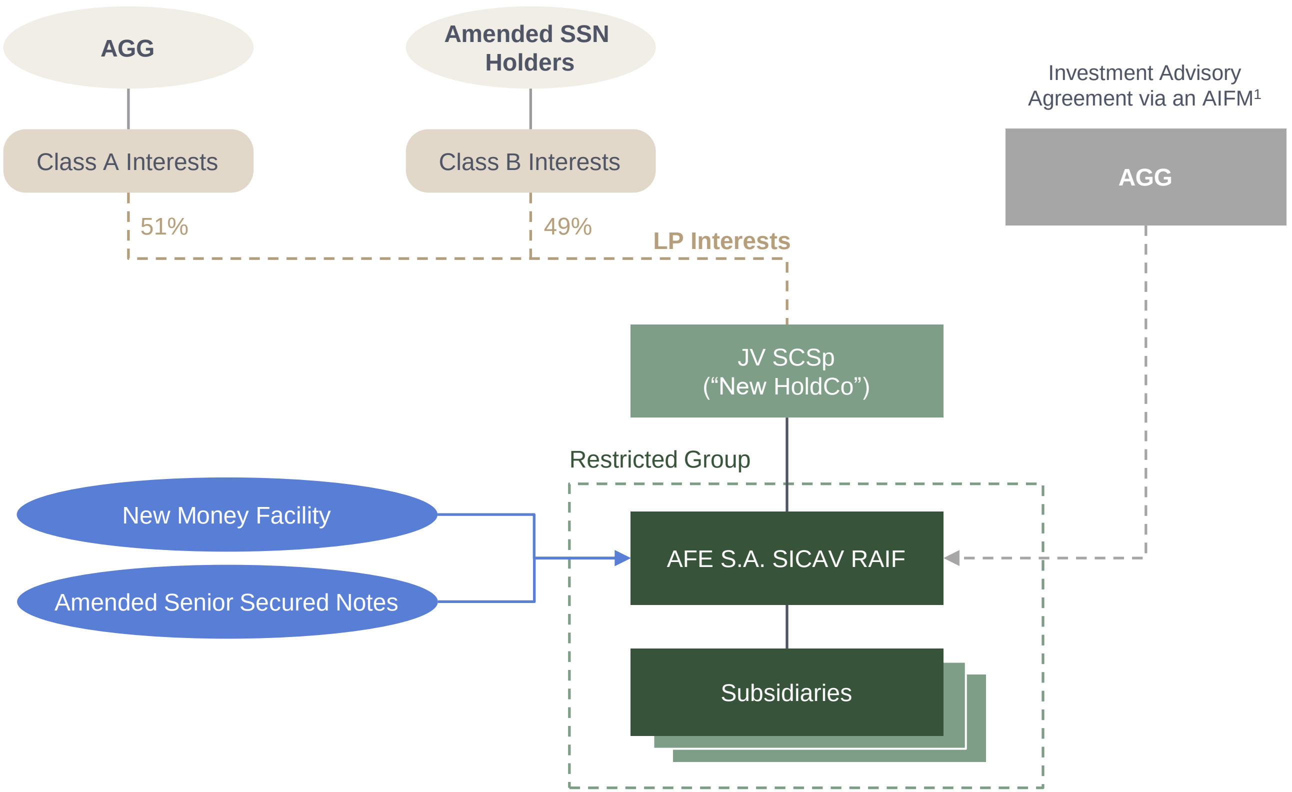
- Provides runway for significant growth and value creation
- 250bps margin uplift to all Existing SSN holders
- Consent fee of 1% payable in cash for noteholders consenting by Early Consent Deadline of January 9, 2024[6]
- SSNs upsized by incremental issuance of c.€36m New SSNs at 30% OID, 100% backstopped by AGG

1. *Interim Period from Framework Agreement Effective Date until Recapitalization Effective Date*
2. *RCF partially repaid and commitment reduced by c.€6m on 7-Dec-23*
3. *Proceeds from Bridge Facility to be used to repay existing RCF in two stages by 2023 year-end. Bridge Facility includes a Transaction Protection Fee in case of a Prepayment Event to achieve a 1.5x multiple on (i) the Relevant Amount less (ii) any Cash Pay Deductions received by the Lenders. Capitalized terms defined in the Bridge Facility Agreement*
4. *EURIBOR floor of 1.0%. Note pre transaction cash interest of E + 5.00% (EURIBOR subject to 0% floor)*
5. *Pre-Transaction Cash in AFE SA SICAV- RAIF bank account, estimated as of w/c 18-Dec-23. Post Transaction cash estimate net of transaction fees only and does not include expenses incurred in day-to-day operations or other ongoing finance costs*
6. *Consent fee will also be available to certain restricted noteholders who are unable to vote, if they satisfy additional conditions set out in the Framework Agreement*

Simplified Post-Recapitalization Corporate Structure

New sponsor support creates a strong investment platform and positions the Company for long-term growth

Simplified Corporate Structure



Considerations

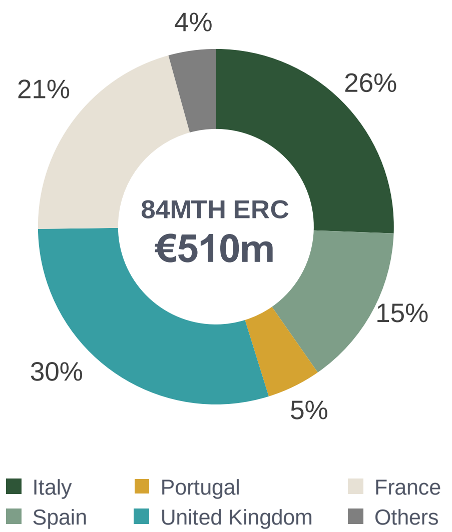
- **Existing SSN holders to receive equity interests in the Company upon Transaction close**
- **New Luxembourg holding vehicle to acquire the entire issued share capital of the Company[2]**
  - The limited partner interests of the New HoldCo to be divided into Class A and Class B Interests
  - The General Partner will have 100% of the voting rights related to the New HoldCo
  - Class A and Class B interests will have no voting rights and will rank pari passu between them and have the same economic entitlements
- **The Investment Advisor role will be transitioned to AGG**
  - Veld and AGG have agreed a co-operation framework and will now enter into negotiations for a transitional services agreement to facilitate the smooth transition in governance

1. *Carne Global Managers (Luxembourg) SA has an Alternative Investment Fund Management Agreement with AFE S.A. SICAV RAIF*
2. *Subject to further diligence and analysis (A) the Company, AGG, the Majority Consenting Creditors and Veld may agree that the acquired entity is AFE Holdings SCSp SICAV-RAIF or AFE GP S.a.r.l. but in the absence of agreement, the acquired entity shall be the Company; and (B) the Company, AGG and the Majority Consenting Creditors may agree that the acquiring entity takes a form other than a Luxembourg special limited partnership, and in each case to the extent necessary the Steps Plan and the Term Sheets shall be amended accordingly*

AFE Portfolio Overview

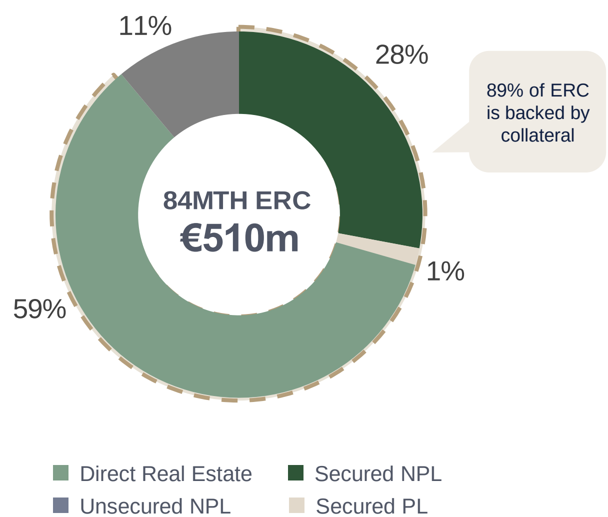
ERC remains underpinned by a strong, diversified and over-collateralised asset portfolio

Country Composition



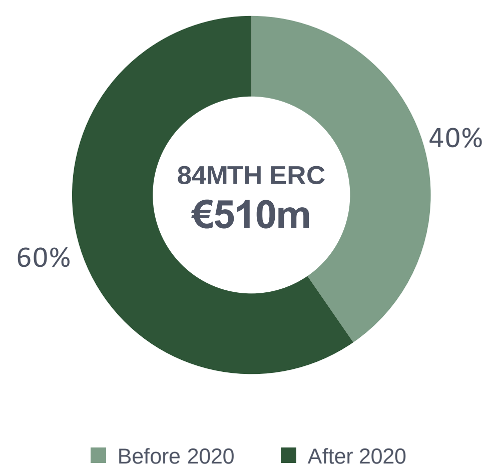
- Diversification across countries
- Continued reduction in Southern European exposure, offset by growth in UK and France

Asset Composition



- Primarily secured assets with embedded cash flow
- Growth in targeted, high quality direct real estate opportunities, generating cash flow without volatility stemming from legally driven recovery proceedings

Vintage Composition



- 40% of portfolio representing pre-2020 vintages
- High visibility on collections from a seasoned portfolio

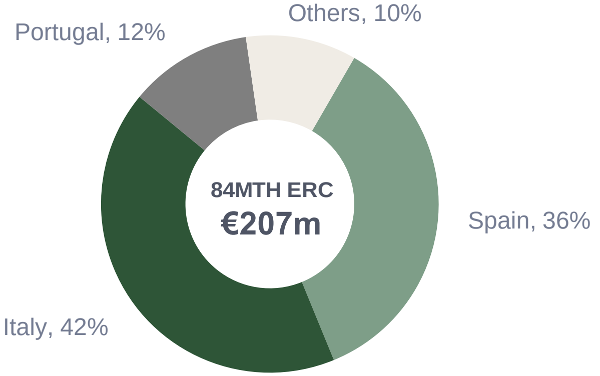
Note: ERC as of 30-Sep-23

NPL Portfolio Overview

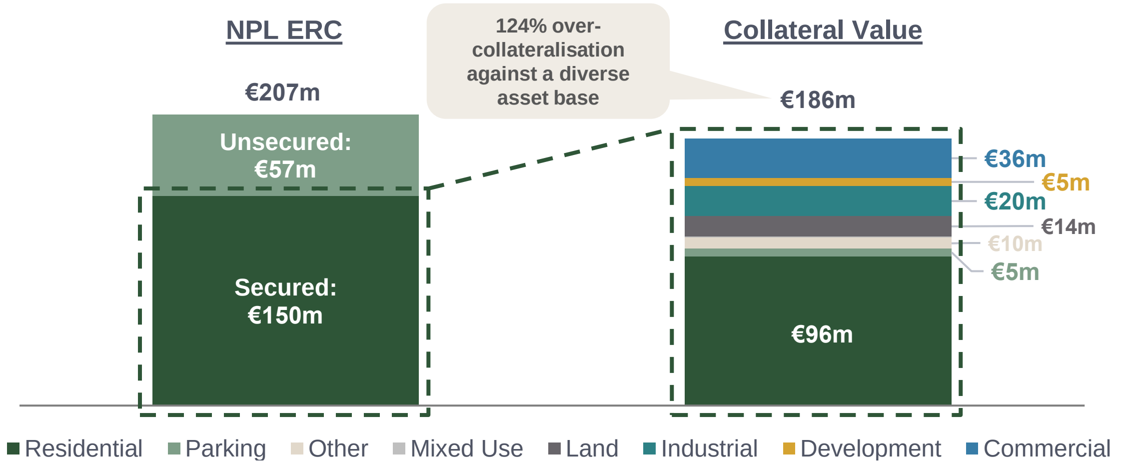
Highly seasoned and cash generative NPL portfolio underpinned by significant over-collateralisation

NPL Snapshot (30 September 2023)

ERC	€207m (41% ERC)
Secured ERC	€150m
Outstanding Balance	€2,001m
No of Borrowers	~84,800
No of Loans	~98,000
Average Balance	~€23,000
Collateral Value	~€196m
Number of Collateral	~4,500



NPL Portfolio vs. Collateral Value



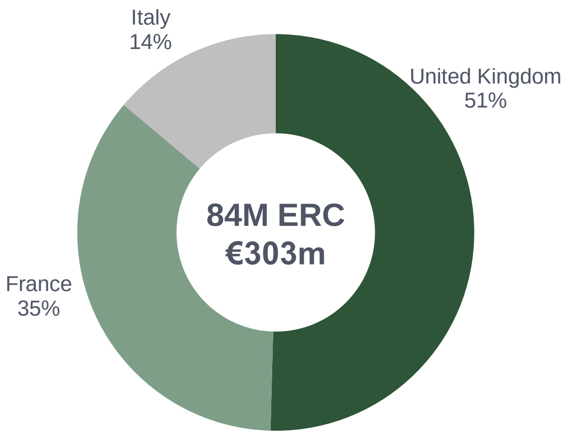
Collection Performance

- NPL collections were severely impacted by the onset of Covid-19 in early 2020
  - Driven by delays stemming from court closures and cancellations of auctions
- As a result, actual collections in 2020-2022 were c.(10)% below the pre-Covid ERC forecast that was made in Q4-2019
- However, collections have tracked much more closely to re-forecasts undertaken post-Covid
  - Prior to Q2-2023, AFE had seen 13 consecutive quarters of outperformance in collections vs. forecasts
- Overall, although collections are behind original underwriting forecasts, collections are expected to recover and exceed underwriting forecasts over time

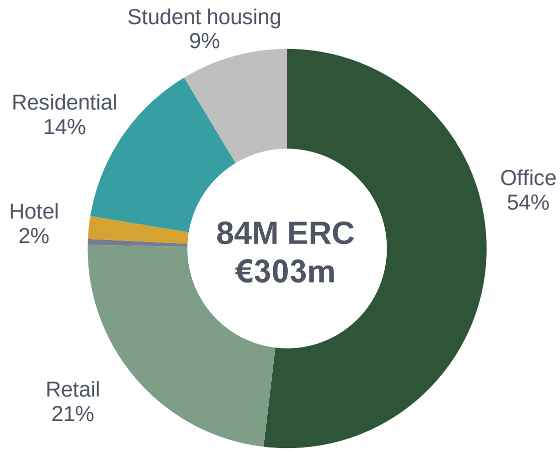
Real Estate Portfolio Overview (1/2)

High quality properties acquired at significant discounts to market value from distressed sellers

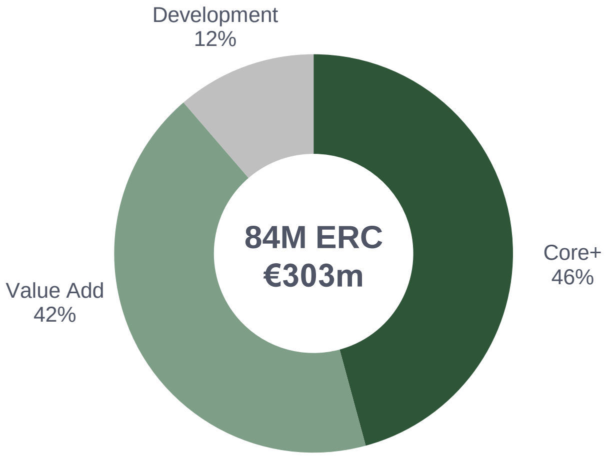
Country Composition



Real Estate Asset Composition



Strategy Composition



- **Direct Real Estate investments represent 59.4% of total ERC at an attractive average GMM of 2.0x[1]**
  - Targeted 'winning assets' in top tier locations from motivated sellers, often driven by liquidity needs and / or liability driven events
  - Two-thirds of the real estate portfolios are income-generating
- **Continually de-risking through active asset management driving increased income generation and value creation**
  - Ability to hold assets for longer and deliver additional cashflow in outer years
  - c.75% of Real Estate ERC derived from exits, with remaining ~25% from rental income

Note: ERC as of 30-Sep-23
1. Weighted by ERC

Real Estate Portfolio Overview (2/2)

Significant value creation from highly engaged asset management approach

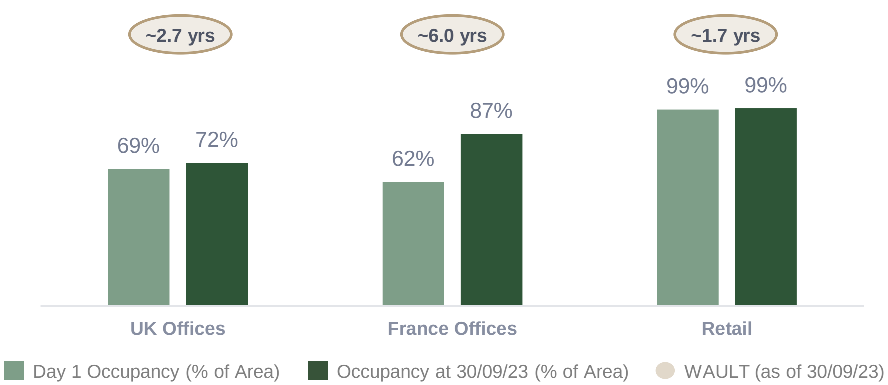
Real Estate Snapshot (30 September 2023)

ERC	€303m (59% Real Estate ERC)
Number of Assets	16 office / 2 retail assets
Number of Tenants	245
Total Area	213k sqm
Initial Yield	6.8%
Current Yield	7.8%
Stabilised Yield	8.8%
Initial Occupancy	73%
Current Occupancy	84%

Commentary

- Mix of 18 high quality office and retail assets[1]
- All real estate assets are co-investments with other Veld funds, with AFE share typically 35-50% (no majority ownership)
  - Exit decisions typically require consent from all co-invested Veld funds
- High level of income, with average current yield of ~7.8%
- Since acquisition, ~23k sqm of additional space leased, increasing occupancy from 73% to 84%
- Contracted rent increased 26% across the portfolio since acquisition

Occupancy Levels

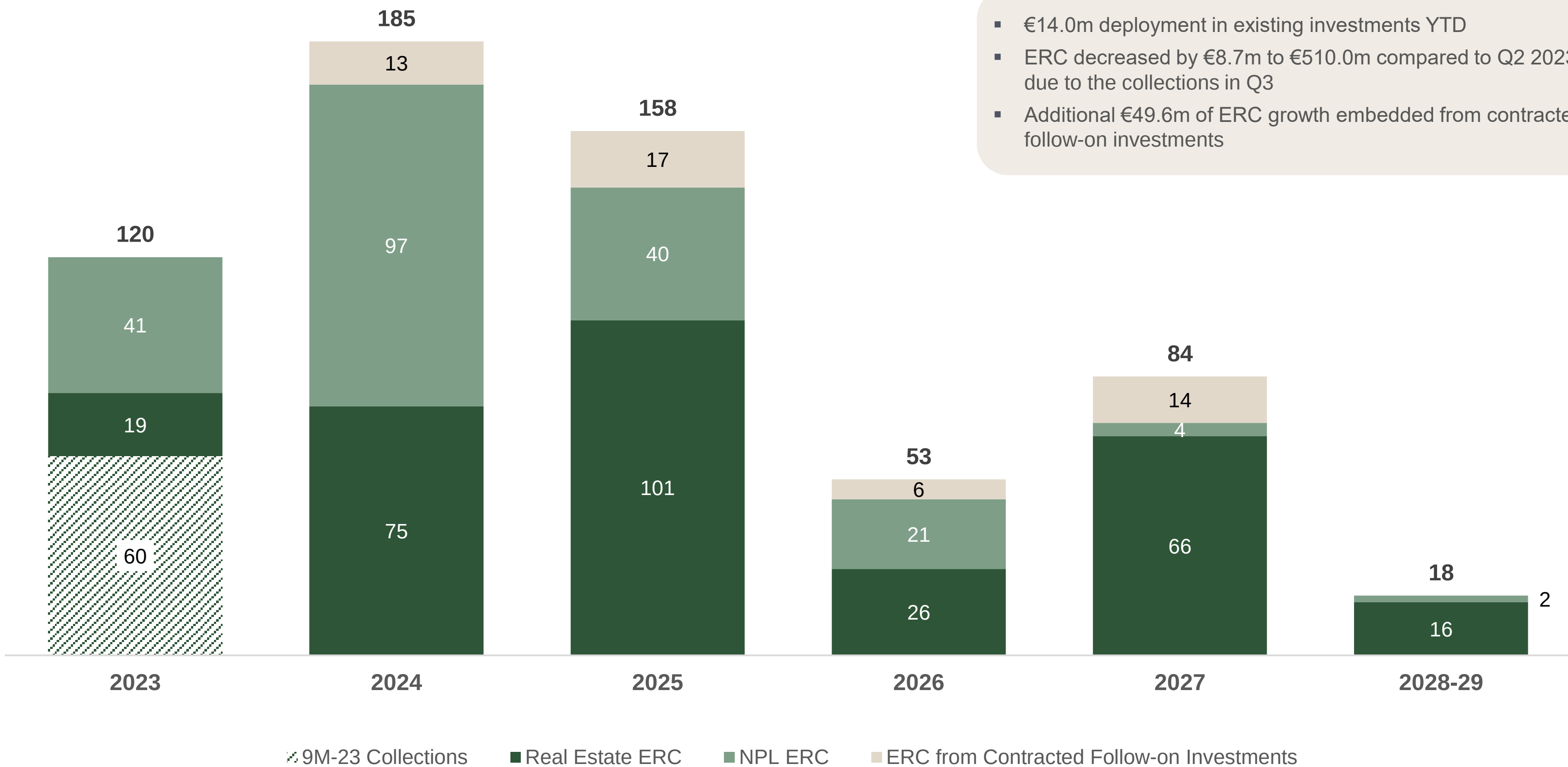


Yield Evolution

1. *Company's real estate portfolio includes a total of 25+ assets including residential and development assets*

ERC Overview (Q3-2023)

ERC Curve (€m)



- €14.0m deployment in existing investments YTD
- ERC decreased by €8.7m to €510.0m compared to Q2 2023 due to the collections in Q3
- Additional €49.6m of ERC growth embedded from contracted follow-on investments

Current Trading Update

Collection Performance	▪ Realized €60.0m in Total Attributable Collections in 9M-23, which was 9.5% below forecast – Under-performance driven by delay in some collections to December 2023 as well as lower than expected recovery from targeted disposals of residual NPL portfolios in Italy and Portugal ▪ ERC curve projects c.€52m collections in Q4-23, of which c.€11m from Real Estate and c.€41m from NPLs – Excludes €8.2m collections that were delayed from Q2 and previously included in Q4, which are now delayed to early February ▪ LTM Adj. EBITDA of €73.1m, down 44% y-o-y driven by delayed collections through Q3-23
ERC Overview	▪ ERC of €510.0m, incrementally lower due to collections in Q3 and limited deployment in new investments – Although, further embedded ERC growth of €49.6m from already contracted follow-on investments ▪ €3.1m net decrease in fair value of assets to €313.7m driven by reduction in ERC ▪ YTD deployment of €14.0m being only for follow-on investments on existing assets
Financial Metrics	▪ Increase in Adjusted EBITDA leverage to 4.9x driven by temporary delay in collections in Q2 and Q3 – Leverage to increase post Transaction due to incremental financing but expected to come back down in 2024 and beyond as collections recover, even without significantly increased deployment ▪ LTV of 70.3% (versus RCF covenant of 75%) and high FCCR of 2.7x – Medium term target of 70-75%, post an initial increase in LTV after Transaction close
Liquidity	▪ Company entered into a €96m[1] Bridge Facility on December 20, 2023 to refinance the existing €68m RCF and fund additional liquidity to the balance sheet – Estimated year-end liquidity of c.€13m pro-forma for Bridge Facility funding, RCF refinancing, certain contracted capital investments and other operating costs and fees ▪ Deployment until closing of the broader Recapitalization Transaction to remain limited to committed follow-on investments delivering embedded ERC growth

1. *Including capitalized fees*

New Investment Advisor (1/2)

AGG is a leading pan-European discretionary investment manager and subsidiary of Arrow Global Group with a strong track record of fund performance and capital deployment

AGG as Sponsor of the Company's Assets

- AGG is a strong GP sponsor for the Company's assets given both market-leading expertise and access to substantial liquidity
  - Market leader in European mid-market distressed investing
  - Raised €2.75bn opportunistic credit fund in Q1 2023
  - High suitability of liquidity and investment timeframe within the new fund to best execute the Company's business plan

Key Statistics

€80+ Billion Assets Under Management	**19** Local Platforms
2,000+ Professionals	**18+ Years** Track-record
~1,500 Completed Deals[1]	**75%** Off-market acquisitions

Investment Framework

Investor / Operator Model	Investment Target	Returns	Significant Tech / Data Advantage	Exit / Monetisation Strategy
AGG's unique role servicing for and buying from key market participants creates off market opportunities	NPL and other non Core / distressed credit assets	18% Gross Investment IRR[2] and cumulative forecast write offs of sub 1.5%[3]	Access to proprietary data sets of customer accounts and collections data to inform investing decisions	Collections (primary), sale, Restructure / refinance, securitise

1. *Represents the number of Sub-Portfolios / Investments. Includes Arrow balance sheet investments from January 1, 2020 to June 30, 2023*
2. *The internal rates of return ("IRR") are the annualized implied discount rate calculated from actual/forecast cash flows. It is the return that equates the present value of all capital invested in an investment to the present value of all returns of capital, or the discount rate that will provide a net present value of all cash flows equal to zero. Gross IRRs represent returns before the allocation of management fees, fund expenses, SPV costs and any incentive fees or "carried interest" paid, accrued or allocated to the general partner or investment manager of the funds and accounts. Denotes the internal rate of return across AGG & LP investment, excluding third-party co-investment*
3. *Calculated as the capital lost on projects forecast to achieve a less than 1x multiple on invested capital (MOIC), divided by the total capital invested across all projects. Denotes the loss rate across AGG's balance sheet & LP Fund investment, excluding third-party co-investment*

New Investment Advisor (2/2)

AGG has deployed €1bn in the last twelve months in multiple asset classes across 5 countries, through 19 platforms. AGG's recent real estate platforms are complementary to AFE's portfolio and provide necessary expertise to source and manage investments

Strong Track Record

	2020-2021	2023
Deal Level IRR	15%	20%
Composite Risk Score	4.0	3.7

Multi-Strategy Expertise

Opportunistic Credit Strategy	€60bn+ AUM 1,300+ Professionals	ACO I (2019) €1.7bn ACO II (2023) €2.75bn
Real Estate Equity	~€13bn AUM 1,000+ Professionals	AREO I (2023) €1.0bn (Target)
Real Estate Lending	€7bn+ AUM 500+ Professionals	ALO I (2023) €1.0bn (Target)

Data and Technology Advantage

€80bn AUM	**+2,000** Professionals
10m Customer Accounts	**+35m** Data Records

- Proprietary data set of 10m customer accounts and over 35m data records built over 15 years of collection data
- In-house platforms, with €80bn of assets under management provide insight into asset performance to complement analytical approach
- Centre of excellence in underwriting, portfolio management and analytics in Manchester & London (UK), coupled with specific local in-country data science expertise gives benefit of "tailored best practice" approach to complex analytics
- Access to credit bureaus (UK & Ire, Netherlands, Italy) and central bank (Portugal) to supplement proprietary data
- Collections to date across all AGG portfolios sits at 104% vs original underwriting – through GFC, Covid and recent macro turbulence
- Forecasted write-offs of sub1.5%[1] vs. €4.7bn[2] capital invested since 2010

1. *Calculated as the capital lost on projects forecast to achieve a less than 1x multiple on invested capital (MOIC), divided by the total capital invested across all projects. Denotes the loss rate across Arrow's balance sheet & LP Fund investment, excluding third-party co-investment.*
2. *Represents Arrow Balance Sheet investments from January 1st, 2010, to December 31, 2019, and ACOI/ACOII investments to June 30, 2023.*

Business Plan Summary

	Medium-Term Guidance	Commentary
ERC	€550-650m	▪ ERC expected to decrease to €450-475m in near-term as a result of temporary reduction in deployment, limited to committed follow-on investments ▪ Recovery to medium-term target of €550-650m driven by restarting deployment in new investments from 2024 onwards
Deployment	€80m+ Total annual deployment	▪ Currently in a period of temporary reduction in deployment to preserve liquidity ▪ Medium-term target of at least €80m annual deployment – Targeting deployment at an average GMM of c.2.0x, with Real Estate investments slightly above average and non-Real Estate investments slightly below average
LTV	70-75%	▪ LTV expected to increase in near-term (>80% by end of 2024) as a result of declining ERC stemming from the temporary reduction in deployment and new capital structure ▪ Over time, Company expects to return to an LTV level of 70-75%, broadly in line with its historical LTV profile
Other	N/A	▪ Asset Solutions business expected to be broadly break-even in medium-term ▪ Reduced management fee as a percentage of NAV

Framework Agreement – New Money Facility Key Terms

	Key Terms
Instrument	▪ c.€133m Super Senior Term Loan Facility – Facility A: c.€96m, plus accrued and/or capitalized interest on Bridge Facility, to be used to refinance all amounts due under the Bridge Facility – Facility B: c.€37m for general corporate purposes, transaction costs and capital expenditure
Participation	▪ Facility A: Lenders under the Bridge Facility have agreed to make Facility A available to the Company to refinance the Bridge Facility ▪ Facility B: Up to 10% of total New Money to be reserved for all non-AGG Noteholders – Participation by Existing SSN holders conditional on pro-rata commitment towards the New SSNs – 100% backstopped by AGG
Maturity	▪ January 15, 2030 ▪ No amortization and no pre-payment fee or premium
Interest	▪ 1.0% cash-pay, payable monthly in arrears ▪ 11.5% PIK, capitalized monthly
Fees	▪ Facility A: OID and Underwriting Fee to roll over from the Bridge Facility ▪ Facility B: – 3% OID – 3% Underwriting Fee payable to AGG
Security and Guarantee Package	▪ Common security and guarantee package as Existing SSNs, plus: – Additional guarantors in Luxembourg and England subject to customary security; – Additional security over AFE's receivables owed to Existing Holdco; and – Enhanced Guernsey security over receivables and bank accounts

Framework Agreement – Senior Secured Notes Key Terms

	Key Terms
Instrument	▪ c.€308m Amended Senior Secured Notes ▪ c.€36m New Additional Senior Secured Notes – Fungible with Existing SSNs
Participation	▪ New Additional SSNs: 90% reserved for AGG and remaining 10% offered to each Eligible Existing SSN holder on a pro-rata basis – Participation by Existing SSN holders conditional on pro-rata commitment towards the New SSNs – 100% backstopped by AGG
Maturity	▪ July 15, 2030 (6 year extension from existing maturity date) ▪ No amortization and no early redemption premium
Interest	▪ EURIBOR (1% Floor) + 7.5% – Payable quarterly in cash
Fees	▪ Amended SSNs: 1% Consent Fee to any noteholders consenting by Early Consent Deadline of January 9, 2024 ▪ New Additional SSNs: – 30% OID – 3% Underwriting Fee payable in cash to AGG
Security and Guarantee Package	▪ Common security and guarantee package as Existing SSNs, plus: – Additional guarantors in Luxembourg and England subject to customary security; – Additional security over AFE's receivables owed to Existing Holdco; and – Enhanced Guernsey security over receivables and bank accounts
Information Undertakings	▪ Annual and Quarterly reporting within 120 and 60 days after period end, respectively ▪ Additional Monthly Reporting within 45 days of month end, for as long as AFE's Secured LTV exceeds 65% – Reporting to include 'flash' information including cash on hand, cash collections from investments, cash payments for investments and NAV

Framework Agreement – Equity and Governance

	Key Terms
Shareholding Structure	▪ A new limited partnership Luxembourg vehicle to be formed ("New HoldCo") to acquire the entire issued share capital of the Company ▪ The principal rights and obligations of the future limited partners in the New HoldCo (the "Interests") shall be documented in an agreement of limited partnership (the "JV LPA") – Limited partner interests will be divided into Class A with no voting rights, ranking pari passu between them and having the same economic entitlements – Class A (51% of the Interests) held entirely by AGG – Class B (49% of the Interests) held by other Existing SSN holders, pro-rata for their holdings in the Existing SSNs (excluding any AGG Holdings) ▪ The General Partner shall have 100% of the voting rights related to the New HoldCo – AGG shall own 100% of the General Partner
Investment Advisor	▪ AGG shall be appointed as Investment Advisor to the Company and its AIFM – Company shall pay management fees to AGG representing 1.5% of the NAV, payable bi-annually in advance for an initial term of six years ▪ Veld and AGG shall conduct negotiations in good faith to agree the terms of the Transition and the Transitional Services Agreement within 20 Business Days from the date of the Framework Agreement
Corporate Governance	▪ All decisions will be made by the General Partner subject to (i) any delegation of day-to-day management to senior executive management and (ii) Class B Reserved Matters ▪ Class B Reserved matters are referenced in Schedule I of the Equity Term Sheet – The reserved matters will require approval or written consent of a majority of the Class B Interests held by Informed Class B Partners[1] who have responded to a request for written consent withing 10 Business Days ▪ An independent non-executive director shall be appointed to the board of directors of the General Partner (the "Independent Director") and any material subsidiaries of the New HoldCo – The Independent Director shall be selected by Class B Partners (acting collectively by simple majority) and approved by the General Partner

1. *To the extent that a Class B Partner, (a) continues to hold at least 7.5% of the aggregate Class B Interests in issue at the relevant time; (b) is not a Competitor (as defined below); and (c) has provided its consent in writing to the General Partner (at its sole discretion) to receiving the information set out in Section 3.4 of the Equity Term Sheet, any such Class B Partner will be an "Informed Class B Partner" and collectively, the "Informed Class B Partners"*

Next Steps

Next Steps

Accession to the Framework Agreement	▪ A copy of the Framework Agreement (which appends the Term Sheets and the Steps Plan) and the Accession Letter are available for download by Noteholders and the Bridge Facility Lenders only at https://deals.is.kroll.com/afe – Noteholders who register for the site will be required to provide proof of holdings in order to obtain access to the password restricted area of the site ▪ Noteholders (other than Noteholders, who have already signed the Framework Agreement) who agree to the terms of the Transactions and the Framework Agreement are requested to complete and return the form of Accession Letter as soon as possible and to vote in favour of the Consent Solicitation or, in the case of the Restricted Noteholders, electronically instructed via the Clearing Systems to be ineligible restricted consenting holder by the Early Consent Deadline (January 9, 2024) ▪ Executed Accession Letters should be sent to Kroll Issuer Services Limited, the Tabulation and Information Agent for the Consent Solicitation, by email to afe@is.kroll.com (subject: AFE Accession Letter) ▪ Further details in relation to the Transactions will be announced in due course
Consent Solicitation	▪ Copies of the Consent Solicitation Statements may be obtained from Kroll, the Tabulation and Information Agent in connection with the Consent Solicitation at afe@is.kroll.com (Attn: Illia Vyshenskyi / Paul Kamminga) or +44 20 7704 0880 ▪ Holders of the Notes are urged to review the relevant Consent Solicitation Statement for the detailed terms of the Consent Solicitation and the procedures for consenting to the Proposed Amendments. Any persons with questions regarding the Consent Solicitation should contact the Tabulation and Information Agent. ▪ Noteholders are requested to provide consent electronically via the Clearing Systems or contact the custodians, brokers or other nominees for the same ▪ Further details in relation to the Consent Solicitation will be announced in due course

Indicative Timeline and Key Milestones

December 2023

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	**22**	23
24	25	26	27	28	29	30
31						

January 2024

S	M	T	W	T	F	S
	1	2	3	**4**	5	6
7	8	**9**	10	11	12	13
14	15	16	17	18	19	20
21	22	**23**	24	25	26	27
28	29	30	31			

February 2024

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

March 2024

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Key Date	Description
December 22, 2023	▪ Framework Agreement Effective Date ▪ Consent Solicitation Launch ▪ Bridge Facility Funding Date
January 4, 2024 14:30 UKT	▪ Market Update Call hosted by the Company
January 9, 2024	▪ Early Consent Deadline
January 23, 2024	▪ Expiration of Consent Solicitation
As soon as practicable after Expiration	▪ Announcement of Consent Solicitation Results
March 1, 2024	▪ Framework Agreement Long-Stop Date ▪ Bridge Facility Maturity

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 Gross Collections in the period.
- **“Core Collections”** represent Gross Collections, less any disposals of the Group’s Assets.
- **“Total 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 Total 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 March 2023
- **“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 joint ventures’ 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[1]

1. AFE does not engage in portfolio management or any other MiFID activity or other regulated financial service