

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 (“**MAR**”). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

FOR IMMEDIATE RELEASE

**COMPLETION OF RECAPITALISATION AND
ACQUISITION OF A MAJORITY STAKE IN AFE BY AGG CAPITAL MANAGEMENT LIMITED**

London, 9 February 2024: AFE S.A. SICAV-RAIF (“**AFE**” or the “**Company**” and together with its subsidiaries, the “**Group**”) and its parent company AFE HOLDINGS SCSp SICAV-RAIF (“**Holdco**”) are pleased to announce the completion of a comprehensive recapitalisation and refinancing of AFE’s capital structure and the acquisition of a majority stake in AFE by funds managed by AGG Capital Management Limited (“**AGG**”) (the “**Recapitalisation**”). The Recapitalisation has been implemented in accordance with the terms of a framework agreement entered into on 21 December 2023 between, among others, the Company, Holdco, AGG (AGG being an affiliate of one of the lenders under the Term Loan Facilities Agreement and a Noteholder (each as defined herein)), Veld Capital (“**Veld**”, the Company’s former shareholder and former investment advisor), the lenders under the Bridge Facility and certain Noteholders (the “**Framework Agreement**”).

AGG is a leading pan-European discretionary investment manager and subsidiary of Arrow Global Group. AGG has best-in-class expertise and a strong track record in deploying and managing comparable asset portfolios. AGG will also support AFE by taking over the role of investment adviser of the Group and Holdco.

The Recapitalisation provides additional capital, liquidity flexibility and capital structure runway to the Group through the following financings and equity transfers:

- (i) drawings by the Company in an aggregate principal amount of €132.9 million (including capitalised fees and original issue discount) pursuant to a new term loan facilities agreement dated 26 January 2024 entered into between the parties thereto (the “**Term Loan Facilities Agreement**”), the proceeds of which will be used to repay in full the Company’s €95.7 million existing bridge facility (the “**Bridge Facility**”) and for general corporate and working capital purposes of the Group;
- (ii) the amendment and restatement of the indenture (the “**Amended and Restated Indenture**”) governing the €307.5 million Senior Secured Floating Rate Notes due 2024 issued by the Company (the “**Notes**”) (all holders of Notes, the “**Noteholders**”) following a consent solicitation in which Noteholders of approximately 95.6% in aggregate principal amount of Notes consented to the proposed amendments to the terms of the Notes, including the extension of the Notes’ maturity date from 2024 to 2030. The Operative Time (as defined in the consent solicitation statement dated 22 December 2023 (the “**Consent Solicitation Statement**”)) has now occurred and, as a result, the Amended and Restated Indenture and the amended Notes have become operative and the consent fee has been paid to eligible Noteholders who consented on or prior to the early consent deadline, on the terms and conditions set forth in the Consent Solicitation Statement;
- (iii) the issuance of approximately €35.7 million in aggregate principal amount of additional Notes pursuant to the Amended and Restated Indenture at a price of 70% of the principal amount thereof, which generated gross proceeds of €25.0 million; and

- (iv) the consummation of the equity transfer of the Group to be effected at the level of Holdco, with AGG (or one of its affiliates and/or related funds) acquiring the general partner of Holdco and AGG (or one of its affiliates and/or related funds) and certain Noteholders who entered into the Framework Agreement acquiring, through a holding vehicle, the limited partnership interests in Holdco pursuant to certain equity and partnership interests transfer documents dated 9 February 2024 and following which AGG (or one of its affiliates and/or related funds) has indirectly the majority ownership of the entire share capital of AFE.

The transfer of ownership and of the investment adviser are both supported by Veld, who have agreed to provide extensive customary transitional support pursuant to a transitional services agreement dated 9 February 2024. Pursuant to the Framework Agreement, AGG, the Company and Veld have established a transition committee to ensure, and continue to progress, the implementation of an efficient transition. In addition, AGG, the Group and Veld have agreed to enter into a long-term master servicing partnership in order to optimise value on the existing portfolio.

Governance

In accordance with the Framework Agreement, the Company had delegated certain decision prerogatives to the transaction committee (the “**Committee**”) to, namely, oversee key matters relating to the Recapitalisation and comprised of (i) Mr. Anthony Place (who acted as the chair of the Committee), (ii) Mr. Chris Ross-Roberts and (iii) Mr. Eric Verret. Following the successful implementation of the Recapitalisation, the Company has retained such prerogatives and disbanded the Committee.

Guarantees and security for Term Loan Facilities Agreement and Amended and Restated Indenture

The Company’s obligations under the Term Loan Facilities Agreement and the Amended and Restated Indenture will be guaranteed and secured by ACOF II Portugal Limited, AFE Spain Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Solutions 1 S.à r.l., Alpha Credit Solutions 2 S.à r.l., Alpha Credit Solutions 4 S.à r.l., Alpha Credit Solutions 6 S.à r.l., Alpha Credit Holdings 7 S.à r.l., Prime Credit 3 S.à r.l., Prime Credit 6 S.à r.l., Prime Credit 7 S.à r.l., Veld Asset Solutions Limited and Veld Asset Solutions S.à r.l. Due to certain legal limitations and restrictions under third party arrangements applicable to them, and as permitted under the agreed security principles with respect to the Term Loan Facilities Agreement and Amended and Restated Indenture, certain members of the Group (including Alpha Credit Holdings 3 S.à r.l. and Alpha Credit Solutions 5 S.à r.l.) will not be required to provide guarantees or security under, and no security over their shares will be provided to secure, the Term Loan Facilities Agreement and the Amended and Restated Indenture.

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NOTES TO EDITORS

AFE S.A. SICAV-RAIF

AFE invests in a diverse range of primarily non-performing debt and real estate assets across Europe and provides a central Asset Solutions platform. AFE has broad based expertise spanning unsecured and secured consumer, SME and corporate debt, as well as direct real estate experience.

Important notice

This notice contains selected information about the activities of AFE, Holdco and the Group as at the date of this notice. It does not purport to present a comprehensive overview of the Group or contain all the information necessary to evaluate an investment in the Company or any member of the Group. This notice should be read in conjunction with AFE's other periodic and continuous disclosure announcements and filings.

This notice is neither an offer to purchase nor a solicitation of an offer to sell securities. Certain securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States, unless registered under the Securities Act or unless an exemption from the registration requirements set forth in the Securities Act applies to them. No public offering of the securities will be made in the United States and the Company does not intend to make any such registration under the Securities Act.

In the United Kingdom, this communication is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (b) high net worth entities falling within Article 49(2)(a) to (d) of the Order and (c) other persons to whom it may be lawfully communicated (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents.

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Forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause the Group's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. None of the Company, Holdco or any Group entity undertake to publicly update or revise any forward-looking statement that may be made herein, whether as a result of new information, future events or otherwise.

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