28 June 2024

# AFE S.A. SICAV-RAIF ("AFE")
# Results for the year ended 31 December 2023 and Q1 2024

**AFE**

AFE invests in a diverse range of primarily non-performing debt and real estate assets across the UK and Europe. AFE has broad based expertise spanning unsecured and secured consumer, SME and corporate debt as well as real estate equity. AFE was acquired by funds managed by Arrow Global Group Capital Management Limited ("AGGCM") in February 2024. AGGCM is the fund manager of Arrow Global ("Arrow"), a leading European alternative asset manager specialising in private credit and real estate. AFE now benefits from the wide network, extensive track record and expertise in origination, underwriting and asset management that Arrow Global has developed since inception.

**Arrow Global Group**

Arrow Global is a leading European vertically integrated alternative asset manager specialising in European private credit and real estate.

Founded in 2005, we own 23 best-in-class asset management and servicing platforms which allows us to enhance operational efficiencies and maximise the value of underlying assets which in turn allows us to have a disciplined investment approach, underwriting insight and proprietary deal flow. This vertically integrated advantage allows us to create sustainable value throughout market cycles across a range of alternative asset classes including Real Estate, Direct Lending and Opportunistic Credit.

With the added benefit of key European regulatory licences, we service approximately €95 billion of third-party AUM. Our strong track record, predominantly with real estate asset backed investments, spans across a broad range of opportunities, involving more than €10 billion invested over the last 20 years.

We operate across seven European geographies, with our headquarters in London and offices in cities including, but not limited to, Milan, Rome, Lisbon, Porto, Madrid, Amersfoort, Amsterdam, Düsseldorf, Luxembourg, Dublin, Manchester, Leeds, and Jersey.

**Key Highlights**

- In Q4 2023 Veld closing forecast, the ERC were adjusted down to €476m, with resulting LTV of 78%.
  - for NPL assets, Arrow is comfortable with the updated NPL ERC.
  - for RE assets, third party valuers were instructed per Arrow's standard procedures, with further €34m ERC adjustment made, giving proforma 85% LTV post adjustment.
- At restructuring, the net debt increased by €39m due to transaction costs and OID – giving proforma 93% LTV at start of Arrow's tenure.
- In Q1 2024, post restructure, Arrow has successfully completed the onboarding and focused on collecting ERC, optimising use of capital and investing in high multiple transactions.
  - Arrow started investing in Q1 with €23m of investments at blended 2.5x MOIC, bringing LTV down to 90.7%.
  - Continuing focus on using Arrow's large origination footprint to deploy capital selectively into high multiple transactions.

| **Financial Highlights** | **31 March 2024** | **31 March 2023** | **Change %** |
|---|---|---|---|
| Revenue (€m) | 8.5 | 12.5 | (31) |
| Collection activity cost (€m) | (3.8) | (5.6) | (32) |
| Operating Expenses (€m) | (2.8) | (4.2) | (32) |
| Finance Costs (€m) | (13.1) | (8.7) | 50 |
| FV / Impairment (Loss) / Gain (€m) | (49.5) | 4.4 | |
| Exceptional items (€m) | (37.3) | - | |
| **(Loss)/Profit before tax** | **(98.0)** | **(1.6)** | |
| Cash Available at the end of the period | 32.6 | 13.7 | |

| | **31 March 2024** | **31 March 2023** | **Change %** |
|---|---|---|---|
| 84-month ERC (€m) | 478.6 | 538.8 | (11) |
| Total attributable collections (€m) | 18.3 | 16.1 | 14 |
| Adjusted EBITDA (€m) | 10.8 | 6.2 | 74 |
| Net Debt (€m) | 433.9 | 369.3 | 17 |
| LTV (%) | 90.7 | 68.6 | 22 (p.p.) |

**Results Presentation – Conference call details**

A presentation is available on the Company's website from 07.00am (UK time).

There will be a conference call for bondholders at 12.00pm (UK time) with Arrow Global's management team.

To join, register your details using the registration link below. Once registered, you'll receive a separate email containing your dial in number and PIN.

| | |
|---|---|
| **Registration** | Register for the call here |

**For further information:**

| | |
|---|---|
| Debt investor contact | **afe-treasury@arrow-afe.com** |
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**Notes:**

*A glossary of terms can be found at the end of the document.*

**Disclaimer**

*This document is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities. This document is not intended to contain all information that may be deemed material by investors in the context of our results of operations.*

**Disclosure regarding forward-looking statements**

*Various statements contained in this document constitute "forward-looking statements." All statements other than statements of historical fact included in this presentation, including, without limitation, statements regarding our future financial position, strategy, anticipated investments, costs and results (including growth prospects in particular countries), plans, projects to enhance efficiency, the impact of governmental regulations or actions, litigation outcomes and timetables, future capital expenditures, liquidity requirements, the successful integration of acquisitions and joint ventures, and objectives of management for future operations, may be deemed to be forward-looking statements. When used in this financial report, the words "believe," "anticipate," "should," "intend," "plan," "will," "expect," "estimates," "positioned," "strategy" and similar expressions identify these forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. Any forward-looking statements are only as at the date of the particular statement and we do not intend, and do not assume any obligation to update the forward-looking statements set out in this financial report.*

**Industry and market information**

*We operate in an industry in which it is difficult to obtain precise industry and market information. We may rely on and refer to certain economic information, information regarding our industry and information regarding the markets in which we operate and compete. In addition, we may make statements regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. We cannot assure you that the assumptions forming the basis of these statements are accurate or correctly reflect our position in the industry, and none of our internal surveys or information is verified by any independent sources.*

## GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

| APM | Definition | Why is the measure used? |
|---|---|---|
| Adjusted EBITDA | The Adjusted EBITDA figure represents the Group's earnings before interest, tax, depreciation and amortisation (including investment portfolio amortisation), adjusted for any non-cash income or expense items and adjusting items. | Adjusted EBITDA is an approximate measure of the underlying cash EBITDA of AFE. In addition, the leverage ratio of AFE is calculated as the ratio of secured net debt to Adjusted EBITDA. This makes the Adjusted EBITDA figure a key component of this metric. |
| 84-month ERC | The 84-month ERC means the Group's estimated remaining balance sheet cash collections on portfolio investments (of all classifications) over the next 84-months, representing the expected future balance sheet cash collections on portfolio investments during this period. The expected future balance sheet cash collections are calculated at the end of each month, based on the Group's proprietary ERC forecasting model, as amended from time to time. | The 84-month ERC is particularly important for AFE as it shows the forecast cash inflows over the same period. |
| Leverage | Leverage is calculated as secured net debt over Adjusted EBITDA. | The leverage metric provides an indication of the level of indebtedness of AFE, relative to its underlying cash earnings. |