



AFE

# AFE S.A. SICAV-RAIF:

## Q3 2024

Bondholder Presentation

November 2024

AGG CAPITAL  
MANAGEMENT

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## About AFE and Arrow Global

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**AFE:** AFE S.A. SICAV-RAIF (“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:** Founded in 2005 by Zach Lewy, CEO/CIO, Arrow delivers best-in-class risk-adjusted returns for global investors across European opportunistic credit, real estate lending and real estate equity. Arrow owns critical parts of the European infrastructure, giving an advantage when operating in fragmented European markets.

Arrow’s asset management and servicing platforms manage approximately €90 billion of third-party AUM, underpinned by c. 2,000 talented professionals based locally across western Europe – with offices in London, Milan, Rome, Lisbon, Porto, Madrid, Amersfoort, Amsterdam, Düsseldorf, Luxembourg, Dublin, Manchester, Leeds, and Jersey, amongst others. This platform breadth and local expertise generates differentiated opportunities through disciplined investing, underwriting insight and proprietary deal flow. This vertically integrated advantage allows us to create sustainable value through market cycles.

# Introduction and Agenda

## Welcome

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► Speaker Introduction:

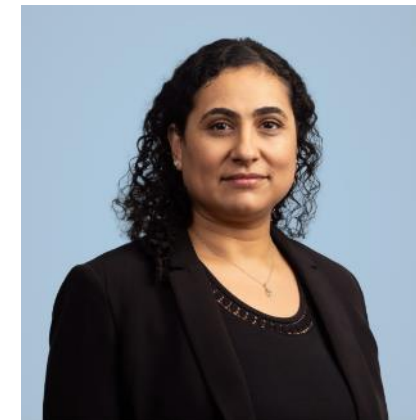
- Zach Lewy (CEO, CIO, Fund Principal – Arrow Global)
- Meera Savjani (Fund CFO – AGGCM)

► Agenda:

- Q3 2024 financial results
- Update of ERC
- Operating expenses run rate



**Zach Lewy,**  
CEO, CIO, Fund Principal (Arrow)



**Meera Savjani,**  
Fund CFO (AGGCM)

# Executive summary

## Recent developments of AFE

- ▶ Q3 2024 closing ERC at €465m, with an LTV of 95%
  - €22m received in Q3 and significant realisations expected in the coming quarters from completed Real Estate transactions
  - AFE has continued investing in existing Real Estate assets, with €4.9m invested in Q3, bringing 2024 YTD deployment to €34m
- ▶ Acquired €3m of Senior Secured Notes at an average price of 45.2% during the quarter
- ▶ Active rationalisation of the cost base, with operating expenses reduced by a further 10% in Q3 and a normalised level expected in 2025
- ▶ Continue to allocate capital within a framework to maximise capital efficiency with the priority on de-leveraging

Total Collections

Sep YTD 2024: €57.0m

Latest Forecast: €57.7m

↓ 1.0%

Deployment

Sep YTD 2024: €34.0m

Sep YTD 2023: €14.0m

↑ 142.9%

Secured  
Net Debt

Sep 2024: €443.0m

Jun 2024: €445.4m

↓ 0.6%

LTV  
(Net Debt / ERC)

Sep 2024: 95%

Jun 2024: 91%

↑ 4 p.p.

Leverage  
(Net Debt / Adj.  
EBITDA)

Sep 2024: 10.9x

Jun 2024: 11.8x

↓ 0.9x



# Q3 2024 Results

# Q3 2024 Financial Summary

## Q3 vs Q2 2024 Financial Highlights

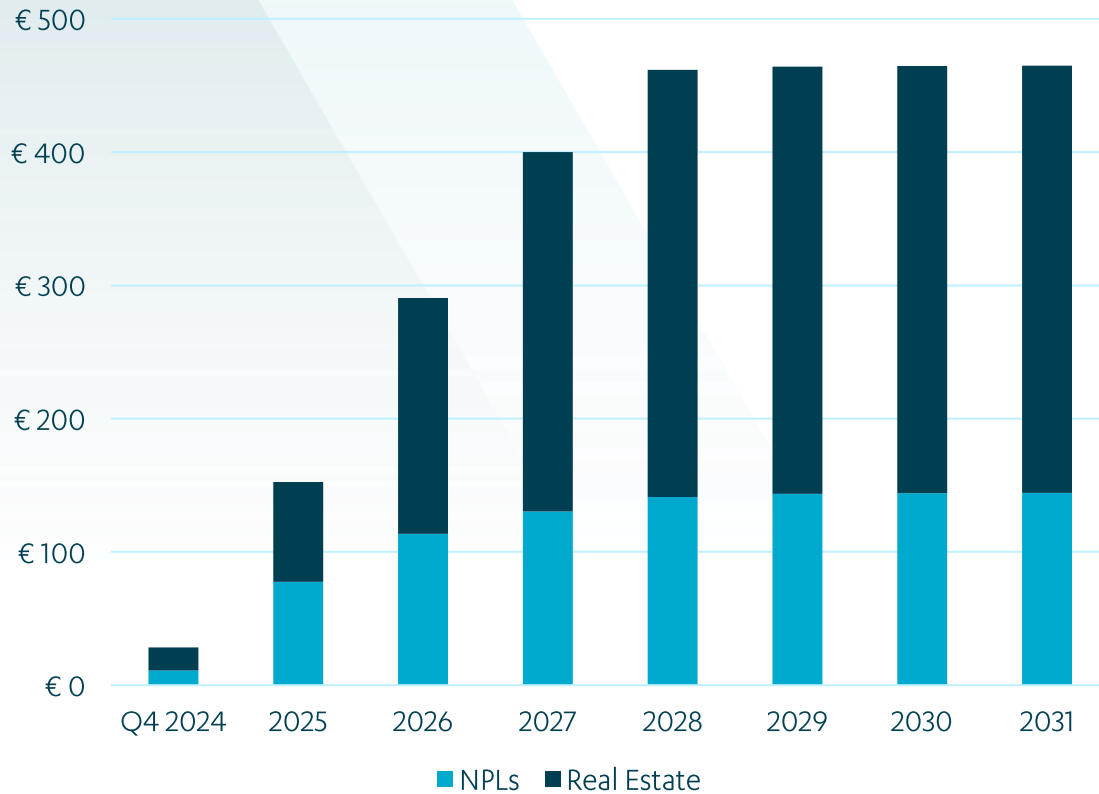
- **Collections performance broadly in line with expectations with continued commitment to de-leverage**
- Collections in Q3 of €22m, an increase of 32% on Q2 driven by a significant Real Estate realisation in Q3, with further Real Estate realisations expected in the coming quarters
- **Revenue** for Q3 includes c€1.5m gain relating to the bond buyback
- **Collection activity costs** in quarter increased in line with the increase in collections
- **Operating expenses** continued to reduce quarter on quarter (10% reduction in Q3) driven by on-going cost base rationalisation, see slide 9
- **Exceptional costs** include payment to Veld in Q3 in relation to completion of the transition agreement

## Financial Metrics

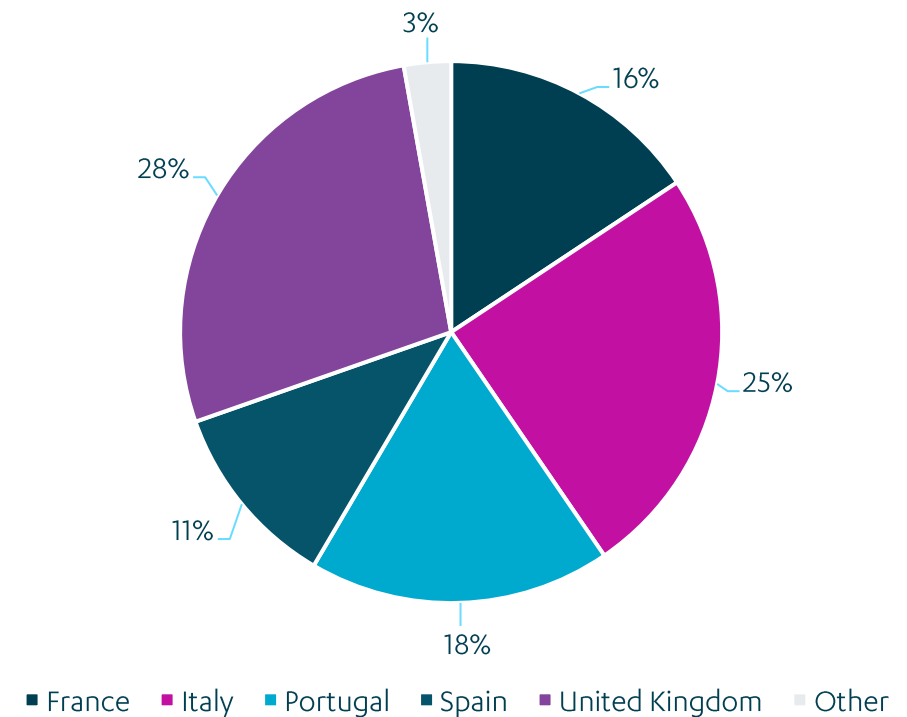
AFE Performance	Q2 2024 €'m	Q3 2024 €'m	Change %
Collections	16.7	22.0	+32%
Adjusted EBITDA	10.8	15.7	+45%
Revenue	9.4	11.4	+21%
Collection activity cost	(2.3)	(3.4)	+47%
Operating expenses	(4.0)	(3.6)	-10%
<b>(Loss)/Profit, pre-exceptionals &amp; Finance costs</b>	<b>3.1</b>	<b>4.4</b>	
Finance costs (incl. PIK and FX)	(14.3)	(14.7)	+3%
Exceptional Costs	(0.4)	(2.0)	
<b>(Loss)/Profit before tax</b>	<b>(11.6)</b>	<b>(12.3)</b>	

# Updated ERC for September 2024, consistent with prior quarter at €465 million

Cumulative ERC profile (existing assets) €'m



ERC split by geography

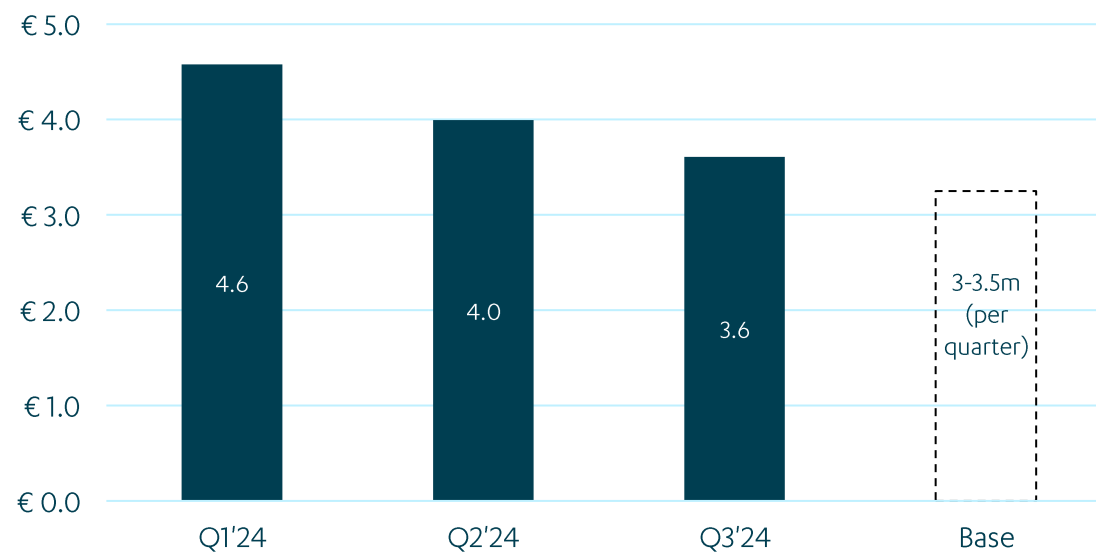


# Operating Expenses Run Rate

## Adjusted Run Rate metrics

- ▶ Investment Advisory management fees reduced to 1.5% management fee, vs previous fee of 1.75%
- ▶ 2024 operating expenses are impacted by non-recurring costs
- ▶ In addition, operational efficiency improvements are being made via simplification of holding entities and via reduction in ongoing structure costs
- ▶ In Q3 we saw a 10% reduction with further impacts expected in 2025 to reach a base of €3-3.5m per quarter

## Operating Expenses Evolution







# ▶ Appendices

# Appendix 1 – Net Debt movement

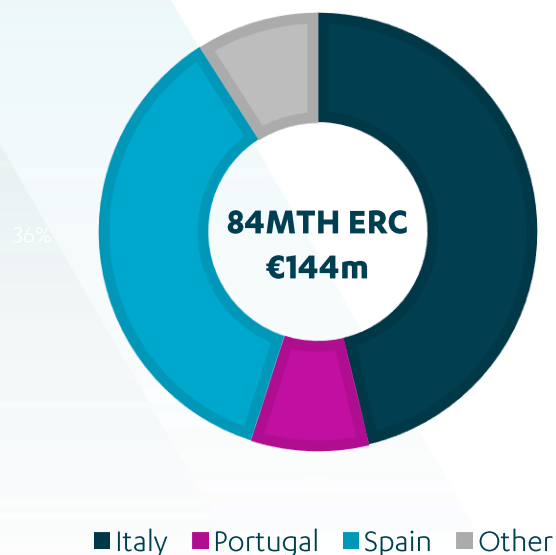
## Net Debt movement in quarter

- ▶ Net debt reduced by €2m to €443m in Q3
  - Reduction driven by repurchased Senior Secured Notes at a discount to par during the quarter

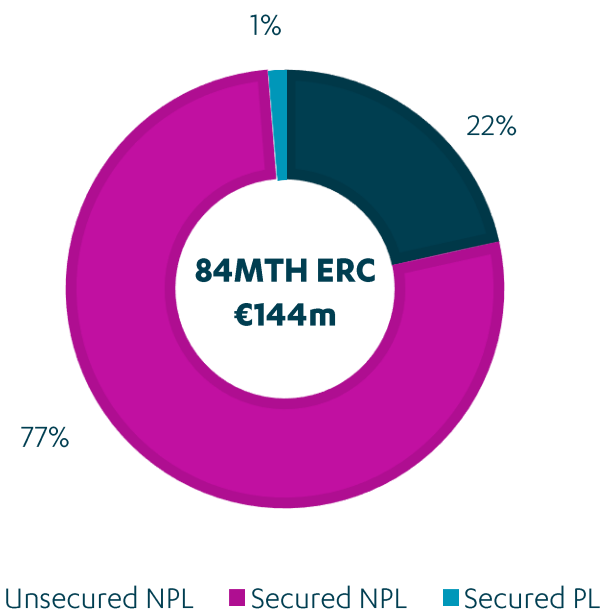
Net debt	Q2 2024 €'m	Q3 2024 €'m	Change €'m
Bond Notes	€343.2	€340.3	-€2.9
Revolving Credit Facility	€140.7	€144.9	€4.2
<b>Total debt</b>	<b>€484.0</b>	<b>€485.3</b>	<b>€1.3</b>
Cash at bank	€(27.2)	€(27.0)	€0.2
Cash held at servicers	€(12.5)	€(15.6)	-€3.1
Cash collected on behalf of co-investors	€0.5	€0.3	-€0.2
<b>Net debt</b>	<b>€444.8</b>	<b>€443.0</b>	<b>-€1.9</b>
LTV	91%	95%	+4%

## Appendix 2 - Highly seasoned, cash generative NPL portfolio

NPL/PL ERC BY GEOGRAPHY



NPL/PL ERC BY ASSET COMPOSITION

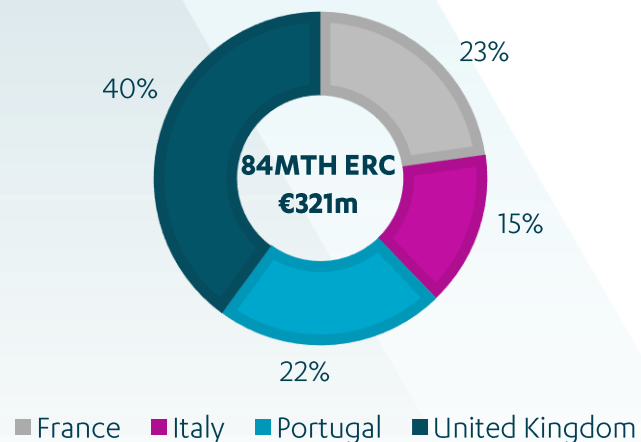


NPL and PL portfolios represent €144m ERC (31% of total ERC):

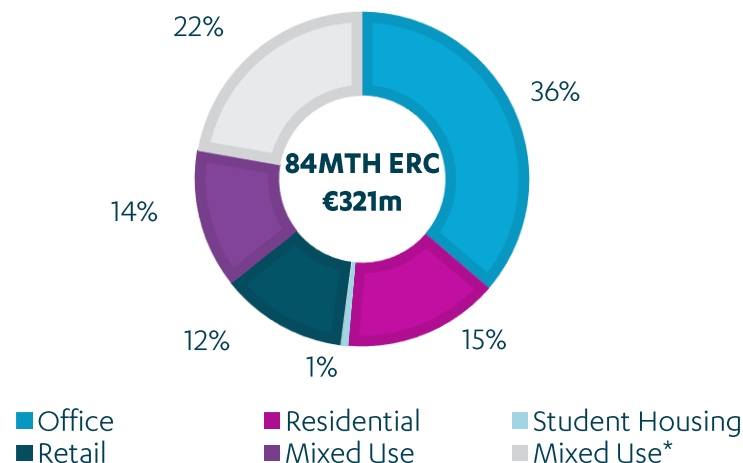
- 77% of our ERC across NPL portfolios is secured, with only two unsecured portfolios remaining across Italy and Portugal

# Appendix 3 - Diversified portfolio of high-quality real estate

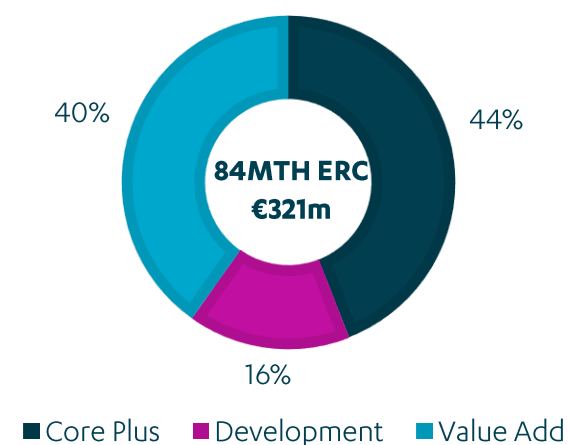
REAL ESTATE ERC BY GEOGRAPHY



REAL ESTATE ERC BY ASSET TYPE



REAL ESTATE ERC BY STRATEGY



Direct Real Estate investments represent 69% of total ERC:

- Considerable traction across Value-Add RE strategy, with one French retail asset currently under offer, expected to be closed in the coming quarters
- Similarly on Development Assets, both our French student housing and prime development in Rome have been sold, now pending completion
- Two-thirds of the real estate portfolios are income-generating



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### **Debt Investors**

For all investor relations enquiries please contact: [afe-treasury@arrow-afe.com](mailto:afe-treasury@arrow-afe.com)

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