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

AFE REACHES AGREEMENT ON ACQUISITION BY AGG CAPITAL MANAGEMENT LIMITED AND RECAPITALIZATION

London, 22 December 2023: 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 entry into an agreement (the "**Framework Agreement**") with, among others, the Bridge Facility Lenders (as defined below), AGG Capital Management Limited ("**AGG**", AGG being an affiliate of one of the Bridge Facility Lenders and Noteholders) and an ad hoc group of holders of the Notes (the "**AHG**") and certain other Noteholders (as defined below) on the terms of a comprehensive recapitalisation and refinancing of AFE's capital structure and the acquisition of a majority of AFE by AGG (the "**Agreed Transactions**").

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. 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. Zach Lewy, Arrow Global Founder & Chief Executive Officer, said: "We are pleased to be partnering with all of AFE's stakeholders in support of the recapitalisation. We look forward to repositioning and growing the portfolio as well as taking advantage of the opportunities that arise from expected continued dislocation in end markets."

The Agreed Transactions provide additional capital, liquidity flexibility and capital structure runway to the Group.

Key near-term highlights include:

- Strengthening of the Group's near term financial flexibility through a Bridge Facility (as defined below) of approximately €95.7 million.

- An enhanced interim governance regime until the closing of the Agreed Transactions (see the Independent Director and Transaction Committee and the Investment Adviser sections below)

- The role of Investment Adviser (as defined below) of the Group to be transitioned to AGG, with Veld Capital supporting the transition to AGG and agreeing a long term master servicing relationship around specific assets with the Group.

Longer-term the Group will benefit from:

- New sponsorship of the Group by AGG as Investment Adviser (as defined below) and majority owner.

- New Term Loan Facilities (as defined below) in an aggregate principal amount of €132.9 million, of which drawings of €37.2 million will be made available for the Group's general corporate and working capital purposes.
- 6-year extension of the maturity of the Notes (as defined below) to July 2030.
- Issuance of approximately €35.7 million of Additional Notes (as defined below) yielding proceeds of approximately €25.0 million, which will be used for general corporate and working capital purposes of the Group.

The Framework Agreement was entered into between: (1) AFE; (2) Holdco; (3) certain other members of the Group; (4) lenders under an approximately €95.7 million bridge facility (the "**Bridge Facility**") provided to, among others, the Company (the "**Bridge Facility Lenders**"); (5) AGG; (6) the AHG and certain other holders of the €307.5 million Senior Secured Floating Rate Notes due 2024 (Regulation S: ISIN: XS1649046874; Common Code: 164904687; Rule 144A: ISIN: XS1649046957; Common Code: 164904695) issued by the Company (the "**Notes**") (all holders of Notes, the "**Noteholders**"). The Noteholders that are a party to the Framework Agreement collectively hold approximately 94.7% of the aggregate principal amount of outstanding Notes, and pursuant to the terms thereof Noteholders holding approximately 91.4% of the aggregate principal amount of outstanding Notes have contractually committed to vote in favour of the Consent Solicitation (as defined below), with the balance supporting the Agreed Transactions but, due to fund constitutional or governance reasons, being unable to participate in any consent solicitation.

The Agreed Transactions

The key terms of the Agreed Transactions are set out in the term sheets (the "**Term Sheets**") and the high-level steps plan (the "**Steps Plan**"), which are scheduled to the Framework Agreement (as defined below). The Framework Agreement (as defined below) is available for download by holders of the Notes (the "**Noteholders**") and the Bridge Facility Lenders only at https://deals.is.kroll.com/afe. It is expected that the Agreed Transactions will be executed, consummated or settled, as applicable, on or about the time when the conditions thereto have been satisfied (the "**Operative Time**"). As part of the Agreed Transactions, AFE's existing debt and capital structure will be addressed as follows:

(i) the drawing of new euro-denominated term loan facilities (the "**Term Loan Facilities**") in an aggregate principal amount of €132.9 million (including capitalised fees and original issue discount but excluding interest which has accrued and been capitalised on the Bridge Facility) in full pursuant to a new facilities agreement to be dated as of the Operative Time by and amongst the parties thereto (the "**Term Loan Facilities Agreement**"), of which drawings of €95.7 million will be used for the repayment in full and cancellation of the Bridge Loan Facility and drawings of €37.2 million will be made available for general corporate and working capital purposes of the Group;

(ii) the launch of a consent solicitation to all Noteholders (the "**Consent Solicitation**") to amend and restate the indenture governing the Notes (the "**Amended and Restated Indenture**");

(iii) the issuance of approximately €35.7 million in aggregate principal amount of additional Notes pursuant to the Amended and Restated Indenture (the "**Additional Notes**") at a price of 70 percent of par value, which will generate gross proceeds of approximately €25.0 million (to be used for general corporate and working capital purposes of the Group) and the terms of which shall be the same as the terms of the amended and restated Notes; and

(iv) the consummation of the equity transfer, pursuant to a purchase agreement dated on or about the Operative Time and pursuant to which a new holding structure, an entity owned by certain Noteholders, of which AGG will have majority ownership (the "**Holdco**"), who will have entered into the Framework Agreement, either as original parties or by way of an Accession Letter (as defined below), on or prior to January 9, 2024 as further outlined below, will acquire the entire share capital of AFE;

in each case, subject to receipt of consents from not less than 90% in aggregate principal amount of Notes outstanding.

The Agreed Transactions will result in a recapitalisation and refinancing of AFE's equity and financial indebtedness. The transfer of ownership and of the Investment Adviser are both supported by Veld Capital, who have agreed to provide extensive customary transitional support. In addition, the Group and Veld Capital have agreed to enter into a long-term master servicing partnership in order to optimise value on the existing portfolio.

The Framework Agreement

The Framework Agreement sets out the key terms on which the parties thereto agree to support and implement the Agreed Transactions, as well as the key terms of the Agreed Transactions itself.

Noteholders (other than Noteholders, who have already signed) are being asked to accede to the Framework Agreement in order to support the implementation of the Agreed Transactions and to be eligible to receive the Consent Fee (as defined below). The Company urges those Noteholders to consider the terms of the Agreed Transactions and accede to the Framework Agreement by way of an accession letter appended to the Framework Agreement (the "**Accession Letter**") as soon as possible in order to enable a timely and cost-efficient completion of the Agreed Transactions. The Company and the parties to the Framework Agreement strongly believe that the Agreed Transactions are beneficial for both the Group and its creditors. Noteholders who enter into the Framework Agreement, either as original parties or by way of an Accession Letter, will also be offered the opportunity to participate in funding a share of the Term Loan Facilities in an aggregate amount not to exceed €12,500,000 and a share of the Additional Notes in an aggregate amount not to exceed €3,571,429 (such entitlement to participate in the Term Loan Facilities and the Additional Notes to be calculated in accordance with the provisions of the Framework Agreement) *provided* they commit to do so, in accordance with the terms and conditions under the Framework Agreement on or prior to January 9, 2024 prior to completion of the Agreed Transactions and *provided further* that in order to participate, they must commit to funding both their *pro rata* share of the Term Loan Facilities and their *pro rata* share of the Additional Notes.

If the Operative Time does not occur by March 1, 2024, then the Framework Agreement and the Bridge Facility Agreement will both terminate. In the event the Bridge Facility Agreement is terminated, the Company does not expect to have cash on hand, or the ability to obtain other funds, to be able to refinance the Bridge Loan Facility, which will result in a default under the existing Indenture.

Bridge Facility

On December 21, 2023, the Company, as borrower, certain members of the Group as guarantors and the Bridge Facility Lenders entered into the Bridge Facility Agreement. The Bridge Facility Agreement provides for drawings of €95,744,681.00 in aggregate principal amount (including capitalised original issue discount and upfront fees), which can only be drawn in euro. The Bridge Facility will be used to refinance the existing revolving credit facility, as well as for general corporate purposes. In connection with the Agreed Transactions, we expect to repay in full amounts outstanding under and cancel the Bridge Facility.

Fee payable to Noteholders

If the Agreed Transactions are implemented, a fee (the "**Consent Fee**") comprising 1.00% of the aggregate principal amount of the Notes (excluding the Additional Notes issued in connection with the Transactions) will be paid rateably to Noteholders on the Operative Time to the extent:

- the Noteholders have voted in favour of the Consent Solicitation in accordance with the terms of such Consent Solicitation by the date falling no later than 10 business days after the launch of the Consent Solicitation (the "**Early Consent Deadline**") and have not revoked any such consent; or

- in respect of Noteholders that, for fund constitutional or governance reasons, are unable to vote in favour of the Consent Solicitation (the "**Restricted Noteholders**"), such Restricted Noteholders have signed or acceded to the Framework Agreement by the Early Consent Deadline and electronically instructed via the Clearing Systems to be ineligible restricted consenting holders provided further and to the extent their affiliates and/or related funds include Noteholders that are not Restricted Noteholders, that such affiliates or related funds that are Noteholders voted in favour of the Consent Solicitation in accordance with the above,

and provided that all other relevant conditions set out in the Framework Agreement are complied with including, for those Noteholders that enter into or accede to the Framework Agreement, that they have continued to comply with their obligations under the Framework Agreement as at the Operative Time.

Independent Director and Transaction Committee

AFE are pleased to announce the appointment of Anthony Place to the board of directors of AFE.

Anthony Place, Partner & Managing Director at AlixPartners, has spent close to thirty years advising management teams and boards in recapitalisation, refinancing and value delivery situations. He has advised across a wide range of industries, taking both executive and non-executive board positions, and he has a particular expertise in European real estate.

Prior to joining AlixPartners, Anthony was the Managing Partner of THM Partners LLP and also held positions at Andersen and EY.

In order to assist with the successful implementation of the Agreed Transactions, AFE has also established a transaction committee (the "**Committee**") comprised of (i) Mr. Anthony Place (who will also act as the chair of the Committee), (ii) Mr. Chris Ross-Roberts and (iii) Mr. Eric Verret, and delegated certain decision-making prerogatives, including in relation to the Agreed Transactions, to the Committee.

Eric Verret is a Managing Director of Veld Capital. Eric joined the private equity team of AnaCap in 2019 and joined the Veld credit team as part of the carve out in 2022 and is responsible for risk management and capital markets activity across the business, serving as Chief Financial Officer of AFE since January 2020. Eric also joined the board of AFE in January 2020.

Prior to joining Veld, Eric was Head of Private Debt at NN Investment Management where he was managing a portfolio of illiquid credit investments. Prior to that, Eric spent 13 years at GE Capital in Credit, M&A and Capital Markets functions and also practiced as a capital markets lawyer at Clifford Chance in London. Eric holds an MBA from INSEAD, a BA in Law from Laval University in Canada.

Chris Ross-Roberts became a Director of the Company on 28 June 2017, holding the role of Chief Financial Officer until 31 December 2020. Chris was previously the Chief Financial Officer of Cabot

Credit Management from July 2012 to December 2015 and worked as the group finance director of BPP Holdings PLC (included in the FTSE 250 Index) prior to this, which was sold to Apollo Global, Inc. in 2009, following which he assisted with the integration of BPP Holdings PLC into Apollo Global, Inc. He has over 28 years of board level experience in business services, including a period as Chief Executive Officer, building strong experience in acquisitions and disposals, including two public-to-private transactions, and for private equity portfolio companies. Chris holds a BSc in Accounting and Finance from Loughborough University.

Investment Adviser

AFE are pleased to announce that the Investment Advisor role will be transitioned to AGG (the "**Investment Adviser**").

Next steps

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 Agreed 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.

Executed Accession Letters should be sent to Kroll Issuer Services Limited, 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 Agreed Transactions will be announced in due course.

Current Trading Update

Through the nine months ended September 30, 2023, we realized €60.0 million in Total Attributable Collections, which was 9.5% below forecasted levels, primarily driven by delay in some collections to December 2023 as well as lower than expected recovery from targeted disposals of residual non-performing loan portfolios in Italy and Portugal. Adjusted EBITDA for the twelve months ended September 30, 2023 was €73.1 million, representing a 44% decrease compared to the twelve months ended September 30, 2022 primarily driven by delayed collections.

As of September 30, 2023, our ERC was €510.0 million, which was incrementally lower as compared to September 30, 2022 due to collections in the three months ended September 30, 2023 and limited deployment in new investments; however, contracted follow-on investments resulted in further embedded ERC growth of €49.6 million. The reduction in ERC led to a €3.1 million net decrease in fair value of assets to €313.7 million as of September 30, 2023. In the nine months ended September 30, 2023, deployment was €14.0 million and was limited to only follow-on investments on existing assets.

As of September 30, 2023, our Adjusted EBITDA leverage was 4.9x, primarily due to delayed collections in the second and third quarters. We believe leverage will increase post Transaction due to incremental financing but is expected to come back down in 2024 and beyond as collections recover, even without significantly increased deployment. Our loan to value ratio was 70.3% and our fixed charge coverage ratio was 2.7x, each as of September 30, 2023.

For further details on the current trading update, please see the attached update to the market presentation, which can also be download at www.veld-afe.com.

In addition, please join us for a market update call on Thursday, 4 January 2024, at 14:30 GMT. The dial-in details for the market update call will be announced in due course.

For further information, please contact us via:

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Or via:

www.veld-afe.com

NOTES TO EDITORS

AFE S.A. SICAV-RAIF (www.veld-afe.com)

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, which are available at http://www.veld-afe.com.

This notice is neither an offer to purchase nor a solicitation of an offer to sell securities. The request for accessions to the Framework Agreement is not being made to any person in any jurisdiction in which the making of such request would not be in compliance with the securities or other laws of such jurisdiction. 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.

Statements contained herein may constitute "forward-looking statements". Forward-looking statements are generally identifiable by the use of the words "aim", "anticipate", "believe", "continue", "estimate", "expect", "foresee", "goal", "intend", "may", "plan", "project", "should", "target" or "will" or the negative of these words or other variations on these words or comparable terminology.

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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