Tear Sheet: iQera's €200M 2024 Senior Secured Notes

French debt servicer and purchaser iQera has launched €200 million of fixed rate senior secured notes due 2024, the proceeds will be used to repay drawings on the group's RCF, refinance €75 million of its floating rate notes, fund cash for general corporate purposes and pay transaction-related costs. The RegS/144A notes will feature non-call protection for one year.

Investors meetings will be taking place until Thursday, September 24, with pricing thereafter.

Capacity calculations are based on the following:

- **Net leverage ratio of: 3.7x.** Calculations based on Net Debt of €502 million, including reported debt as of June 30 of €642.2 million, and €31.6 million PGE loans issued in August, netted off €171.8 million unrestricted cash as reported.
- Leverage calculations at issue based on **LTM Cash EBITDA of €134.7 million** as reported.
- **Secured Net Leverage Ratio of: 3.4x** Consolidated senior secured leverage calculated based on senior secured net debt of €455.6 million, consisting of €570 million senior secured notes, €25 million DSO Italia loan and €32.4 million of Co-investor liabilities, to be included in the leverage calculation as defined in the notes' documentation.
- **84-month ERC of €484.7 million**, including collections projected to be received by the issuer and any portfolio co-investors.

A capital structure prepared by Reorg can be found at the end of this tearsheet.

Debt Explained's tear sheet below is a synthesized legal and financial tool that quickly provides a concise summary of covenant capacities. In the next few hours the Reorg team will publish a detailed contextual covenant and structural analysis for investors. ***For regulatory reasons, this tear sheet contains only key covenant facts and basket capacities.*** *Please contact questions@reorg.com for an in-depth analysis.*

Summary Covenant Facts
• **Existing Notes are not included in the Secured Leverage Ratio**: this ratio is based on Secured Indebtedness, which excludes debt secured by liens described in para. (A) of "Permitted Collateral Liens". Para. (A) does not exist but may be a typo with the reference supposed to be to para. (1). Para. (1) cross-refers to various Permitted Liens, including liens existing on, or required under, written agreements existing on the issue date. If the reference should be to para. (1), this means the £370 million of Existing Notes and the RCF, all of which are secured on the collateral *pari passu* with the Notes (as well as any other existing secured debt) will not be included in the Secured Leverage Ratio, which would be highly unusual. Noteholders need to have this drafting clarified. Calculations below assume the reference to para. (A) is incorrect and should be deleted. • **50% CNI builder basket**: CNI started to accrue, and standard increases were added, from October 1, 2017, and its use is as of September 28, 2017 ("Original Issue Date"). Current basket capacity is not disclosed. • **Grower baskets**: Whereas the existing €270 million senior secured notes used total assets as the "grower" part of the baskets, EBITDA is used in this OM. Generally, using total assets as of €927.776 million as of June 30, 2020, the EBITDA grower amount is smaller as a monetary figure

as compared to the equivalent basket as stated in the original final OM for the existing notes, using the LTM cash EBITDA amount above.

- **Portfolio SPVs:** most loan portfolio purchases are made through French law investment funds ("FCTs") which are the owners of the portfolios. FCTs are not separate legal entities and so are not considered subsidiaries and do not provide security for or guarantee the Notes. FCTs which are deemed controlled by the Issuer through its economic interest are consolidated in the group's financial statements; those not deemed controlled are not consolidated. Legal control of an FCT resides with its management company and not with the group.

- **Pledges of economic interest in FCTs:** It is not clear what claim noteholders would have in relation to FCTs and the loan portfolios through the pledge over the securities account in which the group's economic interests in the named FCTs are held.

How Much Leverage Can Be Added over Time? ***€148.1M under Secured Net Leverage Ratio***	
Ratio Debt	2.0x Fixed Charge Coverage Ratio • Senior Secured Debt Incurrence (debt pari secured on Collateral and debt secured on non-Collateral assets): 4.5x Secured Net Leverage Ratio • Junior Secured Debt Incurrence (on Collateral): uncapped subject to 2x FCCR (Headroom of 1.1x of leverage under the Secured Net Leverage Ratio, or €148.1M)
Minimum Debt Capacity at Issue[1]	€206.7M (equivalent of 1.5X turns of leverage) • Credit Facilities - greater of €55 million and 11.3% of ERC • CLO/PMO - Greater of €20M and 16.1% Cons. EBITDA • General Debt - Greater of €30M and 24.2% Cons. EBITDA • Management Advances - €0.5M • Permitted Purchase Obligations - 20% of ERC
Headroom under the Credit Facility Basket at Issue	€5M
Value Extraction through Restricted Payments or Permitted Investments	
Build-Up Basket Start Date	01/10/2017
Starter Amount in the Build-Up Basket	No
Any Accrued Build-Up Basket Capacity	Not disclosed

[1] This aggregate does not include any amounts that will be available under the 2x FCCR ratio test mentioned above

Ratio-capped baskets	Ratio-capped Restricted Payments: 2.75x Consolidated Leverage Ratio (no headroom at issue given 3.7x net leverage) Ratio-capped Junior debt repayments: N/A Ratio-capped Permitted Investments: N/A
Minimum Restricted Payments (payments to equity)	€46.7M (equivalent to 0.3x turns of leverage) • Equity Repurchases - €10M (€3M plus €1M/calendar year commenced since Original Issue Date) • Parent Expenses - €10M (€2M/FY) • Sponsor Fees - €5M (€1M/FY) • General Restricted Payments - Greater of €20M and 16.1% Cons. EBITDA
Minimum Permitted Investments at Issue	€65.5M (equivalent to 0.5x turns of leverage) • Management Advances - €0.5M • Investments in Associates/Unrestricted Subsidiaries - Greater of €20M and 16.1% Cons. EBITDA • Investments in Associates / Unrestricted Subs. - Greater of €20M and 16.1% Cons. EBITDA • General PIs - Greater of €20M and 16.1% Cons. EBITDA
Risk of Value Leakage from Asset Sales proceeds	
Can Asset Sale proceeds create Restricted Payments capacity?	No
Risk of Effectively Senior Debt (Secured on non-Collateral)	
Ratio-capped Permitted Liens	N/A
Minimum Permitted Liens at Issue	€151.2M (equivalent to 1.1x turns of leverage) • CLO/PMO - Greater of €20M and 16.1% Cons. EBITDA • Permitted Purchase Obligations - 20% of ERC • General Permitted Liens - Greater of €30M and 24.2% Cons. EBITDA
Risk of Collateral Dilution	
Ratio-capped Permitted Collateral Liens	4.5x Secured Net Leverage Ratio (Headroom of 1.1x under the Secured Net Leverage Ratio, or €148.1 million)
Minimum Permitted Collateral Liens at Issue	€37.6M (equivalent to 0.3x turns of leverage) • CF Basket Headroom - €5M • General Debt - Greater of €30M and 24.2% Cons. EBITDA

Debt Explained's legal analysts will separately publish a thorough analysis of the covenants, structure and the legal loopholes in the next few hours. For regulatory reasons, this tear sheet contains only key covenant facts and basket capacities.

Minimum Permitted Super Senior Collateral Liens	€5M (commitment headroom of 0.37x turns of leverage and total super senior debt of 0.41x turns of leverage) ● CF Basket Headroom - €5M (additional commitment headroom; €55M in total allowed to be super senior) ● Certain uncapped Priority Hedging Obligations
Portability	
Portability	No
Portability Ratio test	N/A
Cost Savings/Synergies Adjustments	
Are Cost Savings / Synergies capped?	No
Any time horizon for Cost Savings / Synergies to be realised?	12 Months
Cost Savings / Synergies limited to certain contexts	Broadly Applied
Credit Support	
Guarantor Coverage on Issue	For the 12 months ended June 30, 2020: ● 81% of Cash EBITDA ● 72% of cash revenue Guarantor coverage includes the FCTs in which MCS et Associes holds interests.
Security Coverage	● First ranking security interest over (i) shares in Promontoria MCS Holding (PMCSH), MCS et Associes (MCS), iQera S.A.S. and DSO S.A.S. (ii) securities account in which MCS's holdings of notes and units in FCTs Victor Creances I, Hugo I-IV, Mabimmo and Quercius are credited (iii) bank accounts in France of the Issuer, PMCSH, MCS and iQera S.A.S. (iv) intercompany loan receivables owed to the Issuer (including the proceeds loans), PMCSH, MCS and iQera S.A.S. and (v) certain other receivables owed to the Issuer and PMSCH. ● Security to be provided at issue unless the Issuer certifies that COVID-19 and related measures have made it impracticable to grant / perfect such security interests; if so, security must be granted within 30 days after the relevant measures are lifted. ● Lenders under the RCF and certain priority hedging obligations will be secured on the Collateral on a super senior basis. They will receive enforcement proceeds ahead of the Noteholders. The Collateral is also shared with the Issuer's existing fixed rate and floating rate senior secured notes, which rank pari passu with the Notes.

A capital structure, prepared by Reorg's financial analysts, is below:

iQera				
(EUR in Millions)	06/30/2020 Amount	Maturity	Rate	EBITDA Multiple Book
€50M Senior Secured RCF [1]	-	Sep-23-2023	EURIBOR + 3.000%	
Total Super Senior Secured Debt	**-**			
€270m Fixed Rate Note	270.0	Sep-2024	4.250%	
€100m Fixed Rate Note	100.0	Sep-2024	EURIBOR + 5.375%	
€200M 2024 Senior Secured Notes	200.0	Sep-2024		
Total Senior Secured Notes	**570.0**			**4.2x**
Co-investor Liabilities	32.4			
Other Indebtedness	39.8			
Total Other indebtedness	**72.2**			**4.8x**
PGE Loan 1 [2]	10.6	Jul-2021	0.500%	
PGE Loan 2	10.6	Jul-2021	0.500%	
PGE Loan 3	4.6	Jul-2021	EURIBOR + 0.500%	
PGE Loan 4	6.0	Jul-2021	EURIBOR + 0.500%	
Total PGE Loans	**31.8**			**5.0x**
Lease Liabilities [3]	11.0			
Total Lease Liabilities	**11.0**			**5.1x**
Total Debt	**685.0**			**5.1x**
Less: Cash and Equivalents	(185.8)			
Plus: Restricted Cash	14.0			
Net Debt	**513.2**			**3.8x**
Operating Metrics				
LTM Reorg EBITDA	134.7			
Liquidity				
RCF Commitments	50.0			
Less: Drawn	-			
Plus: Cash and Equivalents	185.8			
Less: Restricted Cash	(14.0)			
Total Liquidity	**221.8**			
Credit Metrics				
Gross Leverage	5.1x			
Net Leverage	3.8x			

Notes:
Capital structure pro forma for the issuance of the new €200M SSNs and PGE loans issued in August
1. The RCF is fully drawn as of June 30, 2020 but is to be repaid from SSN issuance proceeds. Rate of RCF will increase to E+3.25% should the SSLTV ratio exceed 0.25 or if the consolidated leverage (which is calculated net of cash and cash equivalents on the relevant date) exceeds 5.75:1
2. The PGE Loans are 90% guaranteed by the Republic of France via Bpifrance Financement to address the financial consequences of COVID-19. The loans are unsecured and unguaranteed within the group perimeter.
3. Operating leases excluded from indebtedness under bond documentation.

Please contact Reorg at questions@reorg.com if you wish to speak to the legal analyst or credit analyst who prepared the above tear sheet for you. We actively welcome your questions and feedback.

Reorg will also publish an in-depth covenant report and credit analysis tear sheet on this bond. We are happy to share our comprehensive legal and financial analysis with you, just email questions@reorg.com for a copy.

Debt Explained's legal analysts will separately publish a thorough analysis of the covenants, structure and the legal loopholes in the next few hours. For regulatory reasons, this tear sheet contains only key covenant facts and basket capacities.

Debt Explained's legal analysts will separately publish a thorough analysis of the covenants, structure and the legal loopholes in the next few hours. For regulatory reasons, this tear sheet contains only key covenant facts and basket capacities.