



AAFS Services SA

ASSET-BACKED LENDING SERVICES

Arranging liquidity solutions can be challenging and time-consuming. Banks do offer solutions, but they come with constraints and relative low Loan-to-Value (LTV) ratios.

Amergeris ensure that this is a very structured and pleasant approach and strong LTV ratios.

What do we do?

Amergeris, through its network, provides loans to professional investors secured against public equities, specializing in collateral where traditional lenders are unable to offer favorable terms whether due to market cap, sector, volatility, etc. as well as bond portfolios where liquidity or rating requirements are deviating from the standard bank terms.

Overview (single) stock lending

- Loan size can be from USD 250,000 up to USD 100 M.
- Loan proceeds can be used for any purpose. Typical uses include buying further shares/warrants, diversification, and property purchases.

Terms

- LTVs are typically between 60% and 65%, potentially up to 70% for more liquid stocks.
- Fixed interest rates usually between 3% and 4% (not linked to a floating rate). Interest payable quarterly in arrears with loan principal repaid at maturity.
- Transaction fees typically between 1% and 3% of funds drawn down.

Transaction structure

- Fixed-term loan - the minimum term is two years. No early repayment option for borrower or lender.

- The loan is structured as a repo with the transfer of title to EFH for the loan term. EFH is prohibited from lending out the collateral shares or entering into a short position.
- The loans are non-recourse, meaning that the only collateral provided is the shares. No personal guarantees or security over other assets is required. If the borrower walks away from the loan, they keep the loan proceeds, EFH keeps the shares with no further recourse to the borrower.
- The borrower receives all upside appreciation of the shares upon maturity.
- In the event of a share for share takeover, the loan continues to maturity with the TakeoverCo shares becoming the collateral shares. In the event of an all-cash or a partial cash/share takeover, the loan terminates at the takeover price. The collateral (less the outstanding loan) is returned to the borrower, so they keep any upside premium.
- The margin call is set at 80% of the LTV (rather than the share price). When the share price falls below this level, the borrower can either be topped up using additional shares or cash or terminating the loan and retaining the loan proceeds on a non-recourse basis.
- For example, if EFH lends USD 0.60 (60% LTV) on a USD 1.00 share, the margin call level is then set at USD 0.48 (80% x 60% LTV). If the share price falls below USD 0.48 (calculated on a three-day rolling average), the borrower either makes good on the call or terminates the loan and keeps the USD 0.60 loan proceeds.

Eligible Exchanges

Markets

Europe

Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom

The Middle East and Africa

South Africa, United Arab Emirates

The Americas

Brazil, Canada, Chile, Mexico, United States of America

Asia and Oceania

Australia, China H-Shares, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Thailand

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