



# RM Infrastructure Income PLC “RMII LN”

Company update September 2021



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# Executive Summary

- RMII launched in Dec 2016, **nearly 5 years of track record** – 57 months
- Targeting 6.5 pence dividend
- **Secured lending strategy**
- Focus on UK corporates with **real asset backing**
- **Consistent NAV return**, minimal duration risk and a **high-income yield**
- Managed by RM Funds who specialize in public and private market investments focused on alternatives
- Narrower investment focus and investing with impact intentionality & framework

	1 month	3 months	6 months	1 year	2 years	Inception to date
NAV Total Return <sup>6</sup> %	2.18%	3.40%	6.58%	13.80%	13.47%	30.77%

2021													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	1.625	-	-	1.625	-	-					3.250
NAV Total Return <sup>5</sup> %	0.26	0.76	0.28	1.25	1.42	0.83	0.37	2.18					7.67%

2020													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	1.70	-	-	1.625	-	-	1.625	-	-	1.625	6.575p
NAV Total Return <sup>5</sup> %	0.53	0.43	(10.53)	2.83	2.29	1.80	0.44	0.44	1.35	0.36	1.91	1.97	3.15%

2019													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	1.625	-	-	2.00	-	-	1.625	-	-	1.70	6.95p
NAV Total Return <sup>5</sup> %	0.67	0.78	1.64	0.59	0.65	0.41	0.70	0.31	0.70	0.19	0.21	1.06	8.18%

2018													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends (pence)	-	2.00	-	-	-	1.625	-	1.625	-	-	-	1.625	6.87p
NAV Total Return <sup>5</sup> %	0.68	0.50	0.41	0.50	0.49	0.34	0.26	0.53	0.34	0.76	0.12	0.41	5.47%

2017													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	-	-	-	0.20	-	0.20	-	-	1.80	-	2.20p
NAV Total Return <sup>5</sup> %	(0.31)	(0.31)	(0.09)	0.21	0.74	(0.47)	0.55	1.22	0.40	0.73	(0.08)	0.23	3.18%

# About RM Funds

- **RM Funds** – Specialists in private credit investments, with a 360-degree perspective investing in the debt and equity of businesses operating in the alternatives sector.
- **RM was founded in 2010. Headquarters in Edinburgh and offices in London.**
- RM currently manages c.£250m split across:
  - **Private Markets** AUM c.£131m.
  - **Public Markets** AUM £121m.
- Team has **arranged or advised on over £1.5bn of alternative finance transactions** at RM.

## Direct Lending Fund 1

### RM Social & Environmental Infrastructure Income “RMI”

Launch date Dec 2016  
Private Credit  
Income: 6.5%

Structure:  
PLC, Listed, Investment Trust Status

Gross Assets  
**£131m**

Dividend Yield  
**7.22%**

ITD NAV % Total  
Return<sup>1</sup>  
**30.77%**

## Liquid Alternatives

### VT RM Alternative Income Fund “RMAI”

Launch date: June 2018  
Listed equities & OTC bond

Income: 5%  
Net 7-8% Total Return

Structure:  
ICVC / UCITS

Gross Assets  
**£121m**

Current Yield  
**4.29%**

ITD NAV % Total  
Return<sup>1</sup>  
**29.7%**

# RM Funds – Senior Leadership

## Portfolio Management Team



**James Robson**  
**Portfolio Manager, Private & Public Credit**

Chief Investment Officer

- Responsible for private credit strategies at RM
- Former Head of European Corporate Credit Trading HSBC
- 22 years experience in fixed income & credit

**Investment Committee Member**



**Pietro Nicholls**  
**Portfolio Manager, Private & Public Credit**

- Lead Portfolio Manager, Liquid Alternatives
- Expertise in structuring and managing alternative assets including private credit, real estate and infrastructure
- 13 years experience

**Investment Committee Member**



**Thomas Le Grix De La Salle**  
**Portfolio Manager, Private Credit**

- 7 years experience in structuring and managing alternative assets including private credit, real estate and infrastructure
- Specific focus on project finance and asset backed lending

## Firm Senior Management Team



**Henry Caplin (Chair)**

- 27 Years experience
- Experience in private equity and corporate finance

**Investment Committee Member**



**Asif Godall**  
**Board Advisor**

- Head EMEA Global Markets, Mizuho International
- Formerly Co-CIO Cairn Capital



**James Satterthwaite**  
**Board Director, Head of Distribution**

- 14 Years experience in credit sales, Barclays Capital fixed income institutional sales

**ESG Committee Member**

## Investment Team Experience

- **Nine-person** Investment Team focused on Liquid and Illiquid alternative securities/assets
- 360 degree perspective - including lead advisory, financing, liability management, trading and investment / asset management
- Senior team have 100+ years of investment experience and have worked together for the best part of a decade
- Boots on the ground approach to investing



Income returns worth  
shouting about

## RM Infrastructure Income PLC

- Strategy
- Portfolio Update
- Relative Value

# RM Infrastructure Income PLC – Investment Strategy

- **Focused on non-benchmark loans, “the missing middle”,** of up to c.£15m which are often too complex for traditional bank lending and too small for institutional direct lenders.
- Looking to support **UK companies with active ESG engagement**, positive screening and third-party audited impact measurement.
- **Defensive Investment Focus:**
  - Social Infrastructure – Target 75% of portfolio
  - Environmental Infrastructure – Target 25% of portfolio
- **Bespoke documentation** with significant lender-friendly covenants (financial, information etc.).
- Targeting **6.5 pence** net income p.a., distributed quarterly.
- Nearly 5 years track record of delivering **stable income returns**, either achieving or exceeding the dividend target.
- NAV total return ITD 31%
- **Sustainability at the core of the focus sectors**, with The Good Economy appointed as the impact assurance & reporting partner.



# RM Infrastructure Income PLC – Investment Focus

## Social Infrastructure

### Healthcare



### Childcare & Education



### Accommodation



## Environmental Infrastructure

### Clean Energy & Renewables



### Waste Management



### Energy Efficiency & Carbon Reduction



## Investment highlights

- Access to **critical infrastructure assets** largely uncorrelated to the broader economic cycles
- Essential services to society
- **Quasi-government cashflows** from Healthcare & Childcare
- **Contracted and visible cashflows** from environmental assets
- Tangible asset backing from real estate

## Typical loan terms

- Coupon 8% - 12%
- LTV typical range 60-70%
- **Senior secured**
- 3-5 year tenor
- Potential equity warrants delivering equity upside



# RM Infrastructure Income PLC – Performance

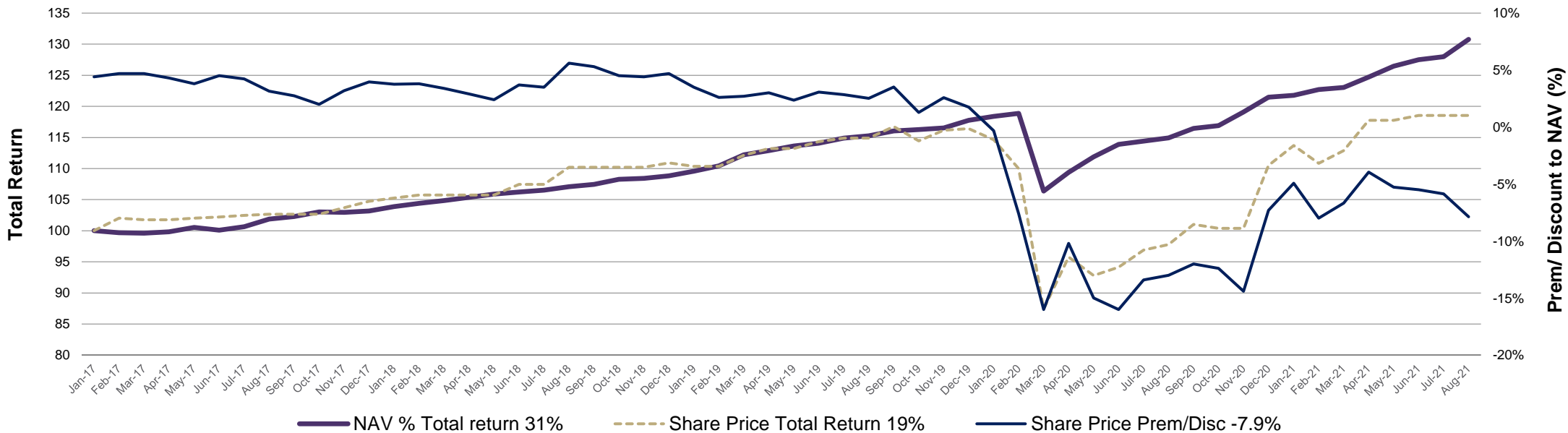
Key Performance Metrics

Total NAV Return  
✓ 30.8%

Cash Yield on Mid Price  
✓ 7.22%

Market Cap  
✓ £106m

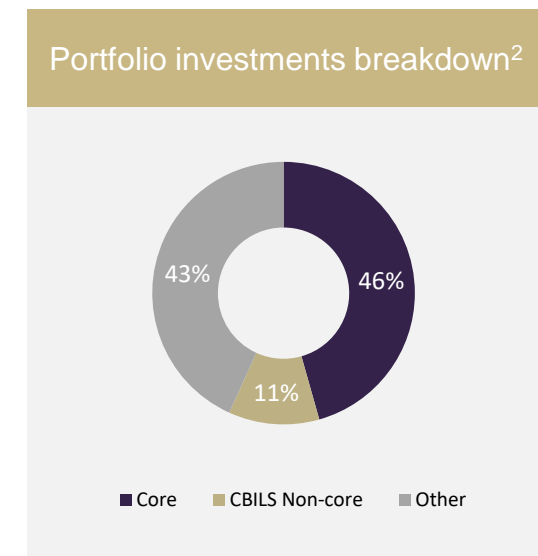
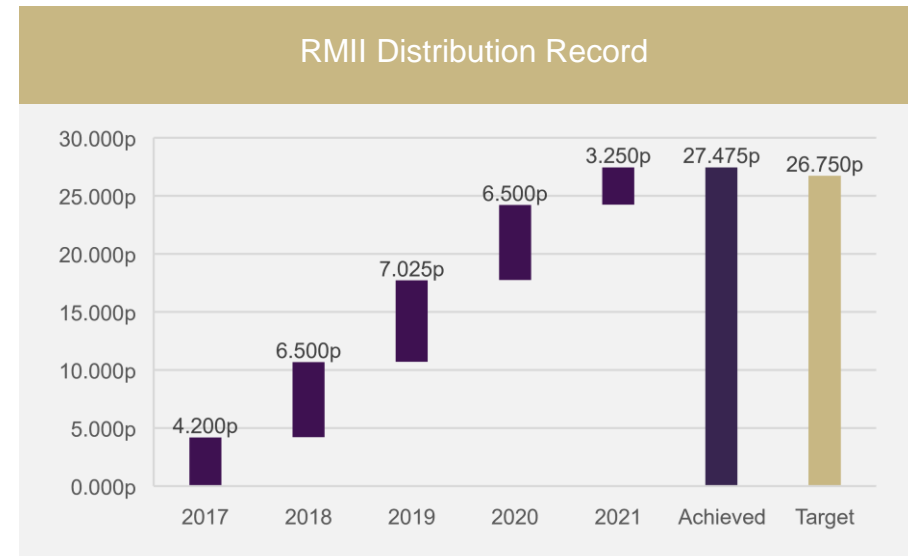
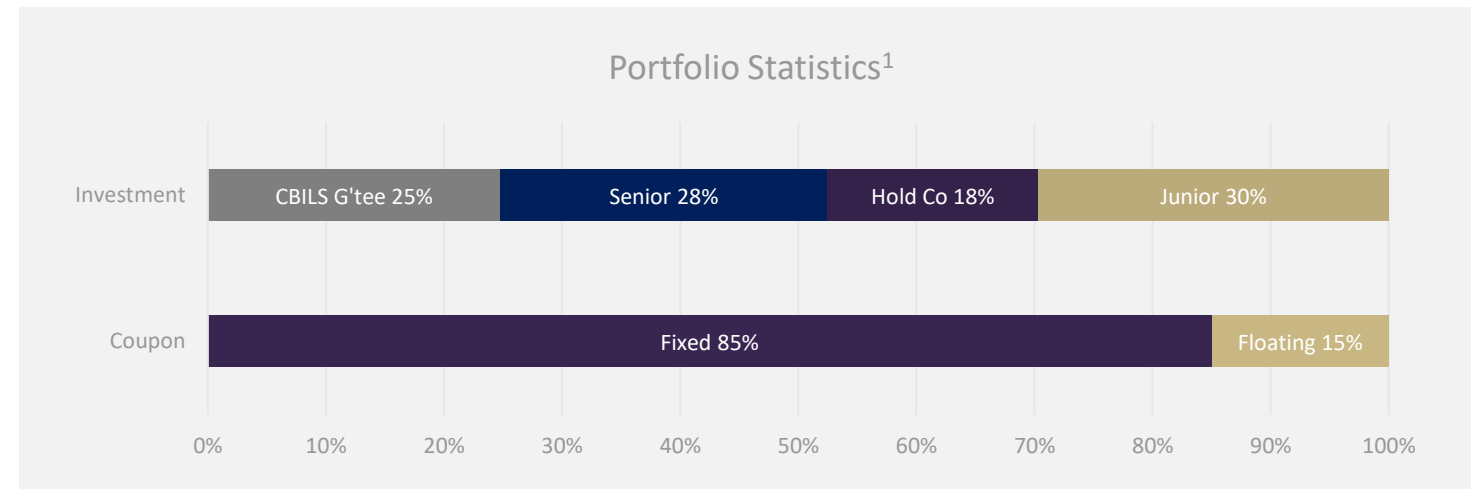
Avg. YTD Share Price Discount to NAV  
✓ c.6.0%



Data: Bloomberg – 31 August 2021

# RM Infrastructure Income PLC - Portfolio Update

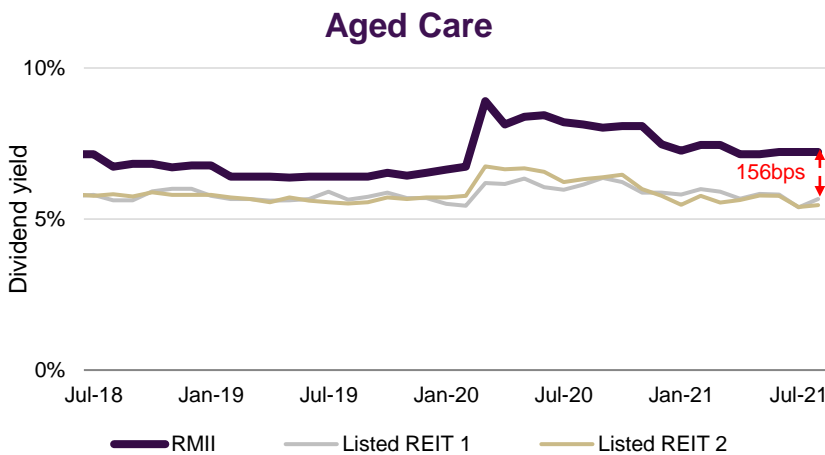
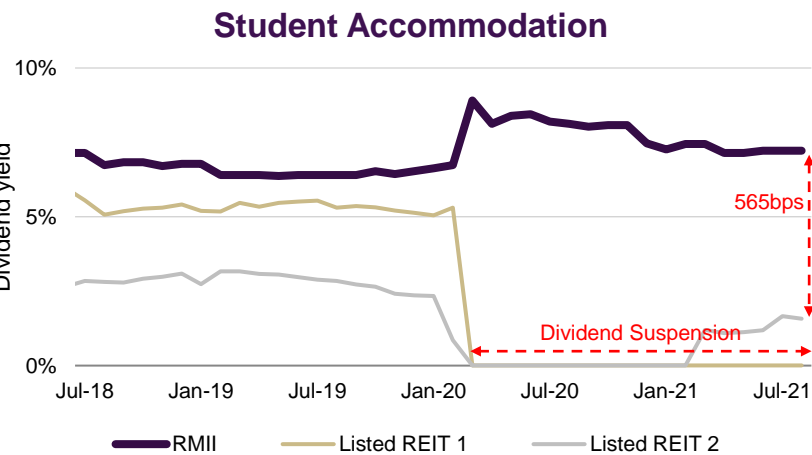
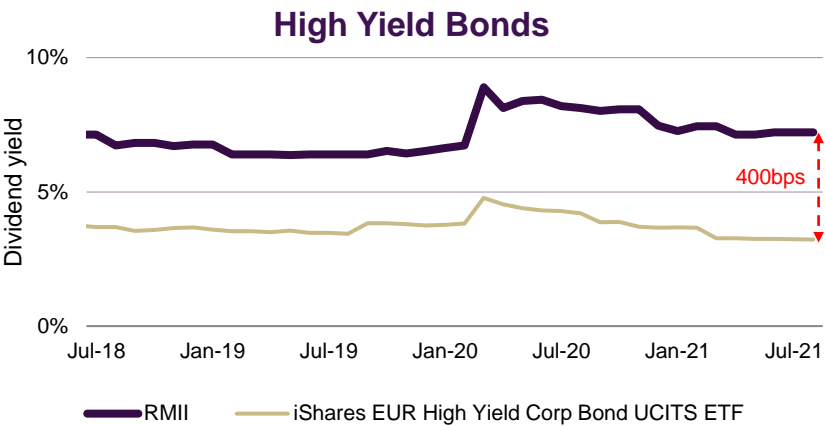
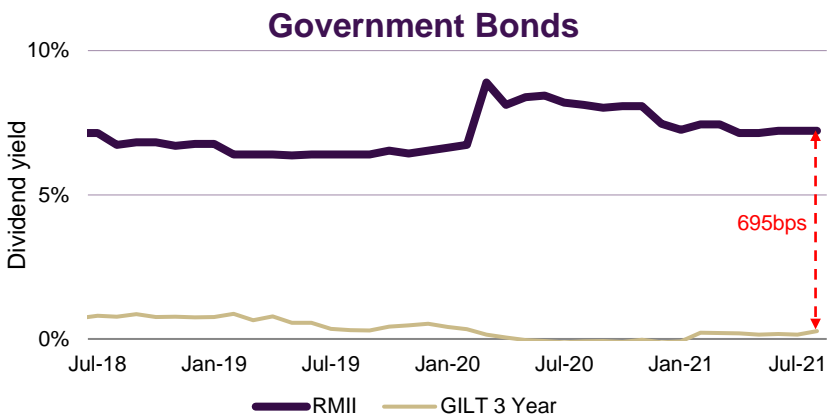
- Portfolio has **navigated strongly over COVID**
- Consistent distributions ahead of target
- **Low interest rate sensitivity** portfolio
- CBILS 25% / Senior 28%
- £131m currently invested
- 34 loans outstanding across 13 sectors
- **c.82% secured by Real Estate and / or physical assets** (with the remainder secured against companies' assets & contracted cashflows)
- Strategic progression over 2021 to reduce exposure to Hotel & Leisure, Business Services and Manufacturing, and re-deploy into Healthcare, Childcare & Accommodation, along with Environmental Assets
- 57% of portfolio invested in core sectors + CBILS
- Conservative valuation policy offering **NAV growth potential**



<sup>1</sup> as of 31<sup>st</sup> August 2021 – based on nominal value

<sup>2</sup> as of 31<sup>st</sup> August 2021 – based on nominal value of committed amounts

# RM Infrastructure Income PLC – Relative Value



## Key Points to Note

- ✓ High exposure to government guaranteed debt - 25% of GAV
- ✓ Consistent dividend profile
- ✓ Similar high quality counterparties to listed real estate and infra operators
- ✓ Tangible security, ranking senior to equity investors

Data: Bloomberg – 31<sup>st</sup> August 2021



Protecting your investments  
when the forecast is uncertain

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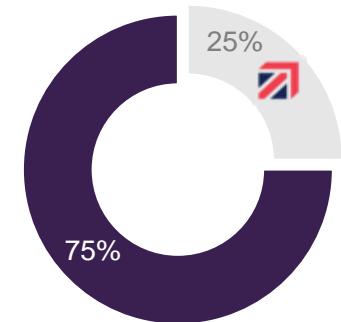
➤ **Government Support Schemes**

# Government Support Schemes – valuable credit enhancements

## Key Points to Note

- ✓ **£32m of CBILS capacity deployed to date**
- ✓ **25% of GAV is currently invested in CBILS facilities**
- ✓ **Only listed fund which directly offer investors exposure to CBILS**

- **Material downside protection**
  - **UK government counterparty risk**
  - **80% of principal insured as a minimum / worst case scenario**
- **Business interruption payment (“BIP”) offers government contracted cashflow for 12 months**
- **Recovery Loan Scheme application submitted** which should offer further opportunities
  - **RM eligible for fast track**
  - **Similar protection for loans up to £10m → credit enhancement** ☒



Current CBILS allocation





*The art of investment*

Keeping a cool head  
in times of uncertainty

➤ Sustainability & Impact Focus



# Fund evolution - from avoiding ESG risks to creating positive impact



# Orienting Capital Towards Impact

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## Investment

- ✓ Directing Capital towards companies with sound business models and strong management teams
- ✓ Serve needs defined by the SDGs
- ✓ RMII provides financing to support the growth and development of these businesses.



## Engagement







- ✓ Supporting borrowers to document, monitor, measure and make improvements in their environmental and social performance
- ✓ RMII influences and incentivises change embedding impact considerations and performance requirements within loan documentations



## Signalling

- ✓ Signalling the importance of impact integrity to the market by adopting best practice impact measurement and providing full transparency on impact performance
- ✓ RMII aims to contribute to raising standards of impact management and reporting across the private credit sector.

# The Good Economy – Future Reporting Assessment

THEME / TARGET SDGS	CHALLENGES	SECTORS WITH INVESTABLE OPPORTUNITIES	RMII IMPACT OBJECTIVES
Social Infrastructure			
	The UK is facing a growing and ageing population, combined with the increasing burden of behavioural and lifestyle diseases	Healthcare; Health Fitness And Leisure; Aged Care	Improving quality and accessibility of health and social care services
	More needs to be done to close the attainment gap between disadvantaged young people and adults and their more affluent peers. The UK also needs to raise the quality and perception of technical education to match academic education to ensure the economy has a skilled workforce to support it in the future.	Childcare; Education	Improving quality and availability of childcare and education services
	Data estimates the UK has 1.2 million fewer homes than it needs (given demand), and the need for more homes is increasing. This suggest it will take at least 15 years at current building rates to close the gap, and that not enough of what is being built is affordable.	Student Accommodation; Affordable Housing; Private Rented Sector	Improving supply of quality, affordable housing and accommodation
Environmental Infrastructure			
	In terms of tackling climate change (SDG13) and the provision of sustainable energy (SDG7), the UK needs to make significant strides in decarbonising its economy, including by cutting emissions from transport, and improving the energy efficiency of homes and buildings.	Clean energy and renewables	Improving availability of sustainable energy solutions
		Energy efficiency and carbon reduction	Improving sustainability of buildings and transport
	To build a future circular economy based on more sustainable consumption and production patterns (SGD12), more needs to be done to preserve material resources by minimising waste.	Waste management	Improving recycling, waste and sustainable water use solutions

# Case Study #1

## Sustainable Development Goals



- ✓ **Impact Objective** → Improving the quality and accessibility of critical health & social care services
- ✓ **Committed Facility** → £13m Senior Secured



### The Challenges

- ✓ UK as an ageing population
- ✓ 1 in 4 people forecasted to be aged >65yrs by 2039
- ✓ Growing pressure on the elderly social care sector as demand increases rapidly

What outcomes	Improved quality of health & social services
Who experiences the outcomes	<ul style="list-style-type: none"><li>• Retirement-aged residents from Lytham St Annes and surrounding villages.</li><li>• The area has a much higher proportion of residents aged 65 and over than the national avg. However, it is a relatively affluent area and the development is not likely to meet the needs of under-served communities.</li><li>• While data points to an oversupply of care homes in the catchment area, many of these care homes offer lower quality accommodation with small room sizes and lacking wet rooms.</li></ul>
How much change takes place?	<ul style="list-style-type: none"><li>• When complete, 205 single occupancy rooms all with a floor area nearly double the min. requirement of the CQC.</li></ul>
Contribution by RMII	<ul style="list-style-type: none"><li>• Debt finance for this type of projects are limited.</li><li>• Traditional lenders are often unwilling to provide project funding during the construction phase as debt can only be services once facilities are operational.</li><li>• RMII provided a bespoke development loan facility on a senior secured basis with a 3-year term.</li></ul>

*“downward trend in the registration of new care homes, combined with an upward trend in closures has resulted in a net reduction in the number of beds”<sup>1</sup>*

<sup>1</sup> <https://www.Nuffield.org.uk/resource/care-home-bed-availability#background>

# Case Study #2

- ✓ **Impact Objective** → Improving the sustainability of buildings and transport
- ✓ **Committed Facility** → £500k Senior Secured

## Sustainable Development Goals



Improving the energy efficiency of buildings not only reduces their carbon footprint, it also helps to cut their energy bills

## The Challenges

- ✓ Climate change is one of the most pressing global issues
- ✓ Urgent actions needed to curb emissions & shift economies to carbon neutrality
- ✓ Improving the deployment & accessibility of energy efficient technologies for homes & businesses

What outcomes	Reduced energy consumption through smart building technologies
Who experiences the outcomes	<ul style="list-style-type: none"><li>• The Borrower is currently focused on the hospitality sector.</li><li>• Many of the largest hotel chains worldwide use the Borrower to improve their energy consumption and efficiency and meet sustainability-related goals.</li></ul>
How much change takes place?	<ul style="list-style-type: none"><li>• Since its foundation, the Borrower has successfully completed c.80 projects.</li><li>• In 2018, the Borrower and Hyatt won the AEE's Western Europe Region Energy Project of the Year Award for the Andaz London Liverpool Street Hotel.</li><li>• Within a year of starting the project, the hotel had reduced its electricity and gas consumption by 21% and 27%, respectively – equating to 500,000kg of CO2 emissions.</li></ul>
Contribution by RMII	<ul style="list-style-type: none"><li>• Debt finance for the type of projects are limited.</li><li>• RMII provided a £500k bespoke bilateral loan through the CBILS to allow the Borrower to materialise part of its significant pipeline despite the COVID pandemic and without straining an already tight liquidity position with interest payments.</li></ul>



# Contact Information

## RM Funds

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