



# RM Infrastructure Income PLC “RMII LN”

Company update September 2021



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# 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 office in London.**
- RM currently manages:
  - **Private Credit** AUM c.£130m.
  - **Liquid Alternatives** AUM £130m.
- Team has **arranged or advised on over £1.5bn of alternative finance transactions** at RM.

## Direct Lending Fund 1

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

Launch date Dec 2016  
Private Credit  
Income: 6.5%

Structure:  
PLC, Listed, Investment  
Trust Status

Gross Assets  
**£130m**

Dividend Yield  
**7.02%**

ITD NAV % Total  
Return<sup>1</sup>  
**27.98%**

## 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  
**£115m**

Current Yield  
**4.60%**

ITD NAV % Total  
Return<sup>1</sup>  
**27.6%**

# RM Funds – Senior Leadership

## Portfolio Management - private credit



**James Robson**  
**Portfolio Manager, Private 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



**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



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

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

ESG Committee Member



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

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



**Pietro Nicholls**  
**Portfolio Manager**

- Lead Portfolio Manager, Liquid Alternatives

Investment Committee Member

### Investment Team Experience

- Six-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

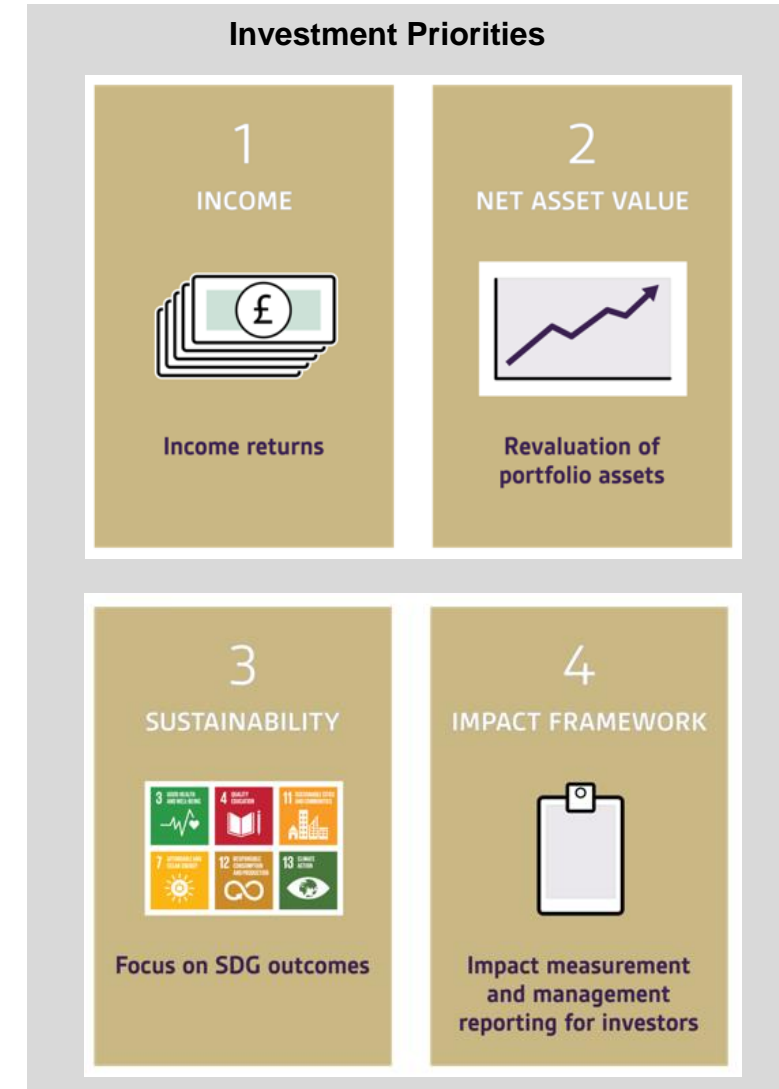
## RM Infrastructure Income PLC

- 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 28%
- **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

- 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

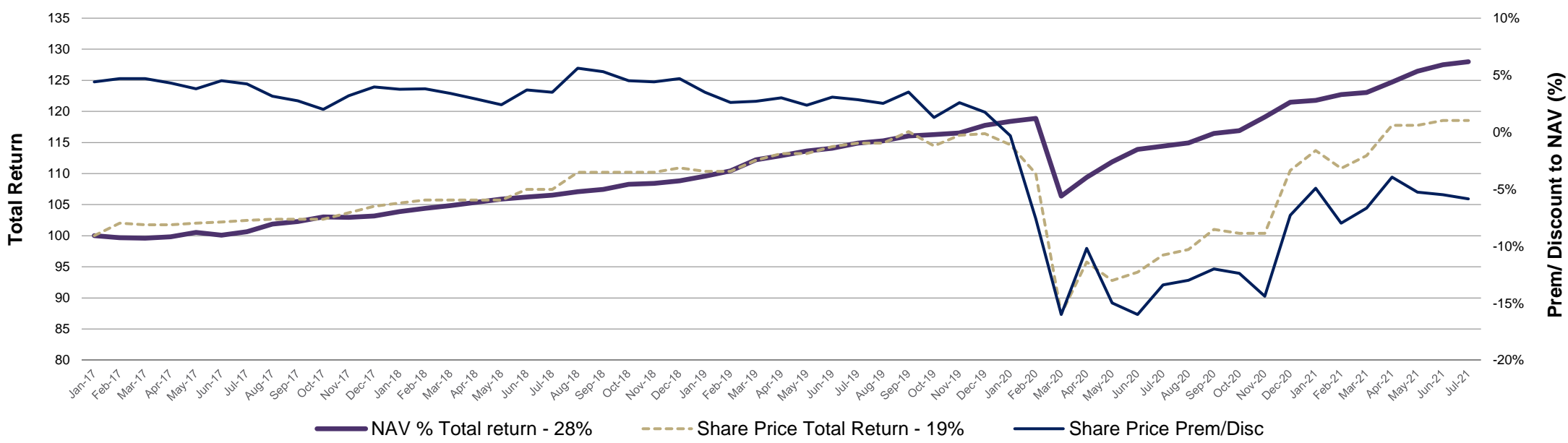
Key Performance Metrics

Total NAV Return  
✓ 28.0%

Cash Yield on Mid Price<sup>1</sup>  
✓ 7.26%

Market Cap  
✓ £105m

Avg. YTD Share Price Discount to NAV  
✓ c.5.9%



Data: Bloomberg – 31 July 2021  
<sup>1</sup> as of 8<sup>th</sup> September 2021

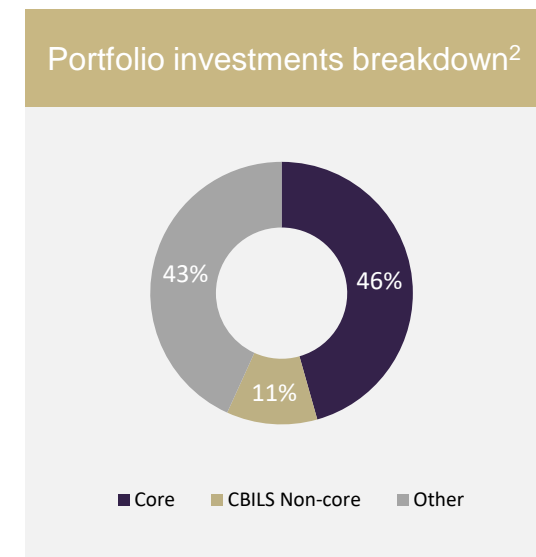
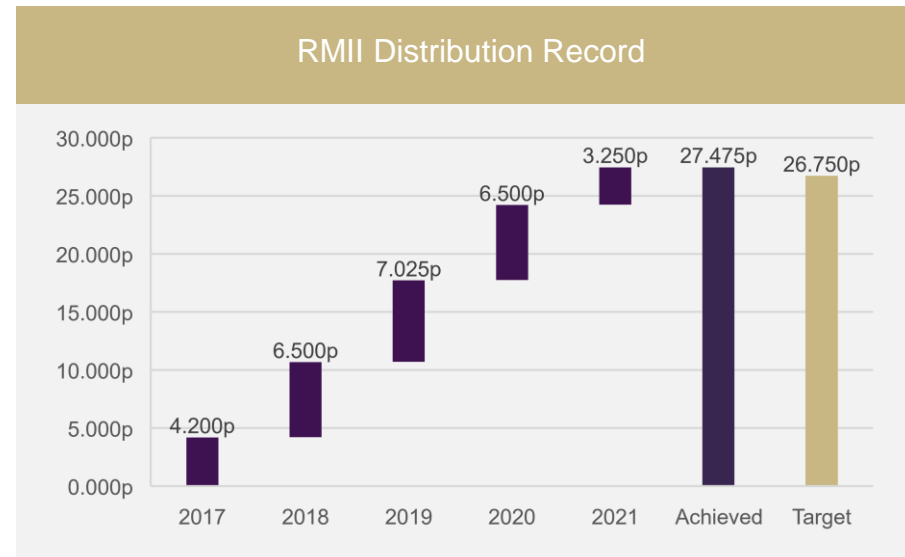
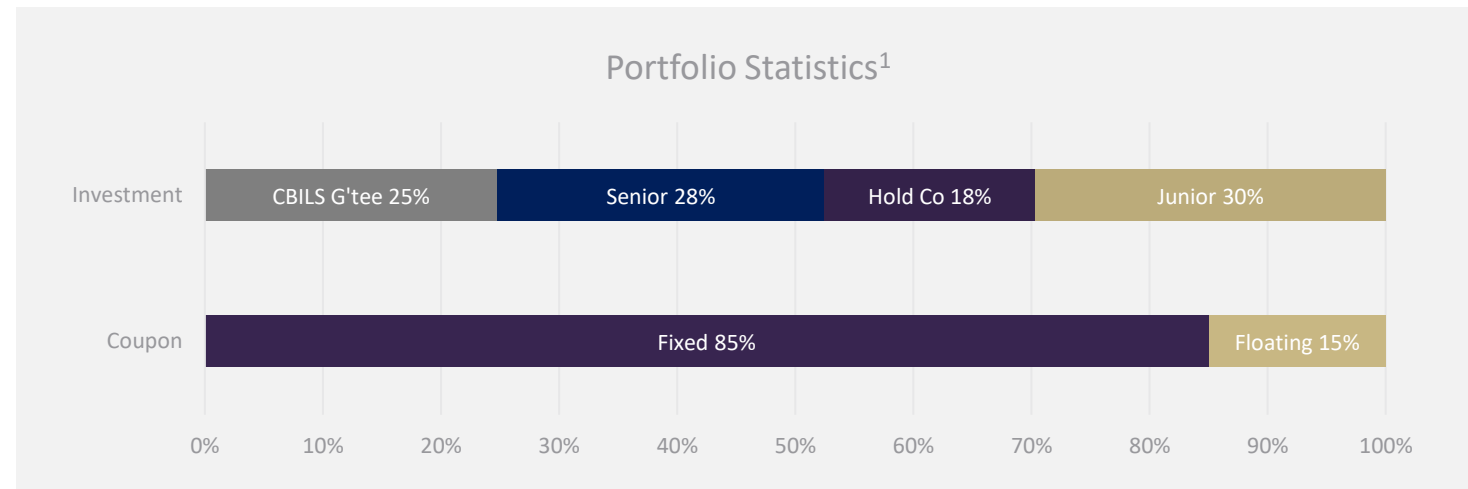


# RM Infrastructure Income PLC - Portfolio Update

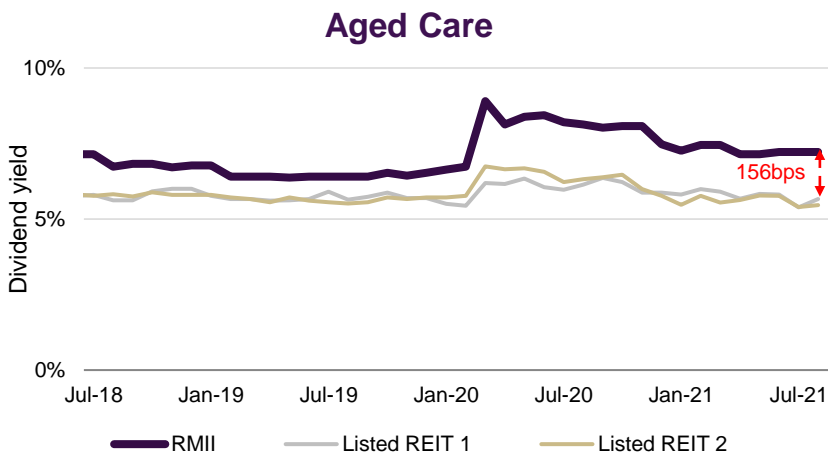
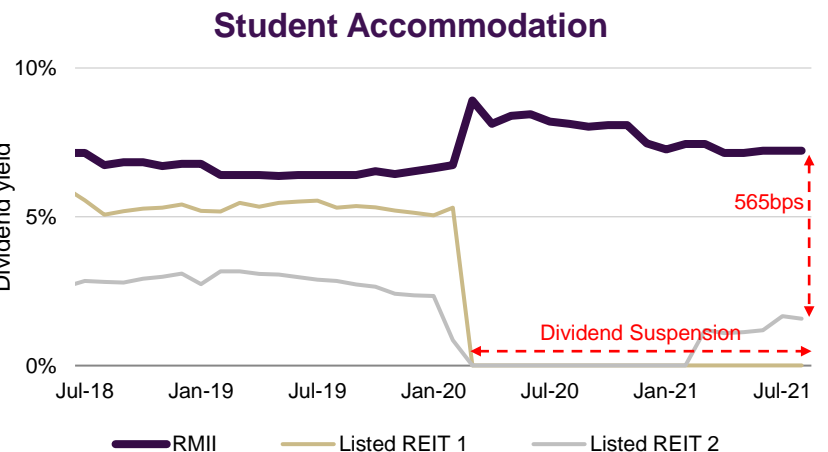
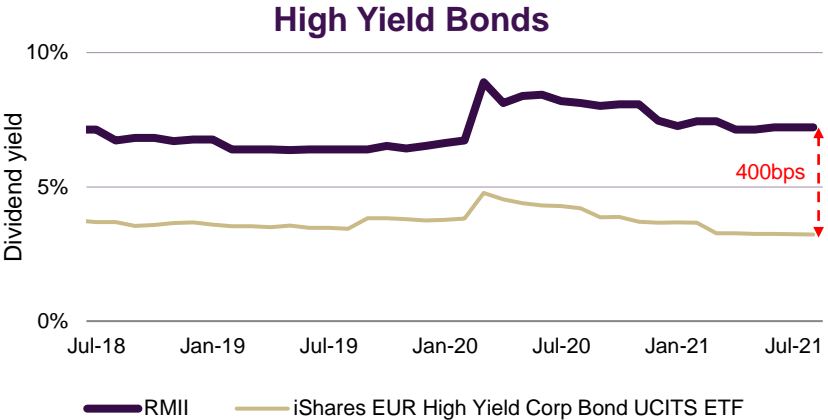
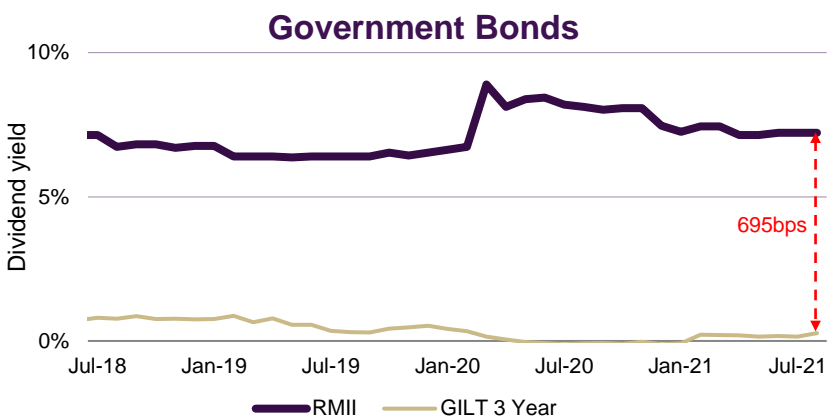
- Portfolio has **navigated strongly over COVID**
- Consistent distributions ahead of target
- **Low interest rate sensitivity** portfolio
- CBILS 25% / Senior 28%
- £131m currently invested
- 34 loans outstanding across 13 sectors
- **c.82% secured by Real Estate and / or physical assets**
- Strategic 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



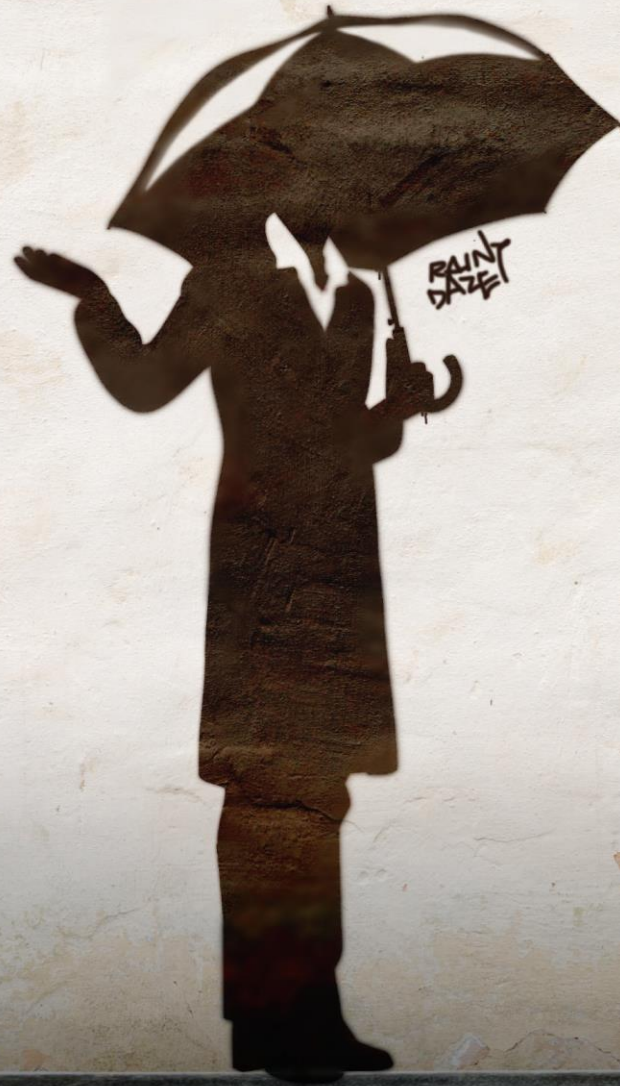
# RM Infrastructure Income PLC – Relative Value



## 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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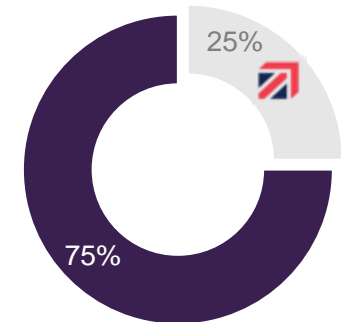
➤ **Government Support Schemes**

# 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

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➤ **Sustainability Focus**

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

	 Documentation	 Covenants	 Performance benchmarks	 External consultants	 Alignment	THE GOOD ECONOMY
	ESG integration	ESG engagement	Exclusions/ Negative ESG screening	Positive screening (ESG impact)	Impact measurement	
"RM Secured Direct Lending Plc"	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
"RM Infrastructure Income Plc"	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	Responsible Investment Policy - considering ESG issues associated with any potential investment during the due diligence phase	Working with management teams, helping them recognise and manage the opportunities and risks associated with ESG factors.	Sectors and products (e.g. gambling, tobacco, alcoholic spirits etc)	Sectors and business that contribute to meeting SDG needs	Third party reviewed impact measurement and reporting system	



# Contact Information

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