



RM Infrastructure Income PLC “RMII LN”

Capital Markets Day – Investor Webinar January 2023



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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 offices in London.**
- RM currently manages c.£376m split across:
 - **Private Markets** AUM c.£126m.
 - **Public Markets** AUM c.£250m.
- Team has **arranged or advised on over c.£2bn of alternative finance transactions** at RM.

Private Markets	
<p>RM Social & Environmental Infrastructure Income “RMI”</p> <p>Launch date Dec 2016 Private Credit Income: 6.5%</p> <p>Structure: PLC, Listed, Investment Trust Status</p>	<p>Gross Assets £126m</p> <hr/> <p>Dividend Yield 7.65%</p> <hr/> <p>ITD NAV % Total Return¹ 37.22%</p>

Public Markets	
<p>VT RM Alternative Income Fund “RMAI”</p> <p>Launch date: June 2018 Listed equities & OTC bond</p> <p>Income: 5% Net 7-8% Total Return</p> <p>Structure: ICVC / UCITS</p>	<p>Gross Assets £249m</p> <hr/> <p>Current Yield 5.03%</p> <hr/> <p>ITD NAV % Total Return¹ 28.61%</p>

1. As at 31 December 2022

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

- 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

- 8 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



Adrian Smith
Compliance Officer

- 22 years' experience
- Former Senior Regulatory Manager at Kames Capital, and Head of Legal, First State Investments

Investment Team Experience

- **Ten-person** 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

- Executive Summary
- Performance Highlights
- Relative Performance
- Investment Strategy & Focus
- Portfolio Update
- Investment Activities FY2022
- Proactive Portfolio Management
- Key Provisions
- Outlook

RMII – Executive Summary

6.5p

Dividend pence per share

35.60p

Total dividends declared or paid ITD¹

£126m

Gross assets

92.50p

NAV December 2022

37.22%

NAV Total Return ITD¹

4.98%

NAV Total Return LTM²

- ✓ **Target dividend of 6.5p** per annum achieved since inception
- ✓ **Secured lending strategy.** Was generalist approach, now narrower sectoral focus
- ✓ Lending focused on UK corporates with **real asset backing.**
- ✓ **Track Record:** 6-year track record in Dec22 with consistent dividend and NAV returns
- ✓ **Successful execution of business strategy** – c.£313m of invested capital since IPO – capital recycled c.3x.
- ✓ **Consistent NAV return,** minimal duration risk and a high-income yield
- ✓ Shares trading at a discount to NAV % circa 8.10% offering a yield of circa 7.65%
- ✓ **Share buyback program on-going** – c.250k shares purchased in Dec22 & Jan23
- ✓ **Manager & Firm Alignment:** Investment Manager and Portfolio Managers own c.1.3mm shares and invest a portion of the mgt fees in shares

¹ Inception to December 2022

² Last 12 months to December 2022

RMII – NAV Performance Highlights

Key Performance Metrics

37.22%

Total NAV Return ITD¹

4.98%

Total NAV Return YTD²

7.65%

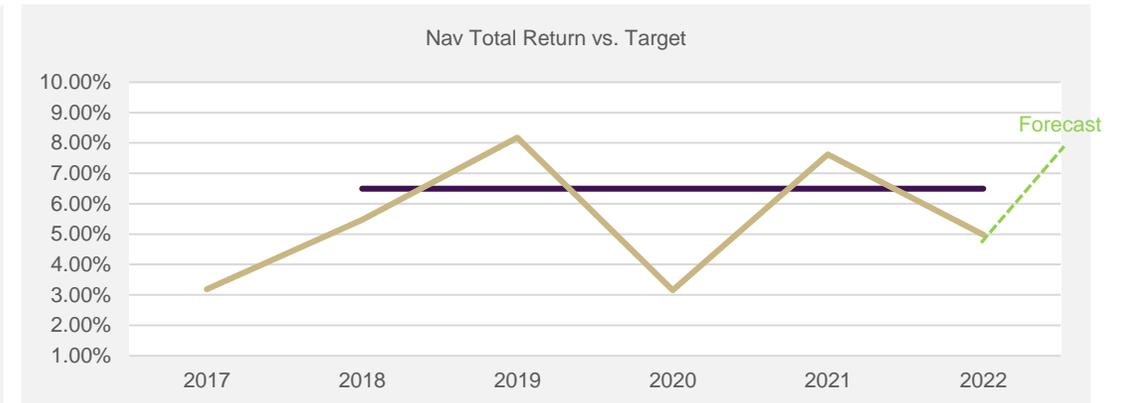
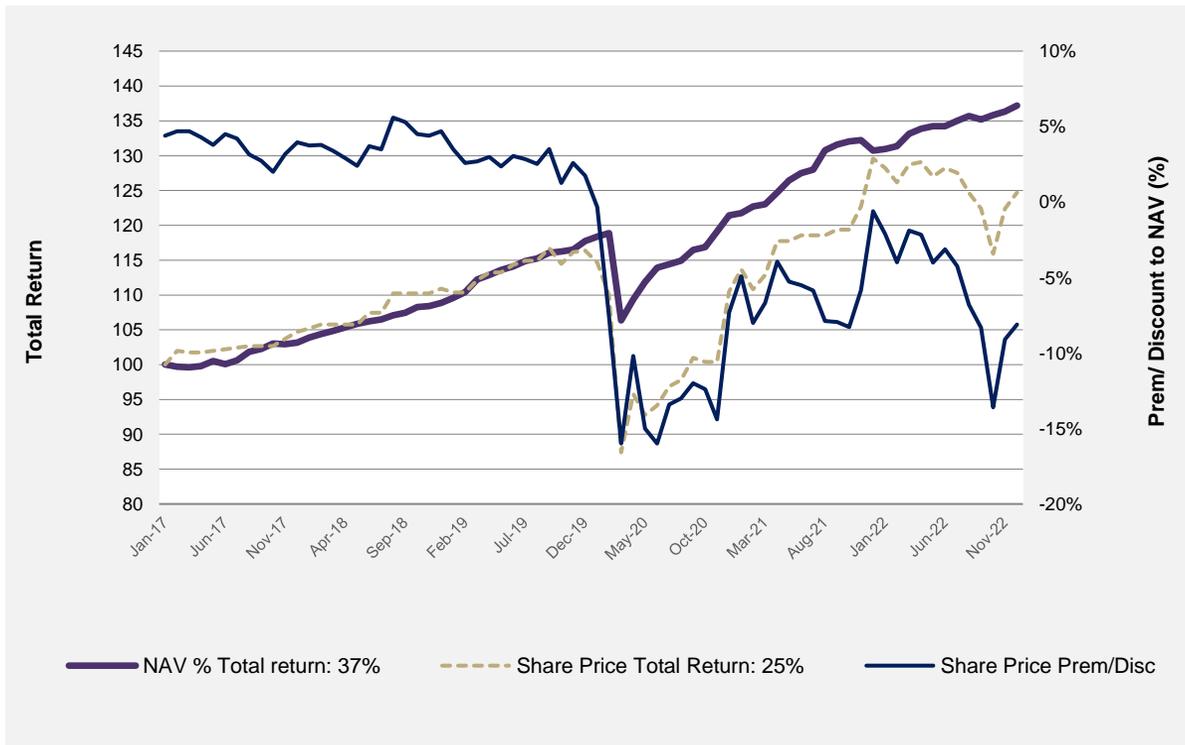
Cash Yield on Mid Price²

£101m

Market Cap²

c.5.62%

Avg. YTD² Share Price Discount to NAV

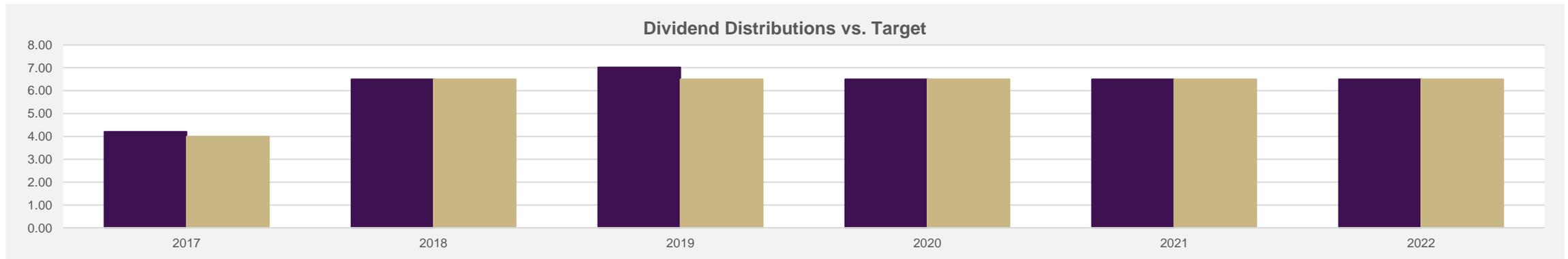


	2017	2018	2019	2020	2021	2022
NAV Total Return	3.18%	5.47%	8.18%	3.15%	7.62%	4.98%

	1 month	3 months	6 months	1 year	2 years	ITD
NAV Total Return	0.66%	1.50%	2.23%	4.98%	12.98%	37.22%

RMII – Income Performance Highlights

- ✓ Portfolio built to generate **resilient income**
- ✓ **Target dividend of 6.5p/share** per annum achieved since inception regardless of conservative income recognition approach.
- ✓ **Conservative income recognition;**
 - c.£12.6m of deployed capital or c.10% of NAV accruing income at present being provisioned for
 - c.£1.1m or c.1p/share of income provisioned to date
 - c.0.75p/share of net interest income provisioned per annum (assuming all else equal)
 - Portfolio generating net interest income of c.7.25p/share per annum.

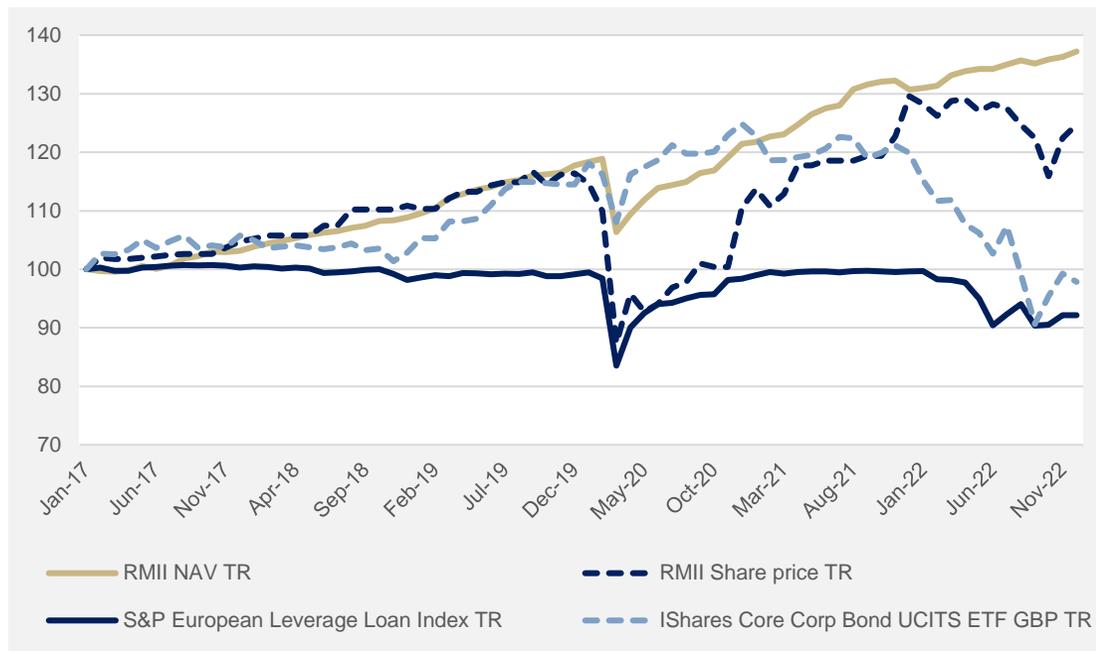


	2017	2018	2019	2020	2021	2022 ¹
Dividends Paid (p/share)	4.20	6.50	7.025	6.50	6.50	6.50
Dividend Cover	0.97x	1.07x	1.27x	1.07x	0.96x	1.00x

Data: Bloomberg – 31st December 2022
¹ Assumes target dividend achieved for FY2022

RMII – Share Price Total Return Relative Performance

Relative Performance vs. Fixed Income Comparables



Total Return	1Y	3Y	5Y
RMII	-2.21%	+6.89%	+20.73%
S&P European Leverage Loan Index	-7.05%	-7.06%	-8.13%
iShares Core Corp Bond UCITS ETF GBP	-15.40%	-14.52%	-7.50%

Relative Performance vs. Listed Peers

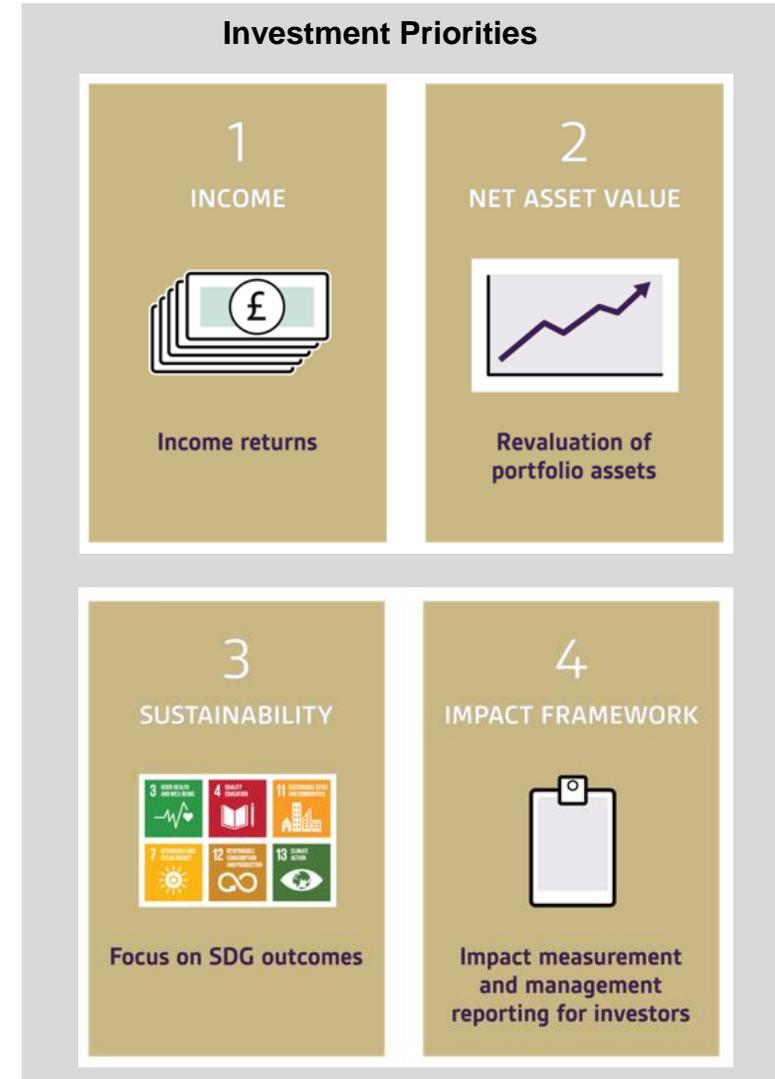
Total Return	1Y	3Y	5Y
RMII	-2.21%	+6.89%	+20.73%
GABI	-6.64%	-4.04%	+14.54%
SEQI	-11.14%	-10.75%	+5.10%
RECI	-0.51%	+6.83%	+24.7%
SWEF	-0.18%	+3.21%	+10.14%

	Current Cash Yield %
RMII	7.65
GABI	7.53
SEQI	7.12
RECI	8.98
SWEF	6.18

Data: Bloomberg – 31st December 2022

RMII – 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.
- **Bespoke documentation** with significant lender-friendly covenants.
- Targeting **6.5 pence** net income p.a., distributed quarterly.
- Looking to support **UK companies with active ESG engagement**, positive screening and third-party audited impact measurement.
- **Sustainability at the core of the focus sectors**, with The Good Economy appointed as the impact assurance & reporting partner.
- **Defensive Investment Focus:** needs driven investments focused on non discretionary spending. Seeking to have low correlation to economic cycle.
 - Social Infrastructure – Target 75% of portfolio
 - Environmental Infrastructure – Target 25% of portfolio



RMII – Investment Focus

Social Infrastructure

Childcare & Education



Accommodation



Healthcare



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
- **Non discretionary spend** from Healthcare & Childcare and Accommodation
- **Contracted and visible cashflows** from environmental assets
- 11 ➤ Tangible asset backing from real estate

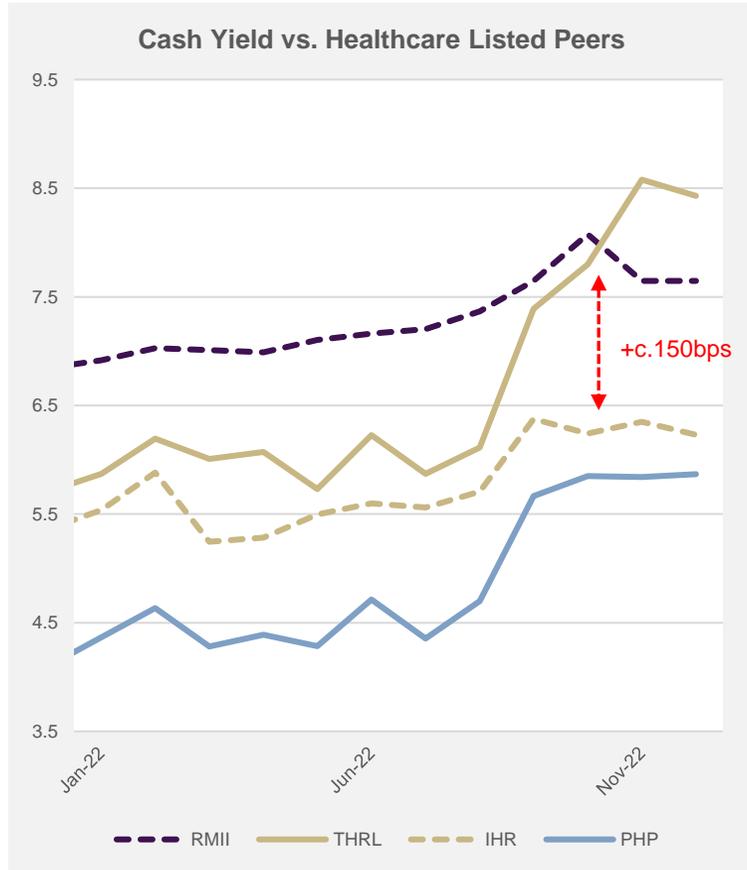
Typical loan terms

- Margin 8% - 12%
- LTV typical range 60-70%
- Targeting **senior secured**
- 3-5 year tenor

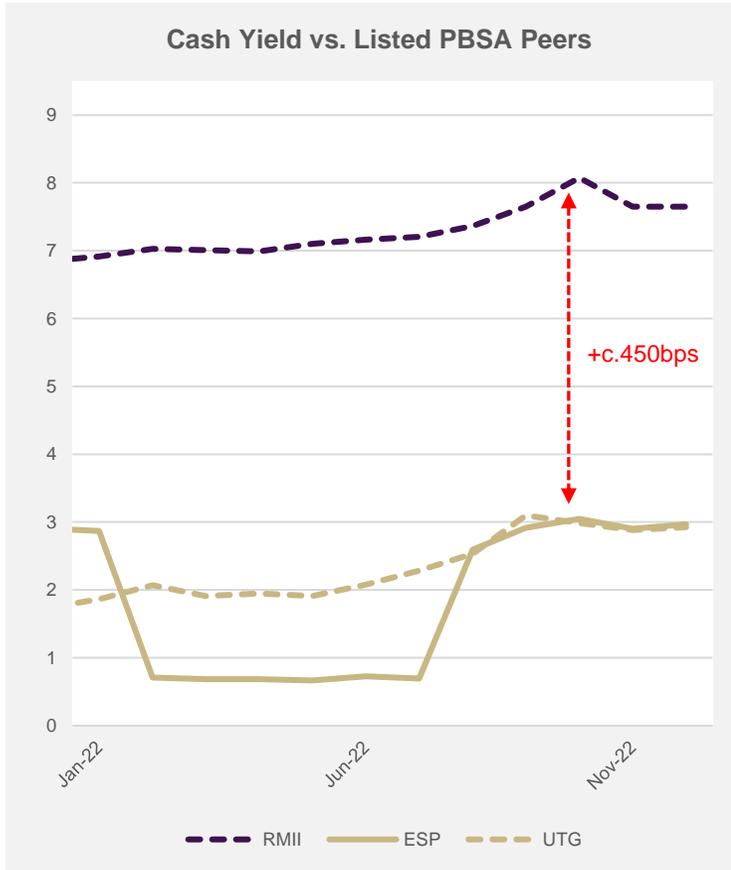
RMII – Relative Income Profile

✓ 70% of the Portfolio invested in the below sub-sectors

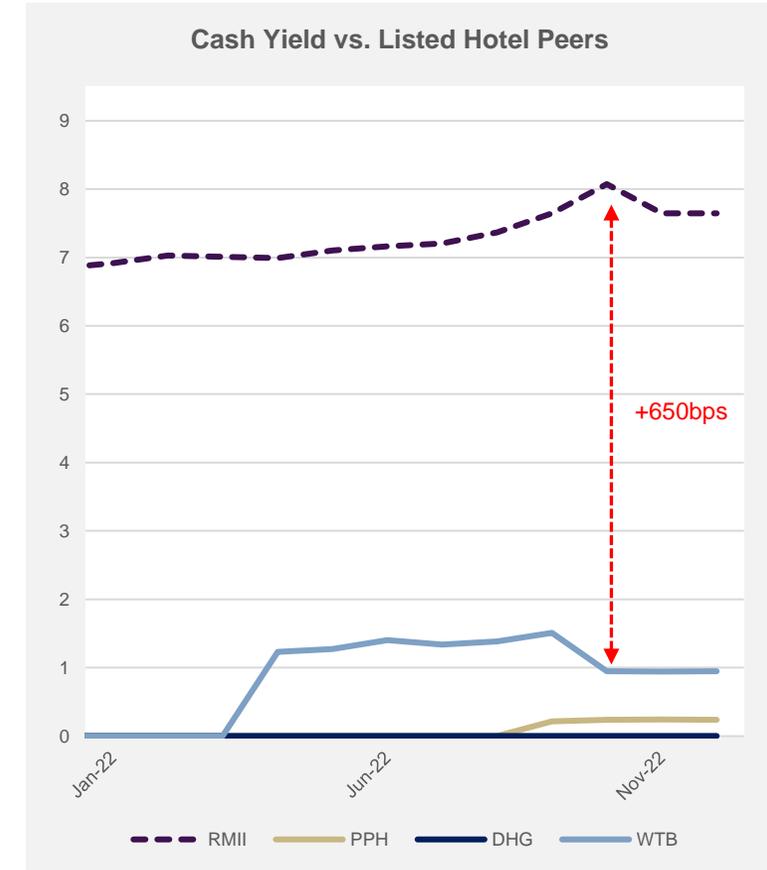
✓ Capital invested in Healthcare assets → 29%



✓ Capital invested in PBSA assets → 15%



✓ Capital invested in Hotel assets → 26%



RMII - Portfolio Update

Diversified portfolio

£126m

Invested Capital

39

Investments

16

Sub-Sectors

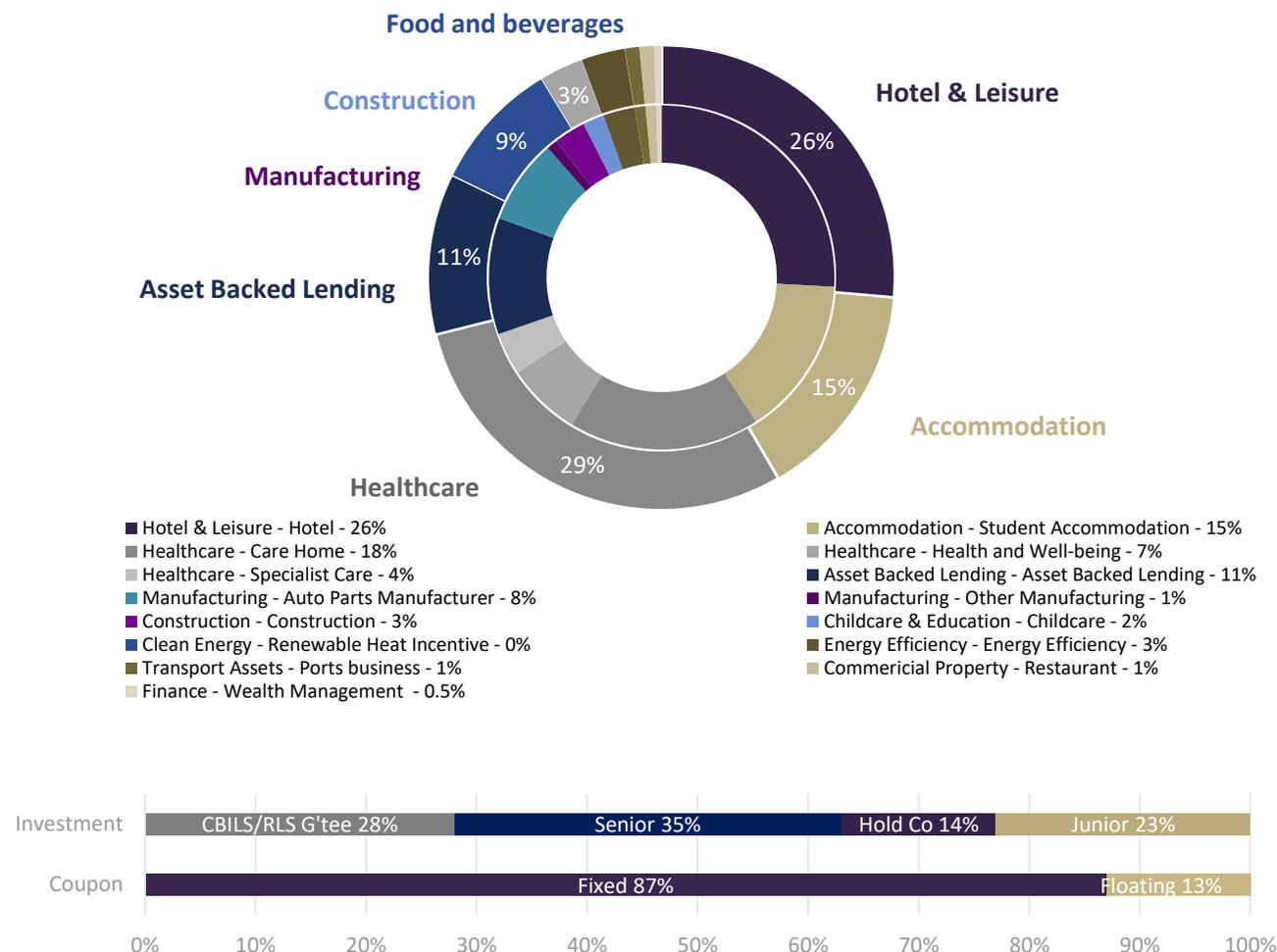
12

Sectors

- ✓ **9.15%** - Portfolio weighted avg. yield
- ✓ **1.50 years** – Avg. life of Portfolio
- ✓ **c.63%** - Senior + CBILS / RLS Loans
- ✓ **LTV - c.66%**¹ - Disciplined leverage providing comfortable equity buffer
- ✓ **Borrowers well capitalised** with comfortable headroom in financial covenants
- ✓ **Rotation of Capital out of noncore sectors** with c.60% invested in **core sectors**.

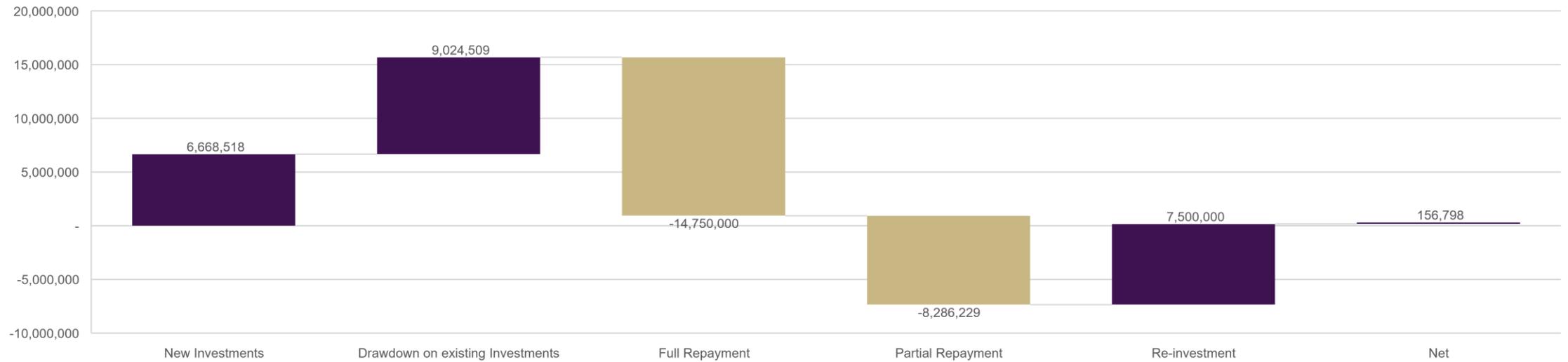
¹ Loan to Value based on Dec-22 loan valuations

Sector breakdown, December 2022



RMII – Investment Activities for FY2022

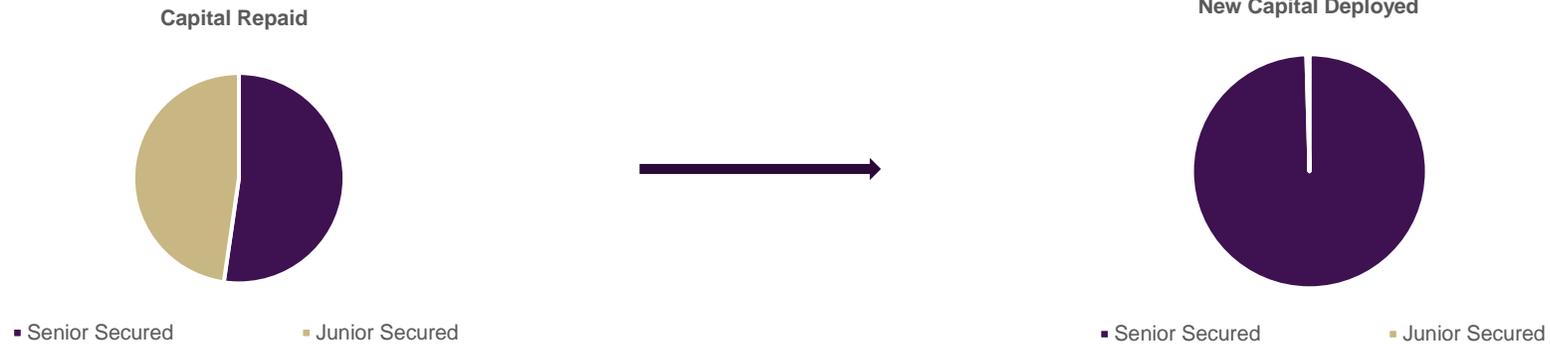
- ✓ **c.£23m of capital recycled** over the last 12 months.
- ✓ Redeployment of capital in core sectors.



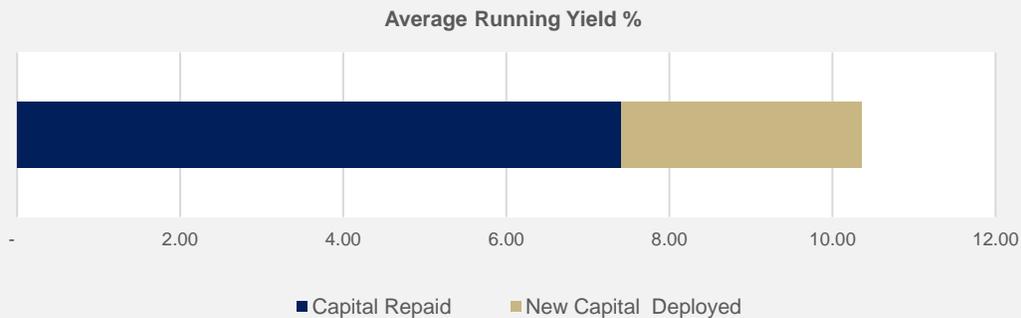
	New Investments	Drawdowns under existing facilities & re-investments	Repayments & divestments	Net
Social Infrastructure	£6.4m	£15.4m	£14.5m	+£7.3m
Environmental Infrastructure	£0.3m	£1.0m	£2.9m	- £1.6m
Non-core	-	£0.1m	£5.7m	- £5.6m

RMII – Proactive Portfolio Management

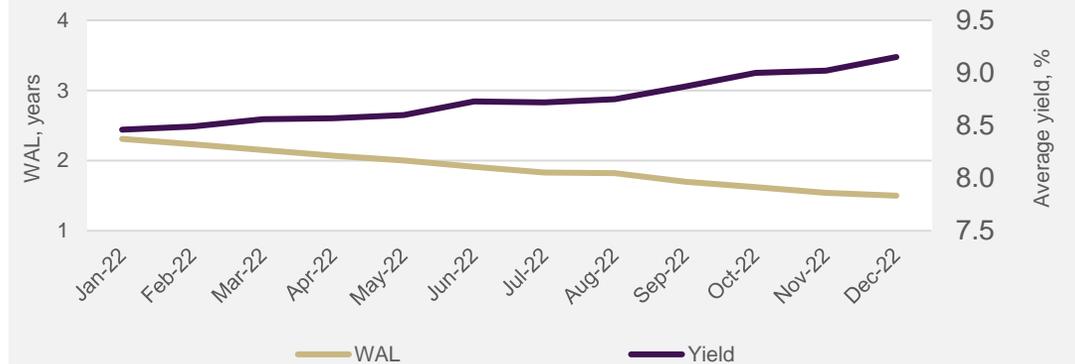
- Capital reinvested higher up the capital structure – higher risk-adjusted returns with same amount of capital.



- Increasing portfolio yield** – increased the avg. running yield of new investments by c.300bps vs. yield on repaid capital.

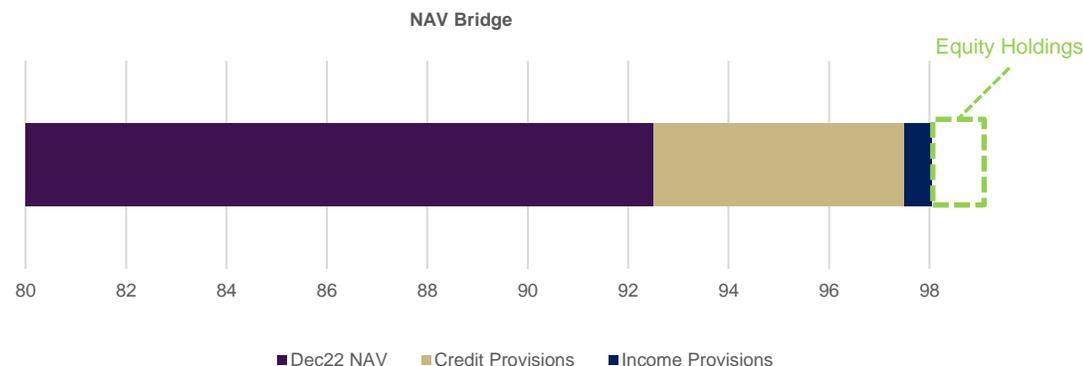


- Reducing portfolio duration** – contraction in avg. portfolio life down to c.1.5yrs enabling the reinvestment of capital at higher yields.



RMII – Key Provisions

- Credit provisions total c.£5.8 million or c.5p/share.
- Income provisions total c.£1.1 million or c.1p/share. + NAV bridge
- **2 Investments have reached successful resolutions whilst maintaining their full credit provisions.**
- Generic widening of the level 3 assets by a total of 70bps YTD maintained despite strengthening of credit markets & government yields.



Investments removed from enhanced monitoring list

Trent Capital (loan references 62 & 63)

- ✓ c.£1.5m cash proceeds received from sale of secured properties.
- ✓ Strong company trading performance with sale volumes increasing and margin significantly improved. The regulatory landscape provides for robust tailwinds for the company.

- Credit provisions total **£0.9 million (c.0.8p/share)**

Purpose Built Student Accommodation “PBSA” / Coventry (loan reference 68)

- ✓ Cladding remedial works completed.
- ✓ Occupancy c.50%.
- ✓ Legal claim against the former main contractor on-going. Claim amount >£3m – currently not included in the NAV.

Current enhanced monitoring list

Hotel Development & Contractor / Glasgow (loan references 58, 79, 80 & 92)

- Practical completion expected end of Q1-23 with Virgin (Operator) on site.
- Cost overruns driven by inflationary pressures are being funded by the senior secured lender, with **no deterioration in RM’s LTV position** based on latest valuation assessment.

- Credit provisions total **£2.8 million (c.2.4p/share)**

RMII – Outlook

1. Continue to achieve successful outcomes regarding the investments against which provisions have been recorded
2. Recycle the capital from the Portfolio's non-core sectors into its core sectors
3. Reduce the leverage
4. Deliver;
 - Covered annual dividend of 6.5p/share
 - NAV growth
5. Return to a premium rating & grow the Company

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