

RM Infrastructure Income PLC

Half-yearly report

for the six months ended 30 June 2023

RMFunds™

Responsible investing

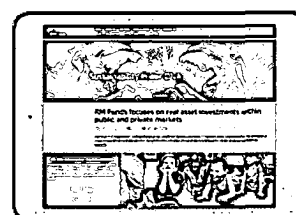
Through active stakeholder engagement combined with the integration of environmental, social and corporate governance considerations throughout the investment process.



2023

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rm-funds.co.uk

About us

How we invest

RM Infrastructure Income plc (the "Company") aims to generate attractive and regular dividends through investment in secured debt instruments of UK Small and Medium sized Enterprises ("SMEs"), and mid-market corporates and/or individuals including any loan, promissory notes, lease, bond, or preference share (such debt instruments, as further described in the prospectus, being "Loans") sourced or originated by RM Capital Markets Limited (the "Investment Manager") with a degree of inflation protection through index-linked returns where appropriate.

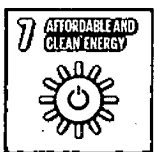
Where we invest

Having had a general sectoral lending approach since inception, the Company narrowed the sector focus since 2021 to investments within the social and environmental infrastructure sectors.

Our ethos

The Company aims to make a difference with the deployment of its capital and as such has adopted an impact framework allowing the measurement and reporting of impact from investments made. In addition to this the firm seeks to target investments directly linked to achieving outcomes linked to six Sustainable Development Goals ("SDGs").

Key sectors

Social infrastructure			Environmental infrastructure		
Healthcare	Childcare & Education	Accommodation	Clean Energy & Renewables	Waste Management	Energy Efficiency & Carbon Reduction
					
Impact outcomes: > Improving supply of quality, affordable housing and accommodation > Improving quality and availability of childcare and education services > Improving quality and accessibility of health and social care services			Impact outcomes: > Improving availability of sustainable energy solutions > Improving recycling, waste and sustainable water use solutions > Improving sustainability of buildings and transport		

Portfolio at a glance

Financial information

	As at 30 June 2023	As at 30 June 2022
Gross asset value (£'000) ¹	£121,792	£128,630
Net Asset Value ("NAV") (£'000)	£107,805	£110,389
NAV per Ordinary Share (pence)	91.68p	93.68p
Ordinary Share price (pence)	69.00p	90.75p
Ordinary Share price discount to NAV ¹	(24.74%)	(3.1%)
Dividend (pence) paid in respect of the Period	3.250p	3.250p

Performance summary

	% change ^{2,4}	% change ^{2,4}
Total return – Ordinary Share NAV and dividends ¹	+2.7%	+2.7%
Total return – Ordinary Share price and dividends ¹	-15.4%	-1.1%

1. These are Alternative Performance Measures ("APMs")

2. Total returns for the period to 30 June 2023, including dividend reinvestment.

3. Total returns for the period to 30 June 2022, including dividend reinvestment.

4. Source: The Company's Factsheet.

Alternative Performance Measures ("APMs")

The financial information and performance summary data highlighted in the footnote to the above tables represent are considered to represent the APMs of the Company. Definitions of these APMs together with how these measures have been calculated can be found on page 23.

Company highlights (as at 30 June 2023)

3.250p

Dividend pence per share

28% of GAV

CBILS* and RLS** loans

£121.8m

Gross assets

+2.66%

NAV Total return

37

Number of investments

1.91 years

Average life of investments

*Coronavirus Business Interruption Loan Scheme

** Recovery Loan Scheme

Portfolio Summary (as at 30 June 2023)

Largest 10 loans by drawn amounts across the entire portfolio

Business activity	Investment type (Private/Public/Bond)	Valuation† £'000	Percentage of gross asset (%)
Care home	Private Loans	12,728	10.50
Automotive parts manufacturing	Private Loans	9,594	7.90
Hotel	Private Loans	8,410	6.90
Health and Well-being	Private Loans	8,184	6.70
Asset backed lending	Private Loans	6,694	5.50
Hotel	Private Loans	5,479	4.50
Care home	Private Loans	4,955	4.10
Hotel	Private Loans	4,943	4.10
Student accommodation	Private Loans	4,430	3.60
Hotel	Private Loans	4,085	3.40
Ten largest holdings		69,502	57.20
Other private loan investments		43,564	35.70
Wholly owned asset		3,119	2.60
Total holdings		116,185	95.50
Other net current assets		5,607	4.50
Gross assets*		121,792	100.00

† Valuation conducted by external Valuation Agent.

* The Company's gross assets comprise the net asset values of the Company's Ordinary Shares and the Bank loan (the calculation can be found on page 23).

Chair's statement

On behalf of the Board, I am pleased to present RM Infrastructure Income plc's ("RMII" or "the Company") Interim Report and Accounts for the first half of 2023 (the "Period").

40.87

Inception to June 2023 /
NAV Total return

38.85p

Total dividend declared or paid /
inception to June 2023

91.68p

NAV June 2023

Introduction

On behalf of the Board, I am pleased to present RM Infrastructure Income plc's ("RMII" or "the Company") Interim Report and Accounts for the first half of 2023 (the "Period"). The first six months of the year have been challenging for fixed income markets as we have seen a further material increase in UK government bond yields, especially at the front end of the United Kingdom yield curve, with two-year government bond yields rising circa 200bps over the Period. Despite this, it is pleasing that the Net Asset Value ("NAV") % Total Return has remained positive, albeit slightly behind target. The share price % total return has been -15.4% and whilst it is disappointing to report an absolute negative return there has been outperformance versus more traditional corporate bond funds and leveraged loan indices as well as the other listed peers.

Overall, the short-dated nature of the portfolio has provided a certain measure of protection from rising interest rates, and this was strategically planned by the Board and Investment Manager who have been saying for several years that absolute levels of interest rates were too low and likely to rise.

Credit spreads as measured by the Markit iTraxx Europe Crossover index have tightened from 475 to 400bps at the Period end. Given the shape of the UK yield curve, which is inverted, the tightest point for credit spreads in the near to medium term may have passed, with credit conditions set to deteriorate as financing becomes more expensive.

As the shares were trading above an average discount of zero during the six-month period to 31 March 2023, the Company undertook a consultation with Shareholders to determine how they wished for the Company to continue. This consultation was undertaken in the later part of the Period, and it was pleasing to speak and hear from so many Shareholders. Whilst the feedback was overwhelmingly positive and supportive of our investment strategy, there is a common theme of Shareholder focus which is not just on investment performance but on other areas in particular liquidity, size and cost for Shareholders.

Robust NAV performance

The NAV % Total Return for the Period was 2.66% which is slightly behind our target, however, when set against the weaker backdrop for credit as described above, is not unexpected.

Delivering stable income

Since inception there have been 25 quarterly distributions at or above target to Shareholders totalling 38.85 pence per Ordinary Share.

The Company paid the dividend for the first quarter of 2023 of 1.625 pence per Ordinary Share on 30 June 2023 and in addition the Board has declared a second interim dividend of 1.625 pence per Ordinary Share for Q2 2023, which will be payable on 29 September 2023 to Shareholders on the register at the close of business on 8 September 2023. Therefore, the aggregate dividend in respect of the Period is 3.25 pence per Ordinary Share.

As of 30 June 2023, the issued share capital of the Company consisted of 117,586,359 Ordinary Shares with voting rights and 4,638,222 Ordinary Shares held in Treasury and the closing mid-price was 69.00 pence per Ordinary Share. The NAV per Ordinary Share was 91.68 pence, correspondingly the share price to NAV was a circa 24.74% discount. The Board has been hampered in its option to address this discount due to the approaches made by third parties but we expect any solution will help to narrow the discount from its current extreme levels.

Portfolio

The portfolio size reduced as the Revolving Credit Facility ("RCF") was largely paid back during the Period. The number of loans remained roughly stable during the Period, from 38 at year end to 37 at Period end. Invested assets totalled £123m (£126m at year end). Overall private debt investments represent circa 96% of the portfolio holdings and 4% within equity (unlevered ownership of investment reference 68, student accommodation asset Coventry).

Compared to the position on 31 December 2022 ("year-end") the average yield on investments at 10.02% is 87 basis points higher and the expected average life of the portfolio is 1.91 years.

Outlook

As Shareholders will be aware, the Board, the Investment Manager and Singer Capital Markets, our corporate broker, have been evaluating the future strategy of the Company. Having consulted widely with Shareholders and received various approaches from third parties, as an alternative to a managed wind-down, the Board is currently assessing a proposal from GCP Infrastructure Income Limited regarding a potential partial combination with RMII in conjunction with its proposed merger with GCP Asset Backed Income Fund. Once the proposal has been assessed in full, including further consultation with our Shareholders, the Board will make an announcement on the future course of the Company.

Since this process started Shareholders have been very generous in giving their time and in showing patience in what has turned out to be a much more complex process than first imagined. In every complex situation where those involved have differing views, it will be impossible to "please all of the people, all of the time" but we expect that whatever decision is made on the future of the Company will be in the best interests of our Shareholders as a whole and any proposals tabled will be put to a shareholder vote.

The Board is grateful for the support of Shareholders from such a broad investor base. Please do not hesitate to contact me through Singer Capital Markets if any additional information is required.



Norman Crighton
Chairman

17 August 2023

Investment Manager's report

Income Performance & NAV % Total Return

RM Funds ("RM" or the "Investment Manager") is satisfied with the Company's continued positive performance in the Period, in which the portfolio delivered a steady net interest income with two further dividends declared for the Period totalling 3.25 pence per Ordinary Share. Overall, since inception there have been 25 distributions totalling 38.85 pence per Ordinary Share to Shareholders.

The NAV % Total Return for the Period was 2.66%. Whilst slightly behind the Company's target, the portfolio's performance versus the observable credit peer group is favourable, as outlined below:

	% Total Return	
	6 month period ending 30 June 2023	Inception to 30 June 2023
RM Infrastructure Income NAV	2.66	40.87
RM Infrastructure Income Share Price TR	-15.20	5.77
S&P European Leveraged Loan Index	3.37	-4.18
MarkIT iBoxx EUR Liquid High Yield TRI	-1.99	-3.62

Share price

The share price has been disappointing with the Company's shares opening the Period at 85.00 pence and closing the period at 69.00 pence, delivering a negative total return of 15.20%. This has entirely been driven by the share price discount to NAV increasing from 8.10% to 24.74%. There were some share buybacks which occurred at the beginning of the Period, however discounts have opened up not just across investment trusts focused on private debt strategies but across the whole closed ended Investment Trust and REIT market. Sadly, RMII is not immune from this and in the view of RM Funds, caused largely as a function of the shape of the UK yield curve which has one year Sterling Overnight Interest Average ("SONIA") at over 6% at the Period

end. The target remains to continue to reduce this discount and the steps that the Investment Manager and Board are undertaking at the moment with regards to consulting with Shareholders seek to address this discount.

Investment Manager aligned with shareholder interest

RM Funds purchased 12,500 Ordinary Shares in the Company during the Period. This takes the direct investment in the Company to 1,329,125 Ordinary Shares. The Investment Manager continues to believe this is the best way of demonstrating its alignment with the interests of Shareholders.

Market environment

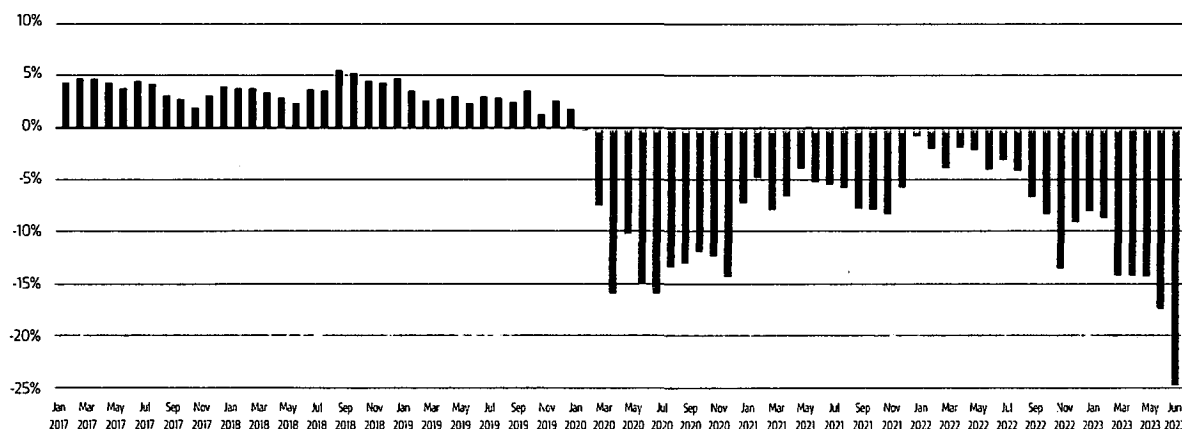
Fixed income markets continue to be dominated by the inflation story and in the UK, we have seen the yield curve not only move higher but start to invert as well. Front end UK-Government bonds have increased materially over the Period with 2-year gilt yields at 5.25% at the Period end versus 1.75% on 30 June 2022 – 350bp higher. Over the same period 40-year gilts have moved from 2.3% to 4% which is roughly half of the widening seen in the 2-year part of the curve.

Overall, the inverted shape of the curve is the key takeaway. It shows credit conditions are tightening, the market environment for credit is deteriorating and it is probably signalling a recession in the UK is due within the next twelve months.

Portfolio update

As at the Period end, the capital available for investment was fully deployed with a small drawing under the RCF. The average yield on investments of 10.02% was slightly higher by 87bps than at year end and reflects the yield widening during the Period. The portfolio remains well diversified with 37 investments across 12 sectors. RM Funds continues to believe that the CBILS and the Recovery Loan

RM Infrastructure Income – Premium/Discount to NAV



Scheme ("RLS") investment loans, which benefit from a UK Government partial guarantee, also offer a material credit enhancement for the portfolio.

Overall, income generation of £5.52m was similar to the first half of 2022 (£5.3m H1 2021), split between cash and Payment in Kind ("PIK") 85%/15%, which is down from 86%/14% during the same period last year. For the Period, there were five drawdowns to existing facilities, one new investment, 11 partial repayments and two full repayments, which again further demonstrate the successful execution of the business strategy as the Company makes loans, receive interest from borrowers and continues to get repaid.

As at 31 December 2022, there was one loan which was under enhanced monitoring by the investment team and at the end of the Period there were three additional loans added to the enhanced monitoring list. The key developments during the Period for each of these loans is detailed below:

1. Hotel development & contractor, Glasgow

(Loan References 58, 79, 80 & 92)

Overview: This hotel was scheduled to open in June 2022 and will be operated by Virgin Hotels under a 35-years Hotel Management Agreement. The total market value exposure that is correlated to the outcome of this asset is currently c.£12.2m representing 11.3% of Company net assets.

Update: The Clyde Street Virgin Hotel, Glasgow, received its temporary occupational certificate post Period end. This essentially means that the hotel is now ready to start trading, with the first paying guests expected to be welcomed before the end of August 2023.

As a reminder, most of the exposure has been funded by CBILS and / or RLS loans and to date the loans have been marked near their guaranteed level of c.80p. This was to reflect the uncertain opening date as well as the increased risk due to cost overruns. Consequently, we believe the risks are appropriately reflected in the marks, with limited downside given the partial government guarantee provided by such CBILS and / or RLS facilities.

2. Accommodation, Student Accommodation

(Loan Reference 84)

Overview: £4m senior secured CBILS loan to a UK-based Purpose-Built Student Accommodation ("PBSA") developer and operator.

Update: The Borrower was scheduled to received c.£3.5m of proceeds derived from the sale of two operational PBSA assets in a JV structure which were to be used in repayment of RM's outstanding debt. Significant disagreements have arisen between the JV partners which have led to the above-mentioned proceeds not yet being transferred to the Borrowing entity. In H1 2023, a total of c.£3.25m of fresh subordinated capital was injected in the borrowing company by the borrower. This is a CBILS loan and benefits from a UK government guarantee covering up to 80% of capital outstanding.

3. Accommodation, Student Accommodation

(Loan References 74 & 89)

Overview: RM has two investment loans; £930k junior secured – Loan Reference 74 and £5m CBILS junior secured – Loan Reference 89, secured against a portfolio of 5 operational & performing PBSA properties in the UK.

Update: In April 2023, the lending group moved to a recovery process. Accordingly, the principal outstanding for Loan Reference 89, which is RM's most junior position in the capital structure, was written down to its CBILS guarantee level of 80p. We expect the receivership process to be concluded during the course of Q3 2023.

4. Healthcare, Aged care

(Loan References 88, 82 & 83)

Overview: RM has three investment loans: £12.8m/£5m CBILS/£2.8m secured over two separate purpose-built aged care homes. During Q1 2023 a valuation report was received that triggered a Loan To Value covenant breach. Since then, a second valuation report providing a second opinion has satisfied the loan covenant.

Update: By the period end there was an accrued balance on interest which was paid post period end in cash. These loans have now been removed from the watchlist.

Outlook

Overall, we see interest rates are now at or near their peaks. The curve inversion within the UK gilt market is creating a compelling story for valuations across the front end of the fixed income curve. There will probably be no better time to be investing into short-dated credit and closed-ended real asset funds than now, as the high levels of short-dated SONIA have driven down valuations and increased share price discounts to NAV, which in our view are unlikely to be maintained. The market is behind the curve as the inflation story is now moving into the background and the outlook will be driven by systemic risks that have arisen by the velocity and extent of the interest rate rises within the United Kingdom.

RM Capital Markets Limited

17 August 2023

Interim Management report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Chair's Statement and the Investment Manager's Report in this half-yearly report provide details of the important events which have occurred during the Period and their impact on the financial statements. The following statements on principal and emerging risks and uncertainties, related party transactions, going concern and the statement of Directors' responsibilities, together, constitute the Interim Management Report for the Company for the six months ended 30 June 2023. The outlook for the Company for the remaining six months of the year ending 31 December 2023 is discussed in the Chair's Statement and the Investment Manager's Report.

Principal and emerging risks and uncertainties

The Board has a dynamic risk management register in place to help identify principal and emerging risks in the business and oversee the effectiveness of internal controls and processes. The principal and emerging risks and uncertainties facing the Company are as follows:

- > **Market risk** – rates of inflation (counterparty affordability), rates of interest;
- > **Liquidity risk** – liquidity opportunity and discount control;
- > **Leverage and borrowing risk** – the Company's investment policy involves the use of leverage, which exposes the company to risks associated with borrowings; and
- > **Credit / counterparty risk** – counterparty default, borrower default, loan non-performance and collateral risk.

Emerging risks are considered by the Board at its quarterly meetings and by the Audit and Management Engagement Committee as part of its risk management and internal control review. Failure to identify emerging risks may cause reactive actions rather than being proactive and the Company could be forced to change its structure, objective or strategy and, in worst case, could cause the Company to become unviable.

A detailed explanation of the principal and emerging risks and uncertainties to the Company are detailed in the Company's most recent Annual Report for the year ended 31 December 2022, published on 26 April 2023, which can be found on the Company's website at <https://rm-funds.co.uk/rm-infrastructure-income/investor-relations/>. The Board is of the opinion that these principal and emerging risks are equally applicable to the remaining six months of the financial year as they were to the six months being reported on.

Since the publication of the 2022 Annual Report and Accounts, there continues to be increased risk levels within the global economy. The Investment Manager believes the key risk factors that have increased during the period are:

Interest rate risk – due to a material increase in the Sterling Overnight Interest Average ("SONIA") which could make the refinancing of loans due for repayment over the next two years more challenging for borrowers given the increased cost of the "risk free" rate. These SONIA rates are predicted to remain high given the shape of the SONIA curve which currently rises over the next 12 months. This causes specific risk in two areas: portfolio borrowers seeking refinancing, as the materially higher funding cost could affect the interest cover on the loan thus making new funding difficult to obtain. On portfolio exposures where a borrower is seeking to refinance a third-party debt ranking senior to RMII, this could also increase the likelihood of any RMII Mezzanine loan covenants being breached.

Collateral risk – real estate values as evidenced by price performance within the Real Estate Investment Trust ("REIT") segment have reduced over the period. Whilst these price falls have not been reflected fully by these REITS or other real estate indices the Investment Managers believe that the probability has increased that the realisable market valuations are lower at the end of the period than the beginning of the period. Given that the RMII portfolio has extensive security over real estate this could negatively affect recoveries in any enforcement scenarios.

Availability of credit – the Investment Manager believes that credit is less available at the end of the period than the start of the period and this will potentially negatively affect borrowers who are seeking refinance. Given the RMII portfolio is exposed to loans with a final maturity date this will increase the refinancing risk.

The Board closely monitors and assesses these continued uncertainties as to how they could impact and affect the Company's trading position with regards our investment objective, portfolio and thus our Shareholders and where appropriate endeavour to mitigate the risk.

The Investment Manager and other key service providers provide periodic reports to the Board on operational resilience. The Board is satisfied that the key service providers have the ability to continue their operations efficiently in a hybrid working environment.

Related party transactions

The Company's Investment Manager, RM Capital Markets Limited is considered a related party under the Listing Rules. Details of the amounts paid to the Company's Investment Manager and the Directors during the Period are detailed in the Notes to the Financial Statement.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the Company's portfolio of loan investments of £116.2 million (30 June 2022: £126.5 million; 31 December 2022: £120.0 million) as well as its income and expense flows and the cash position of £0.9 million (30 June 2022: £0.7 million; 31 December 2022: £3.0 million). The Company's net assets at 30 June 2023 were £107.8 million (30 June 2022: £110.4 million; 31 December 2022: £108.8 million). The total expenses (excluding finance costs and taxation) for the period ended 30 June 2023 were £1.1 million (30 June 2022: £1.1 million; 31 December 2022: £2.2 million). At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

As part of their assessment, the Directors have fully considered each of the Company's loans, giving careful consideration to the consequences for the Company of continuing uncertainties in the global economy.

Income obligations have been met by borrowers and there is a diverse portfolio of Loan investments; Directors see an increase in the risk to the income from the Company loans within the portfolio as the outlook is uncertain. However, these loans have a number of specific lender protections (such as loan to value covenants and cashflow or earnings covenants) which are being monitored.

Given the level of market volatility experienced, the Investment Manager has performed stress tests on the Company's income and expenses and the Directors remain comfortable with the liquidity of the Company. As part of their assessment, the Board have fully considered and assessed the Company's portfolio of investments, giving careful consideration to the consequences for the Company of continuing uncertainties in the global economy. The Russian invasion of Ukraine has created significant supply chain disruption and the subsequent rise in global energy prices, inflation and rising interest rates worldwide have led to a more uncertain investment environment. The Directors continue to review the processes in place to mitigate geopolitical and market risk; and to ensure that these are appropriate and proportionate in the current market environment.

Statement of Directors' responsibility

for the Half-yearly Report

The Directors confirm to the best of their knowledge that:

- > The condensed set of financial statements contained within the Half-yearly report has been prepared in accordance with IAS 34 Interim Financial Reporting.
- > The Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.



Norman Crighton
Chairman

17 August 2023

Financial statements

Condensed unaudited statement of comprehensive income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023			Six months ended 30 June 2022			Year ended 31 December 2022*		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses) on investments		–	(936)	(936)	–	(929)	(929)	–	(2,072)	(2,072)
Income	4	5,524	–	5,524	5,446	–	5,446	10,768	–	10,768
Investment management fee	5	(476)	–	(476)	(490)	–	(490)	(971)	–	(971)
Other expenses	5	(649)	–	(649)	(612)	–	(612)	(1,230)	–	(1,230)
Return before finance costs and taxation		4,399	(936)	3,463	4,344	(929)	3,415	8,567	(2,072)	6,495
Finance costs		(597)	–	(597)	(431)	–	(431)	(1,102)	–	(1,102)
Return on ordinary activities before taxation		3,802	(936)	2,866	3,913	(929)	2,984	7,465	(2,072)	5,393
Taxation	6	–	–	–	(15)	–	(15)	(3)	–	(3)
Return on ordinary activities after taxation		3,802	(936)	2,866	3,898	(929)	2,969	7,465	(2,072)	5,390
Return per ordinary share (pence)	8	3.23p	(0.80p)	2.43p	3.31p	(0.79p)	2.52p	6.33p	(1.76p)	4.57p

* Audited.

The Total column of this statement is the profit and loss account of the Company.

All the Revenue and Capital items in the above statement derive from continuing operations.

'Return on ordinary activities after taxation' is also the Total comprehensive income for the period.

The notes on pages 16 to 21 form an integral part of these financial statements.

Condensed unaudited statement of financial position

	Notes	As at 30 June 2023 £'000	As at 30 June 2022 £'000	As at 31 December 2022* £'000
Fixed assets				
Investments at fair value through profit or loss	3	116,186	126,460	119,970
Current assets				
Cash and cash equivalents		880	690	2,993
Receivables		7,293	3,187	5,421
		8,173	3,877	8,414
Payables: amounts falling due within one year				
Payables		(2,567)	(1,707)	(2,308)
Bank loan – Credit facility		(13,987)	(18,241)	(17,271)
		(16,554)	(19,948)	(19,579)
Net current liabilities		(8,381)	(16,071)	(11,165)
Total assets less current liabilities		107,805	110,389	108,805
Net assets		107,805	110,389	108,805
Capital and reserves: equity				
Share capital	7	1,175	1,178	1,176
Share premium		70,168	70,168	70,168
Special reserve		44,597	44,813	44,640
Capital reserve		(11,157)	(9,078)	(10,221)
Revenue reserve		3,022	3,308	3,042
Total shareholders' funds		107,805	110,389	108,805
NAV per share – Ordinary Shares (pence)	9	91.68p	93.68p	92.49p

* Audited.

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 17 August 2023 and signed on their behalf by:



Norman Crighton
Chair

RM Infrastructure Income plc incorporated in England and Wales with registered number 10449530.

The notes on pages 16 to 21 form an integral part of these financial statements.

Condensed unaudited statement of changes in equity

For the six months ended 30 June 2023

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the period		1,176	70,168	44,640	(10,221)	3,042	108,805
Return on ordinary activities		–	–	–	(936)	3,802	2,866
Buy back of shares	7	(1)	–	(42)	–	–	(43)
Shares buy back costs		–	–	(1)	–	–	(1)
Dividend paid	10	–	–	–	–	(3,822)	(3,822)
Balance as at 30 June 2023		1,175	70,168	44,597	(11,157)	3,022	107,805

For the six months ended 30 June 2022

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the period		1,178	70,168	44,813	(8,149)	3,240	111,250
Return on ordinary activities		–	–	–	(929)	3,898	2,969
Buyback of shares	7	–	–	–	–	–	–
Share buyback costs		–	–	–	–	–	–
Dividend paid	10	–	–	–	–	(3,830)	(3,830)
Balance as at 30 June 2022		1,178	70,168	44,813	(9,078)	3,308	110,389

For the year ended 31 December 2022*

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the year		1,178	70,168	44,813	(8,149)	3,240	111,250
Return on ordinary activities		–	–	–	(2,072)	7,462	5,390
Buy back of shares	7	(2)	2	(173)	–	–	(173)
Shares buy back costs		–	(2)	–	–	–	(2)
Dividend paid	10	–	–	–	–	(7,660)	(7,660)
Balance as at 31 December 2022		1,176	70,168	44,640	(10,221)	3,042	108,805

* Audited.

Distributable reserves comprise: the revenue reserve; capital reserve attributable to realised profits; and the special reserve.

Share capital represents the nominal value of shares that have been issued. The share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

The notes on pages 16 to 21 form an integral part of these financial statements.

Condensed unaudited statement of cash flows

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022* £'000
Operating activities				
Operating activities				
Return on ordinary activities before finance costs and taxation**		3,463	3,415	6,495
<i>Adjustments for movements not generating an operating cash flow:</i>				
Adjustment for losses on investments		845	720	1,802
PIK adjustments to the operating cash flow		(1,256)	(1,310)	(2,466)
<i>Adjustments for balance sheet movements:</i>				
Increase in receivables		(1,872)	(503)	(2,737)
Increase/(decrease) in payables		259	(155)	458
Net cash flow from operating activities		1,439	2,167	3,552
Investing activities				
Private loan repayments/bonds sales proceeds		9,426	13,455	25,784
Private loans issued/bonds purchases		(5,231)	(12,651)	(18,416)
Net cash flow from investing activities		4,195	804	7,368
Financing activities				
Finance costs		(597)	(431)	(1,102)
Ordinary Share bought back	7	(43)	–	(173)
Ordinary Share buyback costs		(1)	–	(2)
Oaknorth loan facility drawdown		4,266	5,670	12,550
Oaknorth loan facility repaid		(7,550)	(7,000)	(14,850)
Equity dividends paid	10	(3,822)	(3,830)	(7,660)
Net cash flow used in financing activities		(7,747)	(5,591)	(11,237)
Decrease in cash		(2,113)	(2,620)	(317)
Opening balance at beginning of the period/year		2,993	3,310	3,310
Balance as at the period/year end		880	690	2,993

* Audited.

** Cash inflow from interest on investment holdings was £2,429,000 (30 June 2022: £3,650,000; 31 December 2022: £8,396,000).

The notes on pages 16 to 21 form an integral part of these financial statements.

Notes to the financial statements

1. General information

RM Infrastructure Income plc (the "Company") was incorporated in England and Wales on 27 October 2016 with registered number 10449530, as a closed-ended investment company. The Company commenced its operations on 15 December 2016. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company's investment objective is to generate attractive and regular dividends through investment in secured debt instruments of UK SMEs and mid-market corporates including any loan, promissory notes, lease, bond or preference share sourced or originated by the Investment Manager with a degree of inflation protection through index-linked returns where appropriate.

The registered office is 6th Floor, 125 London Wall, Barbican, London EC2Y 5AS.

2. Basis of preparation and accounting policies

Statement of compliance

The interim unaudited financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("DTRs") of the UK's Financial Conduct Authority. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2022. The financial statements for the year ended 31 December 2022 have been prepared in accordance with the UK adopted international accounting standards. The financial information for the year ended 31 December 2022 in the interim unaudited financial statements has been extracted from the audited Annual Report and Accounts.

When presentational guidance set out in the Statement of Recommended Practice ("SORP") for Investment Companies issued by the Association of Investment Companies ('the AIC') in July 2022 is consistent with the requirements of UK adopted international accounting standards, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and the level of market volatility are given on pages 8 and 9.

Accounting policies

The accounting policies used by the Company in preparing these interim unaudited financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2022.

3. Investment at fair value through profit or loss

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Financial assets held:			
Equity investments	3,119	3,593	3,593
Bond investments	4,020	6,891	4,208
Private loan investments	109,047	115,976	112,169
	116,186	126,460	119,970

4. Income

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Income from investments			
Bond and loan interest	3,950	3,913	7,895
Bond and loan PIK interest	1,403	1,494	2,767
Arrangement fees	17	22	43
Delayed Compensation fees received	—	—	2
Other income	154	17	60
Total	5,524	5,446	10,768

5. Investment management fee and other expenses

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Expenses charged to revenue:			
Investment management fees	476	490	971
Other administration charges	649	612	1,230
Total revenue expenses	1,125	1,102	2,201

The Company's Investment Manager is RM Capital Markets Limited. Under the amended Investment Management Agreement, effective 1 April 2020, the Investment Manager is entitled to receive a management fee payable monthly in arrears or as soon as practicable after the end of each calendar month an amount one-twelfth of:

- (a) 0.875 per cent. of the prevailing NAV in the event that the prevailing NAV is up to or equal to £250 million; or
- (b) 0.800 per cent. of the prevailing NAV in the event that the prevailing NAV is above £250 million but less than £500 million; or
- (c) 0.750 per cent. of the prevailing NAV in the event that the prevailing NAV is above £500 million.

The management fee shall be payable in sterling on a pro-rata basis in respect of any period which is less than a complete calendar month.

There is no performance fee payable to the Investment Manager.

Notes to the financial statements

Continued

6. Taxation

	Six months ended 30 June 2023			Six months ended 30 June 2022			Year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Analysis of tax charge /(credit) for the period/year:									
Corporation tax	–	–	–	15	–	15	3	–	3
Total tax charge	–	–	–	15	–	15	3	–	3

7. Share capital

	As at 30 June 2023		As at 30 June 2022		As at 31 December 2022	
	No. of Shares	£'000	No. of Shares	£'000	No. of Shares	£'000
Allotted, issued & fully paid:						
Ordinary shares of 1p	117,586,359	1,175	117,840,988	1,178	117,636,359	1,176

At the period end, the Company has 117,586,359 (30 June 2022: 117,840,988; 31 December 2022: 117,636,359) Ordinary Shares in issue with voting rights and 4,638,222 (30 June 2022: 4,383,593; 31 December 2022: 4,588,222) Ordinary Shares held in Treasury.

Share movement

The table below sets out the share movement for the six months ended 30 June 2023.

	Opening balance	Shares issued	Shares bought back	Shares in issue at 30 June 2023
Ordinary Shares	117,636,359	–	(50,000)	117,586,359

The table below sets out the share movement for the six months ended 30 June 2022.

	Opening balance	Shares issued	Shares bought back	Shares in issue at 30 June 2022
Ordinary Shares	117,840,988	–	–	117,840,988

The table below sets out the share movement for the year ended 31 December 2022.

	Opening balance	Shares issued	Shares bought back	Shares in issue at 31 December 2022
Ordinary Shares	117,840,988	–	(204,629)	117,636,359

8. Return per ordinary share

Total return per Ordinary Share is based on the gain on ordinary activities after taxation of £2,866,000 (30 June 2022: gain of £2,969,000; 31 December 2022: gain of £5,390,000).

Based on the weighted average of number of 117,589,381 (30 June 2022: 117,840,988; 31 December 2022: 117,839,605) Ordinary Shares in issue for the six months ended 30 June 2022, the returns per share were as follows:

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per ordinary share	3.23p	(0.80p)	2.43p	3.31p	(0.79p)	2.52p
	Year ended 31 December 2022					
	Revenue	Capital	Total			
Return per ordinary share	6.33p	(1.76p)	4.57p			

9. Net asset value per share

The net asset value per share is based on Company's total shareholders' funds of £107,805,000 (30 June 2022: £110,389,000; 31 December 2022: £108,805,000), and on 117,586,359 (30 June 2022: 117,840,988; 31 December 2022: 117,839,605) Ordinary Shares in issue at the period/year end.

10. Dividend

On the 1 March 2023, the Directors approved the payment of a final interim dividend for year ended 31 December 2022 to Ordinary Shareholders at the rate of 1.625 pence per Ordinary Share. The dividend had a record date of 10 March 2023 and was paid on 31 March 2023. The dividend was funded from the Company's revenue reserve.

On 23 May 2023, the Directors approved the payment of an interim dividend at the rate of 1.625 pence per Ordinary Share. The dividend had a record date of 2 June 2023 and was paid on 30 June 2023. The dividend was funded from the Company's revenue reserve.

On 14 August 2023, the Directors approved the payment of an interim dividend at the rate of 1.625 pence per Ordinary Share. The dividend will have a record date of 8 September 2023 and will be payable on 29 September 2023. The dividend will be funded from the Company's revenue reserve.

Notes to the financial statements

Continued

11. Related party transaction

Fees payable to the Investment Manager are shown in the Statement of Comprehensive Income. As at 30 June 2023 the fee outstanding to the Investment Manager was £79,000 (30 June 2022: £80,000; 31 December 2022: £80,000).

Fees are payable at an annual rate of £36,000 to the Chair, £33,000 to the Chair of the Audit and Management Engagement Committee and £30,000 to the other Director.

The Board has been involved with various strategic issues during the Period and therefore it was agreed that an additional one-off payment for the six months ended 30 June 2023 would be in order for work conducted in the first half of the financial year. Additional fees were payable of £10,000 to the Chair, £7,500 to the Audit and Management Engagement Chair and £7,500 to the other Director.

The Directors had the following shareholdings in the Company, all of which are beneficially owned.

	As at 30 June 2023 Ordinary Shares	As at 30 June 2022 Ordinary Shares	As at 31 December 2022 Ordinary Shares
Norman Crighton	29,982	29,982	29,928
Guy Heald	20,000	20,000	20,000
Marlene Wood	20,000	20,000	20,000

12. Classification of financial instruments

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1

Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable for the asset or liability.

The classification of the Company's investments held at fair value through profit or loss is detailed in the table below:

	30 June 2023				30 June 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets:								
Financial assets – Private loans and bonds	–	4,020	–	4,020	–	6,891	–	6,891
Financial assets – Private loans	–	–	109,047	109,047	–	–	115,976	115,976
Financial assets – Equity investment	–	–	3,119	3,119	–	–	3,593	3,539
Forward contract unrealised gain/(loss)*	–	197	–	197	–	(66)	–	(66)
Net financial assets	–	4,217	112,166	116,383	–	6,825	119,569	126,394

* The net unrealised gain of £197,000 (30 June 2022: loss of £66,000) on forwards is recognised within other debtors/(creditors) in the Statement of Financial Position.

12. Classification of financial instruments continued

	31 December 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets:				
Financial assets – Private loans and bonds	–	4,208	–	4,208
Financial assets – Private loans	–	–	112,169	112,169
Financial assets – Equity Investments	–	–	3,593	3,593
Forward contract unrealised loss*	–	(162)	–	(162)
Net financial assets	–	4,046	115,762	119,808

* The net unrealised loss of £162,000 on forwards is recognised within other creditors in the Statement of Financial Position.

As at 30 June 2023, the fair value of the Company's loans is materially equal to the carrying value.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Level 3 holdings are valued using a discounted cash flow analysis and benchmarked discount/interest rates appropriate to the nature of the underlying loan and the date of valuation.

Interest rates are a significant input into the Level 3 valuation methodology.

There have been no movements between levels during the reporting period. The Company considers factors that may necessitate the transfers between levels using the definition of the levels 1, 2 and 3 above.

13. Post balance sheet events

On 11 August 2023, the Board published a strategic review update (<https://rm-funds.co.uk/rm-infrastructure-income/regulatory-news/>) and will continue to update Shareholders as appropriate.

There are no other post period end events other than those disclosed in this report.

14. Status of this report

These financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The Half-yearly financial report will be made available to the public at the registered office of the Company. The report will be available in electronic format on the Manager's website (<https://rm-funds.co.uk/>).

The Half-yearly report was approved by the Board on 17 August 2023.

Other information

Alternative Performance Measures ("APMs")

Gross asset

The Company's gross assets comprise the net asset values of the Company's Ordinary Shares and the bank loan-credit facility, with the breakdown as follows:

As at 30 June 2023		Page	£'000	Per Share (Pence)
Ordinary Shares – NAV	a	2	107,805	91.68
Bank Loan-Credit facility	b	13	13,987	–
Gross asset value	a+b		121,792	n/a

Discount

The amount, expressed as a percentage, by which the share price is less than the Net Asset Value per share.

As at 30 June 2023		Page	Per Share (Pence)
NAV per Ordinary Share (pence)	a	2	91.68
Share price (pence)	b	2	69.00
Discount	(b/a)-1		-24.7%

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its Ordinary Shares on the ex-dividend date.

As at 30 June 2023		Page	NAV	Share Price
Opening at 1 January 2023 (pence)	a	n/a	92.49	85.00
Closing at 30 June 2023 (pence)	b	2	91.68	69.00
Dividend adjustment factor	c	n/a	1.0361	1.0422
Adjusted closing (d = b x c)	d	n/a	94.99	71.91
Total return	(d/a)-1		+2.70%	-15.40%

Glossary

Admission	Admission of the Ordinary Shares to the premium listing segment of the Official List of the UKLA and admission of the Shares to trading on the main market for listed securities of the London Stock Exchange.
AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive of "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented Managers Directive or "AIFMD" in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which Shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the Company in which they are invested.
C Shares	C Shares of 10 pence each in the capital of the Company.
CTA 2010	Corporation Tax Act 2010.
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to Shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Leverage	An alternative word for "Gearing". Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.

Loans or Secured Debt Instruments	Secured debt instruments of UK SMEs and mid-market corporates and/or individuals including any loan, promissory notes, lease, bond, or preference share such debt instruments.
Net assets	An investment company's assets less its liabilities.
Net asset value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Ordinary Shares	The Company's Ordinary Shares of 1 pence each in the capital of the Company.
Portfolio	A collection of different investments held in order to deliver returns to Shareholders and to spread risk.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.
ZDP Share	Zero dividend preference Share.

Directors, Investment Manager and Advisers

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Norman Crighton (Non-executive Chair)

Guy Heald

Marlene Wood

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