



Fidante Daily Digest

News bulletin on alternative investment companies

29 March 2019

This is a marketing communication. Author: Martin McCubbin

This publication provides factual and statistical information and non-substantive material and analysis. Under MiFID II these constitute a minor non-monetary benefit and is provided by Fidante free of charge. For more information on Fidante's MiFID II policies please click [here](#).

Each analyst individually certifies, in relation to each security or issuer referred to in this communication, that (1) the views expressed are an accurate reflection of his/her personal views and (2) no part of his/her compensation is linked directly or indirectly to the views so expressed in this communication.

For further details see below.

The 2019 EXTEL survey is open until 12 April. The Fidante research team would greatly appreciate your vote in the survey. If you have not received an invitation directly from EXTEL, please use this link <https://app.extelsurveys.com/quickvote> to access the survey.

IMPACT SCORE

Our impact score reflects our own assessment of how the news would affect the company's stock. It focuses on the potential future impact on discount/premium and performance dynamics that are likely to arise as a result of the news. It is not indicative of the company's overall health and performance and is not directional (positive/negative). A high impact score can mean either adverse or positive impact, hence readers must make their own judgment with regards to this.

1

2

3

4

5

3 3IN – 3i Infrastructure – Pre-close update

Invests in infrastructure businesses and assets

- The company has provided an update covering the period from 1 October 2018 to 28 March 2019. During this period, the company has completed the sale of its one-third stake in Cross London Trains for proceeds of £333m, completed the EUR 226m investment in Tampnet (a 50% stake alongside Danish pension fund ATP), and entered into a commitment to fully acquire 100% of Joulz Diensten (Joulz) for around EUR 220m. Portfolio company Wireless Infrastructure Group acquired Highpoint Communications in Ireland and Arqiva's Indoor Networks business in the UK. TCR completed the bolt-on acquisition of Aerolima.
- Overall, 3IN's portfolio continues to perform well. There was progress at Attero (which delivered on two of its strategic initiatives and refinanced its debt structure on improved terms) and ESVAGT (which signed several material contract extensions). On the negative side, Oystercatcher continues to see softer demand for storage of certain product types, while Infinis continues to be impacted by regulatory uncertainty. Total income and non-income cash was around £69m during the period. The company remains on track to deliver its full-year dividend target of 8.65pps, which will be fully covered with a significant surplus.
- The company's cash balance was £262m as at 28 March 2019, and the undrawn balance of its revolving credit facility (RCF) was £284m. The company expects the majority of this cash to be used to fund the investment in Joulz, together with the final dividend for the year and expenses. The undrawn RCF balance provides liquidity for new investments and could be supplemented by the £200m accordion feature if required.

3 WHR – Warehouse – Results of fundraising

Invests in UK warehouse assets in urban locations

- Following the close of the fundraising announced on 12 March 2019, and having gained the necessary shareholder approval at the general meeting held yesterday, the company will issue 74,254,043 new ordinary shares at 103pps, raising £76.48m (the target had been for up to £100m). 57,711,397 shares will be issued under the placing (raising gross proceeds of £59.44m), 13,241,819 shares will be issued under the open offer (gross proceeds £13.64m), and 3,300,827 shares will be issued under the offer for subscription (gross proceeds £3.40m). Admission and the start of trading in the new shares is expected on 2 April 2019.

Portfolio news

- Greencoat Renewables (GRP) – Additional stake – GRP has announced the acquisition of a 25% stake in Cloosh Valley wind farm from SSE for a total of EUR 34.5m, the equity value of the transaction. In addition, the deal includes EUR 41.7m of project finance debt attributable to the shareholding acquired. This acquisition is in addition to the 50% stake in Cloosh Valley

previously acquired by the company from Coillte in December 2018, taking the company's ownership to 75%. SSE will continue to own the remaining 25% of the wind farm and will continue to manage its operations. Cloosh Valley has a capacity of 108MW, was commissioned in September 2017 and is contracted under the REFIT 2 regime until 2032. After the acquisition, the company's total borrowings are 44% of GAV.

- Greencoat UK Wind (UKW) – Completion of acquisitions – UKW has completed the acquisition of 49.9% stakes in the Stronelairg and Dunmaglass wind farms from SSE, in partnership with a major UK pension fund whose investment is managed by Greencoat Capital. Cn
- The company also announced the completion of the acquisition of the Douglas West wind farm project from Blue Energy. The company announced that it had entered into agreements to make these acquisitions, subject to conditions, on 1 February 2019 and 20 December 2018, respectively.
- Schroder Real Estate (SREI) – Industrial asset management update – Recent activity across the company's multi-let industrial portfolio has increased net income by £135,283 per annum. Hortonpark Industrial Estate, in Telford, which comprises 15 units totalling 158,621 sq ft, has seen lease agreements on two vacant units totalling 17,756 sq ft. The combined rents are £87,500 per annum, 4% ahead of the rental value as at 31 December 2018, the leases are for five and six years, and they increase occupancy on the estate to 96% (by rental value). Union Park Industrial Estate, in Norwich, comprises 32 units totalling 268,868 sq ft. One new ten-year lease is for a 13,212 sq ft unit at a rent of £75,969 per annum, 36% above the previous rent paid and 4% above the rental value as at 31 December 2018. The other new lease is for five years, for a 8,224 sq ft unit at a rent of £42,750 per annum, which is a 16% increase on the previous rent paid and in line with the rental value. Following this activity, the estate is 90% let (by rental value). Stacey Bushes Industrial Estate, in Milton Keynes, comprises 52 units totalling 379,948 sq ft and is fully let. One lease renewal and three rent reviews have been completed at a total combined rent of £186,149 per annum, resulting in a combined rental uplift of £22,064 per annum, 7% above the combined rental value as at 31 December 2018. The company will shortly start construction of six new units on the estate totalling 14,800 sq ft, with an estimated rental value of £155,400 per annum.
- Triple Point Social Housing (SOHO) – Investment update – SOHO announced that it has completed the acquisition of four supported housing properties and acquired the land and entered into a forward funding arrangement to develop another supported housing scheme, comprising 60 units in total, for an aggregate commitment of £11.4m (excluding costs). The properties are in Yorkshire (10 units), the North West (15 units), the East Midlands (20 units), the South West (6 units) and London (9 units). SOHO has entered into new FRI leases with specialist housing associations in respect of each of the properties (other than the forward funded asset) for a minimum of 20 years with the ability to extend to 25 years (other than one lease on fifteen units, which can be extended to 22 years). In relation to the forward funded asset, SOHO will enter into a new FRI lease on practical completion of the scheme, for a minimum of 20 years with the ability to extend to 25 years. The rents received under the leases are (or will be, in the case of the forward funded asset) subject to annual, upward-only rent reviews, increasing in line with CPI. The properties will (immediately or on completion of the acquisition) generate net initial yields in line with the company's investment criteria and returns profile.
- UK Mortgages (UKML) – Investment update – The company announced that the securitisation of the portfolio of first ranking, owner-occupied mortgage loans originated by The Mortgage Lender (TML), Barley Hill No. 1, has been initiated, now that the portfolio has grown to the appropriate size.

Results in brief

- GCP Asset Backed Finance (GABI) – Finals to 31 December 2018 – The NAV as at 31 December 2018 was 101.74pps (previously announced), up 3.55% in H2 2018 and up 7.46% in 2018. Dividends of 6.35pps were declared in respect of the year, including a special

dividend of 0.25pps, ahead of the target of 6.10pps. The dividend was fully covered by basic EPS of 7.27pps. For the financial year 2019, the company is targeting an annual dividend of 6.2pps. The company owns a diversified and partially inflation and/or interest rate protected portfolio (46% of the portfolio) of 35 asset backed loans with a third-party valuation of £376.1m as at 31 December 2018. The weighted average annualised yield on the portfolio as at 31 December 2018 was 8.0%. During the period, GABI advanced loans of £129.2m secured against 25 projects (ten new projects and 15 follow-on projects), with a further £27.3m secured against twelve projects advanced post year end. Aggregate gross proceeds of £64.5m were raised during the year through a pre-emptive issue of C shares in October 2018 and a placing of ordinary shares in December 2018. The company's C shares converted into new ordinary shares in December 2018, ahead of schedule. The company also arranged a £15m increase to its existing revolving credit facility with RBSI, from £15m to £30m.

- **NB Global Floating Rate Income (NBLS) – Finals to 31 December 2018 –** The GBP NAV as at 31 December 2018 was 92.15pps (previously announced), down 1.27% during the year, and the USD NAV was \$0.9468 per share (previously announced), down 0.54% in 2018. Total dividends for the year were 4.02pps for the GBP shares and \$0.0413 per USD (2017: 3.35pps and \$0.0341 per US share). Net assets across the two share classes at the end of the period were \$911.9m (2017: \$1.31bn). The portfolio remains fully invested, with a strong US, though there was a shift towards a higher portion of Euro-denominated loans that reflected the investment manager's view that the Eurozone remains at an earlier stage of the credit cycle, and therefore relatively attractively valued. During 2018, the investment manager kept the portfolio's bond allocation well below the 20% of NAV permitted. Additionally, allocations to higher-rated assets continued, with BB loans accounting for 35.93% of the NAV as at the end of December 2018 (2017: 49.84%). In the 12 months to 31 December 2018, the company bought back 220,555,413 GBP shares and 2,061,305 USD shares, to address the discount to NAV, leading to NAV accretion of 0.88% and 0.17% for the GBP and USD shares, respectively.
- **Triple Point Social Housing (SOHO) – Finals to 31 December 2018 -** The NAV as at 31 December 2018 was 103.65pps, up 3.18pps (3.17%) since the last NAV on 30 September 2018 and up 7.70% year-to-date. The 1.25pps dividend payable today brings the total dividend to 5.0pps for its first financial year, in line with the stated target at launch. The target aggregate dividend for 2019 is 5.095pps, an increase in line with inflation, reflecting the typical CPI-based rent reviews. As at 31 December 2018, the portfolio was valued at £323.5m, a valuation uplift of 6.89% on the total invested funds of £302.6m. During the period, SOHO acquired 156 properties with an aggregate purchase price of £170.8m (including costs), bringing the total investment portfolio to 272 properties. It committed around £26.3m to forward fund the development of 13 newly-built or fully-renovated bespoke supported housing schemes, six of which reached practical completion during the year. The blended net initial yield was 5.25% at the end of the period, against the portfolio's blended net initial yield on purchase of 5.89%. The portfolio's total annualised rental income was £17.4m as at 31 December 2018, and the WAULT was 27.2 years. 100% of the portfolio was fully-let or pre-let and income producing during the year, all of the contracted rental income was either CPI or RPI-linked. SOHO raised gross equity proceeds of £47.5m through the issue of C shares in March 2018 and a further £108.2m through an issue of ordinary shares in October 2018. It also raised gross debt proceeds of £68.5m via a private placement of loan notes in July 2018 and a further £70m via a revolving credit facility in December 2018 (undrawn as at 31 December 2018).

Declared dividends

- Ediston Property (EPIC) declared a monthly dividend of 0.4792pps (unchanged), payable on 30-Apr-19, with ex-dividend date 11-Apr-19.

Credit/lending NAV performance

- TwentyFour Select Monthly Income (SMIF) NAV as at 27-Mar-19 (89.69pps) was down 0.19pps (0.21%) since the last NAV on 20-Mar-19, up 0.50% month-to-date and up 2.77% year-to-date.

Private equity NAV performance

- Tetragon (TFG) NAV as at 28-Feb-19 (\$23.15 per share) was up 0.83% in February and up 3.79% year-to-date.

Share buybacks and issuance

- Alcentra European Floating Rate Income (AEFS) bought back 500,000 shares at 97.00pps on 28-Mar-19.
- Baillie Gifford US Growth (USA) issued 500,000 shares at 124.4pps on 28-Mar-19.
- Capital Gearing Trust (CGT) issued 15,000 shares at 4137pps on 28-Mar-19.
- CQS New City High Yield (NCYF) issued 1,000,000 shares at 57.6pps on 28-Mar-19.
- Funding Circle SME Income (FCIF) bought back 405,000 shares at 85.8pps on 28-Mar-19.
- JPMorgan Global Convertibles Income (JGCI) bought back 150,000 shares at 88.68pps on 28-Mar-19.
- NB Global Floating Rate Income (NBLS) bought back 1,140,000 GBP shares at 89.6281pps and 610,000 USD shares at \$0.9175 per share on 28-Mar-19.
- P2P Global Investments (P2P) bought back 5,000 shares at 811.9pps on 28-Mar-19.
- Secure Income REIT (SIR) issued 1,287,242 new ordinary shares to the investment adviser at 380.7pps pursuant to the fee arrangements on 28-Mar-19.

*Current corporate client of Fidante Capital.

This communication contains non-substantive material consisting of: (i) short term market commentary on the latest economic statistics or company results, and/or (ii) short market updates with limited commentary or opinion that is not substantiated, and/or (iii) summaries of public news stories or public statements from corporate issuers. It is generic in nature and not personalised to reflect the circumstances of an individual client and therefore does not amount to a personal recommendation to any person. This communication does not contain any substantive analysis and does not and is not intended to recommend or suggest any investment strategy or opinion as to the future value or price of financial instruments of any kind. Recipients of this communication based in the EEA who are subject to regulation under MiFID should note that while they must make their own determination Fidante Partners Europe Limited ("Fidante Partners") is of the view that this communication constitutes a "minor non-monetary benefit"

RESEARCH

Joachim Klement
+44 20 7832 0956
jklement@fidante.com

Martin McCubbin
+44 20 7832 0952
mmcubbin@fidante.com

PRODUCT DEVELOPMENT

Tom Skinner
+44 20 7832 0953
tskinner@fidante.com

CORPORATE FINANCE

John Armstrong-Denby
+44 20 7832 0983
jdenby@fidante.com

Nick Donovan
+44 20 7832 0981
ndonovan@fidante.com

Will Talkington
+44 20 7832 0936
wtalkington@fidante.com

UK SALES

Justin Zawoda-Martin
+44 20 7832 0931
jzawodamartin@fidante.com

Daniel Balabanoff
+44 20 7832 0955
dbalabanoff@fidante.com

Max Bickford
+44 20 7832 0934
mbickford@fidante.com

Hugh Ferrand
+44 20 7832 0935
hferrand@fidante.com

Mike Rumbold
+44 20 7832 0929
mrumbold@fidante.com

MARKET MAKING
STX 79411 79412
Mark Naughton
+44 20 7832 0991
mnaughton@fidante.com

Anthony Harmer
+44 20 7832 0995
aharmer@fidante.com

INTERNATIONAL SALES

Nordics
Ian Brenninkmeijer
+46 8 1215 1361
ibrennkmeijer@fidante.com

US
Adam Randall
+1 212 897 2807
arandall@fidante-us.com

Benelux
Yves van Langenhove
AAMYS* (Fidante Partners)
+32 468 29 08 04
yvanlangenhove@fidante.com

*AAMYS is a tied agent of Fidante Partners Europe Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom and also trades as Fidante Capital.

For more information on any of the companies featured above please contact our Research team.

This is a marketing communication and is not, and should not, be considered as independent investment research. It is issued by Fidante Partners Europe Limited ("Fidante Partners") which is authorised and regulated by the Financial Conduct Authority ("FCA"). Fidante Partners Europe Limited trades as "Fidante Partners" and "Fidante Capital". Fidante Partners Europe Limited is a wholly owned subsidiary of Challenger Limited, a company listed on the Australian Securities Exchange Limited.

This marketing communication is for persons who are Eligible Counterparties or Professional Clients (for the purposes of the FCA rules) only and it is not available to Retail Clients. It is being distributed (a) in the United Kingdom to, and is directed only at, persons who are (i) investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Promotion Order") or (ii) are persons to whom this marketing communication may otherwise lawfully be issued or passed on or (b) outside the United Kingdom to, and is directed only at, persons to whom this marketing communication may be lawfully issued or issued without compliance with any filing, registration, approval or other requirement in the relevant jurisdiction, and in each such case without the inclusion of any further warnings or statements as required by the Promotion Order, or other applicable law or regulation, which are not included in this marketing communication (all such persons together being referred to as "relevant persons"). Neither this marketing communication nor any of its contents may be received by, acted on or relied on by persons who are not relevant persons.

No part of this marketing communication may be published, distributed, extracted, re-utilised or reproduced and any attempt to do so may be restricted or prohibited by law. Recipients are required to inform themselves of, and comply with, all such restrictions or prohibitions and none of Fidante Partners or any other person accepts liability to any person in relation thereto.

Fidante Partners does not produce independent investment research within the meaning of the FCA Handbook of Rules and Guidance. Accordingly, this marketing communication is non-independent research within the meaning of those rules, which means it is a marketing communication under the Markets in Financial Instruments Directive ("MiFID") and it has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. However, Fidante Partners has policies, internal organisational and administration arrangements and information barriers to prevent or manage the conflicts which may arise in the production of non-independent research, including preventing dealing ahead. This includes physical and electronic information barriers procedures and the operation of a cultural Chinese Wall. For further information, please view the following policies: [Conflicts of Interest](#), [Chinese Walls Policy](#).

Fidante Partners acts as a market maker, corporate broker and, from time to time, bookrunner to companies in the closed-end listed investment company sector. A list of all companies in relation to which Fidante Partners acts as market maker and/or corporate broker and/or bookrunner (and the relevant dates of any closing of any such capital raise) can be viewed here: [Market Making Stocks](#) (of which Fidante Partners acts as market maker and accordingly Fidante Partners may own net long or short positions exceeding 0.5% of the total issued share capital), [Corporate Appointments](#). The Market Making Stocks will indicate any other equity interests held by Fidante Partners or a member of the Challenger Group.

Fidante Partners or a member of the Challenger Limited group may have an economic interest (for example, minority equity interest or fee entitlement) in investment managers of the funds of which it provides services (such as corporate finance, listing sponsorship, market maker, corporate broker, bookrunner and administrative and support services). The Corporate Appointments also indicates whether Fidante Partners or any member of the Challenger Limited group holds more than 5% of the total issued share capital of the issuer. Fidante Partners is remunerated by fees for services provided and may be entitled to a share of profits from these investment managers and third parties. There is no direct link between the remuneration of individuals at Fidante Partners and the recommendations or transactions tied to services provided by Fidante Partners. Fidante Partners does not produce buy, sell or hold recommendations with respect to specific securities. Unless otherwise stated, this communication will not be regularly updated.

Please [click here](#) for the Fidante Partners research policy.

This marketing communication does not constitute a personal recommendation or take into account the particular investment objectives, financial situation or particular needs of any specific recipient. It is not intended to provide the sole basis for any evaluation of an investment decision. Your attention is drawn to the date of issue of this marketing communication and of the opinions expressed herein. Before acting on any advice or recommendations in this marketing communication, recipients should consider whether it is suitable for their particular circumstances and, if necessary seek professional advice, including tax advice. Recipients of this marketing communication should note that: All investments are subject to risk; the value of shares may go down as well as up; you may not get back the full amount that you have invested; past performance is not a guarantee of, and cannot be relied on as a guide to, future performance; fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This marketing communication is for informational purposes only and does not constitute, and should not be viewed as, an offer, invitation or solicitation in respect of securities or related other financial instruments nor shall it be construed as a recommendation for Fidante Partners to effect any transaction to buy or sell securities or related financial instruments on behalf of any recipient nor shall it, or the fact of its distribution, form the basis of or be relied upon in connection with, any contract or commitment in relation to such action. The securities that may be described in this marketing communication may not be eligible for sale in all jurisdictions or to certain categories of investors.

This marketing communication is based upon information which Fidante Partners considers reliable, but such information has not been independently verified and no representation is made that it is, or will continue to be accurate or complete and nor should it be relied on as such. This marketing communication is not guaranteed to be a complete statement or summary of any securities, markets, documents or developments referred to in this marketing communication.

Any statements or opinions expressed in this marketing communication are subject to change without notice. Neither Fidante Partners, any member of the Challenger Limited group nor any of their directors, officers, employees or agents shall have any liability (including negligence), however arising, for any error, inaccuracy or incompleteness of fact or opinion, or lack of care, in this communication's preparation or publication; provided that this shall not exclude liability which Fidante Partners has to a customer under the Financial Services & Markets Act 2000 or under the Rules of the Financial Conduct Authority.

This marketing communication contains certain forward-looking statements, beliefs or opinions. These statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", "may", "will" and similar expressions. Such statements reflect current views with respect to future events and are subject to risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements are based on current plans, estimates, projections and expectations. These statements are based on certain assumptions that, although reasonable at this time, may prove to be erroneous. No statement in this marketing communication is intended to be a profit forecast. No representations or warranties, express or implied, are given as to the achievement or reasonableness of and no reliance should be placed on, such statements, including (but not limited to) any projections, estimates, forecasts or targets contained herein. Fidante Partners does not undertake to provide any additional information, update or keep current information contained in this marketing communication, or to remedy any omissions in or from this marketing communication. There are a number of factors that could cause actual results, developments, financial targets and strategic objectives to differ materially from those expressed or implied by statements in this marketing communication. Fidante Partners, nor any other person intends, and no person assumes

any obligations, to update information or statements set forth in this marketing communication. You should not place reliance on forward-looking statements which speak only as at the date of this document.

Where references to external resources such as internet websites are provided these are for reference purposes, and the external resources are not intended to be included as part of this publication; Fidante Partners plc has not checked and is not responsible for any external content, and makes no representation as to its reliability or accuracy.

Any dispute, action or other proceeding concerning this marketing communication shall be adjudicated within the exclusive jurisdiction of the courts of England. All material contained in this marketing communication (including in this disclaimer) shall be governed by and construed in accordance with the laws of England and Wales.

Fidante Partners Europe Limited

Authorised and Regulated by the Financial Conduct Authority

Fidante Partners Europe Limited trades as "Fidante Partners" and "Fidante Capital".

Registered Office: 1 Tudor Street, London EC4Y 0AH. Registered in England and Wales No. 4040660.

www.fidante.com



LinkedIn