



# Stock Stories

## VAM Global Infrastructure Fund



March 2022

# Case Study: Company Analysis

## RADIUS GLOBAL INFRASTRUCTURE

Radius Global Infrastructure (RADI) is a US-listed owner of digital infrastructure rental streams. RADI's focus is on becoming a landlord to digital infrastructure companies by owning and leasing land to these businesses on which to place their equipment.



### Commentary:

- RADI acquires multi-decade property rights from landowners, with the space then being leased on a five-to-10-year lease to tower companies or mobile phone operators.
- This space is used to house mission-critical telecommunications equipment such as cell towers or rooftop communication devices.
- RADI's portfolio currently contains 7,435 leases across 5,627 separate sites. The Company is active in 19 global markets, with the portfolio diversified across Europe, North America and South America.
- Over 80% of the rent received by the Company is paid by an investment grade counterparty and 99% of rents have some form of annual upward-only rent review, primarily from CPI.
- The Company's environmental footprint is low impact. The Company aligns with the UN Global Compact and provides a clear benefit to society.
- Digital infrastructure will play a fundamental role in all three dimensions of sustainable development: the economy, the environment and society.
- The importance of digital infrastructure has been clearly seen during the COVID-19 pandemic, connecting people and helping industries remain operational despite global lockdowns and disruptions.
- RADI's assets play an important role in expanding 5G connectivity. 5G will have a decisive role in progress towards accomplishing the UN Sustainable Development Goals. It will speed up the advancement of all 17 SDGs with significant contributions in health care and education, as well as emission-intensive industries such as energy, manufacturing and transportation.

## Case Study: Company Analysis

### CLEARWAY ENERGY INC

Clearway Energy Inc (CWEN) is a US-listed owner of energy generation assets. The Company is one of the largest renewable energy owners in the US with over 4.7 GW of installed wind and solar generation projects.



#### Commentary:

- CWEN owns, operates and acquires contracted renewable, conventional and thermal infrastructure assets across the US.
- The Company's business model is centred around utilising long-term off-take agreements to sell the power it generates. This provides contracted cash flows and excellent earnings visibility. The PPAs have typical terms of between 10 and 20 years.
- The Company's portfolio is primarily made up of wind and solar assets with 66% of the Company's generation coming from renewable sources.
- The Biden administration's infrastructure plan is expected to pave the way for an acceleration in the growth of renewable energy investment in the US, which is expected to act as a major tailwind for the Company over the coming years.
- CWEN's parent company is Clearway Energy Group (CWEG). CWEG is owned by the institutional infrastructure investors Global Infrastructure Partners and is one of the largest clean energy developers in the world.
- The relationship with CWEG is a key attraction of CWEN's investment opportunity. Through a Right of First Offer agreement, the Company has access to a 16 GW pipeline of renewable energy assets over the coming years.
- CWEN's mission is to produce clean, reliable and competitively priced renewable energy. This sustainability mandate clearly aligns with the GRIF sustainable investment criteria.
- CWEN's clean energy generation delivers benefits equivalent to 8.8 million metric tons of CO<sub>2</sub> avoided for its customers, 1.9 million cars taken off the road each year, and 1.3 million homes powered by clean energy each year.

# Case Study: Asset Analysis

## VETERANS AFFAIRS OUTPATIENT FACILITY

Easterly Government Properties focus on the acquisition, development and management of class A commercial properties that are leased to the US government agencies that serve essential US government functions.



**Commentary:**

- The United States Department of **Veterans Affairs** (“VA”) is a **federal agency** that provides a broad range of primary care, specialised care, and related **medical** and **social support** services for veterans in need.
- In April 2020, Easterly announced the acquisition of a **79,212 square foot VA Outpatient Clinic** in Mobile, Alabama. The modern facility sits on a 13- acre campus and is subject to an initial **15- year non-cancellable** lease term that expires in **February 2033**.
- The facility provides a wide range of **medical** and **ancillary services** including primary care, mental health services and laboratory services. Approximately **54,000 veterans** in the surrounding region have their needs addressed by the facility.
- The acquisition was completed during the **Covid-19 pandemic**. In regards to the timing of the acquisition, Easterly’s CEO William Trimble explained “the everyday medical needs of our United States veterans **do not halt** because of a global health pandemic. Our ability to continue to deliver state-of-the-art real estate for the US Federal Government is as **important as ever**, and it is our privilege to be able to do so during such trying times.”

Asset Owned By	Easterly Government Properties.
Asset Type	State-of-the-art build-to-suit outpatient clinic.
Ultimate Counterparty	United States government.
Certainty Of Revenue	Long-term leases provide steady and dependable returns throughout the cycle.
Contract Type	15-year non-cancellable lease.
Sustainability Assessment	Provides medical and social support services for veterans in need.

# Case Study: Asset Analysis

## FRENCH WIND FARMS

Greencoat Renewables is an investor in renewable energy infrastructure assets that is focused on the acquisition and management of operating wind farms. Initially focusing on Irish investments, it is now expanding into other Northern European countries.



**Commentary:**

- In March 2020, Greencoat Renewables’ acquired a portfolio of **operating wind assets** in France from John Laing Group for a total consideration of €30.3 million. The acquisition was funded by the Company’s €380 million credit facility.
- The portfolio of three windfarms producing **51.9 MW** come with **16-year** long term fixed rate project finance and have an overall net enterprise value of €95 million. Following the acquisition, Greencoat Renewables’ total installed capacity base will increase to **528.1 MW**.
- The acquisition marks the Company’s first investment in the **continental European energy market**. The assets will benefit from the France’s stable and supportive **tariff regime** which **guarantees** a fixed price for the electricity produced by an asset. All assets will benefit from a fixed price **Feed in Tariff (FIT)** with a weighted average remaining FIT of **12.3 years**.
- The existing portfolio already has **97%** of its cashflow contracted under REFIT until Jan 1 2028, and this acquisition further extends the proportion and duration of their fixed price revenues.

Asset Owned By	Greencoat Renewables PLC.
Asset Type	Wind Energy.
Ultimate Counterparty	French Government.
Certainty Of Revenue	The revenue will come from France’s FIT schemes.
Contract Type	Fixed Price Feed-In-Tariffs with weighted average FIT of 12.3 years.
Sustainability Assessment	Producer of over 50 MW of clean energy.

# Case Study: Asset Analysis

## YELLOW FALLS HYDROELECTRIC SITE

Boralex is a power producer whose core business is dedicated to the development, building and operation of renewable energy power facilities.



**Commentary:**

- Commissioned in **November 2019**, Yellow Falls is a **16-MW** run-of-river hydroelectric power station located on the Mattagami River at Yellow Falls, approximately 18 kilometers upstream of the town of Smooth Rock Falls, **Ontario**.
- The project was commissioned under the terms of a **price-indexed power purchase agreement** with the **Independent Electricity System Operator (IESO)** for a period of **40 years**.
- The station comprises two 8-MW turbine-generator units closely connected to a water intake, a concrete dam, water discharge facilities and related infrastructure on the Mattagami River. The site’s power production will avoid the emission of nearly **2,540 metric tons** of Carbon Dioxide per year.
- For several years, Boralex worked closely with **local communities**, represented by the **Mattagami First Nation** and Taykwa Tagamou Nation, as well as with the town of Smooth Rock Falls, to develop a project that respects their concerns and the surrounding environment and also provides local economic spin-offs.
- The site further **diversifies** Boralex’s assets in Ontario and strengthens their position as a **leader** in the renewable energy field in Canada.

Asset Owned By	Boralex.
Asset Type	Run-of-river hydroelectric plant.
Ultimate Counterparty	Canadian government.
Certainty Of Revenue	Stable, secure cashflows from a 40 year power purchase agreement.
Contract Type	40 year price-indexed power purchase agreement.
Sustainability Assessment	The site’s power production avoids the emissions of nearly 2,540 metric tonnes of carbon dioxide per year.

# Case Study: Asset Analysis

## WIND FARMS, DENMARK

Encavis AG is a producer of electricity from renewable energy sources. The Company acquires and operates solar and wind parks and are one of the leading power producers in Europe.



**Commentary:**

- Denmark is an attractive area as it boasts **legally secure** and attractive framework conditions for investment. The proportion of green energy in Denmark is already 53% - mainly thanks to wind energy which alone contributes 43%. This means that Denmark has the **highest** share of wind energy in total electricity consumption in the world.
- The Danish government grants a **fixed feed-in tariff** for onshore wind parks of EUR 0.0335
- In February 2019, Encavis announced the acquisition of a portfolio of **eight fully operational** Danish wind parks with a total capacity of **81 MW**. The strength of this portfolio lies in the **diversification** of the local wind risk across eight different locations.
- The high-quality turbines from the companies Vestas and Siemens Gamesa provide a technical availability rate of **99%** and are professionally maintained by the manufacturers within the framework conditions of long-term full service **contracts** with terms of between **three** and **15** years.
- The annual electricity production of around **214,000 MW-hours** is enough to provide more than **50,000** households with power. Revenues of **13.4** million euros per year are expected from the power marketing.

Asset Owned By	Encavis AG.
Asset Type	Wind Farm.
Ultimate Counterparty	Danish government.
Certainty Of Revenue	Feed-in-tariff valid for the first 22,000 full-load hours per MW.
Contract Type	Fixed feed-in-tariff.
Sustainability Assessment	The portfolio of Danish wind parks provide more than 50,000 households with clean energy.

# Case Study: Asset Analysis

## STORMWATER INFRASTRUCTURE

Hannon Armstrong is the first US public company solely dedicated to investments in climate change solutions, providing capital to leading companies in energy efficiency, renewable energy, and other sustainable infrastructure markets.



**Commentary:**

- Stormwater remediation is becoming a key climate adaption measure as climate change-related extreme weather events are increasing in number and strength.
- Hannon Armstrong’s investment in stormwater infrastructure is installed at four separate project locations and helps to decrease the flow of storm water, while also filtering out many pollutants before entering downstream waterways.
- Stormwater Remediation and Environmental Restoration markets have the potential for significant growth as communities adapt to more severe weather events.
- Environmental stewardship continues to be a driving force for Hannon Armstrong’s investments and they are planning for continued expansion in this market and others addressing climate change impact, mitigation and resiliency.

Asset Owned By	Hannon Armstrong Sustainable Infrastructure Capital.
Asset Type	Stormwater Infrastructure.
Ultimate Counterparty	Maryland State Government.
Certainty Of Revenue	Fixed concessions through a Public-Private Partnership agreement.
Contract Type	Public-Private Partnership.
Sustainability Assessment	Stormwater infrastructure is a key asset to address the need for improved climate change mitigation and resiliency.

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- the "high-water mark", being the highest NAV per share of the class recorded on any preceding day.<sup>1</sup>

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<sup>1</sup>The initial high-water mark will be the net asset value per share of the relevant class as at 31 December 2021.

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