

Initial investment in Asian winter tourism

13 December 2018

Adamas Finance Asia ("ADAM") aims to be the leading London-quoted pan-Asian focused diversified SME investment company. It targets above average income and capital growth, with a stated objective to provide shareholders with unique access to a diversified portfolio sourced from high-growth Asian economies.

Executing its strategy

ADAM's latest investment fits its investment mandate by providing an immediate, attractive income stream, which reaffirms the potential for future dividends, and capital growth over the medium term.

Furthermore, the attractive terms agreed confirm the management's view regarding the acute shortage of traditional sources of finance to many borrowers in its target Asian markets.

That provides it with a competitive advantage and bargaining power, and investors in ADAM with exposure to niche deals not normally available to European investors. Harmony Capital's local network sourced this deal and carried out detailed due diligence in conjunction with professional external advisers. ADAM will provide the financing from its existing cash resources.

Transaction details

ADAM has agreed to finance the development of a premium residential project in Hirafu Village, located in the Niseko Ski Resort in Hokkaido, Japan, **one of the world's most popular winter travel destinations.**

It will provide the borrower, **Infinity Capital Group Limited** (ICG) with a US\$4m senior secured loan note, fully secured by other ICG assets in Niseko. The coupon is **17.5% pa**, payable in cash with the first tranche drawn imminently according to the Company.

ADAM has also received detachable warrants which will give it the right to subscribe for up to US\$4m of equity in ICG or its parent company, if either decides to undertake a liquidity event, such as an IPO. This presents an opportunity to benefit from any future upside and we can expect to see a capital gain element associated with all transactions structured by ADAM's investment manager.

A full appraisal on the property and scheme was carried out by independent property consultants **Jones Lang LaSalle** while **King Wood Mallesons**, one of Asia's leading legal firms, acted as advisor to the Company. The investment is part of a strategy to create a diversified portfolio of pan-Asian SME assets.

Valuation

This transaction is a timely reminder of the Investment Manager's ability to source and execute attractive deals, and its plans to build cash flows to support future dividend payments. ADAM shares are currently 48% below end September 2018 (unaudited) NAV/share. We believe that gap discounts any perceived risks and offers attractive potential upside as Harmony Capital further builds ADAM's portfolio with Asian SMEs.

Company Data

EPIC	ADAM
Price	60.5c
52 week Hi/Lo	81.5c / 58.6c
Market cap	\$49.0m
Reported NAV/share	117c

(Unaudited, as at 30 June 2018)

Share Price, \$



Source: ADVFN

Description

ADAM appointed a new Investment Manager, Harmony Capital Investors Limited ("Harmony Capital"), in May 2017. Harmony Capital has a dedicated Asian focus and is based in London, Hong Kong and Singapore.

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