

Company update and net asset value

RNS Number : 4694H
GCP Infrastructure Investments Ltd
28 July 2023

GCP Infrastructure Investments Limited
("GCP Infra" or the "Company")
LEI: 213800W64MNATSIV5Z47
Company update and net asset value(s)

28 July 2023

Net Asset Value

GCP Infra announces that at close of business on 30 June 2023, the unaudited net asset value per ordinary share of the Company was 110.02 pence (31 March 2023: 112.24 pence), a decrease of 2.22 pence per ordinary share. The net asset value takes into account cash, other assets, accrued liabilities and expenses and leverage of the Company attributable to the ordinary share class.

The primary driver of the Company's NAV movement in the quarter was increases to discount rates. As advised by the Company's independent valuation agent, increases to discount rates have been applied across the portfolio's three sectors; supported living, PFI and renewable energy. The increased discount rates reflect the current higher inflation and base rate environment, and recent market transactions that suggest the rising cost of debt has started to impact equity pricing. This has resulted in a c.40bps increase to the weighted average discount rate used by the Company to value its portfolio leading to a decrease of c.2.5 pence per ordinary share.

Further reductions in electricity prices continue to decrease actual and forecast cash distributions to the Company from its renewables investment portfolio driven by decreases in short-term power prices partially offset by an uplift in long-term forecast power prices and the positive performance of the Company's hedging arrangements. In aggregate, movements in electricity price forecasts negatively contributed c. 0.4 pence per ordinary share to the movement.

Net asset value analysis (pence per share)	NAV	Change
31 March 2023 NAV	112.24	
Q2 2023 power price forecast (inclusive of hedging value changes)		(0.37)
Discount rate increases		(2.49)
Other valuation changes		0.64
30 June 2023 NAV	110.02	

Portfolio

Notwithstanding the lower electricity price forecasts, the portfolio continues to perform materially in line with the Company's expectations. The Company's mature, diverse and operational portfolio provides defensive access to income against a backdrop of market volatility and uncertainty. It is the view of the Company that the long-term and structural demand for infrastructure, and particularly infrastructure debt, offers investors an attractive exposure to an asset class whose performance is non-correlated to wider markets and benefits from long-term and partially inflation protected income.

Buybacks

On 14 March 2023 the Company announced a proactive programme of share buybacks in response to the persistent discount at which the Company's share price is trading relative to the published net asset value. The Company remains committed to pursue buyback opportunities in line with the strategy that has been set out previously, and to benefit from the investment opportunity that the Company's shares offer at the current price. At 30 June 2023, the Company had bought back 5,935,908 shares.

Updates

The Board, and Gravis, are available to meet with the Company's shareholders at any time. A capital markets day is being scheduled for October, which investors would be welcome to participate in. Following the release of the 30 June 2023 NAV, Gravis will be holding a webinar on Tuesday 1 August at 11am. For further details and to book a place please contact zoe.french@graviscapital.com or your usual Gravis contact.

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Notes to the Editor

About GCP Infra

GCP Infra is a closed-ended investment company and FTSE-250 constituent whose shares are traded on the main market of the London Stock Exchange. Its objective is to provide shareholders with regular, sustained, long-term distributions and to preserve capital over the long term by generating exposure to UK infrastructure debt and related and/or similar assets.

The Company primarily targets investments in infrastructure projects with long term, public sector-backed, availability-based revenues. Where possible, investments are structured to benefit from partial inflation protection. GCP Infra is advised by Gravis Capital Management Limited.

GCP Infra has been awarded with the London Stock Exchange's Green Economy Mark in recognition of its contribution to positive environmental outcomes.

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