29 January 2024

Secured Income Fund plc

Portfolio Update and Monthly Net Asset Value

Secured Income Fund plc (the "Company") is pleased to provide its monthly net asset value ("NAV") together with a Portfolio Update, as follows.

Net Asset Value

The Company announces that, as at 31 December 2023, the unaudited estimated NAV per ordinary share (cum-income) was 12.24 pence.

The estimated NAV per ordinary share includes the deduction of dividends distributed since the commencement of the wind down on 17 September 2020 of 9.25 pence per ordinary share and B Share buy backs equivalent to 43.00 pence per ordinary share.

Portfolio Update

There were ten direct loans in the portfolio as at 31 December 2023, with an average carrying value of £0.4 million per loan. The latest status of the exposures has been outlined below.

Irish SME and Leasing Fund investment (Borrower 1 in the Annual Report and Financial Statements for the year ended 30 June 2023)

The Company has received €221,345 in capital repayments to date for this financial year ending 30 June 2024. A significant proportion of the capital balance is expected to be repaid in the upcoming months as refinance opportunities are crystallised. The overall portfolio continues to perform well with opportunities to make additional gains through exit fees and warrants.

SME Loan company (Borrower 2 in the Annual report and Financial Statements for the year ended 30 June 2023)

Since the start of the financial year ending 30 June 2024, the Company has received £515,994 (including the payment received in January 2024) by way of capital repayments and monthly interest on the loan continues to be serviced. However, the impairment assigned to this position has been increased over time as the portfolio runs off and the proportion of loans in default increases against the remaining portfolio.

The underlying SME loans within this portfolio continue to be closely monitored by the Company through regular dialogue with the Borrower to assess their ongoing status. Legal proceedings have progressed against a large proportion of the underlying positions in default to improve the likelihood of recovery.

US healthcare services company (Borrower 3 in the Annual report and Financial Statements for the year ended 30 June 2023)

The latest monthly payments of principal and interest have been made by the Guarantor and are up to date, in line with the original schedule. The loan is due to mature in December 2024.

Although a sizeable IFRS 9 provision remains against this position as it is in unremedied default, we believe it is in the Guarantor's best interest to ensure the loan is repaid in full. All rights over the Guarantor have been reserved.

Media financing (Borrowers 4, 6, 7, 8, 9 and 10 in the Annual report and Financial Statements for the year ended 30 June 2023)

The Company remains in regular dialogue with the Borrower to closely monitor receipts of the Film Production Financing portfolio. Small recoveries have been made over the last six months, but the Company is expecting a significant proportion of the outstanding carrying value to be repaid this year as it looks to recover funds from a contracted tax credit.

Discussions have been taking place with distributors to strengthen and build upon the cashflows expected from the "non-contractual future sales" element, i.e. the previously unsold territories.

UK Venture Debt (Borrower 5 in the Annual report and Financial Statements for the year ended 30 June 2023)

A follow-on loan was made in October 2022 to a merged broadband company in the hope of recovering some losses incurred by a legacy position within the portfolio. This loan had an 18-month term, with interest accruing at 5% per annum. Unfortunately, the merged entity has not performed in line with expectations and, as a result, selling the legacy broadband company to a new buyer has been deemed the most appropriate solution in this case.

The Company is hoping to recoup the follow-on investment amount along with interest due. However, the original term, which would have resulted in the loan maturing in April 2024, has had to be extended to December 2025 to provide a sufficient chance of recovery.

Outlook

As the Company progresses within the later stages of the realisation programme, achieving a balance between maximising the value of the remaining assets and ensuring timely returns of capital to Shareholders continues to be a primary focus of the Board. The Company is hoping to make material steps in the coming year in terms of the recovery of the remaining assets.

For further information please contact:

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