Net Asset Value and Investment Update

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GCP Asset Backed Income Fund Ltd
15 October 2021

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(the "Company" or "GCP Asset Backed")

LEI: 213800FBBZCQMP73A815

Net Asset Value and Investment Update

GCP Asset Backed, which invests in asset backed loans, announces that, as at 30 September 2021, the unaudited net asset value ("NAV") per ordinary share of the Company (including current period revenue) is 98.94 pence per share.

NAV

The NAV performance for the 3 month period is a negative movement of 3.77 pence per share after the payment of dividends, a decrease of 3.67 per cent.

The negative NAV performance for the period was driven by the write-down of the Co-living Group loan as announced on 13 September 2021.

The rest of the Company's investments continued to perform as expected in the period to 30 September 2021, with all principal and interest payments received as anticipated[1].

Portfolio Update

The only portfolio assets that remain categorised as high risk are the Co-living Group loan and the two community facility loans, representing an aggregate 5.84% of the total portfolio value.

Co-living

Further to the announcements of 13 September and 16 September, we are pleased to report that the credit bid is proceeding as planned. The first two assets have transferred to the acquisition vehicle, and it is anticipated that the remaining four assets will transfer over the coming weeks.

The negative NAV movement of 3.77p is greater than the 3.69p reduction announced on 13 September as a result of no income being recognised on the entirety of the loan in the period.

Occupancy across the operating assets was strong in the period. The UK assets are all at or above 90% in occupancy and the US operating asset reported its strongest month of the year in September.

The lenders to the Co-living Group are holding discussions with several parties who are interested in buying assets which are not part of the credit bid and hope to transact on a number of these in the coming weeks. The Investment Manager continues to look to realise value across all elements of the Co-living Group and continues to believe there is additional value to be found from these other assets. We are seeking to remain conservative and will only move the valuation upwards as these sums are realised, though it should be noted that current discussions would not lead to a material movement in the Company's NAV.

Community Facility

The Company has provided loans to two community facilities. These facilities house a variety of small businesses including bars, food outlets, co-working and studio space.

A sale process was commenced in the period for the two community assets, with the appointment of a preferred bidder occurring at the end of September. It is expected that the transaction will complete before the end of October.

We do not expect a reduction in the carrying value of these loans as a result of the transaction and believe that the preferred bidder will be able to fully realise the value of the facilities.

General

The portfolio continues to rotate well with £36.8m repaid and £16.6m deployed in the period. The Investment Manager continues to target loans to borrowers it already knows and in sectors that have performed well for the Company.

The Company's interim results for the six months ended 30 June 2021 were released on 28 September 2021.

Dividends

On 22 July 2021, the Company declared a quarterly dividend in respect of the period from 1 April 2021 to 30 June 2021 of 1.575p per share, which was paid on 27 August 2021.

Outlook

Whilst endeavouring to recover value from the Co-living Group loan has been a primary focus for the Investment Manager over the period, we remain encouraged by the continued performance and strong cash generation of the wider portfolio. We continue to have access to funds as loans repay, including £20m which has been repaid post period end and we have a pipeline of opportunities which is in excess of our available capital.

The Investment Manager will be holding a webinar on 3 November 2021 at 10am to provide more detail on the portfolio. For any investor interested in joining, please e-mail zoe.french@graviscapital.com.

For further information, please contact:

Gravis Capital Management Ltd	+44 (0)20 3405 8500
David Conlon	
Joanne Fisk	
Investec Bank plc	+44 (0)20 7597 4000
Helen Goldsmith	
Denis Flanagan	
Neil Brierley	
Buchanan/Quill	+44 (0)20 7466 5000
Helen Tarbet	
Sarah Gibbons-Cook	
Henry Wilson	

Notes to Editors

GCP Asset Backed is a closed ended investment company traded on the Main Market of the London Stock Exchange. Its investment objective is to generate attractive risk-adjusted returns primarily through regular, growing distributions and modest capital appreciation over the long term.

The Group seeks to meet its investment objective by making investments in a diversified portfolio of predominantly UK based asset back loans which have contracted, predictable medium to long term cash flows and/or physical assets.

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[1] As previously reported by the Company the CHP and ROC loan remains in default and no interest payments are expected on this loan.

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