Net Asset Value and Investment Update

RNS Number : 4541Z
GCP Asset Backed Income Fund Ltd
25 January 2022

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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 31 December 2021, the unaudited net asset value ("NAV") per ordinary share of the Company (including current period revenue) is 99.29 pence per share.

NAV

The NAV performance for the 3 month period is a positive movement of 0.35 pence per share after the payment of dividends, an increase of 0.35 per cent.

The positive NAV performance for the period was driven by a combination of excess earnings in the period and upwards revaluation of an asset finance loan by the Valuation Agent.

Portfolio Update

The only portfolio assets that remain categorised as high risk are the loan to a co-living group (the "Co-living Group") and the two community facility loans, representing an aggregate 6.98% of the total portfolio value.

The portfolio continues to rotate well with £44.7m repaid and £46.9m deployed in the period. The Investment Manager continues to target loans to borrowers it already knows, in sectors that have performed well for the Company and which offer attractive, risk-adjusted returns.

Co-living

There have been no material movements in the position of the Co-living Group loan since the announcement on 22 December 2021.

We are not proposing any change to the holding value of the Co-living Group loan, in line with the decision to only recognise movements on the receipt of funds. The value of the loan therefore continues to be held in line with the initial NAV write-down on 13 September 2021.

Community Facilities

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 for the two community assets was commenced over the summer of 2021 with the appointment of a preferred bidder occurring at the end of September. This initial preferred bidder was unable to complete the bid within the given timescale and, therefore, a second party was appointed as preferred bidder and the assets transferred to new ownership in the period.

The Investment Manager is working closely with the new owner and significant wins have already been achieved on the two assets, including reaching agreement to turn the large garden area at the Hackney site into a bar and terrace and the drawing up of plans to convert the basement at the Peckham site into studios, for which there is currently a waiting list of potential tenants.

Both assets continue to be impacted by the Omicron variant and the UK Government having imposed "Plan B" coronavirus restrictions.

CHP and ROC Engines

This loan defaulted in March 2019 and was sold in April 2021. As reported in the NAV announcement of 15 July 2021, £1.1m of this loan was held in escrow following the sale and subject to potential warranty claims, with £1m due to be released in December 2021 and £0.1m due to be released in March 2023. We are pleased to report that the full £1.1m was released back to the Company in December 2021.

There remains a further small amount of money due under the sale documentation and the Company still retains security over a further engine on a separate site. This site is expected to be awarded planning permission this quarter and has a significant renewable heat incentive tariff linked to it. No value has been ascribed in the NAV to this engine or any additional funds due pursuant to the sale, but the Investment Manager will continue to monitor these assets closely.

Dividends

On 3 November 2021, the Company declared a quarterly dividend in respect of the period from 1 July 2021 to 30 September 2021 of 1.575p per share, which was paid on 10 December 2021.

Outlook

The Investment Manager remains focussed on recovering value from the Co-living Group. However, it remains highly encouraged by the continued strong level of repayments that are being experienced across the balance of the portfolio. These repayments continue to be matched by a strong pipeline of opportunities in sectors that the Investment Manager finds attractive.

The Investment Manager will be holding a webinar on 28 January 2022 at 10am to provide more detail on the portfolio. For any investor interested in joining, please e-mail zoe.french@graviscapital.com.

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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 backed loans which have contracted, predictable medium to long term cash flows and/or physical assets.

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