Quarterly Update

RNS Number : 2840X
GCP Asset Backed Income Fund Ltd
25 April 2023

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GCP Asset Backed Income Fund Limited

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

LEI: 213800FBBZCQMP73A815

Quarterly Update

GCP Asset Backed, which invests in asset backed loans, announces that, as at 31 March 2023, the unaudited net asset value ("NAV") per ordinary share of the Company (including current period revenue) is 95.13 pence per share.

NAV

The NAV performance for the 3-month period ending 31 March 2023 is a positive movement of 0.23 pence per share after the payment of dividends, an increase of 0.24 per cent.

The positive NAV performance for the period was driven by an increase in the weighted average annualised yield[1] on the investment portfolio, from 8.0% as at 31 December 2022 to 8.4% as at 31 March 2023 and from the continued share buyback programme. This expected increase in portfolio yield arose from higher yielding loans originated in Q4 2022 and from the rate protection mechanics in the existing loan book.

[1] The weighted average yield on the investment portfolio calculated based on the yield of each investment weighted by the fair value of such investment, expressed as a percentage.

Portfolio Update

The portfolio continues to perform well with £11.9m in repayments received and £13.3m deployed through the quarter. This includes the refinancing of an £8.5m existing loan to increase the interest rate as the development site undergoes infrastructure works ahead of a sale and financing for a new borrower operating in the Irish property bridging market, bringing increased diversification to the Company's property exposure.

Progress continues to be made to realise the fair value of the Co-Living group loan which now comprises 0.9% of the fair value of the investment portfolio. The Investment Manager, in collaboration with the Senior Lending syndicate group, remains focussed on achieving the sale of the remaining assets to minimise the costs of sale and to ensure that the Company's share of the net proceeds is received as efficiently as possible.

The proportion of the fair value of the remaining four problem loans represents 3.5% of the total fair value of the investment portfolio. The two Multi- Use Community Facilities (1.5%) and the Supported Living assets (1.5%) continue to face operational challenges but the Investment Manager continues to work with the operators to implement their changes that are designed to enhance their business performance. The Board continues to monitor the progress and impact of these changes. The Investment Manager also continues to work with the Football Finance borrower (0.5%) to resolve that position. Further details on these positions are included on pages 20 and 22 of the Company's Annual Report available at www.graviscapital.com/funds/gcp-asset-backed/literature .

Elsewhere in the portfolio, loans are continuing to perform well, with rate linkage mechanics resulting in additional interest rate increases on 17 loans during the period.

Dividends

On 26 January 2023, the Directors declared a quarterly dividend (in line with its dividend target for 2022 of 6.325p) in respect of the period from 1 October 2022 to 31 December 2022 of 1.58125p per share, which was paid on 3 March 2023.

Share Buybacks

In the period, the Company purchased 6.33 million of its own shares at an average price of 78.5p, to be held in treasury. Since the commencement of the buyback programme in March 2020, the Company has repurchased over 14.2 million shares. Positively, there has been some improvement in the share price since the period end.

Outlook

The Investment Manager is pleased to report an increase in the NAV over the quarter. Whilst work continues to resolve five problem loans that represent 4.4% of the fair value of the investment portfolio, the Investment Manager continues to see positive investment opportunities at prevailing rates into attractive sectors including further investments into nurseries, property investment and energy infrastructure.

The Investment Manager will be holding a webinar on Wednesday 10th May 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 are secured against contracted, predictable medium to long term cash flows and/or physical assets.

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