Cessation of combination discussions

RNS Number : 6855M
GCP Asset Backed Income Fund Ltd
18 September 2023

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

GCP Asset Backed Income Fund Limited
LEI: 213800FBBZCQMP73A815

18th September 2023

Cessation of combination discussions and introduction of continuation vote

On 11th August 2023, GCP Asset Backed Income Fund Limited (the "**Company**") announced that it had agreed heads of terms ("**HoTs**") with GCP Infrastructure Investments Limited ("**GCP Infra**") in relation to a proposed combination of the Company with GCP Infra (the "**Scheme**").

In proposing the Scheme, it has been the intention of the board of directors of the Company (the "**Board**") and Gravis Capital Management Limited ("**Gravis**"), the Company's Investment Manager, to be proactive in seeking to create a more sizeable infrastructure and real asset debt vehicle, with greater secondary market liquidity and the ability to return capital to shareholders while offering the potential for a re-rating over time.

Since announcing the Scheme, the Company has undertaken a significant shareholder consultation exercise to seek feedback from shareholders as to their views in relation to the Scheme. Whilst a number of shareholders expressed their support for the Scheme, a significant minority of shareholders have informed the Company that they are not supportive of the Scheme. As a result of this feedback, the Board has notified GCP Infra that it intends to cease discussions relating to the Scheme. Under the HoTs, Gravis agreed to underwrite the costs incurred by the Company in progressing the Scheme up to a capped amount. The Company therefore expects to incur little or no cost in respect of progressing the Scheme to date.

Whilst differing views have been expressed by shareholders on the merits of the Scheme and the future of the Company, there has been a consistent view expressed by shareholders that the Company would benefit from the introduction of a continuation vote. Accordingly, the Board announces that it will propose an ordinary resolution at the Company's Annual General Meeting to be held in May 2024 (the "**2024 AGM**") that the Company continue in its present form. In the event that such a resolution passes, a similar resolution will be proposed every four years thereafter. Alternatively, if such a resolution does not pass, the Board expects to put forward proposals to shareholders to amend the investment objective and policy of the Company to pursue a strategy for the orderly realisation of the Company's portfolio and the return of capital to shareholders thereafter.

In the period up until the continuation vote at the 2024 AGM, the Company intends to use any cash resources available to it, after drawdowns of any existing commitments, firstly (i) to repay the Company's outstanding balance under its revolving credit facility and, thereafter, to buyback the Company's shares whilst such shares trade at a material discount to the Company's net asset value per ordinary share; and secondly (ii) only where the high threshold for such activity is met relative to the alternatives under (i), invest in accordance with the Company's current investment policy at the prevailing market rate of returns.

The Chairman of GCP Asset Backed Income Fund Limited, Alex Ohlsson, commented:

"Whilst the Board negotiated, structured and proposed the Scheme considering the best interests of shareholders, the Board recognises the feedback received from certain shareholders. As a consequence, it is right that we cease our discussions with GCP Infra.

Additionally, reflecting the views shareholders have previously expressed, the Board wishes to introduce a continuation vote at the Company's 2024 Annual General Meeting and, if successful, every four years thereafter, to enable shareholders to express their views on the continuation of the Company in its current form.

I would like to express my thanks to shareholders who have engaged with myself, the Board and its advisers and committed time to providing feedback over the last month."

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Notes to the Editor

About GABI

GCP Asset Backed Income Fund Limited is a closed ended investment company. Its shares are traded on the Premium Segment of 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 Company 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.

Important Information

This announcement contains statements about the Company that are or may be deemed to be forward looking statements. Without limitation, any statements preceded or followed by or that includes the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance of the negative thereof, may be forward looking statements.

These forward looking statements are not guarantees of future performance. Such forward looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statement. Due to such uncertainties and risks, readers should not rely on such forward looking statements, which speak only as of the date of this announcement, except as required by applicable law.

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Market Abuse Regulation

The information contained within this announcement would have, prior to its release, constituted inside information as stipulated under Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as incorporated into UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019 ("UK MAR"). Upon the publication of this announcement via a regulatory information service, this inside information will be considered to be in the public domain.

For the purposes of UK MAR, the person responsible for making this announcement is Sophie Botterill, Manager at Apex Financial Services (Alternative Funds) Limited.

Legal Entity Identifier ("LEI")

GCP Asset Backed Income Fund Limited's LEI is 213800FBBZCQMP73A815

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