Strategic Review Update

RNS Number : 7816G
GCP Asset Backed Income Fund Ltd
14 March 2024

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE

14 March 2024

GCP Asset Backed Income Fund Limited

("GABI" or the "Company")

LEI: 213800FBBZCQMP73A815

Strategic Review Update

On 13 December 2023, the Company announced that its board (the "**Board**") would be commencing a strategic review to consider how it may best deliver value to shareholders (the "**Strategic Review**"). Following a further announcement on 29 January 2024, the Board has engaged extensively with shareholders in seeking feedback to inform its decision-making process.

As part of this process, the Board has specifically sought shareholders' views in respect of i) the potential continuation of the Company in its present form in accordance with its current investment policy delivered by Gravis Capital Management Ltd, the Company's investment manager (the "**Investment Manager**"), paired with a partial capital return ("**Continuation**"), ii) a wind-down of the Company with an orderly realisation of its assets (the "**Orderly Realisation**") and iii) a potential sale of the entire issued share capital of the Company and/or its assets (a "**Potential Sale**").

Feedback on the future strategic direction of GABI has been provided to the Board by shareholders representing a majority of the total voting rights in the Company. Whilst differing views have been expressed by shareholders on the future of the Company, a majority indicated a preference for an Orderly Realisation or a Potential Sale. Further, whilst a minority of shareholders indicated a preference for Continuation, the Board believes that the likely scale and take-up of returns of capital that would be necessary to provide an exit for shareholders would be substantial and that, as a result, the Company would no longer be of a viable size to provide sufficient liquidity and scale.

Alongside shareholder feedback, the Board has also considered the prevailing and persistent discount to net asset value at which the Company's shares have traded over the course of the past 18 months, the liquidity of trading in its shares, and the limited prospects for achieving greater scale in the foreseeable future and wider market conditions.

Accordingly, the Board has reached the conclusion that shareholder value will be best served by a proposed orderly realisation and return of capital.

Orderly Realisation and Return of Capital

Shareholders will be given the opportunity to vote on a discontinuation of the Company at the Company's annual general meeting on 15 May 2024 (the "**2024 AGM**"), which will be presented as an ordinary resolution requiring a majority of those voting to vote in favour of discontinuation in order for the resolution to pass. The Board intends to recommend that shareholders vote for discontinuation of the Company in its present form.

In addition, and subject to the prior approval of the Financial Conduct Authority, the Board intends to convene an extraordinary general meeting (the "**2024 EGM**") to be held immediately after the 2024 AGM at which it will seek approval from shareholders to i) amend the Company's investment objective and policy to contemplate the Orderly Realisation, ii) adopt new articles of association and iii) approve any related matters necessary to facilitate the Orderly Realisation (together, the "**Proposals**").

The Orderly Realisation will not result in a liquidation of the Company in the immediate future and the Board will seek to implement the Orderly Realisation in a manner that maximises value to shareholders.

The Company currently has a cash balance of circa. £55 million. It is the Board's expectation that, subject to the adoption of the Proposals and receipt of anticipated cashflows, the Company will make an initial capital distribution of at least this amount as soon as reasonably practicable following the conclusion of the 2024 EGM. In addition, the Board will seek to expedite regular capital distributions when practicable thereafter. It is currently envisaged that adoption of the Proposals will enable the Company to return capital to shareholders by way of a compulsory partial redemption of shares pro rata to their shareholding in the Company at the appropriate time.

Should the Proposals be approved by shareholders, it is the Board's current intention to maintain the Company's existing level of dividend of 6.325 pence per annum whilst the Company remains substantially invested, for as long as practicable. This is a target only and does not constitute a profit forecast.

Further, subject to the adoption of the Proposals, in order to reduce costs to a more appropriate level for the duration of the Orderly Realisation, with effect from 30 June 2024 the Company will publish half-yearly (rather than quarterly) NAV updates. It is intended that the Company's listing will be maintained during the Orderly Realisation process for as long as practicable and cost-effective to do so.

The Company intends to publish a circular in late April 2024 in connection with the Proposals and incorporating a notice convening the 2024 EGM (the "**Orderly Realisation Circular**").

Update on a Potential Sale

The Board will explore all avenues for optimising shareholder value. Parties interested in a Potential Sale should contact Barclays using the contact details given below.

Investment management arrangements

It is the Board's current intention that the Investment Manager be retained to provide investment management services in connection with the Orderly Realisation. The Board considers the Investment Manager to be best placed to provide such services taking into account its knowledge and experience of the Company's investment portfolio.

To this effect, the Board has commenced discussions with the Investment Manager in respect of proposals for the provision of investment management services during the Orderly Realisation under revised terms that seek to incentivise the Investment Manager to achieve the objective of maximising shareholder returns in a timely manner.

In due course the Investment Manager will engage with shareholders to present its plan for the Orderly Realisation.

Further information will be set out in the Orderly Realisation Circular.

Directorate changes

In light of the outcome of the Strategic Review, Joanna Dentskevich and Colin Huelin do not intend to seek reappointment as non-executive Directors of the Company at the 2024 AGM.

The Board will be seeking to appoint a new non-executive Director at the 2024 AGM. In seeking the appointment of a new non-executive Director, the Board will have due regard for corporate governance best practice through an independent process, taking into account relevant experience, Board diversity and the regulatory requirements applicable to the Company.

The appointment of the new Director will be subject to the approval of the Jersey Financial Services Commission and shareholder approval at the 2024 AGM. Subject to such approvals, following the completion of the 2024 AGM, the Board will comprise three non-executive Directors.

The Board will review the composition of its committees ahead of the 2024 AGM and make appropriate changes as required.

Further information will be included in the Orderly Realisation Circular.

Alex Ohlsson, Chairman of GABI, commented:

"The Board thanks shareholders for the constructive feedback provided as part of the shareholder engagement process. The extensive feedback has been invaluable in informing the Board's decision-making process and in formulating proposals for an orderly wind-down of the Company."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("MAR"). Upon publication of this announcement, the inside information is now considered to be in the public domain for the purposes of MAR. The person responsible for arranging the release of this announcement on behalf of the Company is Sophie Botterill, Manager at Apex Financial Services (Alternative Funds) Limited.

For further information:

GCP Asset Backed Income Fund Limited | +44 (0)15 3482 2251

Alex Ohlsson, Chairman

Barclays Bank PLC, acting through its Investment Bank (Financial Adviser and Corporate Broker) | +44 (0)20 7623 2323

Adrian Beidas
Callum West
Dion Di Miceli (Corporate Broking)
Stuart Muress (Corporate Broking)

Buchanan/Quill | +44 (0)20 7466 5000

Helen Tarbet
Sarah Gibbons-Cook
Henry Wilson

About GABI

GABI is a closed-ended investment company traded on the Main Market of the LSE. The company makes investments secured against physical assets or contracted cash flows, in sectors which are integral to society.

Important notices

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction, whether pursuant to this announcement or otherwise.

The release, distribution or publication of this announcement in jurisdictions outside the United Kingdom may be restricted by laws of the relevant jurisdictions and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

Disclaimer

Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for the Company and no one else in connection with the matters set out in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Barclays nor for providing advice in relation to any matter referred to in this announcement.

In accordance with the UK City Code on Takeovers and Mergers (the "Code"), normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in the Company's securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4)

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at https://www.graviscapital.com/funds/gabi-strategic-review/literature by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

UPDSFUEFDELSELD