

Portfolio Update

RNS Number : 3293Z
GCP Infrastructure Investments Ltd
15 May 2023

GCP Infrastructure Investments Limited

("GCP Infra" or the "Company")

Attractive Refinancing and PPA Update

Biomass Refinancing provides NAV uplift

PPAs secured at pricing in excess of NAV assumptions

15 May 2023

Attractive Biomass Refinancing

GCP Infra is pleased to announce that on 12 May 2023 the Company entered into agreements for the refinancing of two existing loan notes valued at c. £85 million as of 31 March 2023 and committed to a new £50 million loan note as part of a syndicated facility (the "Refinance") supporting the same biomass projects. Completion of the transaction is subject to several conditions that are expected to be met in the coming weeks. The Company will, on completion, receive fees, including prepayment fees, of c.£11 million associated with the Refinance, which is expected to result in a contribution of c. 1.2 pence per ordinary share to the Company's net asset value.

Overall, the Refinance will generate net cash proceeds to the Company of c. £50 million confirming both the Company's valuation of these investments and demonstrating the Company's potential to generate additional value from its portfolio of investments.

The net cash proceeds of the Refinance will be used to repay the Company's revolving credit facility.

The Refinance involved the prepayment of two existing loans, and reinvestment as part of a new facility, secured against two operational biomass plants, Evermore Renewable Energy ("Evermore") and Mersey Bio Energy ("Widnes").

Widnes is a 20.2 MWe wood-fuelled biomass combined heat and power ("CHP") plant located in Cheshire, UK, providing renewable electricity for more than 56,400 homes. The Company first provided mezzanine debt to Widnes in 2014 to fund the construction of the project and acquired a further pari-passu tranche from the Green Investment Bank as part of its privatisation in 2017. Widnes benefits from 1.4 ROCs / MWh, which expire in 2037 and renewable heat incentive ("RHI") payments of c. £41 / MWh, which also expire in 2037.

Evermore is a 15.8 MWe waste wood to energy CHP plant located in Londonderry Port, Northern Ireland and represents the largest renewable energy project in Northern Ireland, providing renewable electricity for more than 24,800 homes. The Company first provided mezzanine debt to Evermore in 2013 to fund the construction of the asset. This mezzanine debt was refinanced in 2021. Evermore benefits from renewable obligation certificates ("ROCs") of 2.0 ROCs / MWh, which expire in 2035.

As part of the Refinance, GCP Infra has provided a new £50 million loan note to a portfolio of biomass assets, comprising Evermore, Widnes and a further biomass plant, Ince. Ince is an operational 22.6 MWe waste wood timber gasification plant located in Cheshire, UK, providing renewable electricity for more than 60,300 homes. Ince benefits from 1.8 ROCs / MWh, which expire in 2037.

Power Price Agreements ("PPAs")

The Company is also pleased to announce that, as part of its ongoing proactive portfolio management, it has secured 12-month fixed electricity prices for two onshore wind farms in the Company's portfolio with a total capacity of 20MW at a weighted average price of c. £208 / MWh. This is higher than the electricity price forecast assumptions used in the Company's most recently published net asset value.

The Company has also recently signed a 16-month PPA at a fixed price of £180 per MWh for a 4MW portfolio of 8 anaerobic digestion CHP projects in Northern Ireland. This uplift was included in the Company's most recent net asset value. This CHP portfolio generates enough renewable electricity to power over 9,000 homes.

Andrew Didham, Chair of GCP Infra commented:

"These updates clearly have highly attractive implications for our shareholders. The refinancing was NAV accretive while maintaining a close relationship with well-known counterparties to the Company that have been further de-risked by the addition of a further operational biomass asset. The proceeds raised support the conservative valuation of these assets in the Company's net asset value and deliver additional cash resources to the Company. Meanwhile, the PPA updates demonstrate the capability of the manager in securing attractive contracts for the portfolio over and above NAV assumptions for multiple renewable technologies, enhancing their income streams that support the Company's 7.7% dividend yield, based on current share price.

We continue to believe that the Company's prospects and portfolio quality are poorly reflected by the current discount to NAV at which the Company's shares trade and have purchased 2,305,000 Company shares since the granting of the share buyback programme authority on 14 March."

Quarterly Update Webinar

The Company will be holding a quarterly update webinar on Monday 15 May at 11.00 BST. Please contact zoe.french@graviscapital.com for registration details.

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Notes to the Editor

About GCP Infra

GCP Infra is a closed-ended investment company and FTSE-250 constituent, its shares are traded on the main market of the London Stock Exchange. The Company's objective is to provide shareholders with regular, sustained, long-term distributions and to preserve capital over the long term by generating exposure to UK infrastructure debt and related and/or similar assets.

The Company primarily targets investments in infrastructure projects with long term, public sector-backed, availability-based revenues. Where possible, investments are structured to benefit from partial inflation protection. GCP Infra is advised by Gravis Capital Management Limited.

GCP Infra has been awarded with the London Stock Exchange's Green Economy Mark in recognition of its contribution to positive environmental outcomes.

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