Co-living Group Loan Update and Net Asset Value

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GCP Asset Backed Income Fund Ltd
13 September 2021

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

LEI: 213800FBBZCQMP73A815

Co-living Group Loan Update and Net Asset Value

GCP Asset Backed, which invests in asset backed loans, announces an update on its co-living group (the "Co-living Group") loan.

As announced on 15 July 2021, the Co-living Group had appointed a large investment bank to run a sales process to better support its long-term viability. Initial bids were received in June. As a consequence, the Company's valuation of its loan to the Co-living Group was reduced for the purpose of determining the Company's net asset value ("NAV") as at 30 June 2021. The reduction reflected an increase in the discount rate applied to the loan which was determined on the basis of the fair value of an offer received in the sales process as adjusted to reflect transaction risk. The offer was reaffirmed following second round bids in late July. The status of the loan and the current bid levels have subsequently deteriorated which leads the Investment Manager to estimate a consequent reduction in the NAV of 3.69 pence per share, to 99.02 pence per share (based upon the NAV per share of 102.71p as at 30 June 2021).

The Company participates in the loan to the Co-living Group with a number of other lenders (the "Lending Syndicate"). The Lending Syndicate will take prudent steps to maximise the likely recovery from its loan to the Co-living Group. The Lending Syndicate is expecting further developments shortly and, when these occur, the Company will announce relevant details to shareholders. The Company also anticipates inviting investors to a webinar to discuss its loan to the Co-living Group in more detail.

The Investment Manager does not believe that any read-across should be made as a result of the write-down in the value of the Co-living Group loan to the rest of the Company's portfolio which continues to perform as expected.

The Investment Manager remains of the opinion that, despite this write-down, the target dividend for the current financial year will be maintained and covered by the cashflows generated by the Company's portfolio.

The information contained in this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the Market Abuse Regulation (EC No. 594/2014), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

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Notes to Editors

GCP Asset Backed (GABI) 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 back loans which have contracted, predictable medium to long term cash flows and/or physical assets.

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