Net Asset Value and Investment Update

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GCP Asset Backed Income Fund Ltd
20 April 2022

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

LEI: 213800FBBZCQMP73A815

Net Asset Value and Investment Update

GCP Asset Backed, which invests in asset backed loans, announces that, as at 31 March 2022, the unaudited net asset value ("NAV") per ordinary share of the Company (including current period revenue) is 99.36 pence per share.

NAV

The NAV performance for the 3 month period is a positive movement of 0.07 pence per share after the payment of dividends, an increase of 0.07 per cent.

The positive NAV performance for the period was driven by excess earnings in the period.

Year end results

The Company's annual results were published on 24 March 2022 for the year ended 31 December 2021. The results reported on a challenging year for the Company (which included a write-down of the Company's investment in a Co-Living Group) but highlighted the strong performance across the significant majority of the loan book, as well as highlighting the high level of portfolio rotation with £118.1m in repayments received and £135.5m of investments made in the year.

The Company announced in its results that it has increased its target dividend for the current year to 6.325pps[1].

The results and a link to the analyst presentation can be found here:

https://www.graviscapital.com/funds/gcp-asset-backed/literature

Portfolio Update

The only portfolio assets that remain categorised as high risk are the loan to a co-living group (the "Co-living Group") and the two community facility loans.

During the three month period, we had a number of notable repayments, including:

- Partial principal repayment of €7.1m from one of the football finance positions secured against a team competing in La Liga, following the sale of a portion of the broadcasting rights to CVC Capital Partners.

- Partial prepayment of £11.9m from a student accommodation project in Dublin which represented the largest single asset exposure in the portfolio prior to repayment. The asset is performing well with 97% occupancy. The largest single asset exposure has now reduced from 5.39% to 3.33%.

The Investment Manager continues to be happy with the level of prepayments it is receiving as these enable the Fund to reinvest into new and attractive areas in sectors which the Investment Manager continues to support. There continues to be a healthy pipeline of new investments and repayments coming through.

New investments were made in the period in loans supporting new build residential developments, football finance and the development of a new care home in an underserved community in the UK.

Co-living

The realisation of the Co-living Group continued, with the following positive movements in the period:

- One US asset was sold to a co-investor;

- Three German assets were sold;

- Exclusivity was agreed for the sale of the US operating asset, with the asset expected to trade in Q2 2022;

- The UK operating assets continued to perform very well, with all but one asset operating at above 98% occupancy. The other asset operated at an average occupancy of 94% in the period.

The following less positive movements were noted in the period:

- The proposed launch of the GCP Co-living REIT was paused due to global events. The pausing of the REIT has had no impact on the value of the assets, which remain highly attractive. We are pleased to report the Company is expecting to shortly enter into a new exclusivity to sell two of the assets to a private fund post period end. This transaction is expected to complete in Q2 2022;

- The sales process for the UK HMO assets ended with no serious bids received. The Investment Manager is therefore reviewing options with respect to these assets, which are performing very well and are cash generative. We currently hold these assets at nil value.

We are not proposing any change to the holding value of the Co-living Group loan, in line with the decision to only recognise movements on the receipt of funds. The value of the loan therefore continues to be held in line with the initial NAV write-down on 13 September 2021, although we would expect to update this in the coming quarter as cash is received.

Community Facilities

The Company has provided loans to two community facilities. These facilities house a variety of small businesses including bars, food outlets, co-working, studio and workshop space.

Trading continues to improve for both projects boosted by the recent good weather. The first site is near fully occupied with the current focus on improvements to the public F&B spaces, basement, bar and events operation which are expected to improve footfall and profitability.

Plans for improvement of the second site have been presented to stakeholders, with works beginning on site to convert the garden area to a bar and seating area which will significantly increase the outdoor seating capacity of the site.

The Investment Manager continues to work closely with the management team to support the stabilisation of these assets.

Dividends

On 27 January 2022, the Company declared a quarterly dividend in respect of the period from 1 October 2021 to 31 December 2021 of 1.575p per share, which was paid on 4 March 2022.

Outlook

The Investment Manager is continuing to see strong opportunities for investment which match repayments that the Company is receiving from maturing investments. Equally, the portfolio continues to provide a diversified loan book benefitting from significant inflation and interest rate protection.

The Investment Manager will be holding a webinar on Friday 29th April 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.

[1] The target dividend set out above is a target only and not a profit forecast or estimate and there can be no assurance that it will be met.

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