Strategic Review Update

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GCP Asset Backed Income Fund Ltd
29 January 2024

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FOR IMMEDIATE RELEASE

29 January 2024

GCP Asset Backed Income Fund Limited

("GABI" or the "Company")

LEI: 213800FBBZCQMP73A815

Strategic Review Update

On 13 December 2023, the Company announced that the Board would be commencing a strategic review to consider how it may best deliver value to shareholders (the "Strategic Review" and the "Strategic Review Announcement").

The Company today publishes further information relating to its portfolio and the Strategic Review, as set out below. In addition, an updated portfolio report in respect of the Company's loan portfolio as at 31 December 2023 (the "Portfolio Report") has been made available by Gravis Capital Management Ltd (the "Investment Manager") in connection with the Strategic Review on the Company's website at *https://www.graviscapital.com/funds/gabi-strategic-review/literature*.

Portfolio repayment profile

As at 31 December 2023, the Company was invested in a portfolio of 42 asset backed loans with a weighted average loan duration of 4.3 years (the "Portfolio"). At that date, the principal value of the Portfolio and the net asset value of the Company (the "NAV") were £374.6 million and £396.7 million, respectively.

The current contracted cash repayment profile of the Portfolio, including the repayment of historic and future forecast capitalised interest, and after provisions for certain Problem or Watchlist Loans as advised by the Investment Manager, is shown below.

Years to maturity	Repayments in period (£m)	% of total repayments (cumulative)	Repayments of Watchlist or Problem loans in period (£m)
0 to 1 years	187.3 *	48%	25.5
1 to 2 years	12.2	51%	0.6
2 to 4 years	71.4	69%	1.5
4 to 10 years	55.2	84%	14.1
10 to 20 years	57.5	98%	16.4
20+ years	6.2	100%	0

* Includes the assumed receipt of £32.5m of repayments that were due on or prior to 31 December 2023, of which £0.8m has now been received by the Company and the remainder of which includes 3 Problem or Watchlist Loans (as further described below) and reflects the Board's current expectation, as advised by the Investment Manager, of the timing and quantum of the repayment of such loans

All figures relating to the Portfolio and/or valuations are as at 31 December 2023.

Shareholders should also note the following in relation to the information set out above:

- There can be no guarantee that loans will be repaid in accordance with contracted terms or that loans that were scheduled for repayment in 2023 will be repaid within the period assumed above. Borrowers may not repay on time (or at all) and their ability to service debts may be impaired from time to time;
- Borrowers may elect to repay loans before contractual maturity (in full or in part) and may exercise permitted loan extensions, and in order to maximise shareholder value the Company may extend the term of a loan at the Board's discretion;
- There can be no assurance that the current valuation of the loans to which the Company is exposed can be

achieved;

- Loans made by the Company to 7 borrowers and representing 11.4% by value of the NAV (£45.1 million) have been categorised by the Investment Manager as Problem or Watchlist Loans, based on meeting at least one of the following tests: (i) a likelihood that future interest and principal payments will not be serviced; (ii) debt service is outstanding for more than 6 months; and/or (iii) a persistent covenant breach. The circumstances around such loans have been considered by the Board and Mazars, the Company's independent valuation agent, in the valuation of such loans in the quarterly valuation process and associated NAV;
- Across the Portfolio, the Company has exposure to real estate markets. Approximately 88% of the Company's loans by portfolio value are exposed to property, including loans exposed to property in social infrastructure sectors such as student accommodation, social housing and care homes. The Portfolio includes exposure to 7 projects that are under construction, representing c. 18% of the portfolio value. Further information on the Portfolio sector allocations and the loan-to-value of the Portfolio can be found in the Portfolio Report; and
- The Portfolio includes subordinated loans which are subordinate to the borrowers' senior debt. Such loans represent 32% of the portfolio value.

By way of illustration, and assuming all loans repay in accordance with their contractual terms, and that loans scheduled for repayment in 2023 are repaid by no later than 31 December 2024, in the event of an orderly wind down of the Company, c. 69% of its principal outstanding at 31 December 2023 (including cash held by the Company) is scheduled to be repaid by the end of the financial year ended 31 December 2027.

Shareholder consultation

As part of the Strategic Review, the Board is seeking shareholder feedback to inform its decision-making process. Barclays Bank PLC, acting through its investment bank ("Barclays"), financial adviser and corporate broker to GABI, will contact the Company's key shareholders to arrange meetings with the Board shortly.

The Board would welcome shareholders' views on the future strategic direction of the Company, including in respect of the following:

- a potential continuation of the Company in accordance with its current investment policy delivered by the Investment Manager, paired with a partial return of capital;
- a suitable time horizon for the return of capital in a potential orderly wind down of the Company; and
- acceptable pricing on a potential sale of the Company.

Share buyback programme

As previously announced, the Board intended that available cash be used: (i) to repay the Company's outstanding balance under its revolving credit facilities (the "RCF") and reduce the Company's net debt; or (ii) repurchase the Company's shares whilst such shares trade at a material discount to their prevailing net asset value. The RCF has been fully repaid.

The Board is in discussion with its advisers in connection with the initiation of a £7 million share buyback programme in the coming weeks that would enable the Company to make capital available for return to shareholders in the period to 30 April 2024.

The Board continues to consider a sale of the Company as an option for its future. The timing and/or implementation of any share buyback programme may be tempered by regulatory and commercial considerations in connection with any potential approaches for the Company at the relevant time.

Expected timetable of events

The anticipated dates and sequence of events relating to the Strategic Review are set out below:

Initial shareholder consultation period	29 January to 23 February 2024
Publication of outcome of the Strategic Review	mid-March 2024
Posting of AGM notice / shareholder circular	mid-April 2024
AGM of the Company	15 May 2024

Alex Ohlsson, Chairman of GABI, commented:

"The Board looks forward to engaging with shareholders as it seeks feedback to inform its decision-making process for the future of the Company. The Board will be seeking to ascertain a future direction for the Company which can be supported by a majority of shareholders. The Board remains committed to maximising value for shareholders."

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:

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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.

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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.

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