Return of Capital & Conclusion of Strategic Review

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GCP Asset Backed Income Fund Ltd
29 May 2024

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FOR IMMEDIATE RELEASE

29 May 2024

GCP Asset Backed Income Fund Limited

("GABI" or the "Company")

LEI: 213800FBBZCQMP73A815

Loan Repayment, Initial Capital Distribution, Conclusion of Strategic Review and End of Offer Period

Loan Repayment

The Company is pleased to announce the receipt of £23.3 million in cash proceeds from the repayment of a loan secured against a portfolio of student accommodation projects in Australia (the "Relevant Loan"). This repayment comprises £20.9 million in principal and £2.4 million in outstanding interest and fees. The cash proceeds received represent 103% of the valuation of the Relevant Loan at 31 March 2024.

The Relevant Loan was scheduled for repayment in December 2023. Following the repayment of the Relevant Loan, the Company has achieved an IRR of 9.24% for the investment. This is a return that is accretive to dividend coverage during the term of the loan and represents an attractive risk-adjusted return. At 31 March 2024, the Relevant Loan accounted for 7.03% of the fair value of the Company's portfolio of investments. The Relevant Loan was categorised by the Investment Manager as a Watchlist loan and as such, based on the fair value of the Company's portfolio of investments at 31 March 2024, represented 57% of the Watchlist loans. The Relevant Loan was also identified by the Company as a conflicted asset and consequently, the repayment terms were negotiated and agreed by the Company's Board of Directors (the "Board").

Additionally, the Company has secured and received a £4.0 million partial repayment of a further conflicted loan secured against a student accommodation asset in the UK. The Company is actively negotiating the redemption of the remaining balance of this facility, which is expected to be aligned with the wider refinancing of the loans secured against the relevant property, with completion anticipated in Q3 2024.

Following these repayments, the Company's cash balance is expected to be approximately £103 million. There remain no outstanding balances under the revolving credit facility.

Initial Capital Distribution

The Board is pleased to update shareholders on the Company's first capital distribution following the amendments to the Company's articles of association approved by shareholders at the Extraordinary General Meeting held on 20 May 2024.

The Company intends to make an initial capital distribution totalling (after expenses) at least £85 million to the Company's shareholders by way of a compulsory partial redemption of ordinary shares at a price of 89.66875 pence per ordinary share (the "First Compulsory Redemption"), being the net asset value per ordinary share at 31 March 2024 of 91.25 pence, less the dividend of 1.58125 pence per ordinary share that has been declared in respect of the period to 31 March 2024 and that is due to be paid to shareholders on 4 June 2024. The amount applied to the First Compulsory Redemption is after the deduction of costs and expenses which are expected to be c. £45,000.

The First Compulsory Redemption will be effected pro rata to holdings on the share register as at the close of business on 10 June 2024 (the "Redemption Date"), being the record date for the First Compulsory Redemption, by applying a redemption ratio which is currently anticipated to be 22.5 per cent. (the "Redemption Ratio"). Fractions of ordinary shares produced by the Redemption Ratio will not be redeemed, so the number of ordinary shares to be compulsorily redeemed from each shareholder will be rounded down to the nearest whole number of ordinary shares. In the event that the Company receives any additional loan repayments in the period between the date of this announcement and the Redemption Date, the Board may determine to increase the size of the First Compulsory Redemption (and, accordingly, the Redemption Ratio). Any such amendment will be announced by the Company at the appropriate time, if applicable. On the basis of a Redemption Ratio of 22.5 per cent., approximately 94.8 million of the Company's issued shares will be redeemed on the Redemption Date.

Payments of redemption monies are expected to be effected either through CREST (in the case of ordinary shares held in uncertificated form) or by cheque (in the case of ordinary shares held in certificated form) by 24 June 2024. Any certificates currently in circulation will be superseded by a new certificate which will be distributed to certificated shareholders by 24 June 2024.

The Company currently has 425,626,059 ordinary shares in issue (excluding shares held in treasury). All of the ordinary shares redeemed on the Redemption Date will be cancelled and accordingly will thereafter be incapable of transfer by shareholders or reissue by the Company.

The Company's ordinary shares will be disabled in CREST after close of business on the Redemption Date and the existing ISIN number, JE00BYXX8B08, (the "Old ISIN") will expire. A new ISIN number, JE00BMFX6989, (the "New ISIN") in respect of the remaining shares which have not been compulsorily redeemed will be enabled and available for transactions from 8.00 a.m. on 11 June 2024. The share price TIDM, "GABI.L", will remain unchanged. For the period up to and including the Redemption Date, shares will be traded under the Old ISIN and as such, a purchaser of such shares may have a market claim for a proportion of the redemption proceeds following the activation of the New ISIN. CREST will automatically transfer any open transactions as at the Redemption Date to the New ISIN.

Conclusion of Strategic Review and End of Offer Period

Since the Company's announcement on 13 December 2023 (the "Strategic Review"), the Board has received several approaches from third parties (the "Potential Offerors") regarding a sale of the entire issued share capital of the Company. The Board determined that it was appropriate to provide several of the Potential Offerors with access to detailed due diligence information. None of the Potential Offerors made a proposal at a level which, in the Board's opinion and taking into account advice from the Company's advisers and shareholders' views on the value of the Company received during the Strategic Review, would have been capable of recommendation to shareholders. The Company is, therefore, no longer actively considering a sale of the shares of the Company at this time.

The Board has also received a number of proposals relating to a sale of all or substantially all of the assets of the Company (the "Asset Proposals"). Notwithstanding the conclusion of the Strategic Review, certain Asset Proposals remain under consideration by the Board. There can be no certainty that any of the Asset Proposals will result in a sale of all or substantially all of the Company's assets. The Board would encourage any party interested in acquiring any or all of the Company's assets to contact the Company's Financial Adviser, Barclays Bank PLC, acting through its Investment Bank, and/or the Company's Investment Manager, Gravis Capital Management Limited.

Alex Ohlsson, Chairman, commented:

"We are pleased to have concluded the Strategic Review process and that following the receipt of a significant loan repayment, the Company can immediately advance plans for an initial capital distribution to shareholders of at least £85 million. We would like to take this opportunity to thank shareholders for their input into the Strategic Review."

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.

Following this announcement, the Company is no longer considered to be in an "offer period" as defined in the City Code on Takeovers and Mergers (the "Code"), and the dealing disclosure requirements of Rule 8 of the Code will no longer apply.

For further information:

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Alex Ohlsson, Chairman

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Notes to the Editor

About GABI

GCP Asset Backed Income Fund Limited is a closed ended investment company. Its shares are traded on the Premium Segment of the Main Market of the London Stock Exchange. Its investment objective is to undertake a managed wind-down of the Company and realise all existing assets in the Company's portfolio in an orderly manner.

The Company's portfolio comprises 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.

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.

Disclaimer

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