Quarterly Update

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GCP Asset Backed Income Fund Ltd
26 July 2024

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FOR IMMEDIATE RELEASE

26 July 2024

GCP Asset Backed Income Fund Limited

("GABI" or the "Company")

LEI: 213800FBBZCQMP73A815

Quarterly Update

GCP Asset Backed, which invested in asset backed loans, announces that, at 30 June 2024, the unaudited net asset value ("NAV") per ordinary share of the Company (including current period revenue) is 90.92 pence per share.

NAV

The NAV represents a quarterly decrease of 0.33 pence per ordinary share (0.36%) from 31 March 2024. This decrease primarily reflects asset-specific revaluations, including loan-specific impairments and discount rate movements. The weighted average discount rate of the portfolio at 30 June 2024 was 10.37%, a decrease of 0.32 percentage points over the quarter (largely resulting from the evolution of the underlying portfolio as a result of the repayments received) and an increase of 1.07 percentage points since 30 June 2023.

Capital allocation

During the quarter ending 30 June 2024, the Company did not make any investments. As of 30 June 2024, the revolving credit facility ("RCF") commitments were reduced to £1 million to lower ongoing financing costs, primarily commitment fees, ahead of the RCF's maturity in August 2024. The reduced facility has been retained for use in relation to the Company's FX hedging contracts. Cash on hand as of 30 June 2024 was £5.6 million.

The initial capital distribution, as declared on 3 June 2024 was made on 24 June 2024. On a pro rata basis, 159,609,669 ordinary shares, representing approximately 37.5% of the Company's issued shares, were compulsorily redeemed at 89.66875 pence per share as of 10 June 2024. Following this redemption, the Company has 266,016,390 ordinary shares in issue.

No new investment activity is planned for the current quarter. The focus remains on the orderly realisation of the portfolio and the active management of the portfolio by the Investment Manager, aiming to accelerate redemptions or disposals where possible, in line with the Investment Manager's published realisation plan (the "Realisation Plan").

Portfolio update

In determining the 30 June 2024 valuations, Mazars, the Company's independent valuation agent, has applied certain asset-specific discount rate adjustments or impairments to reflect updates to loan and/or borrower performance during the period. During the period, £87.7 million in repayments were received, reducing the number of total loans outstanding from 39 to 31. As announced by the Company on the 8 July 2024, an additional repayment of £10.1m was received after the 30 June 2024, reducing total outstanding facilities to £244.4 million. Additionally, £7.8 million of interest was realised over the period.

Two assets were removed from the Watchlist or Problem Loans list during the quarter, with six loans classified as either Problem or Watchlist loans as of quarter-end. The Company and Investment Manager continue to work to resolve the remaining Problem and Watchlist loans. More details on the status of these loans is provided below:

Watchlist and Problem Loans (representing 11.6% of the 30 June 2024 NAV):

- **Co-living group (0.0% NAV):** This asset has been written down to nil (0.32% of the NAV at 31 March 2024) due to increased uncertainty on eventual recovery. Though recovery is still possible, the Investment Manager and Mazars believe the degree of uncertainty and limited control over the recovery process warrant a full impairment of the remaining facility. This is also in line with the recovery estimates set out in the Realisation Plan.

- **Social housing (4.3% NAV):** Classified as a Problem Loan due to persistent covenant breaches and failure to meet repayment obligations related to wider financial and regulatory challenges at one of the registered providers. The Investment Manager is progressing the early realisation of this investment in accordance with the Realisation Plan.

- **Multi-use community facilities (0.3% NAV):** The Investment Manager is in discussions to exit the position and is actively exploring a number of options.

- **Student accommodation (0.5% NAV):** The borrower has requested an extension to facilitate the refinancing or sale of the asset to repay the loan. Following the end of the reporting period, a positive planning decision was received regarding the property, which is expected to significantly increase the collateral value. This position will be reassessed in the second half of the year. The Investment Manager continues to work with the borrower to achieve an exit through sale, refinance, or redemption.

- **Multi-use community facilities (0.9% NAV):** Continued performance improvements have been seen, and the asset continues to make payments linked to turnover, in line with contractual requirements. The borrower has provided an updated long-term budget for the project during the period resulting in a further impairment of the facility. The position will continue to be monitored and the loan remains on the Watchlist until further improvement is established.

- **Co-living (5.6% NAV):** As previously communicated in the Company's 2023 annual report and accounts, this facility has been classified as a Watchlist loan due to the receipt by the Investment Manager of an updated valuation showing a breach of the facility's LTV covenant, and the borrower's failure to meet cash interest payments after the facility fell outside its contractual interest capitalisation period. The Investment Manager continues to engage with the borrower, who has made significant progress in stabilising the asset, noting consistently high occupancy levels and a key commercial tenant expected to take residence. This is expected to positively affect valuation and improve the LTV position. Discussions on a redemption of the facility are ongoing.

Further details will be provided in the Company's forthcoming interim accounts.

Dividends

On 25 April 2024, the Directors declared a quarterly dividend for the period from 1 January 2024 to 31 March 2024 of 1.58125p per share, which was paid on 4 June 2024. Aggregate dividend payments over the last 12 months represent a 8.3% yield on the Company's closing share price at 18 July 2024.

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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.

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