

GCP ASSET BACKED

JULY 2018

Update



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SUMMARY – CURRENT PORTFOLIO

A Company that has delivered on its objectives, with a widely diversified and fully performing asset base.

PERFORMANCE

The Company has met or exceeded all its targets to date, from paying out increased dividends ahead of target, to investing C share raises ahead of schedule.

INCOME

The Company has paid out a 1.525p dividend for the last 2 periods. The dividend is fully covered with earnings since IPO being c.14p against dividends paid of 11.87p.

FUTURE

The Company expects NAV growth to continue with earnings continuing to outstrip dividends paid. The Company has recorded NAV uplift in each quarter since IPO across all share classes.

18.4%

Total shareholder return since IPO (Oct 2015)*

0

Late payments or payment deferrals since IPO (as at 30th April 2018)

11.87p

Dividends paid to Dec 17

14.01p

Basic earnings per share since inception to Dec 2017

6.1p

Target Dividend for 2018**

101.53p

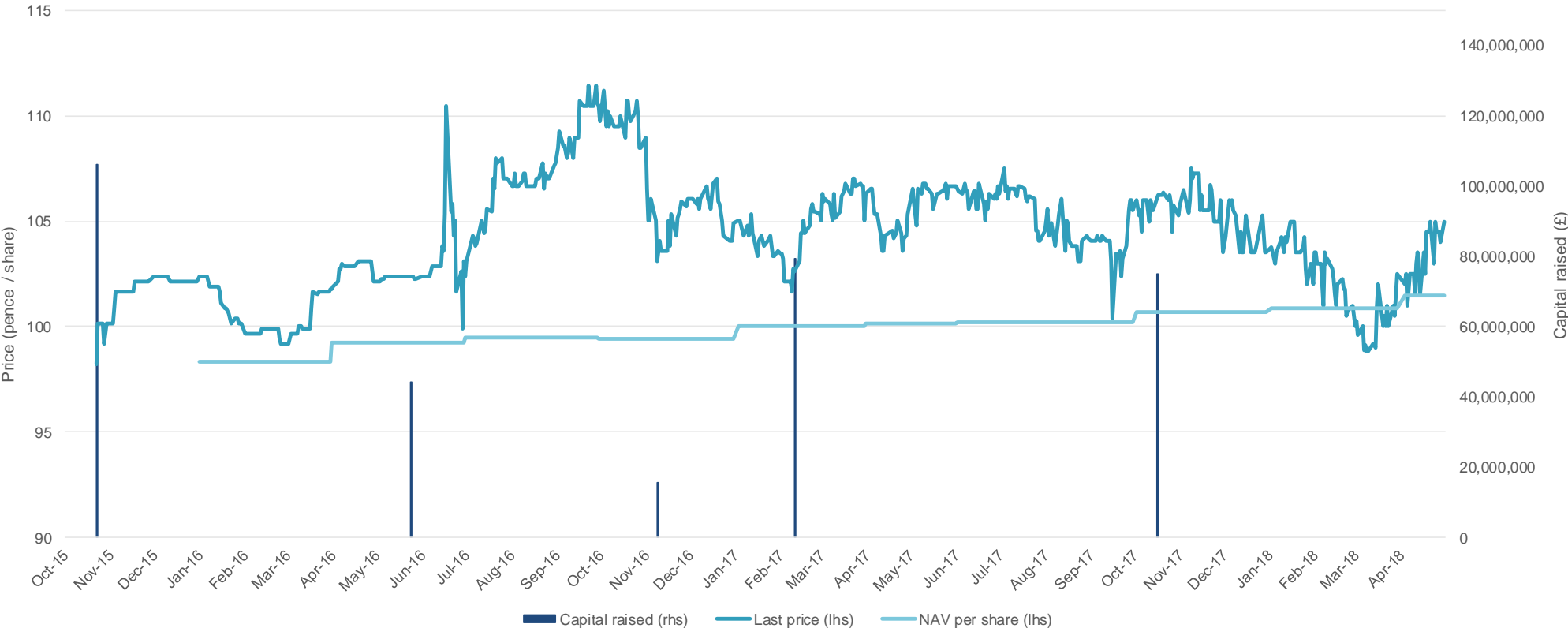
NAV at 30 June 2018

PERFORMANCE TO DATE

The share price of the Company has suffered along with the wider market, with the shares trading at a discount to NAV for a 10 day period during quarter 1. However, the price has since recovered to a modest premium.

As noted, performance of the Company’s investment continues to be strong, dividends are well covered and funds have been invested efficiently. Therefore, the Company’s shares could be well positioned in the event of a change in market sentiment.

Share price evolution



* Investors should note that the target dividend is a target only and there can be no assurance it will be paid.

C SHARES

The Company raised £75m by way of a significantly oversubscribed C share on 16th October 2017.

EFFICIENT INVESTMENT

The Company efficiently invested the money ahead of the 6 month conversion date. The efficient investment lead to strong NAV growth and ensures the C share holders are entitled to the dividend declared in April 2018.

DIVERSIFIED PORTFOLIO

The C share was invested into 17 assets at attractive yields. As well as a number of follow-on deals, the Company entered into 10 new investments, of which 6 were in new sectors.

IMPACT ON TOTAL PORTFOLIO

The overall portfolio will benefit from the increased diversification that the C shares bring, both in terms of asset diversification and weighting.

5 months

Time taken to invest 90% of the C Share

99.33p

NAV of the C Share at 31 March 2018

8%

Average yield on C Share investments

£3.6m

Average deal size

34

Total number of investments, up from 24 pre-C Share

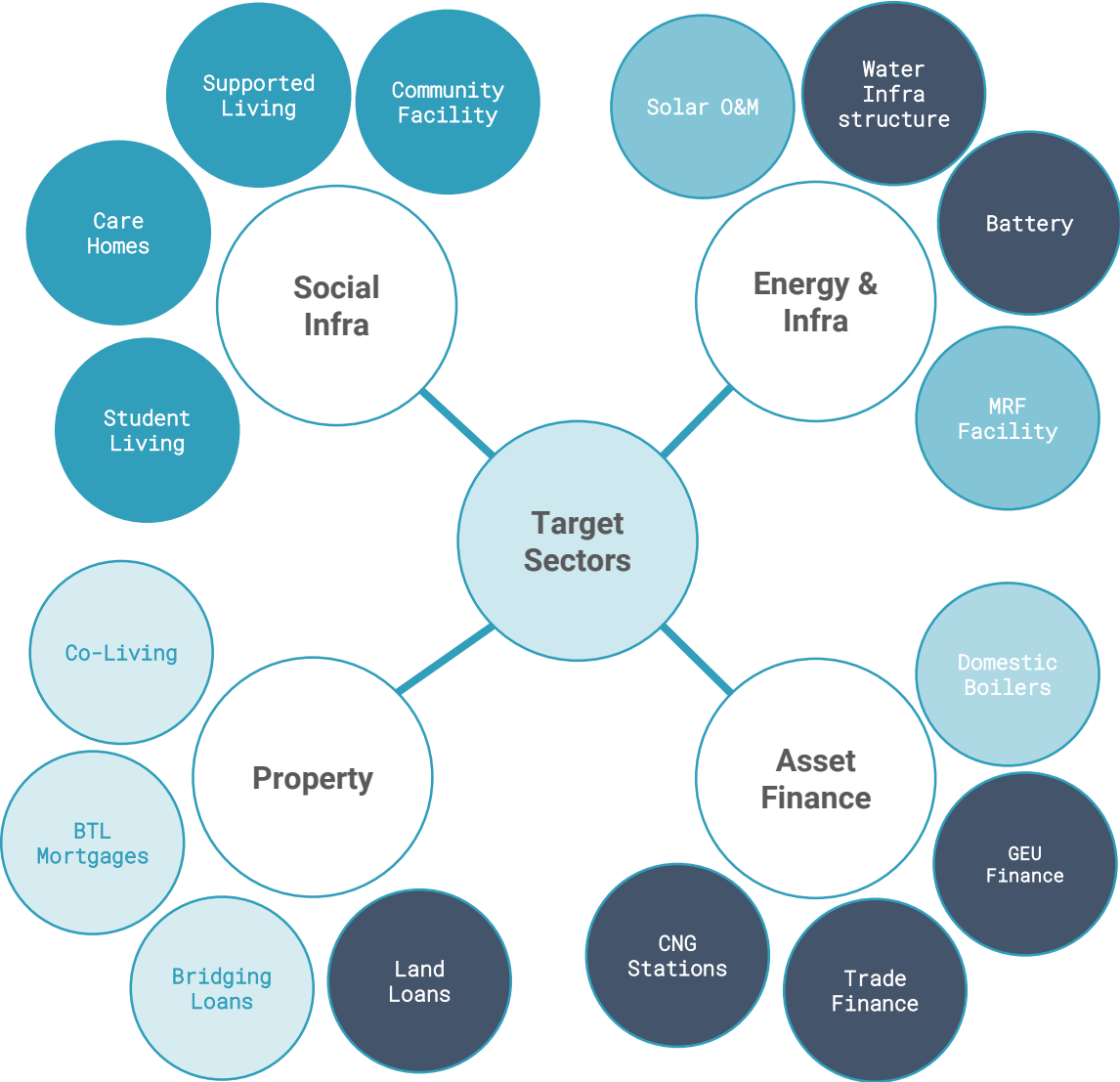
5.7%

Largest single asset exposure, down from 7.6% pre-C Share.

TARGET ASSET CLASSES

Assets that meet structural demands for services or goods. Funds are deployed across 26 separate borrowers, in 34 investments and across 17 distinct sectors.

Assets that meet society's core needs: housing for vulnerable adults, care for the elderly and urban re-generation



Assets that meet a structural demand for producing or managing energy and/or ancillary services to energy

Addressing financing needs for property purchases or developments which mainstream lenders cannot serve, for reasons other than credit quality

Financing of assets that generate long term, regular cash flows as a result of being central to an end user needs

PORTFOLIO

The Company is exposed to 37 loans with a value of c.£322m and an average rate of 8.1%

Sector	Asset	Security	Inflation linkage?	Current Interest Rate	Valuation (£ 000)	% of Total Assets
Property	Co-living	Mezzanine	No	9.40%	26,500	8.2%
Property	Residential property	Senior	Yes	7.60%	20,248	6.3%
Social Infrastructure	Student accomodation	Mezzanine	No	9.50%	18,271	5.7%
Social Infrastructure	Student accomodation	Mezzanine	No	9.50%	16,679	5.2%
Social Infrastructure	Student accomodation	Mezzanine	No	9.50%	16,497	5.1%
Property	Residential property	Senior	No	7.50%	15,191	4.7%
Energy & Infrastructure	Material recovery facility	Senior	No	9.50%	14,527	4.5%
Social Infrastructure	Social housing	Senior	Yes	6.30%	13,177	4.1%
Asset Finance	Domestic boilers	Senior	No	7.80%	13,015	4.0%
Property	Residential property	Senior	Yes	7.80%	13,000	4.0%
Social Infrastructure	Care home	Senior	Yes	7.73%	12,929	4.0%
Social Infrastructure	Social housing	Senior	Yes	6.00%	12,242	3.8%
Property	Residential property	Senior	Yes	7.80%	12,000	3.7%
Social Infrastructure	Care home	Senior	Yes	7.73%	11,422	3.5%
Social Infrastructure	Care home	Senior	No	7.73%	11,140	3.5%
Energy & Infrastructure	O&M contracts	Senior	No	7.80%	10,452	3.2%
Property	Buy-to-let mortgages	Mezzanine	No	7.80%	10,021	3.1%
Property	Residential Property	Senior	No	5.72%	9,954	3.1%

Sector	Asset	Security	Inflation linkage?	Current Interest Rate	Valuation (£ 000)	% of Total Assets
Energy & Infrastructure	Battery Storage Systems	Senior	No	7.50%	9,300	2.9%
Asset Finance	Management Fees	Senior	No	6.50%	6,303	2.0%
Social Infrastructure	Care home	Mezzanine	No	9.20%	5,673	1.8%
Property	Buy-to-let mortgages	Senior	No	8.00%	5,032	1.6%
Property	Residential property	Senior	Yes	7.80%	5,000	1.5%
Energy & Infrastructure	Battery Storage Systems	Senior	No	7.50%	4,602	1.4%
Energy & Infrastructure	Battery Storage Systems	Senior	No	8.00%	3,891	1.2%
Social Infrastructure	Social housing	Senior	Yes	6.00%	3,598	1.1%
Energy & Infrastructure	Solar O&M	Senior	Yes	8.00%	3,268	1.0%
Social Infrastructure	Multi-use community facility	Senior	No	8.00%	3,209	1.0%
Property	Land	Senior	No	8.50%	2,960	0.9%
Property	Residential property	Senior	No	9.79%	2,655	0.8%
Asset Finance	Various	Senior	No	7.00%	2,332	0.7%
Energy & Infrastructure	CHP	Senior	No	8.00%	2,067	0.6%
Property	Residential property	Senior	No	9.86%	1,913	0.6%
Energy & Infrastructure	Various	Senior	Yes	7.00%	1,880	0.6%
Energy & Infrastructure	CHP	Senior	No	8.00%	823	0.3%
Energy & Infrastructure	Natural Gas	Senior	No	7.50%	721	0.2%
Energy & Infrastructure	Water Supply	Senior	No	8.00%	268	0.1%

PORTFOLIO CASE STUDY - BATTERY STORAGE

The company has invested in two battery storage facilities. Battery projects help to meet the demands of the grid resulting from a narrow capacity margin and increased intermittent renewable generation



- 10 MW Facility, became operational in November 2017
- Secured Firm Frequency Response Contract with National Grid
- Secured Capacity Market Contract with National Grid (government backed mechanism)
- Intra-day trading strategy also being implemented

Sector	Energy and Infrastructure
Security Type	Asset and contracted cash flows
Security	Senior
Rate	7.50%
Value	£4.6m drawn £20m potential Facility
Term	5 years
Attractions of Investment	<ul style="list-style-type: none"> • Low Leverage • Operational Asset • Contracted revenue • Growth sector
Key Risks	<ul style="list-style-type: none"> • Trading Strategy • Increased competition

PORTFOLIO CASE STUDY - CNG FUELLING STATION

The company has invested in a compressed natural gas (“CNG”) fuelling station. For trucks and large vehicles, CNG is the most economic solution to meeting the Government’s clean transport targets.



- Operational facility servicing a number of fleets, including John Lewis and Waitrose
- Each new vehicle using the facility increases profit due to fixed cost base business
- Facility is well located next to distribution centres and M6
- CNG vehicles offer significant savings for customers as well as being better for the environment than diesel

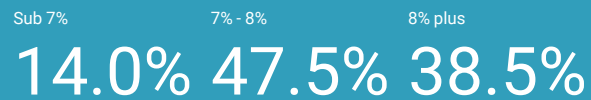
Sector	Asset Finance
Security Type	Asset and contracted cash flows
Security	Senior
Rate	8.00%
Value	£0.7m drawn £5.0m potential facility
Term	5 years
Attractions of Investment	<ul style="list-style-type: none"> • Operational Asset • Growth sector • Strong cashflows • Ability to fund new sites
Key Risks	<ul style="list-style-type: none"> • Increased competition • Delays in new trucks

CURRENT PORTFOLIO

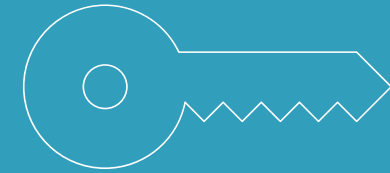
The portfolio is made of a diverse and performing asset base



Portfolio Yield



Geography

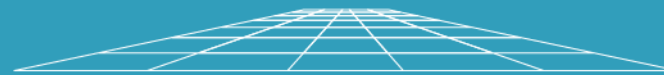


Security



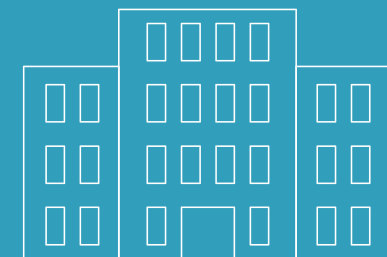
Inflation/Rate Protection

45.6%



Average Term

9 years



Average LTV - property

54.8%

PIPELINE

The Company continues to work on an attractive pipeline of near term investment opportunities, which will be funded using the deployment of the RCF.

Sector	Asset	Security	Inflation linkage?	Current Interest Rate	Valuation (£ 000)	New Borrower
Property	Co-Living	Mezzanine	No	9.40%	5,000	No
Energy & Infrastructure	Natural Gas	Senior	No	7.50%	1,500	No
Social Infrastructure	Student accomodation	Mezzanine	No	9.50%	1,000	No
Social Infrastructure	Multi-use community facility	Senior	No	8.00%	5,000	Yes
Asset Finance	Legal Loans	Senior	No	8.00%	4,500	Yes
Asset Finance	FX Margins	Senior	No	6.50%	5,000	Yes
Energy & Infrastructure	Utility Contracts	Senior	Yes	8.50%	12,000	Yes
Property	Land	Senior	No	7.80%	3,500	No
Asset Finance	Management Fees	Senior	Yes	8.00%	4,500	Yes
Social Infrastructure	Social housing	Senior	Yes	6.00%	3,000	No
Asset Finance	Management Fees	Senior	Yes	8.00%	7,200	No
Property	BTL	Mezzanine	Yes	7.80%	5,000	No
Asset Finance	Consumer Loans	Senior	No	8.00%	10,000	Yes
Social Infrastructure	Care home	Senior	Yes	7.75%	11,000	No

54.60% 7.9% 78,200

- Of the above £40m is already in detailed due diligence, with advisors appointed (note: some funds would treat this as committed).
- The Company is looking to utilise available cash as well as its RCF to fund its commitments and pipeline, as all available cash has now been invested and the RCF has been drawn.
- The Company has continued to build up a strong and diversified borrower base. We hope to be in a position to complete follow-on transactions with a large majority of our borrowers.

CONCLUSION

GCP Asset Backed Income Fund (“GCP Asset Backed” or the “Company”)

- The Company has invested its C share in a well diversified portfolio of assets, within the target timescale
- The Company has invested in a number of new areas, which enables further diversification of the portfolio from a risk perspective
- The Company continues to target assets for which there is a **structural demand within society**. These assets have the following key characteristics:
 - The risk and income profile is predictable and akin to infrastructure investments;
 - Returns are not linked to the performance of an individual business or management team; and
 - They fall within sectors where the Investment Manager has significant expertise and proven track record in originating and monitoring exposures.
- The Company is currently looking to increase its banking facilities to fund its pipeline of investment opportunities
- The Company continues to experience quarter-on-quarter NAV growth
- The Company has exceeded all targets to date, whilst building up a strong and performing book of loans

GCP ASSET BACKED

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