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GCP Asset Backed Income Fund Ltd
28 September 2023

GCP Asset Backed Income Fund Limited
(the "Company" or "GCP Asset Backed")

LEI: 213800FBBZCQMP73A815

Half-yearly report and unaudited interim condensed financial statements for the period ended 30 June 2023

The Directors of the Company are pleased to announce the Company's interim results for the period ended 30 June 2023. The full unaudited half-yearly report and unaudited condensed financial statements can be accessed via the Company's website at www.gcpassetbacked.com.

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About the Company

GCP Asset Backed Income Fund Limited is a listed investment company which focuses predominantly on investments in UK asset backed loans.

The Company seeks to provide shareholders with attractive risk-adjusted returns through regular, growing distributions and modest capital appreciation over the long term.

The Group is currently invested in a diversified portfolio of asset backed loans across the social infrastructure, property, energy and infrastructure, and asset finance sectors, located predominantly in the UK.

The Company is a closed-ended investment company incorporated in Jersey. It has a premium listing on the Official List of the FCA with its shares admitted to trading on the Premium Segment of the Main Market of the LSE since 23 October 2015.

At 30 June 2023, its market capitalisation was £268.1 million. The Company is a constituent of the FTSE All-Share Index.

At a glance - 30 June 2023

	HY21	HY22	**HY23**
Market capitalisation £m	450.8	421.4	**268.1**
Value of investments[1] £m	476.5	427.7	**432.2**
Dividends for the period p	3.15	3.16	**3.16[2]**
Share price p	102.50	95.80	**63.00**
NAV per share p	102.71	98.45	**93.96**
Profit for the period £m	16.1	10.2	**8.0**

Highlights for the period

- Dividends of 3.16[2] pence per share declared for the period.
- Total shareholder return[3] for the period of -21.9%, total NAV return[3] of 2.7% (30 June 2022: 2.0% and 3.7%) and an annualised total shareholder return since IPO[3] of 0.0%.
- Profit for the period of £8.0 million (30 June 2022: £10.2 million), the reduction primarily reflecting net unrealised valuation losses on the portfolio. Further information on financial performance is included below.
- NAV per share of 93.96[4] pence at 30 June 2023, a decrease of 1% from the year end predominantly due to discount rate increases applied to the portfolio by the Valuation Agent. Further information is included in the Investment Manager's report below.
- Limited loans of £4.5 million made to new borrowers in the first quarter of the year, with further investments of £24.3 million made to support existing borrowers. Repayments of £26.2 million received in the period.
- Exposure to a diversified, partially inflation and/or interest rate protected portfolio of 59 asset backed loans with a third party valuation of £429.3[5] million at 30 June 2023.
- 8.5 million shares repurchased in the period to support the Company's share price, with 16.4 million shares having been repurchased in total.
- Post period end, the Group made further advances to an existing borrower of £0.5 million secured against a property investment and received repayments totalling £11.8 million.
- Post period end, the Company announced it had agreed heads of terms with GCP Infra in respect of a proposed

combination. Following significant shareholder consultation, discussions were ceased. Further information is included in the Chairman's statement below.
- The Company also announced post period end that it is the intention of the Board to propose an ordinary resolution at the May 2024 AGM that the Company continue in its present form[6]. Further information is included in the Chairman's statement below.

1. Includes the valuation of the Subsidiary, refer to note 8 for further information.
2. Total dividends of 3.1625 pence per share includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2023, which was declared post period end.
3. Alternative performance measure - refer below for definitions and calculation methodology.
4. Does not include a provision for the dividend in respect of the quarter to 30 June 2023, which was declared and paid post period end.
5. Valuation of the loan portfolio held by the Subsidiary. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 for further information.
6. The Company as currently constituted and with the same investment objective and policy.

Investment objectives and KPIs

The Company's purpose as a closed ended investment company is to meet its investment objective, which is to generate attractive risk adjusted returns through regular, growing distributions and modest capital appreciation over the long term.

Attractive risk adjusted returns
To provide shareholders with returns that are attractive regarding the level of risk taken.

Regular, growing distributions
To provide shareholders with regular, growing dividend distributions.

Capital appreciation
To achieve modest appreciation in shareholder value over the long term.

Key performance indicators

The Group is exposed to a diversified, partially inflation and/or interest rate protected portfolio of loans secured against contracted medium to long term cash flows and/or physical assets.

59
Number of investments at 30 June 2023

8.4%[1]
Weighted average annualised yield[2] of investment portfolio

Dividends totalling 3.16[4] pence per ordinary share were declared for the six month period to 30 June 2023.

3.16p[4]
Dividends in respect of the period to 30 June 2023

54%
Percentage of portfolio with partial inflation and/or interest rate protection

The Company's shares closed at 63.00 pence per share at the period end and have traded at an average discount[2] to NAV for the period of 22%.

63.00p
Share price at 30 June 2023

33%
Discount[2] to NAV at 30 June 2023

ESG indicators

44%
Portfolio with an EPC rating of B or above[3]

£131.2m
Portfolio providing benefits to end users in society[5]

50%
Gender diversity of the Board of the Company

Further information on Company performance can be found below.

1. Including the Company's Co-living group loan, which is held at net realisable value. Excluding this loan, the weighted average annualised yield[2] is 8.6%.
2. Alternative performance measure - refer below for definitions and calculation methodology.
3. Percentage of portfolio (31 December 2022) with an EPC rating of B or above. 14% rated C, 5% rated D, E or F, with the remainder either not applicable or not found.
4. Total dividend of 3.1625 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2023, which was declared post period end.
5. Measured in alignment with the UN SDGs: housing for vulnerable adults, care for the elderly, nurseries, urban regeneration and affordable housing.

Portfolio at a glance

A partially inflation and/or interest rate protected portfolio of 59 asset backed loans with an average life of five years. The loans fall within the following sectors and are secured predominantly against assets and cash flows in the UK:

59 assets

Asset finance

Asset finance
10 loans within sector
£46.4m
11%

Property
20 loans within sector
£198.7m
47%

Social infrastructure
25 loans within sector
£172.1m
39%

Energy and infrastructure
4 loans within sector
£12.1m
3%

Senior ranking security
71%

UK exposure
79%

Weighted average annualised yield[1]
8.4%[2]

Partial inflation and/or interest rate protection
54%

1. Alternative performance measure - refer to below for definitions and calculation methodology.
2. Including the Company's Co-living loan which is held at net realisable value. Excluding this loan, the weighted average annualised yield[1] is 8.6%.

Chairman's interim statement

I am pleased to present this year's half-yearly report and financial statements.

Alex Ohlsson
Chairman

Introduction
The Company has experienced significant challenges throughout the first six months of the year, principally due to prevailing market factors. At the time of writing, the Company's shares are trading at a c.34% discount[1] to the stated NAV. Credit markets have undergone a rapid and significant change, driven by increases in central bank rates, which in turn have been driven by higher inflation levels. This has caused the Company's return profile to look less attractive relative to other sources of income available to investors, and has prompted concerns over the wider economic impact of such circumstances impacting borrower liquidity and asset valuations.

Proposed combination
After careful consideration of several strategic opportunities, on 11 August 2023 the Company announced that it had agreed heads of terms with GCP Infra in respect of a proposed combination of the Company with GCP Infra (the "Scheme").

Subsequently, on 18 September 2023, the Company announced the cessation of discussions with GCP Infra relating to the Scheme following an extensive exercise of shareholder consultation.

Whilst a number of shareholders expressed their support for the Scheme, a significant minority of shareholders informed the Company that they were not supportive. As a result of the feedback, the Board notified GCP Infra of its intention to cease discussions relating to the Scheme.

Whilst differing views were expressed by shareholders on the merits of the Scheme, there has been a consistent view expressed that the Company would benefit from the introduction of a continuation vote.

Accordingly, the Company announced that it will propose an ordinary resolution at the Company's AGM in May 2024 that the Company continue in its present form[1]. In the event that such a resolution passes, a similar resolution will be held every four years thereafter. Alternatively, if such a resolution does not pass, the Board expects to put forward proposals to shareholders to amend the investment objective and policy of the Company to pursue a strategy for the orderly realisation of the Company's portfolio and the return of capital to the shareholders thereafter. Further details of the resolutions to be considered by shareholders will be published in due course and we look forward to continuing to engage with shareholders on this in the coming months.

1. Alternative performance measure - refer to pages 52 to 54 for definitions and calculation methodology.
2. The Company as currently constituted and with the same investment objective and policy.

Cash resources
In the period up until the Company's AGM in May 2024, the Company intends to prioritise the use of its cash resources to repay the RCF and, thereafter, continue to buyback the Company's shares. Further information on prioritisation is included below.

In the period up until 23 June 2023, 8.5 million shares were repurchased, giving a total of 16.4 million shares repurchased since the start of the buyback programme in March 2020. No further buybacks have occurred since 23 June 2023. New investments have been intentionally limited, with loans of only £4.5 million made to new borrowers in the first quarter of the year. Further investments of £24.3 million have been made to existing borrowers that have been contemplated for some time and form a core part of the borrowers' business case.

Investment portfolio
At the period end, the Group held 59 loans with a fair valuation of £432.2 million and principal balance of £476.7 million, invested across the property, social infrastructure, energy and asset finance sectors. A further breakdown of the portfolio can be found below.

the portfolio can be found below.

The Board has been satisfied with the level of investment resilience over a sustained and exceptional period of market volatility: from the Covid-19 pandemic through to the commencement of war in Ukraine and associated impact on energy prices, and more recently a period of significant volatility in financial markets, including the impact of the UK's mini-budget and sustained high inflation in the UK.

The weighted average annualised yield[1] generated by the portfolio increased to 8.4% (from 8.0% at 31 December 2022). This increase has been driven by index linkage that exists in respect of 54% of the investment portfolio and the increased yields available to the Group as the Investment Manager has re-invested cash at prevailing market rates over the past twelve months. The weighted average discount rate[1] used to value the Group's investment portfolio also increased to 9.3%, an increase from 7.6% at 30 June 2022. Revaluations resulting from discount rate movements contributed to reductions in the net assets of £5.2 million (or 1.21 pence per share) during the period.

The Board and Investment Manager have continued to focus on the watchlist assets during the period. Whilst the Investment Manager made some positive progress with the workout of the Co-Living group loan, a further write down of £0.4 million was recognised in the period.

Post period end, the disposal of the asset in the USA was completed and cash repayments of £4.8 million were received to repay the Company's loan to Bidco, which includes a share of proceeds from the disposal of the Canary Wharf asset. Unfortunately following further developments on the Old Oak asset post period end, the Investment Manager considers it likely that a further write-down of between £2.0 million and £3.0 million (0.47 - 0.70 pence per share) will be recognised in the 30 September 2023 NAV. Further information is provided below. The social housing loan has also seen positive progress; however, downward revaluations of £2.0 million were recognised by the Valuation Agent during the period against a multi-use community facility and football finance investments.

Furthermore, two student accommodation loans were added to the watchlist in the period due to missed interest payments. Post period end, one of the borrowers has requested that the Investment Manager consider a restructuring proposal. As the directors of the Investment Manager directly or indirectly own an equity interest in these development projects, any revised terms are subject to the approval of the Board. The Investment Manager remains confident in the recoverability of such payments and the value in the asset-level security. Further information is provided in the Investment Manager's report below.

Financial performance
In the period, the Company's portfolio generated interest income of £16.3 million, offset by net unrealised losses on financial assets of £5.4 million and gains on derivatives and other income of £0.9 million resulting in total income of £11.8 million.

The total profit for the period was £8.0 million after expenses and finance costs of £3.8 million. Total profits have decreased from £10.2 million in the period to June 2022 primarily due to downward revaluations recognised in the period.

Earnings of 1.86 pence per share on an IFRS basis were generated. Adjusted EPS[1] was 3.07 pence per share, compared to the dividend of 3.16[2] pence for the period.

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. Total dividend of 3.1625 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2023, which was declared post period end.

NAV and discount[1]
At the period end, the net assets of the Company were £399.9 million. The NAV per share decreased from 94.90 pence at 31 December 2022 to 93.96 pence at 30 June 2023.

The Company's shares have traded at a discount[1] since the outset of the Covid-19 pandemic impacted financial markets, with an average discount[1] to NAV of 22% in the period. Since IPO, the shares have traded at an average discount[1] to NAV of 1%. At 30 June 2023, the shares were trading at 63.00 pence, representing a 33% discount[1] to NAV.

The Board and Investment Manager have continued to release detailed portfolio information in shareholder communications, host regular webinars and meet with shareholders on an individual basis throughout the period. The Board has also met with a group of the Company's largest shareholders to consult on their views regarding the prevailing discount, market conditions and the activities of the Company.

On 26 September 2023, the closing share price was 62.00 pence with the shares trading at a 34% discount[1] to NAV.

Financing
At the period end, £48.1 million of the RCF was utilised, representing 11% of total assets. The Board does not consider that the RCF commitment constitutes an aggressive level of gearing and the Company has met, and continues to be able to meet, all financial commitments and covenants of the RCF. As noted below, the Board intends to use available cash resources to reduce leverage under the RCF in the period up until the 2024 AGM.

Post period end, the Company extended the RCF by twelve months on the same terms as the previous facility, extending the maturity date to August 2024. The Company also made repayments of £14.0 million post period end, with £34.1 million utilised at the date of report. Further information on the RCF is given in notes 2.1 and 14 to the financial statements.

Dividend policy
The Company declared and paid dividends of 3.16[2] pence per share in the period and is mindful of the return of capital to shareholders more generally through the Company's buyback programme. The Board continues to review how best to distribute the Company's cash resources and earnings to shareholders, which may include (without limitation) the payment of special dividends in the future[3].

Market overview and outlook
Over the twelve month period to 30 June 2023, the yield on five year gilts has increased by over 150%. The dramatic and rapid change in the cost of borrowing has been driven by increases in central bank rates, which at the time of writing have risen to 5.25% in the UK. Higher rates are an attempt to reduce headline inflation, with year-on-year CPI peaking at 11.1% in October 2022, reducing to 6.7% in August 2023, materially above the Bank of England's target rate of 2.0%. Headline energy costs have reduced from their peak late in 2022, however the UK has continued to see labour market strength, with low unemployment strong wage growth and increasing costs.

This economic backdrop has led to a number of adverse impacts on the Company, which have materially contributed to the decrease in the Company's share price. The Company, and the wider alternative investment universe in which it sits, have historically provided investors with an attractive alternative to fixed income during a period of enduring low interest rates.

The increase in yields available from traditional income sources has been accompanied by a flight of capital away from alternative assets into such sources; money market funds, bonds and government debt have been beneficiaries. This has, in turn, reduced demand for the Company's shares.

The outlook for private credit, however, remains strong. Periods of market volatility and economic uncertainty benefit non bank lenders that are not subject to capital charges and reserve requirements, all of which have increased. Similarly, the returns available for private credit look increasingly attractive on a relative basis when compared with asset classes such as equities, which have not been repriced to the same extent as has been observed in private credit.

Responsible investment
The Company published its first ESG policy in January 2022, which can be found on the website. The policy details how ESG issues are considered throughout the Company's operations and used to guide decisions, processes and policies wherever possible with the aim of operating a sustainable business model that does not detrimentally impact the environment while benefitting society.

Investment Manager
In July 2023, Joanne Fisk, the co-fund manager of the Company, resigned from the Investment Manager and completed the handover of the relationships she managed and the ongoing origination discussions she was leading. We would like to thank her for her contribution to the Company and wish her the best for the future.

Philip Kent will continue as lead manager of the Company. As has been previously announced, from October 2023, a new Chief Investment Officer ('CIO') will support Mr Kent in the management of the Company. The Investment Manager has highlighted this individual's long and successful track record in the long income and credit sectors, and is looking forward to introducing the new CIO to shareholders in due course. Luther Ward Faint, an Associate Director, will continue to support Mr Kent through leading the Company's portfolio management activity.

The Gravis team continue to be supported by the previously announced senior ORIX personnel, including in the resolution of the Co-living group loan and other portfolio management activities. In addition, the Investment Manager is in late-stage discussions with a senior individual for the role of Head of Private Credit and hopes to be in a position to confirm this appointment in due course.

Principal risks and uncertainties
Following a detailed review of the principal risks and uncertainties described on pages 60 to 62 of the Company's 2022 annual report, the Board concluded that in the period there had been an increase in the residual risk profile relating to credit risk and macro-economic risk, for which the Board has broadened the definition and resulting impact.

The remaining principal risks and uncertainties remain unchanged since publication of the 2022 annual report and are expected to remain relevant to the Company for the next six months of its financial year. Further information can be found below.

Governance and compliance
The Board recognises the importance of a strong corporate governance culture and continues to maintain principles of good corporate governance as set out in the AIC Code.

Going concern statement
The Directors have assessed the Company's ability to continue as a going concern, having considered the liquidity of the Group's investment portfolio and the Company's financial position in respect of its level of cash as well as forecasts of future cash flows, borrowing facilities and investment commitments. The going concern assessment also includes the Director's assessment of events post period end in respect of future continuation discussions with shareholders as detailed below.

After making enquiries of the Investment Manager on the maturity profile of the investment portfolio and the forecast cash flows, and having reassessed the principal risks, the Directors are satisfied that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date on which the half-yearly report and unaudited interim condensed financial statements are approved. As part of its assessment, the Directors acknowledge that there is a possibility of a change in the Company's strategy from continuing in its current form, or, after an amendment of its investment objective, to pursue a strategy for an orderly realisation of the Company's portfolio.

Whilst such a possibility does not change the Directors view that the Company has adequate financial resources to continue in operational existence and meet all liabilities as they fall due for a period of at least twelve months, the ultimate decision by shareholders arising from the future continuation discussions with shareholders is outside the control of the Directors, which creates a material uncertainty that may cast significant doubt over whether it will continue to be appropriate to prepare the financial statements on a going concern basis during the course of the next twelve months.

Notwithstanding this uncertainty, and based on the above assessment, the Directors have concluded that the financial statements of the Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly.

On behalf of the Board

Alex Ohlsson
Chairman

27 September 2023

For more information, please refer to the Investment Manager's report below.

1. Alternative performance measure - refer to pages 52 to 54 for definitions and calculation methodology.
2. Total dividend of 3.1625 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2023, which was declared post period end.
3. There can be no assurance that the Company will distribute its cash resources and/or earnings to shareholders by special dividends or otherwise.

Investment Manager's report

The Company's investment objective is to generate attractive risk adjusted returns through regular, growing

The Company's investment objective is to generate attractive risk-adjusted returns through regular, growing distributions and modest capital appreciation over the long term.

3.16p[1]
Dividends declared for the period

-21.9%
Total shareholder return[2] for the period

The Investment Manager
Gravis Capital Management Limited provides discretionary investment management and risk management services to the Group which includes investment identification, investment due diligence and structuring, investment monitoring, the management and reporting of the existing loan portfolio and financial reporting support. Investment decisions are made on behalf of the Group by the Investment Manager's investment committee, with an update provided to the Board on a quarterly basis and additional updates when significant events have occurred. The Board has overall responsibility for the Group's activities, including the review of investment activity, performance, control and supervision of the Investment Manager.

The Investment Manager also provides advice regarding the Company's equity and debt funding requirements. The Investment Manager is the AIFM to the Company. The basis of the remuneration of the Investment Manager is set out in note 15 of the unaudited interim condensed financial statements.

Summary investment policy
The Company makes investments[3] in a diversified portfolio of senior and subordinated debt instruments which are secured against, or comprise, contracted, predictable medium to long-term cash flows and/or physical assets.

The Company's investments will typically be unquoted and will include, but not be limited to, senior loans, subordinated loans, mezzanine loans, bridge loans and other debt instruments. The Company may also make limited investments in equities, equity-related derivative instruments such as warrants, controlling equity positions (directly or indirectly) and/or directly in physical assets.

The Company will at all times invest and manage its assets in a manner consistent with the objective of spreading investment risk. This will include diversification by asset type, counterparty, locality and revenue source.

The Company's investment objective, other policies and restrictions are set out in its 2022 annual report and financial statements, which are available on the Company's website. There have been no changes since the publication of the 2022 annual report and financial statements.

Asset backed lending overview
Asset backed lending is an approach to structuring investments used to fund infrastructure, industrial or commercial projects, asset financing and equipment leases. Asset backed lending relies on the following to create security against which investment can be provided:

- the intrinsic value of physical assets; and/or
- the value of long-term, contracted cash flows generated from the sale of goods and/or services produced by an asset.

Asset backed lending is typically provided to a Project Company, a corporate entity established with the specific purpose of owning, developing and operating an asset. Financing is provided to the Project Company with recourse solely to the shares held in, and assets held by, that Project Company.

Cash generation to service loans and other financing relies on the monetisation of the goods and/or services the Project Company's assets provide. Lenders implement a security structure that allow them to take control of the Project Company and its assets to optimise the monetisation of goods and/or services associated with such assets if the Project Company has difficulty complying with its financing terms.

1. Total dividend of 3.1625 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2023, which was declared post period end.
2. Alternative performance measure - refer below for definitions and calculation methodology.
3. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 for further information

Typically, an asset backed lending structure involves a number of counterparties who enter into contractual relationships with the Project Company that apportion value and risk through the provision of services (e.g. operations and maintenance) associated with the development, ownership and/or operations of an asset. In structuring an asset backed loan, the Project Company will seek to ensure risks (and associated value) are apportioned to those counterparties best able to manage them. This ensures the effective pricing and management of risks inherent to the asset. Further, it also means the residual risks (and potential rewards) being taken by the Project Company are well understood by the parties providing finance.

The benefits associated with asset backed debt investments
Investment in asset backed loans offers relatively secure and predictable returns to their lenders when compared with general corporate or unsecured lending. Mainstream lenders operating in the market often restrict their lending to certain asset types, sectors or loan sizes, particularly in times of economic uncertainty. Where borrowers may not have access to mainstream financing for reasons other than the creditworthiness of the relevant proposition, such as loan size, tenure, structure or an understanding of the underlying cash flows and/or asset, attractive rates are available for those willing to commit the resource, innovation and time to understanding and identifying a solution for a specific borrower's requirements.

A loan secured against a specific asset (within a Project Company established specifically for that asset) is capable of analysis broadly by reference to a set of known variables such as:

- how an asset generates cash flow;
- its current value;
- expected future value;
- the competence of its service providers; and
- the availability of alternative parties in the event of a failure by one or more service providers.

The need to fully understand the risks associated with a given asset and structure arrangements with experienced service providers to effectively manage those risks requires specialist skills and resources. For this reason, the Company's target market remains underserviced by mainstream lenders, therefore offering an attractive risk-adjusted return for parties with relevant experience and access to the required resources.

Investment portfolio

Portfolio performance

Overall, the Investment Manager is satisfied with portfolio performance during the period. Over the life of the Company, the aggregate annualised impairments that have been recognised equal 0.5% of amounts invested, having invested c. £1.0 billion in multiple asset backed sectors. The Company has a good track record of lending and redeploying capital.

The Company's approach to investing in asset backed sectors is designed to provide investment performance that is not correlated with wider markets. This has been demonstrated through a period of significant market volatility: the exit of the UK from the European Union; the Covid-19 pandemic leading to an unprecedented change in demand for goods and services; the onset and continuation of war in Europe, and associated impact on energy costs; and more recently the UK's mini-budget and a period of higher inflation and interest rates. In these circumstances, the portfolio continues to demonstrate resilience to wider market volatility.

Notwithstanding this, the Investment Manager remains watchful of how the current market may impact the Company's borrowers. The areas of focus are as follows:

- Assets in construction or development, which are subject to increased costs of borrowing (where interest costs are not fixed or swapped, or are subject to refinancing requirements), as well as increased costs associated with supply chains for delivering construction projects. This may lead to liquidity challenges associated with the completion of development projects, as has been experienced on two student accommodation assets in the portfolio.
- Where assets have a component of market demand risk in revenues, there may be impacts of increased costs reducing demand for services. In this respect, the portfolio is proving resilient: occupancy in operational assets across the care home, student accommodation and nursery sectors remains strong. The Company's focus on assets that provide critical and high-quality services in the geographies they are located has served it well in this respect.
- The valuation of assets has fallen across most sectors: residential property prices have experienced their highest year-on-year fall since 2011 and yields have increased across most property and social infrastructure sectors, with notable resilience in the Co-living sector more broadly. This has been reflected in the increase to the weighted average discount rate applied in the period.

The Investment Manager continues to work closely with the Company's borrowers to monitor performance of the assets and maintain positive professional working relationships with borrowers against which the Company is invested.

Over the next 24 months the Company is forecast to receive significant repayments from its portfolio. Given the changes in the market backdrop, the Investment Manager intends to re-focus the portfolio on fewer core asset backed sectors as part of the opportunity to reset risk and return that the current market provides.

In doing so, there are sectors where the Investment Manager will be supportive of amendments and extensions to loan facilities as part of resetting rates and maintaining long established relationships with borrowers. There will also, however, be sectors in which a return of capital for degearing, buybacks or reinvestment is more desirable. This may lead to the need to reject applications for amendments and extensions and enforce the repayment of loans through those means available to the Company.

Further information on the Company's prioritisation of cash resources is included below.

The investment portfolio has remained stable during the period, with limited loans of £4.5 million made to new borrowers and further investments of £24.3 million made to support existing borrowers.

At 30 June 2023, the Group was exposed to a diversified portfolio of 59 asset backed investments with a fair value of £429.3[1] million, of which 71% benefit from senior security and 54% from partial inflation and/or interest rate protection.

The weighted average annualised yield[2] on the Group's investments was 8.4%[3], with a weighted average expected term of five years. The weighted average discount rate[2] used to value the Company's investment portfolio was 9.3%, increasing from 8.4% at the year end.

The key metrics above have increased compared to the same period last year, demonstrating that the Company is able to deploy capital efficiently at higher rates than have previously been achievable, partly due to the implementation of protection mechanics.

The portfolio is primarily backed by assets in the UK, representing 79% of such security, with the remainder of the assets located in Europe, the USA, Australia and Hong Kong.

The Company has minimal currency exposure, with all investments either being denominated in Pound Sterling or hedged using rolling forward contracts.

1. Valuation of the loan portfolio held by the Subsidiary.
2. Alternative performance measure - refer below for definitions and calculation methodology.
3. Including the Co-living group loan which is held at net realisable value. Excluding this loan, the weighted average annualised yield[2] is 8.6%.

Portfolio analysis

Portfolio by sector type

Social infrastructure 39%:
- Social housing **7%**
- Nursery **8%**
- Student accommodation **10%**
- Care home **14%**

Property 47%:
- Buy-to-let mortgages **1**%
- Land **2**%
- Co-living **9**%[1]
- Residential property **35**%

E&I 3%
- Natural gas **1%**

– Contract income **1%**
– O&M contracts **1%**

Asset finance 11%
– Domestic boilers **1%**
– FX contracts **2%**
– Contract income **8%**

Portfolio by security ranking
– Senior **71%**
– Subordinated **29%**

Portfolio by term profile
– <5 yrs **67%**
– 5-10 yrs **12%**
– >10 yrs **21%**

Portfolio by interest rate profile
– <7% **12%**
– 7-8% **41%**
– 8-9% **11%**
– >9% **36%**

Portfolio by location
– UK **79%**
– Europe **8%**
– Rest of world **13%**

1. The Co-living group loan represents 0.9% of the portfolio

Top ten investments by value
Key
1 Sector type
2 % of portfolio by value
3 Asset class
4 Multi/single asset exposure

1. Development Fin Co 6
1 Property
2 8.0%
3 Residential property
4 Multi asset

2. Bridging Co 1
1 Property
2 5.6%
3 Residential property
4 Multi asset

3. Student Accom 2
1 Social infrastructure
2 5.0%
3 Student accommodation
4 Multi asset

4. Development Fin
1 Property
2 4.3%
3 Residential property
4 Single asset

5. Care Homes Co 2
1 Social infrastructure
2 3.6%
3 Care home
4 Single asset

6. Property Co 2
1 Social infrastructure
2 3.6%
3 Social housing
4 Multi asset

7. Student Accom 8
1 Property
2 3.5%
3 Co-living
4 Single asset

8. Bridging Co 2
1 Property
2 3.5%
3 Residential property
4 Multi asset

9. Care Homes Co 3
1 Social infrastructure
2 3.4%
3 Care home
4 Single asset

10. Property Co 7
1 Property
2 3.4%

2 3.4%
3 Residential property
4 Multi asset

Further information on the portfolio can be found on the Company's website.

Investment activity
As previously noted above, new investment activity was intentionally limited, with capital resources reallocated to other means of providing shareholder value such as buying back shares. Nevertheless, there was one investment made in the first quarter of the year of £4.5 million to support a property bridge finance provider in Ireland. Whilst this is a new loan, the sponsors are well-known to the Investment Manager as part of the Company's existing investment portfolio.

Investments of c.£19.0 million were made to support existing borrowers, most notably a £10.0 million loan to a nursery group that continues to expand its operations and is seeing high demand and occupancy across its portfolio. Further investments of c.£5.3 million were made as part of recycling capital or as part of amending and extending existing facilities, giving a total of £28.8 million for the period.

The average interest rate achieved on new investments during the period was 9.1%, which compares favourably to the average interest rate on capital repaid to the Company during the period of 8.1% (excluding amounts received for the Co living group loan).

Investments and repayments during the period[1]

Sector	Average term	Security	Status	Investments	Repayments
Asset finance	4 years	Senior	Operational	-	£7.8 million
Energy and infrastructure	3 years	Senior	Operational/Construction	-	£3.6 million
Property[2]	2 years	Senior/Subordinated	Operational/Construction	£17.3 million	£13.2 million
Social infrastructure	7 years	Senior/Subordinated	Operational/Construction	£11.5 million	£1.6 million
			Total	**£28.8 million**	**£26.2 million**

Investments and repayments post period end[1]

Sector	Average term	Security	Status	Investments	Repayments
Asset finance	-	-	-	-	£2.9 million
Energy and infrastructure	-	-	-	-	£3.3 million
Property	1 year	Senior/Subordinated	Operational	£0.5 million	£5.6 million
			Total	**£0.5 million**	**£11.8 million**

1. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 for further information.
2. Includes development projects that were subject to approval by the Board under the Company's investment approval process, refer below.

Watchlist updates
At 30 June 2023, investments with a value representing 4.0% of the investment portfolio have been identified as at risk of impairments due to the performance of the underlying assets and/or actual events of default under facility agreements that have not been waived or remedied.

These investments are summarised below, with the percentages representing the investment value determined 'at risk', after downward revaluations recognised by the Valuation Agent at 30 June 2023.

- The Co-living group (0.9% of the portfolio) progressed through its work out process in the period. The Company has received amounts of £1.3 million from the agreed sale of a large asset in the USA and the share of proceeds from the disposal of the Canary Wharf asset of £3.5 million post period end. The Investment Manager has made progress with the fire safety review on the Old Oak asset and discussions with senior lenders on the extension of the senior facility are ongoing. A further write-down of £0.4 million was recognised in the period. Following further developments on the Old Oak asset post period end, the Investment Manager considers it is likely that a further write-down of between £2.0 million and £3.0 million (0.47 - 0.70 pence per share) will be recognised in the 30 September 2023 NAV.

- The Investment Manager has continued to identify alternative Registered Providers ("RPs") for a portion of the Company's social housing investments exposed to MySpace (1.5% of the portfolio). Positive progress has been made in the period, with the expectation of identifying a solution in due course. The Valuation Agent increased the discount rate on the loan to account for market movements, which has also been applied to other supported living assets within the portfolio.

- Cash payments have been received under the state-backed guarantee that underwrites 50% of payments due from a football finance investment (0.3% of the portfolio) that ran into challenges due to the removal of a Covid-19 support mechanism. A creditor proposal has been developed in respect of the remaining 50% which, if accepted, would represent an estimated £1.0 million downward revaluation. This has been recognised by the Valuation Agent in the fair value of investments during the period, and was accepted by the Directors.

- The Company has exposure to two multi-use community facilities (1.3% of the portfolio) that have been through a period of operational difficulty since the Covid-19 pandemic. The Investment Manager has worked closely with the local councils where each site has been developed, as well as current and new operators. In the case of one site (0.9% of the portfolio), performance has improved significantly following the appointment of a new operator and the Investment Manager expects to remove this from the watchlist in the coming period. In respect of the other site (0.4% of the portfolio), there are ongoing operational difficulties, for which the Investment Manager is leading a plan to address with relevant stakeholders. In recognition of these difficulties, a downward revaluation of £0.9 million was recognised by the Valuation Agent in the period.

- Two student accommodation assets[1], with a value of 5.5% of the portfolio, were added to the watchlist in the period (with no value currently identified at risk). In one case, repayment is subject to a refinance which has been delayed and interest payments have continued to be received in full. In the other case, the loan representing 5.0% of the fair value of the portfolio is exposed to an overseas portfolio of three operational and three development stage assets that have additional capital requirements associated with construction. To date, one interest payment due during the period was not met and, post period end, the Investment Manager has been requested by the borrower to consider a restructuring proposal, which would support an extension of the loan term from December 2023 to December 2024. The Investment Manager is working with the borrower to understand how their additional capital and liquidity requirements will be met, including those to meet future interest and final capital payments. The Investment Manager remains confident in the value of the underlying assets and as the directors of the Investment Manager directly or indirectly own an equity interest in these development projects will engage with independent advisers, including the Valuation Agent, and the Board to seek approval of any proposed revised terms.

1. The directors of the Investment Manager directly or indirectly own an equity interest in these development projects. In accordance with the Company's investment approval process, the initial investments, and any subsequent amendments to the terms of such approved facilities, are reviewed and approved by the Board.

Proposed combination
The Board announced, on 11 August 2023, agreement of heads of terms relating to the Scheme. In proposing the Scheme, it had been the intention of the Board and the Investment Manager to be proactive in seeking to create a more sizeable infrastructure and real estate debt vehicle, with greater secondary market liquidity and the ability to return capital to shareholders while offering the potential for a rerating over time.

Subsequently, following a significant shareholder consultation exercise, and as a result of shareholder feedback, the Board announced the cessation of discussions with GCP Infra relating to the Scheme. Under the heads of terms, the Investment Manager agreed to underwrite the costs incurred by the Company in progressing the Scheme up to a capped amount. The Company therefore expects to incur little or no cost in respect of progressing the Scheme.

Continuation
It has been clear from shareholder feedback to which the Investment Manager has been party, that there are significantly divergent views amongst shareholders regarding the future strategy that would maximise shareholder value. As such, and based on shareholder feedback, the Board has announced that it will propose an ordinary resolution at the Company's AGM to be held in May 2024 that the Company continue in its present form[1]. In the event that such a resolution passes, a similar resolution will be proposed every four years thereafter. Alternatively, if such a resolution does not pass, the Board expects to put forward proposals to shareholders to amend the investment objective and policy of the Company to pursue a strategy for the orderly realisation of the Company's portfolio and return of capital to shareholders thereafter.

In the period up until the May 2024 AGM the Board intend to use any available cash, firstly (i) to repay the Company's outstanding balance under its RCF and, thereafter, to buyback the Company's shares whilst such shares trade at a material discount to the Company's NAV per ordinary share; and secondly (ii) only where the high threshold for such activity is met relative to the alternatives under (i), invest in accordance with the Company's current investment policy at the prevailing market rate of returns.

Ahead of the May 2024 AGM, the Investment Manager will continue to work with existing borrowers to determine how best to maximise value for the Company.

The Investment Manager strongly believes that the Company's outlook in its current form is positive. The rerating in credit markets, and slower rerating in equity markets, means private credit is well positioned to capture enhanced relative value when compared with equity markets. Similarly, the position of the Company as a non-bank lender gives it certain important competitive advantages when participating in asset backed lending opportunities that further supports its ability to capture attractive opportunities.

Further, the Company has an excellent relationship with its underlying borrowers, providing the opportunity to continue to lend to well-established parties that have supported the Company's growth and performance since its IPO in 2015.

1. The Company as currently constituted and with the same investment objective and policy

Inflation
Inflation has continued to increase in the period, with CPI increasing by 7.9% in the twelve months to June 2023. This has been driven by increased costs across a range of sectors, including energy, commodities, raw materials and food.

As described in more detail below, the Company benefits from 54% of its investment portfolio having some form of indexation linked to inflation or central bank base rates. To date, it is estimated that such mechanisms have increased annual income by c.£400,000, with the expectation of further increases. The Company does not incorporate future increases associated with inflation or interest rate forecasts into its fair valuations and therefore future increases represent potential additional income and valuation benefit to the Group.

In applying such contractual rights to additional income, the Investment Manager is mindful of the potential credit implications for its borrowers of doing so. Whilst in most cases higher inflation supports cash generation by the Company's portfolio assets, and therefore the ability to service higher finance costs, this is not always the case in instances where assets have been impacted by other circumstances. The Investment Manager therefore has, in one case, applied discretion in increasing interest rates or principal balances to preserve credit quality.

Portfolio characteristics

Inflation protection mechanism **54%**

Direct rate linkage **23%**
Principal indexation **18%**
Profit sharing **13%**

Fixed rate, under three years remaining **36%**
Fixed rate, over three years remaining **10%**

Inflation protection

There are a number of mechanisms in place within the portfolio which offer different forms of inflation protection on the loans. The mechanics of these protections are explained in more detail in the adjacent table. The portfolio characteristics chart below shows the percentage of the portfolio benefiting from each mechanism.

Given the scale of inflation being reported, the Investment Manager will consider the borrower's ability to pass on inflationary costs through their business model and retains discretion on how increases to rates or loans are applied when applying these measures.

The Investment Manager believes that these mechanisms will support the Company in the current inflationary environment and going forward.

Type of protection	How does it work?	Portfolio investments
Direct rate linkage	The interest rate charged for the loan is directly linked to the base rate. Increases in the rate (usually above an agreed threshold) result in a direct increase to the loan interest rate.	– Buy-to-let mortgages – Management fee contracts – Nurseries
Principal indexation	When RPI, CPI or interest rates rise above an agreed strike price, the loan principal outstanding is increased using a formula, which is normally 50% of the difference between the current interest or inflation rate and the agreed base rate. Typically, this is used on longer-dated assets with inflation-linked income models or bridging loans.	– Care homes – Bridging and development loans – Social housing
Profit sharing	Share warrants and profit-sharing mechanisms are in place on certain loans. These options allow the Company to share in profits generated by borrowers e.g. where they are able to increase lending rates on bridging loans.	– Residential property – Bridging loans
Fixed rate, under three years remaining	Maintaining a portfolio which regularly repays and requires reinvestment means that the Company is able to reinvest at prevailing rates and reflect current market dynamics. The weighted average life of the portfolio is five years.	– Bridging loans – Football financing – Development loans

Board update
Following a detailed review of the principal risks and uncertainties, the Board has concluded that the residual risk profile relating to credit risk and macro-economic risk, for which the Directors have broadened the definition and resulting impact, has increased in the period.

All other principal uncertainties and principal risks faced by the Company during the period remain the same as detailed in the 2022 annual report and financial statements. The principal risks and uncertainties are expected to remain relevant to the Company for the next six months of its financial year.

Category 1: Credit risk

Risk	Impact	How the risk is managed	Change in residual risk over the period
Borrower default, loan non performance and collateral risks Borrowers to whom the Group has provided loans default or become insolvent.	The success of the Group is dependent upon borrowers fulfilling their payment obligations when they fall due. Failure of the Group to receive payments or to recover part or all amounts owed together with potential additional costs incurred from the renegotiation and/or restructuring of loans can result in substantial irrecoverable costs being incurred. This could have a material adverse effect on the NAV of the Company and its ability to meet its investment objective.	The Investment Manager continuously monitors the actual performance of projects and their borrowers, taking action where appropriate, and reports on performance of the Group's portfolio to the Board each quarter.	**Increase** Inflationary increases have created higher operational costs for borrowers, particularly operational businesses with staffing and energy expenditure. Monitoring inflation and its impact on borrowers' operational budgets has been an area of focus for the Investment Manager. In this respect, the portfolio is proving resilient and occupancy in operational assets across the care home, student accommodation and nursery sectors remains strong. Where increasing borrowing costs and supply chain expenses impact projects this can result in liquidity issues during completion, as seen with two student accommodation assets in the period.

Category 2: Economic risk

Risk	Impact	How the risk is managed	Change in residual risk over the period.
Macro-economic Due to the nature and duration of the Company's investments, the prolonged current macro-economic environment may prevent the Company from	As well as adversely impacting underlying asset valuations and potential cash flow mismatch of revenue and costs at borrower level, persistent and higher interest rates as a result of inflationary	The Directors continue to review strategic opportunities that could further support the share price and have prioritised the use of the Company's cash resources to reduce leverage and	**Increase** In the period, credit markets and the listed investment company sector have experienced rapid and significant change driven by increasing central bank rates due to higher-for-

being able to achieve the risk return profile required by investors and/or its investment objective.	pressures may result in investors being able to achieve better risk-adjusted returns in other asset classes, thereby placing further pressure on the Company's share price and liquidity.	return capital to shareholders and as a result, have limited investment activity. The weighted average loan life of the portfolio is five years; it also benefits from partial inflation protection on longer-dated loans, including principal indexation. Significant repayments expected over the next two years will allow the Company to refocus on core asset backed sectors, subject to prioritisation. The Investment Manager works closely with over Macro-economic the period borrowers to monitor performance of the assets and identify new challenges.	longer inflation, as well as placing further pressure on both the Company's strategy and borrowers. Through the reprioritisation of the use of available cash, when able, the Investment Manager should be positively positioned to reset the risk return profile of the portfolio through the redeployment of capital at current market rates, increasing the weighted average annualised yield[1].

1. Alternative performance measure - refer below for definitions and calculation methodology

Financial review

The Company generated total income of £11.8 million, declared dividends of 3.16[1] pence per share and delivered a total shareholder return[2] of -21.9% for the period.

Financial performance
The Company has prepared its half-yearly report and unaudited interim condensed financial statements in accordance with IAS 34 Interim Financial Reporting.

The financial period has continued to present challenges for the Company, due to the ongoing resolution of the Co-living group loan and the other watchlist loans, along with headwinds in the UK economy which have resulted in the Company's shares trading at a persistent discount to NAV.

The Board and Investment Manager remain focused on addressing the discount to NAV at which the Company's shares trade. During the period up until 23 June 2023, 8.5 million shares were repurchased, giving a total of 16.4 million shares since the start of the buyback programme in March 2020.

In the period to 30 June 2023, the Company's portfolio generated interest of £16.3 million (30 June 2022: £15.7 million), an increase compared to the prior year reflecting loans being advanced at higher rates over the past twelve months.

Other income of £0.4 million (30 June 2022: £0.7 million) was generated which included prepayment fees of £0.2 million in respect of loans prepaid in the year (30 June 2022: £0.5 million).

Total income was offset by net unrealised valuation losses of £5.4 million primarily in respect of increases to discount rates across the portfolio by the Valuation Agent. Further information is given in the Investment Manager's report above.

The Company invests in derivatives for investment purposes and efficient portfolio management. Overall net gains on derivative financial instruments for the period were £0.6 million (30 June 2022: losses of £0.6 million). Further information is given in notes 3 and 14 to the financial statements.

The Company incurred total expenses of £2.5 million (30 June 2022: £2.8 million) which includes the Investment Manager's fee, other third party service provider costs and Directors' remuneration. Total expenses have decreased compared with the prior year, reflecting a decrease in variable fees due to a reduction in the NAV and the reimbursement of arrangement fees.

Finance costs have increased compared to the prior period with the Company utilising the majority of its RCF for a large segment of the period. At the period end, £48.1 million was drawn (31 December 2022: £32.1 million). Further information is included below.

Profit for the period was £8.0 million (30 June 2022: £10.2 million), with basic EPS of 1.86 pence (30 June 2022: 2.32 pence). Adjusted EPS[2] for the period was 3.07 pence per share, which excludes discount rate adjustments and performance-related revaluations.

The dividend for the period of 3.161 pence was paid as 1.58 pence per share for the quarter to 31 March 2023 with a further dividend of 1.58 pence per share for the quarter to 30 June 2023, declared post period end, on 20 July 2023.

1. Total dividend of 3.1625 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2023, which was declared post period end.
2. Alternative performance measure - refer below for definitions and calculation methodology.

Ongoing charges
The Company's ongoing charges percentage[1] for the period, calculated in accordance with the AIC methodology, was 1.3% annualised (30 June 2022: 1.2% annualised).

Investment valuation
The weighted average discount rate[1] across the portfolio at 30 June 2023 was 9.3%. The valuation of investments is sensitive to changes in discount rates applied. A sensitivity analysis detailing the impact of a change in discount rates is given in note 14.3.

The Valuation Agent carries out a fair market valuation of the Group's investments on behalf of the Board on a semi-annual basis. Any assets which may be subject to discount rate changes are valued on a quarterly basis.

The Group's investments (excluding the Co-living loan that is valued on an estimate of recoverability) are valued on a discounted cash flow basis after impairments where appropriate, in line with the methodology used by the Valuation Agent. Refer to note 14.3 for further information.

Cash position
The Company received interest payments of £16.3 million (30 June 2022: £15.7 million) and capital repayments of £26.2 million (30 June 2022: £42.7 million) in the period, in line with expectations. The Company paid cash dividends of £13.6 million (30 June 2022: £13.9 million) and a further £0.5 million post period end. Total cash reserves at the period end were £17.4 million (30 June 2022: £8.6 million).

Borrowings
The Company continues to utilise its RCF with RBSI for an amount of £50 million. Post period end, on 7 July 2023, the Company extended the maturity date to August 2024, on the same terms as the existing facility.

At 30 June 2023, the drawn balance of the RCF was £48.1 million. The Company uses the RCF to ensure it effectively utilises its cash resources to reduce any cash drag which impacts dividend coverage.

The Board intends to use available cash resources to reduce leverage under the RCF over the period to the 2024 AGM. As such the Board is satisfied that the Company can continue to meet its liabilities as they fall due over the next twelve months. Further information on the RCF is given in notes 2.1 and 11 to the financial statements.

1. Alternative performance measure - refer below for definitions and calculation methodology.

Conflicts of interest
In the period, £1.4 million was advanced under existing facilities to finance development projects in the USA and Australia.

The directors of the Investment Manager directly or indirectly own an equity interest in these development projects. In accordance with the Company's investment approval process, the initial investments and any subsequent amendments to the terms of such approved facilities were reviewed and approved by the Board. Two student accommodation assets within this category, with a value of 5.5% of the portfolio were added to the watchlist in the period (with no value currently identified at risk). Further information is included above.

GCP Infra
Where there is any overlap for a potential investment with GCP Infra, GCP Infra has a right of first refusal over such investment. During the period, no investments were offered to GCP Infra under its right of first refusal. To date, no investments offered to GCP Infra have been accepted.

Statement of Directors' responsibilities

Under the terms of the DTRs of the FCA, the Directors are responsible for preparing the half-yearly report and unaudited interim condensed financial statements in accordance with applicable regulations.

The Directors confirm to the best of their knowledge that:

– the unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting;

– the Chairman's interim statement and the Investment Manager's report constitute the Company's interim management report, which includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

– the unaudited interim condensed financial statements include a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein); and

– the half-yearly report and unaudited interim condensed financial statements for the period ended 30 June 2023 give a true and fair view of the assets, liabilities, financial position and return of the Company.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Alex Ohlsson
Chairman

27 September 2023

Independent review report
To GCP Asset Backed Income Fund Limited

Report on the unaudited interim condensed financial statements
Our conclusion
We have reviewed GCP Asset Backed Income Fund Limited's unaudited interim condensed financial statements (the "interim financial statements") in the half-yearly report and unaudited interim condensed financial statements of GCP Asset Backed Income Fund Limited for the six-month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:
- the unaudited interim condensed statement of financial position as at 30 June 2023;
- the unaudited interim condensed statement of comprehensive income for the period then ended;
- the unaudited interim condensed statement of cash flows for the period then ended;
- the unaudited interim condensed statement of changes in equity for the period then ended; and

- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report and unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board.
A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and unaudited interim condensed financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Material uncertainty related to going concern
In forming our conclusion on the interim financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the interim financial statements concerning the Company's ability to continue as a going concern. On 18 September 2023 the Board of Directors of the Company proposed an ordinary resolution at the Company's AGM to be held in May 2024 that the Company will continue in its present form. Alternatively, if such a resolution does not pass, the Board expects to put forward proposals to shareholders to amend the investment objective and policy of the Company to pursue a strategy for the orderly realisation of the Company's portfolio and the return of capital to shareholders thereafter (together "the announced plans").

As the specific wording for the ordinary resolutions for the announced plans has not yet been finalised and the Directors have no visibility on the outcome or the success of the announced plans, these conditions, along with the other matters explained in note 2 to the interim financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The interim financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately applied the going concern basis of accounting in the preparation of the interim financial statements.

Responsibilities for the interim financial statements and the review
Our responsibilities and those of the Directors
The half-yearly report and unaudited interim condensed financial statements, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report and unaudited interim condensed financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report and unaudited interim condensed financial statements based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
27 September 2023

Unaudited interim condensed statement of comprehensive income
For the period ended 30 June 2023

	Notes	**Period ended 30 June 2023 £'000**	Period ended 30 June 2022 £'000
Income			
Loan interest realised	3	**16,283**	15,731
Net loss on financial assets at fair value through profit or loss	3	**(5,426)**	(2,459)
Net gain/(loss) on derivative financial instruments	3	**551**	(558)
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss		**11,408**	12,714
Other income	3	**356**	722
Deposit interest income		**56**	-
Total income		**11,820**	13,436
Expenses			
Investment management fees	15	**(1,742)**	(1,907)
Operating expenses		**(605)**	(808)

Directors' remuneration	15	**(128)**	(104)
Total expenses		**(2,475)**	(2,819)
Total operating profit before finance costs		**9,345**	10,617
Finance costs			
Finance expenses	4	**(1,366)**	(430)
Total profit and comprehensive income		**7,979**	10,187
Basic and diluted earnings per share (pence)	7	**1.86**	2.32

All items in the above statement are derived from continuing operations.

The notes below form an integral part of the financial statements.

Unaudited interim condensed statement of financial position
As at 30 June 2023

	Notes	**As at 30 June 2023 £'000**	(Audited) As at 31 December 2022 £'000
Assets			
Cash and cash equivalents	10	**17,367**	10,311
Derivative financial instruments		**350**	243
Other receivables and prepayments	9	**20**	66
Financial assets at fair value through profit or loss	8	**432,241**	435,071
Total assets		**449,978**	445,691
Liabilities			
Derivative financial instruments		**-**	(257)
Other payables and accrued expenses	12	**(2,038)**	(1,527)
Revolving credit facilities	11	**(48,019)**	(31,907)
Total liabilities		**(50,057)**	(33,691)
Net assets		**399,921**	412,000
Equity			
Share capital	13	**431,487**	437,960
Retained losses		**(31,566)**	(25,960)
Total equity		**399,921**	412,000
Ordinary shares in issue (excluding treasury shares)	13	**425,626,059**	434, 151,059
NAV per ordinary share (pence per share)		**93.96**	94.90

The unaudited interim condensed financial statements were approved and authorised for issue by the Board of Directors on 27 September 2023 and signed on its behalf by:

Alex Ohlsson
Chairman

Colin Huelin FCA
Director

The notes below form an integral part of the financial statements.

Unaudited interim condensed statement of changes in equity
For the period ended 30 June 2023

	Notes	**Share capital £'000**	**Retained losses £'000**	**Total equity £'000**
Balance as at 1 January 2023		**437,960**	**(25,960)**	**412,000**
Total profit and comprehensive income for the period		**-**	**7,979**	**7,979**
Share repurchases		**(6,473)**	**-**	**(6,473)**
Dividends paid	6	**-**	**(13,585)**	**(13,585)**
Balance as at 30 June 2023		**431,487**	**(31,566)**	**399,921**

Unaudited interim condensed statement of changes in equity
For the period ended 30 June 2022

	Notes	Share capital £'000	Retained losses £'000	Total equity £'000
Balance as at 1 January 2022		442,607	(5,881)	436,726
Total profit and comprehensive income for the period		**-**	10,187	10,187
Dividends paid	6	**-**	(13,882)	(13,882)
Balance as at 30 June 2022		442,607	(9,576)	433,031

The notes below form an integral part of the financial statements.

Unaudited interim condensed statement of cash flows
For the period ended 30 June 2023

	Notes	**Period ended 30 June 2023 £'000**	Period ended 30 June 2022 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**9,345**	10,617
Adjustments for:			
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	3	**(11,408)**	(12,714)
Realised gains on derivative instruments	3	**187**	163
(Decrease)/increase in other payables and accrued expenses		**(61)**	11
Decrease in other receivables and prepayments		**46**	93

Decrease in other receivables and prepayments		**40**	93
Total		**(1,891)**	(1,830)
Loan interest realised	3	**16,283**	15,731
Investment in Subsidiary		**(28,829)**	(25,896)
Capital repayments from Subsidiary		**26,233**	42,721
Net cash flow generated from operating activities		**11,796**	30,726
Cash flows from financing activities			
Proceeds from revolving credit facilities		**16,000**	11,500
Repayment of revolving credit facilities		**-**	(29,500)
Share repurchases	13	**(6,556)**	-
Finance costs paid		**(599)**	(349)
Dividends paid	6	**(13,585)**	(13,882)
Net cash flow used in financing activities		**(4,740)**	(32,231)
Net increase/(decrease) in cash and cash equivalents		**7,056**	(1,505)
Cash and cash equivalents at beginning of the period		**10,311**	10,108
Cash and cash equivalents at end of the period		**17,367**	8,603

The notes below form an integral part of the financial statements.

Notes to the unaudited interim condensed financial statements
For the period ended 30 June 2023

1. General information

The Company is a public closed-ended investment company incorporated on 7 September 2015 and domiciled in Jersey, with registration number 119412. The Company is governed by the provisions of the Jersey Company Law and the CIF Law.

The ordinary and C shares (when in issue) of the Company are admitted to the Official List of the FCA and are traded on the Premium Segment of the Main Market of the LSE.

The Company makes its investments through its wholly owned Subsidiary, by subscribing for the Secured Loan Notes issued by the Subsidiary. The Subsidiary subsequently on lends the funds to borrowers.

At 30 June 2023, the Company had one wholly owned Subsidiary, GABI UK (31 December 2022: one), incorporated in England and Wales on 23 October 2015 (registration number 9838893). GABI UK has three subsidiaries (31 December 2022: three): GABI Housing (registration number 10497254) incorporated in England and Wales on 25 November 2016, GABI GS (registration number 10546087) incorporated in England and Wales on 4 January 2017 and GABI Housing 2 (registration number 14372988) incorporated in England and Wales on 23 September 2022. The Company, GABI UK, GABI Housing, GABI GS and GABI Housing 2 comprises the Group. The registered office address for GABI UK, GABI Housing, GABI Housing 2 and GABI GS is 24 Savile Row, London W1S 2ES.

GABI GS was set up to hold shares as security for loans issued to underlying borrowers, where required. Its purpose is to isolate any potential liabilities that may arise from holding shares as security, from the Company.

GABI Housing was set up for the sole purpose of investing in five underlying properties and the social income stream derived from these properties through letting them to specialist housing associations.

GABI Housing 2 was set up as a subsidiary to invest in a single, unlevered, operational rental property and to benefit from the income stream derived from this asset.

The Company, through its Subsidiary, seeks to meet its investment objective through a diversified portfolio of investments which are secured against, or comprise, contracted, predictable medium to long-term cash flows and/or physical assets.

The Group's investments are predominantly in the form of medium to long-term fixed or floating rate loans which are secured against cash flows and/or physical assets which are predominantly UK based.

The Group's investments are typically unquoted and include, but are not limited to, senior loans, subordinated loans, mezzanine loans, bridge loans and other debt instruments. The Group may also make limited investments in equities, equity-related derivative instruments such as warrants, controlling equity positions (directly or indirectly) and/or directly in physical assets.

The Group at all times invests and manages its assets in a manner which is consistent with the objective of spreading investment risk.

Where possible, investments are structured to benefit from partial inflation and/or interest rate protection.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these unaudited interim condensed financial statements are set out below. In the current period, the Company has applied amendments to IFRS.

These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The adoption of these has had no material impact on these or prior years' financial statements and the accounting policies used by the Company followed in these condensed interim financial statements are consistent with the 2022 annual report.

2.1 Basis of preparation

The unaudited interim condensed financial statements for the period ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The unaudited interim condensed financial statements do not include all financial information required for full annual financial statements and therefore do not constitute statutory accounts as defined in the Jersey Company Law. They should be read in conjunction with the Company's annual report and financial statements for the year ended 31 December 2022 which were prepared in accordance with IFRS issued by the IASB and interpretations issued by IFRIC as approved by IASC (which remain in effect) and audited by the Independent Auditor, who issued an unqualified audit opinion.

The accounting policies adopted in the unaudited interim condensed financial statements are the same as those applied in the annual report and financial statements for the year ended 31 December 2022.

The financial information for the period ended 30 June 2023 has been reviewed by the Independent Auditor, in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor and were approved for issue on 27 September 2023.

The financial risk management objectives include (but are not limited to) market risk, interest rate risk, credit risk, currency risk and liquidity risk. Refer above and to the Company's 2022 annual report and financial statements for further information. The Board considers that these remain unchanged.

In accordance with the investment entities exemption contained in IFRS 10 Consolidated Financial Statements, the Directors have determined that the Company continues to meet the definition of an investment entity and as a result the Company is not required to prepare consolidated financial statements. The Company's investment in its Subsidiary is measured at fair value and treated as a financial asset through profit or loss in the statement of financial position (refer to note 2.2(b)).

The Company raises capital through the issue of ordinary shares and C shares. The net assets attributable to the C share class, when in issue, are accounted for and managed by the Company as a distinct pool of assets, with the Company ensuring that separate cash accounts are created and maintained. Expenses are either specifically allocated to an individual share class or split proportionally by the NAV of each share class. When in issue, C shares are classified as a financial liability. At 30 June 2023, there were no C shares in issue (31 December 2022: none).

New standards, amendments and interpretations adopted during the period
In the period under review, the Company has applied amendments to IFRS issued by the IASB. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements.

These incorporated:

- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2);
- initial application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17);
- definition of Accounting Estimates (Amendments to IAS 8); and
- deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes).

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements.

The amendments to IAS/IFRS applicable from 1 January 2024 are:

- classification of liabilities as current or non-current (Amendments to IAS 1);
- non-current liabilities with covenants (Amendments to IAS 1);
- supplier finance arrangements (Amendments to IAS 7 and IFRS 7); and
- lease liability in a sale and leaseback (Amendments to IFRS 16).

The Directors do not anticipate the adoption of these will have a material impact on the financial statements in current or future years.

Other than those detailed above, there are no new IFRS or IFRIC interpretations that are issued but not effective that would be expected to have a material impact on the Company's financial statements.

Functional and presentation currency
The primary objective of the Company is to generate returns in Pound Sterling, its capital raising currency. The Company's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The unaudited interim condensed financial statements are presented in Pound Sterling and all values have been rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Going concern
The Directors have assessed the Company's ability to continue as a going concern, having considered the liquidity of the Group's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments.
This going concern assessment also includes the Directors' assessment of events post period end in respect of future continuation discussions with shareholders as detailed below.

Liquidity position
At 30 June 2023, the Company held cash and cash equivalents of £17.4 million. In the statement of financial position the Company held current liabilities consisting of other payables and accrued expenses of £2.0 million and drawn amounts on the RCF due to RBSI of £48.1 million (full facility £50.0 million) which is due to expire on 21 August 2024 following the extension of the maturity date post period end. The Company's net current liability position therefore at 30 June 2023 was £32.7 million.

The Investment Manager has prepared cash flow forecasts which were challenged and approved by the Directors, including analysis to assess whether the Company would be able to repay the RCF prior to expiry. The analysis concluded a level of repayments surpassing the outstanding balance of the RCF at 30 June 2023, as over the next 24 months the Company is forecast to receive significant repayments from its portfolio. Furthermore, a comprehensive downside scenario has been forecast which demonstrates adequate funds for the timely and complete repayment of the RCF ahead of its maturity date.

As noted above, the Board intends to use available cash resources to reduce leverage under the RCF before expiry in August 2024. The Directors consider that the RCF, representing leverage of 11% of total assets at the period end, does not constitute a significant level of gearing and that the Company has met, and continues to be able to meet, all financial commitments and covenants of the RCF.

Future continuation discussions
Post period end, on 11 August 2023, the Company announced that it had agreed heads of terms with GCP Infra in respect of the Scheme. Subsequently, and following a period of engagement with the Company's shareholders, the Board announced the cessation of discussions with GCP Infra and the Company's intention to hold a shareholder vote on the continuation of the Company in its current form at the AGM in May 2024 that the Company continue in its present form[1]. In the event that such a resolution passes, a similar resolution will be proposed every four years thereafter. Alternatively, if such a resolution does not pass, the Board expects to put forward proposals to shareholders to amend the investment objective and policy of the Company to pursue a strategy for the orderly realisation of the Company's portfolio and the return of capital to shareholders thereafter.

The specific wording of the ordinary resolutions referred to above will be confirmed in due course following further consultation with the Company's shareholders.

Directors' conclusion
The Directors are satisfied that the Company has adequate resources to continue in operational existence and meet all liabilities as they fall due for a period of at least twelve months from the date on which the half-yearly report and unaudited interim condensed financial statements are approved.

As part of the above assessment, the Directors acknowledge that, based on the results of the future continuation discussions with shareholders, there is a possibility of a change in the Company's strategy from continuing in its current form, or after an amendment of its investment objective to pursue a strategy for an orderly realisation of the Company's portfolio. Whilst such a possibility does not change the Directors view that the Company has adequate financial resources to continue in operational existence and meet all liabilities as they fall due for a period of at least twelve months, the ultimate decision by shareholders arising from the future continuation discussions is outside the control of the Directors, which creates a material uncertainty that may cast significant doubt over whether it will continue to be appropriate to prepare the financial statements on a going concern basis during the course of the next twelve months.

1. The Company as currently constituted and with the same investment objective and policy

Notwithstanding this uncertainty, and based on the above assessment, including consideration of, subject to shareholder approval at the AGM to be held in May 2024, the continuation of the Company either in its current form or after an amendment of its investment objective to pursue a strategy for the orderly realisation of the portfolio and return of capital to shareholders thereafter, the Directors have concluded that the financial statements of the Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly.

2.2 Significant accounting estimates and judgements
The preparation of unaudited interim condensed financial statements in accordance with IFRS requires the Directors to make estimates and judgements that affect the reported amounts recognised in the unaudited interim condensed financial statements. However, uncertainty about these assumptions and judgements could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future. There are no changes in estimates reported in prior financial statements that require disclosure in these financial statements.

(a) Critical accounting estimates and assumptions
Fair value of instruments not quoted in an active market
The Company's investments are made by subscribing for the Secured Loan Notes issued by the Subsidiary. The Subsidiary's assets consist of investments held by the Subsidiary, which represent secured loan facilities issued to the Project Companies. The Subsidiary's assets are not quoted in an active market and, therefore, the fair value is determined using a discounted cash flow methodology (excluding the Co-living group loan, adjusted as appropriate for market, credit and liquidity risk factors (refer to note 14.3 for further information). This requires assumptions to be made regarding future cash flows and the discount rates applied to these cash flows. The Subsidiary's investments are valued by a third party Valuation Agent on a semi-annual basis. Investments which may be subject to discount rate changes are valued on a quarterly basis.

The models used by the Valuation Agent use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities (including inflation) and correlations require estimates to be made. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The investment in the Subsidiary is held at fair value through profit or loss. Income distributions and interest payments from the Subsidiary are included as part of the fair value movement calculation, together with any unrealised movement in the fair value of the holding in the Subsidiary.

The value of the investment in the Subsidiary is based on the aggregate of the NAV of the Subsidiary and the value of the Secured Loan Notes issued by the Subsidiary. Refer to note 8 for further details.

The valuation of the Co-living group loan
The Group's Co-living group loan was fair valued by combining recovery values on realised assets with an estimate of recoverability of amounts on the two remaining key properties. The value was based on (i) realised sales values of four assets, (ii) negotiated purchase prices with buyers in ongoing sales processes and (iii) valuation reports from independent valuers. Adjustments to reflect known transaction risks and professional fees were also made to the valuation of the loan. Further information is given in note 15, which includes the impact of post period end developments and the Investment Manager's expectation of a further write-down of this loan.

(b) Critical judgements
Assessment as investment entity
The Directors have concluded that the Company continues to meet the definition of an investment entity.

Entities that meet the definition of an investment entity within IFRS 10 Consolidated Financial Statements are required to measure their subsidiaries at fair value through profit or loss rather than consolidate. The criteria which define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors have concluded that the Company continues to meet the characteristics of an investment entity, in that it:

- raises funds from investors through the issue of equity, has more than one investor and its investors are not related parties, other than those disclosed in note 15;
- invests in a portfolio of investments held by the Subsidiary for the purposes of generating risk-adjusted returns through regular distributions and modest capital appreciation; and
- the Company's investments are held at fair value through profit or loss with the performance of its portfolio evaluated on a fair value basis.

Accordingly, the Company's Subsidiary is not consolidated, but rather the investment in the Subsidiary is accounted for at fair value through profit or loss. The value of the investment in the Subsidiary is based on the aggregate of the NAV of the Subsidiary and the value of the Secured Loan Notes issued by the Subsidiary.

(c) Segmental information
The Directors view the operations of the Company as one operating segment, being the investment portfolio of asset backed loans held through the Subsidiary, which is a registered UK company. All significant operating decisions made by the Board, as the chief operating decision maker, are based on the analysis of the Subsidiary's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the Directors.

3. Operating income
The table below analyses the operating income derived from the Company's financial assets and financial liabilities at fair value through profit or loss:

	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
Loan interest realised	**16,283**	15,731
Unrealised (loss)/gain on financial assets at fair value through profit or loss:[1]		
Debt - Secured Loan Notes up to £1,000,000,000[2]	**(4,323)**	(2,371)
Equity - representing one ordinary share in the Subsidiary	**(1,103)**	803
Realised loss on financial assets at fair value through profit or loss:		
Debt - Secured Loan Notes up to £1,000,000,000	**-**	(891)
Net loss on financial assets at fair value through profit or loss	**(5,426)**	(2,459)
(Loss)/gain on derivative financial instruments:		
Unrealised gain/(loss) on forward foreign exchange contracts	**364**	(721)
Realised gain on forward foreign exchange contracts	**187**	163
Net gain/(loss) on derivative financial instruments	**551**	(558)
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	**11,408**	12,714

1. Refer to note 8 for further information.
2. Comprises downward revaluations in respect of discount rate adjustments applied by the Valuation Agent and a further write-down of £0.4 million on the Co-living group loan.

The table below analyses other income earned by the Company by type:

	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
Arrangement fee income	**107**	62
Commitment fee income	**-**	175
Early repayment fee income	**239**	485
Sundry income	**10**	-
Total	**356**	722

4. Finance expenses

	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
Arrangement fee relating to the RCF	**112**	111
Commitment fees relating to the RCF	**37**	149
Interest expense relating to the RCF	**1,217**	170
Total	**1,366**	430

5. Taxation
Profits arising in the Company for the period ended 30 June 2023 are subject to tax at the standard rate of 0% (30 June 2022: 0%) in accordance with the Income Tax Law.

6. Dividends

Quarter ended	Dividend	Pence per share	**Period ended 30 June 2023 £'000**	Period ended 30 June 2022 £'000
Current period dividends				
30 June 2023/2022	Second interim dividend[1]	**1.58125** / 1.58125	**-**	-
31 March 2023/2022	First interim dividend	**1.58125** / 1.58125	**6,765**	6,955
Total		**3.16250** / 3.16250	**6,765**	6,955
Prior period dividends				
31 December 2022/2021	Fourth interim dividend	**1.57500** / 1.57500	**6,820**	6,927
Total		**1.57500** / 1.57500	**6,820**	6,927
Dividends in the statement of changes in equity			**13,585**	13,882
Dividends in the statement of cash flows			**13,585**	13,882

1. The second interim dividend was declared after the period end and is therefore not accrued for in the unaudited interim condensed financial statements.

On 20 July 2023, the Company declared a second interim dividend of 1.58125 pence per ordinary share amounting to £6.7 million which was paid on 25 August 2023 to ordinary shareholders on the register at close of business on 28 July 2023.

The Board, at its discretion, has suspended the scrip dividend alternative as a result of the likely discount between any scrip dividend reference price of the shares and the NAV per share of the Company. The Board intends to keep the payment of future scrip dividends under review.

7. Earnings per share
Basic earnings per share is calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period, excluding shares held in treasury. Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the diluted weighted average number of ordinary shares, excluding shares held in treasury.

Period ended 30 June 2023	Earnings £'000	Weighted average number of ordinary shares	Pence per share
Basic earnings per ordinary share	**7,979**	**428,885,173**	**1.86**
Diluted earnings per ordinary share	**7,979**	**428,885,173**	**1.86**
Adjusted earnings[1] per share	**13,487**	**428,885,173**	**3.07**
Period ended 30 June 2022			
Basic earnings per ordinary share	10,187	439,833,518	2.32
Diluted earnings per ordinary share	10,187	439,833,518	2.32
Adjusted earnings[1] per share	13,774	439,833,518	3.14

1. Alternative performance measure - refer below for definitions and calculation methodology.

8. Financial assets at fair value through profit or loss: investment in Subsidiary
The Company's financial assets at fair value through profit or loss comprise its investment in the Subsidiary, which represents amounts advanced to finance the Group's investment portfolio in the form of Secured Loan Notes and equity. The Company's investment in the Subsidiary comprised:

Debt - Secured Loan Notes up to £1,000,000,000	**30 June 2023 £'000**	(Audited) 31 December 2022 £'000
Opening balance	**430,984**	443,647
Investment in Subsidiary	**28,829**	101,985
Capital repayment from Subsidiary	**(26,233)**	(95,622)
Realised loss on financial assets at fair value through profit or loss	**-**	(1,326)
Unrealised (loss)/gain on financial assets at fair value through profit or loss:		
Unrealised valuation loss[1]	**(5,426)**	(20,370)
Unrealised foreign exchange (loss)/gain	**(741)**	1,503
Other unrealised movements on investments[2]	**1,844**	1,167
Total unrealised loss on financial assets at fair value through profit or loss	**(4,323)**	(17,700)
Total	**429,257**	430,984

1.Comprises downward revaluations in respect of discount rate adjustments applied by the Valuation Agent and a further write-down of £0.4 million on the Co-living group loan.
2.Attributable to the timing of the debt service payments and principal indexation of £nil (31 December 2022: £1.4 million) applied to certain loans.

Equity - representing one ordinary share in the Subsidiary	**30 June 2023 £'000**	(Audited) 31 December 2022 £'000
Opening balance	**4,087**	3,342
Unrealised (loss)/gain on investment in the Subsidiary	**(1,103)**	745
Total	**2,984**	4,087
Financial assets at fair value through profit or loss	**432,241**	435,071

The above represents a 100% interest in the Subsidiary at 30 June 2023 (31 December 2022: 100%).

9. Other receivables and prepayments

	30 June 2023 £'000	(Audited) 31 December 2022 £'000
Other income debtors	-	6
Prepayments	**20**	60
Total	**20**	66

10. Cash and cash equivalents

	30 June 2023 £'000	(Audited) 31 December 2022 £'000
Cash and cash equivalents	**17,367**	10,311
Total	**17,367**	10,311

11. Interest-bearing loans and borrowings

	30 June	(Audited) 31 December

	2023 £'000	December 2022 £'000
Opening balance	**32,050**	19,899
Proceeds from amounts drawn on the RCF	**16,000**	51,550
Repayment of amounts drawn on the RCF	**-**	(39,399)
RCF drawn at the period/year end	**48,050**	32,050
Loan arrangement fees unamortised	**(31)**	(143)
Total	**48,019**	31,907

Any amounts drawn under the RCF are to be used in, or towards, the making of investments (including a reduction of the available commitment as an alternative to cash cover for entering into forward foreign exchange contracts) in accordance with the Company's investment policy.

Post period end, on 7 July 2023, the Company extended its RCF with RBSI by twelve months on the same terms as the previous facility, extending the maturity date to August 2024.

Interest on amounts drawn under the RCF is charged at SONIA (plus a credit adjustment spread) plus 2.10% per annum. A commitment fee is payable on undrawn amounts at a rate of 0.84% per annum.

The total costs incurred to extend the facility to August 2024 were £284,000, of which £275,000 related to the arrangement fees and £9,000 to associated legal fees. The legal fees are included as arrangement fees for reporting purposes.

A total of £112,000 of costs were amortised (30 June 2022: £111,000) as loan arrangement fees during the period and charged through the statement of comprehensive income; refer to note 4.

Total drawdowns of £48.1 million were repayable at the period end (31 December 2022: £32.1 million).

At period end, the sum of £1.3 million (30 June 2022: £1.5 million) had been drawn down on the RCF as an alternative to cash cover for six open forward foreign exchange contracts. This restricted the amount available for drawdown on the RCF, excluding existing drawdowns, to £0.6 million at 30 June 2023.

The RCF with RBSI is secured against the investment in the Subsidiary.

At 30 June 2023, the Company is in full compliance with all loan covenants stipulated in the RCF agreement.

12. Other payables and accrued expenses

	30 June 2023 £'000	(Audited) 31 December 2022 £'000
Accruals	**450**	540
Loan commitment fee accrued	**37**	58
Loan interest accrued	**690**	15
Investment management fees	**861**	914
Total	**2,038**	1,527

13. Authorised and issued share capital

	30 June 2023		(Audited) 31 December 2022	
Share capital	**Number of shares**	**£'000**	Number of shares	£'000
Ordinary shares issued at no par value and fully paid				
Shares in issue at beginning of the period/year	**442,033,518**	**444,414**	442,033,518	444,414
Shares issued in the period/ year	**-**	**-**	-	-
Total shares in issue	**442,033,518**	**444,414**	442,033,518	444,414
Treasury shares				
Shares repurchased and held in treasury at beginning of the period/year	**(7,882,459)**	**(6,454)**	(2,200,000)	(1,807)
Shares repurchased in the period/year	**(8,525,000)**	**(6,473)**	(5,682,459)	(4,647)
Total shares repurchased and held in treasury	**(16,407,459)**	**(12,927)**	(7,882,459)	(6,454)
Total ordinary share capital excluding treasury shares	**425,626,059**	**431,487**	434,151,059	437,960

The Company's share capital is represented by no par value ordinary shares.

The ordinary shares carry the right to dividends out of the profits available for distribution as determined by the Board. Each holder of an ordinary share is entitled to attend meetings of shareholders and, on a poll, to one vote for each share held.

The Company may also issue C shares which, when in issue, are classified as a financial liability (refer to note 2.1). There were no C shares in issue at 30 June 2023 (31 December 2022: none).

14. Financial instruments

The table below sets out the classifications of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instruments.

	30 June 2023 £'000	(Audited) 31 December 2022 £'000
Financial assets		
Cash and cash equivalents	**17,367**	10,311
Other receivables	**20**	66
Total financial assets at amortised cost	**17,387**	10,377
Derivative financial instruments	**350**	243
Financial assets at fair value through profit or loss	**432,241**	435,071
Total financial assets at fair value through profit or loss	**432,591**	435,314
Total financial assets	**449,978**	445,691

Total financial assets	**449,978**	445,691
Financial liabilities		
Derivative financial instruments	**-**	(257)
Other payables and accrued expenses	**(2,038)**	(1,527)
Revolving credit facilities	**(48,019)**	(31,907)
Total financial liabilities at amortised cost	**(50,057)**	(33,691)
Total financial liabilities	**(50,057)**	(33,691)

14.1 Derivative financial instruments

Derivative financial instruments comprise forward foreign exchange contracts for the purpose of hedging foreign currency exposure of the Company to five Euro and one US Dollar denominated investments made by the Subsidiary (for which the final repayment dates range from 31 March 2023 to 30 June 2027); the investments represent 3.0% of the portfolio by value at the period end (31 December 2022: 6.2%). The Company intends to utilise the forward foreign exchange contract on a rolling three month basis for the term of the investment.

The tables below set out the forward foreign exchange contracts held by the Company:

30 June 2023	**Maturity**	**Principal amount**	**Hedged amount**	**Fair value £'000**
Contract EUR/GBP	**3 July 2023**	**(£5,149,690)**	**€5,817,090**	**157**
Contract EUR/GBP	**5 July 2023**	**(£1,957,783)**	**€2,236,963**	**37**
Contract EUR/GBP	**5 July 2023**	**(£2,187,992)**	**€2,500,000**	**42**
Contract EUR/GBP	**22 September 2023**	**(£162,571)**	**€188,452**	**-**
Contract EUR/GBP	**3 October 2023**	**(£2,234,894)**	**€2,495,706**	**82**
Total EUR/GBP		**(£11,692,930)**	**€13,238,211**	**318**
Contract USD/GBP	**5 July 2023**	**(£2,096,691)**	**$2,626,105**	**32**
Total USD/GBP		**(£2,096,691)**	**$2,626,105**	**32**
Total		**(£13,789,621)**		**350**

				Fair value £'000	
31 December 2022 (audited)	Maturity	Principal amount	Hedged amount	Financial assets	Financial liabilities
Contract EUR/GBP	4 January 2023	(£2,192,406)	€2,500,000	-	(26)
Contract EUR/GBP	4 January 2023	(£2,290,922)	€2,610,506	-	(25)
Contract EUR/GBP	8 March 2023	(£4,892,017)	€5,717,300	-	(193)
Contract GBP/EUR	8 March 2023	£5,027,081	(€5,717,300)	59	-
Contract EUR/GBP	22 March 2023	(£1,236,309)	€1,400,614	-	(10)
Contract EUR/GBP	3 October 2023	(£2,234,894)	€2,495,706	-	(3)
Total EUR/GBP		(£7,819,467)	€9,006,826	-	(198)
Contract USD/GBP	4 January 2023	(£2,724,746)	$3,058,800	184	-
Total USD/GBP		(£2,724,746)	$3,058,800	184	-
Total		(£10,544,213)		-	(14)

14.2 Capital management

The Company's capital is represented by share capital comprising issued ordinary share capital and its credit facility, as detailed in notes 13 and 11 respectively.

The Company may seek to raise additional capital from time to time to the extent that the Board and the Investment Manager believe the Group will be able to make suitable investments. The Company raises capital only when it has a clear view of a robust pipeline of advanced investment opportunities to ensure the rapid deployment of capital, with consideration also given to the alternatives of share buybacks and a reduction in leverage. The Directors have prioritised the use of the Company's cash resources to reduce leverage and return capital to shareholders and as a result, have limited investment activity. The Company may borrow up to 25% of its NAV at such time any such borrowings are drawn down.

14.3 Fair value of financial assets

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to their fair value measurement of the relevant assets as follows:

- Level 1: valued using quoted prices unadjusted in active markets for identical assets or liabilities;

- Level 2: valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1; or
- Level 3: valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the investment.

The Valuation Agent has carried out semi-annual fair valuations of the financial assets of the Subsidiary (quarterly for investments subject to discount rate changes). The same discount rates, determined by the Valuation Agent, are applied to the future cash flows of the Secured Loan Notes, to determine the fair value of the assets of the Company.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The tables below set out fair value measurements of financial instruments at the period/year end, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the value recognised in the unaudited interim condensed statement of financial position. All fair value measurements are recurring.

30 June 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Level 4 £'000**
Financial assets at fair value through profit or loss	**-**	**-**	**432,241**	**432,241**
Derivative financial instruments	**-**	**350**	**-**	**350**
Total	**-**	**350**	**432,241**	**432,591**

30 June 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 4 £'000
Derivative financial instruments (liabilities)	-	-	-	-
Total	-	-	-	-

31 December 2022 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 4 £'000
Financial assets at fair value through profit or loss	-	-	435,071	435,071
Derivative financial instruments (assets)	-	243	-	243
Total	-	243	435,071	435,314

31 December 2022 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 4 £'000
Derivative financial instruments (liabilities)	-	(257)	-	(257)
Total	-	(257)	-	(257)

The derivative financial instruments are classified as Level 2 as observable market data is used for valuation and pricing.

The Directors have classified the financial instruments relating to 'Investment in Subsidiary' as Level 3 due to the limited number of comparable and observable market transactions in this sector. The primary input for Level 3 at year end is the discount rates for these investments (excluding the Co-living group loan, refer above for further information); discount rates are considered to be primarily modelled rather than market observed. The secured loan facilities that the Subsidiary has invested in are also classified as Level 3.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and end of the period/year:

	30 June 2023 £'000	(Audited) 31 December 2022 £'000
Opening fair value of financial instruments at fair value through profit or loss	**435,071**	446,989
Investment in Subsidiary	**28,829**	101,985
Capital repayments from Subsidiary	**(26,233)**	(95,622)
Realised (loss)/gain on financial assets at fair value through profit or loss:		
Debt - Secured Loan Notes up to £1,000,000,000	**-**	(1,326)[1]
Unrealised (loss)/gain on financial assets at fair value through profit or loss[1]:		
Debt - Secured Loan Notes up to £1,000,000,000	**(4,323)**	(17,700)
Equity - representing one ordinary share in the Subsidiary	**(1,103)**	745
Closing fair value of financial instruments at fair value through profit or loss	**432,241**	435,071

1. Refer to note 8 for further information.

For the Company's financial instruments categorised as Level 3, changing the discount rate used to value the underlying instruments alters the fair value. In determining the discount rate for calculating the fair value of financial assets at fair value through profit or loss, reference is made to Pound Sterling interest rates, movements of comparable credit markets and observable yield on comparable instruments. Hence, movements in these factors would give rise to changes in the discount rate. A change in the discount rate used to value Level 3 investments would have the effect on the valuation as shown in the table above.

The fair value of the investment in the Subsidiary is based on the aggregate of the NAV of the Subsidiary and the value of the Secured Loan Notes issued by the Subsidiary. At 30 June 2023, the NAV of the Subsidiary was as follows:

	30 June 2023 £'000	(Audited) 31 December 2022 £'000
GABI UK[1]	**2,984**	4,087

1. Refer to note 8 for further information.

The key driver of the NAV of the Subsidiary is the valuation of its portfolio of secured loan facilities issued to the Project Companies.

The Secured Loan Notes issued by the Subsidiary that the Company has subscribed for, are valued on a discounted cash flow basis in line with the methodology used by the Valuation Agent, applying the following discount rates:

	Fair value[1] £'000	Valuation technique	Key unobservable inputs	Discount rate
Financial assets at fair value through profit or loss - 30 June 2023	**428,233**	**Discounted cash flow**	**Discount rate**	**9.3%[3]**
Financial assets at fair value through profit or loss - 30 June 2023	**4,008**	**Net realisable value**	**Discount rate**	**-**
Total	**432,241**			
Financial assets at fair value through profit or loss - 31 December 2022 (audited)	430,671[2]	Discounted cash flow	Discount rate	8.4%[3]
Financial assets at fair value through profit or loss - 31 December 2022 (audited)	4,400[4]	Net realisable value	Discount rate	-
Total	435,071			

1. Including the NAV of the Subsidiary.
2. Balance excludes the fair value of the Co-living group loan which is not valued on a discounted cash flow basis.
3. Weighted average discount rate[5].
4. Fair value of the Co-living group loan which is not valued on a discounted cash flow basis, see below for further information.
5. Alternative performance measure - refer below for definitions and calculation methodology.

The investments in Project Companies held by the Subsidiary (excluding the Co-living group loan that is valued on an estimate of recoverability) are valued on a discounted cash flow basis after impairments where appropriate, in line with the methodology used by the Valuation Agent. At the period end, discount rates ranged from 5-13% (31 December 2022: 5-13%).

At 30 June 2023, the Group's Co-living group loan was valued at £4.0 million (31 December 2022: £4.4 million). The loan was fair valued by combining recovery values on realised assets with an estimate of recoverability of amounts on the two key remaining properties. The value was based on (i) realised sales values of four assets, (ii) negotiated purchase prices with buyers in ongoing sales processes and (iii) valuation reports from independent valuers. Adjustments to reflect known transaction risks and professional fees were also made to the valuation of the loan. Post period end, further developments were made on the loan. Further information is given in note 15, which includes the impact of post period end developments and the Investment Manager's expectation of a further write down of this loan.

The Directors review the valuation report provided by the Valuation Agent which includes reference to the inputs used in the valuation of investments and the appropriateness of their classification in the fair value hierarchy. In particular, the Directors are satisfied that the significant inputs into the determination of the discount rate adopted by the Valuation Agent are pursuant to the Valuation Agent engagement letter. Should the valuation approach change, causing an investment to meet the characteristics of a different level of the fair value hierarchy, it will be reclassified accordingly.

During the period, there were no transfers of investments between levels (31 December 2022: none).

The table below shows how changes in discount rates affect the changes in the valuation of financial assets at fair value through profit or loss. The range of discount rate changes has been determined with reference to historic discount rates made by the Valuation Agent. In the period, discount rates increased from 8.4% to 9.3%.

30 June 2023 **Change in discount rates**	**(1.00%)**	**(0.50%)**	**0.00%**	**0.50%**	**1.00%**
Value of financial assets at fair value through profit or loss (£'000)	**445,581**	**438,793**	**432,241**[1]	**425,948**	**419,887**
Change in value of financial assets at fair value (£'000)	**13,340**	**6,552**	**-**	**(6,293)**	**(12,345)**

31 December 2022 (audited) Change in discount rates	(1.00%)	(0.50%)	0.00%	0.50%	1.00%
Value of financial assets at fair value through profit or loss (£'000)	449,822	442,280	435,071[1]	428,171	421,559
Change in value of financial assets at fair value (£'000)	14,751	7,209	-	(6,900)	(13,512)

1. Balance includes the NAV of the Subsidiary and the fair value of the Co-living group loan which is not valued on a discounted cash flow basis.

14.4 Liquidity risk
The Directors have elected to present the liquidity disclosure table below to illustrate the net liquidity exposure of the Company.
The Company ensures it maintains adequate reserves by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities to ensure the Company is able to meet the obligations of the Company as they fall due. The Company is a closed-ended investment company, where assets are not required to meet day-to-day redemptions. The current cash balance plus available borrowing, through the RCF, enables the Company to meet any funding requirements and finance future investments. The table below analyses all of the Company's assets and liabilities into relevant maturity groupings based on the remaining period from 30 June 2023 to the contractual maturity date.

All cash flows in the tables below are presented on an undiscounted basis.

30 June 2023	**Less than one month £'000**	**One to three months £'000**	**Three to twelve months £'000**	**Greater than twelve months £'000**	**Total £'000**
Financial assets					
Cash and cash equivalents	**17,367**	**-**	**-**	**-**	**17,367**
Other receivables and prepayments	**-**	**20**	**-**	**-**	**20**
Financial assets at fair value through profit or loss	**12,034**	**20,110**	**202,896**	**392,960**	**628,000**
Total financial assets	**29,401**	**20,130**	**202,896**	**392,960**	**628,000**
Financial liabilities					
Derivative financial instruments	**(11,392)**	**(163)**	**(2,235)**	**-**	**(13,790)**
Other payables and accrued expenses	**(690)**	**(1,185)**	**(163)**	**-**	**(2,038)**
Revolving credit facilities	**-**	**-**	**-**	**(48,050)**	**(48,050)**
Total financial liabilities	**(12,082)**	**(1,348)**	**(2,398)**	**(48,050)**	**(63,878)**
Net exposure	**17,319**	**18,782**	**200,498**	**344,910**	**581,509**

31 December 2022 (audited)	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	10,311	-	-	-	10,311
Derivative financial instruments	-	5,027	-	-	5,027
Other receivables and prepayments	6	7	53	-	66
Financial assets at fair value through profit or loss	28,581	15,563	75,743	477,388	597,275
Total financial assets	38,898	20,597	75,796	477,388	612,679
Financial liabilities					
Derivative financial instruments	(7,208)	(6,128)	(2,235)	-	(15,571)
Other payables and accrued expenses	(257)	(1,201)	(69)	-	(1,527)
Revolving credit facilities	-	-	(32,050)	-	(32,050)
Total financial liabilities	(7,465)	(7,329)	(34,354)	-	(49,148)
Net exposure	31,433	13,268	41,442	477,388	563,531

14.5 Interest rate risk
Interest rate risk has the following effect:

Fair value of financial assets
Interest rates are one of the factors which the Valuation Agent takes into account when valuing the financial assets. Interest rate risk is incorporated by the Valuation Agent into the discount rate applied to the financial assets at fair value through profit or loss. Discount rate sensitivity analysis is disclosed in note 14.3.

Future cash flows
The Company primarily invests, via its Subsidiary, in a diversified portfolio of investments which are secured against, or comprise, contracted, predictable medium to long-term cash flows and/or physical assets. The Group's investments will predominantly be in the form of medium to long-term fixed or floating rate loans which are secured against cash flows and/or physical assets which are predominantly UK based.

Interest rate hedging may be carried out to seek to provide protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Company in line with its investment policy and strategy. The Company has not entered into an interest rate hedging agreement during the period, or in the prior period.

Borrowings
During the period, the Company made use of its RCF, which was used towards the making of investments in accordance with the Company's investment policy. Details of the RCF are given in note 14.

Any potential financial impact of movements in interest rates on the cost of borrowings to the Company is mitigated by the short-term nature of such borrowings.

The drawn amount under the RCF at 30 June 2023 was £48.1 million (30 June 2022: £1.9 million).

The following tables show an estimate of the sensitivity of the drawn amounts under the RCF to interest rate changes of 100, 200 and 300 basis points over a six month period, with all other variables being held constant.

30 June 2023 Change in interest rates	**3.0%**	**2.0%**	**1.0%**	**-**	**(1.0%)**	**(2.0%)**	**(3.0%)**
Value of interest expense (£'000)	**2,409**	**2,193**	**1,929**	**1,689**	**1,448**	**1,184**	**968**
Change in interest expense (£'000)	**721**	**505**	**240**	**-**	**(240)**	**(505)**	**(721)**

30 June 2022 Change in interest rates	3.0%	2.0%	1.0%	-	(1.0%)	(2.0%)	(3.0%)
Value of interest expense (£'000)	60	51	41	31	22	11	3
Change in interest expense (£'000)	28	20	9	-	(9)	(20)	(28)

Other financial assets and liabilities
Bank deposits and payables and accrued expenses are exposed to and affected by fluctuations in interest rates. However, the impact of interest rate risk on these assets and liabilities is not considered material.

15. Related party disclosures
As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions. Subsidiary companies are also determined to be related parties as they are members of the same group of companies.

Directors
The non-executive Directors of the Company are considered to be the key management personnel of the Company. Directors' remuneration for the period (including reimbursement of Company-related expenses) totalled £128,000 (30 June 2022: £104,000). At 30 June 2023, liabilities in respect of these services amounted to £66,000 (31 December 2022: £64,000).

At 30 June 2023, the Directors of the Company held directly or indirectly, and together with their family members, 161,171 ordinary shares in the Company (31 December 2022: 161,171 ordinary shares).

Alex Ohlsson is the managing partner of Carey Olsen, the Company's Jersey legal advisers. Carey Olsen has provided legal services to the Company during the period. Carey Olsen maintains procedures to ensure that the Chairman has no involvement in the provision of legal services to the Company. Additionally, the Company maintains procedures to ensure that the Chairman takes no part in any decision to engage the services of Carey Olsen. During the period, the aggregate sum of £nil was paid to Carey Olsen (30 June 2022: £2,000) in respect of legal work.

Investment Manager
The Company is party to an investment management agreement with the Investment Manager, which was most recently amended and restated in December 2020, pursuant to which the Company has appointed the Investment Manager to provide discretionary portfolio and risk management services relating to the assets on a day-to-day basis in accordance with its investment objective and policies, subject to the overall control and supervision of the Board.

As a result of the responsibilities delegated under this investment management agreement, the Company considers it to be a related party by virtue of being 'key management personnel'. Under the terms of the investment management agreement, the notice period of the termination of the Investment Manager by the Company is twelve months.

For its services to the Company, the Investment Manager receives an investment management fee which is calculated and paid quarterly in arrears at an annual rate of 0.9% per annum of the prevailing NAV of the Company less the value of the cash holdings of the Company pro rata for the period for which such cash holdings have been held. The Investment Manager also receives an annual fee of £25,000 in relation to its role as the Company's AIFM which is increased on an annual basis in accordance with the rate of the RPI.

During the period, the Company incurred £1,758,000 (30 June 2022: £1,921,000) in respect of the services outlined above: £1,742,000 (30 June 2022: £1,907,000) in respect of investment management services and £16,000 (30 June 2022: £14,000) in respect of AIFM services provided by the Investment Manager. At 30 June 2023, liabilities in respect of these services amounted to £869,000 (31 December 2022: £921,000).

The Investment Manager, at its discretion, is entitled to an arrangement fee of up to 1% of the value of each investment made by the Company. The Investment Manager typically expects the cost of any such fee to be covered by the borrowers, and not the Company. Of the current portfolio, such fee in respect of 52 of the Group's investments has been met and paid by borrowers. During the period, the Investment Manager received £243,000 (30 June 2022: £7,000) from arrangement fees which had been met by borrowers and £nil (30 June 2022: £121,000) from arrangement fees which had been met by the Company. To the extent any arrangement fee negotiated by the Investment Manager with a borrower exceeds 1%, the benefit of any such excess is paid to the Company; for the period to 30 June 2023, the Company received £107,000 (30 June 2022: £62,000).

A number of the directors and employees of the Investment Manager also sit on the board of the Subsidiary.

At 30 June 2023, the key management personnel of the Investment Manager held directly or indirectly, and together with their family members, 1,490,945 ordinary shares in the Company (31 December 2022: 1,209,651 ordinary shares).

The directors of the Investment Manager, and their family members, directly or indirectly own an equity interest in the student accommodation investments and one Co-living investment held by the Subsidiary. These investments are valued by the Valuation Agent in line with the rest of the portfolio and were approved by the Board at the time of acquisition.

Subsidiary
At 30 June 2023, the Company owned a 100% (31 December 2022: 100%) controlling stake in the Subsidiary. The Subsidiary is considered to be a related party by virtue of being part of the same group. The Company indirectly owns 100% of GABI Housing Limited, GABI GS Limited and GABI Housing 2 Limited; for further information on the Group refer to note 1.

The following tables disclose the transactions and balances between the Company and the Subsidiary.

Transactions	**30 June 2023 £'000**	(Audited) 31 December 2022 £'000
Intercompany income received		
Other income	**249**	660
Arrangement fee income	**107**	62
Loan interest realised	**16,283**	15,731
Total	**16,639**	16,435

Balances	**30 June 2023 £'000**	(Audited) 31 December 2022 £'000
Intercompany balances receivable	**-**	-
Principal value of intercompany holdings with financial assets at fair value through profit or loss	**472,059**	469,463

16. Subsequent events after the report date
On 7 July 2023, the Company extended the maturity date of its RCF to August 2024, on the same terms as the existing facility. The Company also made repayments of £14.0 million post period end; £8.0 million on 31 July 2023 and £6.0 million on 31 August 2023.

On 20 July 2023, the Company declared a second interim dividend of 1.58125 pence per ordinary share amounting to £6.7 million, which was paid on 25 August 2023 to ordinary shareholders on the register on 28 July 2023.

On 11 August 2023, the Company announced that it had agreed heads of terms with GCP Infra in respect of the Scheme. On 18 September 2023, the Company announced the cessation of discussions with GCP Infra in respect of the Scheme following feedback received from a shareholder consultation process undertaken by the Company. The Board also announced that it will propose an ordinary resolution at the Company's AGM to be held in May 2024 that the Company continue in its present form[1]. In the event that such a resolution passes, a similar resolution will be proposed every four years thereafter. Alternatively, if such a resolution does not pass, the Board expects to put forward proposals to shareholders to amend the investment objective and policy of the Company to pursue a strategy for the orderly realisation of the Company's portfolio and the return of capital to shareholders thereafter. Further information is provided above.

Post period end, the Investment Manager received a restructuring proposal for one of the student accommodation assets[2] representing 5.0% of the fair value of the portfolio assets, including a request to extend the maturity of the loan from December 2023 to December 2024. Further information is disclosed above.

Post period end, the Investment Manager has made further progress on the workout of the Co-living group. This includes the completion of the disposal of an asset in the USA at slightly above the value assumed for this asset in the fair value at 30 June 2023, and further discussions with lenders and advisers on the structure, process and timeline for the Old Oak asset sale. Those post period end discussions concluded that the revised asset level senior and mezzanine debt terms and the revised cost estimates to address the previously reported cladding issues for the Old Oak asset did not substantiate the Company's plans for the sale of this asset. As a consequence, and subject to ongoing discussions with the Board and the Valuation Agent (in its capacity as independent valuer), the Investment Manager considers it is likely that a further write-down to the Co-living group loan of between £2.0 million and £3.0 million (0.47 - 0.70 pence per ordinary share) will be recognised in the 30 September 2023 NAV that is due for publication shortly after the half-yearly report and accounts. The expected net recovery, therefore, for the combined Co-living group and Bidco loans after such further impairment is £1.3 million, representing the Company's assumed share of the Canary Wharf asset sales proceeds currently held in escrow for a previously reported VAT issue. This remaining matter is expected to be resolved over the coming months and will draw a conclusion to the workout process.

The Company's forward foreign exchange contracts shown in note 14.1 matured and were replaced on the same terms as the existing contracts.

Further, the Group made three advances to existing borrowers totalling £0.5 million post period end. The Group also received eleven repayments totalling £11.8 million. Refer to the Investment Manager's report above for further details.

17. Ultimate controlling party
It is the view of the Board that there is no ultimate controlling party.

1. The Company as currently constituted and with the same investment objective and policy.
2. The directors of the Investment Manager directly or indirectly own an equity interest in these development projects. In accordance with the Company's investment approval process, the initial investments, and any subsequent amendments to the terms of such approved facilities, are reviewed and approved by the Board

Alternative performance measures ("APMs")

The Board and the Investment Manager assess the Company's performance using a variety of measures that are not defined under IFRS and are therefore classed as APMs. Where possible, reconciliations to IFRS are presented from the APMs to the most appropriate measure prepared in accordance with IFRS.

All items listed below are IFRS financial statement line items unless otherwise stated. APMs should be read in conjunction with the unaudited interim condensed statement of comprehensive income, the unaudited interim condensed statement of changes in equity, the unaudited interim condensed statement of financial position and the unaudited interim condensed statement of cash flows, which are presented in the financial statements section of this report. The APMs below may not be directly comparable with measures used by other companies.

Adjusted earnings/EPS
In respect of a period, the EPS adjusted to remove the impact of fair valuation movements of investments in such period arising from: (i) discount rate adjustments; and (ii) upward or downward revaluations associated with the performance of investments.

Adjusted EPS	**Period ended 30 June 2023 £'000**	**Period ended 30 June 2023 (Pence per share)**	Period ended 30 June 2022 £'000	Period ended 30 June 2022 (Pence per share)
Basic and diluted earnings	**7,979**	**1.86**	10,187	2.32
Increase/(decrease) in the weighted average discount rate[1]	**5,155**	**1.13**	(1,799)	(0.41)
Write-down of the Co-living group loan	**353**	**0.08**	5,386	1.22
Adjusted EPS	**13,487**	**3.07**	13,774	3.14

Annualised total shareholder return since IPO
Total shareholder return[1] expressed as a time weighted annual percentage.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Average NAV
The average NAV of the Company over the reporting period.

Quarter ended	**NAV per share (pence)**	**Period ended 30 June 2023 £'000**	NAV per share (pence)	Period ended 30 June 2022 £'000
31 March 2023/2022	**95.13**	**407,010**	99.36	437,005
30 June 2023/2022	**93.96**	**399,921**	98.45	433,031
Average NAV	**94.55**	**403,466**	98.91	435,018

1. Refer to relevant APM for further information.

Discount/average discount
The amount, expressed as a percentage, that the Company's shares trade below the prevailing NAV per share. This metric is shown at a point in time or as an average over the stated period.

Dividend cover ratio
Ratio of earnings to dividends calculated as dividends per share divided by EPS or adjusted EPS.

	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
Total profit and comprehensive income (£'000)	**7,979**	10,187
Weighted average number of shares	**428,885,173**	439,833,518
Basic EPS (p)	**1.86**	2.32
Adjusted EPS (p)	**3.07**	3.14
Dividends (p)	**3.16**[1]	3.16
Dividend cover ratio (basic)	**0.59**	0.73
Dividend cover ratio (adjusted)	**0.97**	0.99

Ongoing charges ratio
Ongoing charges ratio (previously "total expense ratios" or "TERs") is a measure of the annual percentage reduction in shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded.

This is a standard performance metric across the investment industry and allows comparability across the sector and it is calculated in accordance with the AIC's recommended methodology.

Ongoing charges	**Period ended 30 June 2023 £'000**	Period ended 30 June 2022 £'000
Investment management fees	**1,742**	1,907
Directors' remuneration	**128**	104
Operating expenses	**605**	808
Total expenses	**2,475**	2,819
Finance costs	**31**	(158)
Total	**2,506**	2,661

Annualised	**5,054**	5,365
Average NAV[2,3]	**403,466**	435,018
Ongoing charges ratio	**1.3**	1.2

1. Total dividend of 3.1625 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2023, which was declared post period end.
2. Refer to relevant APM for further information.
3. Based on average NAV for the six month period to 30 June 2023.

Total NAV return
A measure of the performance of a company's shares over time. It combines NAV movements and dividends to show the total return to the shareholder expressed as a percentage. It assumes that dividends are reinvested in the shares at the time the shares are quoted ex dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Investment Manager

Total shareholder return
A measure of the performance of a company's shares over time. It combines share price movements and dividends to show the total return to the shareholder expressed as a percentage. It assumes that dividends are reinvested in the shares at the time the shares are quoted ex-dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Weighted average annualised yield
The weighted average yield on the investment portfolio calculated based on the yield of each investment weighted by the principal balance outstanding on such investment, expressed as a percentage.

The yield forms a component of investment cash flows used for the valuation of financial assets at fair value through profit or loss under IFRS 9.

Weighted average discount rate/discount rate
A rate of return used in valuation to convert a series of future anticipated cash flows to present value under a discounted cash flow approach. This approach is used for the valuation of financial assets at fair value through profit or loss under IFRS 9.

The average rate is calculated with reference to the relative size of each investment.

Glossary

Adjusted EPS
Refer to APMs above

AIC
The Association of Investment Companies

AIC Code
AIC Code of Corporate Governance

AIFM
Alternative Investment Fund Manager

Annualised total shareholder return since IPO
Refer to APMs above

APM
Alternative performance measure

Bidco
The special purpose company established to hold assets for sale as part of the Co-Living group restructure

Carey Olsen
Carey Olsen Jersey LLP

CIF Law
Collective Investment Funds (Jersey) Law 1988

Company
GCP Asset Backed Income Fund Limited

Continuation vote
An ordinary resolution at the Company's AGM that the Company continue in its current form

CPI
Consumer price index

Discount
Refer to APMs above

Discount rate
Refer to APMs above

Dividend cover ratio
Refer to APMs above

DTRs
Disclosure Guidance and Transparency Rules of the FCA

EPC
Energy Performance Certificate

Energy Performance Certificate

EPS
Earnings per share

ESG
Environmental, social and governance

FCA
Financial Conduct Authority

GABI GS
GABI GS Limited

GABI Housing
GABI Housing Limited

GABI Housing 2
GABI Housing 2 Limited

GABI UK and/or the Subsidiary
GCP Asset Backed Income (UK) Limited

GCP Infra
GCP Infrastructure Investments Limited, a third party company advised by the Investment Manager

Group
The Company, GABI UK, GABI GS, GABI Housing and GABI Housing 2

HY23
Six months ended 30 June 2023

HY22
Six months ended 30 June 2022

HY21
Six months ended 30 June 2021

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IASC
International Accounting Standards Committee

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

Income Tax Law
Income Tax (Jersey) Law 1961, as amended

IPO
Initial public offering

Jersey Company Law
The Companies (Jersey) Law 1991, as amended

LSE
London Stock Exchange

NAV
Net asset value

Ongoing charges ratio
Refer to APMs above

Project Company
A special purpose vehicle which owns and operates an asset

RBSI
The Royal Bank of Scotland International Limited

RCF
Revolving credit facility

RPI
Retail price index

Scheme
Proposed combination of the Company with GCP Infra (refer above)

Secured Loan Notes
Loan notes issued to the Company by the Subsidiary

SONIA
Sterling Overnight Index Average

Total shareholder return
Refer to APMs above

UN SDGs
United Nations Sustainable Development Goals

Weighted average annualised yield
Refer to APMs above

Weighted average discount rate
Refer to APMs above

Corporate information

The Company
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Directors and/or the Board
Alex Ohlsson (Chairman)
Joanna Dentskevich
Colin Huelin FCA
Marykay Fuller

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