

GCP ASSET BACKED

GCP Asset Backed Income Fund Limited
Half-yearly report and unaudited interim condensed financial
statements for the period ended 30 June 2024

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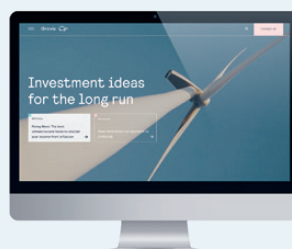
About the Company

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

The Group is currently invested in a diversified portfolio of asset backed loans in the social infrastructure, property, energy and infrastructure, and asset finance sectors, located predominantly in the UK. Following the discontinuation resolution at the AGM in May 2024, shareholders voted to adopt a revised investment objective and policy to pursue a managed wind-down of the Company and to realise all existing assets in the Group's portfolio in an orderly manner.

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 Main Market of the LSE since 23 October 2015.

At 30 June 2024, its market capitalisation was £182.0 million. The Company is a constituent of the FTSE All-Share Index.

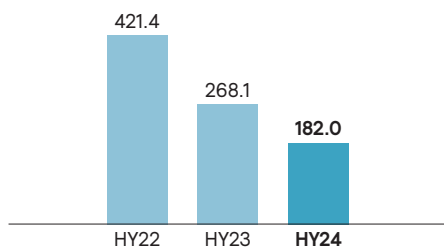
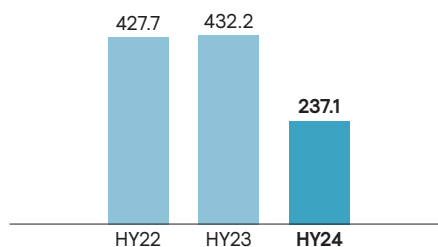


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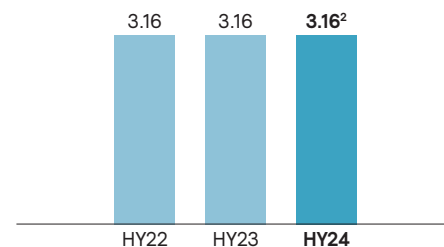


At a glance – 30 June 2024

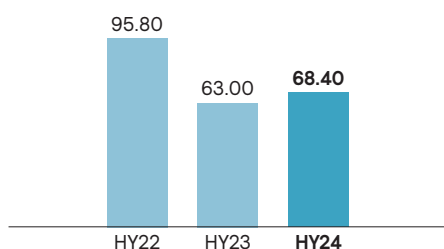
Market capitalisation £m

Value of investments¹ £m

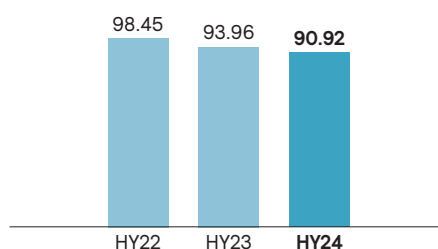
Dividends for the period p



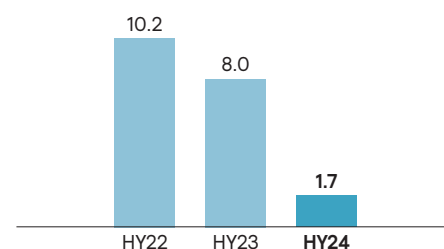
Share price p



NAV per share p



Profit for the period £m



Highlights for the period

- Dividends of 3.16² pence per share declared for the period. Aggregate dividend payments over the last twelve months represent a 9.2% yield on the Company's closing share price at 30 June 2024.
- All resolutions put to the AGM and EGM held in May 2024 were duly passed, which resulted in a change in the Company's investment objective to undertake a managed wind-down and realise all existing portfolio assets.
- Strong progress was made on the Company's managed wind-down with a total of 159.6 million shares redeemed, representing 37.5% of the Company's issued share capital at a price of 89.67³ pence per share.
- Total NAV return⁴ for the period of 1.0% (30 June 2023: 2.7%) and total NAV return⁴ since IPO of 56.5%.
- Profit for the period of £1.7 million (30 June 2023: £8.0 million). The reduction primarily reflects net unrealised valuation losses on the portfolio. Further information on financial performance is included on pages 18 to 21.
- NAV per share of 90.92⁵ pence at 30 June 2024, a decrease of 2.5% from the year end. This primarily reflects valuation losses as detailed above. Further information is included in the Investment Manager's report on pages 8 to 17.
- Repayments of £122.3 million received in the period. Interest amounts of £2.6 million were capitalised in accordance with contractual terms.
- Exposure to a diversified, partially inflation and/or interest rate protected portfolio of 31 asset backed loans with a third party valuation of £232.9 million⁶ at 30 June 2024.
- Post period end, the Group received repayments totalling £25.1 million.

1. Includes the valuation of the Subsidiary, refer to note 8 for further information.

2. Total dividends of 3.1625 pence per share include a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2024, which was declared post period end.

3. The shares were redeemed at 89.66875 pence per share.

4. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

5. Does not include a provision for the dividend in respect of the quarter to 30 June 2024, which was declared and paid post period end.

6. 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.

Investment objectives and KPIs

The Company's purpose as a closed-ended investment company is to meet its investment objective, which is to undertake a managed wind-down of the Company and realise all existing assets in the Company's portfolio in an orderly manner.



Undertake a managed wind-down

To facilitate the cost-effective return of capital to shareholders.



Realise all existing assets

To maximise the value received from the sale or repayment of loans.



Complete in an orderly manner

To facilitate timely capital returns to shareholders.

Key performance indicators

The Company is undergoing a managed wind down of assets and a return of capital to shareholders.

159.6m

Shares redeemed in the period

£143.1m

Value of shares redeemed in the period

The Company is invested in a portfolio of 31 asset backed loans with a weighted average life of seven years.

£122.3m

Loan repayments received in the period

8.51%

Average IRR of loans repaid in the period

The Company has returned capital to shareholders through the redemption of shares while maintaining the dividend in the period.

37.5%

Percentage of capital returned to shareholders in the period

3.16¹

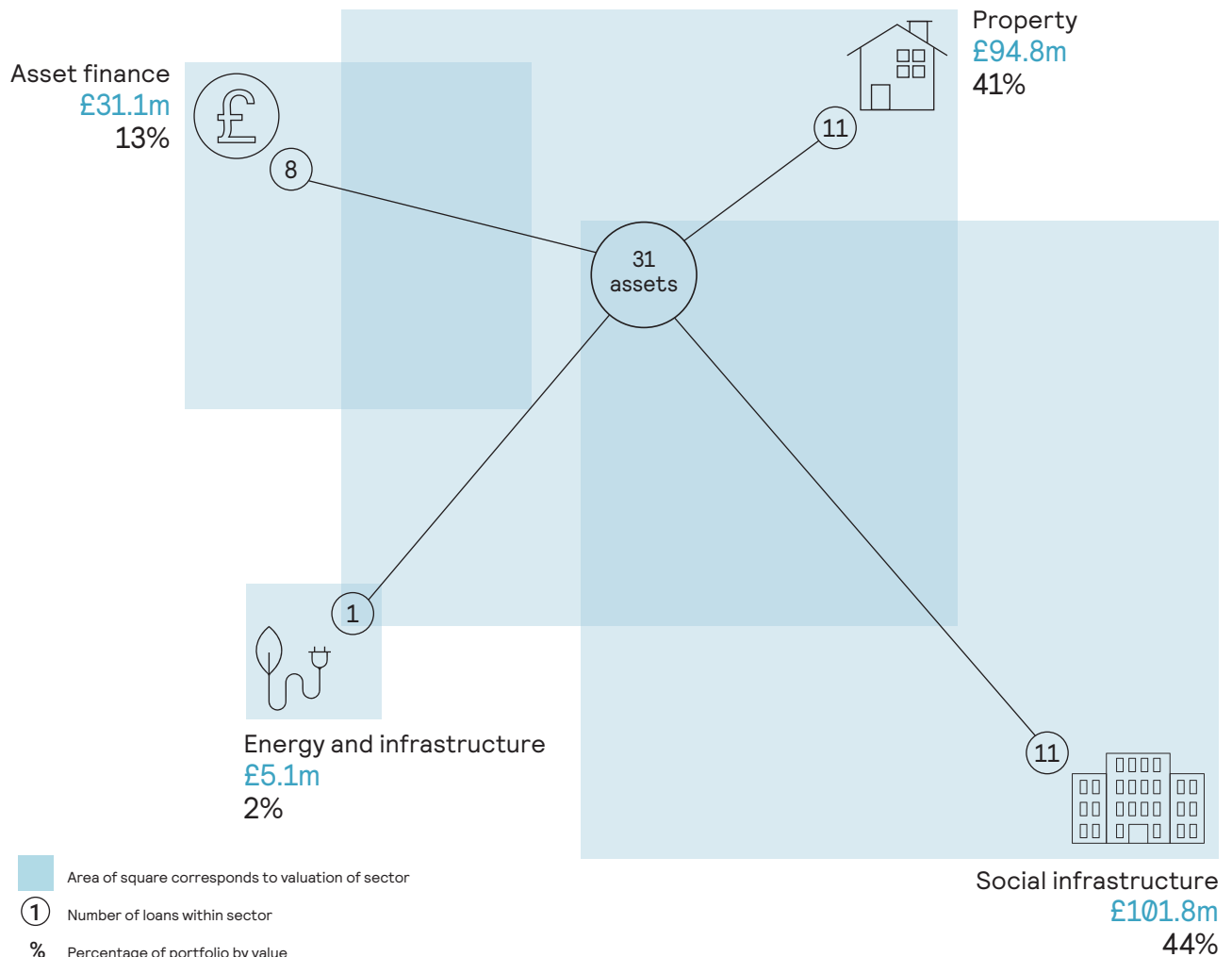
Dividends paid for the period

Further information on Company performance can be found on pages 18 to 21.

1. Total dividends of 3.1625 pence per share includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2024, which was declared post period end.

Portfolio at a glance

A partially inflation and/or interest rate protected portfolio of 31 asset backed loans with an average life of seven years. The loans fall within the following sectors and are secured predominantly against assets and cash flows in the UK:



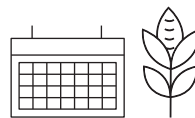
Senior ranking security

65%



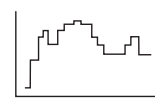
UK exposure

74%



Weighted average annualised yield¹

8.8%



Partial inflation and/or interest rate protection

57%

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

Chairman's interim statement

I am pleased to provide an update on the progress of the Company's managed wind-down, as detailed in this half yearly report and financial statements.



Alex Ohlsson

Chairman

Introduction

The structural factors that have caused the Company's shares to trade at a material discount¹ to the stated NAV have continued in the period. However, share price performance has improved as the Company delivers a managed wind-down of its assets in a way that preserves value and is achieved in a timely manner. As part of the realisation plan, the initial capital distribution in June 2024 (as further detailed below) was received well by shareholders.

Managed wind-down

The Board was pleased that all resolutions put to the AGM and EGM held in May 2024 were duly passed, which resulted in a change in the Company's objective to undertake a managed wind-down of the Company and realise all existing assets in the portfolio in an orderly manner. The AGM and EGM followed an extensive strategic review process for which the Board is grateful to shareholders for their engagement.

The managed wind-down will not result in a liquidation of the Company in the immediate future and the Board will seek to implement the managed wind-down in a manner that maximises value for shareholders. Amounts realised are expected to come from contractual repayments by borrowers to the Group as loans mature in accordance with their contractual terms, and from the disposal of portfolio assets, including longer-dated loans.

The initial capital distribution, through the compulsory redemption of shares, was made in June 2024 and totalled £143.1 million. On a pro rata basis, 159.6 million ordinary shares, representing 37.5% of the Company's issued share capital, were compulsorily redeemed at a price of 89.67² pence per share, representing the ex-income NAV per share.

The Board approved realisation plan was published in July 2024, and can be found on the Company's website. The Investment Manager has been retained under a side letter to the investment management agreement to oversee the realisation plan. Progress is being made with the implementation of the updated investment objective, policy, and the approach to realising any remaining positions at the target date of 31 December 2027.

The Board previously announced that it had received a number of proposals relating to a sale of all or substantially all of the assets of the Company. None of the proposals were at a level which, in the Board's opinion and taking into account advice from the Company's advisers and shareholders' views on the value of the Company received during the strategic review as well as the Company's current share price, would have been capable of recommendation to shareholders. The Company is, therefore, no longer actively considering a sale of all of its assets.

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.
2. The shares were redeemed at 89.66875 pence per share.

Investment portfolio

The Group did not make any investments in the period, and, in line with the Company's objective, no new investment activity is planned. The focus remains on the managed wind-down of the portfolio and the active management of the portfolio by the Investment Manager, who is aiming to accelerate redemptions or disposals where possible, in line with the realisation plan.

At the period end, the Group held 31 loans (31 December 2023: 42) with a fair valuation of £232.9 million and principal balance of £254.5 million, invested across the property, social infrastructure, energy and asset finance sectors. A further breakdown of the portfolio can be found on page 16.

At 30 June 2024, six loans (31 December 2023: eight loans) were classified as problem or watchlist loans, representing 12.0% of the portfolio by value at 30 June 2024 (£28.0 million).

In the period, the Group received full repayment of a loan secured against the interests in several Australian student accommodation projects. This was historically one of the larger watchlist loans, and generated an IRR over the life of the loan of 9.24%. The Company and the Investment Manager continue to work to resolve the remaining problem and watchlist loans. Further information is provided on page 14.

The weighted average annualised yield¹ generated by the portfolio was relatively stable in the period, increasing slightly from 8.7% at 31 December 2023 to 8.8% at 30 June 2024. The weighted average discount rate¹ used to value the Group's investment portfolio was also relatively stable: 10.4% at 30 June 2024, compared to 10.5% at 31 December 2023, with the small change largely resulting from changes in the composition of the portfolio as repayments were received.

Financial performance

In the period, the Company's portfolio generated interest income of £13.8 million, offset by net losses on financial assets of £10.1 million and gains on derivatives of £0.2 million and other income of £1.5 million. This resulted in a total income of £5.4 million.

Total profit for the period was £1.7 million after expenses and finance costs of £3.7 million which included professional fees incurred in relation to the strategic review of c.£0.9 million. Total profits have decreased from £8.0 million in the period to June 2024, primarily due to downward revaluations recognised in the period, further information on problem and watchlist loans is included on page 14 and 15.

Earnings of 0.41 pence per share on an IFRS basis were generated in the period. Adjusted EPS¹ was 3.03 pence per share, compared to the dividend of 3.16² pence for the period.

Net asset value

At the period end, the net assets of the Company were £241.9 million, compared to £396.7 million at 31 December 2023. The reduction primarily relates to the initial capital distribution of £143.1 million. On a NAV per share basis, this fell marginally over the period from 93.21 pence at 31 December 2023 to 90.92 pence at 30 June 2024. Further information is provided on page 13.

On 17 September 2024, the closing share price was 77.80 pence, with the shares trading at a 14% discount¹ to NAV.

Financing

The RCF was fully undrawn in the period, excluding amounts restricted in respect of the Company's forward foreign exchange contracts. As of 30 June 2024, RCF commitments were reduced from £50.0 million to £1.0 million to lower ongoing financing costs, primarily commitment fees, ahead of the RCF's maturity. The RCF matured after the period end, on 22 August 2024, and has not been renewed. The Company has arranged alternative means to retain the forward foreign exchange positions. Cash on hand at 30 June 2024 was £5.6 million.

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

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 2024, which was declared post period end.

Chairman's interim statement continued

Dividend policy

The Board is mindful of the return of capital to shareholders and continues to review how best to distribute the Company's cash resources and earnings to shareholders¹.

It is the Board's intention to maintain the Company's existing level of dividend of 6.235 pence per annum² whilst the Company remains substantially invested, for as long as is practicable.

The Company declared and paid dividends of 3.16³ pence per share in the period. The total dividend was 0.12 times covered by EPS of 0.41 pence for the period and 0.96 times covered by an adjusted EPS⁴ of 3.03 pence.

Market overview

The Company, and the wider alternative investment universe in which it sits, has 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 more traditional fixed income producing assets. This has, in turn, reduced demand for the Company's shares and contributed to the prevailing and persistent discount⁴ to NAV at which the Company's shares have been trading.

Inflation has fallen over the period (CPI fell from 4.0% in December 2023 to 2.0% in June 2024), which contributed to the Bank of England's decision to cut the policy rate by 0.25% from 5.25%, where it had been held since August 2023.

However, risk-free yield curves have risen during the reporting period, with five-year gilt yields increasing by 0.56% (from 31 December 2023 to 30 June 2024) and ten year gilt yields rising by 0.60%.

This upward shift in the yield curve appears to reflect delays in expected policy rate cuts relative to market expectations.

Despite the recent strong performance in shares, the Board believes these factors have continued to exert pressure on the Company's share price.

Investment Manager

As the Board outlined at the AGM in May 2024, it considers the Investment Manager best placed to provide investment management services following the passing of the discontinuation resolution, taking into account its knowledge and experience of the Group's investment portfolio. The Board was therefore pleased that shareholders voted at the EGM to retain the Investment Manager under a revised investment management agreement which incentivises it to achieve the Company's objective of maximising shareholder returns in a timely manner.

Philip Kent continues as lead manager of the Company. In October 2023, Anthony Curl joined as Chief Investment Officer to support Mr Kent in the management of the Company. Mr Curl has a long and successful track record in the long income and credit sectors. Providing additional support is Albane Poulin, who joined Gravis in February 2024 as Head of Private Credit. As announced at the time, she brings a wealth of private credit management experience, most recently as Head of European Private Placements at abrdn. Luther Ward-Faint, Investment Director, continues to lead the Company's portfolio management activity.

Board changes

Joanna Dentskevich and Colin Huelin, who both served on the Board for almost nine years, stepped down at the AGM in May 2024 in line with best practice. Mrs Dentskevich served as Senior Independent Director and as chair of the Risk committee, and Mr Huelin served as chair of the Audit committee. The Board and the Investment Manager would like to thank Mrs Dentskevich and Mr Huelin for their contributions to the Company throughout their time in office, and wish them well in their future endeavours.

1. There can be no assurance that the Company will distribute its cash resources and/or earnings to shareholders.

2. This is a target only and does not constitute a profit forecast.

3. Total dividends of 3.1625 pence per share includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2024, which was declared post period end.

4. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

On 20 May 2024, Philip Braun was appointed as non-executive Director of the Company and chair of the Audit and Risk committee, which was combined into one committee following the resignations of Mrs Dentskevich and Mr Huelin. Mr Braun, a Jersey resident, has nearly 30 years' experience in audit, with a focus on financial services, alternative investment funds and the regulated offshore industry. We are delighted to welcome Mr Braun to the Board. He brings a wealth of risk and audit knowledge to the Company. His experience complements the skillset of the existing Directors, thereby strengthening the Board as it sets forth the implementation of its managed wind-down strategy.

At period end, the Board comprised three independent non-executive Directors: Alex Ohlsson, Marykay Fuller and Philip Braun. Ms Fuller has assumed the role of Senior Independent Director.

Principal risks and uncertainties

Following a detailed review of the principal risks and uncertainties described on pages 68 to 72 of the Company's 2023 annual report, the Board concluded that the principal uncertainty of the discontinuation vote was no longer an uncertainty. It was replaced with a new principal uncertainty regarding the achievement of the realisation plan as forecasted;

There can be no guarantee that loans will be repaid in accordance with contracted terms and/or in line with the realisation plan. Borrowers may not repay on time (or at all) and their ability to service debts may be impaired from time to time.

Additionally, there can be no assurance that the current valuation of the loans by the independent Valuation Agent, to which the Company is exposed, can be achieved.

The Investment Manager is actively managing the portfolio and working with borrowers to achieve the realisation plan and has been incentivised to do so under the terms of the side letter to the investment management agreement which was approved by shareholders at the AGM on 20 May 2024. The Company has made significant progress on the managed wind-down with repayments of £122.3 million received by the Group in the period and capital of £143.1 million returned to shareholders through a compulsory redemption of 159.6 million shares.

The remaining principal risks and uncertainties are unchanged since publication of the 2023 annual report and are expected to remain relevant to the Company for the next six months of its financial year.

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 its forecasted future cash flows, and investment commitments.

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 in light of the recent changes to the Company's investment objective and strategy, 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. 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

18 September 2024

For more information,
please refer to the
Investment Manager's
report on pages 8 to 17.

Investment Manager's report

The Company's investment objective is to undertake a managed wind-down of the Company and realise all existing assets in the Group's portfolio in an orderly manner.



The Investment Manager

Since the Company's IPO, Gravis Capital Management Limited has provided discretionary investment and risk management services. This includes identifying and structuring investments, conducting due diligence, monitoring investments, managing and reporting on the existing loan portfolio, and providing financial reporting support. The Investment Manager is the appointed AIFM to the Company.

The Board has overall responsibility for the Company's activities, including the review of investment activity, performance, control and supervision of the Investment Manager. The Board has recommended to retain the Investment Manager to provide investment management services in connection with the managed wind-down.

The Board considers the Investment Manager to be best placed to provide such services, due to its knowledge and experience of the Group's investment portfolio. To this effect, the Company has entered into a side letter to the existing investment management agreement which was approved at the Company's EGM in May 2024.

Information on the fees payable to the Investment Manager pursuant to the side letter can be found in note 15.

Pursuant to the terms of the side letter, the Investment Manager has devised a realisation plan that has been agreed with the Board, and sets out, among other things:

- a) the options and base case plan to realise each loan;
- b) the delegated authorities under which the Investment Manager shall work to implement the revised investment objective and policy; and
- c) the approach to the realisation of any residual positions at the target date of 31 December 2027, or any other such date that may be agreed between the Company and Investment Manager.

The Investment Manager has been appointed under a side letter to the investment management agreement to manage the realisation plan as agreed and updated with the Board from time to time. The realisation plan was published in July 2024, and can be found on the Company's website.

Investment objective

The Company's investment objective is to undertake a managed wind-down of the Company and realise all existing assets in the Company's portfolio in an orderly manner.

Investment policy

The assets of the Company will be realised in an orderly manner, returning cash to shareholders principally by undertaking compulsory redemptions of ordinary shares in such volumes and at such times as the Board may, in its absolute discretion, determine, having regard to the amount of cash available for distribution and retaining sufficient working capital for ongoing operations.

Notwithstanding the foregoing, returns of capital to shareholders may take any other form as the Board may, in its absolute discretion, consider appropriate. The Board will endeavour to realise all the Company's investments in a manner that achieves a balance between maximising the value received from those investments and making timely returns to shareholders.

The Company may not make any new investments save that:

- investments may be made to honour commitments under existing contractual arrangements or, with the Board's prior written approval, to preserve the value of any existing investment; and
- cash held by the Company pending distribution will be held in either cash or cash equivalents for the purposes of cash management.

Any amounts received by the Company during the managed wind-down of the Company's assets will be held by the Company as cash on deposit and/or as cash equivalents, prior to returns being made in cash to shareholders (net of provisions for the Company's costs and expenses).

Borrowing and derivatives

The Company will not undertake borrowing other than for short-term working capital purposes. Gearing, represented by borrowings, will not exceed 25% of NAV calculated at the time of borrowing.

The Company may use derivatives for efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate changes as part of the Company's efficient portfolio management.

The Company will not engage in currency trading or interest rate trading for speculative purposes.

Investment Manager's report continued

Portfolio contractual repayment profile

At 30 June 2024, the Group was invested in a portfolio of 31 asset backed loans with a weighted average life of seven years. At that date, the principal value of the Group's portfolio and the NAV of the Company were £254.5 million and £241.9 million, respectively.

Years to maturity	Repayments in period	% of total repayments	Repayments of watchlist or problem loans
0 to 1 years	76,162	28.9%	16,769
1 to 2 years	15,613	5.9%	726
2 to 4 years	54,101	20.5%	1,710
4 to 10 years	53,458	20.3%	13,748
10 to 20 years	58,367	22.1%	15,897
20+ years	6,185	2.3%	—
Total	263,886	100.0%	48,850

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

Repayments

There can be no guarantee that loans will be repaid in accordance with contracted terms or that loans that were scheduled for repayment in 2024 will be repaid within the period assumed above. Borrowers may not repay on time (or at all) and their ability to service debts may be impaired from time to time. Borrowers may elect to repay loans before contractual maturity (in full or in part) and may exercise permitted loan extensions, and in order to maximise shareholder value the Company may extend the term of a loan at the Board's discretion.

Valuation

There can be no assurance that the current valuation of the loans by the independent Valuation Agent, to which the Group is exposed, can be achieved. Loans made by the Group to six borrowers and representing 12.0% by value of the portfolio (£28.0 million) at 30 June 2024 have been categorised by the Investment Manager as "problem" or "watchlist" loans, refer to pages 14 and 15 for further information. The circumstances around these loans have been considered by the Board and the independent Valuation Agent in the valuation of these loans in the quarterly valuation process and associated NAV.

The Group holds investments in projects or assets in which the Investment Manager or its directors and/or officers and/or shareholders have been directly or indirectly interested, for example by way of an equity interest. At 30 June 2024, the Group's investment portfolio included five conflicted loans with an aggregate principal value (including capitalised interest) and accrued interest of £48.1 million. The valuation of the conflicted loans at that date was £45.8 million, representing 19.7% of the fair value of the Group's investment portfolio.

Investment portfolio

Two conflicted loans, in which certain directors, officers and/or shareholders of the Investment Manager have an equity interest, with an aggregate principal value (including capitalised interest) and accrued interest of £16.1 million and with a valuation of £14.7 million (6.3% of the Group's portfolio) were categorised by the Investment Manager as "problem" or "watchlist" loans at 30 June 2024.

Outstanding interest and principal amounts pertaining to these loans totalled £3.8 million at 30 June 2024. The Investment Manager remains confident in the recoverability of such payments and in the value of the asset level security of the conflicted loans, including those categorised by it as a "problem" or "watchlist" loans. Further information is provided on pages 14 and 15.

Across the Group's portfolio, the Group has exposure to real estate markets. Approximately 85% of the Group's loans by portfolio value are exposed to property, including loans exposed to property in social infrastructure sectors such as student accommodation, social housing and care homes.

The Group's portfolio includes exposure to four assets that are considered either in development or under construction. These assets represent 11.7% of the portfolio value. In some instances, these assets are part of a broader portfolio that includes operational assets. The portfolio's exposure extends indirectly to construction projects through one land development project and two borrowers that offer bridging and development finance. Further information on portfolio sector allocations and the loan-to-value of the portfolio can be found in the portfolio report on page 16.

The Group's portfolio includes loans that are subordinate to the borrowers' senior debt, representing 35% of the portfolio value. Additionally, the portfolio contains senior loans that are used by borrowers to lend into structures where they become effectively subordinated to other debts. In such cases, the independent Valuation Agent fair values the Group's loans, taking this into account for the possible additional risk.

It is the Board's current intention to maintain the Company's existing level of dividend of 6.325 pence per annum whilst the Company remains substantially invested, for as long as is practicable¹.

At 30 June 2024, 34.8% of the principal outstanding is scheduled to be repaid by the end of the financial period ended 30 June 2027, assuming all loans repay in accordance with their contractual terms, and that loans scheduled for repayment in 2024 are repaid no later than 31 December 2024.

Amounts realised are expected to come from contractual repayments by borrowers as the Group's loans mature in accordance with their contractual terms and from the sale of portfolio assets, including longer-dated loans. In this context, the Investment Manager reminds shareholders that there can be no guarantee the Group's loans will be repaid in accordance with contractual terms. Borrowers may not fully repay the principal amounts contractually owed, may not repay on time (or at all) and their ability to service debts may be impaired from time to time. Furthermore, proceeds from the sale of any assets may not be achieved at their carrying value¹.

1. This is a target only and does not constitute a profit forecast.





Investment Manager's report continued

Investment portfolio continued




Repayment activity

Repayments of £122.3 million were received by the Group during the period. The average IRR achieved on loans that were repaid was 8.51%. The table below sets out all investments and repayments received during the period. All capitalised interest amounts were in respect of amounts capitalised in accordance with contractual terms.

Repayments during the period¹

Sector		Average term	Security	Status	Capitalised interest	Repayments
	Asset finance	3 years	Senior	Operational	—	£5.0 million
	Energy and infrastructure	6 years	Senior	Operational/ Construction	—	£0.3 million
	Property	2 years	Senior/ Subordinated	Operational/ Construction	£1.9 million	£86.1 million
	Social infrastructure	8 years	Senior/ Subordinated	Operational/ Construction	£0.7 million	£30.9 million
Total					£2.6 million	£122.3 million

Repayments post period end¹

Sector		Security	Status	Repayments
	Asset finance	Senior	Operational	£1.7 million
	Property	Senior/Subordinated	Operational	£20.1 million
	Social infrastructure	Senior/ Subordinated	Operational	£3.3 million
Total				£25.1 million

1. The Company investments through its wholly owned subsidiary. Refer to note 1 to the financial statements for further information.

Portfolio performance

During this period, shareholders voted in favour of the discontinuation resolution proposed at the AGM in May 2024 and, at an EGM held immediately following the AGM, the adoption of a revised investment objective and policy to pursue the orderly realisation of the Company's assets. As a result, the Company is now in a managed wind-down. The Investment Manager continues to work towards execution of the realisation plan, with some positive progress made to date.

The Investment Manager is focused on current market conditions, and how it may impact the Group's borrowers. Key areas of focus include:

- construction or development assets: increased borrowing costs (where interest costs are not fixed or hedged) and supply chain issues may lead to liquidity challenges in completing projects. This has affected some co-living accommodation assets in the portfolio;

- market demand risk: increased costs could reduce demand for services. However, the portfolio remains resilient, with strong occupancy in care homes, student accommodation and co-living sectors. The Group's focus on high-quality, critical service assets has proven beneficial; and
- asset valuation: valuations have declined across many sectors, and yields have risen in both the property and social infrastructure sectors. The weighted average discount rate¹ for the portfolio has remained broadly stable. Some of these movements in underlying sector valuations may flow through into the portfolio's asset valuations in the future.

The Investment Manager continues to closely monitor the performance of assets and maintains positive relationship with its borrowers.

Over the next 24 months, the Group expects to receive significant repayments from its portfolio. The Investment Manager intends to focus on near-term realisations and consider options to accelerate longer-dated facilities.

In some instances, the Investment Manager may support amendments and extensions to loan facilities to reset rates, assist borrowers in completing projects or maximise returns. All extensions will align with the managed wind-down. Outside of these instances, the focus will be on redeeming facilities ahead of or in line with their contractual maturity.

During the period, no new loans were made to new borrowers. As of 30 June 2024, the Group held a diversified portfolio of 31 asset backed investments valued at £232.9 million², with 65% benefiting from senior security and 57% from partial inflation and/or interest rate protection. The weighted average annualised yield¹ on the Group's investments was 8.8%, with a weighted average life of seven years. The weighted average discount rate¹ used to value the portfolio was 10.4%, down from 10.5% at the year end.

The portfolio is primarily secured against UK assets (74%), with the remainder in Europe and the USA. The majority of investments are denominated in Pound Sterling, and those that are not are hedged using rolling forward foreign exchange contracts.

1. Valuation of the loan portfolio held by the Subsidiary.

2. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

Investment Manager's report continued

Investment portfolio continued

Asset updates

The Board and Investment Manager continue working to resolve the six watchlist and problem loans. At the period end, these loans represented 11.6% of NAV or 12.0% of the portfolio by value. Two of the current watchlist and problem loans are held with borrowers for projects in which certain directors, officers and/or shareholders of the Investment Manager hold an equity interest.

In May 2024, the Company received a full repayment of one of the larger watchlist loans; a loan secured against the interests in several Australian student accommodation projects. The repayment generated cash proceeds of £23.3 million and comprised £20.9 million in principal and £2.4 million in outstanding interest and fees.

The cash proceeds received represented 103% of the valuation at 31 March 2024 and an IRR on the loan of 9.24%. This was accretive to dividend coverage during the term of the loan and represents an attractive risk-adjusted return. The loan was held with a borrower for the project in which certain directors, officers and/or shareholders of the Investment Manager held an equity interest.

The Company and the Investment Manager continue to work to resolve the remaining problem and watchlist loans as follows.

Problem loan 1: Co-living group loan (£nil million, nil% of fair value of the portfolio (31 December 2023: £1.2 million, 0.3%))

The Co-living group loan valuation at 30 June 2024 is based on recoverable amounts held in escrow, contingent on rulings from HMRC regarding VAT and planning decisions from the local authority. During the period, despite these matters remaining unresolved, the Investment Manager and independent Valuation Agent assessed that the likelihood of recovery had significantly diminished, while a recovery remains possible but unlikely. Consequently, the loan was written down from £1.2 million at 31 December 2023 to £nil at the period end.

Problem loan 2: Social housing (£10.3 million, 4.4% of fair value of the portfolio (31 December 2023: £12.6 million, 3.5%))

There have been some improvements in the period regarding the two portfolios of social housing assets, each managed by a different Registered Provider. One of the providers has been responsible for the issues to date, while the other has continued to perform well. An initiative is underway to sell the assets managed by the performing provider, which account for a substantial part of the exposure based on gross lease rent roll.

The proposed disposal of these assets has taken longer than anticipated, which has likely increased the transaction risk. The independent Valuation Agent retained a similar valuation at the period end, reflecting the ongoing uncertainties around the transaction. Efforts are continuing to determine an exit strategy for the distressed portion of the portfolio, and the Investment Manager believes that the initial disposal will contribute to the eventual resolution of this segment. At the period end, overdue interest and principal amounts were £1.2 million.

Problem loan 3: Multi-use community facility (£0.8 million, 0.3% of fair value of the portfolio (31 December 2023: £1.9 million, 0.5%))

The Investment Manager had been engaged in negotiations with an interested party, who made an unconditional non-binding offer to purchase the loan secured against the site. Consequently, most discussions with other interested parties were put on hold. In the March 2024 NAV, the valuation was adjusted to reflect the potential outcome of this offer, considering it the best option due to the distressed nature of the asset.

During the period, the offeror delayed completion due to the general election and subsequently withdrew their offer post-election. The valuation was maintained at the same level, as the previous offer provided a floor value. It was believed that a potentially higher value could be achieved through other interested parties, although significant risks remained. At the period end, overdue interest and principal amounts were £0.8 million.

Post period end, discussions with interested parties have been protracted, and due to ongoing solvency issues, the director of the borrower decided to put the entity into administration. The distressed nature of the asset, combined with the pace at which the administration process had to be undertaken, has resulted in no recovery for the Company. As a result, the Company has written off the entire position to £nil post period end.

Problem loan 4: Conflicted property loan in Boston, USA (£1.1 million, 0.5% of fair value of the portfolio (31 December 2023: £2.3 million, 0.6%))

The borrower has continued to invest in the site to progress the required planning permission, with the Investment Manager believing that full recovery post successful planning was likely. This loan was classified as a problem loan for the purpose of the 31 March 2024 valuation due to an updated valuation and the borrower missing capital and interest payments since April and December 2023, respectively. Reflecting risks in full recovery and the potential for planning to not be achieved, the independent Valuation Agent decreased the fair value of the loan as of 31 March 2024. This valuation was maintained at 30 June 2024. At the period end, overdue interest and principal amounts were £2.5 million.

Post period end, a positive planning decision was received, which, based on the recent valuation, would return the borrower's LTV covenant to a level that is compliant. The Investment Manager believes this is a key milestone for the redemption of the facility and continues to actively engage with the borrower.

Watchlist loan 1: Multi-use community facility 2 (£2.2 million, 0.9% of fair value of the portfolio (31 December 2023: £3.9 million, 0.6%))

This loan continues to be classified as a watchlist loan for the purpose of the 30 June 2024 NAV. The facility is a seasonal business, with typically higher footfall and revenues in the summer months compared to winter. The operator has continued to enhance on-site performance, with results for the year ahead of those achieved in the same periods over the past two years. However, performance and turnover increases have not met initial projections.

The Investment Manager has updated the forecast based on the latest performance and revised budgets provided by the borrower, which inform the updated forecasts on which the valuation is based. The independent Valuation Agent recommends a prudent approach, resulting in a further reduction of the valuation to align with the updated forecast. This has led to a downward revaluation of c.£2.0 million at the period end. The position will continue to be monitored, with potential for further uplifts or additional write-downs based on performance and updated views.

The valuation assumes the facility will mature at the end of the current lease term in 2032.

Watchlist loan 2: Conflicted co-living accommodation in Boston, USA (£13.6 million, 5.8% of fair value of the portfolio (31 December 2023: £14.2 million, 3.9%))

This loan was classified as a watchlist loan for the purpose of the 31 March 2024 NAV due to an updated valuation confirming a reduction in property value, resulting in a breach of the loan's LTV covenant. Additionally, the loan has been unable to pay interest since the fourth quarter of 2023, having fallen outside its contractual interest capitalisation period. Consequently, the independent Valuation Agent decreased the fair value of the loan at 31 March 2024, reflecting an increase in the discount rate¹ to 15.0%.

Despite these challenges, the borrower has made significant progress in stabilising the asset, with consistently high occupancy levels and a key commercial tenant expected to take residence. This is expected to positively affect the valuation and improve the LTV position. The Investment Manager continues to engage with the borrower, and discussions on the redemption of the facility are ongoing. At the period end, overdue interest and principal amounts were £1.3 million.

Further information on amounts received post year end can be found in note 16.

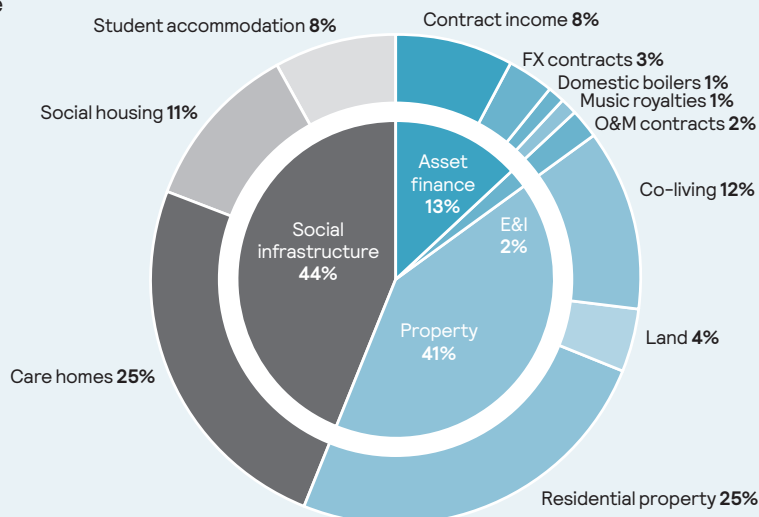
1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

Investment Manager's report continued

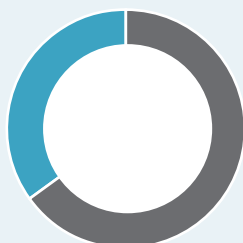
Investment portfolio continued

Portfolio analysis

Portfolio by sector type

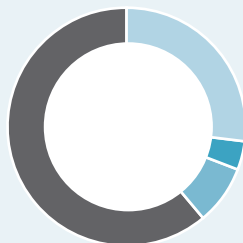


Portfolio by security ranking



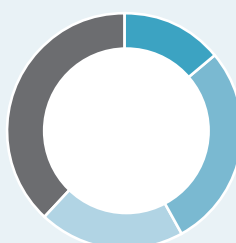
Senior 65%
Subordinated 35%

Portfolio by term profile



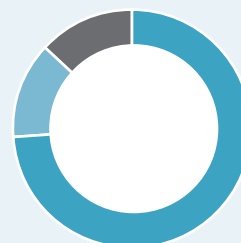
<1 yrs 27%
1-2 yrs 4%
2-4 yrs 8%
>4 yrs 61%

Portfolio by interest rate profile

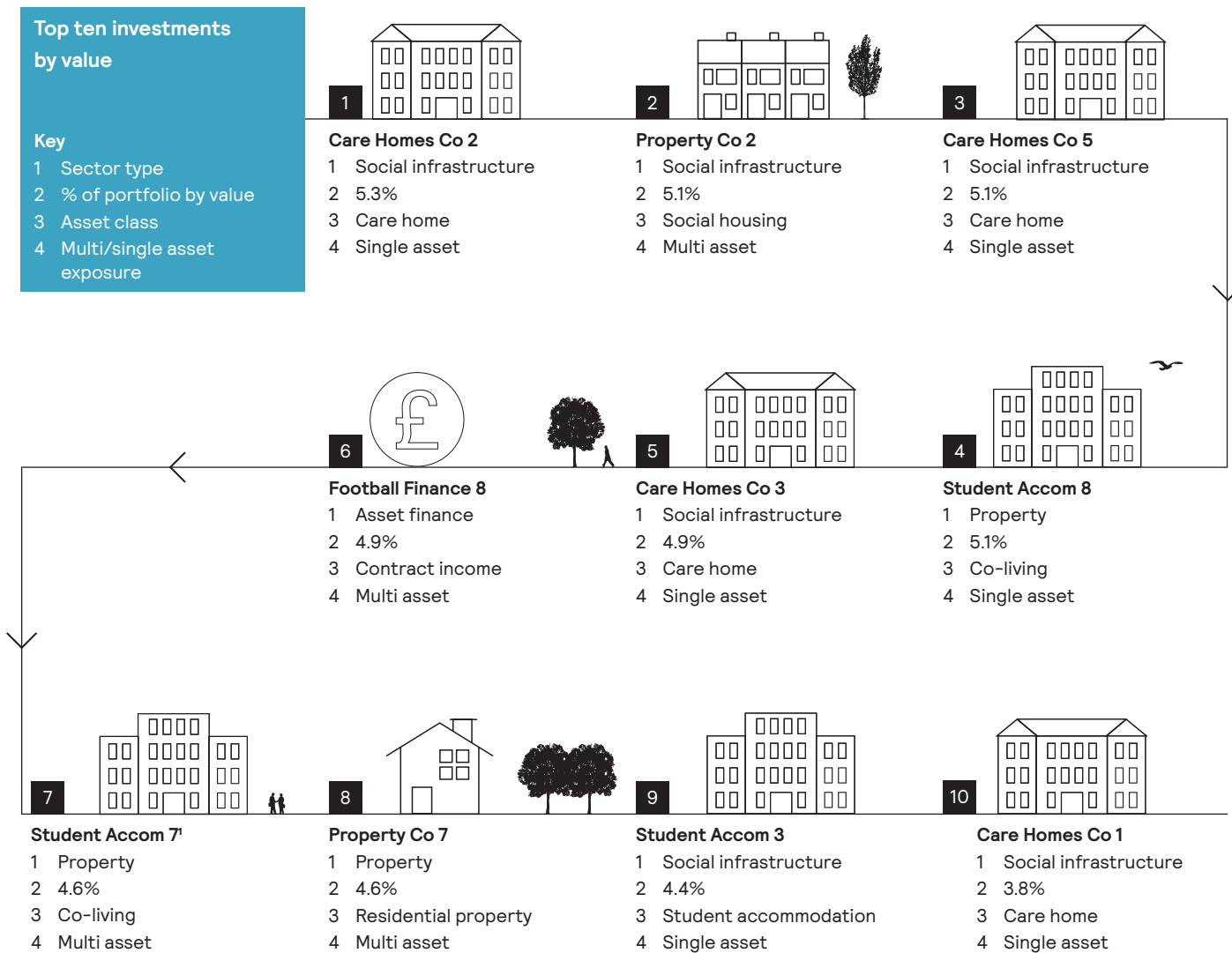


<7% 14%
7-8% 28%
8-9% 20%
>9% 38%

Portfolio by location



UK 74%
Europe 13%
Rest of world 13%



Further information on the portfolio can be found on pages 50 and 51 and the Company's website.

1. Watchlist loan, refer to page 10 for further information.

Financial review

The Company generated total income of £1.7 million, declared dividends of 3.1625¹ pence per share and delivered total NAV return² of 1.0% 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.

In the period to 30 June 2024, the Company's portfolio generated interest of £13.8 million (30 June 2023: £16.3 million), which was a decrease compared to the prior year, and reflected the repayment of loans over the past twelve months.

Other income of £1.5 million (30 June 2023: £0.4 million) was generated, which included prepayment fees of £0.2 million in respect of loans prepaid in the period (30 June 2023: £0.2 million).

Total income was offset by net unrealised valuation losses of £10.8 million primarily in respect of performance-related downward revaluations and net realised valuation gains of £0.7 million in respect of the sale of assets in the period. Further information is given in the Investment Manager's report on page 13.

The Company invests in derivatives for investment purposes and efficient portfolio management. Overall net gains on derivative financial instruments for the period were £0.2 million (30 June 2023: net gains of £0.6 million). Further information is given in notes 3 and 14 to the financial statements.

The Company incurred total expenses of £3.4 million (30 June 2023: £2.5 million) which includes the Investment Manager's fee, other third party service provider costs and Directors' remuneration. Total expenses have increased compared to the prior year, reflecting an increase in professional fees in respect of the strategic review and the managed wind-down plan, offset by a decrease in variable fees due to a reduction in NAV.

Finance costs have decreased compared to the prior period due to the Company repaying the RCF in full, excluding the unavailable commitment due to the forward foreign exchange contracts. At the period end, £nil was drawn (31 December 2023: £nil). Further information is included in note 11.

Profit for the period was £1.7 million (30 June 2023: £8.0 million), with basic EPS of 0.41 pence (30 June 2023: 1.86 pence). Adjusted EPS² for the period was 3.03 pence per share, which excludes discount rate² adjustments and performance-related revaluations.

Dividends

The dividend for the period of 3.1625 pence was paid as 1.58125 pence per share for the quarter to 31 March 2024, with a further dividend of 1.58125 pence per share for the quarter to 30 June 2024, declared post period end on 30 July 2024.

The total dividend was 0.12 times covered by EPS of 0.41 pence for the period and 0.96 times covered by an adjusted EPS² of 3.03 pence.

It is the Board's intention to maintain the Company's existing level of dividend of 6.235 pence per annum³ whilst the Company remains substantially invested, for as long as is practicable.

Ongoing charges

The Company's ongoing charges percentage² for the period, calculated in accordance with the AIC methodology, was 1.3% annualised (30 June 2023: 1.3% annualised).

Investment valuation

The weighted average discount rate² across the portfolio at 30 June 2024 was 10.4%. The valuation of investments is sensitive to changes in discount rates² applied. A sensitivity analysis detailing the impact of a change in discount rates² is given in note 14.3.

The independent 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 rate² changes are valued on a quarterly basis.

The Group's investments (excluding the loans valued at net realisable value) are valued on a discounted cash flow basis after impairments, where appropriate, in line with the methodology used by the independent Valuation Agent. Refer to note 14.3 for further information.

Borrowings

At period end, the RCF had been fully repaid, excluding the amounts restricted in respect of forward foreign exchange contracts of £1.0 million. The RCF matured after the period end on 22 August 2024 and has not been renewed. The Company has arranged alternative means to retain the forward foreign exchange positions. Cash on hand at 30 June 2024 was £5.6 million.

Further information on the RCF is given in note 11 to the financial statements.

1. Total dividends of 3.1625 pence per share includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2024, which was declared post period end.
2. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.
3. This is a target only and does not constitute a profit forecast.

Financial review continued

Capital distributions

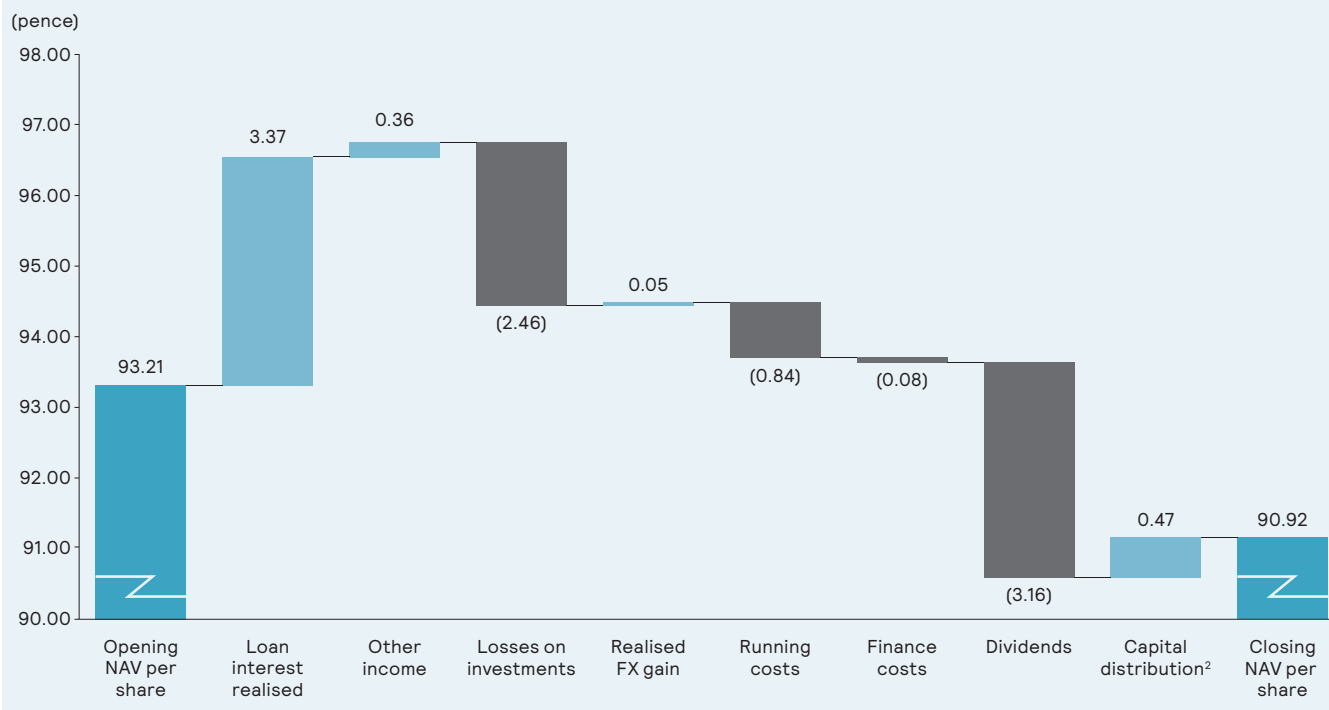
In May 2024, the Company published its plans for an initial capital distribution of at least £85.0 million to shareholders through a compulsory partial redemption of ordinary shares at 89.67¹ pence per share. This price reflected the NAV per share as of 31 March 2024 of 91.25 pence per share, less the dividend of 1.58125 pence per share that was due to be paid on 4 June 2024.

The capital distribution amount was increased to £143.1 million in June 2024 following the receipt of £45.6 million in respect of the repayment of further loans. The redemption was carried out pro-rata based on holdings as of the close of business on 10 June 2024, with a redemption ratio of 37.5% of the issued share capital. In total, 159.6 million shares were redeemed. Further information is included in note 13.

Cash position

The Company received interest payments of £13.8 million (30 June 2023: £16.3 million) and capital repayments of £122.3 million (30 June 2023: £26.2 million) in the period, in line with expectations. The Company paid cash dividends of £13.5 million (30 June 2023: £13.6 million) and a further £4.2 million post period end. Total cash reserves at the period end were £5.6 million (30 June 2023: £17.4 million).

NAV analysis – period ended 30 June 2024



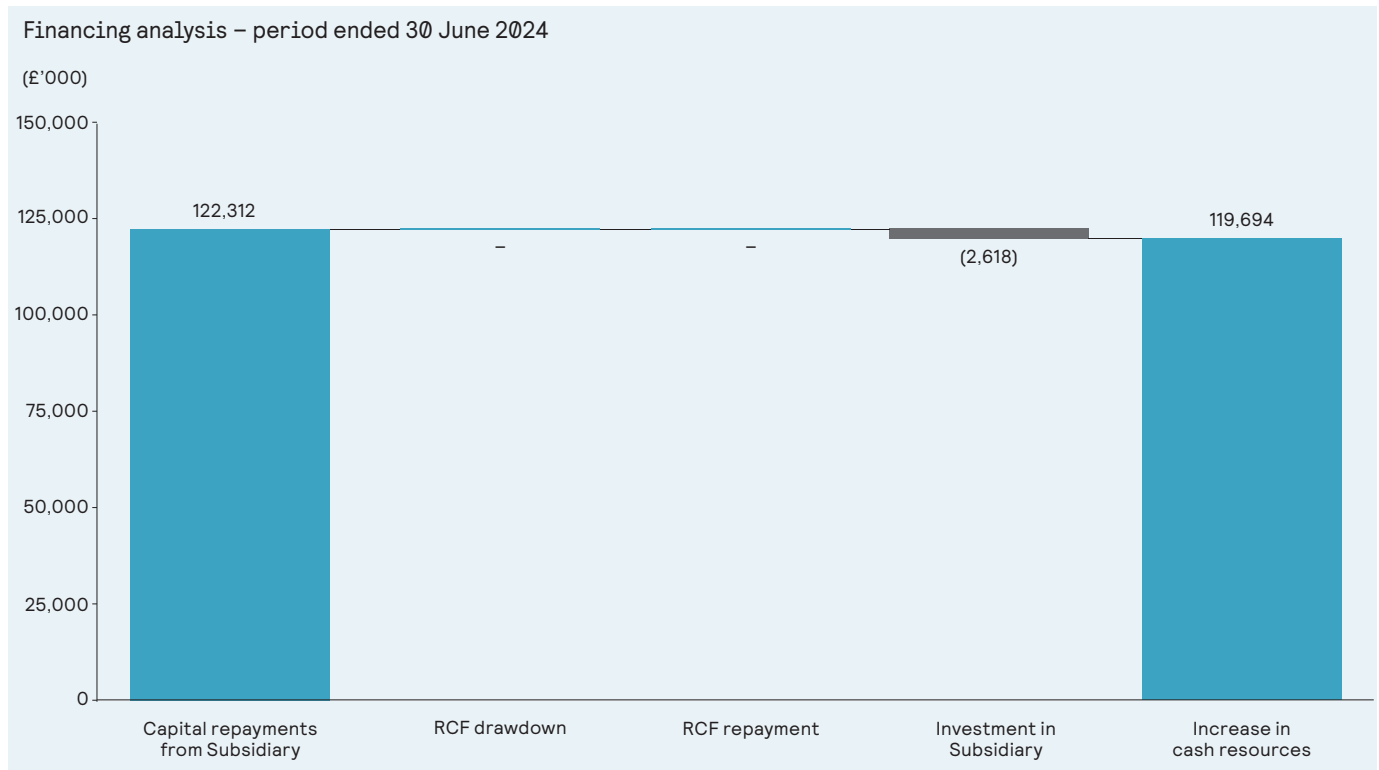
1. The shares were redeemed at 89.66875 pence per share.
 2. The shares were redeemed at a price accretive to NAV.

Conflicts of interest

In the year, £0.9 million of planned capitalised interest was recognised in respect of one of the Group’s loans which is for a project in the USA in which certain directors, officers and/or shareholders of the Investment Manager have an equity interest.

In accordance with the Company’s investment approval process, the initial investment, and any subsequent amendments to the terms of projects in which the directors, officers and/or shareholders of the Investment Manager have an equity interest, were reviewed and approved by the Board.

The total principal value of this loan at 30 June 2024 (including accrued and capitalised interest) was £16.7 million, with a fair value of £14.8 million, representing 6.4% of the fair value of the investment portfolio. Further information is given in the portfolio information on pages 50 and 51.



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 2024 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

18 September 2024

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 2024 (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 2024;
- 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.

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

18 September 2024

Unaudited interim condensed statement of comprehensive income

For the period ended 30 June 2024

	Notes	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Income			
Loan interest realised	3	13,792	16,283
Net loss on financial assets at fair value through profit or loss	3	(10,054)	(5,426)
Net gain on derivative financial instruments	3	235	551
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss		3,973	11,408
Other income	3	675	356
Deposit interest income		774	56
Total income		5,422	11,820
Expenses			
Directors' remuneration	15	(151)	(128)
Investment management fees	15	(1,224)	(1,742)
Operating expenses		(2,035)	(605)
Total expenses		(3,410)	(2,475)
Total operating profit before finance costs		2,012	9,345
Finance costs			
Finance expenses	4	(319)	(1,366)
Total profit and comprehensive income		1,693	7,979
Basic and diluted earnings per share (pence)	7	0.41	1.86

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

The accompanying notes on pages 28 to 49 form an integral part of these financial statements.

Unaudited interim condensed statement of financial position

As at 30 June 2024

	Notes	As at 30 June 2024 £'000	(Audited) As at 31 December 2023 £'000
Assets			
Cash and cash equivalents	10	5,640	30,936
Derivative financial instruments		126	107
Other receivables and prepayments	9	83	250
Financial assets at fair value through profit or loss	8	237,070	366,818
Total assets		242,919	398,111
Liabilities			
Derivative financial instruments		(5)	(5)
Other payables and accrued expenses	12	(1,057)	(1,361)
Total liabilities		(1,062)	(1,366)
Net assets		241,857	396,745
Equity			
Share capital	13	288,366	431,487
Retained losses		(46,509)	(34,742)
Total equity		241,857	396,745
Ordinary shares in issue (excluding treasury shares)	13	266,016,390	425,626,059
NAV per ordinary share (pence per share)		90.92	93.21

The unaudited interim condensed financial statements were approved and authorised for issue by the Board of Directors on 18 September 2024 and signed on its behalf by:

Alex Ohlsson
Chairman

Philip Braun
Director

Unaudited interim condensed statement of changes in equity

For the period ended 30 June 2024

	Notes	Share capital £'000	Retained losses £'000	Total equity £'000
Balance at 1 January 2024		431,487	(34,742)	396,745
Total profit and comprehensive income for the period		—	1,693	1,693
Shares redeemed		(143,121)	—	(143,121)
Dividends paid	6	—	(13,460)	(13,460)
Balance at 30 June 2024		288,366	(46,509)	241,857

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 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 at 30 June 2023		431,487	(31,566)	399,921

The accompanying notes on pages 28 to 49 form an integral part of these financial statements.

Unaudited interim condensed statement of cash flows

For the period ended 30 June 2024

	Notes	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Cash flows from operating activities			
Total operating profit before finance costs		2,012	9,345
Adjustments for:			
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	3	(3,973)	(11,408)
Realised gains on derivative financial instruments	3	215	187
Decrease in other payables and accrued expenses		(323)	(61)
Decrease in other receivables and prepayments		27	46
Total		(2,042)	(1,891)
Loan interest realised	3	13,792	16,283
Investment in Subsidiary		(2,618)	(28,829)
Capital repayments from Subsidiary		122,312	26,233
Net cash flow generated from operating activities		131,444	11,796
Cash flows from financing activities			
Proceeds from revolving credit facilities		—	16,000
Share redeemed		(143,121)	—
Share repurchases		—	(6,556)
Finance costs paid		(159)	(599)
Dividends paid	6	(13,460)	(13,585)
Net cash flow used in financing activities		(156,740)	(4,740)
Net (decrease)/increase in cash and cash equivalents		(25,296)	7,056
Cash and cash equivalents at beginning of the period		30,936	10,311
Cash and cash equivalents at end of the period	10	5,640	17,367

The accompanying notes on pages 28 to 49 form an integral part of these financial statements.

Notes to the unaudited interim condensed financial statements

For the period ended 30 June 2024

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 shares of the Company are admitted to the Official List of the FCA and are traded on 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 2024, the Company had one wholly owned Subsidiary, GABI UK (31 December 2023: one), incorporated in England and Wales on 23 October 2015 (registration number 9838893). GABI UK had three subsidiaries (31 December 2023: 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 by 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.

Following the AGM in May 2024, the Company's investment objective changed to undertake a managed wind-down of the Company and realise all existing assets in the Group's portfolio in an orderly manner.

The assets held by the Group will be realised in an orderly manner, returning cash to shareholders principally by undertaking compulsory redemptions of ordinary shares in such volumes and at such times as the Board may, in its absolute discretion, determine, having regard to the amount of cash available for distribution and retaining sufficient working capital for ongoing operations. Notwithstanding this, returns of capital to shareholders may take any other form as the Board may, in its absolute discretion, consider appropriate. The Board will endeavour to realise the Group's investments in a manner that achieves a balance between maximising the value received from those investments and making timely returns to shareholders.

The Company may not make any new investments save that:

- investments may be made to honour commitments under existing contractual arrangements or, with the Board's prior written approval, to preserve the value of any existing investment; and
- cash held by the Company pending distribution will be held in either cash or cash equivalents for the purposes of cash management.

Any amounts received by the Company during the managed wind-down of the Group's assets will be held by the Company as cash on deposit and/or as cash equivalents, prior to returns being made in cash to shareholders (net of provisions for the Company's costs and expenses).

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 Accounting Standards.

These include annual improvements to IFRS Accounting Standards, 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 2023 annual report.

2.1 Basis of preparation

The unaudited interim condensed financial statements for the period ended 30 June 2024 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 2023 which were prepared in accordance with IFRS Accounting Standards 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 these unaudited interim condensed financial statements are the same as those applied in the annual report and financial statements for the year ended 31 December 2023.

The financial information for the period ended 30 June 2024 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 18 September 2024.

The financial risk management objectives include (but are not limited to) market risk, interest rate risk, credit risk, currency risk and liquidity risk. Refer to page 7 and to the Company's 2023 annual report and financial statements for further information. The Board considers these risks 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)).

New standards, amendments and interpretations adopted during the period

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

These incorporated:

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

There is one amendment to IAS/IFRS applicable from 1 January 2025:

- lack of exchangeability (amendments to IAS 21).

There is one new IFRS Accounting Standard applicable from 1 January 2027:

- presentation and disclosure in financial statements (introduction of IFRS 18).

Under current IFRS accounting standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduced a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.

The Directors are still assessing the impact of IFRS 18, but do not anticipate the adoption of the other amendments, detailed above, will have a material impact on the financial statements. Other than those detailed above, there are no new IFRS or IFRIC interpretations that are issued but not effective that are expected to have a material impact on the Company's financial statements.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

2. Significant accounting policies

continued

2.1 Basis of preparation continued

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 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.

At 30 June 2024, the Company's net current asset position was £88.9 million. This consisted of cash and cash equivalents of £5.6 million, current financial assets at fair value through profit or loss of £93.9 million and current liabilities consisting of derivative financial instruments of £9.6 million and other payables and accrued expenses of £1.0 million.

At 30 June 2024, the RCF was completely undrawn, excluding amounts restricted in respect of the forward foreign exchange contracts. The Company agreed with RBSI, the lender, to not re-draw on the RCF for new investments and only use the RCF for foreign exchange contracts through to its maturity. The RCF matured post period end on 22 August 2024 and it was not renewed.

The Company has arranged alternative means to retain the forward foreign exchange positions post period end.

At the AGM and EGM held in May 2024, shareholders approved a change in the Company's objective to undertake a managed wind-down of the Company and realise all existing assets in the portfolio in an orderly manner.

The managed wind-down will not result in a liquidation of the Company in the immediate future and the Board will seek to implement the managed wind-down in a manner that maximises value for shareholders.

After reviewing the maturity profile of the investment portfolio and the forecast cash flows with the Investment Manager, and having reassessed the principal risks in light of the recent changes to the Company's investment objective and strategy, 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. 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.

2.2 Significant accounting estimates and judgements

The preparation of unaudited interim condensed financial statements in accordance with IFRS Accounting Standards 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 assets held at net realisable value which are not valued on a discounted cash flow basis) 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 rates¹ applied to these cash flows. The Subsidiary's investments are valued by a third party independent Valuation Agent on a semi-annual basis. Investments which may be subject to discount rate¹ changes are valued on a quarterly basis.

The models used by the independent 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.

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

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 assets held at net realisable value

At 30 June 2024, five loans (31 December 2023: three loans) were held at net realisable value.

Further information is given in note 14.3.

(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:

- raised 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 purpose 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.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

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 2024 £'000	Period ended 30 June 2023 £'000
Loan interest realised	13,792	16,283
Unrealised (loss)/gain on financial assets at fair value through profit or loss: ¹		
Debt – Secured Loan Notes up to £1,000,000,000	(10,967)	(4,323)
Equity – representing one ordinary share in the Subsidiary	190	(1,103)
Realised gain on financial assets at fair value through profit or loss:		
Debt – Secured Loan Notes up to £1,000,000,000	723	—
Net loss on financial assets at fair value through profit or loss	(10,054)	(5,426)
Gain on derivative financial instruments:		
Unrealised gain on forward foreign exchange contracts	20	364
Realised gain on forward foreign exchange contracts	215	187
Net gain on derivative financial instruments	235	551
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	3,973	11,408

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

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Arrangement fee income	499	107
Early repayment fee income	152	239
Sundry income	24	10
Total	675	356

4. Finance expenses¹

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Arrangement fee relating to the RCF	142	112
Commitment fee relating to the RCF	177	37
Interest expense relating to the RCF	—	1,217
Total	319	1,366

1. Refer to note 8 for further information.

5. Taxation

Profits arising in the Company for the period ended 30 June 2024 are subject to tax at the standard rate of 0% (30 June 2023: 0%) in accordance with the Income Tax Law.

6. Dividends

Quarter ended	Dividend	Pence per share	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Current period dividends				
30 June 2024/2023	Second interim dividend ¹	1.58125/1.58125	—	—
31 March 2024/2023	First interim dividend	1.58125/1.58125	6,730	6,765
Total		3.16250/3.16250	6,730	6,765
Prior period dividends				
31 December 2023/2022	Fourth interim dividend	1.58125/1.57500	6,730	6,820
Total		1.58125/1.57500	6,730	6,820
Dividends in the statement of changes in equity			13,460	13,585
Dividends in the statement of cash flows			13,460	13,585

On 30 July 2024, the Company declared a second interim dividend of 1.58125 pence per redeemable ordinary share amounting to £4.2 million which was paid on 9 September 2024 to redeemable ordinary shareholders on the register at the close of business on 9 August 2024.

It is the Board's current intention to maintain the Company's existing level of dividend of 6.325 pence per ordinary share per annum² whilst the Company remains substantially invested, for as long as is practicable.

7. Earnings per share

Basic EPS 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 EPS is calculated by dividing the profit attributable to ordinary shareholders by the diluted weighted average number of ordinary shares, excluding shares held in treasury.

	Earnings £'000	Weighted average number of ordinary shares	Pence per share
Period ended 30 June 2024			
Basic EPS	1,693	407,989,631	0.41
Diluted EPS	1,693	407,989,631	0.41
Adjusted EPS ³	12,391	407,989,631	3.03
Period ended 30 June 2023			
Basic EPS	7,979	428,885,173	1.86
Diluted EPS	7,979	428,885,173	1.86
Adjusted EPS ³	13,487	428,885,173	3.07

1. The second interim dividend was declared after the period end and is therefore not accrued for in the unaudited interim condensed financial statements.
2. This is a target only and does not constitute a profit forecast.
3. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

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:

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Debt – Secured Loan Notes up to £1,000,000,000		
Opening balance	362,779	430,984
Investment in Subsidiary	2,618	32,655
Capital repayment from Subsidiary	(122,312)	(93,512)
Realised loss on financial assets at fair value through profit or loss	(1,625)	(3,091) ¹
Unrealised (loss) on financial assets at fair value through profit or loss:		
Unrealised valuation loss	(8,619)	(8,671)
Unrealised foreign exchange (loss)	–	(317)
Other unrealised movements on investments ²	–	4,731
Total unrealised loss on financial assets at fair value through profit or loss	(8,619)	(4,257)
Total	232,841	362,779

1. Comprises a write-down in respect of the Co-living group loan. The Company has recognised historic losses of £35.1 million in total in respect of the Co-living group loan.

2. Attributable to the timing of the debt service payments and principal indexation of £nil (31 December 2023: £0.4 million) applied to certain loans.

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Equity – representing one ordinary share in the Subsidiary		
Opening balance	4,039	4,087
Unrealised gain/(loss) on investment in the Subsidiary	190	(48)
Total	4,229	4,039
Financial assets at fair value through profit or loss	237,070	366,818

The above represents a 100% interest in the Subsidiary at 30 June 2024 (31 December 2023: 100%).

9. Other receivables and prepayments

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Prepayments	45	70
Unamortised arrangement fee	38	180
Total	83	250

The unamortised arrangement fee relates to the 2023 refinancing of the RCF. Due to the RCF being repaid in full, this has been recognised in other receivables and prepayments. For further information on the RCF see note 11.

10. Cash and cash equivalents

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Cash and cash equivalents	5,640	30,936
Total	5,640	30,936

11. Interest-bearing loans and borrowings

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Opening balance	—	32,050
Proceeds from amounts drawn on the RCF	—	16,000
Repayment of amounts drawn on the RCF	—	(48,050)
RCF drawn at the period/year end	—	—
Loan arrangement fees unamortised	—	—
Total	—	—

At 30 June 2024, following the discontinuation resolution, the Company entered into a managed wind-down. During the period, the commitment of the RCF was reduced from £50.0 million to £1.0 million to minimise ongoing commitment fees. The Company agreed with RBSI, the lender, to not re-draw on the RCF for new investments and only use the RCF for forward foreign exchange contracts through to its maturity. The RCF matured post period end on 22 August 2024 and was not renewed. The Company has arranged alternative means to retain the forward foreign exchange positions.

At 30 June 2024, the RCF was completely undrawn, excluding the restricted commitment attributable to the forward foreign exchange contracts. A sum of £0.6 million (31 December 2023: £0.8 million) had been restricted on the RCF as an alternative to cash cover for six (31 December 2023: six) open forward foreign exchange contracts, restricting the amount available for drawdown on the RCF to £0.4 million at 30 June 2024.

The RCF includes covenants measured in accordance with the facility agreement. The covenants are as follows: loan to NAV value of less than 15%, loan-to-value of eligible assets of less than 25% and an interest cover ratio of six times. During the period of utilisation, the Company was in compliance with all loan covenants in the RCF agreement.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

12. Other payables and accrued expenses

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Accruals	562	473
Loan commitment fee accrued	74	56
Investment management fees	421	832
Total	1,057	1,361

13. Authorised and issued share capital

	30 June 2024		(Audited) 31 December 2023	
	Number of shares	£'000	Number of shares	£'000
Share capital				
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 redeemed in the period/year	(176,017,128)	(156,048)	—	—
Total shares in issue	266,016,390	288,366	442,033,518	444,414
Treasury shares				
Shares repurchased and held in treasury at beginning of the period/year	(16,407,459)	(12,927)	(7,882,459)	(6,454)
Shares cancelled in the period/year	16,407,459	12,927	—	—
Shares repurchased in the period/year	—	—	(8,525,000)	(6,473)
Total shares repurchased and held in treasury	—	—	(16,407,459)	(12,927)
Total ordinary share capital excluding treasury shares	266,016,390	288,366	425,626,059	431,487
Deferred shares issued at no par value and unpaid				
Shares in issue at beginning of the period/year	—	—	—	—
Shares issued in the period/year	1	—	—	—
Total deferred shares in issue	1	—	—	—

In May 2024, the Company adopted revised articles of association in order to permit the redemption of some or all of the ordinary shares at the sole discretion of the Directors and authorised the issue of one deferred share. The Company's share capital is represented by no par value ordinary shares and one deferred share.

The ordinary shares carry the right to dividends out of the profits available for distribution as determined by the Board and participation in the profits or assets of the Company, on a winding-up of the Company or a return of capital. 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 deferred share does not carry the right to dividends out of the profits available for distribution as determined by the Board or participation in the profits or assets of the Company, on a winding-up of the Company or a return of capital, unless there are no ordinary shares in issue, in which case the deferred share will carry such rights.

The holder of a deferred share is entitled to attend meetings of shareholders but not to vote at any such meetings, unless there are no ordinary shares in issue, in which case the holder of the deferred share will carry the right to vote.

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 2024 £'000	(Audited) 31 December 2023 £'000
Financial assets		
Cash and cash equivalents	5,640	30,936
Total financial assets at amortised cost ¹	5,640	30,936
Derivative financial instruments	126	107
Financial assets at fair value through profit or loss	237,070	366,818
Total financial assets at fair value through profit or loss	237,196	366,925
Total financial assets	242,836	397,861
Financial liabilities		
Derivative financial instruments	(5)	(5)
Other payables and accrued expenses	(1,057)	(1,361)
Total financial liabilities at amortised cost ¹	(1,062)	(1,366)
Total financial liabilities	(1,062)	(1,366)

1. The carrying value of the financial assets and liabilities stated at amortised cost approximates their fair value.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

14. Financial instruments continued

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 3.8% of the portfolio by value at the period end (31 December 2023: 3.3%). The Company intends to utilise the forward foreign exchange contract on a rolling basis to align with the terms of the underlying investments.

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

30 June 2024	Maturity	Principal amount	Hedged amount	Fair value £'000	
				Financial assets	Financial liabilities
Contract EUR/GBP	4 July 2024	(£1,493,237)	€1,736,933	21	—
Contract EUR/GBP	4 July 2024	(£343,879)	€400,000	5	—
Contract EUR/GBP	4 July 2024	(£4,655,058)	€5,414,763	65	—
Contract EUR/GBP	20 September 2024	(£57,258)	€67,610	—	—
Contract EUR/GBP	4 October 2024	(£1,141,853)	€1,300,000	35	—
Total EUR/GBP		(£7,691,285)	€8,919,306	126	—
Contract USD/GBP	3 July 2024	(£1,885,663)	\$2,389,890	—	(5)
Total USD/GBP		(£1,885,663)	\$2,389,890	—	(5)
Total		(£9,576,948)		126	(5)

31 December 2023 (audited)	Maturity	Principal amount	Hedged amount	Fair value £'000	
				Financial assets	Financial liabilities
Contract EUR/GBP	4 January 2024	(£4,883,097)	€5,620,445	—	(2)
Contract EUR/GBP	4 January 2024	(£1,980,344)	€2,279,376	—	(1)
Contract EUR/GBP	4 January 2024	(£1,943,495)	€2,236,963	—	(1)
Contract EUR/GBP	22 March 2024	(£158,702)	€182,666	—	—
Contract EUR/GBP	4 October 2024	(£1,141,853)	€1,300,000	—	(1)
Total EUR/GBP		(£10,107,491)	€11,619,450	—	(5)
Contract USD/GBP	4 January 2024	(£2,167,111)	\$2,626,105	107	—
Total USD/GBP		(£2,167,111)	\$2,626,105	107	—
Total		(£12,274,602)		107	(5)

14.2 Capital management

At period end, the Company's capital was represented by share capital comprising issued ordinary shares and its credit facility, as detailed in notes 13 and 11 respectively. The credit facility was repaid in full then expired on 22 August 2024.

The Company may borrow up to 25% of its NAV at any such time borrowings are drawn down. Refer to note 11 for further information.

14.3 Fair value of financial assets

Valuation of financial instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of inputs used to make the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the 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; and
- 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 independent Valuation Agent has carried out semi-annual fair valuations of the financial assets of the Subsidiary (quarterly for investments subject to discount rate¹ changes). The same discount rates¹, determined by the independent 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 of 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 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	—	—	237,070	237,070
Derivative financial instruments	—	126	—	126
Total	—	126	237,070	237,196

30 June 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivative financial instruments (liabilities)	—	(5)	—	(5)
Total	—	(5)	—	(5)

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

14. Financial instruments continued

14.3 Fair value of financial assets continued

Valuation of financial instruments continued

31 December 2023 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	—	—	366,818	366,818
Derivative financial instruments (assets)	—	107	—	107
Total	—	107	366,818	366,925

31 December 2023 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivative financial instruments (liabilities)	—	(5)	—	(5)
Total	—	(5)	—	(5)

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 rates¹ for these investments (excluding the loans held at net realisable value which are not valued on a discounted cash flow basis; refer to note 2.2 for further information); discount rates¹ 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 2024 £'000	(Audited) 31 December 2023 £'000
Opening fair value of financial instruments at fair value through profit or loss	366,818	435,071
Investment in Subsidiary	2,618	32,655
Capital repayments from Subsidiary	(122,312)	(93,512)
Realised gain/(loss) on financial assets at fair value through profit or loss:		
Debt – Secured Loan Notes up to £1,000,000,000	723	(3,091)
Unrealised (loss)/gain on financial assets at fair value through profit or loss:		
Debt – Secured Loan Notes up to £1,000,000,000	(10,967)	(4,257)
Equity – representing one ordinary share in the Subsidiary	190	(48)
Closing fair value of financial instruments at fair value through profit or loss	237,070	366,818

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

For the Company's financial instruments categorised as Level 3, changing the discount rate¹ used to value the underlying instruments alters the fair value. In determining the discount rate¹ 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 yields on comparable instruments. Hence, movements in these factors would give rise to changes in the discount rate. A change in the discount rate¹ 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 2024, the NAV of the Subsidiary was as follows:

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
GABI UK ²	4,229	4,039

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 independent Valuation Agent, applying the following discount rates:

	Fair value ³ £'000	Valuation technique	Key unobservable inputs	Discount rate ¹
Financial assets at fair value through profit or loss – 30 June 2024	219,273	Discounted cash flow	Discount rate¹	10.4%
Financial assets at fair value through profit or loss – 30 June 2024	13,568	Net realisable value	Discount rate¹	—
Total	232,841			
Financial assets at fair value through profit or loss – 31 December 2023 (audited)	359,092 ⁴	Discounted cash flow	Discount rate ¹	10.5%
Financial assets at fair value through profit or loss – 31 December 2023 (audited)	3,687 ⁵	Net realisable value	Discount rate ¹	—
Total	362,779			

The investments in Project Companies held by the Subsidiary (excluding the loans held at net realisable value, refer to page 42) are valued on a discounted cash flow basis, in line with the methodology used by the independent Valuation Agent. At the period end, discount rates used in the valuation of financial assets ranged from 6-16% (31 December 2023: 7-14%).

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

2. Refer to note 8 for further information.

3. Including the NAV of the subsidiary.

4. Balance excludes the fair value of the loans held at net realisable value.

5. Fair value of the loans held at net realisable value which are not valued on a discounted cash flow basis, see page 42 for more information.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

14. Financial instruments continued

14.3 Fair value of financial assets continued

Valuation of financial instruments continued

At 30 June 2024, five loans were held at net realisable value. The Co-living group loan was valued at £nil million (31 December 2023: £1.2 million). While recovery is still possible, the asset was written down to £nil due to increased uncertainty about its eventual recovery. One Co-living loan was valued at £10.3 million (31 December 2023: £12.6 million). One of the football finance loans was valued at £0.3 million (31 December 2023: £0.5 million), based on the guaranteed portion of the loan, which is held at par, with the unguaranteed portion written down to £nil due to uncertainty around repayments. Two of the multi-use community facility loans were valued at £0.7 million and £2.2 million respectively (31 December 2023: £1.9 million and £4.0 million).

The Directors review the valuation report provided by the independent 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 that determine the discount rate¹ adopted by the independent Valuation Agent are pursuant to the independent Valuation Agents 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.

The table below shows how changes in discount rates¹ affect changes in the valuation of financial assets through profit or loss. The range of discount rate¹ changes has been determined with reference to historic discount rate¹ changes made by the independent Valuation Agent. In view of the change in the average weighted discount rate¹ of 2.1% during the prior year, the Audit committee considered it appropriate to increase the sensitivity range to +/- 2.00%. Loans with shorter durations are not sensitive to discount rates¹.

30 June 2024					
Change in discount rates ¹		2.00%	1.00%	0.00%	(1.00%) (2.00%)
Value of financial assets at fair value through profit or loss (£'000) ^{2,3}		253,481	244,915	237,070	229,864 223,227
Change in value of financial assets at fair value (£'000)		16,411	7,845	—	(7,206) (13,843)
31 December 2023					
Change in discount rates ¹		2.00%	1.00%	0.00%	(1.00%) (2.00%)
Value of financial assets at fair value through profit or loss (£'000) ^{2,3}		390,270	377,440	366,818	357,041 346,813
Change in value of financial assets at fair value (£'000)		23,452	10,622	—	(9,777) (20,005)

14.4 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company is a closed-ended investment company and therefore assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due. The Company ensures it maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In the period ended 30 June 2024, investments made by the Group were funded by Company cash reserves and amounts received from repayments.

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

2. Includes the fair value of the loans held at net realisable value which are not valued on a discounted cash flow basis; see note 14.3 for further details.

3. Including the NAV of the Subsidiary.

The table below analyses the Company's assets and liabilities in relevant maturity groupings based on the remaining period from 30 June 2024 to the contractual maturity date. The Directors have elected to present both assets and liabilities in the liquidity disclosure below to illustrate the net liquidity exposure of the Company.

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

	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months and not later than five years £'000	More than five years £'000	Total £'000
30 June 2024						
Financial assets						
Cash and cash equivalents	5,640	—	—	—	—	5,640
Financial assets at fair value through profit or loss	39,225	23,104	31,575	128,907	145,102	367,913
Total financial assets	44,865	23,104	31,575	128,907	145,102	373,553
Financial liabilities						
Derivative financial instruments	(8,378)	(57)	(1,142)	—	—	(9,577)
Other payables and accrued expenses	—	(776)	(281)	—	—	(1,057)
Total financial liabilities	(8,378)	(833)	(1,423)	—	—	(10,634)
Net exposure	36,487	22,271	30,152	128,907	145,102	362,919

	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months and not later than five years £'000	More than five years £'000	Total £'000
31 December 2023 (audited)						
Financial assets						
Cash and cash equivalents	30,936	—	—	—	—	30,936
Other receivables and prepayments	9	8	233	—	—	250
Financial assets at fair value through profit or loss	33,294	111,593	61,843	158,130	128,249	493,109
Total financial assets	64,239	111,601	62,076	158,130	128,249	524,295
Financial liabilities						
Derivative financial instruments	—	(11,133)	(1,142)	—	—	(12,275)
Other payables and accrued expenses	(3)	(1,154)	(204)	—	—	(1,361)
Total financial liabilities	(3)	(12,287)	(1,346)	—	—	(13,636)
Net exposure	64,236	99,314	60,730	158,130	128,249	510,659

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

14. Financial instruments continued

14.5 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing level of market interest rates on the fair value of financial assets, future cash flows and borrowings.

Interest rate risk has the following effect:

Fair value of financial assets

Interest rates are one of the factors which the independent Valuation Agent takes into account when valuing the financial assets. Interest rate risk is incorporated by the independent Valuation Agent to the discount rate¹ applied to the financial assets at fair value through profit or loss. Discount rate¹ sensitivity analysis is disclosed in note 14.3.

Future cash flows

In May 2024, shareholders passed a vote for the discontinuation of the Company and a managed wind-down. The assets of the Company will therefore be realised in an orderly manner, returning cash to shareholders by undertaking compulsory redemptions of ordinary shares in such volumes and at such times as the Board may, in its absolute discretion, determine, having regard to the amount of cash available for distribution and retaining sufficient working capital for ongoing operations.

The Company may use derivatives for efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate changes as part of the Company's efficient portfolio management. The Company has not entered into an interest rate hedging agreement during the period, or in the prior period.

Borrowings

During the prior period, the Company made use of its RCF to make investments in accordance with the Company's previous investment objective and policy. Details of the RCF are given in note 11.

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 2024 was £nil (31 December 2023: £nil).

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 held constant. Given there was no RCF drawn down at 30 June 2024, only the comparative figures have been shown below.

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)

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.

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

14.6 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Company. Assets classified at fair value through profit or loss do not have a published credit rating; however, the Investment Manager monitors the financial position and performance of the Group's borrowers on a regular basis to ensure credit risk is appropriately managed.

The Company is exposed to differing levels of credit risk across its assets. Per the statement of financial position, the Company's total exposure to credit risk is £242.9 million (31 December 2023: £398.1 million) represented through its investments, receivables, financial derivatives and cash.

Total cash reserves at the period end were £5.6 million (31 December 2023: £30.9 million). The cash is held at a number of banks that carry a minimum rating of A-2, P-2 or F2 from Standard and Poor's, Moody's and Fitch, respectively, to spread credit risk.

The Group's financial assets at fair value through profit or loss comprise debt and equity securities in the Subsidiary and, therefore, the credit risk of the Company's investments is highly dependent on the performance of the Subsidiary's investment portfolio, which is valued on a semi-annual basis by the independent Valuation Agent. Investments which may be subject to discount rate¹ changes are valued on a quarterly basis. The independent Valuation Agent takes into account the credit risk associated with these investments in their valuation by considering information provided by the Investment Manager on the performance of each underlying loan, including either early or late payments of capital and interest, varying relevant loan facility covenants on the financial, business (commercial) and legal position of each borrower and the expected realisation of assets, disposal of equity interests and/or refinancing of the loan.

The Company's investments are illiquid instruments and have contractual cash flows which are reassessed by the Investment Manager with each borrower for expected recoverability. After an investment is made, the forecasted cash flows are regularly updated by the Investment Manager with information provided by the borrower for review by the independent Valuation Agent in order to monitor ongoing financial performance.

Any changes in the fair value of the investment portfolio are recognised through profit or loss. Such movements will incorporate a change to fair value resulting from the receipt or expected non-receipt of interest or principal payments, timing changes of cash flows, and the date of valuation and changes to the discount rate¹. Discount rate sensitivity analysis is disclosed in note 14.3.

Credit risk assessment

At 30 June 2024, ten loans, totalling 34% (31 December 2023: eleven loans totalling 22.5%) of the fair value of the portfolio, have missed interest and/or principal payments. These loans will continue to be monitored by the Investment Manager with regular reporting to the Board.

The concentration of credit risk within the Group's investment portfolio is mitigated by its diverse exposure to a range of borrowers across 31 loans, multiple assets, sectors and strategies. At year end, the concentration of credit risk to any one key relationship counterparty did not exceed 20% (31 December 2023: <20%) of the Group's total assets. The Group had exposure to two key relationship counterparties (31 December 2023: four) which together represent 37% (31 December 2023: 58%) of the loans in the portfolio by value following repayments in the period. The loans also lie with different borrower entities, and in some cases with different ownership structures, within these relationships across different projects and assets.

Since the Company's IPO in 2015, the Investment Manager has pursued an investment strategy that, amongst other things, has sought to diversify risk across various sectors and borrowers. Following the approval by shareholders of all resolutions put to the AGM and EGM held in May 2024, which resulted in a change in the Company's objective to undertake a managed wind-down of the Company and realise all existing assets in the portfolio in an orderly manner, the size and value of the Company's portfolio will reduce as investments are realised and concentrated in fewer holdings, and the mix of loans and underlying asset exposure will be affected accordingly. This may adversely affect the overall performance of the Company's portfolio as it is exposed to a portfolio with lower diversification.

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

Notes to the unaudited interim condensed financial statements continued

For the period ended 30 June 2024

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 £151,000 (30 June 2023: £128,000). At 30 June 2024, liabilities in respect of these services amounted to £41,000 (31 December 2023: £63,000).

At 30 June 2024, the Directors of the Company held directly or indirectly, and together with their family members, 51,726 ordinary shares in the Company (31 December 2023: 161,171 ordinary shares).

Alex Ohlsson is the managing partner of Carey Olsen, the Company's Jersey legal advisers. 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 £1,870 was paid to Carey Olsen (30 June 2023: £nil) 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. A side letter to the existing investment management agreement was approved by shareholders at the Company's EGM in May 2024. Pursuant to the terms of the side letter, the Company has appointed the Investment Manager to implement a realisation plan that has been agreed with the Board. This plan sets out, among other things, the options and base case plan to realise each loan, the delegated authorities under which the Investment Manager shall work to implement the revised investment objective and policy and the approach to the realisation of any residual positions at the target date of 31 December 2027, or any other such date that may be agreed between the Company and Investment Manager from time to time, including the process for realisation and how the Investment Manager shall assess the merits of realisation against other options that may be available to the Company at such a time.

As a result of the responsibilities delegated under this investment management agreement, the Company considers the Investment Manager 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, pursuant to the terms of the side letter, the Investment Manager receives a reduced investment management fee of 0.75% 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. This fee is calculated and paid quarterly in arrears. Prior to 20 May 2024, the annual rate was 0.90% per annum. 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 £1,240,000 (30 June 2023: £1,758,000) in respect of the services outlined above: £1,224,000 (30 June 2023: £1,742,000) in respect of investment management services and £16,000 (30 June 2023: £16,000) in respect of AIFM services provided by the Investment Manager. At 30 June 2024, liabilities in respect of these services amounted to £429,000 (31 December 2023: £840,000).

In accordance with the terms of the side letter, the Investment Manager is entitled to an incentive fee equal to 20.0% of the value of any Excess Proceeds. 'Excess Proceeds' means, in respect of any realisation, the value of such realisation (if any) that is in excess of the value that would, on the date of such realisation, be required to deliver an IRR equal to 12.0% per annum, calculated using the XIRR function in Excel, and based on:

- a) a negative value equal to the 'Adjusted Portfolio Valuation Amount' on 31 December 2023;
- b) the negative values and dates of any cash advances made by the Company or the Group by way of a utilisation or drawdown under a loan or loans since 31 December 2023; and
- c) the positive values and dates of all realisations relating to the loans since 31 December 2023 received by the Company or the Group relating to loans at 31 December 2023.

The 'Adjusted Portfolio Valuation Amount' on 31 December 2023 was £321,214,023. The 'Adjusted Portfolio Valuation Amount' reflects an implied market capitalisation at 31 December 2023 based on an assumed share price of 82.5 pence and reflecting non-investment balance sheet items at 31 December 2023. The Board and the Investment Manager agreed an assumed share price of 82.5 pence for the purposes of this calculation to reflect shareholders' views on the value of the Company received during the strategic review.

The incentive fee is an IRR-based fee reflecting portfolio cash flows and, whilst the Investment Manager's right to an incentive fee is assessed on each realisation, no incentive fee shall be payable to the Investment Manager until a 12.0% compound annual return has been achieved on the 'Adjusted Portfolio Valuation Amount' through realisations.

The incentive fee replaced the arrangement fee whereby, prior to 20 May 2024, the Investment Manager, at its discretion, was entitled to an arrangement fee of up to 1% of the value of each investment made by the Company. The cost of any such fee was typically covered by the borrowers, and not the Company.

During the period, the Investment Manager received £nil (30 June 2023: £243,000) from arrangement fees which had been met by borrowers and £nil (30 June 2023: £nil) 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 2024, the Company received £499,000 (30 June 2023: £107,000).

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

At 30 June 2024, the key management personnel of the Investment Manager held directly or indirectly, and together with their family members, 1,429,698 ordinary shares in the Company (31 December 2023: 2,156,040 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 independent Valuation Agent in line with the rest of the portfolio and were approved by the Board at the time of acquisition.

Notes to the unaudited interim condensed financial statements continued

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15. Related party disclosures continued

Subsidiary

At 30 June 2024, the Company owned a 100% (31 December 2023: 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.

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Transactions		
Intercompany income received		
Other income	176	1,217
Arrangement fee income	499	109
Loan note interest realised	13,792	31,747
Total	14,467	33,073

	30 June 2024 £'000	(Audited) 31 December 2023 £'000
Balances		
Intercompany balances receivable	—	—
Principal value of intercompany holdings with financial assets at fair value through profit or loss	249,116	370,435

16. Subsequent events after the report date

On 30 July 2024, the Company declared a second interim dividend of 1.58125 pence per ordinary share amounting to £4.2 million which was paid on 9 September 2024 to ordinary shareholders on the register at close of business on 9 August 2024.

The Group received £25.1 million of repayments post period end, including from the following loans:

- a full repayment of £10.1 million from a loan secured against a residential development in Ireland;
- a partial repayment of £10.0 million from a loan secured against a real estate portfolio;
- a full repayment of £3.2 million from a loan secured against a student accommodation asset; and
- a full repayment of £1.4 million from a loan secured against music rights.

Additionally, the Company wrote off a loan with a valuation of £0.8 million and a principal value of £3.4 million secured against a multi-use community facility due to the distressed nature of the asset and no recovery through the administration process, as detailed on page 14.

The RCF matured post period end on 22 August 2024 and has not been renewed. The Company has arranged alternative means to retain the forward foreign exchange positions.

Certain forward foreign exchange contracts shown in note 14.1 matured post period end. Where required, new contracts were entered into to continue hedging these underlying positions.

17. Ultimate controlling party

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

Portfolio information (unaudited)

Loan details		Valuation	Valuation	Principal	Interest	Total	
Name	Country	£'000	%	balance (including capitalised) £'000	balance £'000	capitalised (since inception) £'000	Seniority
Conflicted loans			19.8%				
Student Accom 5	USA	1,126	0.5%	2,313	171	413	Subordinated
Student Accom 8	USA	14,832	6.4%	16,747	113	2,794	Subordinated
Student Accom 7	USA	13,582	5.9%	13,807	1,314	4,034	Subordinated
Student Accom 3	Ireland	12,860	5.5%	12,001	859	6,062	Subordinated
Student Accom 6	UK	3,383	1.5%	3,236	146	890	Subordinated
Non-conflicted problem loans			4.7%				
Property Co	UK	10,341	4.4%	16,842	1,230	—	Senior
Social 1	UK	750	0.3%	3,400	341	120	Senior
Property Co 13	UK	—	—	—	—	—	Senior
Non-conflicted watchlist loans			0.9%				
Social 2	UK	2,188	0.9%	6,364	0	1,432	Senior
Care home loans			24.0%				
Care Homes Co 2	UK	15,419	6.6%	15,870	6	—	Senior
Care Homes Co 5	UK	14,951	6.4%	15,430	—	2,877	Senior
Care Homes Co 3	UK	14,497	6.2%	14,922	6	—	Senior
Care Homes Co 1	UK	11,256	4.8%	11,571	4	—	Senior
Bridging Co property loan			4.3%				
Bridging Co 1	UK	10,086	4.3%	10,400	68	—	Senior
Other property financing loans			9.2%				
Property Co 7	UK	13,429	5.8%	14,700	37	—	Subordinated
Property Co 8	UK	7,942	3.4%	7,873	211	—	Subordinated
Other loans by sector			8.2%				
Football Finance 8	UK	14,333	6.2%	14,000	343	—	Senior
Football Finance 9	UK	1,848	0.8%	1,630	220	—	Senior
Football Finance 6	Italy	1,418	0.6%	1,301	29	—	Senior
Football Finance 7	Brazil	1,115	0.5%	956	124	—	Senior
Contract Income 6	Italy	306	0.1%	1,414	42	—	Senior
			6.5%				
Property Co 2	UK	15,048	6.5%	17,514	6	636	Senior
			15.0%				
Property Co 16	UK	10,649	4.6%	10,916	0	2,316	Subordinated
Property Co 20	Ireland	10,052	4.3%	10,054	0	1,355	Senior
Property Co 19	UK	6,229	2.7%	6,185	579	—	Senior
Property Co 21	Ireland	4,396	1.9%	4,446	3	—	Senior
Property Co 6	UK	3,088	1.3%	3,000	88	—	Subordinated
Property Co 17	UK	532	0.2%	504	28	—	Senior
			2.2%				
O&M Company	UK	5,096	2.2%	5,093	2	—	Senior
			5.2%				
Asset Finance Co 5	UK	7,697	3.3%	7,692	5	—	Senior
Boiler Co	UK	2,906	1.2%	2,952	2	—	Senior
Music Finance 1	Australia	1,525	0.7%	1,397	(2)	—	Senior
Portfolio summary		232,880	100.0%	254,530	5,975	22,929	

1. Alternative performance measure – refer to pages 52 to 54 for definitions and calculation methodology.

Currency	Maturity date	Current interest rate %	Current interest treatment	Discount rate ¹ %	Discount rate ¹ change in period %	Sector	Problem or Watchlist	Comments
GBP	20-Apr-23	9.50%	Pay	14.25%	—	Social Infrastructure	Problem loan	
GBP	31-Aug-27	11.51%	Capitalise	16.00%	—	Property		
GBP	31-Dec-24	12.67%	Pay	15.00%	—	Property	Watchlist loan	
GBP	30-Jun-32	9.50%	Pay	9.50%	—	Social Infrastructure		
GBP	31-Dec-23	13.00%	Pay	13.00%	3.00%	Social Infrastructure		Full repayment on 15/08/2024
GBP	31-Dec-36	6.30%	Pay	14.48%	0.09%	Social Infrastructure	Problem loan	
GBP	31-Mar-29	8.00%	Pay	13.00%	—	Social Infrastructure	Problem loan	
GBP	31-Jul-24	—	Pay	0.00%	—	Property	Problem loan	
GBP	31-Dec-32	8.00%	Capitalise	13.00%	—	Social Infrastructure	Watchlist loan	
GBP	30-Jun-37	8.00%	Pay	8.50%	—	Social Infrastructure		
GBP	30-Jun-38	8.75%	Capitalise	9.25%	—	Social Infrastructure		
GBP	30-Jun-38	8.00%	Pay	8.50%	—	Social Infrastructure		
GBP	31-Mar-36	8.00%	Pay	8.50%	—	Social Infrastructure		
GBP	30-Nov-27	7.60%	Pay	8.85%	—	Property		
GBP	20-Mar-24	9.28%	Pay	12.99%	—	Property		Partial repayment on 13/09/2024
GBP	09-Apr-24	9.28%	Pay	9.53%	—	Property		
GBP	30-Sep-27	8.91%	Pay	8.91%	—	Asset Finance		
GBP	30-Nov-24	8.00%	Pay	8.00%	—	Asset Finance		
EUR	31-Dec-25	9.00%	Pay	9.00%	—	Asset Finance		
EUR	30-Sep-24	6.08%	Pay	6.08%	—	Asset Finance		
EUR	31-Dec-43	2.03%	Pay	4.00%	—	Asset Finance		
GBP	30-Jun-38	6.00%	Pay	7.75%	—	Social Infrastructure		
GBP	31-Aug-24	9.50%	Capitalise	12.00%	—	Property		
GBP	30-May-24	10.35%	Capitalise	10.60%	—	Property		Full repayment on 08/07/2024
GBP	31-Dec-46	6.00%	Pay	6.75%	—	Property		
EUR	31-Mar-26	8.25%	Pay	8.50%	—	Property		
GBP	31-Dec-26	9.50%	Pay	9.50%	—	Property		
GBP	30-Sep-24	11.50%	Pay	11.50%	—	Property		
GBP	30-Sep-30	7.80%	Pay	7.80%	0.80%	Energy & Infrastructure		
GBP	31-Dec-26	8.70%	Pay	8.70%	—	Asset Finance		
GBP	31-Dec-25	7.80%	Pay	9.80%	—	Asset Finance		
USD	30-Jun-27	8.23%	Pay	8.23%	—	Asset Finance		Full repayment on 02/08/2024
		8.81%		10.37%				

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 Accounting Standards and are therefore classed as APMs. Where possible, reconciliations to IFRS Accounting Standards are presented from the APMs to the most appropriate measure prepared in accordance with IFRS.

All items listed below are IFRS Accounting Standards 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, EPS has been adjusted to remove the impact of fair valuation movements of investments in the period arising from: (i) discount rate adjustments; and (ii) upward or downward revaluations associated with the performance of investments.

	Period ended 30 June 2024 £'000	Period ended 30 June 2024 (Pence per share)	Period ended 30 June 2023 £'000	Period ended 30 June 2023 (Pence per share)
Adjusted EPS				
Basic and diluted earnings	1,693	0.41	7,979	1.86
Increase to weighted average discount rates ¹	3,116	0.76	5,155	1.13
Write-down of the Co-living group loan	1,246	0.31	353	0.08
Other downward revaluations associated with the performance of investments	6,336	1.55	—	—
Adjusted EPS	12,391	3.03	13,487	3.07

Average NAV

The average NAV of the Company over the reporting period.

	NAV per share (pence)	Period ended 30 June 2024 £'000	NAV per share (pence)	Period ended 30 June 2023 £'000
31 March 2024/2023	91.25	388,385	95.13	407,010
30 June 2024/2023	90.92	241,857	93.96	399,921
Average NAV	91.09	315,121	94.55	403,466

1. Refer to relevant APM on page 54 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 2024 £'000	Period ended 30 June 2023 £'000
Total profit and comprehensive income (£'000)	1,693	7,979
Weighted average number of shares	407,989,631	428,885,173
Basic EPS (p)	0.41	1.86
Adjusted EPS (p)	3.03	3.07
Dividends (p)	3.16 ¹	3.16
Dividend cover ratio (basic)	0.12	0.59
Dividend cover ratio (adjusted)	0.96	0.97

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 is calculated in accordance with the AIC's recommended methodology.

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Ongoing charges		
Investment management fees	1,224	1,742
Directors' remuneration	151	128
Operating expenses	2,035	605
Total expenses	3,410	2,475
Finance costs	(276)	31
Total	3,134	2,506
Annualised	6,286	5,054
Average NAV ^{2,3}	356,884	403,466
Ongoing charges ratio	1.8	1.3

1. Total dividends of 3.16250 pence per share includes a quarterly dividend of 1.581250 pence per share for the quarter to 30 June 2024, which was declared post period end.

2. Refer to relevant APM on page 52 for further information.

3. Based on average NAV for the six month period to 30 June 2024.

Alternative performance measures (“APMs”) continued

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 shareholders 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

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 on pages 52 to 54	EPS Earnings per share	IFRS Accounting Standards International Financial Reporting Standards Accounting Standards as issued by the IASB
AIC The Association of Investment Companies	FCA Financial Conduct Authority	Income Tax Law Income Tax (Jersey) Law 1961, as amended
AIC Code AIC Code of Corporate Governance	GABI GS GABI GS Limited	IPO Initial public offering
AIFM Alternative Investment Fund Manager	GABI Housing GABI Housing Limited	Jersey Company Law The Companies (Jersey) Law 1991, as amended
Annualised total shareholder return since IPO Refer to APMs on pages 52 to 54	GABI Housing 2 GABI Housing 2 Limited	LSE London Stock Exchange
APM Alternative performance measure	GABI UK and/or the Subsidiary GCP Asset Backed Income (UK) Limited	NAV Net asset value
Carey Olsen Carey Olsen Jersey LLP	GCP Infra GCP Infrastructure Investments Limited, a third party company advised by the Investment Manager	Ongoing charges ratio Refer to APMs on pages 52 to 54
CIF Law Collective Investment Funds (Jersey) Law 1988	Group The Company, GABI UK, GABI GS, GABI Housing and GABI Housing 2	Project Company A special purpose vehicle which owns and operates an asset
Company GCP Asset Backed Income Fund Limited	HY24 Six months ended 30 June 2024	RBSI The Royal Bank of Scotland International Limited
CPI Consumer price index	HY23 Six months ended 30 June 2023	RCF Revolving credit facility
Discount Refer to APMs on pages 52 to 54	HY22 Six months ended 30 June 2022	RPI Retail price index
Discount rate Refer to APMs on pages 52 to 54	IAS International Accounting Standards	Secured Loan Notes Loan notes issued to the Company
Dividend cover ratio Refer to APMs on pages 52 to 54	IASB International Accounting Standards Board	Weighted average annualised yield Refer to APMs on pages 52 to 54
DTRs Disclosure Guidance and Transparency Rules of the FCA	IASC International Accounting Standards Committee	Weighted average discount rate Refer to APMs on pages 52 to 54
	IFRIC International Financial Reporting Interpretations Committee	

Corporate information

The Company

GCP Asset Backed Income Fund Limited
IFC 5
St Helier
Jersey JE1 1ST

Directors and/or the Board

Alex Ohlsson (Chairman)
Joanna Dentskevich (resigned 20 May 2024)
Colin Huelin FCA (resigned 20 May 2024)
Marykay Fuller
Philip Braun FCA (appointed 20 May 2024)

Administrator, secretary and

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