Annual report and financial statements

RNS Number : 1942W
GCP Asset Backed Income Fund Ltd
14 April 2023

GCP ASSET BACKED INCOME FUND LIMITED

(the "Company" or "GCP Asset Backed")

LEI: 213800FBBZCQMP73A815

Annual report and financial statements for the year ended 31 December 2022

14 April 2023

The Directors of the Company are pleased to announce the Company's annual results for the year ended 31 December 2022. The full financial report and audited financial statements can be accessed via the Company's website at www.gcpassetbacked.com and will be posted to shareholders who elected to receive full copy statutory documents over the course of the next few weeks.

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ABOUT THE COMPANY

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

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

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

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

At 31 December 2022, its market capitalisation was £364.7 million. The Company is a constituent of the FTSE All-Share Index.

AT A GLANCE - 31 DECEMBER 2022

	2020	2021	**2022**
Market capitalisation £m	401.9	426.6	**364.7**
Value of investments[1] £m	446.0	447.0	**435.1**
Dividends for the year p	6.225	6.30	**6.325**
Dividends for the year p	0.25[2]	-	**-**
Ordinary share price p	91.30	97.00	**84.00**
NAV per ordinary share p	102.18	99.29	**94.90**
Profit for the year £m	27.4	15.0	**7.7**

HIGHLIGHTS FOR THE YEAR

- Dividends of 6.325[3] pence per share declared in respect of the year, in line with the dividend target for the year and continuing its stated aim of growing the dividend year-on-year.
- Total shareholder return[4] of -7.3%, total NAV return[4] of 1.9% (31 December 2021: 13.2% and 3.4%) and an annualised total shareholder return[4] since IPO of 3.5%.
- Profit for the year of £7.7 million (31 December 2021: £15.0 million). The decrease year-on- year reflects net unrealised valuation losses on the portfolio and a reduction in fee income. Further information on financial performance is included below.
- NAV per ordinary share of 94.90 pence at 31 December 2022, a decrease from 99.29 pence in the prior year, primarily due to the write-down taken against the Co-living group loan of 3.3 pence per share and discount rate adjustments made by the Valuation Agent in respect of UK property exposure. Further information is included in the Investment Manager's report below.
- Exposure to a diversified, partially inflation and/or interest rate-protected portfolio of 59 asset backed loans with a

third party valuation of £431.0[5] million at 31 December 2022.
- Loans of £102.0 million (new and follow-on) advanced by the Group during the year, secured against 32 projects with a further £13.9 million secured against four projects, advanced post year end.
- Repayments of £95.6 million during the year generating repayment fees of £0.8 million, with a further £12.5 million of repayments received post year end.

1. Includes the valuation of the Subsidiary, refer to note 11 to the financial statements for further information.
2. Special dividend of 0.25 pence per share declared in respect of the year ended 31 December 2020.
3. Total dividend of 6.325 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 31 December 2022, which was declared post year end.
4. Alternative performance measure - refer below for definitions and calculation methodology.
5. Valuation of the portfolio held by the Subsidiary. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 to the financial statements 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 generate attractive risk-adjusted returns through regular, growing distributions and modest capital appreciation over the long term.

Attractive risk adjusted returns	**Regular, growing distributions**	**Capital appreciation**
To provide shareholders with returns that are attractive with regard to the level of risk taken.	To provide shareholders with regular, growing dividend distributions.	To achieve modest appreciation in shareholder value over the long term.
Key performance indicators		
The Company has generated an annualised total shareholder return[1] since IPO of 3.5%.	The Company has grown its dividend year-on-year[4], achieving its stated aim for the seventh consecutive year.	The Company's shares were trading at 84.00 pence per share at the year end.
-7.3% Total shareholder return[1] for the year 31 December 2021: 13.2%	**6.325p** Dividends in respect of the year 31 December 2021: 6.30p	**84.00p** Share price at 31 December 2022 31 December 2021: 97.00p
8.0%[2] Weighted average annualised yield[1] on investment portfolio 31 December 2021: 7.3% (8.0% excl. Co-living group loan)	**53%** Percentage of portfolio with partial inflation and/or interest rate protection 31 December 2021: 46%	**11.5%** Discount[1] to NAV at 31 December 2022 31 December 2021: 2.3% discount[1]
Sustainability indicators		
Portfolio by value with an EPC rating of B or above **44%[3]**	Portfolio by value providing benefits to end users in society[5] **30%**	Gender diversity of the Board of Directors of the Company **50:50**

Further information on Company performance can be found below.

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. Including the Company's Co-living group loan which is held at net realisable value. Excluding this loan, the weighted average annualised yield[1] is 8.3%.
3. Percentage of portfolio with an EPC rating of B or above, 14% rated C, 5% rated D, E, and F, with the remainder either not applicable or not found.
4. The dividend is fully covered by adjusted earnings[1] of 6.58 pence per share.
5. Measured in alignment with the UN SDGs: housing for vulnerable adults, care for the elderly, nurseries, urban regeneration and affordable housing.

PORTFOLIO AT A GLANCE

Portfolio of 59 asset backed loans with an average life of six years which are partially inflation and/or interest rate protected. The loans fall within the following sectors and are secured predominantly against physical assets and contracted cash flows in the UK.

59 assets			
Asset finance	*Property*	*Social infrastructure*	*Energy and infrastructure*
£55.1m	£195.7m	£164.3m	£15.9m
Percentage of portfolio by value			
13%	45%	38%	4%
Number of loans within sector			
11	19	24	5

Senior ranking security **69%**	UK exposure[1] **80%**	Secured against physical assets **87%**

1. The Company has exposure to overseas assets located in Europe, the US, Australia and Hong Kong.

CHAIRMAN'S STATEMENT

I am pleased to present the annual report of the Company for the year ended 31 December 2022.

Introduction
The Company continues to offer investors exposure to an attractive and diversified portfolio of secured loans. The relatively short-dated duration of the portfolio continues to allow the portfolio to refresh its characteristics and take advantage of changing levels of risk and return opportunities as a result of the macro-economic environment.

This year has seen continued challenges for the Company, with the headwinds in the UK economy, and the availability of a broader range of income producing investments arising from increased interest rates. These factors have contributed to the Company's shares trading at a persistent discount[1] to NAV. Notwithstanding these challenges, the shifts in the market have presented exciting new opportunities and we believe that the Company is well placed to adapt to the new macro-economic environment while continuing to provide risk-adjusted returns to investors, through its diversified portfolio of loans.

Across the loan portfolio, four loans have experienced challenges in the year. These are the Co-living group loan, where the impact of the ongoing resolution has resulted in further write-downs, two loans to multi-use community facilities and a loan for which a small number of the underlying supported living assets have been impacted by issues

at the registered provider. In total, impacted assets across these four loans represent 4%[2] of the total portfolio by value at year end. Further information on these assets is included below.

Importantly, elsewhere in the portfolio, borrowers have continued to perform well with a number expanding their operations into new sites and geographies over the year. Within the student accommodation sector, we have seen occupancy on assets in the UK and Ireland achieve an average of 98.5% albeit with slower recovery being seen on assets in Australia.

Equally, whilst operational assets are seeing cost inflation, we have seen good demand on care home assets achieving an average occupancy of 90% and stabilised nurseries (operating for more than 18 months) at 93%.

Consistent with challenges seen across the market and reflecting the higher interest rate environment, the Company's shares have traded at a persistent discount[1] to NAV through the year. The Board has therefore undertaken a buyback programme to demonstrate support for the NAV, to benefit from the consequent accretion to NAV and to provide confidence to the market. The Board stepped in to initiate a similar programme of support in 2020 in response to the Covid-19 pandemic and remains supportive of taking strategic action where this represents value to the Company and to its shareholders.

Throughout the year, both the Board and Investment Manager have sought to engage with shareholders through regular communication, including webinars, meetings and factsheets. The aim is to ensure that shareholders receive timely and comprehensive information on the portfolio and any other significant matters as appropriate. The Board and the Investment Manager also engaged with shareholders in the latter part of 2022 to discuss the resignation of David Conlon, the lead fund manager. The Board and Investment Manager remain keen to engage with shareholders to answer any questions.

Looking to the future, the Investment Manager has an attractive pipeline of new investments in well-understood sectors and is working with existing borrowers to understand their future funding requirements. Both new and follow-on investments are being made at higher rates of return to reflect the shift in rates seen across the lending market in 2022. Repayments in the year on existing loans were at an average interest rate of 7.7% against new investments made during the year at an average interest rate of 8.6%.

1. Alternative performance measure - refer to below for definitions and calculation methodology.
2. Calculation comprises 50% of the supported living loan to reflect only the impacted assets. Including the full loan this percentage would increase to 5.6%.

Financial performance
In the period, the Company's portfolio generated total income of £14.4 million with profit for the period of £7.7 million, decreasing from £15.0 million in the prior year reflecting net unrealised valuation losses on the portfolio as detailed below, and a reduction in fee income. Further information is included in the financial review below.

Net assets
At the year end, the net assets of the Company were £412.0 million. The NAV per share decreased from 99.29 pence at 31 December 2021 to 94.90 pence at the year end. The valuation of investments decreased during the year to £435.1 million from £447.0 million at 31 December 2021, with the largest single asset exposure comprising 3.7% of total portfolio by value.

The decrease in NAV per share is primarily as a result of the write-down taken against the Co-living group loan, which represents 3.3 pence per share, and discount rate adjustments made by the Valuation Agent in respect of UK property exposure. These are reflected through net unrealised valuation movements in accordance with IFRS. Further information is included in the Investment Manager's report below.

Financing
The Company has been utilising the RCF to efficiently deploy available capital and take advantage of increases in prevailing market rates. Utilisation over the last year has averaged 11% and at the year end, £32.1 million of the RCF was utilised, representing 7.2% of total assets.

The performance of the RCF has been positive: the Company has demonstrated coverage on all financial covenants and compliance with other covenants. The RCF commitment (which has not to date been fully drawn) does not constitute an aggressive level of gearing and that the Company has met, and continues to be able to meet, all financial commitments and covenants of the RCF.

The £50.0 million RCF with RBSI includes an optional extension (with lender approval) in August 2023, which will allow for an additional term of one year. The Company, through the Investment Manager, has commenced a review of its financing arrangements with the intention of extending the RCF in advance of the date of expiry, as well as exploring alternatives should the RCF not be renewed. As such, the Board is satisfied that the Company can continue to meet its liabilities as they fall due over the next twelve months.

Further information on the RCF is given in notes 2.1 and 14 to the financial statements.

Investments
During the year, the Group advanced £102.0 million in the form of 32 investments: 8 new and 24 follow-on transactions. Investments made during the year have been consistent with the Company's investment objective and policy. Further information is provided below.

Co-living group loan
The Co-living group loan breached a liquidity covenant in May 2021 and has been in a work-out process over the last two years. The loan is a syndicated loan and the Group is part of a consortium of lenders.

Since the loan defaulted, the consortium of lenders has been looking to achieve the sale of the assets of the Co-living group to recover as much value as possible. Significant progress has been made in this regard, with the flagship Canary Wharf asset sold in late 2022. Further details on the work-out process and plans for the remaining assets are set out below.

As noted later in the Investment Manager's report, the key features of this loan are not present in any other loan in the portfolio. Further detail is included below.

Key highlights

£102.0m Investments made	**£95.6m** Principal repaid	**£31.9m** Interest received	**£27.8m** Dividends paid	**21** Asset classes

Share price performance
The Company's shares have persistently traded at a discount[1] to NAV throughout the year, with an average discount[1] of 6.0%. At 31 December 2022, the share price was 84.00 pence, representing a discount[1] to NAV of 11.5%. Since IPO, the shares have traded at an average discount[1] of 1.2%.

The total shareholder return[1] for the year was -7.3% (31 December 2021: 13.2%) which was driven by a reduction in the Company's share price. Total NAV return[1] for the year was 1.9% (31 December 2021: 3.4%).

As discussed above, in recognition of the continued discount, the Board has sought to undertake a buyback programme. During the year, the Company repurchased a total of 5,682,459 shares at a weighted average price of

81.39 pence per share, a discount[1] to the prevailing NAV. This activity was NAV accretive and contributed 0.2 pence per share since the programme was recommenced in October 2022. Where the Board considers there to be a continued benefit for the Company and for shareholders, it will look to the continuation of the buyback programme. Post year end, a further 6,325,000 shares have been repurchased, contributing 0.2 pence per share to the NAV.

Dividend policy
The Company paid 6.325 pence per share in interim dividends, compared to 6.30 pence per share paid in interim dividends for 2021, meeting the target set for 2022 and fulfilling the Company's stated aim to grow its annual dividend year-on-year. The dividend was 0.28 times covered by EPS of 1.75 pence and 1.04 times covered by an adjusted EPS[1] of 6.58 pence.

Key risks
The year has seen shifts in the economic, political and regulatory risks relevant to the Company and to all UK-focused businesses. However, some clarity has been reached on the impact of Brexit and the Covid-19 pandemic on the Company with reduced uncertainty on how borrowers are able to operate.

Rising interest rates in the year and post year end present both risks and opportunities for the Company. The economic environment has seen some lenders reduce their lending activity, presenting opportunities for investment and allowing for higher yielding loans, particularly on loans with rate linkage. However, the interest rate environment also presents challenges to the Company, as evidenced in part by the Company's share continuing to trade at a discount[1] to NAV.

In the year, the war in Ukraine has had a profound impact on geopolitical relations. Whilst there are no loans in the portfolio that have been advanced to companies based in Ukraine, Russia or Belarus and no borrowers have been subject to sanctions, the conflict has seen impacts across a variety of businesses, particularly on supply chains in construction and energy prices. Construction projects across the portfolio have the benefit of fixed price construction contracts with experienced counterparties. To date, whilst there has been cost inflation across the portfolio, none of the Group's loans to construction projects have had cost overruns in excess of budgeted contingencies.

The loan portfolio has a significant exposure to residential property, particularly in the UK. Whilst house prices in the UK rose in the year, given the current inflationary environment, commentators are anticipating a reduction in residential property value in the UK over the coming year. The property portfolio retains headroom for reductions with an average LTV[1] of c.70%. Equally, the Investment Manager works closely with borrowers to understand exit strategies for all residential property investments. In a downturn, this could include sale of assets, refinancing with another lender or holding assets for rental income.

The Company's portfolio includes 20% of overseas investment. Of this exposure, 10% is hedged and 90% is held in Sterling loans. In the year, currency markets experienced increased volatility but there was limited impact on the portfolio due to the hedging strategy adopted.

The Board and Investment Manager carry out stress and viability testing on the Company to assess the impact of these risks. Further detail on stress and viability testing and the risks and uncertainties facing the Company is set out below.

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

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. Refer below for further details.

Responsible investment
The Board has continued to work closely with the Investment Manager to make progress against the Company's stated aims in respect of ESG and to identify ways in which the Company can embed the principles of responsible investment within its operations. Although the Company, as an investment company, is currently excluded from the requirement to report against the recommendations of the TCFD, this year, as progress towards future compliance, the Company has provided description on the four TCFD pillars of governance, strategy, risk management and metrics and targets; refer to the sustainability section below. Of particular note has been the data collection project undertaken by the Investment Manager, to develop, quantify and report material ESG metrics from the underlying portfolio. Further details of the work the Board and Investment Manager have undertaken on ESG are detailed below.

Investment Manager
In October 2022, David Conlon resigned from the Investment Manager. Mr Conlon had acted as lead fund manager since IPO and we would like to thank him for his contribution to the Company over this period. Since his departure, Joanne Fisk, Philip Kent and Rollo Wright have taken over responsibility for the management of the Company and an update on the Investment Manager's plan for resourcing is included below.

Outlook
The Company continues to operate in a challenging macro-economic environment and this is impacting the performance of a small proportion of the portfolio, particularly the Co-living group loan which has seen further reductions in fair value throughout the year.
Aside from the four loans that have experienced challenges during the year, performance across the remaining 55 assets has been stable with £127.5 million in principal and interest repaid. Post year end, one of the football finance positions representing 0.5% of the loan portfolio missed a payment comprising interest and principal amounts due to a change in legislation in the asset jurisdiction. Further information is included below.

Whilst there are challenges, the current environment also presents opportunities for the Company to make new investments and reset the portfolio yield. Over the year, yields on new investments averaged 8.6% respectively, contributing to an increase in the weighted average annualised yield[1] from 7.3% at 31 December 2021 to 8.0% at 31 December 2022. This trend is set to continue for the forthcoming year.

We believe that the Company is well placed to adapt to the new environment and meet its three stated investment objectives. We would like to thank our shareholders for their continued support and engagement over the year.

Alex Ohlsson
Chairman

13 April 2023

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. Including the Company's Co-living group loan which is held at net realisable value. Excluding this loan, the

weighted average annualised yield[1] is 8.3%.

STRATEGIC OVERVIEW

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

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

Investment policy
The Company seeks to meet its investment objective through a diversified portfolio of investments which are secured against, or comprise, contracted, predictable medium to long-term cash flows and/or physical assets. The Company's investments will predominantly be in the form of medium to long-term fixed or floating rate loans which are secured against cash flows and/or physical assets which are predominantly UK based.

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

The Company will at all times invest and manage its assets in a manner which is consistent with the objective of spreading investment risk.

Investment restrictions
The Company observes the following investment restrictions:

- any single investment, or any investments with a single counterparty, will be limited to 20% of the gross assets of the Company;
- investments in equities and equity-related derivative instruments, including controlling equity positions and any direct investments in physical assets, will be limited to 10% of the gross assets of the Company;
- no more than 30% of the gross assets of the Company will be used to finance investments outside the UK; and
- the Company will not invest in other listed closed-ended funds.

The limits set out above shall all apply at the time of investment, as appropriate.

Structure of investments
The Company typically makes investments directly or indirectly through one or more underlying special purpose vehicles which will usually be wholly owned by the Company and over which the Company will exercise control as regards investment decisions. The Company may from time to time invest through vehicles which are not wholly owned by it. In such circumstances, the Company will seek to secure controlling rights over such vehicles through shareholder agreements or other legal arrangements.

In the event of a breach of the investment restrictions set out above, the Investment Manager shall inform the Directors upon becoming aware of the same and if the Directors consider the breach to be material, notification will be made to a regulatory information service.
No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

Non-financial objectives of the Company
The key non-financial objectives of the Company are:

- to maintain strong, long-term and positive working relationships with all stakeholders, including shareholders and borrowers;
- to promote the development of emerging asset backed sectors by developing financial products that match the requirements of these sectors; and
- to operate a long-term, viable business model, which does not detrimentally impact the environment and provides tangible benefits to society.

Key policies
Borrowing and gearing policy
The Company may, from time to time, use borrowings for investment purposes, to manage its working capital requirements or in order to fund the market purchase of its own shares. Gearing, represented by borrowings, will not exceed 25% of NAV, calculated at the time of borrowing.

Hedging and derivatives
The Company may invest through derivatives for investment purposes and 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.

Investments will be denominated primarily in Sterling. However, the Company may make limited investments denominated in currencies other than Sterling, including US Dollars, Euros and Australian Dollars. In the event of the Company making such investments, the Investment Manager will use its judgement, in light of the Company's investment policy, in deciding whether or not to effect any currency hedging in relation to any such investments. In addition, the Company may do so where the Investment Manager considers such hedging to be in the interests of efficient portfolio management and may utilise derivative instruments to seek to achieve this. The Company will not engage in currency trading for speculative purposes.

Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the remainder of the Company's investment portfolio and will be subject to the investment restrictions described above.

Dividend policy
The Company pays dividends on a quarterly basis, with dividends typically declared in January, April, July and October and paid in or around February, May, August and November in each financial year.

The Company has authority to offer a scrip dividend alternative to shareholders. The offer of a scrip dividend alternative was suspended at the Board's discretion, for all 2022 dividends, as a result of the discount between the likely scrip dividend reference price and the relevant quarterly NAV per share of the Company. The Board intends to keep the payment of future scrip dividends under review.

Conflicts of interest
Where there is any overlap for a potential investment with GCP Infra, GCP Infra has a right of first refusal over such investment. GCP Infra has not exercised this right of first refusal since the Company's IPO.

In the event that the Investment Manager or any shareholders, directors, officers or employees of the Investment Manager are directly or indirectly interested in any entity or asset in relation to any investment proposal, the potential investment is presented to the Board for its approval. Further details can be found below.

BUSINESS MODEL

The Group's purpose is to invest in a diversified portfolio of asset backed loans to provide regular, growing distributions and modest capital appreciation over the long term.

Investment objectives	Sustainability considerations	Implementation of investment strategy	Key performance indicators	Sustainability indicators

<table>
<tr>
<td rowspan="4">Attractive risk adjusted returns
To provide shareholders with returns that are attractive with regard to the level of risk taken.

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

Capital appreciation
To achieve modest appreciation in shareholder value over the long term.</td>
<td>Governance
Read how the Company is governed and the activities of the Board during the year in the governance section below.</td>
<td colspan="2">INDEPENDENT BOARD | STRONG GOVERNANCE

Read more below.

INVESTMENT MANAGER</td>
<td>Annualised total shareholder return[1] since IPO was 3.5%.

-7.3%
Total shareholder return[1] for the year</td>
<td>Governance
50:50
Board gender diversity at 31 December 2022</td>
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<tr>
<td>Environmental
Read about how the Company's activities benefit the environment in the sustainability section below.</td>
<td>LOAN ORIGINATION AND EXECUTION

ESG due diligence

The Group invests in asset backed loans utilising the Investment Manager's expertise and a proven track record in loan originating and monitoring. The Group is able to provide bespoke lending solutions where traditional lenders cannot due to reasons other than credit quality.</td>
<td>OPERATIONAL MANAGEMENT

ESG data collection

The operations of the Company are delegated to the Investment Manager and overseen by the Board. The Investment Manager maintains a robust control environment and undergoes an internal controls review from an external audit provider on an annual basis.</td>
<td>The Company has increased its dividend year-on-year.

6.325p
Dividends in respect of the year</td>
<td>Environmental
44%[2]
Portfolio by value with an EPC rating of B or above</td>
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<td rowspan="2">Social
Read about how the Company's activities contribute to society in the sustainability section below.</td>
<td rowspan="2">FINANCIAL MANAGEMENT

ESG positive investment

The Company operates a disciplined approach to financial management, only increasing its capital when it has a highly executable pipeline of investments. The Company uses hedging where appropriate to manage foreign exchange exposure.</td>
<td rowspan="2">RISK MANAGEMENT

Assessing climate risk

The Company operates a robust risk management and mitigation process along with active controls monitoring and stress testing procedures. The Investment Manager is appointed as AIFM to the Company and is responsible for the management of risk alongside the Board.</td>
<td rowspan="2">The shares have traded at an average discount[1] to NAV throughout the year.

11.5%
Discount[1] to ordinary share NAV at year end</td>
<td>Social
1,319
FTEs at portfolio level at 31 December 2022</td>
</tr>
<tr>
<td>Financial
Read about the Company's financial performance and dividend cover in the financial review and its long-term viability below.</td>
<td>Financial
0.28x
Dividend cover (IFRS) at 31 December 2022[3]</td>
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<td></td>
<td></td>
<td>THIRD PARTY SERVICE PROVIDERS</td>
<td>ADVISORY AND ADMINISTRATION</td>
<td></td>
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</tr>
</table>

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. Percentage of portfolio with an EPC rating of B or above, 14% rated C, 5% rated D, E, and F, with the remainder either not applicable or not found.

3. The dividend of 6.325 pence per share is fully covered by an adjusted EPS[1] of 6.58 pence per share.

INVESTMENT MANAGER'S REPORT

The Company's target market remains underserviced by mainstream lenders and therefore presents an opportunity for generating attractive risk-adjusted returns.

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

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

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

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

The Investment Manager uses a covenant-heavy approach to lending within these structures as opposed to a 'covenant-lite' approach. The former is an approach which tailors loans to each borrower and requires the borrowers to meet well defined and specific performance measurements or covenants. The latter is a loan facility with less restrictions on the borrower and with fewer protections for the lender. The Investment Manager continues to see significant benefits in a covenant-heavy approach with information reporting requirements providing visibility of potential issues, if any arise.

Active management
The Investment Manager continues to work closely with borrower management teams which it sees as crucial to navigating the changing macro-economic environment. As well as receiving information mandated under the loan documentation, the Investment Manager's designated portfolio management team seek to maintain a regular dialogue with borrowers to ensure any potential issues are identified early and can be escalated appropriately.

In the year, this engagement has included additional data collection relating to climate risk and ESG factors to improve information held on the portfolio further information is included below.

In addition, the Investment Manager has focused on the ability of operational assets within the portfolio to meet rising energy and staffing costs. Whilst there has been no impact on loan performance to date, this is an area the Investment Manager continues to monitor, particularly for the nursery and care home sectors where there is greater exposure to staff costs.

Portfolio rotation
The portfolio has a weighted average loan duration of six years which allows for rotation of the investments over a relatively short period. This enables the Investment Manager to maintain a diversified portfolio of investments which reflect the prevailing market risk-adjusted rates of return.

Repayments of £95.6 million were received by the Company during the year. The Investment Manager seeks to carefully manage repayments and match to the pipeline of investments to efficiently deploy capital and utilise the Company's RCF.

The table below sets out the top five full repayments received during the year and a description of key assets.

Football finance
The Group's first three loans in the football finance sector repaid in full during the year, representing a total of £27.3 million in principal repayment. The loans had an average interest rate of 6.6% and were secured against broadcasting income and player transfer contracts. Two of the loans were to European clubs and one to a Premier League club in the UK. During the year, these repayments were reinvested with a total of £22.8 million of new investment into the sector at an average interest rate of 7.5% which represents 8.0% of the loan portfolio at year end.

Residential property portfolio
The Group continues to lend against a variety of residential property and property lending strategies. During the year, £53.4 million was received in repayments in this sector. This included two short-term bridging loans totalling £13.9 million for development sites in London which refinanced into construction financing with other lenders in the market.

Student accommodation
Since 2016, the Group has provided financing to student accommodation projects in the UK and overseas. This year, partial repayments were made on two of these loans; one secured against an operational site in Dublin, Ireland and the other against a portfolio of operational and development sites across Australia. The partial repayments were met through equity contributions which reduced the interest on these loans as well as reducing the LTV[1].

Overseas investment
The Investment Manager continues to take a cautious approach to investment outside the UK, whilst appreciating the benefit of geographical diversification for the Group.

At 31 December 2022, 20% of the portfolio was invested in assets outside the UK. Some examples of these investments are:

- a student accommodation project in Dublin which opened in September 2021 and is currently at 97% occupancy;
- a residential co-living development in Boston which reached practical completion in December 2022, offering 477 units in an underserved area of the city; and
- football finance deals secured against broadcasting income for clubs competing in La Liga, a Spanish football league, and Serie A, an Italian football league.

During the year, headwinds in the UK property sector drove an increase in discount rates on UK property exposure from the Company's independent Valuation Agent. Whilst a number of the overseas assets were not subject to the same changes, downward revaluations were seen on assets within the Co-living group exposure.

Due diligence for overseas projects involves specialist advice from relevant advisers to ensure that issues specific to the jurisdiction of the assets is considered and documentation of the loans meets any local requirements. In most instances, projects overseas are with sponsors known to the Investment Manager and often who are looking to expand their business following successful projects in the UK.

Currently, one identified pipeline project is an overseas opportunity.

Full repayments during the year (top five by value)

Sector	Amount repaid	Interest rate	IRR[1,2]	Origination date	Type of loan	Description
Asset finance	£15.0m	7.0%	7.0%	December 2020	Senior	Repayment of a football financing loan secured against broadcast revenue

Asset finance	£12.3m	6.1%	6.7%	August 2020	Senior	Repayment of a football financing position through equity
Energy and infrastructure	£10.3m	6.8%	7.4%	June 2021	Senior	Refinancing of a loan to a small portfolio of infrastructure assets
Property	£8.1m	9.2%	10.3%	November 2021	Senior	Repayment for a short-term bridging loan which was refinanced into a development loan with a different lender
Property	£5.8m	9.2%	10.1%	November 2021	Senior	Repayment for a short-term bridging loan which was refinanced into a development loan with a different lender
Total/weighted average	**£51.5m**	**7.4%**	**8.0%**			

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. The IRR for asset finance loans does not include the associated costs of hedging foreign exchange exposure.

Construction projects
The portfolio has 16.9% exposure to projects currently under construction at the year end. This continues to provide positive diversification for the Group, often representing higher yield investments to reflect construction risk, with completed assets giving the Group exposure to substantially de-risked operational projects.

Across the portfolio, construction projects include:
- a purpose-built care home in an undersupplied area of South Wales;
- affordable housing units being developed on an airspace in South London, supported by the Greater London Authority;
- an exclusive development of luxury homes outside London;
- student accommodation projects in Australia; and
- co-living developments in the US.

Through the year, there has been significant cost inflation for construction materials following supply chain issues and energy cost increases driven by the ongoing conflict in Ukraine. All of the construction projects in the portfolio are under fixed-price construction contracts and the Investment Manager has not seen any impact on the loan position, with any cost increases agreed with contractors being absorbed by additional equity or within budgeted contingencies.

In the due diligence process for construction projects, the Investment Manager considers the creditworthiness and suitability of the construction counterparty to the relevant project as a key factor of the investment process. In addition, collateral warranties and contract assignments are taken as part of the security package on these projects.

At the time of writing, the Investment Manager is seeing a slowing of construction cost inflation and more competitive pricing from contractors for their work. The current pipeline includes two construction projects.

Investment pipeline
The Investment Manager actively manages a pipeline of investment opportunities available to the Group to ensure efficient deployment of capital. The Investment Manager is continuing to see an attractive pipeline of opportunities across a variety of sectors.

The current pipeline represents c.£56 million of opportunities in the social infrastructure, asset finance and property sectors. Since the year end, £13.1 million has been successfully transacted in loans to a bridging loan company and to residential property development.

As has historically been the case for the Group, many of the pipeline projects are follow-on deals with existing borrowers with whom the Investment Manager maintains close working relationships. Equally, the Investment Manager is working closely with existing borrowers who are looking to extend their loans to optimise sales values of their assets.

Pipeline opportunities are 93% senior loans with a weighted average yield of 9.3%, with c.7% overseas assets.

Asset update - Co-living group loan
Background
Co-living is a maturing sector in the private residential rental market which provides studio apartments with high-quality shared living facilities at a price point below comparable market rent. The product typically targets young professionals or visitors to an area looking for short-term, high-quality accommodation.

The Company first advanced a loan to the Co-living group in March 2017 with an initial investment of £5.3 million growing over time to support the Co-living group's growth across multiple properties.

In late 2019, the Investment Manager was approached with a proposal to enter into a larger facility alongside Deutsche Bank, the 'Lender group'. Under the new facility, the Company held commitments of c.38% of the total facility of £140.0 million (£52.8 million) which comprised three tranches. Only the first tranche of this facility was drawn due to the impact of Covid-19. Upon entering the loan agreement, the Company's total exposure to the Co-living group was reduced from £48.5 million to £30.0 million, although the Co-living group's total borrowing (across multiple lenders) increased as a result of the transaction.

Following the breach of a liquidity covenant in May 2021, driven by challenges of operating under Covid-19 restrictions and the Co-living group's inability to access further secondary funding for development sites, the Lender group stepped in to progress a sale of the Co-living group.

Unfortunately, there were a number of failed sales processes for the Co-living group. To realise maximum value from the assets, the Lender group established a 'Bidco' to transfer key assets out of the Co-living group for stabilisation and sale.

Process update
During the year, there was a further write-down of the net realisable value of this loan from £18.8 million at 31 December 2021 to £4.4 million at the year end, for the following reasons:

- multiple sales processes on the key US asset were frustrated by reduced availability of funding packages for prospective purchasers, resulting in write-downs on these positions;
- sale of the flagship Canary Wharf asset, whilst completed prior to the year end, included a negotiated retention in respect of the VAT position of the asset. Within the Company's valuation, it has been assumed that this is not recovered in full;
- stabilisation of the Old Oak asset is ongoing, with a focus on fire reporting required for an optimal sales process. The asset is confirmed to be safe for operations but may require remediation works to complete a sale with financing. As such, the valuation has been adjusted to assume complete remediation works and reflects increased costs of operating the asset;
- development of a further key site is ongoing, but given cost inflation on construction, headwinds in the UK property sector and the nature of the Lender group's interest in the asset, the realisable value for the Lender group on completion has been reduced accordingly;
- the Lender group was unable to reach agreement with senior lenders on a number of smaller portfolio assets resulting in £nil assumed recovery on these assets; and
- cost estimates to wind up the acquisition vehicle have been revised upwards.

In total, the Company has invested £36.3 million of cash, capitalised £4.8 million of interest and fees, and received cash repayments of £1.6 million, resulting in a net total investment of £39.4 million. The fair valuation at 31 December 2022 was £4.4 million based on an estimate of the net realisable value. This is clearly an extremely disappointing result for the Company and Investment Manager, and is as a result of a complex loan structure, involvement of multiple stakeholders and an expensive work-out process. The structure of this loan in the portfolio was unique and whilst the Company continues to have exposure to the co-living sector, the Investment Manager has taken on board the lessons learnt from this process. These include changes to the investment process and loan structuring, including:

- no other group lending facilities to retain control over lender decisions;
- no new 'holding company' positions with loans secured as close to the assets and operations as possible; and
- investment papers to include exit strategies in both base case and downside scenarios (e.g. steps that could be taken to dispose of the assets and potential purchasers).

Current position
At the time of writing, the latest position on the remaining assets is:

- one large US asset is in advanced negotiations for a sale. This asset is currently held at £nil value so any release to the Lender group would be positive for the Company;
- advisers are working on comprehensive fire reporting on the Old Oak site. The Lender group is working closely with the senior lender on this site; and

- post period end, the Lender group has sold its interests in the last development asset. This transaction does not have a material impact on the fair value of the Co-Living group loan at 31 December 2022.

Investment Manager update

Following the Investment Manager personnel changes announced by the Company in October 2022, the Investment Manager has been working closely with the Board to ensure the continued provision of investment management services to the Company. Joanne Fisk and Philip Kent will continue as co-managers of the Fund on a permanent basis with the support of 11 full-time professionals. The wider team provides dedicated and shared credit investment resource, dedicated portfolio management, as well as investor relations, finance, legal, compliance and administrative services. The Investment Manager benefits from an experienced investment team that has been responsible for over £4.2 billion of investment into the infrastructure, real asset and real estate debt sectors since 2008. Biographies of key personnel at the Investment Manager are listed below.

Mr Kent co-led the day-to-day management of the Company between May 2016 and 2018, thereafter remaining on the investment committee for the Company. He has led debt investments in projects with a capital value of over £1.5 billion at the Investment Manager and has co-managed GCP Infra since 2018. Ms Fisk has worked exclusively on the Company since joining the Investment Manager in 2017 and has a depth of experience, including playing a key role in identifying investments, leading negotiations, liaising with borrowers and overseeing portfolio developments. Mr Kent has been added as a key person under the investment management agreement between the Company and the Investment Manager.

The Company continues to benefit from the breadth and depth of experience of the Investment Manager's investment committee which comprises Philip Kent, Nick Barker, Saira Johnston, Ed Simpson and Gravis founders, Nick Parker and Stephen Ellis. Further, the Investment Manager also continues to benefit from its strategic relationship with ORIX Corporation, which acquired 70% of the business in 2021. ORIX is publicly traded in Tokyo and New York, with a market capitalisation of c.$26 billion and c.$350 billion of assets under management, including significant credit and asset management businesses in Japan, Asia more widely, the US and Europe.

In addition to the current personnel, the Investment Manager continues to actively recruit for a Head of Private Credit for the Company.
The intention is that this senior role will provide additional support to Ms Fisk and Mr Kent and focus on new opportunities to complement the strategic objectives of the Company.

Social infrastructure

Assets such as homes for the elderly, student accommodation and nurseries.

Investments into the social infrastructure space remain a core component of the Group's activity. The Investment Manager has targeted investment into areas where structural demand can be identified. Due diligence in this sector focuses on management teams, demand demographics, regulatory landscape and ESG impacts of the project.

During the year, the multi-use community facilities have continued to face challenges. The larger of the two assets was transferred in October 2022 to a new operator with significant experience in similar venues in London. The new operator is undertaking capital works to the site to support greater revenue generation from events at the site. The smaller of the two sites continues to improve operations following the lifting of Covid-19 restrictions in early 2022. The Investment Manager is working closely with the operators and other key stakeholders to improve top-line revenue at the site.

The Company has exposure to a portfolio of supported living properties, of which three of the properties have seen a period of reduced rent. These properties are managed by the Registered Provider, MySpace Housing Solutions, who received an enforcement notice from the Regulator of Social Housing. Whilst the properties within the portfolio continue to be well occupied and with payments made by relevant local authorities, the challenges at the Registered Provider have caused cash flow issues for the borrower; the exposure equates to c.1.5% of the portfolio. The Investment Manager continues to work closely with the borrower and the Registered Provider to seek a resolution to this issue.

Care homes within the portfolio have performed well through the year, reaching occupancy of 90% at year end. The Group made an additional investment of £2.7 million against these stabilised assets and agreed a small reduction in interest rate to recognise the de-risking of these assets. One care home remains under construction. The project is on schedule and located in an area of significant undersupply for care provision. Practical completion is expected in July 2023 and the Investment Manager looks forward to working with this developer on their pipeline of further projects.

The nursery assets have performed well over the year. The nursery group has grown to a total of 26 sites and secured new equity investment. Stabilised sites (operating for 18 months) are operating at 93% occupancy, with good demand for development and ramp-up sites, although occupancy on some projects is limited by availability of staff. Again, the Investment Manager is hoping to continue supporting the group over the coming year in their expansion.

Across both the operational care home and nursery projects, increases in operating costs have been a key area of focus for the Investment Manager. In particular, both asset classes are exposed to rising energy and staffing costs. Management teams have reacted positively to date, with no impact on loan payments.

This sector includes loans secured against assets located in the UK (79%), Europe (8%), the US (3%) and Australia (10%).

Structural characteristics
- Provide core services
- Generate stable cash flows
- Require longer-term funding solutions
- Can benefit from partial RPI/CPI protections
- Benefit from supply/demand imbalances in particular geographies

Current investments
- Supported living
- Care homes
- Student accommodation
- Nursery facilities
- Multi-use community facilities

£164.3m
Valuation of sector within the portfolio

38%
Percentage of portfolio by value

SDG alignment[1]
UN SDG 3 Good health and well-being
UN SDG 4 Quality education

1. Refer below for further information.

Energy and infrastructure

Assets such as CNG stations and solar O&M contracts.

The Investment Manager has historically had opportunities to invest in infrastructure supporting a sustainable future. Over the last few years, investment in this space has become competitive with early-stage investments by the Group into 'last-mile' water infrastructure and battery storage being refinanced through sales to institutional funders.

The Group continues to support three CNG stations, providing alternative fuelling for leading UK businesses and haulage companies. The three stations supported by the Group have displaced the equivalent of 6.8 million litres of diesel fuel over the last year with 100% renewable waste- derived biomethane. Biomethane emits c.80% less CO_2

than diesel, meaning the CNG stations contribute to avoiding the impact diesel has on the environment. The ability to use these stations is supporting companies in moving towards net zero carbon emissions.

In the year, a loan secured against a small portfolio of UK renewable energy projects was repaid, providing an overall IRR of 6.9% to the Company.

Elsewhere in the portfolio, the Group provides financing secured against contracted payment for operations and maintenance of solar panels. These contracts are long-term and have met all regular principal and interest payments over the loan life to date. Monitoring of these loans includes updates on the underlying counterparties and service provision under the contracts.

Rising energy prices throughout 2022 have driven further market investment in the energy and infrastructure space. Whilst there are no assets in the immediate pipeline, the Investment Manager is hoping to identify new areas for investment in this sector.

This sector includes loans secured against assets in the UK (75%) and Hong Kong (25%).

Structural characteristics
- Provide core services
- Generate stable cash flows
- Rapidly changing energy system drives need for ancillary investment
- Capital intensive sector

Current investments
- Solar O&M
- Water infrastructure
- Battery storage (repaid during 2022)
- CNG fuel stations
- Renewable energy (repaid during 2022)

£15.9m
Valuation of sector within the portfolio

4%
Percentage of portfolio by value

SDG alignment[1]
UN SDG 8 Decent work and economic growth
UN SDG 9 Industry, innovation and infrastructure

1. Refer below for further information.

Asset finance

Assets such as FX contracts and football finance.

Asset finance represents a variety of sectors for the Group, encompassing investments in football finance, management fee contracts, FX contracts and boiler servicing.

Loans within asset finance are often secured against long-term contracted income instead of physical assets. In assessing these loans, there is therefore a focus on the counterparty risk for the underlying payments over the life of the loan.

During the year, three football finance loans were repaid in full. Exposure in this sector is secured against revenue from major football leagues in respect of broadcasting revenue or from large clubs in respect of player transfer receivables. In each loan, there are significant contractual, regulatory and market protections. Repayments in the year were matched with new investment into the sector using similar financing structures and counterparties in the market. The Investment Manager continues to see good opportunities in this space but is not targeting an overall increase in these investments as a percentage of the portfolio to ensure continued diversification of risk.

Post year end, a payment comprising interest and principal amounts was missed on one of the overseas football finance facilities due to a cashflow issue resulting from a change in legislation in the asset jurisdiction. This loan benefits from a partial guarantee which has been triggered and the Investment Manager is working closely with the football club to agree a revised repayment plan for the loan. At the time of writing, there is no expectation of a loss on the underlying position.

In the last quarter of 2022, an additional £6.0 million was invested into foreign exchange margin call financing. Through this structure, the Group is able to offer margin financing for credit approved counterparties of its borrower. The loan is secured against a profitable foreign exchange business with a net asset value covenant ensuring an LTV of below 50% on the loan at all times and is ultimately exposed to a diverse client pool. Equally, rigorous reporting and approval of new credit lines are maintained to ensure risk is minimised. This loan gives the Company access to high-quality counterparties and allows the borrower to offer margin financing to its diverse client pool.

Elsewhere in the portfolio, loans secured against music royalties, management fee income and boiler contracts continue to perform in line with expectations.

This sector includes loans secured against assets located in the UK (77%), Europe (15%) and Australia (8%).

Structural characteristics
- Strong contractual protections
- Stable cash flows from fixed contracts
- RPI/CPI linkage

Current investments
- Boiler servicing
- Management fee income
- Credit margins against FX trades
- Football finance
- Music royalties

£55.1m
Valuation of sector within the portfolio

13%
Percentage of portfolio by value

SDG alignment[1]
UN SDG 8 Decent work and economic growth
UN SDG 9 Industry, innovation and infrastructure

1. Refer below for further information.

Property

Assets such as financing for property purchases or development and co-living spaces.

Exposure to property assets remains a key focus for the Investment Manager with almost half of the portfolio invested into property strategies.

The Group provides bespoke financing solutions across a wide range of different sub-sectors. This gives the Group a diversified risk profile across the sector.

During the year, the Group's first investment into the US residential market reached practical completion. The site, located in Boston, Massachusetts completed in December 2022, comprising 477 units of co-living accommodation to meet demand from young professionals and students in an undersupplied location close to workplaces, universities and local amenities. Demand for the site has been strong, with occupancy currently at 55% within only a few months of operations. The Group has exposure to two further development sites in the US, one project under development in Boston, Massachusetts and a project in San Jose, California which is expected to reach practical completion by October 2024.

The loan to the Co-living group continued to face challenges in the year; a further update is included below.

Over the coming year, the Investment Manager is anticipating reductions in the value of residential property in the UK, primarily due to the macro-economic environment. Increases in base rates over recent months have driven a slowdown of transaction activity, as seen by a drop-off in residential mortgage applications in Q4 2022 which is likely to lead to reduced transaction volumes in early 2023. The impact of valuation decreases will impact differently across the Group's different investments.

Notwithstanding the disappointing reduction in realisable value on the Co-living group loan, the Investment Manager is comfortable that the Group has sufficient headroom against falls in property valuation across the balance of the portfolio with an average LTV[1] of c.70% across the property exposure. Equally, the Investment Manager maintains good working relationships with borrowers in the market, giving access to a wide range of exit strategies for any problem assets, including conversion into rental portfolios, sale or refinancing.

The Investment Manager continues to see good opportunities for investment secured against property assets. The current pipeline includes two assets within this sector.

This sector includes loans secured against assets based in the UK (83%), Europe (4%) and the US (13%).

Structural characteristics
- Secured against physical assets
- Generate stable cash flows
- Short-term financing
- Well understood and valued sector

Current investments
- Bridging loans
- Buy-to-let
- Co-living
- Land
- Warehousing of buy-to-let

£195.7m
Valuation of sector within the portfolio

13%
Percentage of portfolio by value

SDG alignment[2]
UN SDG 8 Decent work and economic growth
UN SDG 11 Sustainable cities and communities

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. Refer below for further information.

Portfolio summary

Portfolio
The Group's investments are supported by a diverse range of assets located predominantly in the UK. At 31 December 2022, the weighted average annualised yield[1] was 8.0% across the portfolio (8.3% excluding the Co-living group loan) with a weighted average expected term of six years (31 December 2021: 7.3% (8.0% excluding the Co-living group loan) and five years, respectively). In total, 50 loans have been advanced to Project Companies with operating assets. The remaining nine loans have been advanced to Project Companies with assets under construction (31 December 2021: 52 operating loans and eight under construction).

Investment valuation
The Valuation Agent carries out a fair market valuation of all the Group's investments on behalf of the Board on a semi-annual basis. Any assets which may be subject to discount rate changes are valued on a quarterly basis. The valuation principles used by the Valuation Agent are based on a discounted cash flow methodology. A fair value for each asset acquired by the Group is calculated by applying a discount rate (determined by the Valuation Agent) to the cash flow expected to arise from each asset.

At the year end, all assets were valued using a discounted cash flow methodology apart from the Co-living group loan which is held at net realisable value. Further detail on the valuation methodology is given in note 17 to the financial statements.

The weighted average discount rate[1] across the portfolio at 31 December 2022 was 8.4% (31 December 2021: 7.5%). The valuation of investments is sensitive to changes in discount rates applied. Sensitivity analysis detailing the impact of a change in discount rates is given in note 17 to the financial statements.

Portfolio by sector type
Asset finance 13%
- Football finance 8%
- FX contracts 2%
- Asset finance 1%
- Domestic boilers 1%
- Music royalties 1%

Energy and infrastructure 4%
- O&M contracts 2%
- Contract income 1%
- Natural gas 1%

Property 45%
- Residential property 29%

- Co-living[2] 9%
- Buy-to-let mortgages 5%
- Land 2%

Social infrastructure 38%
- Care home 14%
- Student accommodation 10%
- Social housing 7%
- Domestic Nursery 6%
- Multi-use community facilities 1%

Portfolio by security ranking
Senior 69%
Subordinated 31%

Portfolio by term profile
<5 yrs 71%
5 - 10 yrs 7%
>10 yrs 22%

Portfolio by interest rate profile
<7% 17%
7-8% 47%
8-9% 25%
>9% 11%

Portfolio by location
UK 80%
Europe 7%
Rest of world 13%

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. The Co-living group loan represents 1.1% of the total portfolio.

Investment portfolio

Top ten investments by value

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

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

2. Bridging Co 1
1. Property
2. 5.7%
3. Residential property
4. Multi asset

3. Student Accom 2
1. Social infrastructure
2. 4.7%
3. Student accommodation
4 Single asset

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

5. Care Homes Co 2
1. Social infrastructure
2. 3.7%
3. Care home
4. Single asset

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

7. Care Homes Co 3
1. Social infrastructure
2. 3.5%
3. Care home
4. Single asset

8. Property Co 7
1. Property
2. 3.4%
3. Residential property
4. Multi asset

9. Care Homes Co 5
1. Social infrastructure
2. 3.1%
3. Care home
4. Single asset

10. Mortgage Co 2
1. Property
2. 3.1%
3. Buy-to-let mortgages
4. Multi asset

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

Portfolio performance
The portfolio currently consists of 59 loans across 21 discrete asset classes, providing a diversified portfolio to

investors.

Four loans in the year have proved challenging: investments in the Co-living group, the multi-use community facilities and a small number of supported living properties.

Through a difficult macro-economic environment and continued challenges from the recovery from the Covid-19 pandemic, the work-out process from historic defaults on the Co-living group loan and the stabilisation of the multi-use community facilities have continued, with delayed rental payments also occurring on a small number of supported living units during the year; refer above for further information.

Notwithstanding these challenges, 55 loans in the portfolio, representing 96% by value, performed well during the year. Post year end, one further loan representing 0.5% of the portfolio by value, missed a payment comprising interest and principal amounts due to changes in legislation in the asset jurisdiction. An update on this position is included above.

Given the wider market changes over the year, the Investment Manager is taking opportunities to ensure that the loans in the portfolio generate appropriate risk-adjusted rates of return through a number of mechanisms:

- redeployment of capital into new investments at higher rates of return, reflecting shifts in market rates for risk;
- use of inflation and interest rate linkage mechanics within the portfolio; and
- negotiation of increased rates on amendments and extensions for existing loans.

Through these methods, the weighted average annualised yield[1] on the portfolio has increased from 7.3% at 31 December 2021 to 8.0%[2] at 31 December 2022.

Loans within the property sector have performed well this year, with securitisation on the buy-to-let mortgage portfolio in May 2022 demonstrating continued institutional demand for portfolios of performing loans in the sector.

Equally, in the social infrastructure sector, student accommodation has had a positive year as the lifting of Covid-19 restrictions has allowed for a return to high occupancy levels on assets in the UK and Ireland. The Group also has exposure to a portfolio of student accommodation in Australia which had been adversely impacted by the Covid-19 restrictions in place which prevented opening of universities and entry by overseas students. Positively, occupancy on these assets has now improved and the Investment Manager anticipates an exit through sale of these assets by the borrower in the coming year. Assets in Ireland and the UK have bounced back quickly with occupancy at 98.5% across the Group's exposure.

The dividend continues to be fully covered on an adjusted EPS[1] basis and the efficient deployment of capital into higher yielding loans is positive for the Group's ability to continue this level of coverage.

The dividend was 0.28 times covered by EPS of 1.75 pence and 1.04 times covered by an adjusted EPS[1] of 6.58 pence.

1. Alternative performance measure - refer to below] for definitions and calculation methodology.
2. Including the Company's Co-living group loan which is held at net realisable value. Excluding this loan, the weighted average annualised yield[1] is 8.3%.

Key investment highlights
The Group made 32 advances during the year totalling £102.0 million, comprising eight new loans and 24 follow-on investments to existing borrowers. From these advances, three were in the energy and infrastructure sector; four in asset finance; 13 in property; and twelve in social infrastructure projects. The Group received capital repayments of £95.6 million, along with prepayment fees of £0.8 million.

Post year end, the Group made a further four advances totalling £13.9 million and received 27 repayments totalling £12.5 million. There are no investment drawdown commitments at the date of the report.

Investments and repayments made during the year[1]

Sector	Average term	Security	Status	Investments	Repayments
Asset finance	3 years	Senior	Operational	£11.9 million	£43.1 million
Energy and infrastructure	2 years	Senior	Operational /construction	£1.6 million	£14.1 million
Property[2]	2 years	Senior/subordinated	Operational /construction	£61.0 million	£22.2 million
Social infrastructure	8 years	Senior/subordinated	Operational /construction	£27.5 million	£16.2 million
			Total	**£102.0 million**	**£95.6 million**

Investments and repayments made post year end[1]

Sector	Average term	Security	Status	Investments	Repayments
Asset finance	2 years	Senior	Operational	-	£2.3 million
Energy and infrastructure	5 years	Senior	Operational	-	£0.3 million
Property	1 year	Senior/subordinated	Operational /construction	£13.9 million	£9.3 million
Social infrastructure	5 years	Senior	Operational	-	£0.6 million
			Total	**£13.9 million**	**£12.5 million**

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

Inflation
Inflation in the UK has continued to reach record rates throughout the year, with the Consumer Prices Index ("CPI") rising by 10.5% in the twelve months to 31 December 2022. The increases have been driven by the ongoing conflict in Ukraine and the global recovery from the Covid-19 pandemic, pushing increases in energy prices in particular.

Through the year, Bank of England base rates increased from 0.25% to 3.50% with further increases to 4.25% post year end.

Whilst there is a lag between market movements and the Group's investment activity, the Group is able to respond to the macro-economic environment in a number of key ways:

- including inflation and/or base interest rate linkage mechanics in the portfolio. These mechanics are set out in more detail below but provide some level of protection against market movements; and
- re-investment of loans at prevailing rates. Given the weighted average duration of the portfolio of six years, the Group is able to reset rates in the portfolio over a relatively short time period. Over the year, the weighted average yield on repayments was 7.7% with new investments at 8.6%.

In total, 53% of the portfolio by value has partial inflation and/or interest rate protection in three different mechanisms:

- direct interest rate linkage to CPI, RPI (primarily for social housing assets) or Bank of England base rate (for property assets with senior lending lines);
- indirect linkage through principal indexation (strike price on indexation that causes step up in principal when RPI/CPI spikes above a certain level); and
- share of any upside generated in project SPVs through profit-sharing mechanisms or share warrant structures.

The Investment Manager works closely with borrowers when applying these mechanisms to ensure that they are appropriate and do not place undue pressure on a borrower's business model. However, to date these mechanics have been applied to all loans where the contractual triggers have been met except for two instances; one where the Company holds the equity position, so there was no benefit in doing so, and one where the loan had amortised ahead of schedule so the impact of triggering the increase would have been de minimis.

In the year, these mechanics had the following impacts:

- yield movements: increases in the Bank of England base rates during the year meant that 16 loans were subject to rate increases. Increases were an average of 80 basis points over the year on these loans; and
- NAV movements: correspondingly, increases in yield as well as principal indexation on five loans offset some of the decreases in the NAV due to discount rate increases and write-downs on the Co-living group loan. The Valuation Agent does not typically forecast any future increases in rates or loans due to inflation within the Company's NAV due to the discretionary nature of applying these mechanics.

The year has been one of significant market changes. However, the Investment Manager is confident in the Group's ability to adapt over a relatively short time frame and is pleased to see the positive impact these strategies and mechanics have had over the year.

Inflation remains a key area for monitoring, particularly on operational assets facing cost challenges.

Portfolio optimisation
Given the strength of the pipeline, utilisation of available capital is high and some borrowers are looking to extend their loans to maximise returns on disposal. As such, there could be a reduced focus on deployment and this provides an opportunity to look at ways in which the current portfolio can be enhanced.

The Investment Manager has identified a number of strategies which could be used to enhance the portfolio or boost returns. The Investment Manager is keeping each of these options under consideration to ensure that the Group adapts appropriately to the macro-economic environment and continues to offer investors optimal returns matched to the risk profile of the portfolio.

Strategy	Sub-participation or disposal of loans	Extensions and amendments on existing loans	Moving into senior positions and new sectors	Use of inflation mechanics	Extension of RCF
Description	As exposure in some sectors grows, the Investment Manager has identified an opportunity to syndicate some existing loan positions to other lenders. This would allow the Group to continue supporting key borrowers whilst releasing capital for reinvestment. The Group has utilised this structure in respect of one loan secured against a student accommodation development.	The current environment may mean that borrowers look to extend loans where they expect to achieve better sales outcomes in 12 to 18 months. Where extensions have been agreed to date, the Investment Manager has been able to negotiate rate increases of between 2.00 and 3.50%.	Rate movements in the market mean that the Company can be competitive on senior positions. Given the Company's appetite for both senior and subordinated positions, this could allow for blended 'stretch' positions by taking first-ranking security but offering a higher LTV[1] threshold, akin to subordinated loans, for a higher blended interest rate. New sectors for exploration include electric vehicle charging and bridging loans in overseas markets.	Mechanics on 53% of the portfolio allow for adjustment of rates and/or principal, based on changes in bank rates or inflation rates. Ensuring these mechanics are included on longer-dated loans in the portfolio provides a form of future protection against inflationary increases.	Given the higher utilisation at the year end, there may be an opportunity to increase the leverage within the portfolio where pipeline opportunities exist for investment. The RCF with RBSI includes an optional extension (with lender approval) in August 2023, which will allow for an additional term of one year. The Company, through the Investment Manager, has commenced a review of its financing arrangements with the intention of extending the RCF in advance of the date of expiry.

Risks to the Company	Introduction of third parties could result in competition on assets and decreased control.	Lower rotation into new sectors could impact on ability to access future pipeline deals.	Senior positions have historically been at lower returns. 'Stretch' senior positions are typically at higher LTVs[1], akin to subordinated investments.	Some mechanics may not be possible to enforce if the borrower's businesses cannot support additional debt.	Increased commitment fees for the Company.
Benefits to the Company	Boost returns. Reduce borrower concentration risk. Allow for reinvestment into new loans.	Boost returns. Allow for rapid reinvestment, often into de-risked and stabilised assets.	Diversification across portfolio. Improved security coverage.	Ensure portfolio yield is relevant in inflationary environment.	Boost returns. Allow for efficient use of available capital to reduce 'cash drag'.

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

FINANCIAL REVIEW OF THE YEAR

The Company has generated total income of £14.4 million and paid dividends of 6.325 pence per share. The total shareholder return[1] for the year was -7.3% and total NAV return[1] was 1.9%.

Financial performance
It has been a challenging financial year for the Company, due to the ongoing resolution of the Co-living group loan resulting in further write-downs and headwinds in the UK economy resulting in the Company's shares trading at a persistent discount to NAV.

In the year to 31 December 2022, the Company's portfolio generated interest of £31.9 million (31 December 2021: £32.9 million) a reduction compared to the prior year due to lower levels of capital deployed throughout the year. New and follow-on investments are being made at higher rates of return to reflect the shift in rates seen across the lending market in 2022. Further information is given in the Investment Manager's report above.

Other income of £1.5 million (31 December 2021: £2.9 million) was generated which included prepayment fees of £0.8 million in respect of loans prepaid in the year (31 December 2021: £2.5 million). The prior year was a record year for such fees with a large prepayment received in respect of a waste recycling facility.

Total income was offset by net unrealised valuation losses of £17.7 million primarily in respect of write-downs on the Co-living group loan and increases to discount rates made by the Valuation Agent on the Group's UK property exposure. Further information is given in the Investment Manager's report above.

The Company invests in derivatives for investment purposes and efficient portfolio management. Realised losses of £1.3 million relating to certain overseas loans were incurred upon repayment during the year; these were partially offset by gains on realisation of forward contracts totalling £0.8 million. Overall net losses on derivative financial instruments for the year were £0.8 million. Further information is given in notes 3 and 17 to the financial statements.

The Company incurred total expenses of £5.7 million (31 December 2021: £5.6 million) which includes the Investment Manager's fee, other third party service provider costs and Directors' remuneration. Total expenses have remained broadly in line with the prior year, reflecting a decrease in variable fees due to a reduction in the NAV and an increase in operating expenses due to inflationary factors. Further information is given in notes 18, 4 and 6 to the financial statements respectively.

Finance costs have remained broadly static for the year with the Company utilising its RCF throughout the year. At the year end, £32.1 million was drawn (31 December 2021: £19.9 million).

The RCF is due to expire in August 2023 and includes an optional extension for an additional term of one year with lender approval. The Company, through the Investment Manager, has commenced a review of its financing arrangements with the intention of extending the RCF in advance of the date of expiry, as well as exploring alternatives should the RCF not be renewed. As such, the Board is satisfied that the Company can continue to meet its liabilities as they fall due over the next twelve months. Further information on the RCF is given in notes 2 and 14 to the financial statements.

Total profit and comprehensive income for the year was £7.7 million, a reduction from £15.0 million in the prior year.

Dividends
The Company met its stated aim of growing the dividend year-on-year, with interim dividends increasing from 6.30 pence per share in the prior year. The Company paid 6.325 pence per share in interim dividends, meeting the target set by the Board for the year ended 31 December 2022.

The total dividend was 0.28 times covered by EPS of 1.75 pence for the year and 1.04 times covered by an adjusted EPS[1] of 6.58 pence. Further information on dividends is given in note 9 to the financial statements.

Ongoing charges
The Company's ongoing charges ratio[1], calculated in accordance with the AIC methodology, was 1.2% (31 December 2021: 1.2%) for the year to 31 December 2022.

Earnings
The Company generated EPS of 1.75 pence (31 December 2021: 3.40 pence). Earnings for the year were primarily impacted by the additional write-down of the net realisable value of the Co-living group loan and increases to discount rates. As noted previously, EPS excluding these factors (adjusted EPS[1]) for the year was 6.58 pence per share (31 December 2021: 7.22 pence), which would have more than fully covered the dividend for the year of 6.325 pence per share.

Adjustments to discount rates result in the revaluation of investments, which are reflected through fair value movements in the statement of comprehensive income, in accordance with IFRS.

NAV and share price
Net assets attributable to equity holders at 31 December 2022 were £412.0 million, down from £436.7 million at 31 December 2021. The Company's NAV per ordinary share has decreased from 99.29 pence at 31 December 2021 to 94.90 pence at 31 December 2022 primarily due to the write-downs of the net realisable value of the Co-living group loan and increases in discount rates that have reduced the fair value of certain loans.

Prior to the market volatility seen since the Covid-19 pandemic, the Company's share price had predominantly traded at a premium[1] to NAV since the IPO of the Company in 2015, with an average premium[1] of 3.0%. Since that period, the Company has predominantly traded at a discount[1], with an average discount[1] of 7.0% since March 2020. The current geopolitical and market uncertainties have further negatively impacted the Company's share price this

financial year with the shares trading at an average discount[1] of 6.0%.

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

Share repurchases
The Company continued its share buyback scheme during the year to demonstrate support for the NAV, to benefit from the consequent accretion to NAV and provide confidence to the market. A total of 5.7 million shares were repurchased during the year at a weighted average price of 81.39 pence per share. At 31 December 2022, there were 442.0 million ordinary shares in issue, of which 7.9 million were held in treasury.

Conflicts of interest
The Company has continued to finance existing construction projects of a number of private student accommodation and co-living developments in Australia and the US, with £16.8 million drawn during the year (31 December 2021: £15.9 million). Certain of the directors and/or shareholders of the Investment Manager directly or indirectly own an equity interest in these development projects. In accordance with the Company's investment approval process, these investments were reviewed and approved by the Board.

Where there is any overlap for a potential investment with GCP Infra, a third party company advised by the Investment Manager, GCP Infra has a right of first refusal over such investment. GCP Infra has not exercised this right of first refusal since the Company's IPO.

Cash position
The Company received interest payments of £31.9 million and capital repayments of £95.6 million from its Subsidiary in the year (31 December 2021: £32.9 million and £117.7 million respectively). The Company paid cash dividends of £27.8 million during the year and a further £6.8 million post year end (31 December 2021: £27.7 million and £6.9 million respectively). The Company advanced £102.0 million (31 December 2021: £134.5 million) to the Subsidiary to make investments in accordance with the investment policy. Further information is included above.

Post year end, the Group made a further advances totalling £13.9 million and received repayments totalling £12.5 million. There were £nil investment commitments at the date of the report. Total cash reserves at the year end were £10.3 million (31 December: £10.1 million).

SUSTAINABILITY

The Company aims to operate a long-term, viable business model which does not detrimentally impact the environment and provides benefits to society where possible.

Governance

50:50
Board gender diversity at 31 December 2022

565
ESG data points collected from borrowers at 31 December 2022

24%
Portfolio assets visited during the year by value

Introduction
ESG is increasingly becoming a prominent factor that investors consider when making investment decisions. Companies are facing new challenges when considering value creation for their investors, sustainable strategies are being adopted and business models are changing. Considering ESG factors is helping businesses to assess how their activities impact the environment, and allows them to make informed decisions on how to create a more sustainable society and improve the environment.

Through its influence on companies, ESG is increasing corporate transparency and accountability. ESG reporting allows investors to assess whether companies are meeting their commitments in terms of environmental, social and governance issues. The Board and the Investment Manager are committed to improving the Company's ESG disclosures in the drive for more consistent reporting across the industry.

Institutions are being held accountable for the impacts their operations have on the environment through ESG reporting, which has become a driving force for positive change across the world, aligning organisations to frameworks such as the UN SDGs. Further information on Company alignment with the UN SDGs is given below.

ESG, however, is not just about reporting information, it is about its integration into day-to-day operations, which is why incorporating Responsible Investment principles into investment decisions and investment management processes is important for the Board, Investment Manager and the Group.

Responsible Investment
The Investment Manager has been a signatory to the PRI since 2019. The PRI, established in 2006, is a global collaborative network of investors working together to put the six principles of Responsible Investment into practice. The Investment Manager recognises that applying these principles better aligns investment activities with the broader interests of society and has committed to their adoption and implementation.

Responsible Investment incorporates ESG issues into the Investment Manager's investment analysis and decision making processes, as detailed below. ESG management for the Company at the Investment Manager is led by the investment team. The Investment Manager has established a Responsible Investment policy and a dedicated Responsible Investment committee to monitor and implement ESG initiatives across its organisation. Further information is provided below and information on the PRIs can be found on the PRI website: www.unpri.org.

ESG framework
The Company has embedded governance protocols into the way it manages its business. In order to develop this further, the Directors have aligned the Company's ESG framework with the PRIs. A summary of the framework is included below. Further information can be found on the Company's website.

1. Decision making	**2. Ownership**	**3. Partnership**
ESG considerations are part of our decision-making process	We will include ESG issues in our policies and procedures	We will consider the ESG approach of those we chose to engage with and invest in
The Company	***The Company***	***The Company***
Decisions are governed by the terms of reference of the Board and its committees, which include ESG considerations.	A full review of the key operating manual and policies will be carried out to ensure ESG requirements and considerations are fully incorporated.	Prior to appointment of each service provider, full due diligence is carried out which includes a summary of approach to ESG issues.
The portfolio	***The portfolio***	***The portfolio***
The Investment Manager takes ESG considerations into account in its decision-making processes in line with its Responsible Investment policy.	The Investment Manager has put in place a Responsible Investment policy which includes deal screening and ESG due diligence.	Through relationships with borrowers and appropriate provisions in key agreements, the Investment Manager will seek access to appropriate disclosure on ESG issues.

4. Acceptance	**5. Enhancement**	**6. Reporting**
We will promote acceptance and implementation of ESG considerations	We will ensure our ESG framework is maintained	We will report on our progress against our ESG framework

The Company	***The Company***	***The Company***
The Board promotes acceptance and implementation of ESG considerations through engagement with the Company's stakeholders and review of its service providers.	The Board will continue to engage with the key service providers to monitor and assess their proposals to enhance the ESG framework, and to seek advice where required.	The Board will provide regular and transparent reporting to investors on specific ESG considerations.
The portfolio	***The portfolio***	***The portfolio***
Through reporting and investor engagement, the Investment Manager will share progress on implementation of the PRIs and look to utilise examples of best practice in the market.	The Investment Manager will continue to engage with advisers and stakeholders, including borrowers, to seek ways to enhance the ESG framework.	The Investment Manager will report on how investment processes incorporate ESG, including incentive mechanisms and any new transactions in social or energy infrastructure.

Responsible Investment policy

The Investment Manager's Responsible Investment policy is integrated into investment management processes and incorporates pre-investment, active ownership and governance processes, as detailed below.

Pre-Investment		**Active ownership**	
Deal screening	***ESG due diligence processes***	***Monitoring and engagement***	***Reporting***
Investment management processes screen for investments that promote sustainability, conform with the Investment Manager's values and benefit society, including, but not limited to, the areas of climate change mitigation and adaptation, energy transition, critical infrastructure, affordable living, social housing, education and healthcare. The screening excludes investments which focus on non-medical animal testing, armaments, alcohol production, pornography, tobacco, coal production and power, and nuclear fuel production. Investments with ongoing or persistent involvement in human rights abuses are also excluded.	Prior to a new investment being approved, the relevant investment team assess how the investment fares against key relevant ESG criteria using a checklist which includes an assessment of ESG characteristics and is included with every investment proposal submitted to the Investment Manager's Investment committee. The assessment typically covers ESG-related risks and opportunities, and, to the extent applicable, relevant policies and procedures, alignment with industry or investment-specific standards and ratings, and compliance to relevant ESG- related regulation and legislation.	Following execution and investment, key relevant ESG indicators are monitored by the Investment Manager's portfolio management team. It seeks to engage with equity owners and/or operators of projects to understand the ESG factors relevant to those projects or properties, and, where relevant, use influence as a lender of capital or investor to manage exposure to ESG risks. As developed, ESG indicators are to be reported to the Board for consideration as part of the quarterly Board reporting cycle.	The Investment Manager reports on an annual basis, with its Responsible Investment report published each year and can be found on the Investment Manager's website. The Responsible Investment report sits alongside a PRI report, which summarises its Responsible Investment activities. It applies the recommendations of the TCFD and encourages the application of the TCFD framework in its funds.

Governance and responsibilities

The Investment Manager operates a Responsible Investment committee which comprises senior personnel from across the business, including a representative from the team responsible for managing the Company. This ensures that the Board is kept informed of any relevant developments at the Investment Manager and that best practice can be shared across the different managed investment funds. The committee is responsible for all aspects of the Investment Manager's Responsible Investment policy, including oversight of ESG initiatives, reporting, regulatory compliance, staff training and making recommendations to the board of the Investment Manager.	The Investment Manager has a clearly defined governance structure with detailed processes that cover business operations, including investment management and portfolio monitoring and reporting. It obtains assurance over the design and operation of its controls annually through the completion of an ISAE 3402 audit by external auditor, Deloitte LLP. In addition to the board of the Investment Manager, the Investment Manager employs a team of professionals with in-depth experience in the investment industry and asset classes. The Investment Manager's approach to stewardship and engagement is based on the Principles of the UK Stewardship Code 2020 and is in line. with its philosophy on responsible investing.

Data collection project

The Investment Manager has developed and quantified material ESG metrics for the underlying portfolio; refer to table below. The Investment Manager chose to carry out the data collection process in-house rather than outsource, as leveraging its detailed knowledge of the portfolio and existing relationships with the borrowers offered the most efficient approach and provided best value for shareholders.

The process involved the Investment Manager's portfolio management team liaising with each asset operator to obtain relevant ESG data on the underlying portfolio assets. This is the first year of collection and reporting and the initial data will be used to identify and set baseline metrics for future ESG reporting by the Company. The initial data points considered material are detailed in the table below. When considering materiality, the Investment Manager was advised by an external consultant, MJ Hudson, using framework guidance provided by GRESB, the EDCI and alignment with the UN SDGs. The scope of data collection will be kept under review.

MJ Hudson is a business with over 15 years of experience in the sustainability sector, assisting companies with their ESG implementation and transition plans. They advised on the ESG data collection process and conducted an independent review of the data for any significant inconsistencies. Furthermore, they assisted the Investment Manager in the creation of an ESG dashboard to report on performance against relevant themes and KPIs across the portfolio.

The Investment Manager will continue to liaise with asset operators to improve and refine the availability of future ESG data which will be collected and used as part of its regular reporting to shareholders in the Company's annual report. It will also consider obtaining independent assurance over the data. This was the first year such a detailed ESG-focused data collection exercise has been undertaken and there were several challenges faced in respect to the availability of the data requested, insofar as the Company is a debt provider and does not own or control the assets in the portfolio.

For future investments, the Investment Manager intends to include additional data clauses in any loan documentation to facilitate the collection of ESG data more easily.

The Board and the Investment Manager are committed to improving the Company's data capture and disclosure in the drive for more consistent reporting across the industry.

ESG area	**Data points**	**Portfolio coverage[1]**
Environmental	EPC ratings, green certifications, environmental targets and board oversight, target formation processes, energy conservation strategies, promotion of green initiatives, electricity and gas usage and energy use from renewable energy. water consumption, waste generated and disposed.	30%

Social	Total FTEs, attrition rates, staff training/career development programmes, satisfaction surveys, employee health and wellbeing programmes, absenteeism rate, employee fatalities, H&S lost time incidents, hours worked and s106/CIL contributions.	29%
Governance	Gender diversity of board and employees, ISO alignments/certifications, memberships/signatories, policies on: bribery and corruption, diversity and discrimination, whistleblowing, supplier code of conduct, ESG, modern slavery and data protection.	42%
Impact	People housed, nursery places, bursary places, residents in care homes, renewable energy exported, biogas exported, new homes built, homes renovated and client satisfaction.	34%
Total		**34%**

1. Percentage of data responses received per ESG area, weighted by portfolio value.

Corporate ESG initiatives

The Investment Manager is working towards running operations on a carbon-neutral basis for its financial year 2023 to support the transition to net zero. The Investment Manager's premises in London holds a BREEAM 'Excellent' rating and the offices are powered by renewable energy. This year, the Investment Manager revised its business travel policy to further encourage use of public transport and minimise flight travel to support its carbon neutral target.

To encourage employees to travel in more carbon efficient ways, the Investment Manager operates an electric vehicle scheme and a bike to work scheme. It operates an office consumables and paper recycling scheme, and all staff are provided with stainless steel, BPA-free, reusable water bottles and insulated cups to reduce the impact of single-use plastic. Furthermore, the Investment Manager offsets carbon emissions by contributing to a portfolio which is run by provider Climate Impact Partners, whose aim is to reduce one billion tonnes of CO2 by 2030.

Whilst the Board and the Investment Manager do not consider offsetting to be by any means a perfect solution to the impact activities have on the environment, both parties believe that it is a useful starting point. The ultimate aim is to reduce emissions and the intention is to continue to investigate and follow best practice in this area.

This year, the Investment Manager was awarded an 'Investors in People' accreditation. As part of the assessment, a business-wide survey was conducted to collate employee feedback, which has been used to drive better communication and introduce non-financial reward schemes. The Investment Manager has committed to working with Investors in People over the next three years; it encourages everyone in the business to reach their potential and it provides regular training to staff including funding specific industry qualifications. This year it also held formal ESG training for key employees and across the wider business. The Investment Manager also has a range of measures in place to support the physical and mental health of its employees, including a private healthcare package, weekly fitness classes and guidance on healthy home working. It offers hybrid working arrangements to all employees.

The Investment Manager actively supports diversity and inclusion and ensures that all employees are valued and treated with dignity and respect. To further efforts in this area, it has introduced annual diversity and inclusion training for all employees and is working on enhancing recruitment processes to provide a framework that supports a diverse and inclusive culture. It has also carried out a diversity survey to establish a baseline and facilitate improved reporting going forward.

The Investment Manager also operates a volunteering initiative which supports employees to volunteer for charitable or not-for-profit purposes by giving an additional two days' paid leave plus two days' unpaid leave per year. Furthermore, it partners with a charity of the year, to engage with in fundraising, events and through volunteering. The charity chosen this year was Little Village, a charity that supports local families. Since partnering with the charity, 39 employees have participated across the business with more than 170 hours spent volunteering at the Little Village depot, assisting the charity in cleaning and packaging items to be sent to families they support. This provided employees with an opportunity to work as a team, engage with the local community and understand more about the hardships low-income families with young children face. At the date of publication, total amounts raised for Little Village were over £40,000.

UN Sustainable Development Goals

Through its investments in assets which are integral to society, the Company's activities can align with certain of the UN SDGs. These goals were created in 2015 by the United Nations to create a better and more sustainable world by 2030. Examples include good health and well-being, quality education and sustainable cities and communities.

Through its investments in the development of social infrastructure, the Company can help to make a positive contribution to the provision of high-quality and safe buildings for vulnerable adults, healthcare patients and students. Further, through the Company and the Investment Manager's approach to governance, and to labour and health and safety, a positive contribution to the employees, customers, suppliers and local communities in which the assets operate can be made.

UN SDG alignment of the Company's portfolio					
UN SDG 3	***UN SDG l 4***	***UN SDG 5***	***UN SDG 8***	***UN SDG 9***	***UN SDG 11***
UN SDG target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	*UN SDG target 4.2* By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education. *UN SDG target 4.a* Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.	*UN SDG target 5.5* Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	*UN SDG target 8.3* Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	*UN SDG target 9.3* Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	*UN SDG target 11.1* By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
£60.6m Invested in care home projects since IPO	**1,566** Nursery places at 31 December 2022	**50:50** Board gender diversity at 31 December 2022			**£36.0m** Invested in affordable housing projects[2] since IPO
251 Care home residents at 31 December 2022	**£31.2m** Invested in nursery projects since IPO	**38:62** Investment Manager gender diversity[1] at 31 March 2023	**1,319** FTEs at portfolio level at 31 December 2022	**£850.8m** Total investment since IPO	**203** Supported living residents at 31 December 2022

1. 38% female employees compared to 62% male at the Investment Manager.
2. Projects that meet the definition of 'affordable housing' under the UK Government's National Planning Policy Framework.

Portfolio sustainability

Environment	The Group has invested in a number of green energy projects, including three operational CNG stations supplying 100% renewable waste-derived biomethane. The three stations are located in strategically important hubs, providing fuelling services to a variety of UK businesses and logistics providers. As a form of transportation, CNG trucks play a part in avoiding the negative impact of diesel consumption on air quality and the environment, emitting c.80% less CO_2 than diesel trucks. In total, 6.8 million litres of diesel have been displaced during the year by vehicles fuelling at these stations. The Group has also invested in loans to support battery storage projects for the deployment of renewable energy projects throughout the UK by providing flexible capacity and balancing services to the National Grid. These loans were repaid during the year. The assets comprised large units connected to the electricity grid and contain battery units which charged from the grid, stored electricity and released stored energy back into the grid as required. The Group continues to support one project which has benefited from increased volatility in energy markets, by providing balancing service and market demand through wholesale trading. Further, the Group has lent to companies who provide operation and maintenance services for rooftop solar panels, in turn contributing to increased renewable capacity in the UK, and has exposure to anaerobic digestion facilities.
Social	One social investment that has been made is in a portfolio of private care homes providing care to the elderly. The portfolio is operated by Dormy Care Communities who aim to offer high-quality accommodation and care to their residents including nursing, residential, respite and palliative care and care for dementia patients. The operator's mission is to provide the highest standards of care and support, in the very best environment. The operator encourages residents to live as independently as possible with the aim to maintain wellbeing through various activities ensuring that the next chapter of the residents' lives is active, rewarding and enriching, with a varied and diverse activity programme so the psychological and social needs of each individual are met. Each location for the homes has been carefully chosen, taking into account the local area, the facilities available and the factors that are important to elderly care. The homes have a range of facilities as well as different types of care and support to meet individual needs and requirements.
Governance	The Investment Manager's designated portfolio monitoring team engages with borrowers on an ongoing basis through regular interaction. The Investment Manager's origination and portfolio monitoring teams were able to undertake site visits in the UK and Ireland. The regular monitoring of information and financial covenant obligations is also carried out to ensure compliance and the early identification of potential issues. Site visits are an important aspect of the portfolio management role and can facilitate both technical and commercial benefits. They allow the Investment Manager to assess the performance of both asset and operator, and investigate any important project issues. Further, site visits give the Investment Manager an opportunity to understand the operations and relationships important to each asset and its long-term success. The Board and the Investment Manager value relationships with borrowers, and recognise the importance of ensuring time is spent building and maintaining these relationships. By engaging with borrowers and understanding their needs, the Group is able to provide bespoke lending solutions which reflect the contractual fundamentals and inherent risks of the underlying assets and cash flows.

Social

£62,781
Amounts waived for ESG incentive schemes since introduction in 2021

30%

Portfolio by value providing benefits to society[1] at 30 December 2022

1,319
FTEs at portfolio level at 31 December 2022

Societal benefits
The Company's business model aims to provide investment in assets which are integral to society. The Group can provide benefits to society through the provision of funding of assets, such as housing for vulnerable adults, care for the elderly and urban regeneration. The Group also provides finance for property purchases or developments which mainstream lenders cannot serve, for reasons other than credit quality.

At the year end, FTEs at portfolio level comprise c.1,300, of which c.1,000 are in the social infrastructure sector and c.200 in the property sector, with the remainder at asset finance and energy and infrastructure projects. The Group intends to continue to support borrowers that have a positive impact on society, as it enhances the security of the portfolio and brings wider benefits to the communities that the assets operate in.

ESG incentive schemes
Recognising the Company's role as a responsible debt provider, the Board approved a policy in 2021 for ESG target incentives on selected loans. Through this mechanism, agency fees (typically between £10,000 to £20,000 per annum for each loan) can be waived if agreed ESG targets or schemes are implemented by the borrower. The incentive mechanism is included in all term sheets issued by the Investment Manager on behalf of the Group.

To date, the Company has funded three initiatives through this mechanism as follows.

Nurseries
Bursary scheme for full-time nursery places for underprivileged children across the nurseries.

Every child should be afforded the opportunity of an outstanding education, but years of underfunding in the early years means accessing high-quality provision is not possible for all, especially in areas of deprivation. The rise in social inequalities due to the Covid-19 pandemic has only exacerbated the problem.

The bursary scheme gives children access to high-quality early years education. The nurseries themselves aim to be best in class, with four of the nurseries in the group awarded 'outstanding' ratings from Ofsted. The operational assets are fully occupied with significant waiting lists. By removing the challenges of accessing affordable, high-quality early years education for these families, we hope the futures of these children will be positively impacted.

The curriculum at the nurseries includes a heavy environmentalism focus and is designed to enable children to become informed and inspired changemakers, with one of the key four pillars being Global Responsibility. The nurseries are a participant in the Eco Schools programme and are working to achieve a green flag status. In addition, in 2020 they signalled their intention to become a B corporation and are working towards becoming net zero.

1. Measured in alignment with the UN SDGs: housing for vulnerable adults, care for the elderly, nurseries, urban regeneration and affordable housing.

Community facilities
Reduced-rent desk or studio spaces for entrepreneurs in the community facilities in which it invests.

One such facility is Hackney Bridge, a new, canalside public destination close to Hackney Wick, on a site that once housed part of the Clarnico sweet factory. These spaces are structured as affordable and the organisation actively connects members and the community.

The location is home to a diverse group of independent, creative local businesses; workspaces and studios, a street food market, bars, restaurants, local independent retailers, community gardens and an event space.

The developer worked with the local community to ensure what was being offered met their wants and needs. As well as providing the space local enterprises need to thrive, the organisation works with members to make a positive difference in the community. They invest time and skills into charitable projects and provide free space for community events.

The supported spaces give local entrepreneurs and enterprises the opportunity to see their business thrive. The spaces are available at a reduced rental value, with successful applicants to the scheme typically paying from 35% to 50% of the usual full rental value.

Co-living
Free co-living beds to support refugees fleeing from the conflict in Ukraine at the co-living properties.

One person took up the offer and lived in a co-living property for six months through the Ukraine family scheme. The Ukraine visa schemes were launched by the Government in March 2022. The schemes allowed individuals, charities, community groups and businesses to offer a route to safety for Ukrainians, even if they have no ties to the UK. The scheme played an important role in providing safe, temporary homes to people in need of urgent sanctuary after fleeing persecution, trauma, and conflict in Ukraine.

Those arriving under the scheme were able to live and work in the UK for up to three years and access healthcare, benefits, employment support, education, and English language tuition. The scheme has been a significant success with over 100,000 Ukrainian refugees arriving in the UK. A total of 37,500 more have valid visas and may choose to travel to the UK if circumstances change.

Environmental

44%[1]
Property portfolio with EPC rating of B or above at 31 December 2022

35%
Borrowers reporting green initiatives[2] at 31 December 2022

6.8m

Litres of diesel displaced by 100% renewable waste-derived biomethane[3]

TCFD

Compliance statement

For accounting periods beginning on or after 1 January 2022, companies with a UK premium listing are required to report on a comply or explain basis against the recommendations of the TCFD. Although the Company, as an investment company, is currently excluded from such requirement, this year, as it progresses towards future compliance, the Company has provided a description under the four TCFD pillars of governance, strategy, risk management and metrics and targets, giving consideration to the TCFD 'Guidance for All Sectors' and the supplemental guidance for the financial sector.

The Company is working towards disclosure of all eleven recommendations under the four pillars and will ensure full compliance when applicable regulation applies to the Company.

Governance

The Company does not have an investment objective of sustainable investing nor does it use ESG criteria to evaluate investments or assess their societal impact within its stated investment appetite. The Directors do, however, believe in the integration of Responsible Investment principles across all aspects of the Company's operations including the application of ESG screening to ensuring its long-term success and the success of sectors within which it operates.

The Company has delegated investment management in accordance with the investment mandate to the Investment Manager; as such, the key decisions made by the Board in the ordinary course of business relate to the Company's strategy, stakeholder engagement and oversight of risk management.

These decisions are governed by the matters reserved for the Board and the terms of reference of the Board's committees. Ownership of ESG, including the oversight of climate-related risks and opportunities, is the responsibility of the Board, with the Board's committees having been delegated responsibility for ESG specific items through their terms of reference as follows:

- Audit committee: those relating to controls and processes over material financial data, valuations and reporting, internal assurance, third party review of data and external reporting and metrics.
- Risk committee: those relating to the impact of identified and emerging risks, initial borrower screening, ongoing due diligence and investment monitoring.
- Management Engagement committee: those relating to service provider ongoing compliance with their internal policies and alignment with the Company's strategy.
- Remuneration and Nomination committee: those relating to the composition, director skills and shareholder proxy company engagement and reports.

1. Percentage of portfolio with an EPC rating of B or above, 14% rated C, 5% rated D, E, and F, with the remainder either not applicable or not found.
2. Percentage of portfolio reporting green initiatives such as recycling schemes, low energy lighting, reduced use of paper, staff transport schemes, food waste and water collections.
3. Equivalent litres of diesel displaced by trucks in 2022 refuelling at the CNG stations in which the Company invests.

In addition, Joanna Dentskevich is the Director allocated responsibility for ESG to further facilitate the development of the Company's ESG framework, and to ensure the Company's ESG focus remains current and considered by the Board in their decisions, processes and policies. The Company's ESG framework is detailed further above and its ESG policy can be found on the Company's website.

The Investment Manager has a ten-year record of identifying assets with a core environmental and social benefit. Responsible Investment is at the core of investment management processes and is led by the investment team. These investment processes are overseen by the Responsible Investment committee, which reports into the board of the Investment Manager. Further information is provided above.

When evaluating and approving new investments, the Investment Manager directly and/or indirectly addresses climate-related physical and transition risks and opportunities. The Investment Manager's Investment committee reviews ESG impacts as part of the investment process. An ESG indicators dashboard is being developed to ensure consistent reporting to the Board for consideration as part of the quarterly reporting cycle.

The Investment Manager has carried out its first climate risk assessment for the Company for each underlying asset to assess climate-related risks and opportunities across the portfolio. Further information is given below. The Investment Manager also undertook a data collection project to help inform assessment of ESG impacts and climate risk within the portfolio; further information on the data collection project can be found above. Data collection, verification and analysis will be an ongoing process by the Investment Manager in order that annual ESG reporting can be kept up to date and relevant.

Strategy

Physical risks

Through the climate risk assessment, the Investment Manager, based on current climate conditions, believes the physical risk the portfolio is most exposed to arises from extreme weather events in the short, medium and long term. Time horizons have been defined as:

- short term: zero to three years;
- medium term: four to eight years; and
- long term: over eight years.

At this stage, the Investment Manager believes the main extreme weather event in the short term would be from flooding and may affect some of the assets within the property and social infrastructure sectors that are reliant on physical premises located in areas that have a higher risk of flooding. The possible impact on the borrower in these cases might be increased costs arising from water damage, remediation, impact on operations and higher insurance premiums.

In the medium to long term, the Investment Manager believes that extreme weather events such as higher temperatures and water shortages may also impact borrowers with loans associated with care homes, social housing and nurseries where further installation of air conditioning units and the additional costs associated with operating these assets may impact operators' profitability. Higher temperatures may also impact the valuation of properties which are poorly insulated or which were not designed to withstand extreme weather.

The majority of physical assets in the portfolio are located in the UK, in regions with no specific threat from earthquakes, storms or other natural disasters. For projects located in a region known for earthquake risk, storm or natural disasters, specific design features that have been incorporated will be considered to understand the impacts.

Transition risks

The Investment Manager believes the main transition risk the portfolio may be exposed to in the short, medium and long term will arise from changes to climate-related government policy and regulation. The introduction of the Minimum Energy Efficiency Standards ('MEES') may impact some properties with a focus on insulation and reduction of energy usage. Less modern properties with designs that currently do not comply with MEES may require further capital works to meet improved EPC ratings and/or specific air quality targets.

As the property sector within the portfolio mainly comprises short-dated loans across a diversified geography and sub-sectors, a level of mitigation to the impact of such government policy and regulatory changes has been identified. New loans to projects within the property sector are more likely to support more modern properties for which the design is more likely to comply with the MEES.

The impact on the portfolio of physical and transition risks may result in increased LTVs[1] from a reduction in property values of older stock and increased credit risk due to operators' lower profitability potentially impacting their ability to meet payments. However, the results from the first climate change impact assessment indicate that whilst there exists some exposure to physical and transitional risks for some assets, the impact and probability of occurrence overall is considered by the Investment Manager to be low and that the financial impact in the context of the Company's diversified portfolio is likely to be immaterial.

As this was the first year the Investment Manager has undertaken a detailed climate risk assessment, the scope considered the impact of more extreme weather events but excluded consideration to a 2ºC or lower scenario. The Investment Manager will seek to carry out further analysis for future years.

Risk management
The way in which the Company manages risk and the principal risks and uncertainties are described below. The Board considers ESG risks, including those relating to climate change, to be a transverse risk to be managed within the existing risk categories identified in the Company's risk register.

To support the integration of ESG risks, including that of climate risk, into the Company's procedures, an ESG analysis was undertaken during the year to assess the impact of ESG on the Company's existing risk categories and any new categories that might emerge as a result. This assessment has led to clear actions to work towards over the coming years; refer below for further detail.

The Investment Manager directly and/or indirectly seeks to address climate-related risks and opportunities when evaluating and approving new investments. This includes the completion of a Responsible Investment checklist for each new investment. Given the diversity of sectors which the Company invests in, the approach to assessing and measuring ESG risks (including climate risks) naturally needs to reflect the unique characteristics of each investment.

Ongoing due diligence is carried out during the life of each asset to identify any new risks and changes to existing risks, including changes to Government and industry legal and regulatory requirements and assessment and the impact of flooding along with any other appropriate considerations.

Following the investment, its performance is monitored against the relevant covenants and information requirements that are contained within the terms of the loan agreement. The requirements are tailored to manage risks specific to each project and typically include financial, regulatory, operational and construction reporting, where relevant. Through the Responsible Investment checklist process, the Investment Manager seeks to identify ESG indicators to include in reporting and monitoring of borrowers to inform the way in which the investment is managed.

The Investment Manager is developing an ESG dashboard with the aim of providing regular and consistent reporting to the Board on how investment activities have incorporated ESG, including climate risk.

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

Climate risk assessment
To understand the potential impact on the portfolio posed by climate risks, the Investment Manager has conducted a detailed portfolio-wide climate risk assessment on each of the 59 loans in the portfolio. The risk assessment considered nine risk factors associated with physical and transition risks deemed to be the most material to the overall portfolio. These were:

- Physical risks (events driven by a shift in temperatures and weather patterns):
- flooding; heat stress; water stress; fires and wildfires; and natural disasters.
- Transition risks (risks related to the transition to a low-carbon economy): policy or regulatory; technological; market; and reputational risks.

External and internal data points were used to assess the portfolio's exposure to changes to energy efficiency standards and to flooding. EPC ratings and flood risk data available for UK assets were obtained using databases provided by the UK Government.

A loan-by-loan assessment was also undertaken internally by the Investment Manager's portfolio management team to consider the specifics of each investment and to understand the overall exposure to climate change and any mitigating factors. The results from the risk assessment will be used as part of decision making in relation to portfolio management, to help identify with the borrower any further risk mitigation strategies, to better inform the impact, if any, on the underlying borrower's cash flows, to assess how that may impact on the performance of the loan and ultimately the financial forecasts of the Company.

Metrics and targets
The Company reports to stakeholders through its financial reporting and, through the Investment Manager, by way of quarterly updates. In turn, the Investment Manager provides regular reporting to the Board at its quarterly Board and committee meetings.

The Investment Manager is developing an ESG dashboard with the aim of providing regular and consistent reporting to the Board on how investment activities have incorporated ESG, including climate risk. The reporting will also include ESG metrics regarding fee incentive mechanisms, new transactions, due diligence issues raised on new transactions highlighted as a result of the Responsible Investment checklist and ongoing monitoring.

Greenhouse gas emissions
Being an externally managed investment company, the Company has no employees, does not own any property, nor purchase electricity, heat, steam or cooling for its own use and is therefore exempt from the new Streamlined Energy and Carbon Reporting disclosure requirements relating to Scope 1 (direct) and Scope 2 (indirect) GHG emissions. However, to meet UK introduced legislation regarding achieving net-zero greenhouse gas emissions by 2050, the Company will need to report Scope 3 emissions, which fall under two categories as defined by the GHG Protocol:

Category 1: Purchased goods and services
The emissions from services provided by the Investment Manager and the Administrator and emissions from travel of the Board are deemed to be the most material in the context of the Company's outsourced service model. The Board has elected not to disclose this information until further data points can be obtained and verified.

Category 15: Investments
As this is the first year a detailed data collection exercise has been undertaken to obtain emissions of the underlying portfolio, there were several challenges faced in respect to the availability of the data requested, insofar as the Company is a debt provider and does not own or control the assets in the portfolio. As such, emissions data points were only obtained from 22% of portfolio assets by value and the Company has therefore elected not to disclose this information until further data points can be obtained and verified.

The Investment Manager will continue to liaise with asset operators to improve and refine the availability of future ESG data which will be collected and reported on an annual basis. Further information on the data collection exercise can be found above.

The Board and the Investment Manager are committed to improving the Company's data capture and disclosure to help drive more consistent reporting across the industry. It is the Investment Manager's intention to develop the Company's approach to targets in the coming year to enable more detailed reporting.

Integration

The Company and the Investment Manager have made considerable progress with ESG integration over the past years.

Governance
The Company

In 2021, the Directors developed a Company ESG policy and framework, as detailed further above. The policy is based upon the PRIs to ensure alignment across its business and with its stakeholders.

To support the integration of ESG risks, including that of climate risk, into the Company's procedures, an ESG analysis was undertaken during the year to assess the impact of ESG on the Company's existing risk categories and any new categories that might emerge as a result. This assessment has led to clear actions to work towards over the next few years. Further details can be found below.

Investment Manager
In 2019, the Investment Manager became a signatory to the PRI and commenced work to integrate Responsible Investment criteria into investment processes. The Investment Manager published a Responsible Investment policy in 2020 outlining its commitments as a business and continued with its work to fully integrate ESG considerations in accordance with the PRI. Further information is included above.

In 2021, the Investment Manager formed a Responsible Investment committee. The committee comprises senior personnel from across the business and is responsible for all aspects of the Investment Manager's Responsible Investment policy; further information is given above. This year, the Investment Manager committed additional resource by recruiting a senior member of staff to lead on ESG and legal matters.

Reporting
The Company
The Board is committed to full compliance with applicable reporting standards in line with regulatory requirements and has included further detail in the annual report in regard to ESG and climate change. It is intended that this will include compliance with TCFD once it becomes applicable to investment companies.

In 2021, the Investment Manager commenced an assessment of flood risk across physical assets and analysed data for available EPC ratings. The assessment was expanded post year end to comprise a comprehensive review of all climate risks. Further information on the climate risk assessment can be found above.

Investment Manager
In 2021, the Investment Manager published its first Responsible Investment report for the financial year and further expanded the report in 2022 whilst also launching a dedicated area for Responsible Investment on its website. Further information can be found on the Investment Manager's website.

This year, the Investment Manager's Responsible Investment committee continued its work to achieve compliance with the core elements of the TCFD. As a company, it is currently exempt from the requirements, however the Investment Manager believes companies must be transparent on the financial implications of climate change to their business and clearly set out the actions they are taking to manage climate change risks and opportunities. The Investment Manager encourages the application of the TCFD framework in its funds.

Awareness
The Company
In 2021, recognising the Company's role as a responsible debt provider, the Board approved ESG target incentives with selected loans. Through this mechanism, agency fees can be waived if agreed ESG targets or schemes are implemented by the borrower. The incentive mechanism clause is included in all term sheets issued by the Investment Manager on behalf of the Company. To date, the Company has funded three ESG initiatives; these are further detailed above.

The Investment Manager has engaged with ESG rating agencies during the year and intends to further engage to understand how ESG ratings impact investor perceptions of the Company and share price.

Investment Manager
This year, the Investment Manager revised its business travel policy and set up a charity of the year scheme to contribute as an organisation. To further efforts with diversity across the business, the Investment Manager has introduced annual diversity and inclusion training for all employees and is working on enhancing recruitment processes to provide a recruitment framework that supports an inclusive culture. Further information can be found above.

Aims for 2023 and beyond

1. Decision making	***2. Ownership***	***3. Partnership***
ESG considerations will be part of our decision-making process	We will include ESG issues in our policies and procedures	We will consider the ESG approach of those we chose to engage with and invest in
The Company Review ESG strategy and policy to ensure the investment objective remains valid.	*The Company* Review of Company policies to ensure ESG is considered and reflected.	*The Company* Review ESG checklist to consider inclusion of additional climate analysis and review of
The portfolio Further develop ESG due diligence processes for different sectors and borrowers.	*The portfolio* All term sheets issued to potential borrowers to include incentive schemes.	borrower policies. *The portfolio* Explore further incentive mechanisms at the portfolio level, to promote ESG.

4. Acceptance	***5. Enhancement***	***6. Reporting***
We will promote acceptance and implementation of ESG considerations	We will ensure our ESG framework is maintained	We will report on our progress against our ESG framework
The Company Promote acceptance and implementation of ESG considerations through engagement with the Company's stakeholders.	*The Company* Develop and improve the ESG engagement with stakeholders and advisers.	*The Company* Continue to develop ESG metrics and targets in line with applicable frameworks to better monitor and report ESG impacts and progress.
The portfolio Share progress on implementation of the PRIs and look to utilise examples of best practice in the market.	*The portfolio* Engage with borrowers, to seek feedback on ways in which they can be supported to meet their ESG goals.	*The portfolio* Report selected ESG metrics from the portfolio as part of sustainability reporting.

STAKEHOLDERS

The Board values the importance of maintaining a high standard of business conduct and stakeholder engagement and ensuring a positive impact on the environment in which the Group operates.

Stakeholders
The Company engages with its stakeholders in different ways. This section outlines the key stakeholder groups, the importance of engagement and how the Company and the Board interacts. Stakeholders have been grouped into six key categories, with an overview of why and how the Company engages including, where relevant, key Board decisions which impacted these groups and the ways in which the Board considered their interests.

All Board discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. The Board values the importance of maintaining a high standard of business conduct and stakeholder engagement and ensuring a positive impact on the environment in which the Group operates.

Section 172:
Promoting the success of the Company

As a member of the AIC, the Company reports against the AIC Code on a comply or explain basis. Whilst the Company is not domiciled in the UK, by reporting against the AIC Code, the Company voluntarily meets any obligations in relation to the UK Code and specifically section 172 of the Companies Act 2006.

The Board of Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172 of the Companies Act 2006) in the decisions taken during the year as set out below.

The interests of the Company's employees The Company has no employees but has close working relationships with the employees of the Investment Manager and the Administrator to which it outsources its main functions.	Refer to stakeholder engagement section and governance section below.
The impact of the Company's operations on the community and the environment The Company has an ESG policy and framework, as detailed further above. The policy is based upon the PRIs to ensure alignment across its business and with stakeholders.	Refer to sustainability section on below.
The need to foster the Company's business relationships with suppliers, customers and others The Board has a close working relationship with all its advisers and regularly engages with all parties.	Refer to stakeholder engagement section below.
The desirability of the Company maintaining a reputation for high standards of business conduct Under the leadership of the Chairman, the Board operates with core values of integrity and impartiality with an aim of maintaining a reputation for high standards in all areas of the business it conducts.	Refer to Board culture and purpose of the corporate governance statement below.
The need to act fairly between shareholders of the Company The Board actively engages with shareholders and considers their interests when setting the Company's future strategy.	Refer to stakeholder engagement section below.

The stakeholder model below demonstrates how the Company interacts with all of its stakeholders.

Shareholders
All investors in the Company, be they institutional, such as pension funds or wealth managers, or retail, such as private individuals.

Why engage
Through the provision of capital, shareholders enable the Company to pursue its investment objective. In return, the Company generates earnings for shareholders as well as growing the capital value of the portfolio over the long term.

How the Company engages
The Company, primarily through its Investment Manager and Broker, engages in ongoing communication with its shareholders via market interactions, webinars and shareholder, analyst and marketing presentations.

Shareholder engagement is reported to the Board on a quarterly basis. Feedback obtained through this engagement is taken into consideration when setting the future strategy of the Company and any Board decisions which may impact shareholders.

The Board encourages shareholders to attend and vote at general meetings of the Company so they may discuss governance and strategy and to understand shareholders' issues and concerns.

The Investment Manager has been engaging with shareholders throughout the year by holding meetings, hosting webinars and portfolio updates for investors, including holding a separate webinar to discuss the resignation of the lead fund manager, David Conlon.
The following engagement actions were taken subsequent to Mr Conlon's resignation:

- the Broker contacted the largest shareholders to ensure they were made aware of the change;
- one-to-one telephone calls were held with shareholders and the Investment Manager;
- the Chairman and the Broker engaged with shareholders on multiple occasions either through telephone calls or responded
- in writing to those who had requested information regarding the departure of Mr Conlon; and
- the Investment Manager organised a webinar with smaller shareholders.

Alongside the Investment Manager, the Company has continued to engage with shareholders by increasing both the quality and detail of its portfolio disclosures and this year its disclosures in respect of ESG. Feedback has been positive to date and both the Board and the Investment Manager are keen to engage with shareholders to address any questions or concerns they may have.

Key Board decision:
Share buybacks

Decision:
In October 2022, the Company recommenced its buyback programme in response to market volatility driven by the war in Ukraine, the recovery from the Covid-19 pandemic, high inflation, a cost-of-living crisis and subsequent impact on the share price.

The Directors have the authority to repurchase up to 14.99% of the Company's share capital if they believe it to be in the Company's and shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the shares. The latest authority was granted at the 2022 AGM and the Board will be seeking a renewal of the authority at the 2023 AGM.

At the date of recommencement of the scheme, the share price offered value to shareholders with the shares trading at significant discount[1], meaning any buybacks would be NAV accretive.

Process:

In October 2022, the Investment Manager and the Broker recommended that the Board consider reinstating the buyback programme.

A Board meeting was held to discuss the proposal with the Investment Manager and Broker present, to decide whether it would be in the best interests of the Company and shareholders. The Board considered, amongst other matters:

- whether the scheme would have an impact on the NAV and the share price discount[1];
- the current investment pipeline; and
- the total cash available and investment opportunity.

It is recognised that the repurchase of shares does not have a significant impact on the share price.

During the latter half of 2022, the Chairman, the Investment Manager and the Broker met with a number of the Company's largest shareholders to understand their views on the buyback programme and the Company as a whole. The shareholders expressed their support for the buyback strategy.

Outcomes:
Based on the buyback being in the interest of the Company and shareholders, and the positive impact it would have on the NAV, the Board authorised the recommencement of the buyback programme. The programme is authorised in increments in order for it to be monitored by the Board against the Company's cash position, share price and investment pipeline.

During the year the Company bought back 5,682,459 shares which are currently held in treasury. The repurchase of shares has contributed to a NAV uplift of 0.2 pence per share since recommencement of the scheme in October 2022.

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

Suppliers
Suppliers across the UK and Jersey who provide services to the Company.

Why engage
The Company's suppliers include third party service providers engaged to provide corporate or administration services, in addition to the investment management services provided by the Investment Manager. These services are critical to the ongoing operational performance of the Group.

How the Company engages
The Board has a close working relationship with all its advisers and regularly engages with all parties. The Management Engagement committee regularly monitors the performance and reviews the terms of each service contract annually. To ensure suppliers meet the Company's high level of conduct, all suppliers are required to confirm on an annual basis, in the form of a questionnaire, that they have adequate policies and procedures in place for ensuring business continuity planning; cyber security; and prevention of corruption and bribery.

For the year ended 31 December 2022, the questionnaire has been expanded to cover policies and procedures in relation to ESG, compliance with the General Data Protection Regulation and MAR, as well as a requirement by service providers to rate their own service and the conduct of other service providers.

This informs decision making at Board level in regard to the continuing appointment of service providers.

Post year end, the annual Management Engagement committee meeting was held where the committee reviewed the performance, and considered the continued appointment, of the Company's service providers. Refer below for further information.

The committee also worked closely with the Investment Manager on its resourcing and recruitment plans following the resignation of the lead fund manager, David Conlon.

In addition, the Board typically attends the offices of the Investment Manager at least once a year to perform an oversight review and consider matters such as strategy, portfolio performance and principal risks.

Borrowers
Owners of the Project Companies to which the Group advances loans.

Why engage
By engaging with borrowers and understanding their needs, the Group is able to offer bespoke lending solutions which reflect the contractual fundamentals and inherent risks of the underlying assets and cash flows. Borrower contact enables direct feedback and informs strategic decision making at Board level.

How the Company engages
The Investment Manager's designated portfolio monitoring team engages with borrowers on an ongoing basis. Engagement is in the form of regular interaction with the borrowers. Visits to projects in Dublin, London, Birmingham, Wigan and Coventry were undertaken by the origination and portfolio management teams.

The Investment Manager reports to the Board on asset performance on a quarterly basis. The regular monitoring of information and financial covenant obligations is also carried out to ensure compliance with financial covenants to ensure the early identification of potential issues.

The Board engages with the Investment Manager with regard to 'conflicted investments', where the Investment Manager or any shareholders, directors or employees of the Investment Manager are directly or indirectly interested in any entity or asset in relation to the investment.

Lender
Provider of the Company's credit facilities.

Why engage
The Company's lender, RBSI, provides a credit facility used in the making of investments in accordance with the investment policy, access to which creates an efficient method of investing capital and minimises the effect of cash drag.

How the Company engages
The day-to-day management of the credit facility is delegated to the Investment Manager, who engages with the lender to ensure that they remain fully informed on all relevant business of the Company. This high level of engagement helps to support the relationship with the lender.

The Investment Manager reports to the Board on a quarterly basis on current and future financing requirements, as well as the quantum and duration of the RCF. This information forms the basis of decision making at Board level. The Company's RCF is due to expire in August 2023 and includes an optional extension for an additional term of one year with lender approval.

The Company, through the Investment Manager, has commenced a review of its financing arrangements with the intention of extending the RCF in advance of the date of expiry as well as exploring alternatives should the RCF not be renewed. Further information on the RCF is given in notes 2.1 and 14 to the financial statements.

Government and regulators
Governmental organisations providing public services for society, or financial services regulators.

Why engage
Good governance and compliance with applicable regulations is vital in ensuring the continued success of the Company and the regimes within which it operates.

How the Company engages
The Board encourages openness and transparency and promotes proactive compliance with new regulation. The Company engages with local government and regulatory bodies at regular intervals and participates in focus groups and research projects where relevant.

The Company, through its Investment Manager and Administrator, files UK AIFM Regime and Jersey regulatory statistics on a quarterly basis and assists the JFSC in collecting data to conduct a national risk assessment of money laundering and terrorist financing threats to Jersey.

Government and regulatory policy informs strategic decision making at Board level with consideration given to the impact the Company has on the sector and vice versa.

Society
The Company positively impacts society through its investing activities, providing funding for assets which are integral to society.

Why engage
Through responsible investing the Company can ensure the long-term success of not only itself but also of the environments within which it operates. As part of the investment process, ESG due diligence is carried out by the Investment Manager to ensure that sustainability and impact on society is considered.

How the Company engages
Indirectly, the Company engages with society through its social infrastructure investing, providing funding for housing for vulnerable adults, student accommodation, care for the elderly, nurseries and urban regeneration.

The Company reports on the benefits to society through its normal methods of shareholder engagement. Further information can be found in the sustainability section above.

The Company has published an ESG policy and framework in line with good governance and social responsibility. The policy can be found on the Company's website.

RISK MANAGEMENT

The Board and the Investment Manager recognise that risk is inherent in the operation of the Group and are committed to effective risk management to protect and maximise shareholder value.

Risk management strategy and risk appetite
The Board has the ultimate responsibility for risk management and internal controls within the Company. The Board and the Investment Manager recognise that risk is inherent in the operation of the Group and are committed to effective risk management to protect and maximise shareholder value. When setting the Company's risk management strategy, the Board also considers the nature of the risks they are willing to take and the appetite they have for those risks to achieve the Company's strategic objective.

Risk management process
At least twice a year, the Board, with the assistance of the Risk committee, undertakes a robust assessment of the principal and emerging risks facing the Company, including those that might threaten its business model, future performance, solvency and liquidity.

The Board also reviews the effectiveness of the Company's risk management process and internal control systems. Refer to the Risk committee report below for further information. This review covers the strategic, investment, financial, operational and financial crime risks facing the Company, as well as any emerging risks.

During the year, the Board discussed with the Company's key service providers how their services comply with the Company's policies, procedures and the terms of the service agreements to mitigate these risks. These discussions are ongoing. All recommendations arising from the review to enhance the control framework will be evaluated by the relevant Board committees and appropriate
recommendations will be presented to the Board for its approval during 2023.

The Board will continue to assess these risks and will review the Company's procedures and service agreements to mitigate the principal risk of its reliance on its key service providers. In relation to the AIC Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls was carried out throughout the year under review.

Role of the AIFM
The Investment Manager has been appointed as AIFM to the Company since September 2015. The AIFM is required to operate an effective and suitable risk management framework to allow the identification, monitoring and management of the risks to which the AIFM and the AIFs under its management are exposed.

The AIFM's permanent risk management function has a primary role alongside the Board in shaping the risk policy of the Company. In addition, it has responsibility for risk monitoring and risk measuring to ensure that the level of risk remains within the Company's risk profile and tolerance.
Principal risks and uncertainties

Principal uncertainties
The Board considers the principal uncertainties faced by the Company during the year to be as detailed below. As part of the review of the principal uncertainties, the Board has concluded that the uncertainties relating to the 'Covid-19 pandemic' and 'Brexit' are no longer considered as uncertainties as their impacts are addressed as part of the Company's normal course of business. In addition, the previous uncertainty relating to the 'Conflict in Ukraine' has been updated to be 'Geopolitical uncertainty', as detailed below.

Uncertainty 1: Geopolitical uncertainty
The Board considers extensive effects from geopolitical uncertainty seen in 2022 to be a principal uncertainty for the Company. The war in Ukraine has clouded the outlook for the global economy and exacerbated disruptions in supply chains, energy prices, market volatility and created inflationary pressures and investor unease. The Company is predominantly invested in the UK and has no investments in Ukraine, Russia or Belarus. Equally, no borrowers have been subject to sanctions imposed due to the war.

Principal risks
The Board considers the principal risks faced by the Company during the year, together with the potential effects, controls and mitigating factors, to be as detailed below. As part of the review of the principal risks, the Board has identified a new risk 'Reliance on third party service providers' which is included as part of 'Key resource risk' below.

Category 1: Credit risk

Risk	*Impact*	*How the risk is managed*	*Change in residual risk over the year*
Borrower default, loan non-performance and collateral risks Borrowers to whom the Group has provided loans default or become insolvent.	The success of the Group is dependent upon borrowers fulfilling their payment obligations when they fall due. Failure of the Group to receive payments or to recover part or all amounts owed together with potential additional costs incurred from the renegotiation and/or restructuring of loans can result in substantial irrecoverable costs being incurred. This could have a material adverse effect on the NAV of the Company and its ability to meet its stated target returns and dividend.	The Investment Manager continuously monitors the actual performance of projects and their borrowers, taking action where appropriate, and reports on performance of the Group's portfolio to the Board each quarter.	**Increased** Inflationary increases over the year have seen higher operational costs for borrowers, particularly operational businesses with staffing and energy expenditure. Increases in operating costs for borrowers without corresponding inflationary increases in revenue could put pressure on the ability of borrowers to service their debt. Monitoring of inflation and its impact on operational budgets for borrowers has been an area of focus for the Investment Manager. During the year, there have not been any defaults on loans directly related to operational cost inflation.

Category 2: Economic risk

Risk	*Impact*	*How the risk is managed*	*Change in residual risk over the year*
Property Loans made by the Group to projects involved in property or the development of property are indirectly exposed to the performance of the underlying real estate market in the relevant area.	If the market value of any property investments to which the Group has provided finance is found to be materially lower than assumed or projected, this may adversely impact the Group's ability to recover the value of its investments in the event of a borrower default or sale process.	The Group's property investments are at an average LTV[1] of c.70% across the property exposure. In addition, the credit risk associated with each Project Company is mitigated as the cash flows receivable are secured against the assets of the Project Company. The Project Company in turn holds security over multiple assets at the underlying project level, providing diversification of credit risk on the Group's position.	**Increased** Whilst the portfolio retains c.70% average LTV[1] coverage, the Investment Manager is anticipating downward valuations across the property market in response to current levels of inflation and the potential of a broader economic recession reducing confidence in the market.
Macro-economic The Company invests in a variety of sectors and geographies which could be impacted in different ways by changes in interest rates, inflation, growth and as a result of the geopolitical environment.	Continued high inflation, increases in energy prices, increases in interest rates and geopolitical uncertainty could have a material adverse effect on (i) the underlying Project Companies e.g. by reducing the value of underlying assets or stressing cash flow where revenue does not keep pace with rising costs and (ii) the ability of the Company to meet the investment objective.	The portfolio has partial inflation protection, in particular on longer-dated loans, through a number of different mechanisms including direct rate linkage, profit sharing and principal indexation. These are described in more detail above. In addition, the weighted average loan life of the portfolio is six years, allowing for reinvestment of the funds at prevailing rates. The diversification of the portfolio across 21 asset classes and multiple geographies also offers additional protection in a changing environment. The Investment Manager is continuing to see opportunities for reinvestment in attractive sectors and at appropriate risk-adjusted rates. It is monitoring changes in inflation and interest rates closely.	**Increased** Through the year, the macro-economic landscape has shifted rapidly with rates of inflation and increases in base rates which has not been seen for decades. The rapid changes in the year impact differently across the diversified portfolio. This landscape presents both threats and opportunities for the Company. The Investment Manager has been responding through lending rate increases on new investments, triggering of inflation protections and by working closely with borrowers to identify challenges in the new macro-environment. At the time of writing, there has been volatility in the banking sector. The Investment Manager is tracking developments closely to mitigate against potential risks but also possible opportunities for new lending in the market.
Valuation risk Due to the nature of the investments made by the Group, observable market data or comparable prices may not exist for some of the assumptions used in their valuation.	Uncertainty about valuation assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets in the portfolio in the future.	The Company has engaged an experienced Valuation Agent to carry out the valuation of investments on a regular basis. In addition, the Investment Manager, as part of its due diligence process, uses market-recognised professionals to provide initial valuations where possible.	**Increased** Whilst the previous impacts of the Covid-19 pandemic and associated regulations has reduced, the impacts of the rapidly changing macro-economic market and rising inflation and interest rates present challenges to the judgements, assumptions and estimates in modelling future cash flows. As a result, valuation risk has increased.

Category 3: Key resource risk

Risk	*Impact*	*How the risk is managed*	*Change in residual risk over the year*
Reliance on key personnel at the Investment Manager The Company is dependent on key people within the Investment Manager to meet its investment objective	An inability by the Investment Manager to retain and recruit the required level of personnel with the appropriate skills and experience may adversely impact its ability to service the needs of the Company.	The Company has entered into a contractual engagement with the Investment Manager. The performance of the Investment Manager is monitored by the Board along with the Company's other key service providers on an ongoing basis. The Investment Manager provides regular updates to the Board on its resourcing plans and has a competitive remuneration plan focused on key employees.	**Increased** During the year, David Conlon, the lead fund manager, resigned from the Investment Manager. An update on recruitment and the wider investment management team is included above.
Reliance on third party service providers The Company has no employees and is reliant on the ability of its service providers and their internal controls for its successful functioning, including, but not limited to, successful implementation of the investment objective, their ability to retain and recruit appropriately qualified and experienced staff, as well as compliance, cyber security, data privacy and business resilience.	Failure by a third party service provider to carry out its obligations in accordance with the terms of its appointment, or to exercise due skill and care, could have a material effect on the Group's performance, conduct, compliance or misrepresentation and damage to the reputation of the Company.	The performance of the Company's service providers is closely monitored by the Management Engagement committee, which also carries out an annual review to monitor service levels and ensure undertakings are met. Through the Audit committee and the Risk committee, the Company's internal controls are monitored to identify the root cause of any risks or issues in order to address and mitigate.	**Increased** The Company has experienced changes in personnel across many of its service providers, resulting in a loss of corporate history. Together with increased regulatory requirements and expectations, increasing attacks on cyber resilience, the increase on digital dependency from work from home models and the complexity of the investment process due to the nature of the borrowers, the Directors believe that the potential cumulative impact of all these risks across the Company should now be considered a principal risk notwithstanding the more minor potential impact of any individual risk.

Category 4: Regulatory risk

Risk	*Impact*	*How the risk is managed*	*Change in residual risk over the year*
Change in laws, regulation and/or policy The Company, its operations and the underlying Project Companies are subject to laws and regulations enacted by national and local governments.	Any change in the laws, regulations and/or Government policy affecting the Company or the underlying Project Companies may have a material adverse effect on the ability of the Company to successfully pursue the investment policy and meet its investment objective, which therefore may impact the value of the Company.	The Company has a comprehensive compliance monitoring programme relevant to its operations that ensures compliance with developments and changes in legislation and regulation in the Channel Islands and the UK, including monitoring the impact of Brexit in the jurisdictions in which the Group invests. The programme also monitors compliance with listing and FCA marketing rules.	**Stable** During 2020/21, there was significant regulatory risk due to changes imposed to manage the Covid-19 pandemic. During the year, this risk has reduced as restrictions were lifted and there is increased certainty regarding future management of the pandemic. As noted above, the impact of the war in Ukraine poses risks to the underlying borrower businesses, particularly in relation to energy pricing and immigration of migrant workers. The Investment Manager will continue to monitor the impact of any changes in policy on these borrowers.

Category 5: Execution risk

Risk	*Impact*	*How the risk is managed*	*Change in residual risk over the year*
Reinvestment risk and availability of suitable investments The Company is not able to deploy capital in a timely manner or does not have the capital available to make investments.	The decline or lack of availability of suitable investments meeting the risk and return profile of the Company's investment strategy within the required timescales may have a negative impact on the Company's returns as a result of holding uninvested cash balances. The lack of availability of capital or the withdrawal of the RCF may limit the Group's ability to make investments in line with the Company's investment strategy and may impact the financial position and results of the Group.	The Investment Manager is continuously in contact with the market, seeking new deals, and builds a specific investment pipeline before recommending the raising of additional finance to ensure that capital is deployed in a timely manner. Furthermore, the Investment Manager is aware of alternative forms of financing which could utilised as part of any funding strategy, along with a potential sale of assets.	**Increased** As a result of the macro-economic environment, the Investment Manager is seeing reduced competition in some sectors from traditional lenders. This is leading to an increased pipeline of opportunities. Equally, the Investment Manager has seen a decrease in re-financing activity from existing borrowers and an increase in requests for extensions and follow-on loans to allow borrowers to retain stabilised assets for sale in subsequent periods. Given the continued share price discount, investment is limited by the Company's available capital from repayments and ability to draw on the RCF. The RCF includes an optional one year extension (with lender approval) in August 2023. The Company, through the Investment Manager, has commenced a review of its financing arrangements with the intention of extending the RCF in advance of the date of expiry, as well as exploring alternatives should the RCF not be renewed.

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

Emerging risks
Emerging risks include trends which are characterised by a high degree of uncertainty in terms of their occurrence, probability and their potential impact. As part of the Company's risk management processes, emerging risks are considered at the formal reviews of the Company's risks, described above and in the Risk committee report below.

During the year, the Board identified inflation as an emerging risk due to the potential impact on its borrowers. However, at the year end, the committee did not consider it to be an emerging risk as its impact is being addressed within specific risks already identified and managed.

ESG risks
The Board considers ESG risks, including those relating to climate change, to be a transverse risk and which are to be managed within the existing risk categories identified in the Company's risk register. To support the integration of these risks, into the Company's procedures, an ESG analysis was undertaken during the year to assess the impact of ESG on the Company's existing risk categories and any new categories that might emerge as a result. This assessment has led to clear actions to work towards over the next few years. Further details can be found above.

Furthermore, the Investment Manager has carried out a climate risk assessment for each underlying portfolio asset to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. Further information is given above. Based on the climate risk analysis undertaken, the Investment Manager does not currently propose to make any changes to financial forecasts due to climate risk.

Going concern and viability assessment
Assessment
The Directors have assessed the financial prospects of the Company for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved, and made an assessment of the Company's ability to continue as a going concern.

The Investment Manager has prepared cash flow forecasts which were challenged and approved by the Directors, including a stressed cash flow downside scenario whereby the Company has to repay the RCF should it not be extended beyond the termination date, and the reasonableness of other available finance options including alternative finance facilities and the sale of specific assets.

The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future and furthermore are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Refer to note 2.1 to the financial statements for further details on the assessment.

The Board regularly reviews the risks that it has identified that might threaten its strategy. The Board also assesses the Company's policies and procedures for monitoring, managing and mitigating its exposure to these risks. The Directors have carried out a robust assessment of each of the Company's risks, including its principal risks that would threaten its business model, future performance, solvency or liquidity, uncertainty, as detailed above and, through stress testing as described below, have also assessed the prospects of the Company over a longer period than the twelve months required by the going concern provision.

Stress testing
In order to analyse the effect of the principal risks and uncertainties on the Company's net cash flows, key financial ratios, viability and dividend cover, the Investment Manager has stress tested the Company's financial model by flexing a number of key assumptions used in order to model the impact of plausible scenarios, including:

- significant reduction of 25% of interest income received;
- borrower default probabilities by sector and recovery rates of 64%;
- cash requirements arising from maintaining FX hedges in a downside FX scenario, calculated at a 95% confidence level;
- significant increases in the Company's operating expenses and debt financing costs of 25% and increase of 2.00% on SONIA respectively;
- a combined scenario with a combination of the factors described above;
- the RCF extension is not approved by the Company's lender and the facility becomes payable in full in August 2023; and
- impact on the portfolio of downside stress tests on a sector-by-sector basis.

The Investment Manager believes that the above scenarios represent a robust sensitivity analysis. The Company's principal activity is investing in loans to third parties supported by the value of physical assets and contracted cash flows. The Company is reliant on the performance of interest and principal repayment obligations as part of these loans in order to meet its overheads, service its borrowings and to pay the discretionary dividends.

Time period
The Board has determined that a five year period constitutes an appropriate period over which to provide its viability statement. The weighted average term of the loans within the investment portfolio is six years and in the view of the Board and the Investment Manager, financial forecasts that support the analysis may be subject to further capital raising for which the impact beyond a five year term is difficult to assess.

In addition, the extent to which macro-economic, political, social, technological and regulatory changes beyond a five year term may have a plausible impact on the Company are difficult to forecast. The assessment involved an evaluation of the potential impact on the Company of these risks occurring through the use of stress testing as detailed above.

Conclusion
Based on this assessment and the stress testing performed on the Company's prospects, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment to 31 December 2027.

Approval of strategic report
The strategic report has been approved by the Board and is signed on its behalf by the Chairman.

Alex Ohlsson
Chairman

13 April 2023

BOARD OF DIRECTORS

The Directors are responsible for the effective stewardship of the Company's activities in order to ensure its long-term success in the interest of stakeholders.

Alex Ohlsson
Chairman
Alex Ohlsson, a Jersey resident, is the managing partner of the law firm Carey Olsen, and is recognised as an expert in corporate and finance law in Jersey with a particular focus on international real estate finance and structures. Mr Ohlsson joined Carey Olsen in 1991, became a Jersey solicitor in 1994 and an Advocate of the Royal Court of Jersey and a partner of Carey Olsen in 1995. He was educated at Queens' College, Cambridge, where he obtained an MA (Hons) in Law. Mr Ohlsson served as the independent chairman of the States of Jersey's audit committee from 2009 until 2018. He is an advisory board member of Jersey Finance, Jersey's financial services promotional body. He acts as a non-executive director of a number of companies. He is also chairman of the LSE Main Market listed company Foresight Solar Fund Limited.

Skills and experience:

Substantial board level and legal experience in the corporate and finance sectors in Jersey.

Date of appointment:
14 September 2015

Joanna Dentskevich
Senior Independent Director and chair of the Risk committee
Joanna Dentskevich, a Jersey resident, has over 30 years of risk,
finance and investment banking experience gained in leading global banks worldwide, alternative investments and the offshore funds industry. Previously, she was a director at Morgan Stanley heading up its Global Customer Valuation Group, a director of risk at Deutsche Bank and chief risk officer of a London-based hedge fund. Mrs Dentskevich has a BSc (Hons) in Maths and Accounting. Mrs Dentskevich is also chair of the board of the LSE listed company EJF Investments Limited.

Skills and experience:
Substantial relevant risk, finance and board level experience in the investment sector.

Date of appointment:
7 September 2015

Colin Huelin FCA
Chair of the Audit committee
Colin Huelin, a Jersey resident, graduated in mechanical engineering with a first class honours BSc degree and Diploma at Southampton University in June 1982. He completed his graduate management development and monitored professional development scheme with Shell UK and the Institute of Mechanical Engineers in 1986. Mr Huelin qualified as a chartered accountant with Ernst & Young in 1989 and was appointed finance director for Computer Patent Annuities ("CPA") in February 1990. He was appointed CEO for CPA in 1995. In November 1998, he joined Abbey National Offshore as head of financial planning, was promoted to finance director in 2003 and then managing director of Santander Private Banking in Jersey in November 2007, a position he held until 31 May 2015.

Skills and experience:
Substantial board level and financial experience in the banking and private sectors in Jersey.

Date of appointment:
7 September 2015

Marykay Fuller
Chair of the Management Engagement committee and the Remuneration and Nomination committee

Marykay Fuller, a UK resident, is a banking and finance professional with 30 years' experience in debt and equity markets, working with a broad range of businesses across a variety of jurisdictions including the UK, US, Europe, South America and Asia. Most recently, she was a senior deal advisory partner at KPMG LLP where she also represented the firm on the board of the trade group, British American Business. Ms Fuller is currently the chair of Intu Milton Keynes Limited and the senior independent director of the UK Civil Aviation Authority, where she is a member of the audit committee and sits on the CAA International management board. She is the chair of the Air Travel Trust, is a non-executive director at TDBico, the ultimate parent of Tilbury Douglas, and serves on the Alumni Advisory Board of Heinz College, Carnegie Mellon University in the US.

Skills and experience:
Substantial business and debt experience across a variety of jurisdictions.

Date of appointment:
6 November 2019

THE INVESTMENT MANAGER

The Board of Directors has appointed the Investment Manager to provide day-to-day investment management services to the Group.

Investment team

Joanne Fisk
Director

Joanne Fisk is a director of the Investment Manager and acts as lead co-fund manager for the Company.

Background:
Ms Fisk has worked on the Company since 2017 and has a depth of experience, including playing a key role in identifying investments, leading negotiations, liaising with borrowers and overseeing portfolio developments. Prior to joining the Investment Manager in 2017, Ms Fisk qualified as a lawyer in the project finance team of UK-based law firm Burges Salmon, where she focused on structuring and financing of infrastructure projects.

Skills and experience:
Experience in a wide range of sectors including residential development, student accommodation, infrastructure, renewables, care homes and football finance.

Philip Kent
Director

Philip Kent is a director of the Investment Manager and acts as co-fund manager for the Company.

Background:
Mr Kent joined Gravis from Foresight Group, where he was responsible for investments in the waste and renewables sectors, including large waste wood combustion projects and a pipeline of anaerobic digestion projects across the UK. He has been involved in the energy sector for over ten years, working initially as a consultant within PA Consulting's energy practice, focusing on energy markets and energy asset valuations. In 2008, he moved to Gazprom Marketing and Trading, working in risk management across a number of commodities before moving into the clean energy team.

Skills and experience:
Extensive experience in the infrastructure sector, including energy markets, asset valuations and renewables transactions.

Financial and corporate advisory

Saira Johnston
Chief financial officer

Chloe Marlow
Head of corporate reporting

Sarah Bowe
Compliance and risk officer

William Parry-Jones
Fund financial controller

Portfolio administration

Luther Ward-Faint
Portfolio manager

Martie Chawla
Assistant fund financial controller

Kate Arnold
Portfolio manager

Justyna Kolarovic
Portfolio administrator

BOARD LEADERSHIP AND PURPOSE
Corporate governance statement

I am pleased to present the Company's corporate governance statement for the year ended 31 December 2022.

Introduction from the Chairman
In this corporate governance statement, the Company reports on its compliance with the AIC Code, sets out how the Board and its committees have operated during the year and describes how the Board exercises effective stewardship over the Company's activities for the benefit of its members as a whole.

The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company. All Directors contribute to Board discussions and debates. The Board believes in providing as much transparency for shareholders as is reasonably possible.

The AIC Code
As a member of the AIC, the Company reports against the principles and provisions of the AIC Code.

The Board has considered the principles and provisions of the AIC Code. The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code can be found on the AIC website at www.theaic.co.uk. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC and supported by the JFSC, provides information to shareholders.

Statement of compliance with the AIC Code
The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment company, most of the Company's day-to-day responsibilities are delegated to third party service providers. The Company has no employees and the Directors are all non-executive, therefore not all of the provisions of the UK Code are directly applicable to the Company. The Board considers that the Company has complied with the principles and provisions of the AIC Code.

The Board
At 31 December 2022, the Board comprised four Directors, all of whom are non-executive and are considered independent. Biographical details of the Directors are shown above.

Under the leadership of the Chairman, the Board is responsible for the long-term success of the Company. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Board has overall responsibility for the Company's investment policy, investment strategy and activities, including the review of investment activity and performance and internal controls of the Investment Manager.

Matters reserved for the Board
The Board has approved a formal schedule of matters reserved for its approval which is available on the Company's website and upon request from the Company Secretary. The principal matters considered by the Board during the year included:

- the declaration of dividends;
- share buybacks;
- the interim and annual financial statements;
- the Company's annual expenditure budget;
- conflicted investments;
- the resignation of the fund manager;
- the Co-living group loan (further details above);
- ESG matters; and
- recommendations from its committees.

Culture and purpose
The Chairman, Alex Ohlsson, leads the Board and is responsible for its overall effectiveness in directing the Company. He demonstrates objective judgement, promotes a culture of openness and debate and facilitates constructive Board relations and the effective contribution of all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information. The Directors are required to act with integrity, lead by example and promote this culture within the Company.

The Board seeks to ensure the alignment of its purpose, values and strategy with this culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers, principally the Investment Manager. The culture of the Board is considered as part of the annual performance evaluation process which is undertaken by each Director. The culture of the Company's service providers, including their policies, practices and behaviour, is considered by the Board as a whole during the annual review of the performance and continuing appointment of all service providers.

DIVISION OF RESPONSIBILITIES

The Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk management and overall investment policy.

The Board

Purpose:		Provides overall leadership, sets out the strategic aims	
Responsible for the long-term success of the Company.		of the Company and ensures that the necessary resources are in place for the Company to meet its objective and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls.	
Composition at 31 December 2022:			
Chairman: Alex Ohlsson	Joanna Dentskevich	Colin Huelin FCA	Marykay Fuller

Board committees

Audit committee	*Management Engagement committee*	*Remuneration and Nomination committee*	*Risk committee*
Purpose: Ensures that the Company's financial performance is properly monitored, controlled and reported, in addition to engaging with the Company's external Auditor.	*Purpose:* Reviews the performance and continuing appointment of the Investment Manager and other service providers.	*Purpose:* Considers appointments to the Board and its individual committees, makes recommendations in regard to changes to maintain a balanced and effective Board and reviews the remuneration of the Directors.	*Purpose:* Reviews, monitors and assesses the risks the Company is exposed to, its risk appetite and the effectiveness of the risk management framework.
Composition at 31 December 2022			
Chair: Colin Huelin FCA Joanna Dentskevich Marykay Fuller	Chair: Marykay Fuller Joanna Dentskevich Alex Ohlsson Colin Huelin FCA	Chair: Marykay Fuller Joanna Dentskevich Alex Ohlsson Colin Huelin FCA	Chair: Joanna Dentskevich Alex Ohlsson Colin Huelin FCA Marykay Fuller
See Audit committee report below.		See Remuneration and Nomination committee report below.	See Risk committee report below.

The terms of reference of the Board committees can be found on the Company's website.

Chairman and Senior Independent Director
The Chairman, Alex Ohlsson, is deemed by his fellow independent Board members to be independent in character and judgement and free of any conflicts of interest.

He considers himself to have sufficient time to spend on the affairs of the Company. He has no significant commitments other than those disclosed in his biography above. The Chairman's independence has previously been noted by Institutional Shareholder. Services, a proxy adviser which publishes voting recommendations for its clients in respect of listed issuers, in their report for the Company's AGM, due to his position as managing partner of Carey Olsen, the Company's advisers on Jersey law. The relationship between the Company and Carey Olsen is not material in nature and is not considered to present a conflict of interest. The fees paid to Carey Olsen in the financial year ended 31 December 2022 represented 0.03% of the total expenses of the Company. Furthermore, the Company and Carey Olsen, a firm of over 50 partners, maintain procedures to ensure that the Chairman has no involvement in either the decisions concerning the engagement of Carey Olsen or the provision of legal services to the Company.

Joanna Dentskevich is Senior Independent Director of the Company. She acts as a sounding board for the Chairman, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the Directors.

In the event the Company experiences a period of stress, the Senior Independent Director would work with the Chairman, the other Directors and shareholders to resolve any issues.

A schedule of responsibilities of the Chairman and the Senior Independent Director is available on the Company's website.

Committees
At the year end, the structure included an Audit committee, a Risk committee, a Management Engagement committee and a Remuneration and Nomination committee. The terms of reference for each of the committees are available on the Company's website or upon request from the Company Secretary.

Audit committee
The membership and activities of the Audit committee are described in its report below.

Risk committee
The membership and activities of the Risk committee are described in its report below.

Management Engagement committee
The Management Engagement committee comprises all Directors. It meets at least once a year to consider the performance of the Company's key service providers, including the Investment Manager, the terms of their engagement, remuneration and their continued appointment.

Following the committee's assessment of the Investment Manager and the third party service providers whom the committee independently evaluates, their continued appointment on the terms agreed was considered to be in the best interest of shareholders as a whole. Thus, it was recommended to, and approved by, the Board that the Investment Manager and the third party service providers be retained.

Remuneration and Nomination committee
The membership and activities of the Remuneration and Nomination committee are described in its report below.

Meetings
The Board holds meetings on a quarterly basis and additional meetings are held when necessary. The number of scheduled meetings of the Board and committees held during the year and the attendance of individual Directors are shown below:

	Quarterly Board		Audit		Risk	
Directors	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Alex Ohlsson	4	4	-	-	5	4
Joanna Dentskevich	4	4	4	4	5	5
Colin Huelin FCA	4	4	4	4	5	5
Marykay Fuller	4	4	4	4	5	5

	Management Engagement		Remuneration and Nomination	
Directors	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Alex Ohlsson	3	3	3	3
Joanna Dentskevich	3	3	3	3
Colin Huelin FCA	3	3	3	3
Marykay Fuller	3	3	3	3

During the year, six additional Board meetings were held. These meetings were in respect of:
- share buybacks;
- Jersey compliance matters;
- the Co-living group loan;
- approval of the half-yearly and annual financial statements; and
- conflicted investments.

The Directors also held an annual strategy meeting with the Investment Manager in November 2022, by video conference.

Directors are encouraged when they are unable to attend a meeting to give the chair their views and comments on matters to be discussed, in advance. In addition to their meeting commitments, the non-executive Directors also liaise with the Investment Manager whenever required and there is regular contact outside the Board meeting schedule.

At each Board and committee meeting, the Directors follow a formal agenda, circulated in advance by the Company Secretary, which may include a review of the Group's investments and associated matters such as gearing, dividend policy, asset allocation, risks, marketing and investor relations, economic and sector issues, regulatory changes and corporate governance best practice. The Company's service providers also provide the Board with relevant information to support each formal agenda.

The Board also considers the Company's investment policy, objective and strategy at these meetings.

Company Secretary
The Board has access to the Company Secretary to advise on governance and day-to-day administrative matters. The Company Secretary is also responsible to the Board for ensuring the timely delivery of the information and reports which the Directors require and that the statutory obligations of the Company are met.

Market Abuse Regulation
Following the implementation of MAR on 3 July 2016, the Board formally adopted revised procedures in relation to the management, identification and disclosure of inside information and share dealing in accordance with MAR.

Anti-bribery and tax evasion
The Company has developed appropriate anti-bribery policies and procedures. The Company has a zero-tolerance policy towards bribery and is committed to carry out its business fairly, honestly and openly.

The Company does not tolerate tax evasion in any of its forms in its business. The Company complies with the relevant UK law and regulation in relation to the prevention of facilitation of tax evasion and supports efforts to eliminate the facilitation of tax evasion worldwide. The Company works to make sure its stakeholders share this commitment.

UK AIFM Regime
The Company is classed as an externally managed AIF under the UK AIFM Regime. The Board has appointed the Investment Manager as the authorised AIFM to the Company and Apex Financial Services (Corporate) Limited as the Company's Depositary under the UK AIFM Regime.

AIFM remuneration
The Investment Manager is authorised as an AIFM by the FCA under the UK AIFM Regime. The Company has provided disclosures on its website incorporating the requirements of the UK AIFM Regime.

The total remuneration paid to the Investment Manager by the Company is disclosed in note 18 to the financial statements.

MiFID II
The ordinary shares and C shares (while in issue) of the Company are considered as 'non-complex' in accordance with MiFID II.

Non-mainstream pooled investments
The Board notes the rules of the FCA on the promotion of non-mainstream pooled investments.

The Board confirms that it conducts the Company's affairs, and intends to continue to conduct its affairs, so that the Company's shares will be 'excluded securities' under the FCA's rules. This is on the basis that the Company would qualify for approval as an investment trust by the Commissioners for HM Revenue and Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the UK. Therefore, the Company's shares will not amount to non-mainstream pooled investments. Accordingly, promotion of the Company's shares will not be subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

COMPOSITION, SUCCESSION AND EVALUATION
REMUNERATION AND NOMINATION COMMITTEE REPORT

I am pleased to present the Remuneration and Nomination committee report for the year ended 31 December 2022.

Marykay Fuller
Chair of the Remuneration and Nomination committee

Committee
At 31 December 2022, the committee comprised all four Directors of the Company, all of whom are considered independent.

The committee met three times during the year. A copy of the terms of reference within which the committee operates is available on the Company's website or from the Company Secretary upon request.

Board composition
The Board believes that it and its committees have an appropriate composition and blend of skills, experience, independence and diversity of backgrounds to discharge their duties and responsibilities effectively. The Board is of the view that no one individual or small group dominates decision making. The Board, via its Remuneration and Nomination committee, keeps its membership, and that of its committees, under review to ensure that an acceptable balance is maintained, and that the collective skills and experience of its members continue to be refreshed.

Directors' attendance at all committee meetings held during the year and their relevant experience is detailed above.

Induction of new Directors and training
The Chairman, in conjunction with the Company Secretary, ensures that all new Directors receive a full, formal and tailored induction on joining. An induction pack is provided to new Directors containing relevant information about the Company, its constitutional documents, terms of reference, policies, processes and procedures. New Directors meet with relevant persons at the Investment Manager and the Chairman provides guidance and mentoring as appropriate. A programme of induction training is agreed with each new Director.

The Directors are encouraged to keep up to date and attend training courses on relevant matters. The Company has a continuing professional development policy which is reviewed annually.

Independence
The committee has reviewed the conflicts, relationships, other positions and tenure of all the Board members and continues to be satisfied that no material interests exist which would materially impact the ability of each Director to exercise independent judgement.

Accordingly, the Board considers all Directors on the Board to be independent in character and judgement and

Accordingly, the Board considers all Directors on the Board to be independent in character and judgement and entirely independent of the Investment Manager. The Directors' conflicts of interest are detailed in note 18 to the financial statements.

Tenure
The Board's policy regarding tenure of service, including in respect of the Chairman, is that any decisions regarding tenure will balance the need to provide and maintain continuity, knowledge, experience and independence, against the need to periodically refresh the Board composition in order to maintain an appropriate mix of the required skills, experience, age and length of service.

The appointment date of each Director is shown above.

Performance evaluation
The Directors are aware and believe that they need to continually monitor and improve performance and recognise that regular Board evaluation provides a valuable feedback mechanism for improving Board effectiveness.

In line with the recommendations of the AIC Code, an external evaluation is carried out every three years with intervening years seeing internal evaluations by means of a questionnaire. The questionnaire is specifically designed to assess the strengths and independence of the Board, the Chairman and the individual Directors, the performance and focus of Board and committee meetings, the need for additional information required to facilitate Board discussions and each Director's continuing capacity.

Due to the circumstances around the Covid-19 pandemic during 2021, such as restrictions on travel and gatherings, the external evaluation was postponed and undertaken in 2022. The committee engaged Stephenson Executive Search Limited, a specialist consultancy firm independent of the Company and its Investment Manager, to carry out the external evaluation.

The results of the external evaluation were presented to the Remuneration and Nomination committee and subsequently to the Board, with the key recommendation being a focus on the Company's succession plan. Taking into account best practice in accordance with the AIC Code, and the independent Board review, the Company will create a succession plan in 2023 for the current Board rotation with the anticipation of that plan commencing in 2024.

Succession
The Board does not consider that lengthy service in itself necessarily undermines a Director's independence nor that each Director, including the Chairman, should serve for a finite fixed period. However, based on the principles of the AIC Code, the committee reviewed and recommended to the Board, subject to annual re-election, the staged rotation of Directors to ensure the continuity and stability of experience remains.

Diversity
Diversity is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The right blend of perspectives is critical to ensuring an effective board and a successful company.

Board diversity, including, but not limited to, gender, ethnicity, professional and industry specific knowledge and expertise, understanding of geographic markets and different cultures, is taken into account when evaluating the skills, knowledge and experience desirable to fill vacancies on the Board as and when they arise.

Board appointments are made based on merit and calibre with the most appropriate candidate, who is the best fit for the Company, being nominated for appointment and as a result no measurable targets in relation to Board diversity have been set. At the date of this report, the Board consists of two males and two females.

The committee believes the Directors provide, individually and collectively, the breadth of skill and experience to manage the Company.

The committee notes the new recommendations of the FTSE Women Leaders Review and the Parker Review on gender and diversity, as well as the FCA rules on diversity and inclusion on company boards. Namely, that from accounting periods starting on or after 1 April 2022:

a) at least 40% of individuals on the Board to be women;
b) at least one senior Board position to be held by a woman; and
c) at least one individual on the Board to be from a minority ethnic background.

The committee continues to develop its succession plan in line with these recommendations, noting that both (a) and (b) are currently satisfied. There are two female Directors on the Board and one of these, Joanna Dentskevich, holds the role of Senior Independent Director.

As a Jersey resident company, the Board must comprise at least two Jersey resident Directors and, for tax purposes, each Board meeting should be held with a majority of Directors present in Jersey. This affects the Company's ability to source ethnically diverse Directors. The 2021 census of the population of Jersey showed that of a population of 103,297, only 4.1% were from a minority ethnic background, compared to England and Wales which had a population of 66.8 million in 2019[1], of which 15.2% were from a minority ethnic background.

In addition, the 2021/22 non-executive director remuneration survey conducted by PwC Channel Islands showed that there is only a single non-executive director identified as being a member of an ethnic minority out of 120 non-executive directors who participated in the survey and representing 1,525 directorships.

The Board notes that the votes against the re-election of Ms Fuller at the 2022 AGM were based on there being no Director on the Board from a minority ethnic background. Together with the succession planning referenced in this report plus the geographical restrictions noted above, the Company will include a diversity objective in its succession planning.

1. 2019 is the latest ethnic data to be released for England and Wales.

In accordance with Listing Rule 9 Annex 2.1, the below tables, in the prescribed format, show the gender and ethnic background of the Directors.

Gender identity[1]

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	2	50%	1
Women	2	50%	1
Not specified/prefer not to say	-	-	-

Ethnic background[1]

	Number of Board members	Percentage on the Board	Number of senior positions on the Board

White British or other White (including minority white groups)	4	100%	2

Mixed/Multiple Ethnic Groups	-	-	-
Asian/Asian British	-	-	-
Black/African/Caribbean/Black British	-	-	-
Other ethnic group, including Arab	-	-	-
Not specified/prefer not to say	-	-	-

The data in the above tables was collected through self-reporting by the Directors.
1. The Company is a closed-ended investment company with no employees hence data for executive management in Listing Rule 9 Annex 2.1 is not applicable.

Overboarding
The Directors consider that as an investment company, the Company demands less time commitment than would be required of a non-executive director of an operating company. The Directors also believe that a formulaic approach to assessing whether a director is able to effectively discharge their duties is not appropriate given the nature of the Company and directorships.

Prior to appointment to the Board, a Director must disclose existing significant commitments and confirm that they are able to allocate sufficient time to the business of the Company. In addition, a Director must consult with the Chairman or Senior Independent Director prior to taking on any listed company, conflicted, time-consuming or otherwise material board appointment and promptly notify the Company Secretary of any new board appointments which they take on.

On an annual basis, through the Board's internal evaluation, as described above, each Director's continuing ability to meet the time requirements of the role is assessed by considering, amongst other things, their attendance at Board, committee and other ad hoc meetings and events of the Company held during the year as well as the nature and complexity of other, both public and private, roles held.

Directors' attendance at all Board and committee meetings held during the year is detailed above. None of the Directors hold an executive position of a public company or chair a public operating company.

The committee believes all the Directors have sufficient time to meet their Board responsibilities.

Re-election
Beyond the requirements of the Articles, and in accordance with the AIC Code, the Board has agreed a policy whereby all Directors will seek annual re-election at the Company's AGM. Any Director not re-elected would resign in accordance with applicable Jersey regulatory requirements.

Accordingly, all of the Directors who held office throughout the year will offer themselves for re-election at the AGM.

Having considered the Directors' performance and the results of the external evaluation, the Board believes that it continues to be effective and the Directors bring extensive knowledge and commercial experience together with demonstrating a range of business, financial and asset management skills. The Board therefore believes that it would be in the Company's best interests for the Directors to be proposed for re-election at the AGM given their material level of contribution and commitment to the role and, hence, recommends that shareholders vote in favour of each Director's proposed re-election.

Remuneration
The Directors' remuneration report below details the remuneration policy and the Directors' remuneration during the year.

Marykay Fuller
Chair of the Remuneration and Nomination committee

13 April 2023

AUDIT, RISK AND INTERNAL CONTROL
AUDIT COMMITTEE REPORT

I am pleased to present the Audit committee report for the year ended 31 December 2022.

Colin Huelin FCA
Chair of the Audit committee

Statement from the chair
The Board is supported by the Audit committee, with written terms of reference which are available on the Company's website or on request from the Company Secretary. The committee's primary role is to monitor the integrity of the Company's financial reporting to ensure it is fair, balanced and understandable and provides the information necessary for shareholders and other users to assess the Company's position and performance, business model and strategy.

The committee is responsible for monitoring internal controls, in conjunction with the Risk committee, and the external audit process, which includes making recommendations to the Board in respect of the appointment, re-appointment and remuneration of the Auditor.

Composition and meetings
At 31 December 2022, the committee comprised Colin Huelin FCA (Chair), Joanna Dentskevich and Marykay Fuller. The qualifications and experience of the Audit committee members are detailed above.

The Board has agreed that the committee chair, Colin Huelin, a chartered accountant, has recent and relevant financial experience as required by the provisions of the AIC Code.

The committee formally met four times during the year ended 31 December 2022. Details of attendance at meetings held during the year are set out above.

Although not members of the committee, the Company Secretary, the Investment Manager, the lead audit partner and representatives from the Company's Auditor are invited to attend committee meetings. The Auditor has the opportunity to meet with the committee without representatives of the Investment Manager being present.

The Auditor is not present when their performance and remuneration is discussed.

Financial reporting
The committee considered the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 with which it is complying voluntarily, in line with best practice reporting. The committee specifically reviewed the Company's annual report and financial statements to conclude whether it is fair, balanced, understandable, comprehensive and consistent with prior year reporting and how the Board assesses the performance of the Company's business during the financial year, as required under the AIC Code.

As part of this review, the committee considered if the annual report and financial statements provided the information necessary to shareholders to assess the Company's performance, strategy and business model. It reviewed the description of the Company's key performance indicators, alternative performance measures, as well as reviewing and updating the governance section of the annual report. As part of this review, and in conjunction with the Risk committee, the committee considered the sustainability disclosures above to ensure that they reflect a fair and balanced view of the impact of climate change on the performance of the Company's business.

The committee presented its recommendations to the Board and the Board concluded that it considered the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for the shareholders to assess the Company's position and performance, business model and strategy.

In addition to the above matters, the committee's work was focused on the following areas:
- the significant accounting matters to recommend to the Board, and other narrative disclosures in the half-yearly and annual financial statements of the Company, including matters of judgement in relation to the valuation of financial assets at fair value through profit or loss and an assessment of the methodology. The committee discussed these matters with the Valuation Agent, the Investment Manager and the Auditor;
- the effectiveness of the Company's internal control environment;
- challenge to the results of the Investment Manager's stress tests for the purpose of the going concern and viability statements and, in conjunction with the Risk committee, considered the going concern disclosures above and in note 2.1 to the financial statements;
- overseeing the Company's relations with its Auditor, including assessing the conduct and effectiveness of the audit process and the Auditor's independence and objectivity and recommending the Auditor's re-appointment and approval of the Auditor's fees; and
- the committee's own terms of reference.

The committee has direct access to the Auditor and to the key senior staff of the Investment Manager and reports its findings and recommendations to the Board, which retains the ultimate responsibility for the financial statements of the Company. All
recommendations during the year were accepted by the Board.

Significant issues considered
After discussions with the Investment Manager and the Auditor, the committee determined that the key risks of material misstatement of the Company's financial statements are related to the fair valuation of the investments as detailed below.

Fair valuation of investments	***Actions and conclusions***
As outlined in notes 11 and 17 to the financial statements, the total value of financial assets at fair value at 31 December 2022 was £435.1 million (31 December 2021: £447.0 million). Market quotations are not available for these financial assets such that their valuation is undertaken using a discounted cash flow methodology, with exception to the methodology adopted for valuing the Company's Co-living group loan. These valuation methods require a series of material judgements and estimates to be made. The discount rates adopted to determine the valuation are selected and recommended by the Valuation Agent. The discount rates are applied to the expected future cash flows for each investment's financial forecasts determined by the Investment Manager, to arrive at a valuation (discounted cash flow valuation). The resulting valuation is sensitive to the discount rate selected. The Valuation Agent is experienced and active in the area of valuing these investments and adopts discount rates reflecting their current and extensive experience. The Valuation Agent performs semi-annual financial asset valuations and provides valuation reports to the Board. Any assets which may be subject to discount rate changes are valued and reported to the Board on a quarterly basis. The performance of the individual investments and the fair value of the financial assets is discussed with the Investment Manager at each quarterly Board meeting.	In July 2022 and January 2023, the committee met with the Valuation Agent to discuss and challenge their June and December 2022 valuation reports respectively. The Valuation Agent discussed the valuation methodology including the key general market conditions by sector and their impact on the valuation. The committee also met with the Investment Manager to discuss their 31 December 2022 portfolio report that was provided to the Valuation Agent. The committee challenged the judgements and key estimates applied, including those concerning the impact of inflation and/or interest rate protection and general market conditions. The committee was satisfied that the valuation methodology and judgements, including the range of the discount rates adopted by the Valuation Agent, were appropriate for the valuation. The Investment Manager also prepared a specific report for the Co-living group loan valuation with an analysis of the impact of the changes to their assumptions that were applied at each quarter end. The Co-living group loan is valued by the Valuation Agent on the basis of the net realisable value of specific assets included in the Investment Manager's report; refer to notes 2.2 and 17.9 to the financial statements for further details. The Investment Manager's report for the Co-living group loan was reviewed by the Directors with the Investment Manager. The judgements and estimates were challenged. The committee also reviewed the appropriateness and application of those judgements and estimates with the Valuation Agent. Upon completion of their review, the committee was satisfied that the valuation methodology, judgements and estimates adopted by the Valuation Agent for the valuation of the Co-living group loan were appropriate.

Other matters considered during the year

Accounting policies, narrative reporting, critical accounting estimates and key judgements
The committee reviewed the narrative reporting, accounting policies and note 2.2 to the financial statements that relate to critical accounting estimates and key judgements and confirmed that they are appropriate for the Company.

Internal control
The committee's monitoring and review of the internal controls of the Company was informed as follows:

Scope of reviews to monitor internal controls	**Results and conclusions**
1. Regular monitoring of controls during the year:	
1.1 Quarterly reports to the Board from the Investment Manager, Administrator, Compliance Officer and Depositary.	The Board's review of certain services provided by the Company's key service providers is ongoing. In conjunction with the other Board committees, the committee will review any relevant recommendations arising from the review to enhance the control framework before making recommendations to the Board for its approval. The implementation of all relevant changes approved by the Board will be monitored subsequently by the committee.
1.2 Bi-annual reports from the Investment Manager's risk officer to the Risk committee.	The Investment Manager's risk officer confirmed that the risk management processes are appropriate and remain compliant with AIFMD, appropriate measures are being undertaken to resolve issues with the reported problem loans, and senior resource has been diverted to support the team following the resignation of the lead fund manager, David Conlon.
2. Thematic and other monitoring of controls:	

2.1 ISAE 3402 Type II reports on the operations of the key service providers, namely the Investment Manager, Administrator and its delegated accounting services, and the Registrar's parent company.	The committee reviewed the independent reports, which confirmed that for the controls tested within the scope of the review undertaken for such service providers, the controls operated effectively throughout the relevant periods. The committee also obtained bridging letters from the relevant service providers that confirmed that the controls remained in place and were active.
2.2 Annual assurance confirmations provided by key service providers to the Management Engagement committee, which covered matters in relation to financial crime, cyber security, fraud prevention and detection, ESG and other compliance.	The committee reviewed the annual assurance compliance confirmations and no compliance exceptions were noted.
2.3 Independent testing of the Investment Manager's system for managing the Group's loans.	The committee considered the Investment Manager's plan to enhance their system and will continue to review updates on the implementation.

Going concern and viability statement
The committee reviewed the Investment Manager's analysis, including the terms of the RCF agreement that provide for an optional extension for an additional term of one year which is subject to lender approval. Under the terms of the RCF, the Company is required to give written notice of extension no earlier than 60 days prior (June 2023) and no later than 30 days prior (July 2023) to the termination date on 21 August 2023. The committee acknowledged that the extension of the RCF is at the discretion of RBSI, that the RCF represents leverage of 7.2% of total assets at the year end, and that the Company has met and continues to be able to meet all financial commitments and covenants of the RCF. In addition, the Committee's review challenged the Investment Manager's cash flow forecasts, including a stressed cash flow downside scenario whereby the Company has to repay the RCF should it not be extended beyond the termination date. The reasonableness of other available finance options including alternative finance facilities and the sale of specific assets were also considered. On this basis, the committee is satisfied that the Company can continue to meet its liabilities as they fall due within a period of at least the next twelve months from the date of approval of the financial statements and recommended to the Board that the going concern basis of preparation of the financial statements is appropriate. Whilst there is some uncertainty with regards to the extension of the RCF, the committee concluded that the above options are sufficient to mitigate the potential liquidity risk which may be faced by the Company.

The committee also reviewed the Investment Manager's five year stress test analyses for the purpose of assessing the Company's viability. This review challenged the assumptions applied as well as being satisfied with the rationale for selecting the duration of five years for the viability period.

In addition, the committee considered how the Investment Manager had assessed the impact of climate risk across the physical assets in the portfolio and the impact on income generation as described above.

The committee concluded that the Investment Manager's assessment, that the Company's exposure to climate risk is low, is reasonable. This assessment will continue to be monitored as the Investment Manager's climate risk assessment is developed.

Further detail on the basis of the going concern and viability assessment by the Directors is set out in the strategic report above and in notes 2.1 to the financial statements.

External audit
The committee met with the Auditor in December 2022 to review, challenge and agree their audit plan, and in particular their approach to the valuation of investments.

Independence and objectivity of the Auditor
PwC has been the Auditor of the Company since its first annual reporting period in 2016. Lisa McClure is the current audit partner for the financial year ended 31 December 2022. There are no contractual obligations restricting the choice of auditor and the Company will consider placing the audit service contract out for tender at least every ten years, being no later than for the financial year ending 31 December 2026.

To fulfil its responsibility regarding the independence and objectivity of the Auditor, the Audit committee considered:

- a report from the Auditor describing its arrangements for maintaining independence; and
- the extent and nature of the non-audit services provided by the Auditor.

The committee has agreed a policy whereby, in order to avoid any potential impact on the independence and objectivity of the Auditor, the Company and its subsidiaries will not seek to obtain any non-audit services from the Auditor, with the exception of the review of the half- yearly report and financial statements which is included in the FRC's whitelist of permitted non-audit services.

External audit results
The committee met with the Auditor in April 2023 to discuss their audit report and opinion, after the conclusion of their audit.

The Auditor explained the results of their audit and confirmed that there were no adjustments proposed that were material in the context of the financial statements as a whole.

Effectiveness of the external audit
The committee reviewed the effectiveness of the external audit process during the year, considering the performance, objectivity, independence and relevant experience of the Auditor. The scope of the review included an assessment of feedback from the key service providers and also the Auditor's Transparency Report 2022. Following this review, the committee concluded that the audit was effective.

Re-appointment of the Auditor
The committee continues to be satisfied with the performance of the Auditor and has recommended the re-appointment of PwC as the Company's Auditor at the 2023 AGM.

The following table summarises the remuneration paid to the Auditor for audit and non-audit services during the year ended 31 December 2022:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Audit fees		
Annual audit of the Company	**131**	95
Non-audit services		
Review of half-yearly report	**36**	39
Total	**167**	134

Colin Huelin FCA
Chair of the Audit committee

13 April 2023

I am pleased to present the Risk committee report for the year ended 31 December 2022.

Joanna Dentskevich
Chair of the Risk committee

Statement from the chair
The purpose of the Risk committee is to assist the Board in its oversight and assessment of the risks that the Company is exposed to, its risk appetite, the effectiveness of the risk management framework and ensuring the external reporting of the Company gives a fair, balanced and understandable reflection of risk having due regard to the Company's investment objective and policy.

Composition and meetings
The committee comprises all four Directors of the Company, all of whom are considered independent and through their relevant financial experience provide effective challenge. The committee met formally five times during the year. Details of attendance at meetings held during the year are set out above.

Responsibilities
The committee's key responsibilities, amongst others, are to:

- review the risks, including financial crime and ESG risks, the Company is exposed to and consider their likelihood and impact if they were to materialise;
- review, in conjunction with the Audit committee, the effectiveness of the internal controls;
- review the risk management framework;
- carry out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and ability to deliver its strategy;
- review the report of the risk officer of the AIFM prior to consideration of the principal and emerging risks and the principal uncertainties to be included in the half-yearly and annual reports and financial statements; and
- include in the annual report of the Company a description of the principal and emerging risks along with explanations on how they are being managed or mitigated and any change from previous years.

A copy of the terms of reference within which the committee operates is available on the Company's website or from the Company Secretary upon request.

Risk management and monitoring
The Company has in place a risk register to manage and track identified risks and uncertainties and potential emerging risks that the committee has identified the Company to be exposed to. For each risk, the committee considers, inter alia, their impact on the Company achieving its investment objective along with the nature and extent of the risk, their mitigants and any driving factors which may increase the risk.

The level of residual risk determined as part of this analysis assists the Board (on the committee's recommendation) to determine
whether it is within the Company's risk appetite and any actions required.

During the year, the committee carried out a review of the Company's Money Laundering and Terrorism Financing risk assessment to include all aspects of financial crime.

Both the risk register and the financial crime risk assessment are reviewed semi-annually in order to support the committee's assessment of the principal risks and uncertainties and emerging risks that the Company reports in the half-yearly report and annual report.

To support the integration of ESG risks, including that of climate risk, into the Company's procedures, an ESG analysis was undertaken during the year to assess the impact of ESG on the Company's existing risk categories and any new categories that might emerge as a result. This assessment has led to clear actions to work towards over the next few years. Further details can be found above.

As a result of the war in Ukraine, the Company was required to report to the JFSC regarding any potential exposure to Russia, Belarus or Ukraine. The Company is predominantly invested in the UK and has no investments in Ukraine, Russia or Belarus. Equally, no borrowers have been subject to sanctions imposed due to the war.

Details of the Company's risk management framework, including the role of the AIFM, are set out above.

Principal risks and uncertainties
Post year end, the Risk committee met, with the Investment Manager present, to review and recommend for approval by the Board the principal risks and uncertainties of the Company. As a result of this review, the committee recommended to the Board a new principal risk, 'Reliance on third party service providers'. In addition, as a result of geopolitical and macro-economic pressures on interest rates, inflation and growth, the committee recommended noted increases to the residual risks at the year end for the principal risks relating to credit, economic, key resource and execution.

The committee also recommended that the uncertainties relating to Covid-19 and Brexit no longer be considered as uncertainties as they are now addressed as part of the Company's normal course of business and that the principal uncertainty of the conflict in Ukraine be combined in a new principal uncertainty of geopolitical uncertainty.

Further details can be found above.

Emerging risks and uncertainties
During the year, the Board identified inflation as an emerging risk due to the potential impact on its borrowers. However, at the year end, the committee did not consider it to be an emerging risk as its impact is being addressed within specific risks already identified and managed.

Joanna Dentskevich
Chair of the Risk committee

13 April 2023

REMUNERATION
DIRECTORS' REMUNERATION REPORT

I am pleased to present the Directors' remuneration report for the year ended 31 December 2022.

Marykay Fuller
Chair of the Remuneration

The Directors' remuneration report provides details on remuneration in the year. Although it is not a requirement under Jersey Company Law to have the Directors' remuneration report or the Directors' remuneration policy approved by shareholders, the Board believes that as a company whose shares are admitted to trading on the LSE, it is good practice for it to do so.

The Directors' remuneration report will be put to a shareholder vote every year and the Directors' remuneration policy will be put to a shareholder vote at least once every three years and in any year if there is to be a change in the policy.

As a result of the succession plan recommendations arising from the external Board evaluation, the Company anticipates the Board could have up to six members during 2024 as new Board members join and existing Board members rotate off.

As a result, the Directors are recommending an increase to the annual cap on Directors' remuneration from £300,000 to £335,000 to provide sufficient headroom during this succession period. Therefore, an ordinary resolution will be put to shareholders at the forthcoming AGM to approve the updated Directors' remuneration policy in accordance with the Articles.

This report is not subject to audit.

Voting at AGM
The Directors' remuneration report for the year ended 31 December 2021 and the Directors' remuneration policy were approved by shareholders at the AGM held on 17 May 2022. The votes cast by proxy were as follows:

	Directors' remuneration report		Directors' remuneration policy	
	Number of votes cast	% of votes cast	Number of votes cast	% of votes cast
For	237,553,581	99.98	233,441,308	98.25
Against	17,923	0.01	4,130,196	1.74
At the Chairman's discretion	12,000	0.01	12,000	0.01
Total votes cast	237,596,736	100	237,596,736	100
Number of votes withheld	13,232	-	13,232	-

Performance of the Company
The Board is responsible for the Company's investment strategy and performance. The management of the Group's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in note 18 to the financial statements.

The tables below illustrate the total shareholder return[1] for a holding in the Company's shares as compared to the GBP Corporate Bond Index. The Company considers this to be an appropriate index against which to measure the Company's performance, in the absence of a meaningful quoted benchmark index.

Cumulative performance to 31 December 2022

Period	Three months	Six months	One year	Three years	Five years	Since launch
GCP Asset Backed Income Fund Limited	1.9%	(9.1)%	(7.3)%	(5.3)%	13.9%	27.7%
GBP Corporate Bond Index	6.9%	(5.9)%	(19.3)%	(14.3)%	(7.6)%	57.6%

Annual performance to 31 December 2022

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018
GCP Asset Backed Income Fund Limited	**(7.3)%**	13.2%	(9.8)%	10.2%	9.1%
GBP Corporate Bond Index	**(19.3)%**	(3.3)%	9.1%	11.0%	(2.2)%

Basis: percentage growth, shareholder total return with net income reinvested.

Past performance is not a guide to future performance.

Directors' remuneration
The fees paid to the Directors in the years ended 31 December 2022 and 31 December 2021 are set out below.

	Directors' base fee £		Chairman fee £		Committee chair fee £		ESG representative fee £		Expenses £		Total £	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Alex Ohlsson	**45,000**	40,000	**15,000**	15,000	**-**	-	**-**	-	**552**	-	**60,552**	55,000
Joanna Dentskevich	**45,000**	40,000	**-**	-	**10,000**	10,000	**5,000**	-	**126**	397	**60,126**	50,397
Colin Huelin FCA	**45,000**	40,000	**-**	-	**10,000**	10,000	**-**	-	**643**	-	**55,643**	50,000
Marykay Fuller	**45,000**	40,000	**-**	-	**10,000**	5,000	**-**	-	**755**	-	**55,755**	45,000
Total	**180,000**	160,000	**15,000**	15,000	**30,000**	25,000	**5,000**	-	**2,076**	397	**232,076**	200,397

The fees paid to the Directors were in relation to non-executive Director services. At 31 December 2022, liabilities in respect of these services amounted to £58,000. No variable remuneration, discretionary payments or payments for loss of office were made during the year.

To reflect the increased complexity and risk, the reality of time commitments needed, and the skill set required and expected as a non-executive Director, the base fee payable to each Director was increased with effect from 1 January 2022 from £40,000 to £45,000. The fee payable to Marykay Fuller in her capacity as chair of the Remuneration and Nomination committee and Chair of the Management Engagement committee was also increased by £5,000 to match the same level of remuneration paid to the other committee Chairs. Additionally, the Board approved an ESG representative fee of £5,000 per annum with effect from 1 January 2022 to reflect the level of commitment and time required for ESG matters.

Post year end, the Board approved a further increase to the Directors' base fee. In a period of significantly higher inflation, at the time of writing currently running at 10.4% in the UK, the increase in the base fee has been limited to 7.5%, with effect from 1 January 2023. In addition, the fee paid to the Chairman and the Chair of the Audit committee has been increased by £5,000 each following a review of market comparables and to take into account their increased workload. Notably, the Chairman working closely with the Investment Manager to ensure its continued provision of management services to the Company following the resignation of the lead fund manager, David Conlon and the Chair of the Audit committee's commitment of time to challenge the Investment Manager's assumptions and estimates applied in their determination of the realisable value of the Co-living group loan. The Directors are recommending an increase to the cumulative cap on Directors' fees from £300,000 to £335,000. This is to provide sufficient headroom during Director handover periods as part of the succession plan.

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

Relative importance of spend on pay
The table below sets out, in respect of the year ended 31 December 2022:

- total income;
- the remuneration paid to the Directors;
- the distributions made to shareholders by way of dividend; and
- share repurchases.

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Change %

Total income	**14,394**	21,414	(3.3)
Directors' remuneration[1]	**230**	200	15.0
Dividends paid to shareholders	**27,766**	27,715	0.2
Share repurchases	**4,647**	293	14.9

1. Excluding Directors' expenses.

Directors' interests

At 31 December 2022, the interests of the Directors in the ordinary shares of the Company are as set out below[1]:

	31 December 2022 Number of shares	31 December 2021 Number of shares
Alex Ohlsson	**50,000**	50,000
Colin Huelin FCA	**34,142**	34,142
Joanna Dentskevich	**57,379**	57,379
Marykay Fuller	**19,650**	19,650

1. The Directors' shareholdings are either direct and/or indirect holdings of the ordinary shares in the Company.

There have been no changes to any of the above holdings between 31 December 2022 and the date of this report.

Directors' remuneration policy

In accordance with the AIC Code, no Director is involved in deciding his or her own remuneration.

The Board considers that Directors' fees should reflect duties, responsibilities and the value of their time spent and, as such, the Chairman and the chairs of the Board committees receive additional remuneration for these roles.

Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. In addition, no payment will be made to a Director for loss of office, or as consideration for or in connection with his/her retirement from office.

The Board may, however, allow for additional remuneration to be paid where Directors, at the request of the Company, are involved in ad hoc duties beyond those normally expected as part of the appointment.

The remuneration of each of the Directors is subject to fixed fee arrangements, paid quarterly in arrears. Part of the Directors' fee may be paid in the form of fully paid shares in the capital of the Company. At 31 December 2022, no shares were issued in lieu of payment of the Directors' fee (31 December 2021: none).

The aggregate of all the Directors' remuneration is currently subject to an annual cap of £300,000 in accordance with the Articles and shall be reviewed annually in relation to the proposed change. As noted above, the Board is recommending the annual cap be increased to £335,000.

The Company will reimburse the Directors all reasonable travelling, hotel and other expenses properly incurred by them in or about the proper performance of their duties and the taking of reasonable independent legal advice concerning matters relating to their directorship, provided that if and when required by the Company, they produce to the Company receipts or other evidence of actual payment of expenses.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' remuneration policy and in the annual review of Directors' fees.

Directors' fee levels

The Board has set different fee levels to reflect the workload, responsibilities and time commitment of the various roles held by Board members. The fee levels in respect of the year ended 31 December 2022 and the expected fee levels in respect of the year ending 31 December 2023 are as follows:

	31 December 2023 £	31 December 2022 £
Base fee	**48,375**	45,000
Chairman's fee	**20,000**	15,000
Audit committee chair fee	**15,000**	10,000
Management Engagement committee chair fee	**5,000**	5,000
Remuneration and Nomination committee chair fee	**5,000**	5,000
Risk committee chair fee	**10,000**	10,000
ESG representative fee	**5,000**	5,000

Approval
The Directors' remuneration report was approved by the Board and signed on its behalf by:

Marykay Fuller
Chair of the Remuneration and Nomination committee

13 April 2023

DIRECTORS' REPORT

The corporate governance statement set out above forms part of this report.

Principal activity and business review
The strategic report has been prepared by the Directors and should be read in conjunction with the Chairman's statement and forms part of the annual report to shareholders.

Directors
The Directors in office during the year and at 31 December 2022 are shown above.

The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection at the Company's registered office. None of the Directors have a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year.

The Company has Directors' and Officers' liability insurance and civil liability insurance. Under the Company's Articles, the Directors are provided, subject to the provisions of the Jersey legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment.

Director conflicts of interest
It is the responsibility of each individual Director to avoid a conflict-of-interest situation arising. The Director must inform the Board as soon as he or she is aware of the possibility of an interest that might possibly conflict with the interests of the Company. The Company's articles of association authorise the Board to approve such situations, where deemed appropriate. A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Further details of the Directors' conflicts of interest can be found in note 18 to the financial statements.

Share capital
At the Annual General Meeting held on 17 May 2022, the Company was granted the authority to allot ordinary shares up to 10% of its total issued share capital at that date on a non-pre-emptive basis, amounting to 44,203,351 ordinary shares. No ordinary shares have been allotted under this authority during the year. Details of the movements in share capital during the period are set out in the statement of changes in equity below and in note 16 to the financial statements.

The Company will be seeking shareholder approval at the Company's AGM scheduled to be held on 15 May 2023 to renew its authority in respect of the disapplication of pre-emption rights over 10% of its ordinary shares in issue which it may then be able to issue by way of placings. This will provide the Company with the ability to take advantage of investment opportunities as they arise and further broaden its investor base over time.

Furthermore at the 2022 AGM, the Company was granted the authority to purchase up to 14.99% of the Company's ordinary share capital in issue at the date on which the notice of the AGM was published, on 6 April 2022, amounting to 65,931,044 ordinary shares. This authority will expire at the conclusion of, and renewal will be sought at, the AGM to be held on 15 May 2023.

During the year, the Company repurchased under this authority a total of 5,682,459 shares at a weighted average price of 81.39 pence per share, a discount to the prevailing NAV.

The Company may hold any ordinary shares that it purchases in treasury or cancel them, in accordance with the Articles and the Companies Law. The Directors believe that it is desirable for the Company to have this choice. Holding the shares purchased in treasury gives the Company the ability to re-sell or transfer them quickly and cost effectively and provides the Company with additional flexibility in the management of its capital base.

The decision whether to cancel any shares purchased by the Company or hold such shares in treasury will be made by the Directors at the time of purchase, on the basis of the Company's and shareholders' best interests.

At 31 December 2022, the Company's issued share capital comprised 442,033,518 ordinary shares of no par value, 7,882,459 of which are held in treasury. The total voting rights of the Company at 31 December 2022 were 434,151,059, being the issued share capital minus the shares held in treasury.

Post year end to the date of this report, the Company has repurchased an additional 6,325,000 ordinary shares. Therefore, the total voting rights of the Company at the date of this report are 427,826,059. All shares repurchased are held in treasury.

At general meetings of the Company, every ordinary shareholder shall have one vote in respect of every ordinary share and every C shareholder, if any, shall have one vote in respect of every C share. At 31 December 2022, there were no C shares in issue (31 December 2021: none).

Dividends
Details of the dividends paid and declared during the period are set out in note 9 to the financial statements. As the last dividend in respect of any financial period is payable prior to the relevant AGM, it is declared as an interim dividend and, accordingly, there is no final dividend payable.

The Board is conscious that this means that shareholders will not be given the opportunity to vote on the payment of a final dividend. Accordingly, it has been decided that shareholders will be asked to confirm their approval of the Company's dividend policy at the forthcoming AGM.

The Company has authority to offer a scrip dividend alternative under which shareholders elect to receive new ordinary shares in lieu of the cash dividend.

The price of a new ordinary share to be issued under the scrip dividend alternative is calculated by taking the average of the Company's closing middle market quotations of an ordinary share for the ex-dividend date and the four subsequent dealing days.

As a result of the Company's ordinary shares trading at a discount to the prevailing NAV, the Board exercised its discretion to suspend the scrip dividend alternative.

The Board will keep under consideration the offer of a scrip dividend alternative in respect of future quarterly dividends if the Company's ordinary shares trade at a premium to the prevailing published NAV at the relevant time.

Greenhouse gas emissions
Refer to the sustainability section above for information.

Significant voting rights
At the date of the report, the Company had been informed of the following holdings representing more than 3% of the voting rights of the Company:

Name	Shares held	Percentage of total voting rights
Valu-Trac Investment Management	41,511,041	9.70%
CCLA Investment Management	33,419,060	7.81%
Close Asset Management	30,860,513	7.21%
Waverton Investment Management	24,756,248	5.79%
West Yorkshire Pension Fund	17,421,098	4.07%
Foresight Group	16,402,728	3.83%
Raymond James Investment Services	15,782,883	3.69%
Canopius	13,544,656	3.17%

The table of significant shareholders disclosed forms part of note 2.2 to the financial statements.

The Company has not been informed of any changes to the interests between 31 December 2022 and the date of this report.

Auditor
PwC has expressed its willingness to continue as Auditor of the Company and resolutions for its re-appointment and to authorise the Audit committee to determine its remuneration will be proposed at the forthcoming AGM.

The Directors holding office at the date of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware.

Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Financial risk management
Information about the Company's financial risk management objectives and policies is set out in note 17 to the financial statements.

Requirements of the Listing Rules
Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out.

The information required under Listing Rule 9.8.4(7) in relation to allotments of shares is set out under the heading 'Share capital' above. The Directors confirm that there are no other disclosures required in relation to Listing Rule 9.8.4.

On behalf of the Board

Alex Ohlsson
Chairman

13 April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES
In respect of the annual report and financial statements

Under the terms of the DTRs of the FCA, the Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and IFRS.

Companies Law requires the Directors to prepare financial statements for each year, which give a true and fair view of the state of affairs of the Company and the profit and loss for that year.

The Directors are required to:

- properly select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users
- to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- make judgements and estimates that are reasonable and prudent; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have overall responsibility 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.

Directors' responsibility statement
In accordance with the FCA's DTRs, each of the Directors, whose names are set out above, confirms that to the best of his or her knowledge:

- the annual report and financial statements have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report, including the Directors' report, includes a fair and balanced review of the development and performance of the business, and the financial position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The annual report and financial statements, taken as a whole, are considered by the Board to be fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

On behalf of the Board

Alex Ohlsson
Chairman
13 April 2023

INDEPENDENT AUDITOR'S REPORT
To the members of GCP Asset Backed Income Fund Limited

Report on the audit of the financial statements
Our opinion
In our opinion, the financial statements give a true and fair view of the financial position of GCP Asset Backed Income Fund Limited (the "Company") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited
The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - extension of the Revolving Credit Facility ("RCF")
We draw attention to Note 2 of the financial statements, which describes the potential liquidity risk associated with the extension
of the Company's RCF of £31.9 million (full facility £50.0 million) which is due to expire on 21 August 2023 and the options available to the Directors to mitigate the potential liquidity risk which may be faced by the Company. Our opinion is not modified in respect of this matter.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial
statements of the Company, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach
Overview
Audit scope
- The Company is based in Jersey and the financial statements include its investments in the Subsidiary and other investments as financial assets through profit or loss.
- Our audit work was performed solely in Jersey for the audit of the financial statements of the Company.
- We tailored the scope of our audit taking into account the types of investments within the Company, the accounting processes and controls, and the industry in which the Company operates.
- We conducted our audit of the financial statements based on information provided by the appointed service providers to the Company to whom the Board of Directors has delegated the provision of certain functions, including Gravis Capital Management Limited (the "Investment Manager" or "AIFM") and Apex Financial Services (Alternative Funds) Limited (the "Administrator").

Key audit matters
- Valuation of financial assets at fair value through profit or loss: investment in Subsidiary - Fair value of Secured Loan Notes.
- Potential Liquidity risk - Directors' conclusions regarding the extension of the revolving credit facility ("RCF").

Materiality
- Overall materiality: £10.3 million (31 December 2021: £10.9 million) based on 2.5% of net assets.
- Performance materiality: £7.7 million.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**

Valuation of financial assets at fair value through profit or loss: investment in Subsidiary - Fair value of Secured Loan Notes *Refer to note 11 and note 17 of the financial statements* The valuation of financial assets at fair value through profit or loss: investment in Subsidiary ("investment in Subsidiary") drives a number of key performance indicators, such as net asset value, which is of significant interest to investors and the market. The fair value of the investment in Subsidiary is substantially derived from the fair value of Secured Loan Notes to the end borrower. The valuations of Secured Loan Notes are performed using contractual cash flows generated by each loan facility over a medium to long-term period and by selecting key assumptions such as the discount rate adjusted as appropriate for market, credit and liquidity risk factors. The nature of discounted cash flow ("DCF") is inherently subjective due to key assumptions used for the discount rate and the amount or timing of cash flows supporting the interest and capital repayments on debt positions held. The existence of significant estimation uncertainty, coupled with the fact that small percentage differences in assumptions to the valuations when aggregated could result in material misstatement, are the reasons for our specific audit focus and attention to this area. As a result of the inherent nature of the key assumptions used in the DCF model, the Directors appointed an external Valuation Agent to support them in ascertaining the fair value of Secured Loan Notes.	We have performed the following procedures: - Discussions were held with the Directors of the Company and the Investment Manager to enable us to understand and evaluate the controls in place over the valuation process. - We assessed the Company's external Valuation Agent's independence, qualifications and expertise and read their terms of engagement with the Company to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. - We read the valuation report issued by the external Valuation Agent and understood the valuation approach used. - We engaged valuation experts from PwC UK London to assess the reasonableness of the methodology applied by the external Valuation Agent with regard to a sample of investments and the reasonableness of key assumptions used. - We held discussions with the Investment Manager to understand the monitoring process of the borrowers' payments and financial performance, in identifying circumstances that can materially impact the recoverability of the contractual cash flows. - We agreed a sample of the contractual cash flows used in the DCF calculation to the contractual payment schedule of the loan facility agreements and tested the mathematical accuracy of the DCF calculation. As part of these procedures, we performed these: - for a sample of new secured loan notes, we tested the drawdowns to signed facility agreements, note certificates and bank payments; - for a sample of Secured Loan Notes repaid during the year, we tested the movement to signed facility agreements and cash payments; - for a sample of interest received during the year, we agreed the amounts to bank payments; and - for a sample of interest accrued during the year, we recomputed the amounts using the interest rates as per the facility agreements and the outstanding balances of the loan amounts at the relevant period. - We challenged the assumptions used in the valuation models. - We considered the adequacy of the Company's disclosures in respect of the fair value of the investment in Subsidiary. - We also considered the disclosure of the degree of sensitivity when a reasonably possible change in a key assumption could give rise to a change in the fair value of the investment in Subsidiary. Based on the above procedures, we have not identified any material matters to report to those charged with governance.
Potential Liquidity risk - Directors' conclusions regarding the extension of the revolving credit facility ("RCF") *Refer to note 2 to the financial statements.* The RCF is due to expire on 21 August 2023 which includes an optional extension for an additional term of one year with lender approval. The Directors acknowledge that the extension of the RCF is at the discretion of the lender and therefore have considered if the potential liquidity risk associated with the extension of the RCF creates a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. The Investment Manager has prepared cash flow forecasts which were challenged and approved by the Directors including a stressed downside scenario to determine if the Company could repay the RCF should it not be extended beyond its expiry on 21 August 2023. The cash flows included an assessment of the reasonableness of other available finance options including alternative finance facilities and the sale of specific assets which could mitigate the liquidity risk for the Company should the RCF extension not be approved. Due to the importance of the conclusions reached by the Directors on their assessment of the potential liquidity risk, we have determined this area to be a key audit matter.	In assessing the Directors' consideration of the liquidity risk for the Company surrounding the extension of the RCF, we have performed the following procedures: - We obtained the Directors approved cash flow forecasts prepared by the Investment Manager; - We held meetings with the Investment Manager and the Directors to discuss their cash flow forecasts and the stressed cash flow downside scenario and challenged the Directors estimates and judgements contained therein. This included consideration of the reasonableness of the other available finance options including alternative finance facilities and the potential sale of specific assets identified by the Investment Manager of the Company should the RCF not be extended; and - We considered the appropriateness of the disclosures made by the Directors in the financial statements in respect of their conclusions on going concern and liquidity risk. As a result of our audit work, we have concluded that a material uncertainty does not exist which casts significant doubt around the Company's ability to continue as a going concern due to mitigating factors contained within the Directors' future plans. We have however concluded that it is necessary to include an emphasis of matter paragraph within our audit report to draw to the users' attention to the disclosures contained within note 2 to the financial statements regarding the potential liquidity risk surrounding the extension of the RCF. Based on our procedures performed we have no further matters to report to those charged with governance.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£10.3 million (31 December 2021: £10.9 million)
How we determined it	2.5% of net assets
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (31 December 2021: 75%) of overall materiality, amounting to £7.7 million (31 December 2021: £8.1 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit committee that we would report to them misstatements identified during our audit above £515,000 (31 December 2021: £545,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information
The other information comprises all the information included in the annual report and financial statements (the "annual report") but does not include the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit
Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Jersey law
and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and
significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report
This report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, 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.

Report on other legal and regulatory requirements
Company Law exception reporting
Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement
The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The Company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the Company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement included within the governance section is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- the disclosures in the annual report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- the Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement that they consider the annual report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- the section of the annual report describing the work of the Audit committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Lisa McClure
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognized Auditor Jersey, Channel Islands
13 April 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Income			
Loan note interest realised	3	**31,945**	32,931
Net loss on financial assets at fair value through profit or loss	3	**(18,281)**	(15,742)
Net (loss)/gain on derivative financial instruments	3	**(781)**	1,328
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss		**12,883**	18,517
Other income	3	**1,498**	2,897
Deposit interest income		**13**	-
Total income		**14,394**	21,414
Expenses			
Investment management fees	18	**(3,724)**	(3,916)
Operating expenses	4	**(1,759)**	(1,439)
Directors' remuneration	6	**(232)**	(200)
Total expenses		**(5,715)**	(5,555)
Total operating profit before finance costs		**8,679**	15,859
Finance costs			
Finance expenses	7	**(992)**	(887)
Total profit and comprehensive income		**7,687**	14,972
Basic and diluted earnings per share (pence)	10	**1.75**	3.40

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

The accompanying notes below form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	**As at 31 December 2022 £'000**	As at 31 December 2021 £'000

Assets			
Cash and cash equivalents	13	**10,311**	10,108
Derivative financial instruments	17.1	**243**	492
Other receivables and prepayments	12	**66**	128
Financial assets at fair value through profit or loss	11	**435,071**	446,989
Total assets		**445,691**	457,717
Liabilities			
Derivative financial instruments	17.1	**(257)**	-
Other payables and accrued expenses	15	**(1,527)**	(1,445)
Revolving credit facilities	14	**(31,907)**	(19,546)
Total liabilities		**(33,691)**	(20,991)
Net assets		**412,000**	436,726
Equity			
Share capital	16	**437,960**	442,607
Retained losses		**(25,960)**	(5,881)
Total equity		**412,000**	436,726
Ordinary shares in issue (excluding treasury shares)	16	**434,151,059**	439,833,518
NAV per ordinary share (pence per share)		**94.90**	99.29

The financial statements were approved and authorised for issue by the Board of Directors on 13 April 2023 and signed on its behalf by:

Alex Ohlsson Chairman

Colin Huelin FCA Director

The accompanying notes below form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Notes	**Share capital £'000**	**Retained losses £'000**	**Total equity £'000**
Balance as at 1 January 2022		**442,607**	**(5,881)**	**436,726**
Total profit and comprehensive income for the year		**-**	**7,687**	**7,687**
Share repurchases	16	**(4,647)**	**-**	**(4,647)**
Dividends	9	**-**	**(27,766)**	**(27,766)**
Balance as at 31 December 2022		**437,960**	**(25,960)**	**412,000**

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Notes	Share capital £'000	Retained losses £'000	Total equity £'000
Balance as at 1 January 2021		442,900	6,862	449,762
Total profit and comprehensive income for the year		-	14,972	14,972
Share repurchases	16	(293)	-	(293)
Dividends	9	-	(27,715)	(27,715)
Balance as at 31 December 2021		442,607	(5,881)	436,726

The accompanying notes below form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**8,679**	15,859
Adjustments for:			
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	3	**(12,883)**	(18,517)
Increase/(decrease) in other payables and accrued expenses		**112**	(174)
Decrease/(increase) in other receivables and prepayments		**62**	(21)
Total		**(4,030)**	(2,853)
Loan note interest realised	3	**31,945**	32,931
Net settlement of derivative financial instruments	3	**(275)**	994
Investment in Subsidiary	11	**(101,985)**	(134,504)
Capital repayments from Subsidiary	11	**95,622**	117,735
Net cash flow generated from operating activities		**21,277**	14,303
Cash flows from financing activities			
Proceeds from revolving credit facilities	14	**51,550**	40,250
Repayment of revolving credit facilities	14	**(39,399)**	(25,351)
Share repurchases	16	**(4,647)**	(293)
Finance costs paid		**(812)**	(1,080)
Dividends paid	9	**(27,766)**	(27,715)
Net cash flow used in financing activities		**(21,074)**	(14,189)
Net increase in cash and cash equivalents		**203**	114
Cash and cash equivalents at beginning of the year		**10,108**	9,994
Cash and cash equivalents at end of the year	13	**10,311**	10,108

The accompanying notes below form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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

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

At 31 December 2022, the Company had one wholly owned Subsidiary, GABI UK (31 December 2021: one), incorporated in England and Wales on 23 October 2015 (registration number 9838893). GABI UK has three subsidiaries (31 December 2021: two): 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 (including its subsidiary, GABI Blyth (dissolved on 7 June 2022)), GABI GS and GABI Housing 2 comprises the Group. The registered office address for GABI UK, GABI Housing, GABI Housing 2, GABI Blyth (prior to its dissolution) 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, one of which was held by its subsidiary, GABI Blyth (prior to its dissolution), and the social income stream derived from these properties through letting them to specialist housing associations.

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

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

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

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

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

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

2. Significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below and in the subsequent notes. These policies, except for those changes discussed in this note, have been consistently applied throughout the years presented.

2.1 Basis of preparation
The annual report and financial statements for the year ended 31 December 2022 have been prepared on a going concern basis and in accordance with IFRS, which includes standards and interpretations approved by the IASB, and as applied in accordance with the Jersey Company Law.

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

The Company raises capital through the issue of ordinary shares and C shares. The net assets attributable to the C share class, when in issue, are accounted for and managed by the Company as a distinct pool of assets, with the Company ensuring that separate cash accounts are created and maintained. Expenses are either specifically allocated to an individual share class or split proportionately by the NAV of each share class. When in issue, C shares are classified as a financial liability. At 31 December 2022, there were no C shares in issue (31 December 2021: none).

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

- onerous contracts - cost of fulfilling a contract (amendments to IAS 37); and
- annual improvements to IFRS standards.

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements. There are amendments to IFRS that will apply from 1 January 2023 as follows:

- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2);
- definition of accounting estimates (amendments to IAS 8); and
- deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12 Income Taxes.

Amendments to IFRS applicable from 1 January 2024 are:

- classification of liabilities as current or non-current (amendments to IAS 1); and
- non-current liabilities with covenants (amendments to IAS 1).

The Directors do not anticipate that the adoption of these 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 would be expected to have a material impact on the Company's financial statements.

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

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

pounds (£'000), except where otherwise indicated.

Going concern
At 31 December 2022, the Company held "cash and cash equivalents" of £10.3 million. Within the statement of financial position the Company had current liabilities consisting of "other payables and accrued expenses" of £1.5 million and RCF due to RBSI of £31.9 million (full facility £50.0 million) which is due to expire on 21 August 2023 ("termination date"). The Company's net current liability position as at 31 December 2022 was £23.1 million.

The RCF agreement includes an optional extension for an additional term of one year which is subject to lender approval. In
accordance with the terms of the RCF, the Company is required to give written notice of extension no earlier than 60 days prior (June
2023) and no later than 30 days prior (July 2023) to the termination date.

The Directors acknowledge that the extension of the RCF is at the discretion of RBSI and therefore have considered if the potential liquidity risk with the expiry of the RCF raises a material uncertainty that causes significant doubt about the Company's ability to continue as a going concern.

The Directors consider that the RCF, representing leverage of 7.2% of total assets at the year end, does not constitute a significant
level of gearing and that the Company has met, and continues to be able to meet, all financial commitments and covenants of the RCF. Based on preliminary discussions held with RBSI, the Directors and the Investment Manager are satisfied that the one year extension will be approved.

The Investment Manager has prepared cash flow forecasts which were challenged and approved by the Directors, including a stressed cash flow downside scenario whereby the Company has to repay the RCF should it not be extended beyond the termination date, and the reasonableness of other available finance options including alternative finance facilities and the sale of specific assets. On this basis, the Directors are satisfied that the Company can continue to meet its liabilities as they fall due within a period of at least the next twelve months from the date of approval of the financial statements. Whilst there is some uncertainty with regards to the extension of the RCF, the Directors believe that the above options are sufficient to mitigate the potential liquidity risk which may be faced by the Company.

Furthermore, the Directors have concluded that the potential liquidity risk associated with the expiry of the RCF does not create a
material uncertainty which casts significant doubt around the Company's ability to continue as a going concern due to mitigating factors
identified during the review of the Company's financing arrangements as detailed above. The financial statements have therefore been prepared on a going concern basis.

2.2 Significant accounting estimates and judgements
The preparation of financial statements, in accordance with IFRS, requires the Directors to make estimates and judgements that affect the reported amounts recognised in the 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; therefore, the fair value is determined using a discounted cash flow methodology where applicable (excluding the Co-living group loan) adjusted as appropriate for market, credit and liquidity risk factors (refer to note 17.9 for further information). This requires assumptions to be made regarding future cash flows and the discount rate applied to these cash flows. The Subsidiary's investments are valued by a third party Valuation Agent on a semi-annual basis. Investments which may be subject to discount rate changes are valued on a quarterly basis.

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

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

The investment in the Subsidiary is held at fair value through profit or loss, with income distributions and interest payments from the Subsidiary 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 11 for further details.

The valuation of the Co-living group loan
The Group's Co-living group loan was valued at the year end by combining recovery values on realised assets with an estimate of recoverability of amounts on the three key remaining properties. The estimates are based on negotiations with prospective buyers and independent valuation reports. Further, adjustments to reflect specific known transaction risks were applied and additional assumptions were applied for professional fees required to complete the sale of the remaining assets. Further information is given in note 17.9.

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

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

The criteria which define an investment entity are as follows:

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

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

- raises funds from investors through the issue of equity, has more than one investor and its investors are not related parties other than those disclosed in note 18;
- invests in a portfolio of investments held by the Subsidiary for the purpose of generating risk-adjusted returns through regular distributions and 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 upon 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.

Significant shareholders are disclosed in the Directors' report above.

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loan note interest realised	**31,945**	32,931
Unrealised (loss)/gain on financial assets at fair value through profit or loss[1]:		
Debt - Secured Loan Notes up to £1,000,000,000[2]	**(17,700)**	(16,977)
Equity - representing one ordinary share in the Subsidiary	**745**	1,235
Realised loss on financial assets at fair value through profit or loss:		
Debt - Secured Loan Notes up to £1,000,000,000[3]	**(1,326)**	-
Net loss on financial assets at fair value through profit or loss	**(18,281)**	(15,742)
(Loss)/gain on derivative financial instruments:		
Unrealised (loss)/gain on forward foreign exchange contracts	**(506)**	334
Realised gain on forward foreign exchange contracts	**795**	1,397
Realised loss on forward foreign exchange contracts	**(1,070)**	(403)
Net (loss)/gain on derivative financial instruments	**(781)**	1,328
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	**12,883**	18,517

1. Refer to note 11 for further information.
2. Includes write-down in respect of the Co-living group loan and other unrealised gains and losses in respect of discount rate adjustments, offset by principal indexation of £1.4 million applied to certain loans.
3. Includes £1.0 million of foreign exchange losses upon repayment of certain loans which are partially offset by gains of £0.8 million on forward foreign exchange contracts.

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Arrangement fee income	**258**	293
Commitment fee income	**480**	129
Early repayment fee income	**760**	2,475
Total	**1,498**	2,897

Accounting policy
Interest income and interest expense other than interest received on financial assets held at fair value through profit or loss are recognised on an accruals basis in the statement of comprehensive income.

Net movements in fair value of financial assets and financial liabilities at fair value through profit or loss includes changes in the fair value of the investment in the Subsidiary held at fair value through profit or loss, loan note interest realised, principal indexation applied to certain loans and net gain or loss on forward foreign exchange contracts.

Principal indexation is applied to certain loan notes where applicable. The indexation is a contractually allowable inflationary adjustment to loan principal calculated where permitted by a predefined mechanism in a loan agreement. The effect of the adjustment is to increase or decrease the fair value of those loan notes in line with the indexation factor which takes account of the rate of inflation against a stipulated inflation threshold of each relevant loan. The fair value of those loan notes are subsequently adjusted accordingly.

Arrangement fee income comprises fees relating to the issue and set up of Secured Loan Notes. The Investment Manager, at its discretion, is entitled to an arrangement fee of up to 1% of the value of each investment made by the Group. The Investment Manager generally expects the costs of any such fee to be covered by the borrowers, and not 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. The arrangement fee income is recognised in the financial statements when contractual provisions are met and the amounts become due.

Commitment fees are accounted for on an accruals basis and are paid by the borrowers.

Early repayment fee income is income in relation to the redemption of loans before maturity and is recognised in the financial statements when contractual provisions are met and the amounts become due.

The Company holds derivative financial instruments comprising forward foreign exchange contracts to hedge its exposure to movements in foreign currency exchange rates on loans denominated in currency other than Pound Sterling. It is not the Company's policy to trade in derivative financial instruments.

Forward foreign exchange contracts are stated at fair value, being the difference between the agreed price of selling or buying the financial instrument on a future date and the price quoted for selling or buying the same or similar instrument on the statement of financial position date. The Company does not apply hedge accounting and consequently all gains or losses in fair value are recognised in the statement of comprehensive income.

4. Operating expenses

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Corporate administration and Depositary fees	**590**	613
Registrar fees	**39**	40
Audit fees	**131**	95
Legal and professional fees	**67**	38
Valuation Agent fees	**186**	178
Other	**746**	475
Total	**1,759**	1,439

Key service providers other than the Investment Manager (refer to note 18 for disclosures of transactions with the Investment Manager):

Administrator and Company Secretary
The Company has appointed Apex Financial Services (Alternative Funds) Limited as Administrator and Company Secretary. Fund accounting, administration and company secretarial services are provided to the Company pursuant to an agreement dated 28 September 2015. All Directors have access to the Company Secretary, who provides guidance to the Board, through the Chairman, on governance and administrative matters. The fee for the provision of administration and company secretarial services during the year was £462,000 (31 December 2021: £479,000) of which £112,000 remains payable at year end (31 December 2021: £119,000).

Depositary
Depositary services are provided to the Company by Apex Financial Services (Corporate) Limited pursuant to an agreement dated 28 September 2015. The fee for the provision of these services during the year was £128,000 (31 December 2021: £134,000) of which £31,000 remains payable at year end (31 December 2021: £66,000).

Accounting policy
Operating expenses and investment management fees in the statement of comprehensive income are recognised on an accruals basis.

5. Auditor's remuneration
The following table summarises the remuneration paid to the Auditor for audit and non-audit related services:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Audit fees		
Annual audit of the Company	**131**	95
Non-audit services		
Review of the half-yearly report	**36**	39
Total	**167**	134

6. Directors' remuneration
The Directors of the Company were remunerated as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Alex Ohlsson	**60**	55
Colin Huelin FCA	**55**	50
Joanna Dentskevich	**60**	50
Marykay Fuller	**55**	45
Total	**230**	200
Directors' expenses	**2**	-
Total	**232**	200

Full details of the Directors' remuneration policy can be found in the Directors' remuneration report above.

7. Finance expenses

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Arrangement fees relating to the RCF	**224**	236
Commitment fees relating to the RCF	**297**	250
Interest expense relating to the RCF	**471**	401
Total	**992**	887

Accounting policy
Finance expenses in the statement of comprehensive income comprise loan arrangement and commitment fees which are accounted for on an accruals basis, along with interest accrued on the RCF (refer to note 14) incurred in connection with the borrowing of funds. Arrangement fees are amortised over the life of the RCF.

8. Taxation
Profits arising in the Company for the year ended 31 December 2022 are subject to tax at the standard rate of 0% (31 December 2021: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

9. Dividends

Quarter ended	Dividend	Pence Per share	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Current year dividends				
31 December 2022	2022 fourth interim dividend	1.58125	**-**[1]	-
30 September 2022	2022 third interim dividend	1.58125	**6,929**	-
30 June 2022	2022 second interim dividend	1.58125	**6,955**	-
31 March 2022	2022 first interim dividend	1.58125	**6,955**	-
Total		**6.32500**	**20,839**	-
Prior year dividends				
31 December 2021	2021 fourth interim dividend	1.57500	**6,927**	-[1]
30 September 2021	2021 third interim dividend	1.57500	**-**	6,927
30 June 2021	2021 second interim dividend	1.57500	**-**	6,927
31 March 2021	2021 first interim dividend	1.57500	**-**	6,927
Total		**6.30000**	**6,927**	20,781
31 December 2020	2020 fourth interim dividend	1.57500	**-**	6,934
Dividends in statement of changes in equity and cash flows			**27,766**	27,715

1. The fourth interim dividend was declared after the year end and is therefore not accrued for as a provision in the financial statements.

On 26 January 2023, the Company announced a fourth interim dividend of 1.58125 pence per share amounting to £6.8 million which was paid on 3 March 2023 to ordinary shareholders on the register at 3 February 2023.

Accounting policy
In accordance with the Company's Articles, in respect of the ordinary shares, the Company will distribute the income it receives to the fullest extent that is deemed appropriate by the Directors. Dividends due to the Company's shareholders are recognised as a liability in the period in which they are paid or approved by the Directors and are reflected in the statement of changes in equity. Dividends declared and approved by the Company after the statement of financial position date have not been recognised as a liability of the Company at the statement of financial position date.

The Company pays dividends on a quarterly basis with dividends typically declared in January, April, July and October and paid in or around February, May, August and November in each financial year.

10. Earnings per share
Basic earnings per ordinary share are calculated by dividing profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per ordinary share are calculated by dividing the profit attributable to ordinary shareholders by the diluted weighted average number of ordinary shares.

	Earnings £'000	Weighted average number of ordinary shares	Pence per share
Year ended 31 December 2022			
Basic earnings per ordinary share	**7,687**	**439,291,385**	**1.75**
Diluted earnings per ordinary share	**7,687**	**439,291,385**	**1.75**
Adjusted earnings[1] per share	**28,900**	**439,291,385**	**6.58**
Year ended 31 December 2021			
Basic earnings per ordinary share	14,972	439,895,094	3.40
Diluted earnings per ordinary share	14,972	439,895,094	3.40
Adjusted earnings[1] per share	31,784	439,895,094	7.22

11. 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 issued by the Subsidiary to the Company and equity. The Company's investment in the Subsidiary at 31 December 2022 comprised:

Debt - Secured Loan Notes up to £1,000,000,000	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Opening balance	**443,647**	443,855
Investment in Subsidiary	**101,985**	134,504
Capital repayments from Subsidiary	**(95,622)**	(117,735)
Realised loss on financial assets at fair value through profit or loss[2]	**(1,326)**	-
Unrealised (loss)/gain on financial assets and liabilities at fair value through profit or loss:		
Unrealised valuation loss[3]	**(20,370)**	(17,029)
Unrealised foreign exchange gain/(loss)	**1,503**	(983)
Other unrealised movements on investments[4]	**1,167**	1,035
Total unrealised loss on investments at fair value through profit or loss	**(17,700)**	(16,977)
Total	**430,984**	443,647

1. Alternative performance measure - refer below for definitions and calculation methodology.
2. Includes £1.0 million of foreign exchange losses upon repayment of certain loans which are partially offset by gains of £0.8 million on forward foreign exchange contracts.
3. Comprises write-down of the Co-living group loan and other unrealised gains and losses in respect of discount rate adjustments.
4. Attributable to the timing of the debt service payments and principal indexation of £1,400,000 (31 December 2021: £24,000) applied to certain loans.

The difference between the valuation of the Secured Loan Notes issued by the Subsidiary to the Company and the underlying investments held by the Subsidiary is as a result of payment timings, differing application of the effective interest rate in respect of the underlying investments and indexation, as set out in the table below:

Debt - Secured Loan Notes up to £1,000,000,000	**31 December 2022 £'000**	31 December 2021 £'000
Valuation of the underlying investments held by the Subsidiary	**430,979**	443,640
Interest rate differential	**8**	7
Unrealised gain on investments at fair value through profit or loss	**(3)**	-
Fair value of Secured Loan Notes	**430,984**	443,647

Equity - representing one ordinary share in the Subsidiary	**31 December 2022 £'000**	31 December 2021 £'000
Opening balance	**3,342**	2,107
Unrealised gain on investment at fair value through profit or loss	**745**	1,235
Total	**4,087**	3,342
Financial assets at fair value through profit or loss	**435,071**	446,989

The above represents a 100% interest in the Subsidiary at year end 31 December 2022 (31 December 2021: 100%).

Secured Loan Notes
The Subsidiary has issued a loan note instrument to the Company for a programme of up to £1 billion variable funding notes limited to the cash available by the Company. Each series of loan notes issued has a maximum nominal amount, fixed at the date of issue; a base amount and a subscribed amount.

Accounting policy
The Company classifies its investment in the Subsidiary as financial assets at fair value through profit or loss in accordance with IFRS 9 Financial Instruments as set out below.

Financial assets at fair value through profit or loss
The category which includes financial assets at fair value through profit or loss consists of financial instruments that have been designated at fair value through profit or loss upon initial recognition. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with the risk management and investment strategies of the Company.

Upon initial recognition, the Company designates the investment in the Subsidiary as part of 'financial assets at fair value through profit or loss'. The investment in the Subsidiary is included initially at fair value, which is taken to be its cost (excluding expenses incidental to the acquisition which are written off in the statement of comprehensive income).

All financial assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

Financial information about the financial assets of the Company is provided by the Investment Manager to the Directors with the valuation of the portfolio being carried out by the Valuation Agent.

The Company recognises a financial asset when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company transfers its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

After initial measurement, the Company measures financial instruments classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of financial instruments are recorded in the statement of comprehensive income.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques used by the Valuation Agent include using recent arm's length market transactions, referenced to appropriate current market data, and discounted cash flow analysis, at all times making as much use of available and supportable market data as possible.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 17.9.

12. Other receivables and prepayments

	31 December 2022 £'000	31 December 2021 £'000
Arrangement fees	**-**	64
Other income debtors	**6**	6
Prepayments	**60**	58
Total	**66**	128

Accounting policy
Other receivables and prepayments are recognised and carried at the lower of their original invoiced value and recoverable amount or, where the time value of money is material, at amortised cost. The Company recognises a loss allowance for expected credit loss on other receivables where necessary.

13. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash and cash equivalents	**10,311**	10,108
Total	**10,311**	10,108

Accounting policy
Cash comprises cash in hand and demand deposits. Cash equivalents are short-term with original maturities of three months or less and highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

14. Revolving credit facilities

	31 December 2022 £'000	31 December 2021 £'000
Opening balance	**19,899**	5,000
Proceeds from amounts drawn on the RCF	**51,550**	40,250
Repayment of amounts drawn on the RCF	**(39,399)**	(25,351)
RCF drawn at the year end	**32,050**	19,899
Loan arrangement fees unamortised	**(143)**	(353)
Total	**31,907**	19,546

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

On 19 August 2021, the Company entered into an agreement with RBSI to extend the existing £50 million RCF by 24 months to August 2023, with an additional one year extension option subject to lender approval. All terms of the RCF remain unchanged except for the interest rate benchmark. Interest on amounts drawn under the RCF was charged at LIBOR plus 2.10% per annum from 16 April 2019 until the facility was extended on 19 August 2021, when it was amended and restated and the interest benchmark rate changed from LIBOR to SONIA (plus a credit adjustment spread) plus a 2.10% margin. A commitment fee is payable on undrawn amounts at a rate of 0.84% per annum.

The total costs incurred to extend the facility to August 2023 were £450,000, of which £425,000 related to the arrangement fees and £25,000 in associated legal fees. The legal fees are included as arrangement fees for reporting purposes.

A total of £224,000 (31 December 2021: £236,000) of costs were amortised as loan arrangement fees during the year and charged through the statement of comprehensive income, refer to note 7.

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

Total drawdowns of £32.1 million were repayable at 31 December 2022 (31 December 2021: £19.9 million).

At year end, the sum of £2.3 million (31 December 2021: £2.0 million) had been drawn down on the RCF as an alternative to cash cover for the seven open forward foreign exchange contracts. This has restricted the amount available for drawdown on the RCF, excluding existing drawdowns, to £15.7 million at 31 December 2022.

The RCF includes covenants which are 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. At 31 December 2022, the Company was in compliance with all loan covenants in the RCF agreement.

The Company, through the Investment Manager, has commenced a review of its financing arrangements with the intention of extending the RCF in advance of the date of expiry in August 2023. Further information is included in note 2.1.

Leverage
For the purposes of the UK AIFM Regime, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its NAV and is calculated under the gross and commitment methods, in accordance with the UK AIFM Regime.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the UK AIFM Regime, at 31 December 2022; figures are as follows:

Leverage exposure	Maximum limit	**31 December 2022 Actual exposure**	31 December 2021 Actual exposure
Gross method	1.25	**1.11**	1.09
Commitment method	1.25	**1.08**	1.05

The leverage figures above represent leverage calculated under the UK AIFM Regime methodology as follows:

Leverage exposure	**31 December 2022 Gross £'000**	**31 December 2022 Commitment £'000**	31 December 2021 Gross £'000	31 December 2021 Commitment £'000
Investments at fair value through profit or loss	**435,071**	**435,071**	446,989	446,989
Cash and cash equivalents	**-**	**10,311**	-	10,108
Derivative financial instruments[1]	**20,656**	**-**	26,890	-
Total exposure under the UK AIFM Regime	**455,727**	**445,382**	473,879	457,097
Net assets	**412,000**	**412,000**	436,736	436,736
Leverage ratio	**1.11**	**1.08**	1.09	1.05

1. Equivalent position in the underlying assets of derivative financial instruments using the conversion methodologies set out in the UK AIFM regime.

The Company's leverage limit under the UK AIFM Regime is 1.25, which equates to a gearing limit of 25% of NAV. The Company has maintained significant headroom against the limit throughout the year.

Accounting policy
All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs are amortised over the lifetime of the facility through the statement of comprehensive income.

15. Other payables and accrued expenses

	31 December 2022 £'000	31 December 2021 £'000
Accruals	**540**	372
Loan commitment fee accrued	**58**	64
Loan interest accrued	**15**	39
Investment management fees	**914**	970
Total	**1,527**	1,445

Accounting policy
Other payables and accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method where appropriate.

16. Authorised and issued share capital

Share capital	**31 December 2022 Number of shares**	**£'000**	31 December 2021 Number of shares	£'000
Ordinary shares issued at no par value and fully paid				
Shares in issue at beginning of the year	**442,033,518**	**444,414**	442,033,518	444,414
Shares issued in the year	**-**	**-**	-	-
Total shares in issue	**442,033,518**	**444,414**	442,033,518	444,414
Treasury shares				
Shares repurchased and held in treasury at beginning of the year	**(2,200,000)**	**(1,807)**	(1,875,000)	(1,514)
Shares repurchased in the year	**(5,682,459)**	**(4,647)**	(325,000)	(293)
Total shares repurchased and held in treasury	**(7,882,459)**	**(6,454)**	(2,200,000)	(1,807)
Total ordinary share capital excluding treasury shares	**434,151,059**	**437,960**	439,833,518	442,607

The Company's authorised share capital is represented by an unlimited number of no par value ordinary shares. At 31 December 2022, the Company's issued share capital comprised 442,033,518 ordinary shares (31 December 2021: 442,033,518), 7,882,459 of which are held in treasury (31 December 2021: 2,200,000).

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

The Company may issue C shares which, when in issue, are classified as a financial liability (refer to note 2.1). There were no C shares in issue at 31 December 2022 (31 December 2021: none).

Accounting policy
Upon issuance of equity shares, the consideration received is included in equity.

Transaction costs incurred by the Company in issuing, acquiring or reselling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

No gain or loss is recognised in the statement of comprehensive income in respect of the purchase, sale, issuance or cancellation of the Company's own equity instruments.

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

	31 December 2022 £'000	31 December 2021 £'000
Financial assets		
Cash and cash equivalents	**10,311**	10,108
Other receivables	**6**	70
Total financial assets at amortised cost[1]	**10,317**	10,178
Derivative financial instruments	**243**	492
Financial assets at fair value through profit or loss	**435,071**	446,989
Total financial assets at fair value through profit or loss	**435,314**	447,481
Total financial assets	**445,631**	457,659
Financial liabilities		
Derivative financial instruments	**(257)**	-
Other payables and accrued expenses	**(1,527)**	(1,445)
Revolving credit facilities	**(31,907)**	(19,546)
Financial liabilities at amortised cost[1]	**(33,691)**	(20,991)
Total financial liabilities	**(33,691)**	(20,991)

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

17.1 Derivative financial instruments
Derivative financial assets and liabilities comprise forward foreign exchange contracts for the purpose of hedging foreign currency exposure of the Company to Euro and US Dollar denominated loan investments made by the Subsidiary. The investments represent 2.4% of the portfolio by value at the year end. The Company intends to utilise the forward foreign exchange contracts on a rolling basis, for the term of the investments.

The table below sets out the forward foreign exchange contracts held by the Company at year end:

				Fair value £'000	
31 December 2022	**Maturity**	**Principal amount**	**Hedged amount**	**Financial assets**	**Financial liabilities**
Contract EUR/GBP	**4 January 2023**	**(£2,192,406)**	**€2,500,000**	**-**	**(26)**
Contract EUR/GBP	**4 January 2023**	**(£2,290,922)**	**€2,610,506**	**-**	**(25)**
Contract EUR/GBP	**8 March 2023**	**(£4,892,017)**	**€5,717,300**	**-**	**(193)**
Contract GBP/EUR	**8 March 2023**	**£5,027,081**	**(€5,717,300)**	**59**	**-**
Contract EUR/GBP	**22 March 2023**	**(£1,236,309)**	**€1,400,614**	**-**	**(10)**
Contract EUR/GBP	**3 October 2023**	**(£2,234,894)**	**€2,495,706**	**-**	**(3)**
Total EUR/GBP		**(£7,819,467)**	**€9,006,826**	**59**	**(257)**
Contract USD/GBP	**4 January 2023**	**(£2,724,746)**	**$3,058,800**	**184**	**-**
Total USD/GBP		**(£2,724,746)**	**$3,058,800**	**184**	**-**
Total		**(£10,544,213)**		**243**	**(257)**

				Fair value £'000	
31 December 2021	Maturity	Principal amount	Hedged amount	Financial assets	Financial liabilities
Contract EUR/GBP	5 January 2022	(£3,548,328)	€4,102,222	102	-
Contract EUR/GBP	13 January 2022	(£11,772,735)	€13,800,000	176	-
Contract EUR/GBP	2 March 2022	(£8,094,808)	€9,401,310	185	-
Contract EUR/GBP	22 March 2022	(£1,773,917)	€2,080,449	22	-
Total EUR/GBP		(£25,189,788)	€29,383,981	485	-
Contract USD/GBP	5 January 2022	(£2,218,241)	$2,981,760	7	-
Total USD/GBP		(£2,218,241)	$2,981,760	7	-
Total		(£27,408,029)		492	-

Information on the forward foreign exchange contracts executed post year end can be found in note 20.

Accounting policy
Recognition of derivative financial assets and liabilities takes place when the hedging contracts are entered into. They are initially recognised and subsequently measured at fair value; transaction costs, where applicable, are included directly in finance costs. The Company does not apply hedge accounting and consequently all gains or losses are recognised in the statement of comprehensive income in net change in fair value of financial assets and financial liabilities through profit or loss.

17.2 Capital management
The Company's capital is represented by share capital comprising issued ordinary share capital and its credit facilities, as detailed in notes 16 and 14 respectively.

The Company may seek to raise additional capital from time to time to the extent that the Directors and the Investment Manager believe the Company will be able to make suitable investments. The Company raises capital only when it has a clear view of a robust pipeline of advanced investment opportunities to ensure the rapid deployment of capital.

The Company may borrow up to 25% of its NAV at such time any such borrowings are drawn down. Refer to note 14 for further information.

17.3 Financial risk management objectives
The Company has an investment policy and strategy that sets out the Company's overall investment strategy and general risk management philosophy and has established processes to monitor and control these in a timely and accurate manner. These guidelines are subject to regular operational reviews undertaken by the Investment Manager to ensure that the Company's policies are adhered to as it is the Investment Manager's duty to identify and assist in the management of risk. The Investment Manager reports regularly to the Directors who have ultimate responsibility for the overall risk management approach.

The Directors and the Investment Manager ensure that all investment activity is performed in accordance with investment guidelines. The Company's investment activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. Risk is inherent in the Company's activities and it is managed through a process of ongoing identification, measurement and monitoring. The financial risks to which the Company is exposed include market risk (which includes interest rate risk), credit risk, currency risk and liquidity risk.

As explained in notes 11 and 17, the Company's financial assets and liabilities at fair value through profit or loss comprise the investment in the Subsidiary and derivatives used for the purpose of hedging foreign currency exposure. The Subsidiary is a holding vehicle existing solely to hold the Company's investments and, therefore, exposure to market risk, interest rate risk, credit risk, liquidity risk and credit and counterparty risk are highly dependent on the performance of the Subsidiary's investments.

Geopolitical and market uncertainties
The Board and the Investment Manager note the significant increase in political and economic uncertainty driven by the war in Ukraine, high inflation, interest rates and a cost-of-living crisis, and the rapid change of personnel in Government. The war in Ukraine continues to be monitored by the Board and the Investment Manager for its wide-ranging impact on geopolitical relationships and volatility in the energy market. The Company is predominantly invested in the UK and has no investments in Ukraine, Russia or Belarus. Equally, no borrowers have been subject to sanctions imposed due to the war. Energy price increases have impacted across all sectors and have become a focus of monitoring for the Investment Manager. To date, no material adverse impact has been noted and increases have been absorbed by borrowers within their operational budgets.

Climate risk
The Investment Manager has carried out a climate risk assessment for each underlying portfolio asset to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. The analysis considered both physical and transition risks for each asset. The data collated was based upon publicly available data on flood risk and EPC ratings, supplemented by inputs from the Investment Manager's portfolio management team and its investment management team. Further information is given in the sustainability section above. Based on the climate risk analysis undertaken, the Investment Manager does not currently propose to make any changes to financial forecasts due to climate risk.

17.4 Market risk
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 to the Company. The key driver of the Subsidiary's NAV is the valuation of its portfolio of secured loan facilities issued to the Project Companies.

There is a risk that market movements in interest rates, credit markets, exchange rates and observable yields may decrease or increase the value of the Subsidiary's assets without regard to the assets' underlying performance. The Subsidiary's portfolio of assets is held at fair value, and valued on a semi-annual basis by the Valuation Agent. Investments subject to discount rate changes are valued on a quarterly basis. The Company's assets are stable with predictable cash flows and are not exchange traded.

In assessing the expected future cash flows from each of the investments, the Valuation Agent considers the movements in comparable credit markets and publicly available information around each project.

The valuation principles used are based on a discounted cash flow methodology where applicable (excluding the Co-living group loan); refer to note 17.9 for further information. A fair value for each asset acquired by the Group is calculated by applying a relevant market discount rate to the contractual cash flow expected to arise from each asset.

The Valuation Agent determines the discount rate that it believes the market would reasonably apply to each underlying investment taking, inter alia, into account the following significant inputs:

- Pound Sterling interest rates;
- movements of comparable credit markets; and
- observable yield on other comparable instruments.

In addition, the following are also considered as part of the overall valuation process:

- market activity and investor sentiment; and
- changes to the economic, legal, taxation or regulatory environment.

The Valuation Agent exercises its judgement in assessing the expected future cash flows from each investment. Given that the investments are generally fixed income debt instruments (in some cases with elements of inflation and/or interest rate protection) or other investments with a similar economic effect, the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments, in light of the operational performance of the underlying asset.

The valuations are reviewed by the Investment Manager and the Directors and the subsequent NAV is reviewed by the Investment Manager and the Directors on a quarterly basis.

The table below shows how changes in discount rates affect the changes in the valuation of financial assets through profit or loss. The range of discount rate changes has been determined with reference to historic discount rate changes made by the Valuation Agent.

31 December 2022					
Change in discount rates	**(1.00%)**	**(0.50%)**	**0.00%**	**0.50%**	**1.00%**

Valuation of financial assets at fair value through profit or loss (£'000)	**449,822**	**442,280**	**435,071**[1,2]	**428,171**	**421,559**
Change in value of financial assets at fair value (£'000)	**14,751**	**7,209**	**-**	**(6,900)**	**(13,512)**

31 December 2021

Change in discount rates	(1.00%)	(0.50%)	0.00%	0.50%	1.00%
Valuation of financial assets at fair value through profit or loss (£'000)	459,795	453,246	446,989[1,2]	441,004	435,270
Change in value of financial assets at fair value (£'000)	12,806	6,257	-	(5,985)	(11,719)

1. Includes the fair value of the Co-living group loan which is not valued on a discounted cash flow basis; see note 17.9 for further details.
2. Including the NAV of the Subsidiary.

17.5 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 Valuation Agent takes into account when valuing the financial assets.

Future cash flows

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

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

Borrowings

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

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

The drawn amount under the RCF at 31 December 2022 was £32.1 million (31 December 2021: £19.9 million).

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

31 December 2022

Change in interest rates	**2.0%**	**1.0%**	**0%**	**(1.0%)**	**(2.0%)**
Value of interest expense (£'000)	**2,445**	**2,092**	**1,772**	**1,451**	**1,099**
Changes in interest expense (£'000)	**673**	**321**	**-**	**(321)**	**(673)**

31 December 2021

Change in interest rates	2.0%	1.0%	0%	(1.0%)	(2.0%)
Value of interest expense (£'000)	874	655	456	257	38
Changes in interest expense (£'000)	418	199	-	(199)	(418)

Other financial assets and liabilities
Bank deposits, 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.

17.6 Credit risk
Credit risk refers to the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty is not an exchange clearing house. The 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 Project Companies on a regular basis to ensure that credit risk is appropriately managed.

The Company is exposed to differing levels of credit risk on all its assets. Per the statement of financial position, the Company's total exposure to credit risk is £445.7 million (31 December 2021: £457.7 million) represented by its investments, receivables, financial derivatives and cash.

At the year end, the Company had exposure to five key relationship counterparties which together represent 56% of the loans in the portfolio by value. This exposure is across 26 loans, multiple assets, sectors and strategies. The loans are also with different borrower entities (in some cases with different ownership structures) within these relationships for different projects and assets. The Directors therefore believe that there is no concentration of credit risk.

Cash is held at a number of financial institutions to spread credit risk. Cash awaiting investment is currently held on behalf of the Company at banks carrying a minimum rating of A-2, P-2 or F2 from Standard and Poor's, Moody's and Fitch respectively.

The Company's investments 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 Valuation Agent. Investments which may be subject to discount rate changes are valued on a quarterly basis. The Valuation Agent takes into account the credit risk associated with these investments in their valuation.

The Investment Manager continues to focus on the work-out process in respect of the Co-living group loan and stabilisation of the multi-use community facilities. These assets were most negatively impacted by the Covid-19 pandemic and associated restrictions. Further information on these loans is provided above. The Company has exposure to a portfolio of supported living properties, of which three of the properties have seen a period of reduced rent due to challenges at the registered provider, causing cash flow issues for the borrower. The Investment Manager continues to work closely with the borrower and the registered provider to seek a resolution to this issue. The remaining loans in the portfolio continue to report good performance.

Credit risk is considered by the Valuation Agent both during the origination process and at valuation updates. The Company's investments are stable with predictable cash flows and are not exchange traded. Depending on the nature of the underlying projects, residual credit risk is considered by reference to a number of factors including, but not limited to: relative benchmark analysis, comparable bond pricing, market analysis such as the capital asset pricing model, and fundamental credit analysis of a borrower's underlying performance by reference to any applicable loan covenants.

After an investment is made, the forecasts are regularly updated with information provided by the borrowers in order to monitor ongoing financial performance. In addition, the credit risk associated with each borrower is mitigated by way of the assets of the Project Company, being secured against the loan on either a senior or subordinated basis. At year end, the concentration of credit risk to any one counterparty did not exceed 20% (31 December 2021: <20%) of the Company's total assets, in line with its investment restrictions.

The Directors currently consider the fair value of the financial instruments at par plus accumulated interest to be reasonable. The impact on fair value attributable to any change in credit risk will continue to be reviewed at each quarter end and specifically when investments mature and their ongoing performance can be assessed. Credit risk is incorporated by the Valuation Agent into the discount rate applied to the financial assets at fair value through profit or loss. Discount rate sensitivity analysis is disclosed in note 17.4.

17.7 Currency risk
The Group's investments at 31 December 2022 were denominated in Pound Sterling, except for four investments which are denominated in Euros and one investment which is denominated in USD (31 December 2021: five Euro-denominated investments and one USD-denominated investment). The investments are secured against Euro-valued and USD-valued contracted cash flows. The Company's only currency exposure is through the trading activities of its investee companies. The Company engages in currency hedging, in the form of five forward foreign exchange contracts, to reduce the risk of adverse movements in currency exchange rates in relation to its non-Pound Sterling denominated investments. Realised and unrealised gains or losses on forward foreign exchange contracts are disclosed in note 3.

As an alternative to cash cover/margin required on these forward foreign exchange contracts, the Company has made use of its RCF, as disclosed in note 14.

17.8 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. During the year ended 31 December 2022, investments made by the Group were funded by Company cash reserves, amounts received from repayments and the utilisation of the RCF.

The table below analyses all of the Company's assets and liabilities into relevant maturity groupings based on the remaining period from 31 December 2022 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 table below are presented on an undiscounted basis.

31 December 2022	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	**10,311**	**-**	**-**	**-**	**10,311**
Derivative financial instruments	**-**	**5,027**	**-**	**-**	**5,027**
Other receivables and prepayments	**6**	**7**	**53**	**-**	**66**
Financial assets at fair value through profit or loss	**28,581**	**15,563**	**75,743**	**477,388**	**597,275**
Total financial assets	**38,898**	**20,597**	**75,796**	**477,388**	**612,679**
Financial liabilities					
Derivative financial instruments	**(7,208)**	**(6,128)**	**(2,235)**	**-**	**(15,571)**
Other payables and accrued expenses	**(51)**	**(203)**	**(3)**	**-**	**(257)**
Revolving credit facilities	**-**	**-**	**(32,050)**	**-**	**(32,050)**
Total financial liabilities	**(7,259)**	**(6,331)**	**(34,288)**	**-**	**(47,878)**
Net exposure	**31,639**	**14,266**	**41,508**	**477,388**	**564,801**

31 December 2021	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months £'000	Total £'000
Financial assets					
Cash and cash equivalents	10,108	-	-	-	10,108
Other receivables and prepayments	70	7	51	-	128
Financial assets at fair value through profit or loss	1,508	37,760	111,492	428,341	579,101
Total financial assets	11,686	37,767	111,543	428,341	589,337
Financial liabilities					
Derivative financial instruments	(17,539)	(9,869)	-	-	(27,408)
Other payables and accrued expenses	(39)	(1,317)	(89)	-	(1,445)
Revolving credit facilities	-	-	-	(19,546)	(19,546)
Total financial liabilities	(17,578)	(11,186)	(89)	(19,546)	(48,399)
Net exposure	(5,892)	26,581	111,454	408,795	540,938

The Directors' assessment of the Company's ability to continue as a going concern, in note 2.1, includes an assessment of liquidity risk. The Board has concluded that the Company will be able to generate sufficient cash resources to settle its obligations in full as they fall due.

17.9 Fair values of financial assets

Valuation of financial instruments

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

- Level 1 - valued using quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2 - valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1; 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 Valuation Agent has carried out semi-annual fair valuations of the financial assets of the Subsidiary (quarterly for investments which may be subject to discount rate changes). The same discount rates, determined by the Valuation Agent, are applied to the future cash flows of the Secured Loan Notes issued by the Subsidiary to the Company 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 year end, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the value recognised in the statement of financial position. All fair value measurements are recurring.

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

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

31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	-	-	446,989	446,989
Derivative financial instruments (assets)	-	492	-	492
Total	-	492	446,989	447,481

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

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

	31 December 2022 £'000	31 December 2021 £'000
Opening fair value of financial instruments at fair value through profit or loss	**446,989**	445,962
Investment in Subsidiary	**101,985**	134,504
Capital repayments from Subsidiary	**(95,622)**	(117,735)
Realised (loss)/gain on financial assets at fair value through profit or loss:		
Debt - Secured Loan Notes up to £1,000,000,000[1]	**(1,326)**	-
Unrealised (loss)/gain on financial assets at fair value through profit or loss[2]:		
Debt - Secured Loan Notes up to £1,000,000,000	**(17,700)**	(16,977)
Equity - representing one ordinary share in the Subsidiary	**745**	1,235
Closing fair value of financial instruments at fair value through profit or loss	**435,071**	446,989

1. Includes £1.0 million of foreign exchange losses upon repayment of certain loans which are partially offset by gains of £0.8 million on forward foreign exchange contracts.
2. Refer to note 11 for further information.

For the Company's financial instruments categorised as Level 3, changing the discount rate used to value the underlying instruments alters the fair value. In determining the discount rate for calculating the fair value of financial assets at fair value through profit or loss, reference is made to Pound Sterling interest rates, movements of comparable credit markets and observable yield on comparable instruments. Hence, movements in these factors could give rise to changes in the discount rate. A change in the discount rate used to value the Level 3 investments would have the effect on the valuation as shown in the table in note 17.4.

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 31 December 2022, the NAV of the Subsidiary was as follows:

	31 December 2022 £'000	31 December 2021 £'000
GABI UK[1]	**4,087**	3,342

1. Refer to note 11 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 model used by the Valuation Agent, applying the following discount rates:

	Fair value[1] £'000	Valuation technique	Key unobservable inputs	Discount rate
Financial assets at fair value through profit or loss - 31 December 2022	**430,671[2]**	**Discounted cash flow**	**Discount rate**	**8.4%[3]**
Financial assets at fair value through profit or loss - 31 December 2022	**4,400[4]**	**Net realisable value**	**Discount rate**	**-**
Financial assets at fair value through profit or loss - 31 December 2021	428,189[2]	Discounted cash flow	Discount rate	7.5%[3]
Financial assets at fair value through profit or loss - 31 December 2021	18,800[4]	Net realisable value	Discount rate	-

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

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

The investments in Project Companies held by the Subsidiary (excluding the Co-living group loan) are valued on a discounted cash flow basis, in line with the methodology used by the Valuation Agent. At the year end, discount rates ranged from 6-13%% (31 December 2021: 5-13%).

At 31 December 2022, the Group's Co-living group loan was valued at £4.4 million (31 December 2021: £18.8 million), which represents an estimate of recoverability of amounts secured against three key underlying properties and seven other underlying properties (31 December 2021: six key underlying properties and four other underlying properties). The value is based on (i) realised sales values of three assets (31 December 2021: three assets), (ii) negotiated purchase prices with buyers in ongoing sales processes and (iii) valuation reports from independent valuers. Adjustments to reflect known transaction risks, increased debt costs and professional fees were also made to the valuation of the loan.

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

During the year, there were no transfers of investments between levels.

18. 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 other party in making financial or operational decisions. Subsidiary companies are also deemed to be related parties as they are members of the same group of companies.

Directors
The Directors of the Company are considered to be the key management personnel of the Company. Directors' remuneration for the year (including reimbursement of Company-related expenses) totalled £232,000 (31 December 2021: £200,000).

At 31 December 2022, liabilities in respect of these services amounted to £58,000 (31 December 2021: £64,000).

At 31 December 2022, the Directors of the Company held directly or indirectly, and together with their family members, 161,171 ordinary shares (31 December 2021: 161,171).

Alex Ohlsson is the managing partner of Carey Olsen, the Company's Jersey legal advisers. Carey Olsen has provided legal services to the Company during the year. Carey Olsen maintains procedures to ensure that the Chairman has no involvement in the provision of legal services to the Company. The Company maintains procedures to ensure that the Chairman takes no part in any decision to engage the services of Carey Olsen. During the year, the aggregate sum of £2,000 (31 December 2021: £4,000) was paid to Carey Olsen in respect of legal work undertaken, of which £nil (31 December 2021: £nil) is outstanding at year end.

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

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

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

During the year, the Company incurred £3,752,000 (31 December 2021: £3,942,000) in respect of the services outlined above; £3,724,000 (31 December 2021: £3,916,000) in respect of investment management services and £28,000 (31 December 2021: £26,000) in respect of AIFM services provided by the Investment Manager. At 31 December 2022, liabilities in respect of these services amounted to £921,000 (31 December 2021: £977,000).

The Investment Manager, at its discretion, is entitled to an arrangement fee of up to 1% of the value of each investment made by the Company. The Investment Manager typically expects the cost of any such fee to be covered by the borrowers, and not the Company. To date, such fees in respect of 39 of the Group's investments have been met and paid by borrowers. During the year, the Investment Manager received £730,000 (31 December 2021: £506,000) from arrangement fees which had been met by the borrowers and £328,000 (31 December 2021: £171,000) from arrangement fees which had been met by the Company. To the extent any arrangement fee negotiated by the Investment Manager with a borrower exceeds 1%, the benefit of any such excess is paid to the Company.

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

At 31 December 2022, the key management personnel of the Investment Manager held directly or indirectly, and together with their family members, 1,113,097 ordinary shares in the Company (31 December 2021: 1,209,651 ordinary shares).

At 31 December 2022, the directors and/or shareholders of the Investment Manager, and their family members, directly or indirectly own an equity interest in the Subsidiary's student accommodation investments. These investments are valued by the Valuation Agent in line with the rest of the portfolio and were approved by the Board at the time of acquisition.

Subsidiary
At 31 December 2022, the Company owns a 100% (31 December 2021: 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, GABI Blyth (prior its dissolution on 7 June 2022) and GABI Housing 2 Limited; for further information, refer to note 1.

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

Transactions	**31 December 2022 £'000**	31 December 2021 £'000
Intercompany income received		
Other income	**1,240**	2,604
Arrangement fee income	**258**	293
Loan note interest realised	**31,945**	32,931
Total	**33,443**	35,828

Balances	**31 December 2022 £'000**	31 December 2021 £'000
Intercompany balances receivable	**-**	64
Principal value of intercompany holdings within financial assets at fair value through profit or loss	**469,463**	464,425

19. Reconciliation of NAV

This note reconciles the NAV reported in the financial statements to the published NAV.

	Total £'000	**Per share pence**
NAV at 31 December 2022 as published on 26 January 2023 (unaudited)	**412,000**	**94.90**
NAV at 31 December 2022 as per the financial statements	**412,000**	**94.90**

	Total £'000	Per share pence
NAV at 31 December 2021 as published on 25 January 2022 (unaudited)	436,726	99.29
NAV at 31 December 2021 as per the financial statements	436,726	99.29

20. Subsequent events after the report date
On 26 January 2023, the Company announced a fourth interim dividend of 1.58125 pence per share amounting to £6.8 million which was paid on 3 March 2023 to ordinary shareholders on the register at 3 February 2023.

In addition to the above, the following events occurred post year end:

- the Group made four advances totalling £13.9 million and received 27 repayments totalling £12.5 million;
- the Company drew down an aggregate amount of £10.0 million on the RCF with RBSI, resulting in a total drawn amount of £42.1 million (not including the amount drawn down as alternative to cash cover for the forward exchange contracts);
- the Company's forward foreign exchange contracts shown in note 17.1 matured and were replaced on the same terms as the existing contracts;
- the Company has bought back 6,325,000 ordinary shares at a total cost of £5.0 million, which are held in treasury;
- the Lender group has sold its interests in the last development asset. This transaction does not have a material impact on the fair value of the Co-Living group loan at 31 December 2022.
- a payment comprising interest and principal amounts was missed by one of the football finance positions. The total position represents 0.5% of the portfolio. Further updates are included above; and
- All other expected cash receipts were received by the Group for the three month period to 31 March 2023.

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

SHAREHOLDER INFORMATION

Key dates
March
Payment of fourth interim dividend

April
Annual results announced

May
Annual General Meeting

June
Payment of first interim dividend
Company's half year end

August
Payment of second interim dividend

September
Interim results announced

December
Payment of third interim dividend

December
Company's year end

NAV publication
The Company's NAV is released to the LSE on a quarterly basis and is published on the Company's website.

Further information
Copies of the Company's annual and half-yearly reports, quarterly investor reports, stock exchange announcements and further information on the Company can be obtained from the Company's website.

Warning to users of this report
This report is intended solely for the information of the person to whom it is provided by the Company, the Investment Manager or the Administrator. This report is not intended as an offer or solicitation for the purchase of shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this report are not statements of fact and are subject to change, and neither the Company nor the Investment Manager is under any obligation to update such opinions.

Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated, the sources for all information contained in this report are the Investment Manager and the Administrator. Information contained in this report is believed to be accurate at the date of publication, but none of the Company, the Investment Manager and the Administrator gives any representation or warranty as to the report's accuracy or completeness. This report does not contain and is not to be taken as containing any financial product advice or financial product recommendation. None of the Company, the Investment Manager and the Administrator accepts any liability whatsoever for any loss (whether direct or indirect) arising from any use of this report or its contents.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

	For the year ended 31 December 2022	**For the year ended 31 December 2022 (Pence per share)**	For the year ended 31 December 2021	For the year ended 31 December 2021 (Pence per share)
Adjusted EPS	**£'000**	**1.75**	£'000	3.40
Basic and diluted earnings	**7,687**	**1.54**	14,972	(0.64)
Increase/(decrease) to weighted average discount rates[1]	**6,775**	**3.29**	(2,798)	4.46
Write-down of the Co-living group loan[2]	**14,438**	**6.58**	19,610[3]	7.22
Adjusted earnings/EPS	**28,900**		31,784	

1. Refer to relevant APM below for further information.
2. Refer to Investment Manager's report above for further information.
3. The comparative for the year ended 31 December 2021 was calculated on the basis of a comparison of bookcost to fair valuation. The effect of applying a fair valuation to fair valuation comparison basis, in line with the current year, would reduce the figure to £13.3 million or 3.02 pence per share.

Annualised total shareholder return since IPO

Total shareholder return[1] expressed as a time weighted annual percentage.

Source: Bloomberg

Average LTV

The ratio of a loan or mortgage to a property valuation, averaged across the Company's property investments, expressed as a percentage. This ratio demonstrates the headroom in the underlying asset values to absorb negative movements in property valuations.

Average NAV

The average net asset value of the Company over the reporting year.

Quarter ended	**NAV per share 31 December 2022 (pence)**	NAV per share 31 December 2021 (pence)	**For the year ended 31 December 2022 £'000**	For the year ended 31 December 2021 £'000
31 March 2022/2021	**99.36**	102.49	**437,005**	450,804
30 June 2022/2021	**98.45**	102.71	**433,031**	451,737
30 September 2022/2021	**96.18**	98.94	**423,016**	435,165
31 December 2022/2021	**94.90**	99.29	**412,000**	436,726
Average NAV	**97.22**	100.86	**426,263**	443,608

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.

	For the year ended 31 December 2022	For the year ended 31 December 2021
Total profit and comprehensive income (£'000)	**7,687**	14,972
Weighted average number of shares	**439,291,385**	439,895,094
Basic EPS (p)	**1.75**	3.40
Adjusted EPS[1] (p)	**6.58**	7.22
Dividends (p)	**6.325[2]**	6.30
Dividend cover ratio (basic)	**0.28**	0.54
Dividend cover ratio (adjusted)	**1.04**	1.15

Dividend yield

Total dividend per share declared for the period annualised, relative to the closing share price at the period end, expressed as a percentage.

IRR

IRR is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero.

The internal rate of return is used to evaluate the attractiveness of a project or investment.

Ongoing charges ratio

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

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

	For the year ended 31 December 2022	For the year ended 31 December 2021
Ongoing charges	**£'000**	£'000
Investment management fees	**3,724**	3,916
Directors' remuneration	**232**	200
Operating expenses	**1,759**	1,439
Total expenses	**5,715**	5,555
Non-recurring expenses	**(492)**	(209)
Total	**5,223**	5,346
Average NAV[1]	**426,263**	443,608
Ongoing charges ratio	**1.2**	1.2

1. Refer to relevant APM above for further information.
2. Total dividend of 6.325 pence includes a quarterly dividend of 1.58125 pence per share for the quarter to 31 December 2022, which was declared post year end.

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

Total shareholder return
A measure of the performance of a company's shares over the stated period. It combines share price movements and dividends to show the total return to the shareholder expressed as a percentage.

It assumes that dividends are reinvested in the shares at the time the shares are quoted ex dividend.

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

Source: Bloomberg.

Total NAV return
A measure of the performance of a company's NAV over the stated period. It combines NAV movements and dividends to show the total return to the shareholder expressed as a percentage.

It assumes that dividends are reinvested in the shares at the time the shares are quoted ex dividend.

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

Source: Bloomberg.

Weighted average annualised yield
The weighted average yield on the investment portfolio calculated based on the yield of each investment weighted by the principal balance outstanding on such investment, expressed as a percentage. The weighted average yield does not include principal indexation.

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
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.

Weighted average number of shares
The weighted average number of shares is calculated by multiplying the number of shares in issue during the year after buybacks of shares, by the percentage of the reporting period for which that number applies for each period. The total weighted average number of shares at the year end was 439,291,385 shares.

GLOSSARY

Adjusted EPS
Refer to APMs section above

AGM
The Annual General Meeting of the Company

AIC
Association of Investment Companies

AIC Code
AIC Code of Corporate Governance

AIF
Alternative Investment Fund

AIFM
Alternative Investment Fund Manager

Annualised total shareholder return since IPO
Refer to APMs section above

APM
Alternative performance measure

Articles
The articles of association of the Company

Average LTV
Refer to APMs section above

BCP
Business continuity plan

Benefits to end users in society
The Company defines benefits to end users in society as those aligning with the UN SDGs

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

Borrower
Owner of a Project Company to which the Group advances loans

BPA-free
Bisphenol A free

BREEAM
Science-based suite of validation and certification systems for sustainable built environment

Carey Olsen
Carey Olsen Jersey LLP

CHP loan
A loan secured against combined heat and power engines

CIF Law
Collective Investment Funds (Jersey) Law 1988

CIL

CNG
Compressed natural gas stations supplying 100% renewable waste-derived biomethan

Company
GCP Asset Backed Income Fund Limited

CPI
Consumer price index

Detrimental to the environment
Depletion of resources such as quality of air, water and soil; the destruction of ecosystems; habitat destruction; the extinction of wildlife; and pollution

Discount
Refer to APMs section above

Dividend cover ratio
Refer to APMs section above

DTRs
Disclosure Guidance and Transparency Rules of the FCA

EDCI
ESG Data Convergence Initiative

EPC
Energy Performance Certificate

EPS
Earnings per share

ESG
Environmental, social and governance

FCA
Financial Conduct Authority

FRC
Financial Reporting Council

FTE
Full-time equivalent

GABI Blyth
GABI (Blyth) Limited

GABI GS
GABI GS Limited

GABI Housing
GABI Housing Limited

GABI Housing 2
GABI Housing 2 Limited

GABI UK
GCP Asset Backed Income (UK) Limited

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

GHG
Greenhouse gas

GRESB
Global Real Estate Sustainability Benchmark

Gross assets
Total assets less other receivables and prepayments

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

H&S
Health and safety

HMO
Houses of multiple occupancy

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

IPO
Initial public offering

IRR
Internal rate of return
Refer to APMs section above

ISAE 3402
International Standard on Assurance Engagements

ISO
International Organisation for Standardisation

ISSB
International Sustainability Standards Board

The Companies (Jersey) Law 1991, as amended

JFSC
Jersey Financial Services Commission

KPI
Key performance indicator

LIBOR
London inter-bank offered rate

Listing Rules
FCA Listing Rules

LSE
London Stock Exchange

LTV
Loan-to-value

MAR
EU Market Abuse Regulation

Market capitalisation
Value of a company traded on the LSE, calculated as total number of shares multiplied by closing share price

Mezzanine
Mezzanine loans are those which rank behind senior loans in the event that a company fails to fulfil its repayment obligations

MiFID II
The UK version of MiFID II which is part of UK law by virtue of the European Union (Withdrawal) Act 2018

NAV
Net asset value

NAV total return
Refer to APMs section above

O&M
Operations and maintenance

Ongoing charges ratio
Refer to APMs section above

Premium
Refer to APMs section above

PRI
Principles for Responsible Investment

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

RAG
Red, Amber, Green

RBSI
The Royal Bank of Scotland International Limited

RCF
Revolving credit facility

RHI
Renewable Heat Incentive

RPI
Retail price index

Secured Loan Notes
Loan notes issued to the Company

Senior
Senior loans are those that take priority over unsecured or otherwise more "junior" debt such as mezzanine loans in the event that a company fails to fulfil its repayment obligations

SMEs
Small and medium-sized enterprises

SONIA
Sterling Overnight Index Average

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

TCFD
Task Force on Climate-related Financial Disclosures

Total shareholder return
Refer to APMs section above

UK AIFM Regime
Together, The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investments Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds sourcebook forming part of the FCA Handbook, as amended from time to time

UK Code
UK Corporate Governance Code

UN SDGs
United Nations Sustainable Development Goals

Weighted average annualised yield
Refer to APMs section above

Weighted average discount rate
Refer to APMs section above

CORPORATE INFORMATION

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Colin Huelin FCA
Joanna Dentskevich
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