GCP
ASSET
BACKED

GCP ASSET BACKED INCOME FUND LIMITED

Half-yearly report and unaudited interim condensed financial statements for the period ended 30 June 2019

Gravis

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ABOUT THE COMPANY

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

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

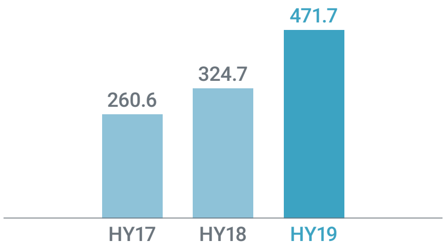
The Group is currently invested in a diversified portfolio of asset backed loans across the social infrastructure, property, energy and infrastructure and asset finance sectors.

The Company is a closed-ended investment company incorporated in Jersey. The Company 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 on 23 October 2015. At 30 June 2019, its market capitalisation was £471.7 million. The Company is a constituent of the FTSE All-Share Index.

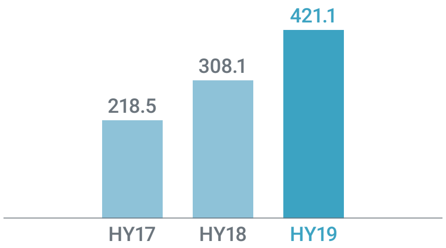
www.gcpassetbacked.com

AT A GLANCE

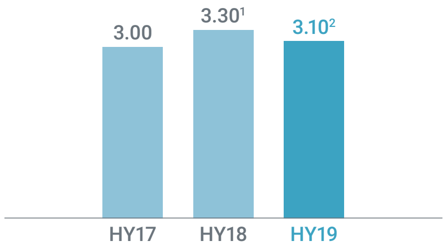
MARKET CAPITALISATION £m



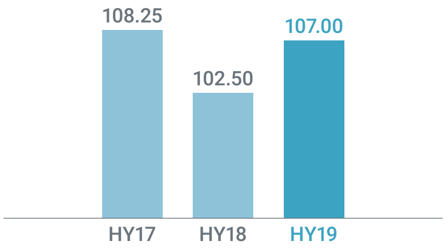
VALUE OF INVESTMENTS £m



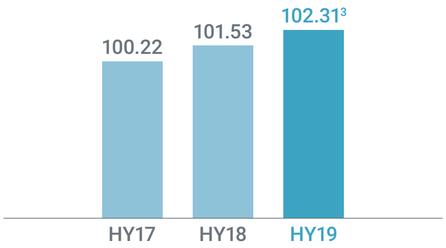
DIVIDENDS FOR THE PERIOD p



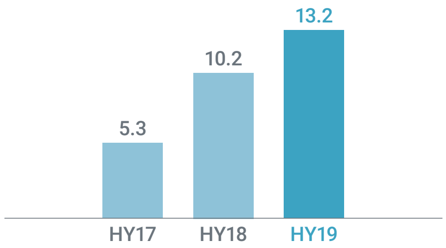
ORDINARY SHARE PRICE p



NAV PER ORDINARY SHARE p



PROFIT FOR THE PERIOD £m



HIGHLIGHTS FOR THE PERIOD

- Dividends of 3.1[2] pence per share, in line with the Company's target[4] of 6.2 pence per share for the year ending 31 December 2019. The dividend was more than fully covered by basic earnings per share of 3.45 pence, giving a dividend cover ratio[5] of 1.1 times covered.
- Total shareholder return[5] for the period of 5.4% (prior period: 2.0%) and an annualised total return since IPO[5] of 8.1%.
- Profit for the period of £13.2 million, up from £10.2 million in the six month comparable period.
- NAV per ordinary share of 102.31[3] pence at 30 June 2019, up from 101.74 pence per share at the year end.
- Loans of £55.4 million advanced secured against 20 projects.
- Exposure to a diversified and partially inflation and/or interest rate protected portfolio of 40 asset backed loans with a third party valuation of £421.2 million at 30 June 2019.
- Post period end, the Group advanced £13.0 million secured against eight projects.

1. Includes a special dividend of 0.25 pence per share.
2. Includes a quarterly dividend of 1.55 pence per share for the quarter to 30 June 2019, which was declared and paid post period end.
3. Does not include a provision for the dividend in respect of the quarter to 30 June 2019, which was declared post period end.
4. The target dividend set out above is a target only and not a profit forecast or estimate and there can be no assurance that it can be met.
5. APM – refer to glossary for definitions and calculation methodology.

INVESTMENT OBJECTIVES AND KPIs

The Group makes asset backed investments to meet the following key objectives:

ATTRACTIVE RISK ADJUSTED RETURNS

To provide shareholders with returns that are attractive with regard to both the level of return achieved and the risk taken.

REGULAR, GROWING DISTRIBUTIONS

To provide shareholders with regular, growing dividend distributions.

CAPITAL APPRECIATION

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

KEY PERFORMANCE INDICATORS

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

40

Number of investments at 30 June 2019

8.1%

Weighted average annualised yield[2] on investment portfolio

The Company is on track to meet its dividend target[1] for the year ending 31 December 2019, with the Company having paid or declared dividends totalling 3.10 pence per ordinary share for the period[1].

3.10p

Dividends paid or declared in respect of the period to 30 June 2019

43%

Percentage of portfolio by value with inflation and/or interest rate protection

The Company's ordinary shares were trading at 107.00 pence per share at the period end and have traded at a premium to NAV throughout the period.

107.00p

Share price of ordinary shares at 28 June 2019

4.6%

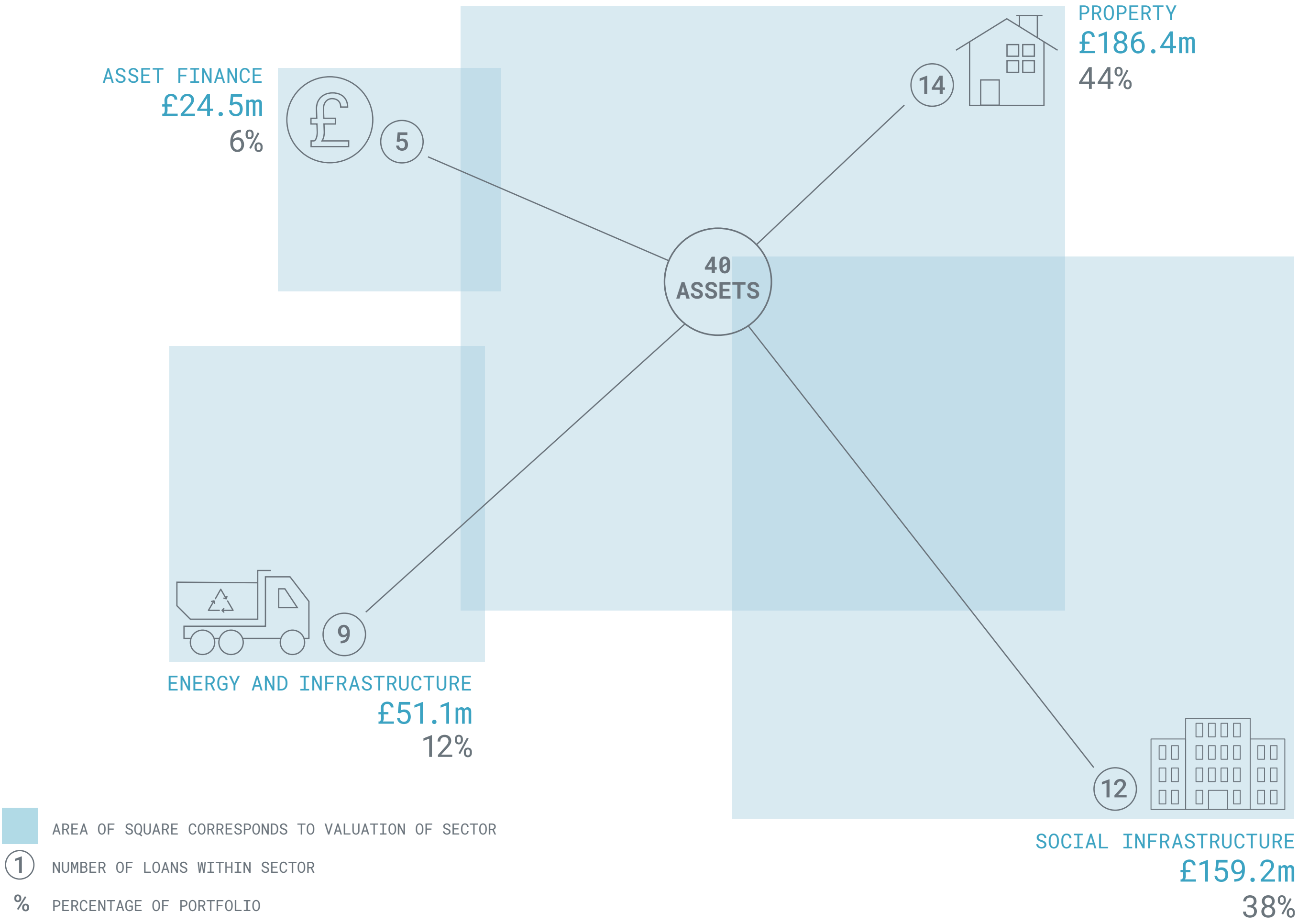
Premium to ordinary share NAV at 30 June 2019

Further information on Company performance can be found on page 7.

1. Information in relation to dividends set out above is for illustrative purposes only and is not intended to be, and should not be taken as a profit forecast or estimate.
2. APM – refer to glossary for definitions and calculation methodology.

PORTFOLIO AT A GLANCE

A diversified portfolio of 40 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 against assets and cash flows predominantly in the UK:



SENIOR RANKING SECURITY

63%

WEIGHTED AVERAGE ANNUALISED YIELD[1]

8.1%

INFLATION AND/OR INTEREST RATE PROTECTION

43%

1. APM – refer to glossary for definitions and calculation methodology.

CHAIRMAN'S INTERIM STATEMENT

The Company continues to deliver regular income to shareholders and continues to meet its aim of increasing its dividend.

Alex Ohlsson
Chairman

Introduction

I am pleased to report that the Company has had continued strong performance with increased profitability and further uplift in the NAV, and that it remains on track to meet its dividend target for the year.

The Board is positive about the quality and continued performance of the underlying portfolio of loans and the ability to generate asset backed income. This, along with the efficient deployment of funds raised during the period, allows the Company to continue to deliver regular, growing distributions to its shareholders and meet its aim of increasing its dividend. The dividend remains fully covered by earnings per ordinary share of 3.45 pence.

Equity issuance and credit facility

The Company successfully raised £63.3 million of additional equity capital in the period by way of a share placing at a price of 105.00 pence per ordinary share. The capital was used to repay £39.3 million drawn down under the RCF during the period in addition to funding investments. Post period end a further £13 million has been deployed, meaning a substantial proportion of the placing proceeds have been invested.

The Company entered into an agreement to increase its RCF in the period, providing access to an RCF of up to £50 million with RBSI, of this, £40 million is priced at a margin of 2.10% plus LIBOR and £10 million is priced at a margin of 1.7% plus LIBOR. It is the Company's intention to utilise this facility before raising additional equity.

Investments

During the period the Group invested £55.4 million in 20 assets, of which six were new and 14 were follow-on transactions, improving the diversification and risk profile of the Company. The Group continues to target and invest into key sectors with existing borrowers who have demonstrated strong governance and stewardship of their businesses.

A total of £8.9 million of principal was returned under existing loan agreements and all principal repaid is invested at prevailing market rates to ensure it generates attractive returns. The Company factors in the return of principal into its funding needs and intends to utilise its RCF to mitigate against cash drag.

In the period one loan defaulted on its obligations. The principal value of the loan was £3.2 million and at the period end the Valuation Agent made a downward revaluation of £0.6 million against this loan. The Investment Manager is in advance discussions to dispose of all but one asset secured against the loan and is expecting to achieve a resolution in line with the current valuation. This is the only non-payment of a loan originated by the Company to date and the Board and Investment Manager have utilised the learning from this loan to adjust both its borrower reporting and underwriting criteria. The remainder of the portfolio of loans has performed in line with, or exceeded, the Investment Manager's expectations.

NAV and share price performance

At the period end, the net assets of the Company were £451 million. The NAV per ordinary share increased from 101.74 pence at 31 December 2018 to 102.31[1] pence at 30 June 2019. The NAV growth the Company has experienced in this period is being driven by the efficient deployment of capital at a weighted average annualised yield[2] of 8.1%.

The Company’s ordinary shares have consistently traded at a premium to NAV in the period, with an average premium over the six month period of 4.9%. At 28 June 2019, the share price per ordinary share was 107.00 pence and the shares were trading at a 4.6% premium to NAV.

Dividend policy

The Company is targeting[3] an annual dividend of 6.2 pence per ordinary share, which the Directors expect to grow modestly. To date this has been achieved with the dividend target increased every year since IPO. The Directors are pleased to note that the Company remains on track to deliver this target for the year ending 31 December 2019, with the Company having declared dividends totalling 3.1 pence per ordinary share in respect of the period ended 30 June 2019.

Market overview and outlook

Market conditions remain supportive, with the Company seeing a strong pipeline of attractive asset backed financing opportunities. The Company continues to benefit from its highly selective approach to targeting high quality borrowers with which it can grow the portfolio.

The growing concerns over the absence of a negotiated Brexit deal and resultant political uncertainties continue to be a principal concern for economic stability in the UK. However, uncertainty can often create opportunities for those willing to commit the time and resource in areas where mainstream lenders have become less active. The Company remains focused on opportunities that may offer an attractive risk reward return dynamic.

The Board and Investment Manager regularly assess the investment pipeline and wider market conditions. Yields continue to contract in a number of investment areas, due to the limited supply of investments and the low interest rate environment. Nonetheless, the Investment Manager continues to source attractive opportunities in its key sectors which remain value accretive to shareholders.

While the UK banking market remains subjected to political and regulatory restrictions, the structure of the Company ensures that it can continue to deliver its strategic aims whilst taking advantage of the gaps that these regulations and restrictions create.

The Board and the Investment Manager have taken steps to ensure that its portfolio remains attractive in both high inflation and high interest rate environments. It has done this by ensuring that 43% of the portfolio has partial inflation and/or interest rate protection.

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.

1. Does not include a provision for the dividend in respect of the quarter to 30 June 2019, which was declared post period end.
2. APM – refer to glossary for definitions and calculation methodology.
3. The target dividend set out above is a target only and not a profit forecast or estimate and there can be no assurance that it can be met.

CHAIRMAN'S INTERIM STATEMENT CONTINUED

Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties facing the Company, in particular the uncertainty relating to the impact of Brexit, remain substantially unchanged since the publication of the Company's 2018 annual report and financial statements and are expected to remain relevant to the Company for the next six months of its financial year.

The principal risks include (but are not limited to) credit risk, economic risk, key resource risk, regulatory risk and execution risk. The principal uncertainty facing the Company is the impact of Brexit on the principal risks, particularly given the absence of a negotiated Brexit deal. Further details can be found on pages 32 to 35 of the 2018 annual report and financial statements.

Going concern statement

Under the AIC Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern.

The Directors have undertaken a thorough review of the Company's ability to continue as a going concern including reviewing the cash flows and the level of cash balances as at the reporting date as well as taking forecasts of future cash flows into consideration.

After making enquiries of the Investment Manager and the Administrator and having reassessed the principal risks, the Directors are satisfied that there are no material uncertainties in the Company's ability to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date on which the half-yearly report and financial statements are approved. Based on its assessment and considerations, the Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the half-yearly report and unaudited interim condensed financial statements.

Environmental, social and governance

The Board believes that a commitment to strong principles of ESG should be embedded in, and complement all investment decisions. The Board is delighted to note the positive environmental impact the investments in the waste recycling facility and CNG stations are having. The Board is looking forward to investing further into these sectors.

The Investment Manager continues to explore new areas which will have a positive environmental or social impact whilst also performing well from a debt perspective.

On behalf of the Board

Alex Ohlsson
Chairman

9 September 2019

FOR MORE INFORMATION, PLEASE REFER TO THE INVESTMENT MANAGER'S REPORT ON PAGES 8 TO 13.

COMPANY PERFORMANCE

The Company continues to deliver regular income to shareholders.

Dividends paid or declared in respect of the period

Relevance to strategy

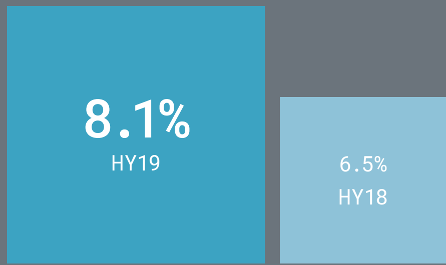
The dividend reflects the Company's ability to deliver regular, sustainable, long-term dividends and is a key element of total return.

Basic earnings per share

Relevance to strategy

Basic EPS represents the earnings generated by the Company's investment portfolio in line with the investment strategy.

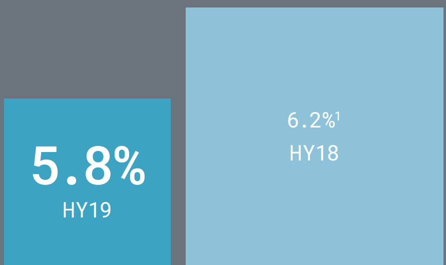
Annualised total return since IPO[2]



Relevance to strategy

Total return measures the delivery of the Company's strategy, to provide shareholders with attractive total returns in the longer term.

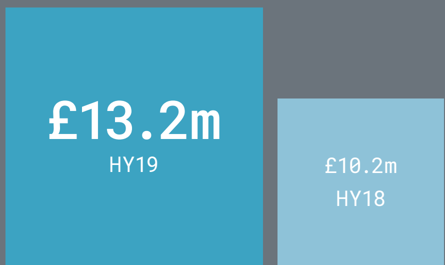
Annualised dividend yield



Relevance to strategy

The dividend yield measures the Company's ability to deliver on its investment strategy of generating regular, sustainable, long-term dividends.

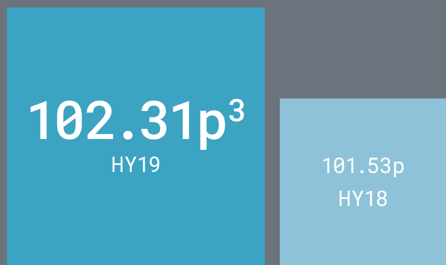
Profit for the period



Relevance to strategy

Profit for the period measures the Company's ability to deliver attractive risk-adjusted returns from its investment portfolio.

NAV per ordinary share



Relevance to strategy

Growth in NAV per share measures the Company's ability to deliver modest capital appreciation over the long term.

1. Includes a special dividend of 0.25 pence per share.
2. APM – refer to glossary for definitions and calculation methodology.
3. Does not include a provision for the dividend in respect of the quarter to 30 June 2019, which was declared post period end.

INVESTMENT MANAGER'S REPORT

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

3.10p

Dividends paid or declared for the period

5.4%

Total shareholder return[1] for the period

INVESTMENT OBJECTIVE AND POLICY

The Investment Manager

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

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

Summary investment policy

The Company makes investments[2] in a diversified portfolio of senior and subordinated debt instruments which are secured against, or comprise, contracted, predictable medium to long-term cash flows and/or physical assets.

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

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

Further information on the Company's investment objective, policy and restrictions is set out in the Company's 2018 annual report and financial statements, which is available on the Company's website.

Asset backed lending overview

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

(i) the intrinsic value of physical assets; and/or;

(ii) the value of long-term, contracted cash flows generated from the sale of goods and/or services produced by an asset.

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

Cash generation to service loans and other financing relies on the monetisation of the goods and/or services the Project Company's assets provides. 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.

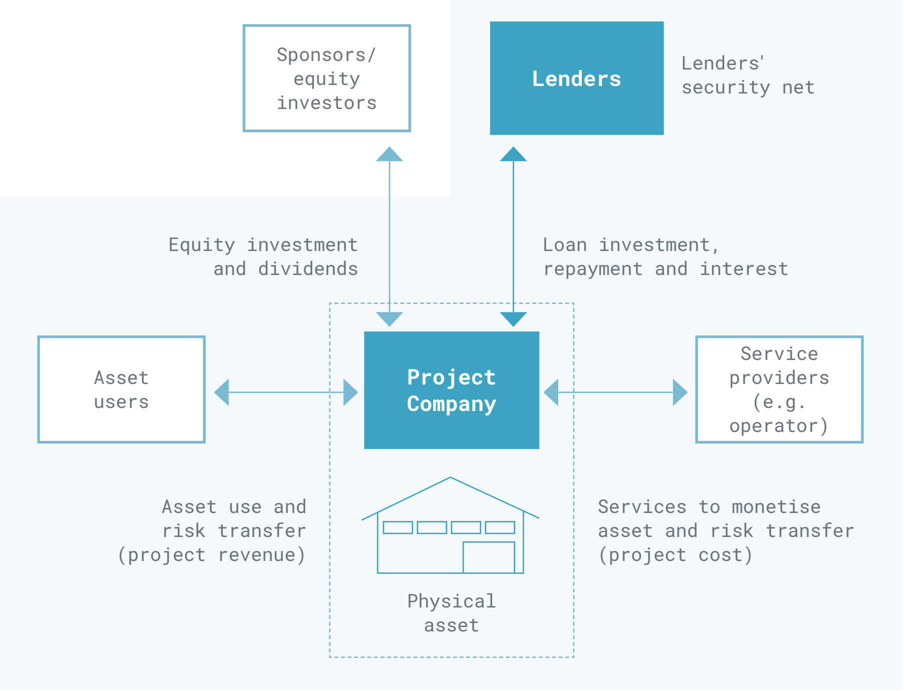
1. APM – refer to glossary for definitions and calculation methodology.
2. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 for further information.

INVESTMENT MANAGER'S REPORT CONTINUED

Asset backed lending overview continued

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

TYPICAL INVESTMENT STRUCTURE



The benefits associated with asset backed debt investments

Investment in asset backed loans offers relatively secure and predictable returns to their lenders when compared with general corporate or unsecured lending. Further, the reduction since 2007 in the availability of mainstream debt (primarily from banks) has created the potential for more attractive pricing on debt investments, particularly where such investments have been originated and structured to accommodate the borrowers' specific requirements.

In particular, where borrowers may not have access to mainstream financing for reasons other than the creditworthiness of the relevant proposition, such as loan size, tenure, structure or an understanding of the underlying cash flows and/or asset, attractive rates are available for those willing to commit the resource, innovation and time to understanding and identifying a solution for a specific borrower's requirements.

A key benefit arising from the Investment Manager's approach to asset backed lending is transparency. A loan secured against a specific asset (within a Project Company established specifically for that asset) is capable of analysis broadly by reference to a set of known variables such as:

— how an asset generates cash flow;

— its current value;

— expected future value;

— the competence of its service providers; and

— the availability of alternative parties in the event of a failure by one or more service providers.

The need to fully understand the risks associated with a given asset and structure arrangements with experienced service providers to effectively manage those risks requires specialist skills and resources.

For this reason, the Company's target market remains underserviced by mainstream lenders therefore offering an attractive risk-adjusted return for parties with relevant experience and access to the required resources.

INVESTMENT PORTFOLIO

Portfolio performance

The Investment Manager, along with its advisers, monitors investments against strict reporting and information requirements as set out in the investment documentation. Where assets are in construction, the Investment Manager employs third party specialist consultants to monitor progress against key milestones and drawdowns.

In the period, one of the Company's smallest loans in the energy and infrastructure sector was revalued downward by £0.6 million or 13bps of NAV by the Valuation Agent due to defaulting against its obligations. Discussions are well advanced with a purchaser to dispose all but one of the assets secured by this loan at or around the current book value.

The remainder of the portfolio of asset backed investments have all performed in line with, or exceeded, the Investment Manager's expectations, with all the remaining loans fully up to date on amounts due.

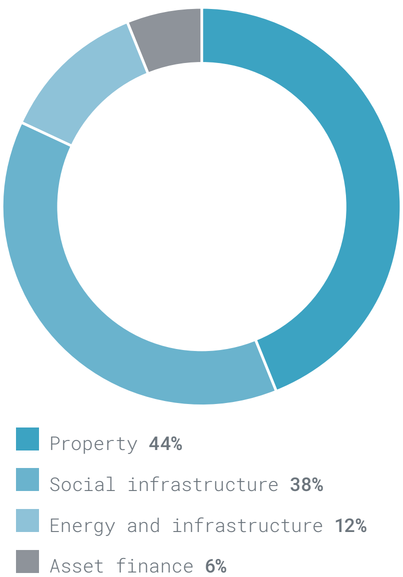
All assets in construction are proceeding in line with expectations and post period end two assets finished construction. The Company has had significant success funding construction assets, comprising four care homes, four student accommodation sites, one co-living project, one multi-use community facility and one material recovery facility.

During the period, one social infrastructure loan has been revalued upwards by the Valuation Agent who determines a fair value for each asset using a discounted cash flow methodology.

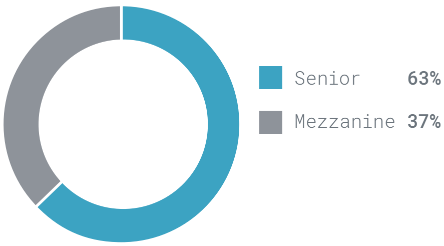
The Group's property loans, predominantly, those relating to residential property, benefit from a relatively low average LTV of 54%. This provides significant headroom in the underlying asset values to absorb movements in property valuations. Further, the tenor of any given loan is short relative to the duration of the relevant facility, offering further protection from material market movements over the medium and long term.

PORTFOLIO ANALYSIS

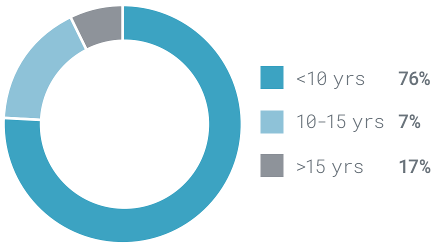
SECTOR TYPE



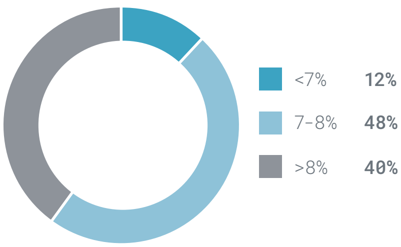
SECURITY RANKING



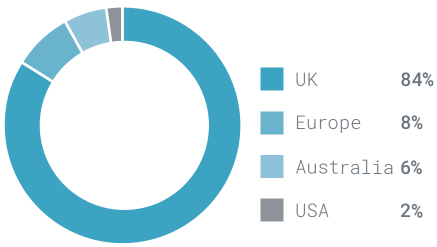
TERM PROFILE



INTEREST RATE PROFILE



BY LOCATION



INVESTMENT MANAGER'S REPORT CONTINUED

TOP TEN INVESTMENTS BY VALUE

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

1

Co-living Co 1
1 Property
2 7.7%
3 Residential property
4 Multi asset

2

Development Fin Co 6
1 Property
2 6.1%
3 Residential property
4 Multi asset

3

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

6

Bridging Co 1
1 Property
2 4.1%
3 Residential property
4 Multi asset

5

Student Accom 3
1 Social infrastructure
2 4.3%
3 Student accommodation
4 Single asset

4

Student Accom 2
1 Social infrastructure
2 5.1%
3 Student accommodation
4 Single asset

7

Student Accom 1
1 Social infrastructure
2 4.1%
3 Student accommodation
4 Single asset

8

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

9

Waste Infra. Co
1 Energy and infrastructure
2 3.3%
3 Material recovery facility
4 Single asset

10

Student Accom 4
1 Social infrastructure
2 3.2%
3 Student accommodation
4 Single asset

A full list of the Group's portfolio can be found on the Company's website.

Investment portfolio and new investments

At 30 June 2019, the Group was exposed to a diversified portfolio of 40 asset backed investments with a fair value of £421.2 million, of which 63% benefit from senior security and 43% from partial inflation and/or interest rate protection. The weighted average annualised yield[1] on the Group's investments was 8.1%, with a weighted average expected term of six years.

The key metrics above, principally yield and inflation and/or interest rate protection, are in line with the same period last year, demonstrating that the Company is continuing to deploy new capital efficiently at rates that are value accretive to both new and existing shareholders.

The portfolio is primarily backed by assets in the UK, representing 84% of such security, with the remainder of the Group's security provided by assets located in Europe, Australia and the USA. The Company has minimal currency exposure (which is hedged) with 99% of investments denominated in Pound Sterling.

During the period, the Group made investments totalling £55.4 million. The Group, with the Investment Manager, has sought to expand the portfolio into new asset classes. This has included children's nurseries, forward hedging contracts and management service agreements in the social infrastructure and asset finance sectors.

The Group has targeted these asset classes as the Investment Manager believes these have growth potential and strong underlying security, and therefore will benefit from the Company's targeted, bespoke lending approach.

The Investment Manager continues to see a strong pipeline of attractive asset backed financing opportunities across all of its core sectors.

1. APM – refer to glossary for definitions and calculation methodology.

INVESTMENTS MADE DURING THE PERIOD[2]

SECTOR	AVERAGE TERM	SECURITY	STATUS	INVESTMENTS	REPAYMENTS
Property	5 years	Senior/ Subordinated	Operational/ Construction	£35.2 million[3]	£4.2 million
Asset finance	10 years	Senior	Operational	£6.0 million	£3.4 million
Energy and infrastructure	9 years	Senior	Operational/ Construction	£2.0 million	£1.3 million
Social infrastructure	13 years	Senior/ Subordinated	Operational/ Construction	£12.2 million	–
			TOTAL	£55.4 MILLION	£8.9 MILLION

INVESTMENTS MADE POST PERIOD END[2]

SECTOR	AVERAGE TERM	SECURITY	STATUS	INVESTMENTS	REPAYMENTS
Property	3 years	Senior/ Subordinated	Operational	£3.0 million[3]	£3.0 million
Asset finance	5 years	Senior	Operational	£2.0 million	–
Energy and infrastructure	3 years	Senior	Operational	£0.4 million	£0.3 million
Social infrastructure	14 years	Senior/ Subordinated	Operational/ Construction	£7.6 million	–
			TOTAL	£13.0 MILLION	£3.3 MILLION

1. APM – refer to glossary for definitions and calculation methodology.
2. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 for further information.
3. Includes development projects that were subject to review by the Board under the Company's investment approval process, refer to page 15.

FINANCIAL REVIEW

The Company has generated total income of £15.9 million, paid dividends of 3.1[1] pence per share and generated a total shareholder return[2] of 5.4% for the period.

Financial performance

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

In the period to 30 June 2019, the Company's portfolio generated investment income of £15.9 million. Profit for the period was £13.2 million, with basic EPS of 3.45 pence. The Company's ongoing charges ratio[2], calculated in accordance with the AIC methodology, was 1.2% for the twelve month period to 30 June 2019.

The Company paid a dividend of 1.55 pence per share for the quarter to 31 March 2019 with a further dividend of 1.55 pence for the quarter to 30 June 2019, declared post period end, on 24 July 2019.

Investment valuation

The weighted average annualised discount rate across the portfolio at 30 June 2019 was 8.1%. The valuation of investments is sensitive to changes in discount rates applied. A sensitivity analysis detailing the impact of a change in discount rates is given in note 14.3.

The Valuation Agent carries out a fair market valuation of the Group's investments on behalf of the Board on a semi-annual basis (previously, all valuations had been performed on a quarterly 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.

Cash position

The Company received interest payments of £17.2 million and capital repayments of £9.6 million in the period, in line with expectations. The Company paid dividends of £11.1 million (excluding dividends settled in shares[3]) during the period and a further £6.8 million (excluding dividends settled in shares[3]) post period end. Total cash reserves at the period end were £69.5 million. On 2 September 2019, the Company issued 207,288 ordinary shares in lieu of cash for the interim dividend for the period 1 April 2019 to 30 June 2019 which represented 3.3% of the shares in issue as at the record date of 2 August 2019.

Borrowings

In April 2019, the Company entered into an agreement with RBSI in respect of an increase to the RCF entered into on 13 January 2017 and extended on 21 August 2018. The increased RCF is for an amount of £50 million, with £40 million maturing in August 2020 (plus a twelve month extension option, with lender approval) charged at a rate of LIBOR plus 2.10% and £10 million maturing in December 2019 charged at a reduced rate of LIBOR plus 1.70%.

Conflicts of interest

During the period, the Group advanced a further £7.6 million to the construction of a number of private student accommodation developments in Australia. Post period end, the Company advanced a loan of £1.9 million to finance a construction project for private student accommodation in Boston, USA. The directors of the Investment Manager directly or indirectly own an equity interest in these development projects. In accordance with the Company's investment approval process, the investments were reviewed and approved by the Board.

GCP Infra

Where there is any overlap for a potential investment with GCP Infra, GCP Infra has a right of first refusal over such investment.

During the period, three investments were offered to GCP Infra under its right of first refusal; all were declined as a result of falling outside of the GCP Infra investment policy.

To date, no investments offered to GCP Infra have been accepted.

Gravis Capital Management Limited
Investment Manager and AIFM

9 September 2019

1. Includes a quarterly dividend of 1.55 pence per share for the quarter to 30 June 2019, which was declared and paid post period end.
2. APM – refer to glossary for definitions and calculation methodology.
3. Dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors confirm to the best of their knowledge that:

- the unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting;
- the Chairman's interim statement and the Investment Manager's report constitute the Company's interim management report, which includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the unaudited interim condensed financial statements include a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

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

On behalf of the Board

Alex Ohlsson	**Colin Huelin**
Chairman	Director

9 September 2019

INDEPENDENT REVIEW REPORT

To GCP Asset Backed Income Fund Limited

Report on review of the unaudited interim condensed financial statements

Our conclusion

We have reviewed the accompanying unaudited interim condensed financial statements of GCP Asset Backed Income Fund Limited (the "Company") as of 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The accompanying unaudited interim condensed financial statements comprise:

- the unaudited interim condensed statement of financial position as of 30 June 2019;
- the unaudited interim condensed statement of comprehensive income for the six month period then ended;
- the unaudited interim condensed statement of changes in equity for the six month period then ended;
- the unaudited interim condensed statement of cash flows for the six month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

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

Our responsibilities and those of the Directors

The Directors are responsible for the preparation and presentation of the unaudited interim condensed financial statements in accordance with Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

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

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

9 September 2019

UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2019

	Notes	**Period ended 30 June 2019 £'000**	Period ended 30 June 2018 £'000
Income			
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	3	**15,746**	12,694
Fee income	3	**132**	141
Deposit interest income	3	**–**	8
Total income		**15,878**	12,843
Expenses			
Investment management fees		**(1,698)**	(1,341)
Operating expenses		**(475)**	(547)
Directors' remuneration		**(52)**	(51)
Total expenses		**(2,225)**	(1,939)
Total operating profit before finance costs		**13,653**	10,904
Finance costs			
Finance expenses	4	**(495)**	(688)
Total profit and comprehensive income		**13,158**	10,216
Basic earnings per share (pence)	7	**3.45**	3.73
Diluted earnings per share (pence)	7	**3.45**	3.22

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

The notes on pages 22 to 35 form an integral part of the financial statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	As at 30 June 2019 £'000	(Audited) As at 31 December 2018 £'000
Assets			
Financial assets at fair value through profit or loss	8	**421,139**	378,350
Other receivables and prepayments	9	**1,084**	1,796
Derivative financial instruments	14	**—**	33
Cash and cash equivalents	10	**69,486**	9,206
Total assets		**491,709**	389,385
Liabilities			
Other payables and accrued expenses	12	**(1,606)**	(2,795)
Derivative financial instruments	14	**(39)**	—
Interest bearing loans and borrowings	11	**(39,032)**	—
Total liabilities		**(40,677)**	(2,795)
Net assets		**451,032**	386,590
Equity			
Share capital	13	**443,207**	380,235
Retained earnings		**7,825**	6,355
Total equity		**451,032**	386,590
Ordinary shares in issue	13	**440,863,028**	379,962,298
NAV per ordinary share (pence per share)		**102.31**	101.74

The unaudited interim condensed financial statements were approved and authorised for issue by the Board of Directors on 9 September 2019 and signed on its behalf by:

Alex Ohlsson
Chairman

Colin Huelin
Director

The notes on pages 22 to 35 form an integral part of the financial statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2019

	Notes	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2019		**380,235**	**6,355**	**386,590**
Total profit and comprehensive income for the period		**–**	**13,158**	**13,158**
Equity shares issued	13	**63,955**	**–**	**63,955**
Share issue costs		**(983)**	**–**	**(983)**
Dividends paid	6	**–**	**(11,688)**	**(11,688)**
Balance at 30 June 2019		**443,207**	**7,825**	**451,032**

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2018

	Notes	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2018		241,326	3,709	245,035
Total profit and comprehensive income for the period		–	10,216	10,216
Equity shares issued	13	74,896	–	74,896
Share issue costs		(16)	–	(16)
Dividends paid	6	–	(8,533)	(8,533)
Balance at 30 June 2018		316,206	5,392	321,598

The notes on pages 22 to 35 form an integral part of the financial statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the period ended 30 June 2019

	Notes	**Period ended 30 June 2019 £'000**	Period ended 30 June 2018 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**13,653**	10,904
Adjustments for:			
Net changes in fair value of financial assets at fair value through profit or loss	3	**(15,746)**	(12,694)
Realised gains on forward foreign exchange contracts		**87**	75
(Decrease)/increase in other payables and accrued expenses		**(369)**	220
Decrease in other receivables and prepayments		**264**	117
		(2,111)	(1,378)
Interest received from Subsidiary		**17,165**	11,487
Investment in Subsidiary		**(54,858)**	(56,079)
Capital repayments from Subsidiary		**9,590**	7,867
Net cash flow used in operating activities		**(30,214)**	(38,103)
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings	11	**39,332**	–
Proceeds from the issue of ordinary shares		**63,333**	–
Share issue costs		**(893)**	(27)
Finance costs paid		**(212)**	(171)
Dividends paid	6	**(11,066)**	(8,134)
Net cash flow generated from/(used in) financing activities		**90,494**	(8,332)
Net increase/(decrease) in cash and cash equivalents		**60,280**	(46,435)
Cash and cash equivalents at beginning of the period		**9,206**	61,094
Cash and cash equivalents at end of the period		**69,486**	14,659
Net cash flow used in operating activities includes:			
Interest received from bank deposits		**–**	8
Interest received from Subsidiary		**17,165**	11,435
Non-cash items:			
Purchase of financial assets: indexation		**(420)**	(492)
Interest received from Subsidiary		**420**	492
Scrip dividend	6	**(622)**	(399)
Equity issue in respect of scrip dividend		**622**	399

The notes on pages 22 to 35 form an integral part of the financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2019

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 Companies Law and the CIF Law.

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

The Company makes its investments through its wholly owned Subsidiary, by subscribing for the Secured Loan Notes issued by the Subsidiary, the majority of which are listed on the TISE. The Subsidiary subsequently on-lends the funds to borrowers. The wholly owned Subsidiary is GABI UK, incorporated in England and Wales on 23 October 2015 (registration number 9838893), and together with its subsidiary, GABI GS, and the Company comprises the Group. 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.

Further information on the Company's investment objective, policy and restrictions is set out in its 2018 annual report and financial statements, which is available on the Company's website.

At 30 June 2019, the Company had one wholly owned Subsidiary, GABI UK (31 December 2018: one). GABI GS is a wholly owned subsidiary of GABI UK and was incorporated in England and Wales on 4 January 2017 (registration number 10546087) and is indirectly owned by the Company. The registered office address for GABI UK and GABI GS is 24 Savile Row, London W1S 2ES.

GABI GS has been set up to hold class A shares as security for a loan issued to an underlying borrower. This is intended to isolate the holding of shares as security (and any associated liabilities under the shareholder agreements associated with such shares from the Company). The class A shares carry no economic or voting rights except in the event of default under the loan. In the event of default by the underlying borrower, the class A shares become effective whereby GABI GS is entitled to control voting rights over the underlying borrower.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these unaudited interim condensed financial statements are set out below. These policies have been consistently applied throughout the periods presented.

2.1 Basis of preparation

The unaudited interim condensed financial statements for the period ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

They do not include all financial information required for full annual financial statements and should be read in conjunction with the Company's 2018 annual report and financial statements. The financial statements for the year ended 31 December 2018 were audited by the Independent Auditor, who issued an unqualified audit opinion.

The financial risk management objectives include (but are not limited to) market risk, interest rate risk, credit risk, currency risk and liquidity risk which are detailed in full on pages 88 to 91 of the 2018 annual report and financial statements. The Board considers that these remain unchanged.

The accounting policies adopted in the unaudited interim condensed financial statements are the same as those applied in the annual report and financial statements for the year ended 31 December 2018. The audited annual report and financial statements were prepared in accordance with IFRS issued by the IASB and interpretations issued by IFRIC as approved by IASC, which remain in effect.

The financial information contained within the unaudited interim condensed financial statements does not constitute full statutory accounts as defined in Companies Law. The financial information for the period ended 30 June 2019 has been reviewed by the Company's Independent Auditor, in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor of the Company and were approved for issue on 9 September 2019.

The unaudited interim condensed financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

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

The Company raises capital through the issue of ordinary shares and C shares. The net assets attributable to the C share class, when in issue, are accounted for and managed by the Company as a distinct pool of assets, with the Company ensuring that separate cash accounts are created and maintained. Expenses are either specifically allocated to an individual share class or split proportionally by the NAV of each share class.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future, being a period of at least twelve months from the date on which these unaudited interim condensed financial statements were approved. Furthermore, the Directors are not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the unaudited interim condensed financial statements have been prepared on a going concern basis.

2.2 Significant accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

Fair value of instruments not quoted in an active market

The Company's investments are made by subscribing for the Secured Loan Notes issued by the Subsidiary. The Subsidiary's assets consist of investments held by the Subsidiary, which represent secured loan facilities issued to the Project Companies.

The Subsidiary's assets are not quoted in an active market and therefore, the fair value is determined using a discounted cash flow methodology, adjusted as appropriate for market, credit and liquidity risk factors, (refer to note 14.3 for further information), which requires assumptions to be made regarding future cash flows and the discount rates applied to these cash flows. The Subsidiary's investments are valued by a third party Valuation Agent on a semi-annual basis. Investments subject to discount rate changes are valued on a quarterly basis (previously, all valuations had been performed 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 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 8 for further details.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2019

2. Significant accounting policies continued

2.2 Significant accounting estimates and judgements continued

(b) Critical judgements

Assessment as investment entity

The Directors have concluded that the Company continues to meet the definition of an investment entity.

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

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

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

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

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

Accounting for C share class

(i) Classification as financial liability or equity instrument

The Directors have assessed the characteristics of the C share class and concluded that the C shares while in issue meet the definition of a liability under IAS 32 Financial Instruments: Presentation. The C shares are non-derivatives that include a contractual obligation under the terms of the issue to deliver a variable number of an issuer's own ordinary shares. The C shares (under IAS 32) therefore meet the definition of a financial liability, and are classified as such while in issue. At 30 June 2019, there were no C shares in issue.

(ii) Recognition and measurement of the financial liability

Whilst in issue, the C shares are recognised as a financial liability and measured at amortised cost within the unaudited interim condensed financial statements. For further information refer to note 2.2(b) of the Company's annual report and financial statements for the year ended 31 December 2018.

(c) Functional and presentation currency

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

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

(d) 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 are based on the analysis of the Subsidiary's investments as one segment, which is consistent with the 2018 annual report and financial statements. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the Directors.

3. Operating income

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

	Period ended 30 June 2019 £'000	Period ended 30 June 2018 £'000
Loan interest realised[1]	**17,798**	11,927
Unrealised (loss)/gain on investments at fair value through profit or loss[2]	**(2,067)**	733
Unrealised loss on forward foreign exchange contracts	**(72)**	(41)
Realised gains on forward foreign exchange contracts	**87**	75
Total	**15,746**	12,694

1. Represents interest received from the Subsidiary and is included as part of the fair value movement calculation in line with the Company's accounting policy.
2. Refer to note 8 for further information.

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

	Period ended 30 June 2019 £'000	Period ended 30 June 2018 £'000
Arrangement fee income	**91**	136
Commitment fee income	**41**	5
Deposit interest income	**—**	8
Total	**132**	149

4. Finance expenses

	Period ended 30 June 2019 £'000	Period ended 30 June 2018 £'000
Return on C share financial liability[1]	**—**	517
Loan arrangement fees	**107**	92
Loan commitment fee	**67**	79
Loan interest	**321**	—
Total	**495**	688

1. C shares issued in October 2017, converted in April 2018.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2019

5. Taxation

Profits arising in the Company for the period 1 January 2019 to 30 June 2019 are subject to tax at the standard rate of 0% (30 June 2018: 0%) in accordance with the Income Tax Law.

6. Dividends

Quarter ended	Dividend	Pence per share	**Period ended 30 June 2019 £'000**	Period ended 30 June 2018 £'000
Current period dividends				
30 June 2019 / 2018	Special dividend	**–** / 0.250	**–**	–
30 June 2019[1] / 2018	Second interim dividend	**1.550** / 1.525	**–**	–
31 March 2019 / 2018	First interim dividend	**1.550** / 1.525	**5,894**	4,828
Total		**3.100** / 3.300		
Prior period dividends				
31 December 2018 / 2017	Fourth interim dividend	**1.525** / 1.525	**5,794**	3,705
30 September 2018 / 2017	Third interim dividend	**1.525** / 1.525	**–**	–
Total		**3.050** / 3.050		
Dividends in the statement of changes in equity			**11,688**	8,533
Dividends settled in shares[2]			**(622)**	(399)
Dividends in the statement of cash flows			**11,066**	8,134

On 24 July 2019, the Company declared a second interim dividend of 1.55 pence per ordinary share amounting to £6.8 million (including dividends settled in shares[2]) which was paid on 2 September 2019 to ordinary shareholders on the register at close of business on 2 August 2019.

7. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the diluted weighted average number of ordinary shares and the C shares issued in the period up to the date of conversion, based on their value at issue.

	Profit £'000	Weighted average number of ordinary shares	Pence per share
Period ended 30 June 2019			
Basic earnings per ordinary share	**13,158**	**381,544,924**	**3.45**
Diluted earnings per ordinary share	**13,158**	**381,544,924**	**3.45**
Period ended 30 June 2018			
Basic earnings per ordinary share	10,216	273,567,685	3.73
Diluted earnings per ordinary share	10,216	317,490,337	3.22

1. The second interim dividend was declared after the period end and is therefore not accrued for in the unaudited interim condensed financial statements.
2. Dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.

8. Financial assets at fair value through profit or loss

The Company's financial assets at fair value through profit or loss comprise its investment in the Subsidiary, which represents amounts advanced to finance the Group's investment portfolio in the form of Secured Loan Notes and equity, in addition to derivatives (see note 14) utilised for the purpose of hedging foreign currency exposure. The Company's investment in the Subsidiary at 30 June 2019 comprised:

Debt – Secured Loan Notes up to £1,000,000,000	**30 June 2019 £'000**	(Audited) 31 December 2018 £'000
Opening balance	**377,916**	261,507
Purchase of financial assets	**54,446**	129,227
Repayment of financial assets	**(9,590)**	(16,041)
Unrealised (loss)/gain on investments at fair value through profit or loss:		
Unrealised valuation (loss)/gain	**(681)**	889
Unrealised foreign exchange (loss)/gain	**(76)**	163
Other unrealised movements on investments[1]	**(420)**	2,171
Total unrealised (loss)/gain on investment at fair value through profit or loss	**(1,177)**	3,223
Total	**421,595[2]**	377,916[2]

1. Other unrealised movements on investments at fair value through profit or loss are attributable to the timing of the debt service payments.
2. The difference between the valuation of the Secured Loan Notes and the underlying investments of the Subsidiary is as a result of payment timings and differing application of the effective interest rate in respect of some of the underlying investments.

Equity – representing one ordinary share in the Subsidiary	**30 June 2019 £'000**	(Audited) 31 December 2018 £'000
Opening balance	**434**	244
Unrealised (loss)/gain on investments at fair value through profit or loss	**(890)**	190
Total	**(456)[1]**	434

1. Current negative value due to timing differences on intercompany debt service payments due on the Secured Loan Notes.

Financial assets at fair value through profit or loss	**421,139**	378,350

The above represents a 100% interest in the Subsidiary at period end 30 June 2019 (31 December 2018: 100%).

9. Other receivables and prepayments

	30 June 2019 £'000	(Audited) 31 December 2018 £'000
Arrangement fees	**10**	59
Intercompany receivable	**–**	101
Loan arrangement fees unamortised	**–**	290
Loan interest receivable	**1,052**	1,302
Prepayments	**22**	44
Total	**1,084**	1,796

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2019

10. Cash and cash equivalents

	30 June 2019 £'000	(Audited) 31 December 2018 £'000
Cash and cash equivalents	**69,486**	9,206
Total	**69,486**	9,206

11. Interest bearing loans and borrowings

	30 June 2019 £'000	(Audited) 31 December 2018 £'000
Opening balance	**–**	–
Proceeds from interest bearing loans and borrowings[1]	**39,332**	14,000
Repayment of interest bearing loans and borrowings	**–**	(14,000)
Loan arrangement fees unamortised	**(300)**	–
Total	**39,032**	–

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

During the period from the start of the year to 15 April 2019, the Company drew down £20 million on 20 February 2019, £3 million on 29 March 2019 and £5 million on 11 April 2019, resulting in a total drawn down of £28 million as at 15 April 2019[1].

On 15 April 2019, the Company entered into an agreement with RBSI to increase the existing RCF from £30 million to £50 million, represented by £40 million maturing in August 2020 (plus a twelve month extension option, with lender approval) and £10 million maturing in December 2019.

Subsequent to 16 April 2019, the Company drew down £4 million on 29 April 2019, £1.93 million on 9 May 2019, £4 million on 21 May 2019 and £1.4 million on 20 June 2019, resulting in a total drawn down of £39.3 million as at 30 June 2019[1]. The £10 million facility was unutilised at the period end.

The total cost incurred to establish the facility was £767,000 (including an arrangement fee of £680,000); and an amount of £107,000 in respect of these costs was amortised during the period ended 30 June 2019 and charged through the statement of comprehensive income.

Interest on amounts drawn under the £40 million facility is charged at LIBOR plus 2.10% per annum and LIBOR plus 1.70% under the £10 million facility. A commitment fee is payable on undrawn amounts of 0.84% on the £40 million facility and 0.68% on the £10 million facility.

During the period, utilisation requests were submitted to RBSI in relation to the open forward foreign exchange contracts. These utilisations restrict the amount available for drawdown, and at the period end, a utilisation request for the sum of £549,000 (31 December 2018: £612,000) was in place, which limited the amount available for drawdown on the RCF to £49.5 million.

Subsequent to the period end, on 1 July 2019 the Company repaid in full, the £39.3 million which had been drawn down during the period which was originally due for repayment on 30 September 2019. The Company incurred breakage costs of £19,000 in respect of the early repayment. The breakage costs are treated as a post period end transaction and are not included in these financial statements.

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

At 30 June 2019, the Company is in full compliance with all loan covenants stipulated in the RCF agreement.

1. Not including the amount drawn down as an alternative to cash cover for the open forward foreign exchange contracts.

12. Other payables and accrued expenses

	30 June 2019 £'000	(Audited) 31 December 2018 £'000
Accruals	**609**	446
Amounts due to Subsidiary	**—**	232
Loan commitment fee accrued	**24**	52
Investment in Subsidiary[1]	**—**	1,203
Investment management fees	**858**	838
Share issue costs	**115**	24
Total	**1,606**	2,795

1. Amounts due to the Subsidiary for the making of investments, which represents commitments outstanding by the Subsidiary to the Project Companies.

13. Authorised and issued share capital

	30 June 2019		(Audited) 31 December 2018	
Share capital account	Number of shares	£'000	Number of shares	£'000
Ordinary shares issued at no par value and fully paid				
Shares in issue at beginning of the period	**379,962,298**	**380,235**	242,966,606	241,326
Equity shares issued through:				
Placing	**60,317,181**	**63,333**	12,440,190	13,000
Scrip dividend	**583,549**	**622**	911,857	941
Ordinary shares issued upon conversion of C shares	**—**	**—**	123,643,645	125,210
Total shares issued in the period/year	**60,900,730**	**63,955**	136,995,692	139,151
Share issue costs	**—**	**(983)**	—	(242)
Total	**440,863,028**	**443,207**	379,962,298	380,235

The Company's share capital is represented by ordinary shares.

The authorised share capital of the Company on incorporation was represented by an unlimited number of no par value ordinary shares.

At 30 June 2019, the Company's issued share capital comprised 440,863,028 ordinary shares (31 December 2018: 379,962,298), none of which were held in treasury.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2019

14. Financial instruments

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

	30 June 2019 £'000	(Audited) 31 December 2018 £'000
Financial assets		
Cash and cash equivalents	**69,486**	9,206
Other receivables and prepayments	**1,084**	1,796
Financial assets at amortised cost	**70,570**	11,002
Derivative financial instruments	**—**	33
Investment in the Subsidiary	**421,139**	378,350
Financial assets at fair value through profit or loss	**421,139**	378,383
Total	**491,709**	389,385
Financial liabilities		
Other payables and accrued expenses	**(1,606)**	(2,795)
Interest bearing loans and borrowings	**(39,032)**	—
Financial liabilities at amortised cost	**(40,638)**	(2,795)
Financial liabilities at fair value through profit or loss	**(39)**	—
Total	**(40,677)**	(2,795)

14.1 Derivatives

Derivative financial assets and liabilities comprise forward foreign exchange contracts for the purpose of hedging foreign currency exposure of the Company to a Euro denominated loan investment made by the Subsidiary (for which the final repayment date is 1 June 2025), the investment represents c.1% of the portfolio by value. The Company intends to utilise the forward foreign exchange contract on a rolling three month basis for the term of the investment. Derivative financial assets and liabilities are respectively classified as either financial assets or financial liabilities at fair value through profit or loss. Recognition of the derivative financial instruments 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 unaudited interim condensed statement of comprehensive income in 'net change in fair value of financial assets and financial liabilities at fair value through profit or loss'.

The table below sets out the forward foreign exchange contract held by the Company at year end:

30 June 2019	**Maturity**	**Principal amount**	**Hedged amount**	**Fair value £'000**
Contract EUR/GBP	**23 September 2019**	**€7,071,845**	**(£6,311,330)**	**(39)**

31 December 2018 (Audited)	Maturity	Principal amount	Hedged amount	Fair value £'000
Contract EUR/GBP	21 March 2019	€7,733,467	(£6,977,774)	33

14.2 Capital management

The Company's capital is represented by share capital comprising issued ordinary share capital and ordinary shares issued following conversion of C shares, as well as credit facilities, as detailed in note 11.

The Company may seek to raise additional capital from time to time to the extent that the Board 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 11 for further information in relation to the RCF.

14.3 Fair value of financial assets

This note provides an update on the judgements and estimates made by the Company in determining the fair value of the financial instruments since the last annual report and financial statements.

Fair value measurements

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels depending on whether their fair value is based on:

— Level 1: quoted prices in active markets for identical assets or liabilities;

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

— Level 3: inputs for the asset or liability that are not based on observable market data ("unobservable inputs").

The table below analyses financial instruments measured at 30 June 2019, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the unaudited interim condensed statement of financial position.

	Date of valuation	Level 1 £'000	Level 2 £'000	Level 3 £'000	**Total**
Financial assets/(liabilities) measured at fair value through profit or loss					
Assets:					
Investment in Subsidiary	30 June 2019	—	—	421,139	**421,139**
Investment in Subsidiary	31 December 2018 (audited)	—	—	378,350	**378,350**
Derivative financial instruments	31 December 2018 (audited)	—	33	—	**33**
Liabilities:					
Derivative financial instruments	30 June 2019	—	(39)	—	**(39)**

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2019

14. Financial instruments continued

14.3 Fair value of financial assets continued

Investment in Subsidiary

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

	30 June 2019 £'000	(Audited) 31 December 2018 £'000
Opening balance	**378,350**	261,751
Investment in Subsidiary	**54,446**	129,227
Capital repayments from Subsidiary	**(9,590)**	(16,041)
Unrealised (loss)/gain on investments at fair value through profit or loss	**(2,067)**[1]	3,413
Closing balance	**421,139**	378,350

1. Refer to note 8 for further information.

The fair value of the investment in the Subsidiary consists of both debt (the Secured Loan Notes) and equity (ordinary shares), refer to note 8 for further information.

During the period there were no transfers of investments between levels therefore no further disclosure is considered necessary under IAS 34.

Basis of determining fair value

The Valuation Agent carries out semi-annual valuations (31 December 2018: quarterly valuations) of the financial assets of the Subsidiary and the Secured Loan Notes. Any assets which may be subject to discount rate changes are valued on a quarterly basis. The NAVs calculated by the Administrator are reviewed by the Investment Manager and the Directors on a quarterly basis (in addition to the Valuation Agent's semi-annual valuation).

Valuation techniques

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. The Subsidiary's portfolio of assets is held at fair value and its values are monitored on a semi-annual basis by the Valuation Agent. The Valuation Agent considers the movements in comparable credit markets and publicly available information around each project in assessing the expected future cash flows from each of the Subsidiary's investments.

The valuation principles used are based on a discounted cash flow methodology. 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 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 value of the investment in the Subsidiary is based on the aggregate of the NAV of the Subsidiary and the value of the Secured Loan Notes issued by the Subsidiary. At 30 June 2019, the NAV was as follows:

	30 June 2019 £'000	(Audited) 31 December 2018 £'000
GABI UK	**(456)**[1]	434

1. Refer to note 8 for further information.

The key driver of the NAV 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 30 June 2019	**421,139**	**Discounted cash flow**	**Discount rate**	**8.1%**
Financial assets at fair value through profit or loss 31 December 2018 (audited)	378,350	Discounted cash flow	Discount rate	8.1%

1. Including the NAV of the Subsidiary.

The investments held by the Subsidiary are valued on a discounted cash flow basis, in line with the methodology used by the Valuation Agent. At the period end, discount rates ranged from 6-10% (31 December 2018: 6-14%).

The table below shows how changes in discount rates affect the changes in the valuation of financial assets at fair value through profit or loss. The range of discount changes has been determined with reference to historic discount rates made by the Valuation Agent.

30 June 2019 **Change in discount rates**	**(0.50%)**	**0.00%**	**0.50%**
Value of financial assets at fair value (£'000)	**428,997**	**421,139**	**413,606**
Change in value of financial assets at fair value (£'000)	**7,858**	**—**	**(7,533)**

31 December 2018 (audited) Change in discount rates	(0.50%)	0.00%	0.50%
Value of financial assets at fair value (£'000)	386,500	378,350	370,567
Change in value of financial assets at fair value (£'000)	8,150	—	(7,783)

15. Related party disclosures

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

Directors

The non-executive Directors of the Company are considered to be the key management personnel of the Company. Directors' remuneration for the period (including reimbursement of Company-related expenses) totalled £52,000 (30 June 2018: £51,000). At 30 June 2019, liabilities in respect of these services amounted to £26,000 (31 December 2018: £25,000).

At 30 June 2019, the Directors of the Company held directly or indirectly, and together with their family members, 123,942 ordinary shares in the Company (31 December 2018: 123,942).

Alex Ohlsson is the managing partner of Carey Olsen Jersey LLP, the Company's Jersey legal advisers. Carey Olsen Jersey LLP has provided legal services to the Company during the period. Carey Olsen Jersey LLP maintains procedures to ensure that Mr Ohlsson has no involvement in the provision of legal services to the Company.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2019

15. Related party disclosures continued

Directors continued

During the period, the aggregate sum of £20,000 was paid to Carey Olsen Jersey LLP (30 June 2018: £15,000) in respect of legal work of which £5,000 is outstanding at period end (31 December 2018: £10,000).

During the period, Joanna Dentskevich was a non-executive director and chair of the risk committee of RBSI, the lender under the RCF. In her role as a non-executive director of RBSI, Mrs Dentskevich was not involved in the day-to-day services or operational aspects of the business. Mrs Dentskevich resigned from RBSI on 31 July 2019. Further details on the RCF can be found in note 11.

Investment Manager

The Company is party to an investment management agreement with the Investment Manager dated 28 September 2015 and as novated in April 2017, pursuant to which the Company has appointed the Investment Manager to provide discretionary portfolio and risk management services relating to the assets on a day-to-day basis in accordance with its investment objective and policies, subject to the overall control and supervision of the Board.

As a result of the responsibilities delegated under this investment management agreement, the Company considers it to be a related party by virtue of being 'key management personnel'. Under the terms of the investment management agreement, the notice period of the termination of the Investment Manager by the Company is twelve months, with such notice not being given prior to the fifth anniversary of the Company's IPO.

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, which has been increased annually at the rate of the RPI since IPO.

The Investment Manager has committed additional resource in providing its client funds, including the Company, a more comprehensive service which increases the level of transaction advisory and marketing support received by the Company. The Investment Manager receives additional fees from any issue of new shares, in consideration for the provision of marketing and investor introduction services. The Investment Manager has appointed Highland Capital to assist it with the provision of such services and pays all fees due to Highland Capital out of the fees it receives from the Company.

During the period, the Company incurred £1,868,000 (30 June 2018: £1,352,000) in respect of the services outlined above: £1,698,000 (30 June 2018: £1,341,000) in respect of investment management and advisory services, £158,000 (30 June 2018: £nil) in relation to the issuance of ordinary shares and £12,000 (30 June 2018: £11,000) in respect of AIFM services provided by the Investment Manager. At 30 June 2019, liabilities in respect of these services amounted to £865,000 (31 December 2018: £845,000).

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 fee in respect of all but three of the Group's investments has been met and paid by borrowers. During the period, the Investment Manager received £289,000 (30 June 2018: £380,000) from arrangement fees which had been met by borrowers and £40,000 (30 June 2018: £nil) from arrangement fees which had been met by the Company. To the extent any arrangement fee negotiated by the Investment Manager with a borrower exceeds 1%, the benefit of any such excess is paid to the Company, for the period to 30 June 2019 the Company received £91,000 (30 June 2018: £136,000).

A number of the directors of the Investment Manager also sit on the board of the Subsidiary. The Company has delegated to the Investment Manager through the investment management agreement, the day-to-day operations of the Subsidiary.

At 30 June 2019, the key management personnel of the Investment Manager, held directly or indirectly, and together with their family members, 1,439,691 ordinary shares in the Company (31 December 2018: 1,777,577).

At 30 June 2019, the directors of the Investment Manager, and their family members, directly or indirectly own an equity interest in four of the Subsidiary's student accommodation investments, refer to note 16 for details of post period end investments. These investments are valued by the Valuation Agent in line with the remaining portfolio.

Subsidiary

At 30 June 2019, the Company owned a 100% (31 December 2018: 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 GABI GS; for further information refer to note 1.

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

Transactions	**30 June 2019 £'000**	30 June 2018 £'000
Intercompany income received		
Other income	**41**	5
Arrangement fee income	**91**	136
Loan interest income received	**17,868**	11,927
Total	**18,000**	12,068

Balances	**30 June 2019 £'000**	(Audited) 31 December 2018 £'000
Intercompany balances payable	**—**	(1,435)
Intercompany balances receivable	**1,062**	1,462
Principal value of intercompany holdings within financial assets at fair value through profit or loss	**417,886**	373,031

16. Subsequent events after the report date

On 1 July 2019, the Company repaid in full, the £39.3 million drawn down from the Company's £50 million RCF with RBSI, utilising cash proceeds generated from the June 2019 ordinary share placing. The Company also paid £325,000 loan interest due to RBSI and £19,000 loan breakage costs for the early loan repayment, originally due to have been repaid on 30 September 2019.

On 24 July 2019, the Company declared a second interim dividend of 1.55 pence per ordinary share amounting to £6.8 million (including dividends settled in shares[1]) which was paid on 2 September 2019 to ordinary shareholders on the register at 2 August 2019.

On 2 September 2019, 207,288 ordinary shares were admitted to the premium segment of the Official List of the FCA and to trading on the Premium Segment of the Main Market of the LSE, pursuant to the scrip dividend alternative in lieu of cash for the second interim dividend declared on 24 July 2019.

The Group made eight advances post period end totalling £13.0 million, two of which were new investments, including one investment that the directors of the Investment Manager directly or indirectly own an equity interest. The Group also received four repayments totalling £3.3 million. Refer to the Investment Manager's report on page 13 and the financial review on page 15 for further details.

17. Ultimate controlling party

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

1. Dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.

GLOSSARY

AIC
The Association of Investment Companies

AIC Code
AIC Code of Corporate Governance

AIFM
Alternative Investment Fund Manager

Annualised total return since IPO
Total shareholder return expressed as a time weighted annual percentage

APM
Alternative performance measure

CIF Law
Collective Investment Funds (Jersey) Law 1988

CNG
Compressed natural gas

Companies Law
Companies (Jersey) Law 1991, as amended

Company
GCP Asset Backed Income Fund Limited

Dividend cover ratio
Ratio of earnings to dividends calculated as dividends per share divided by earnings per share

Dividend yield
The dividend paid out to shareholders relative to the closing share price at the period end, expressed as a percentage

DTR
Disclosure Guidance and Transparency Rules of the FCA

EPS
Earnings per share

ESG
Environmental, social and governance

FCA
Financial Conduct Authority

GABI GS
GABI GS Limited

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

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

Group
The Company, GABI UK and GABI GS

Highland Capital
Highland Capital Partners Limited

HY17
Six months ended 30 June 2017

HY18
Six months ended 30 June 2018

HY19
Six months ended 30 June 2019

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IASC
International Accounting Standards Committee

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

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

IPO
Initial public offering

LIBOR
London inter-bank offered rate

LSE
London Stock Exchange

LTV
Loan-to-value

NAV
Net asset value

Ongoing charges ratio
Annual percentage reduction in shareholder return as a result of recurring operational expenses

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

RBSI
The Royal Bank of Scotland International Limited

RCF
Revolving credit facility

Secured Loan Notes
Loan notes issued to the Company

TISE
The International Stock Exchange

Total shareholder return
Share price growth with dividend deemed to be reinvested on the dividend payment date, assuming a full take up of pre-emptive rights in respect of C share issues
Source: Bloomberg

Weighted average annualised yield
The yield on the investment portfolio calculated with reference to the relative size of each investment, expressed as a percentage

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

CORPORATE INFORMATION

Directors and/or the Board
Alex Ohlsson (Chairman)
Colin Huelin
Joanna Dentskevich

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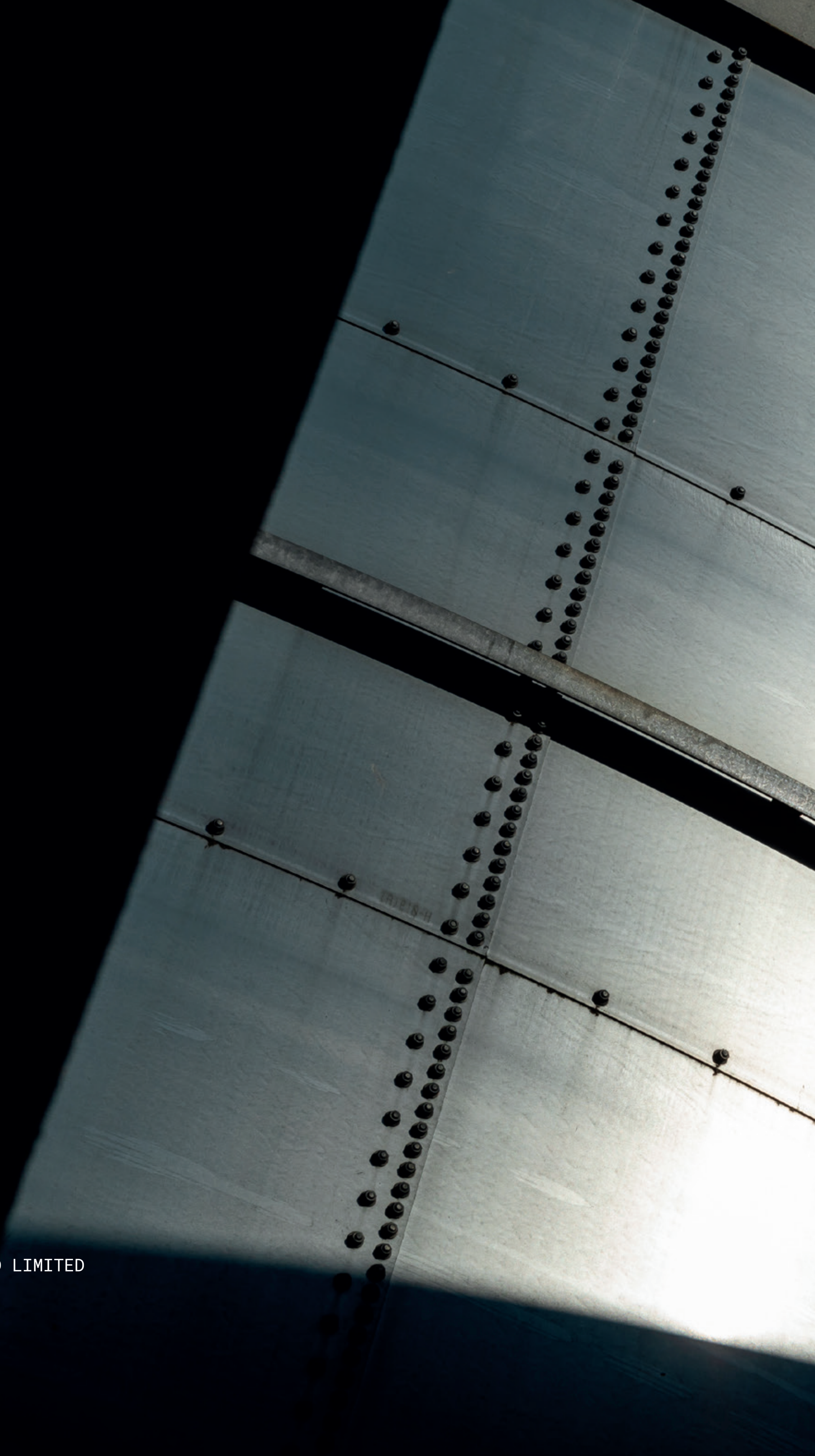

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