GCP
ASSET
BACKED

GCP ASSET BACKED INCOME FUND LIMITED

Half-yearly report and financial statements
for the period ended 30 June 2018

Gravis

CONTENTS

ABOUT US

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

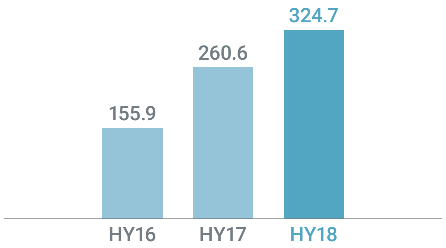
GCP Asset Backed is a closed-ended investment company incorporated in Jersey. It was admitted to the Official List of the UKLA and to trading on the premium segment of the Main Market of the LSE on 23 October 2015. Since IPO its market capitalisation has grown to £324.7 million at 30 June 2018. The Company is a constituent of the FTSE All-Share Index.

gcpassetbacked.com

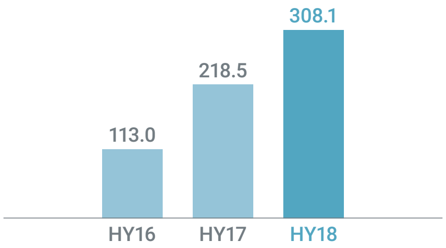
PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

AT A GLANCE – 30 JUNE 2018

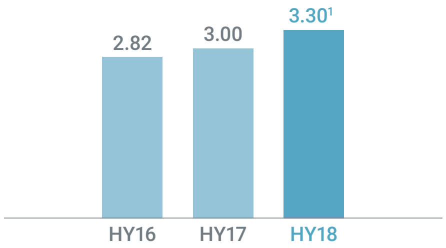
MARKET CAPITALISATION £M



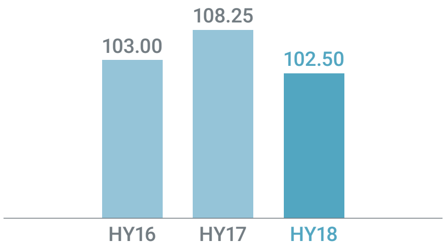
VALUE OF INVESTMENTS £M



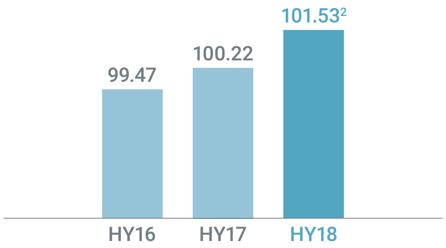
DIVIDENDS FOR THE PERIOD P



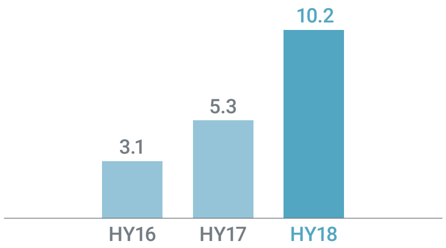
ORDINARY SHARE PRICE P



NAV PER ORDINARY SHARE P



PROFIT FOR THE PERIOD £M



HIGHLIGHTS

- Dividends of 3.30 pence per share, including a special dividend of 0.25 pence, ahead of the Company's target of 6.1 pence per share for the year ended 31 December 2018[3]. The dividend was more than fully covered by basic earnings per share of 3.73 pence, giving a dividend cover ratio[4] of 1.13 times covered.
- Total shareholder return[4] for the period of 2.0% (prior period: 4.2%) and an annualised total return since IPO[4] of 6.5%.
- Profit for the period of £10.2 million, up from £5.3 million in the six month comparable period.
- Loans of £53.4 million advanced secured against 16 projects with a further £18.8 million secured against seven projects post period end.
- Exposure to a diversified and partial inflation and/or interest rate protected portfolio of 35 asset-backed loans with a third party valuation of £307.6 million at 30 June 2018.
- NAV per ordinary share of 101.53[2] pence at 30 June 2018, up from 100.85 pence at the year end.
- The 75 million C shares in issue at the beginning of the period were converted to 73.4 million ordinary shares on 17 April 2018, efficiently invested prior to the six month conversion deadline.
- Post period end, the Company announced it was considering a further C share issue targeting gross proceeds of £70 million.

1. Includes a quarterly dividend of 1.525 pence per share and a special dividend of 0.25 pence per share for the quarter to 30 June 2018, which were declared post period end.
2. The NAV does not include a provision for the dividends in respect of the quarter to 30 June 2018, which were declared post period end.
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.
4. 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, partial inflation and/or interest rate protected portfolio of loans secured against contracted medium to long-term cash flows and/or physical assets.

35

Number of investments at 30 June 2018

8.1%

Weighted average annualised yield[2] on investment portfolio

The Company is on track to exceed its objective for the year ending 31 December 2018, with the Company having paid or declared dividends totalling 3.30 pence per ordinary share for the period[1].

3.30p

Dividends paid or declared in respect of the period to 30 June 2018

45%

Percentage of portfolio with inflation and/or interest rate protection

The Company's ordinary shares were trading at 102.50 pence per share at the period end.

102.50p

Share price of ordinary shares at 29 June 2018

1%

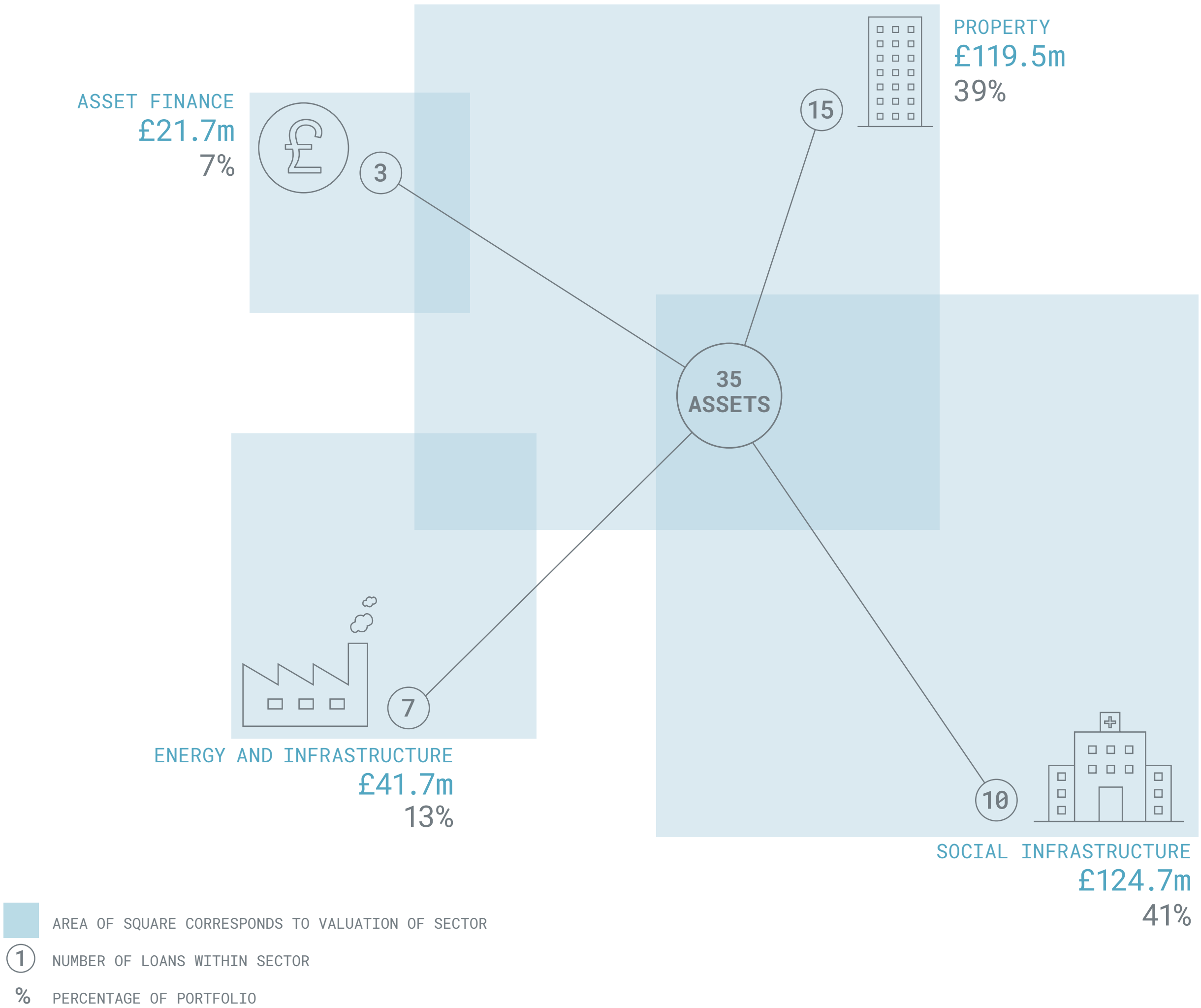
Premium to ordinary share NAV at 30 June 2018

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, partial inflation and/or interest rate protected portfolio of 35 asset-backed loans with an average life of 10 years. The loans fall within the following sectors, predominantly in the UK:



SENIOR RANKING SECURITY

71%

WEIGHTED AVERAGE ANNUALISED YIELD[2]

8.1%

INFLATION AND/OR INTEREST RATE PROTECTION

45%

CHAIRMAN'S INTERIM STATEMENT

The Company continues to deliver regular, dependable income to shareholders and is on track to exceed its dividend target set out for the financial year.

Alex Ohlsson
Chairman

Introduction

The Company has continued to perform well throughout the period, with a portfolio of fully income generative investments and the efficient deployment of the C share funds raised in October 2017. The Company continues to deliver regular, dependable income to shareholders and, as a result of the special dividend declared in July 2018, is on track to exceed its dividend target[1] set out for the financial year.

October 2017 C share

The proceeds of the October 2017 C share were invested prior to the six month conversion deadline, with conversion of the shares into ordinary shares taking place in April 2018. The proceeds were deployed into a number of new asset classes, with the Investment Manager continuing to use its experience in identifying and transacting in attractive new asset classes that meet the Company's risk requirements.

This is the Company's third C share issue since IPO, whereby the proceeds have been efficiently invested and the C shares converted. The timely conversion of the C shares arises from the Investment Manager's discipline in building a robust pipeline of pre-fundraising investments and recommending that the Company only accept capital that can be deployed efficiently. Maintaining this discipline may result in scale back when raising capital, as occurred with the October 2017 capital raise, which was significantly oversubscribed.

The Investment Manager targeted new asset classes with the last C share issue which it believes are in the correct stage of the growth cycle, enabling the Company to benefit from a yield disproportionate to the risk taken.

One of the purposes of the C share issue was to enable the Group to continue to diversify the asset, borrower and sector risk within the portfolio. The Group has achieved this aim through investing the October 2017 C share proceeds into 17 assets, including six new asset classes with twelve new borrowers. These new asset classes and borrowers will ensure that the Group is well placed to deploy any future raises or repayments. The average annualised yield achieved was comparable to the existing portfolio.

Post period end, the Company announced it was considering a further C share issue targeting gross proceeds of £70 million to take advantage of a pipeline of attractive investment opportunities which have been identified by the Investment Manager.

NAV and share price performance

At the period end, the net assets of the Company were £321.6 million. The NAV per ordinary share increased from 100.85 pence at 31 December 2017 to 101.53[2] pence at 30 June 2018. The Company's ordinary shares have predominately traded at a premium to NAV since IPO, with an average premium over the six month period of 1.1%. At 29 June 2018, the share price per ordinary share was 102.50 pence and the shares were trading at a 1% premium to NAV.

1. 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.
2. The NAV does not include a provision for the dividends in respect of the quarter to 30 June 2018, which were declared post period end.

Dividend policy

The Company is targeting an annual dividend of 6.1 pence per ordinary share, which the Directors expect to grow modestly over the long term. The Directors are pleased to note that the Company remains on track to exceed this target for the year ending 31 December 2018, with the Company having declared dividends totalling 3.30 pence per ordinary share in respect of the period ended 30 June 2018, including a special dividend of 0.25 pence per ordinary share.

For the forthcoming financial year ending 31 December 2019, the Company is targeting a dividend of 6.2 pence per share[1].

Shareholder relations

The Board and the Investment Manager recognise the importance of shareholder relations and are keen to develop and maintain positive relationships with the Company's shareholders. The Company primarily engages with shareholders via the Company's Broker and Investment Manager and at general meetings of the Company, which shareholders are encouraged to attend. The Chairman and his fellow Directors also make themselves available to discuss matters outside of the formal general meetings as appropriate. Board members intend to continue to be available to meet with shareholders periodically to facilitate open two-way communication on the performance of the Company.

Site visits

On 24 May 2018, as part of the Board's ongoing due diligence of the Group's investment portfolio, the Directors, the Investment Manager, the Company's Broker and representatives from other advisers visited three of the assets in which the Group's loans are secured. The visits facilitated discussions with the senior management of four borrowers over the ongoing positive performance of each asset.

Market overview and outlook

Market conditions remain supportive, with the Company seeing strong demand for its bespoke lending solutions that are tailored to borrowers' requirements. The Company continues to benefit from opportunities created by mainstream lenders focusing on core asset classes or being constrained by regulatory capital requirements.

The Investment Manager continues to perform due diligence on a strong pipeline of opportunities, both with new and existing borrowers. The Group used the October 2017 C share issue to target new asset classes and borrowers which exhibit strong risk return and growth opportunities. It is expected that the Group will see the benefit of this expansion of the borrower and asset class base through the continued efficient deployment of future capital raises and capital repayments.

The uncertainties in the macroeconomic environment and the growing concerns over the absence of a negotiated Brexit deal following the UK Government triggering Article 50 continues to be a principal concern for economic stability in the UK.

Several sectors are attracting yield compression as a result of increased interest in the sector from mainstream lenders and pension funds. The Group expects that for some of its investments, general market yield compression may result in reduced discount rates, which in turn may give rise to NAV uplifts resulting from higher valuations of certain assets in these sectors.

The Group has 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 45% 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 UK Code and the AIC Code and the accompanying AIC Guide.

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 2017 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, financial risk, key resource risk, regulatory risk and execution risk. The principal uncertainty is the impact of Brexit on the principal risks, particularly given the absence of a negotiated Brexit deal. The full details can be found on pages 30 to 32 of the 2017 annual report and financial statements.

Going concern statement

Under the UK 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 of the reporting date as well as taking forecasts of future cash flows into consideration.

After making enquires of the Investment Manager and 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 financial statements.

Corporate social responsibility (CSR)

Whilst CSR in itself does not form part of the Group's selection criteria for new investments in the form of secured loans, the Directors have noted the positive impacts on society derived from some of the assets that the Group has advanced funds. Two examples of such assets include a material waste recovery facility and a mixed use community facility. The first is contributing to the recycling of waste, diverting over 120,000 tonnes per annum of waste away from landfill, and the second has created affordable workspaces for start-up businesses.

In addition, the owners of two other assets to which the Group has recently advanced funds, namely battery storage and CNG stations, have the opportunity to contribute positively to society via job creation.

On behalf of the Board

Alex Ohlsson
Chairman

4 September 2018

FOR MORE INFORMATION, PLEASE REFER TO THE INVESTMENT MANAGER'S REPORT ON PAGES 8 TO 15.

COMPANY PERFORMANCE

The Company continues to deliver regular, dependable income to shareholders.

Dividends paid or declared in respect of the period

3.30p
HY18

3.00p
HY17

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

3.73p
HY18

3.25p
HY17

Relevance to strategy

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

Annualised shareholder return since IPO[1]

6.5%
HY18

9.1%
HY17

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[1]

6.3%
HY18

6.0%
HY17

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

£10.2m
HY18

£5.3m
HY17

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

101.53p[2]
HY18

100.22p
HY17

Relevance to strategy

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

1. APM – refer to glossary for definitions and calculation methodology.
2. The NAV does not include a provision for the dividends in respect of the quarter to 30 June 2018, which were 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.

2.0%

Total shareholder return[1] for the period

3.30p

Dividends paid or declared for the period

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

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 17 on pages 35 and 36.

Investment policy

The Company makes investments[1] 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, locality and revenue source.

Further information on the Company's investment objective, policy and restrictions is set out in its prospectus, the most recently published copy 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:

(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,

to create security against which investment can be provided.

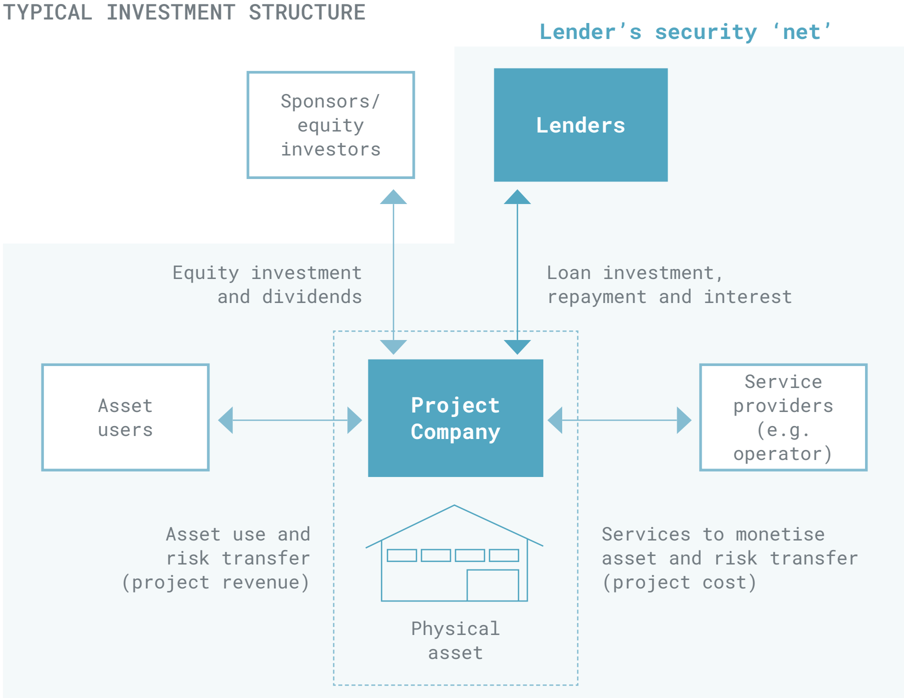
Asset-backed lending is typically provided to a Project Company, a corporate entity established with the specific purpose of owning, developing and operating an asset. Financing is provided to the Project Company with recourse solely to the shares held in, and assets held by, that Project Company.

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.

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.

A typical asset-backed lending structure is shown in the diagram below:

TYPICAL INVESTMENT STRUCTURE



1. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 for further information.

INVESTMENT MANAGER'S REPORT CONTINUED

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 corporate 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 project, 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 service providers in the event of operator failure.

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.

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.

The portfolio has continued to perform well and there are no material issues to report.

The Group provides access to a diversified portfolio of asset-backed investments which have all performed in line with, or exceeded, the Investment Manager's expectations, and no defaults or late payments on any of the Company's investments have been experienced to date.

All assets in construction are proceeding in line with expectations. Assets are moving out of construction on a quarterly basis. In the period, four assets came out of construction.

During the period, two loans have been revalued upwards by Mazars LLP, the independent Valuation Agent, with a number of loans being considered for potential positive revaluation movements. The Valuation Agent determines a fair value for each asset using a discounted cash flow methodology.

The Group's property loans, specifically those relating to bridge finance and development projects, benefit from a relatively low average LTV of c.47%. 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.

Investment portfolio and new investments

At 30 June 2018, the Group was exposed to a diversified portfolio of 35 asset-backed investments with a fair value of £307.6 million, 71% benefits from senior security and 45% from partial inflation and/or interest rate protection. The weight-adjusted average annualised yield[1] on the Group's investments was 8.1%, with a weighted average expected term of ten 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 Australia and the EU. The Company has minimal currency exposure (which is hedged) with 98% of investments denominated in Pound Sterling.

During the period, the Group made additional investments totalling £53.4 million. The Group, with the Investment Manager, has sought to expand the portfolio into new asset classes using the recent C share issuance. This included battery storage, water infrastructure and CNG service stations. The Group has targeted these asset classes as the Investment Manager believes these are growth asset classes that meet a structural demand, and therefore benefit from the Company's targeted and bespoke lending approach.

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

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

INVESTMENTS MADE DURING THE PERIOD

SECTOR	INVESTMENT	PROJECT	TERM	SECURITY	STATUS	AMOUNT
	Student Accom Co 2[1,2]	Financing of a portfolio of a number of private student accommodation developments in Australia.	4 years	Subordinated	Construction	**£3.1 million**
	Student Accom 3[1,2]	Financing of a student accommodation development in a city centre location in Dublin, Ireland.	15 years	Subordinated	Construction	**£0.8 million**
	Social Co 1[1]	Financing of a multi-use social infrastructure development in London.	4 years	Senior	Operational	**£0.5 million**
	Care Homes Co 4[1]	Construction of a UK based care home providing high-end nursing and dementia care.	5 years	Senior	Construction	**£0.2 million**
						SOCIAL INFRASTRUCTURE INVESTMENTS TOTALLING £4.6 MILLION
	Battery Co 2	Financing of an operational battery storage project in the UK.	8 years	Senior	Operational	**£4.6 million**
	O&M Co 2	Financing of the operations and maintenance contracts for a portfolio of small rooftop installations.	15 years	Senior	Operational	**£3.3 million**
	Gas Co 1	Financing of an operational compressed natural gas station.	7 years	Senior	Operational	**£0.7 million**
	Battery Co 1[1]	Financing the construction of a power facility.	11 years	Senior	Construction	**£0.1 million**
						ENERGY AND INFRASTRUCTURE INVESTMENTS TOTALLING £8.7 MILLION
	CHP Co 1	Asset financing of a grid entry.	2 years	Senior	Construction	**£2.1 million**
						ASSET FINANCE INVESTMENTS TOTALLING £2.1 MILLION

1. Further drawings under, or extensions to, existing facilities.
2. An equity interest in these projects is indirectly owned by the directors of the Investment Manager.

INVESTMENT MANAGER'S REPORT CONTINUED

INVESTMENTS MADE DURING THE PERIOD CONTINUED

SECTOR	INVESTMENT	PROJECT	TERM	SECURITY	STATUS	AMOUNT
	Development Fin Co 6	Financing of bridge lending for the development of UK residential property.	3 years	Senior	Operational	**£15.0 million**
	Co-living Co 1[1]	Financing of a portfolio of co-living properties in London.	3 years	Subordinated	Operational	**£10.5 million**
	Property Co 5	Financing of four supported living developments.	23 years	Senior	Operational	**£3.9 million**
	Property Co 2[1]	Financing of three supported living developments and a high specification complex care facility in the UK.	20 years	Senior	Construction	**£3.7 million**
	Mortgage Co 2[1]	A warehousing facility for a portfolio of buy-to-let mortgages.	2 years	Subordinated	Operational	**£3.5 million**
	Property Co[1]	Financing a supported living development in the UK.	21 years	Senior	Operational	**£1.3 million**
	Development Fin Co 3[1]	Financing secured against UK residential property.	2 years	Senior	Construction	**£0.1 million**
						PROPERTY INVESTMENTS TOTALLING £38.0 MILLION
						INVESTMENTS TOTALLING £53.4 MILLION

1. Further drawings under, or extensions to, existing facilities.

CAPITAL REPAYMENTS IN THE PERIOD

SECTOR	INVESTMENT	PROJECT	AMOUNT
	Asset Finance Co	Financing of small distributed assets such as wind turbines and biomass boilers.	**£2.0 million**
	Boiler Co	Financing of new domestic gas boilers in residential properties across the UK.	**£0.6 million**
	O&M Co	Financing of the operations and maintenance contracts for a portfolio of small rooftop solar installations.	**£0.3 million**
			ENERGY AND INFRASTRUCTURE CAPITAL REPAYMENTS TOTALLING £2.9 MILLION
	Asset Finance Co 2	A Euro denominated loan secured against the contracted management fees of a European based fund manager.	**£0.4 million**
			ASSET FINANCE CAPITAL REPAYMENTS TOTALLING £0.4 MILLION
	Development Fin Co 2	Financing of a portfolio of buy-to-let mortgages in the UK.	**£3.8 million**
	Development Fin Co 4	Financing secured against UK residential property.	**£0.3 million**
			PROPERTY CAPITAL REPAYMENTS TOTALLING £4.1 MILLION
			CAPITAL REPAYMENTS TOTALLING £7.4 MILLION

INVESTMENT MANAGER'S REPORT CONTINUED

INVESTMENTS MADE POST PERIOD END

SECTOR	INVESTMENT	PROJECT	TERM	SECURITY	STATUS	AMOUNT
	Mortgage Co 2[1]	A warehousing facility for a portfolio of buy-to-let mortgages.	3 years	Subordinated	Operational	**£5.0 million**
	Bridging Co 2[1]	Bridge financing for the purchase of UK residential property.	5 years	Senior	Operational	**£5.0 million**
	Co-living Co 1[1]	Financing of a portfolio of co-living properties in London.	3 years	Subordinated	Operational	**£1.1 million**
	Property Co 2[1]	Financing of three supported living developments and a high specification complex care facility in the UK.	24 years	Senior	Construction	**£1.0 million**
						PROPERTY INVESTMENTS TOTALLING £12.1 MILLION
	Battery Co 2[1]	Financing of an operational battery storage project in the UK.	8 years	Senior	Operational	**£5.4 million**
	Gas Co 1[1]	Financing of an operational compressed natural gas station.	7 years	Senior	Operational	**£0.5 million**
						ENERGY AND INFRASTRUCTURE INVESTMENTS TOTALLING £5.9 MILLION
	CHP Co 1[1]	Asset financing of a grid entry.	2 years	Senior	Construction	**£0.8 million**
						ASSET FINANCE INVESTMENTS TOTALLING £0.8 MILLION
						INVESTMENTS TOTALLING £18.8 MILLION

1. Further drawings under, or extensions to, existing facilities.

Investment valuation

The Valuation Agent carries out a fair market valuation of the Group's investments on behalf of the Board 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.

The weighted average annualised discount rate[2] across the portfolio at 30 June 2018 was 8.03%. 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 16.3.

Financial performance

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

In the period to 30 June 2018, the Company's portfolio generated investment income of £12.8 million. Profit for the period was £10.2 million, with basic earnings per share of 3.73 pence. The Company's ongoing charges ratio[2], calculated in accordance with the AIC methodology, was 1.3% for the twelve month period to 30 June 2018.

The Company paid a dividend of 1.525 pence per share for the period to 31 March 2018 with a further dividend of 1.525 pence for the quarter to 30 June 2018, declared on 26 July 2018. The Company also declared a special dividend of 0.25 pence per share in addition to the quarterly dividends for the period.

Cash position

The Company received interest payments of £11.5 million and capital repayments of £7.9 million in the period, in line with expectations. The Company paid dividends of £8.1 million during the period and a further £5.3 million post period end, including the special dividend. Total cash reserves at the period end were £14.7 million.
On 3 September 2018, the Company issued 283,359 ordinary shares in lieu of cash for the interim dividend for the period 1 April 2018 to 30 June 2018 which was 0.9% of the shares in issue as at the record date of 3 August 2018.

Borrowings

Post period end, in August 2018, the Company entered into an agreement with RBSI in respect of an increase to the £15 million revolving credit facility entered into on 13 January 2017. The increased facility is for an amount of £30 million and for a term of two years (plus a twelve month extension option, with lender approval). Interest on amounts drawn under the facility is charged at a rate of LIBOR plus a margin. The margin on the facility has been reduced from 2.75% to 2.10%.

Conflicts of interest

On 29 June 2018, the Group made an extension to its Student Accom Co 2 investment of up to £2.5 million. The directors of the Investment Manager indirectly own an equity interest in this development project.
In accordance with the Company's investment approval process, this extension was reviewed and approved by the Board.

GCP Infra

Where there is any overlap for a potential investment with GCP Infra (a third party company advised by the Investment Manager), GCP Infra has a first right of refusal over such investment.

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

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

Gravis Capital Management Limited
Investment Manager and AIFM

4 September 2018

1. Dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.
2. APM – refer to glossary for definitions and calculation methodology.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are required to:

— select suitable accounting policies and apply them consistently;

— present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

— provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;

— make judgements and estimates that are reasonable and prudent; and

— make an assessment of the Company's ability to continue as a going concern.

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

The Directors 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.

In preparing the unaudited interim condensed report and financial statements, the Directors are responsible for ensuring that they give a true and fair view of the state of affairs of the Company at the end of the period and the profit or loss of the Company for that period.

Directors' responsibility statement

The Directors confirm to the best of their knowledge that:

— the unaudited interim condensed report and financial statements has 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 report and financial statements includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board

Alex Ohlsson
Chairman

Colin Huelin
Director

4 September 2018

INDEPENDENT REVIEW REPORT

To GCP Asset Backed Income Fund Limited

Report on review of the interim condensed financial statements

Our conclusion

We have reviewed the accompanying interim condensed financial statements of GCP Asset Backed Income Fund Limited (the "Company") as of 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 interim condensed financial statements comprise:

— the unaudited interim condensed statement of financial position as of 30 June 2018;

— 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 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 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 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 financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

4 September 2018

The maintenance and integrity of the GCP Asset Backed Income Fund Limited's website is the responsibility of the Directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2018

	Notes	**Period ended 30 June 2018 £'000**	Period ended 30 June 2017 £'000
Income			
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	3	**12,694**	7,335
Fee income		**141**	190
Interest income	3	**8**	14
Total income		**12,843**	7,539
Expenses			
Investment management fees		**(1,341)**	(855)
Directors' remuneration		**(51)**	(40)
Operating expenses		**(547)**	(436)
Total expenses		**(1,939)**	(1,331)
Total operating profit before finance costs		**10,904**	6,208
Finance costs			
Finance income	4	**–**	874
Finance expense	5	**(688)**	(1,739)
Total profit and comprehensive income		**10,216**	5,343
Basic earnings per share (pence)	8	**3.73**	3.25
Diluted earnings per share (pence)	8	**3.22**	2.38

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

The notes on pages 22 to 37 form an integral part of the financial statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	As at 30 June 2018 £'000	(Audited) As at 31 December 2017 £'000
Assets			
Financial assets at fair value through profit or loss	9	**308,065**	261,751
Other receivables and prepayments	10	**298**	521
Cash and cash equivalents	11	**14,659**	61,094
Total assets		**323,022**	323,366
Liabilities			
Liability in respect of C share issue	13	**–**	(73,980)
Other payables and accrued expenses	14	**(1,367)**	(4,335)
Derivative financial instruments	16	**(57)**	(16)
Total liabilities		**(1,424)**	(78,331)
Net assets		**321,598**	245,035
Capital and reserves			
Share capital	15	**316,206**	241,326
Retained earnings		**5,392**	3,709
Total capital and reserves		**321,598**	245,035
Ordinary shares in issue	15	**316,759,911**	242,966,606
NAV per ordinary share (pence per share)		**101.53**[1]	100.85

The unaudited interim condensed financial statements were approved and authorised for issue by the Board of Directors on 4 September 2018, and signed on its behalf by:

Alex Ohlsson
Chairman

Colin Huelin
Director

The notes on pages 22 to 37 form an integral part of the financial statements.

1. The NAV does not include a provision for the dividends in respect of the quarter to 30 June 2018, which were declared post period end.

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	15	**74,896**	**—**	**74,896**
Share issue costs	15	**(16)**	**—**	**(16)**
Dividends paid	7	**—**	**(8,533)**	**(8,533)**
Balance at 30 June 2018		**316,206**	**5,392**	**321,598**

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2017

	Notes	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2017		162,597	1,977	164,574
Total profit and comprehensive income for the period		—	5,343	5,343
Share issue costs		(2)	—	(2)
Dividends paid	7	—	(4,938)	(4,938)
Balance at 30 June 2017		162,595	2,382	164,977

The notes on pages 22 to 37 form an integral part of the financial statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the period ended 30 June 2018

	Notes	Period ended 30 June 2018 £'000	Period ended 30 June 2017 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**10,904**	6,208
Net changes in fair value of financial assets at fair value through profit or loss	3	**(12,694)**	(7,335)
Realised gains on forward foreign exchange contracts		**75**	–
Increase in other payables and accrued expenses		**220**	157
Decrease in other receivables and prepayments		**117**	130
Interest received from Subsidiary		**11,487**	6,991
Investment in Subsidiary		**(56,079)**	(60,923)
Capital repayments from Subsidiary		**7,867**	1,210
Net cash flow used in operating activities		**(38,103)**	(53,562)
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings		**–**	5,300
Repayment of interest bearing loans and borrowings		**–**	(5,300)
Share issue costs		**(27)**	(1,574)
Proceeds from issue of C shares		**–**	79,250
Finance costs paid		**(171)**	(380)
Dividends paid	7	**(8,134)**	(4,938)
Net cash flow (used in)/generated from financing activities		**(8,332)**	72,358
Net (decrease)/increase in cash and cash equivalents		**(46,435)**	18,796
Cash and cash equivalents at beginning of the period		**61,094**	6,819
Cash and cash equivalents at end of the period		**14,659**	25,615
Net cash flow used in operating activities includes:			
Interest received from deposits		**8**	14
Interest received from Subsidiary		**11,435**	7,337
Non-cash items:			
Purchase of financial assets: indexation		**(492)**	(231)
Interest received from Subsidiary		**492**	231
Scrip dividend	7	**(399)**	–
Equity issue in respect of scrip dividend		**399**	–

The notes on pages 22 to 37 form an integral part of the financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
For the period ended 30 June 2018

1. General information

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

The Company is a closed-ended investment company incorporated under the laws of Jersey. The ordinary and C shares (while in issue) of the Company are listed on the premium segment of the Official List of the UKLA and on the premium segment of the Main Market of the LSE.

The Company makes its investments through its wholly owned Subsidiary, via subscribing for the Secured Loan Notes issued by the Subsidiary, which are listed on the TISE. The Subsidiary subsequently on-lends the funds to borrowers. The wholly owned Subsidiary is GABI UK, a private limited company incorporated in England and Wales on 23 October 2015 (registration number 9838893). The Company, through GABI UK, 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.

Further information on the Company's investment objective, policy and restrictions is set out in its prospectus, the most recently published copy is available on the Company's website.

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

At 30 June 2018, the Company had one (31 December 2017: one) wholly owned subsidiary, GABI UK. 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.

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 financial statements are set out below. These policies have been consistently applied throughout the period presented.

2.1 Basis of preparation

The unaudited interim condensed financial statements for the period ended 30 June 2018 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 2017 annual report and financial statements. The financial statements for the year ended 31 December 2017 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 84 to 87 of the annual report and financial statements. The Board consider 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 2017. 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 as adopted by the EU, which remain in effect.

The financial information contained within the unaudited interim condensed report and financial statements does not constitute full statutory accounts as defined in the Companies Law. The financial information for the period ended 30 June 2018 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 4 September 2018.

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 meets the definition of an investment entity and as a result the Company is not required to prepare consolidated financial statements. The Company measures its investment in its Subsidiary at fair value and it is 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. When in issue, the net assets attributable to the C share class 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. Refer to note 13 for further details.

New and amendments to standards adopted by the Company

A number of new standards or amendments to existing standards have been published that are mandatory for the Company's current accounting period:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards is set out below:

IFRS 9 Financial Instruments

Nature of change

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

Financial assets such as 'investment in the Subsidiary' and financial liabilities such as 'derivative financial instruments' are currently measured at fair value. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with the risk management and investment strategies of the Company. This classification is still relevant under the new standard. Therefore there is no impact on the accounting for these financial assets and liabilities at fair value through profit or loss. The interest bearing loans and borrowings and other receivables and prepayments are accounted for at amortised cost and meet the criteria for classification at amortised cost under IFRS 9, hence there has been no change in the accounting for these assets.

There has been no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. As financial assets held by the Company are classified as fair value through profit or loss this has no impact to current disclosure.

IFRS 15 Revenue from Contracts with Customers

Nature of change

The IASB has issued a new standard for the recognition of revenue. This has replaced IAS 18 Revenue, which covers contracts for goods and services and IAS 11 Construction Contracts. The new standard is based on the principle that revenue is recognised when control of goods or services transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Revenue consists of fee income, interest income and net changes in fair value of financial assets at fair value through profit or loss:

- IFRS 15 has no impact on the recognition of bank interest income;
- other fee income is recognised when amounts are due. Therefore, IFRS 15 has no impact on the recognition of fee income; and
- due to the current application of IFRS 9, the recognition and measurement of interest income received and changes in the fair value of the investments do not fall within the scope of IFRS 15, as such the changes in this standard do not have a material impact on net changes in fair value of financial assets at fair value through profit or loss (which comprises the aforementioned).

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

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 the business for the foreseeable future, being a period of at least twelve months from the date on which these unaudited interim condensed report and 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.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2018

2. Significant accounting policies continued

2.2 Significant accounting estimates and assumptions

The preparation of unaudited interim condensed financial statements in accordance with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts recognised in the unaudited interim condensed financial statements. However, uncertainty about these assumptions and estimates 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 Subsidiary's assets consist of investments held by the Subsidiary, which represent loan notes issued to the Project Companies. The Subsidiary's investments are valued by a third party Valuation Agent on a quarterly basis. The 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 16.3.

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 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.

(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 additional characteristics of an investment entity, in that it indirectly holds a portfolio of investments by investing in the Subsidiary which holds a portfolio of investments; the ownership interest in the Company is in the form of equity. The Company has more than one investor and the investors are not related parties other than those disclosed in note 17.

The investment in the Subsidiary is valued at fair value through profit or loss and is not consolidated, in accordance with IFRS 10.

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 11(b)) therefore meet the definition of a financial liability, and are classified as such while 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 2017.

(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 via 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 2017 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 and loss:

	Period ended 30 June 2018 £'000	Period ended 30 June 2017 £'000
Loan interest realised[1]	**11,927**	7,337
Unrealised gain on investments at fair value through profit or loss	**733**	56
Realised gain on investments at fair value through profit or loss[2]	**–**	44
Unrealised loss on investments at fair value through profit or loss	**–**	(87)
Unrealised loss on forward foreign exchange contracts	**(41)**	(15)
Realised gains on forward foreign exchange contracts	**75**	–
Total	**12,694**	7,335

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 9 for further information.

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

	Period ended 30 June 2018 £'000	Period ended 30 June 2017 £'000
Arrangement fee income	**136**	190
Commitment fee income	**5**	–
Interest income	**8**	14
Total	**149**	204

4. Finance income

	Period ended 30 June 2018 £'000	Period ended 30 June 2017 £'000
Amortisation of C share financial liability[3]	**–**	874

3. C shares issued February 2017, converted July 2017.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2018

5. Finance expenses

	Period ended 30 June 2018 £'000	Period ended 30 June 2017 £'000
Return on C share financial liability[1]	**517**	–
C share issue costs[2]	**–**	1,572
Loan arrangement fees	**92**	85
Loan commitment fee	**79**	71
Loan interest	**–**	11
Total	**688**	1,739

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

6. Taxation

Profits arising in the Company for the period 1 January 2018 to 30 June 2018 are subject to tax at the standard rate of 0% (1 January 2017 to 30 June 2017: 0%) in accordance with the Income Tax Law.

7. Dividends

Quarter ended	Dividend	Pence per share	**Period ended 30 June 2018 £'000**	Period ended 30 June 2017 £'000
Current period dividends				
30 June 2018[3]	Special dividend	0.250 / –	**–**	–
30 June 2018[3] / 2017	Second interim dividend	1.525 / 1.500	**–**	–
31 March 2018 / 2017	First interim dividend	1.525 / 1.500	**4,828**	2,469
Total		**3.300 / 3.000**		
Prior period dividends				
31 December 2017 / 2016	Fourth interim dividend	1.525 / 1.500	**3,705**	2,469
30 September 2017 / 2016	Third interim dividend	1.525 / 1.500	**–**	–
Total		**3.050 / 3.000**		
Dividends in statement of changes in equity			**8,533**	4,938
Dividends settled in shares[4]			**(399)**	–
Dividends in the statement of cash flows			**8,134**	4,938

On 26 July 2018, the Company declared a second interim dividend of 1.525 pence per ordinary share amounting to £4.8 million (including dividends settled in shares[4]) and a special dividend of 0.25 pence per ordinary share amounting to £792,000 which were paid on 3 September 2018 to ordinary shareholders on the register at close of business on 3 August 2018. The special dividend was paid in cash and was in addition to the second interim dividend.

3. The current second interim dividend and the special dividend were declared after the period end and are therefore not accrued for as a provision in the unaudited interim condensed financial statements.
4. Dividends settled in shares are where shareholders have elected to take the scrip dividend alternative.

8. 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 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**
Period ended 30 June 2017			
Basic earnings per ordinary share	5,343	164,612,083	3.25
Diluted earnings per ordinary share	5,343	224,159,044	2.38

9. Financial assets at fair value through profit or loss: investment in Subsidiary

The Company's financial assets consist solely of its investment in the Subsidiary, which represent amounts advanced to finance the Group's investment portfolio. The Company's investment in the Subsidiary at 30 June 2018 comprised:

Debt – Secured Loan Notes up to £1,000,000,000	**30 June 2018 £'000**	(Audited) 31 December 2017 £'000
Opening balance	**261,507**	158,224
Purchase of financial assets	**53,485**	108,317
Repayment of financial assets	**(7,904)**	(6,269)
Unrealised gains on investment at fair value through profit or loss	**565**	1,235
Total	**307,653**[1]	261,507

1. 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 GABI UK	**30 June 2018 £'000**	(Audited) 31 December 2017 £'000
Opening balance	**244**	194
Unrealised gains on investment at fair value through profit or loss	**168**	6
Realised gains on investment at fair value through profit or loss	**—**	44
Total	**412**	244
Total investment in Subsidiary	**308,065**	261,751

The above represents a 100% interest in the Subsidiary at period end 30 June 2018 (31 December 2017: 100%).

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2018

10. Other receivables and prepayments

	30 June 2018 £'000	(Audited) 31 December 2017 £'000
Arrangement fees	**39**	55
Intercompany receivable	**101**	101
Loan arrangement fees unamortised	**100**	192
Loan interest receivable	**–**	52
Other income debtors	**38**	99
Prepayments	**20**	22
Total	**298**	521

11. Cash and cash equivalents

	30 June 2018 £'000	(Audited) 31 December 2017 £'000
Cash and cash equivalents	**14,659**	5,787
Cash and cash equivalents attributable to the C share pool	**–**	55,307
Total	**14,659**	61,094

12. Interest bearing loans and borrowings

	30 June 2018 £'000	(Audited) 31 December 2017 £'000
Opening balance	**–**	–
Proceeds from interest bearing loans and borrowings[1]	**–**	14,800
Repayment of interest bearing loans and borrowings	**–**	(14,800)
Total	**–**	–

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

On 13 January 2017, the Company entered into a two-year £15 million revolving credit facility with RBSI.

Any amounts drawn under the facility are to be used in, or towards, the making of investments in accordance with the Company's investment policy.

During the period, utilisation requests have been 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 30 June 2018. A utilisation request for the sum of £857,000 (31 December 2017: £734,000) was in place, which limited the amount available for drawdown in the revolving credit facility to £14.1 million.

Subsequent to the period end, the Company drew down £2.5 million on 17 July 2018 and £11.5 million on 27 July 2018, resulting in a total drawn down amount of £14 million, not including the amount drawn down as an alternative to cash cover for the open forward foreign exchange contracts.

The total cost incurred to establish the facility was £370,000 (including an arrangement fee of £300,000); an amount of £92,000 in respect of these costs was amortised during the period ended 30 June 2018 and charged through the statement of comprehensive income.

Interest on amounts drawn under the facility is charged at LIBOR plus 2.75% per annum. A commitment fee is payable on undrawn amounts.

The facility with RBSI is secured against the investment in the Subsidiary (refer to note 9).

Post period end, in August 2018, the Company entered into an agreement with RBSI in respect of an increase to the £15 million revolving credit facility entered into on 13 January 2017. The increased facility is for an amount of £30 million and for a term of two years (plus twelve month extension option, with lender approval). Interest on amounts drawn under the facility is charged at a rate of LIBOR plus a margin. The margin on the facility has been reduced from 2.75% to 2.10%.

13. Financial liabilities at amortised cost: C shares

The C shares issued during the comparative period were converted during the year ended 31 December 2017. Further details of the prior period C share issue are disclosed in the 2017 annual report and financial statements, a copy of which is available on the Company's website.

Whilst C shares are in issue, the results of the assets and liabilities attributable to the C shares are accounted for as a separate pool to the results of the assets and liabilities attributable to the ordinary shares. A share of Company expenses for the period the C shares are in issue is allocated to the C share pool based on the net assets of each share class. On conversion, each holder of C shares receives such number of ordinary shares as equals the number of C shares held multiplied by the NAV per C share and divided by the NAV per ordinary share, in each case at a date shortly prior to conversion. The C shares carry the right to receive notice of, attend and vote at general meetings of the Company and, on a poll, to one vote for each C share held. C shares carry the right to receive all dividends resolved by the Directors to be paid out of the pool of assets attributable to the C shares and which shall be divided pro rata among the holders of the C shares. The C shares are no par value shares.

C shares whilst in issue, are classified as a financial liability in line with the accounting treatment noted in note 2.2 (b).

C shares issued October 2017

On 12 October 2017, the Company announced the second issue of 75,000,000 C shares for the year ended 31 December 2017, issued at £1 per share. The shares were admitted to the premium segment of the Official List of the UKLA and to trading on the premium segment of the Main Market of the LSE on 16 October 2017.

These C shares were converted to 73,403,850 ordinary shares on 17 April 2018. The carrying amount of the C share liability prior to conversion consisted of:

	30 June 2018 £'000	(Audited) 31 December 2017 £'000
Opening balance in respect of the C share liability	**73,980**	–
Proceeds from issue of C shares	**–**	75,000
C share issue costs	**–**	(1,440)
Net proceeds from issue of C shares	**–**	73,560
Amortisation of C share issue costs	**–**	1,440
Amortisation of C share financial liability	**–**	(1,020)
Return on C share financial liability	**517**	–
Extinguishment of C share liability on conversion to ordinary shares	**(74,497)**	–
Liability in respect of the C share issue at period / year end	**–**	73,980

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2018

13. Financial liabilities at amortised cost: C shares continued

C shares issued October 2017 continued

Results of the C share issue for the period ended 30 June 2018, which are up to and including the conversion calculation date of 31 March 2018, are given below:

	30 June 2018 £'000
Net changes in fair value on financial assets at fair value through profit or loss	**659**
Other income	**91**
Company expenses allocated to the C share pool	**(233)**
Total profit and comprehensive income attributable to the C shares during the period	**517**

Prior to conversion on 17 April 2018 the C share pool was represented by the following assets and liabilities:

	30 June 2018 £'000
Financial assets held at fair value through profit or loss	**56,431**
Cash and cash equivalents	**22,230**
Other receivables and prepayments	**8**
Other payables and accrued expenses	**(4,172)**
Extinguishment of C share liability on conversion to ordinary shares	**74,497**

The NAV of the C share issue at the conversion calculation date of 31 March 2018 was £74,497,000 representing 99.33 pence per share (31 December 2017: £73,980,000 representing 98.64 pence per share).

14. Other payables and accrued expenses

	30 June 2018 £'000	(Audited) 31 December 2017 £'000
Accruals	**402**	295
Amounts due to Subsidiary	**232**	232
Loan commitment fee accrued	**39**	131
Investment in Subsidiary[1]	**–**	3,085
Investment management fees	**691**	580
Share issue costs	**3**	12
Total	**1,367**	4,335

1. Amounts due to the Subsidiary for the purchase of investments, which represents commitments outstanding.

15. Authorised and issued share capital

Share capital	30 June 2018 Number of shares	30 June 2018 £'000	(Audited) 31 December 2017 Number of shares	(Audited) 31 December 2017 £'000
Ordinary shares issued at no par value and fully paid				
Shares in issue at beginning of the period	**242,966,606**	**241,326**	164,612,083	162,597
Equity shares issued through:				
Scrip dividend[1]	**389,455**	**399**	176,934	187
Ordinary shares issued upon conversion of C shares	**73,403,850**	**74,497**	78,177,589	78,565
Total shares issued in the period/year	**73,793,305**	**74,896**	78,354,523	78,752
Share issue costs	**–**	**(16)**	–	(23)
Total	**316,759,911**	**316,206**	242,966,606	241,326

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

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.

On 17 April 2018, the Company issued 73,403,850 new ordinary shares following the conversion of the C shares on the basis of a conversion ratio of 0.978718 ordinary shares for every C share held.

At 30 June 2018, the Company's issued share capital comprised 316,759,911 ordinary shares (31 December 2017: 242,966,606), none of which were held in treasury.

The C shares are classified as a financial liability, whilst in issue. At the period end 30 June 2018, there were no C shares in issue (31 December 2017: 75,000,000) (refer to note 13).

16. 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 2018 £'000	(Audited) 31 December 2017 £'000
Financial assets		
Cash and cash equivalents	**14,659**	61,094
Other receivables and prepayments	**298**	521
Loans and receivables	**14,957**	61,615
Financial assets at fair value through profit and loss	**308,065**	261,751
Total	**323,022**	323,366
Financial liabilities		
Other payables and accrued expenses	**(1,367)**	(4,335)
Financial liabilities measured at amortised cost	**–**	(73,980)
Derivative financial instruments	**(57)**	(16)
Total	**(1,424)**	(78,331)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2018

16. Financial instruments continued

16.1 Derivatives

Derivative financial assets and liabilities are respectively classified as either financial assets or financial liabilities at fair value through profit or loss. Derivative financial assets and liabilities comprise forward foreign exchange contracts for the purpose of hedging foreign currency exposure of the Company to a Euro loan investment made by its Subsidiary. The Company intends to utilise the forward foreign exchange contract on a rolling three-month basis for the term of the investment. The Company has chosen not to apply hedge accounting in accordance with IFRS. Recognition of the derivative financial instruments takes place when the hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs, where applicable, are included directly in finance costs. Gains or losses on derivative financial instruments 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'.

30 June 2018	**Maturity**	**Hedged amount**	**Principal amount**	**Fair value £'000**
Contract EUR / GBP	**21 September 2018**	**€8,403,763**	**(£7,393,123)**	**(57)**

31 December 2017 (Audited)	Maturity	Hedged amount	Principal amount	Fair value £'000
Contract EUR / GBP	21 March 2018	€9,065,545	(£8,048,247)	(16)

16.2 Capital management

The Company's capital is represented by share capital comprising of issued ordinary share capital and ordinary shares issued following conversion of C shares, as detailed in note 15.

The Company may seek to raise additional capital from time to time to the extent that the Board and the Investment Manager believe the Group will be able to make suitable investments. The Company raises capital only when it has a clear view of a robust pipeline of highly advanced investment opportunities to ensure rapid deployment of capital.

As detailed in the Company's prospectus, the most recently published copy of which is available on the Company's website, the Company may borrow up to 25% of its NAV as at such time any such borrowings are drawn down. Refer to note 12 for further information on borrowings.

16.3 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 2018 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. All fair value measurements are recurring.

	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 2018	–	–	308,065	**308,065**
Investment in Subsidiary	31 December 2017 (Audited)	–	–	261,751	**261,751**
Liabilities:					
Derivative financial instruments	30 June 2018	–	(57)	–	**(57)**
Derivative financial instruments	31 December 2017 (Audited)	–	(16)	–	**(16)**

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 2018 £'000	(Audited) 31 December 2017 £'000
Opening balance	**261,751**	158,418
Investment in Subsidiary	**53,485**	108,317
Capital repayments from Subsidiary	**(7,904)**	(6,269)
Unrealised gains on investments at fair value through profit or loss	**733**	1,241
Realised gains on financial assets at fair value through profit or loss	**–**	44
Closing balance	**308,065**	261,751

The fair value of the investment in the Subsidiary consists of both debt (the Secured Loan Notes) and equity (ordinary shares), refer to note 9 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 quarterly fair valuations of the financial assets of the Subsidiary and the Secured Loan Notes. These valuations, together with the subsequent NAV produced, are reviewed by the Investment Manager and the Directors on a quarterly basis.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2018

16. Financial instruments continued

16.3 Fair value of financial assets continued

Valuation techniques

The investment that the Company holds in the Subsidiary is valued based on the NAV of the Subsidiary. The Subsidiary's portfolio of assets is held at fair value and its values are monitored on a quarterly 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 of the Group 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 investment that the Company holds in the Subsidiary is valued based on the NAV of the Subsidiary. At 30 June 2018, the NAV was as follows:

	30 June 2018 £'000	(Audited) 31 December 2017 £'000
GABI UK	**412**	244

The key driver of the NAV is the valuation of its portfolio of investments.

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	Range
Financial assets at fair value through profit or loss – 30 June 2018	**308,065**	Discounted cash flow	Discount rates	6 – 14%
Financial assets at fair value through profit or loss – 31 December 2017 (Audited)	261,751	Discounted cash flow	Discount rates	6 – 14%

1. Including the NAV of the Subsidiary.

The table below shows how changes in discount rates affect the changes in the valuation of financial assets through profit or loss:

30 June 2018 **Change in discount rates**	**(0.50%)**	**0.00%**	**0.50%**
Value of financial assets at fair value (£'000)	**315,810**	**308,065**	**300,679**
Change in value of financial assets at fair value (£'000)	**7,745**	**–**	**(7,386)**

31 December 2017[1] Change in discount rates	(0.50%)	0.00%	0.50%
Value of financial assets at fair value (£'000)	268,972	261,751	254,871
Change in value of financial assets at fair value (£'000)	7,221	–	(6,880)

1. The basis of the calculation for the effect of the changes in discount rates has been amended for the inclusion of the NAV of the Subsidiary to be better representative.

17. 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 £51,000 (30 June 2017: £40,000). At 30 June 2018, liabilities in respect of these services amounted to £34,000 (31 December 2017: £36,000).

At 30 June 2018, the Directors of the Company held directly or indirectly, and together with their family members, 109,700 ordinary shares (31 December 2017: 109,700) in the Company.

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

During the period, the aggregate sum of £15,000 was paid to Carey Olsen (30 June 2017: £69,000) in respect of legal work of which £nil is outstanding (31 December 2017: £nil) at period end 30 June 2018.

Joanna Dentskevich is a non-executive director and chair of the risk committee of RBSI. In her role as a non-executive director, Mrs Dentskevich will not be involved in the day-to-day services or operational aspects of the business, however, may still face a conflict of interest by reason of RBSI being the lender under the revolving credit facility. Further details on the revolving credit facility can be found in note 12.

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 Directors. As a result of the responsibilities delegated under this Investment Management Agreement the Company considers the Investment Manager to be a related party by virtue of being "key management personnel".

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 to 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 £23,000 in relation to its role as the Company's AIFM.

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.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2018

17. Related party disclosures continued

Investment Manager continued

During the period, the Company incurred £1,352,000 (30 June 2017: £1,036,000) in respect of the services outlined above: £1,341,000 (30 June 2017: 855,000) in respect of investment management and advisory services, £nil (30 June 2017: £170,000) in relation to the issuance of C shares and £11,000 (30 June 2017: £11,000) in respect of AIFM services provided by the Investment Manager. At 30 June 2018, liabilities in respect of these services amounted to £696,000 (31 December 2017: £586,000).

In addition, the Investment Manager, at its discretion, is entitled to an arrangement fee of up to 1% of the cost of each investment made by the Group. The Investment Manager expects the cost of any such fee to be covered by the borrowers, and not the Company. To date, such fee has been met by borrowers and has been paid in respect of all but one of the Company's investments. 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. There are no performance fees payable.

Some 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 2018, the key management personnel of the Investment Manager held directly or indirectly, and together with their family members, 1,920,719 ordinary shares in the Company (31 December 2017: 2,147,873).

As disclosed in the latest copy of the Company's prospectus, the directors of the Investment Manager indirectly own an equity interest in three of the Subsidiary's underlying investments and one development and facilities management company providing services to the aforementioned three investments.

Subsidiary

At 30 June 2018, the Company owned a 100% (31 December 2017: 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 following tables disclose the transactions and balances between the Company and Subsidiary.

Transactions	**30 June 2018 £'000**	30 June 2017 £'000
Intercompany income received		
Other income	**5**	–
Arrangement fee income	**136**	–
Loan interest income received	**11,927**	7,337
Total	**12,068**	7,337

Balances	**30 June 2018 £'000**	(Audited) 31 December 2017 £'000
Intercompany balances due		
GABI UK	**(302)**	(3,317)
Intercompany balances receivable		
GABI UK	**140**	208
Intercompany principal value of holdings within financial assets at fair value through profit or loss		
GABI UK – Secured Loan Notes	**305,426**	259,845

18. Subsequent events after the report date

On 17 July 2018, £2.5 million was drawn from the Company's £15 million revolving credit facility with RBSI.

On 26 July 2018, the Company declared a second interim dividend of 1.525 pence per ordinary share amounting to £4.8 million (including dividends settled in shares[1]) and a special dividend of 0.25 pence per ordinary share amounting to £792,000 which were paid on 3 September 2018 to ordinary shareholders on the register at 3 August 2018. The special dividend was paid in cash and was in addition to the interim dividend.

On 26 July 2018, the Company announced it was considering an increase of the Company's share capital base through a pre-emptive offer of C shares at a price of 100 pence per share, targeting gross proceeds in excess of £70 million.

On 27 July 2018, £11.5 million was drawn from the Company's £15 million revolving credit facility with RBSI, resulting in a total drawn down amount of £14 million, not including the amount drawn down as an alternative to cash cover for the open forward foreign exchange contracts.

Post period end, on 21 August 2018, the Company entered into an agreement with RBSI in respect of an increase to the £15 million revolving credit facility entered into on 13 January 2017. For further information refer to note 12.

On 3 September 2018, 283,359 ordinary shares were admitted to the premium segment of the Official List of the UKLA 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 26 July 2018.

The Group made seven advances post period end totalling £18.8 million. Refer to page 14 for further details.

19. Ultimate controlling party

It is the view of the Directors 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 dividend yield
The annualised dividend paid out to shareholders relative to the closing share price at the period end, expressed as a percentage.

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

APM
Alternative performance measure

C shares
The C shares of the Company

CHP
Combined heat and power

CIF Law
Collective Investment Funds (Jersey) Law 1988

CNG
Compressed natural gas

Companies Law
Companies (Jersey) Law 1991, as amended

CSR
Corporate social responsibility

The 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

DTR
Disclosure Guidance and Transparency Rules of the UKLA

EU
European Union

GABI GS
GABI GS Limited

GABI UK
GCP Asset Backed Income (UK) Limited

GCP Infra
GCP Infrastructure Investments Limited

Group
The Company and the Subsidiary

Highland Capital
Highland Capital Partners Limited

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 of the Company on 23 October 2015

LSE
London Stock Exchange

LTV
Loan-to-value

NAV
Net asset value

O&M
Operations and maintenance

Official List
The Official List of the UK Listing Authority

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

Ordinary shares
The ordinary share capital of the Company

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

RBSI
The Royal Bank of Scotland International Limited

Secured Loan Notes
Loan notes issued to the Company

The Subsidiary
GABI UK

TISE
The International Stock Exchange

Total shareholder return
Share price growth with dividend deemed to be reinvested on the dividend payment date

Weighted average annualised yield
The yield on the investment portfolio calculated with reference to the relative size of each investment and is expressed as an annual 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

UK
United Kingdom

UK Code
The UK Corporate Governance Code

UKLA
The UK Listing Authority

CORPORATE INFORMATION

The Company
GCP Asset Backed Income Fund Limited
12 Castle Street, St Helier
Jersey JE2 3RT

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

Administrator, secretary and registered office of the Company
Link Alternative Fund Services (Jersey) Limited
12 Castle Street, St Helier
Jersey JE2 3RT

Advisers on English law
Gowling WLG (UK) LLP
4 More London Riverside
London SE2 2AU

Advisers on Jersey law
Carey Olsen
47 Esplanade, St Helier
Jersey JE1 0BD

Depositary
Link Corporate Services (Jersey) Limited
12 Castle Street, St Helier
Jersey JE2 3RT

Broker
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

Public relations
Buchanan Communications
107 Cheapside
London EC2V 6DN

Independent Auditor
PricewaterhouseCoopers CI LLP
37 Esplanade, St Helier
Jersey JE1 4XA

Investment Manager and AIFM
Gravis Capital Management Limited
24 Savile Row
London W1S 2ES

Operational bankers
Royal Bank of Scotland International Limited
71 Bath Street, St Helier
Jersey JE4 8PJ

Santander International
19-21 Commercial Street, St Helier
Jersey JE4 8XG

Barclays Private Client International Limited
13 Library Place, St Helier
Jersey JE4 8NE

Registrar
Link Market Services (Jersey) Limited
12 Castle Street, St Helier
Jersey JE2 3RT

Reporting accountant
BDO LLP
55 Baker Street
London W1U 7EU

Security Trustee
Gravis Capital Partners LLP
24 Savile Row
London W1S 2ES

Valuation Agent
Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

The Subsidiary
GCP Asset Backed Income (UK) Limited
Munro House, Portsmouth Road
Cobham KT11 1PP

Designed and produced by
lyonsbennett
www.lyonsbennett.com

GCP
ASSET
BACKED

www.gcpassetbacked.com

GCP ASSET BACKED INCOME FUND LIMITED
12 Castle Street
St Helier
Jersey JE2 3RT
Company number: 119412