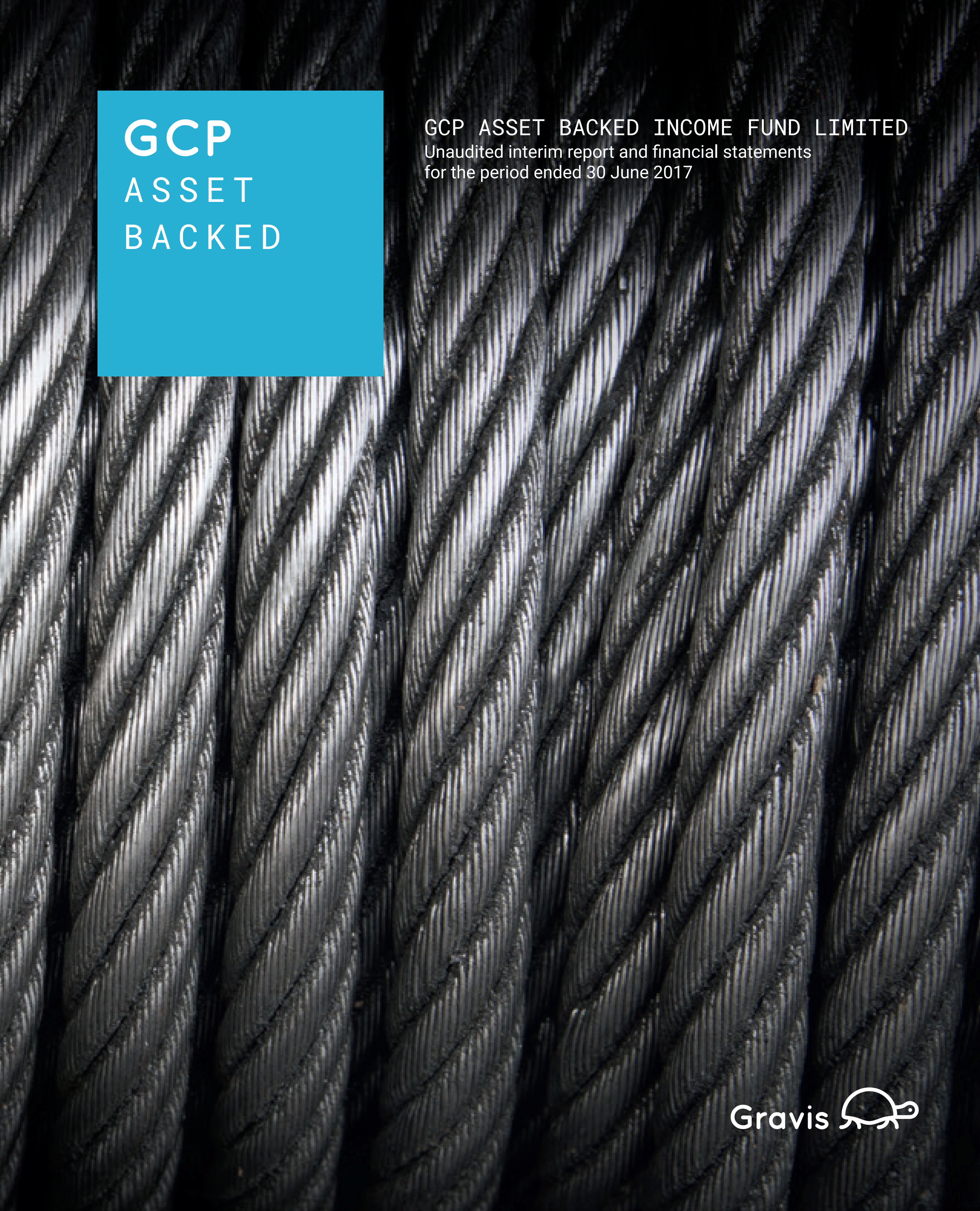


GCP
ASSET
BACKED

GCP ASSET BACKED INCOME FUND LIMITED

Unaudited interim report and financial statements
for the period ended 30 June 2017

Gravis

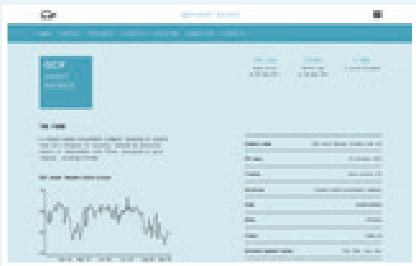
CONTENTS

ABOUT US

The Company is a listed investment company focused primarily on asset-backed loans across a range of sectors predominantly in the UK.

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

The Company is a closed-ended investment company incorporated in Jersey. It was admitted to the premium listing segment of the Official List and to trading on the LSE's Main Market on 23 October 2015. The Company's market capitalisation was £260.6 million at 30 June 2017.

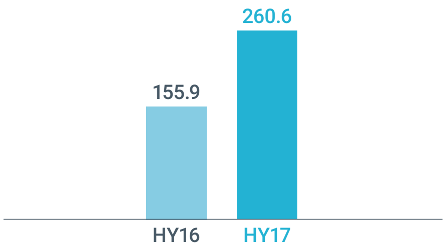


www.graviscapital.com/funds/gcp-asset-backed

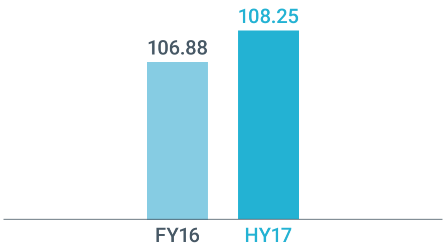
AT A GLANCE

At 30 June 2017

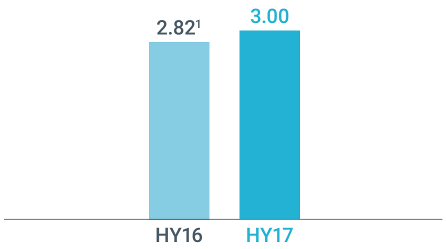
MARKET CAPITALISATION £m



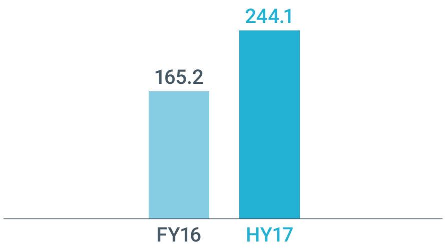
SHARE PRICE (ORDINARY SHARES) p



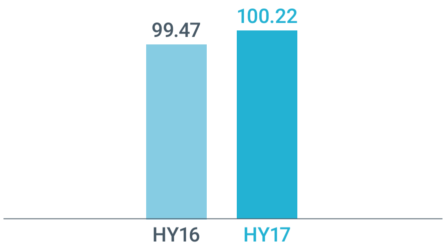
DIVIDENDS FOR THE PERIOD p



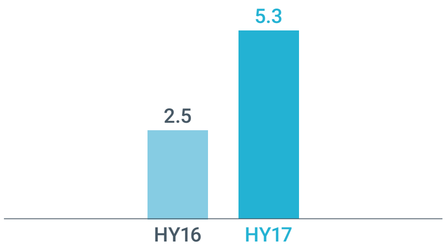
VALUE OF INVESTMENTS (INCLUDING CASH) £m



NAV PER ORDINARY SHARE p



PROFIT FOR THE PERIOD £m



HIGHLIGHTS

— Diversified and partially inflation protected portfolio of 24 asset-backed loans with a fair value of £218.2 million.

— Total loans of £22 million advanced post period end.

— NAV per ordinary share of 100.22 pence, and NAV per C share of 98.90 pence at 30 June 2017. The C shares were converted into new ordinary shares post period end.

— Total shareholder return of 4.2% for the period and 15.9% since IPO.

— Share price per ordinary share of 108.25 pence at 30 June 2017, representing an 8% premium to NAV at that date.

— Successful equity capital raise completed in February 2017 raising gross proceeds of c.£80 million for the Company.

— Fully covered dividends of 3 pence per share paid in respect of the period to 30 June 2017, in line with the Company's target dividend of 6 pence per share for the financial year ended 31 December 2017.

— Target dividend increased to 6.1 pence per share for the forthcoming financial year commencing 1 January 2018.[2]

— Total profit for the period of £5.3 million.

1. Includes dividends paid for the period from IPO to 30 June 2016.
2. 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.

INVESTMENT OBJECTIVES

The Company 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 the level of return achieved for the risk taken.

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

24

Number of investments at 30 June 2017

8.1%

Weighted average annualised yield on investment portfolio

REGULAR, GROWING DISTRIBUTIONS

To provide shareholders with regular and growing dividend distributions.

The Company remains on track to deliver this objective for the year ending 31 December 2017, with the Company having paid dividends totalling 3 pence per ordinary share for the period ended 30 June 2017.[1]

3p

Dividends paid in respect of the period to 30 June 2017

c.44%

Percentage of portfolio with interest rate protection and/or inflation linkage

CAPITAL APPRECIATION

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

Since inception the Company's shares have traded at a premium to their NAV. The Company's ordinary and C shares were trading at 108.25 pence and 104.00 pence respectively at the period end.

108.25p

Share price of ordinary shares at 30 June 2017

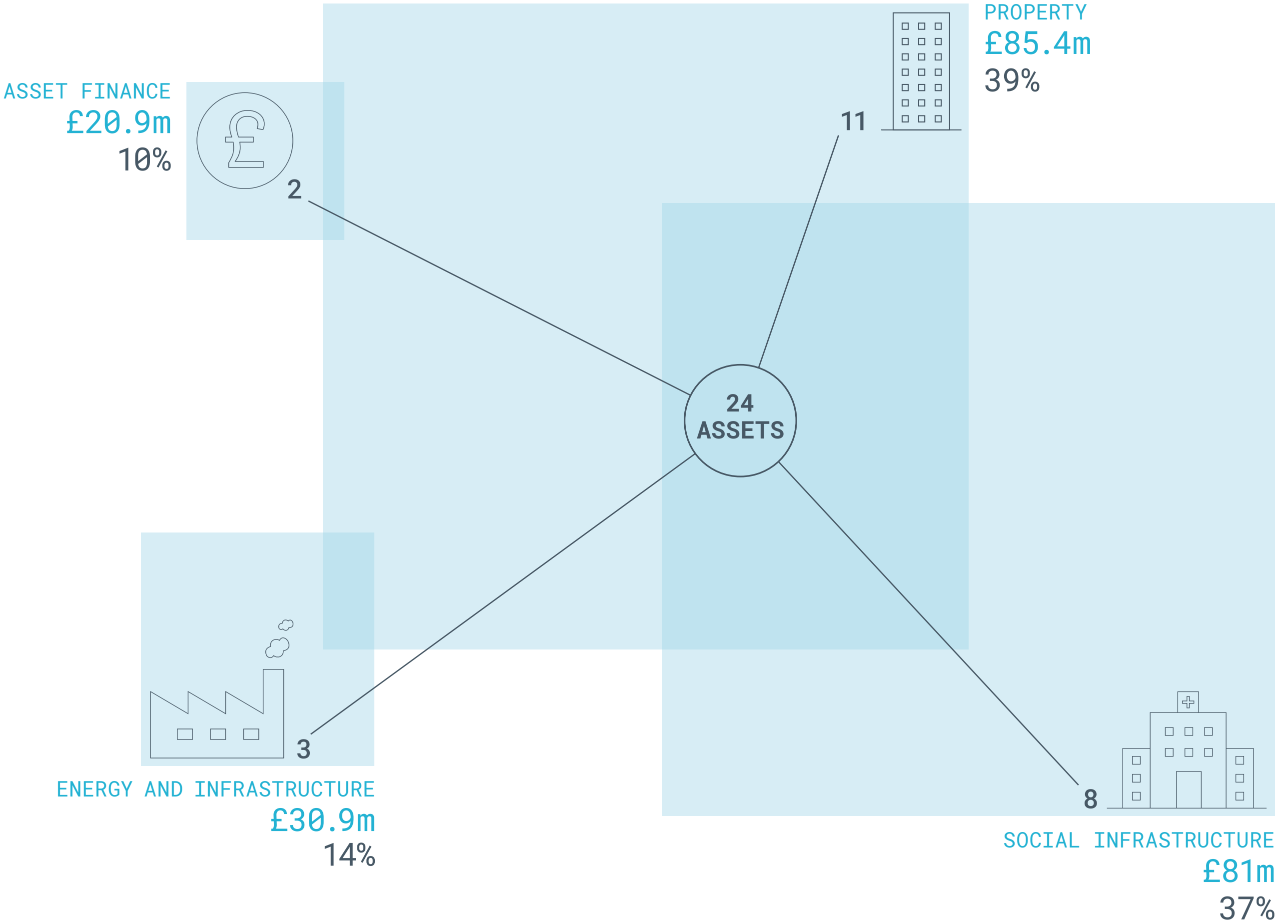
8%

Ordinary share premium to NAV at 30 June 2017

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.

PORTFOLIO AT A GLANCE

Diversified, partially inflation protected portfolio of 24 asset-backed loans with an average life of eleven years.



WIDTH OF SQUARE CORRESPONDS TO VALUATION OF SECTOR
9 NUMBER OF LOANS WITHIN SECTOR
% PERCENTAGE OF PORTFOLIO

SENIOR RANKING SECURITY
74%

ANNUALISED YIELD
8.1%

AVERAGE LIFE
11 years

CHAIRMAN'S INTERIM STATEMENT

The Company's market capitalisation has grown from a standing start at IPO in October 2015 to £260.6 million at 30 June 2017.

Alex Ohlsson
Chairman

Introduction

On behalf of the Board, I am pleased to report a period of continued steady performance and growth.

The Company invests in a diversified portfolio of investments which are secured against, or comprise, contracted, predictable medium to long-term cash flows and/or physical assets which are predominantly UK based.

Such investments typically seek to meet the market need for bespoke lending products which are tailored to a borrower's specific requirements in areas of the market that are currently under-serviced by mainstream lenders. The Investment Manager focuses mainly on loans secured against assets that are integral to society in sectors such as energy, social infrastructure and property.

The portfolio continues to perform in line with expectations, supporting the payment of dividends totalling 3 pence per ordinary share over the period, in line with the Company's annualised 6 pence target. Going forward the Company will be increasing its targeted annual dividend to 6.1 pence per ordinary share, in respect of the financial year commencing 1 January 2018.[1]

The Company's market capitalisation has grown from a standing start at IPO in October 2015 to £260.6 million at 30 June 2017, an encouraging indication of investor support for the Company's strategy and confidence in the Investment Manager's ability to deliver long-term attractive returns to investors.

At the period end, the Company was exposed to a diversified portfolio of partially inflation protected investments comprising 24 loans with a valuation of £218.2 million and a weighted average interest rate of 8.1%.

The average life of the portfolio was eleven years with c.44% of the portfolio inflation and/or interest rate protected. During the period to 30 June 2017 the Company made additional investments totalling £61.3 million.

Equity issuance and credit facility

The Company successfully raised £79.3 million of additional equity capital during the period by way of an issue of new C shares.

Post period end, on 1 August 2017, the C shares were converted into 78,177,589 new ordinary shares in accordance with the terms set out in the prospectus published by the Company on 20 January 2017, which is available on the Company's website.

On 13 January 2017, the Company entered into a two year revolving credit facility with RBSI. At the period end, the facility was undrawn, post period end, £9.5 million was drawn on 25 August 2017.

NAV and share price performance

At the period end, the net assets of the Company were £165 million. The NAV per ordinary share increased from 98 pence immediately following the Company's IPO to 100.22 pence at 30 June 2017. The Company's ordinary shares have traded at a premium to NAV since inception, with an average premium over the period of 7.1%. At 30 June 2017, the share price per ordinary share was 108.25 pence and the shares were trading at an 8% premium to NAV.

Dividend policy

The Company targets an annual dividend of 6 pence per ordinary share, which the Directors expect to grow modestly over the long term. The Directors are pleased to note the Company remains on track to deliver this objective for the year ending 31 December 2017, with the Company having declared dividends totalling 3 pence per ordinary share in respect of the period ended 30 June 2017. With effect from the financial period commencing 1 January 2018, the Company will be targeting an annual dividend of 6.1 pence per ordinary share[1].

Scrip dividend facility

At the AGM held on 23 May 2017, shareholders approved a proposal for the introduction of a scrip dividend facility that will give ordinary shareholders the opportunity to elect to receive new ordinary shares, these being scrip shares, in place of their cash dividend payments. A circular setting out further details of the scrip dividend alternative in respect of the period from 1 April 2017 to 31 December 2017 was posted to shareholders on 28 July 2017. When considering what action to take, shareholders are advised to obtain appropriate professional financial and/or tax advice.

Market overview and outlook

The ongoing macroeconomic uncertainty facing markets following the decision by the UK Government to trigger Article 50 coupled with election events on both sides of the Atlantic continue to focus investors' minds on interest rates and inflation. Whilst the interest rate environment in the UK remains benign, inflation has risen with RPI inflation growth of 2% for the period to 30 June 2017.

It is therefore of some comfort to the Directors that almost half of the Company's investment portfolio benefits from either inflation linkage or interest rate protection, a characteristic that acts as a mitigation against inflation and interest rate rises.

Regulatory capital controls continue to force mainstream lenders to hold more equity capital against their risk-weighted assets or to reduce the value of these assets on their balance sheet. Consequently, bank lenders remain constrained regarding the sectors they will lend to and the loan covenants, term and size of loans they are able to accept. These lending decisions, which are driven primarily by regulatory restrictions rather than by the underlying credit quality of the borrower, have created opportunities for alternative lenders.

The Company is able to take advantage of this environment through its ability to provide bespoke lending solutions and the expertise of the Investment Manager in assessing credit risk and tailoring flexible lending products.

The Investment Manager continues to see substantial asset-backed finance investment opportunities which it believes are suitable for the Company's investment mandate. Post period end the Company announced a possible issue of C shares targeting gross proceeds in excess of £70 million in order to take advantage of such opportunities.

Governance and compliance

The Directors recognise the importance of a strong corporate governance culture and continue to maintain principles of good corporate governance as set out in the UK Code and the AIC Code and Guide which were published in April 2016 and June 2016 respectively. During the period, the Company became a member of the AIC. A copy of the UK Code is available at www.frc.org.uk and a copy of the AIC Code and Guide can be found at www.theaic.co.uk.

Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties facing the Company are substantially unchanged since the publication of the Company's 2016 annual report and financial statements and are expected to remain relevant to the Company for the next six months of its financial year.

Principal risks faced by the Company include (but are not limited to) economic risk, financial risk, key resource risk, regulatory risk and execution risk. The full details can be found on pages 24 to 26 of the 2016 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 rigorous 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. 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 unaudited interim report and financial statements.

On behalf of the Board

Alex Ohlsson
Chairman

21 September 2017

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.

INVESTMENT MANAGER'S REPORT

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

4.2%

Total shareholder return for the period

3p

Dividends paid in respect of the period

The Investment Manager, Gravis Capital Management Limited, provides discretionary investment management and risk management services to the Company 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 Company by the Investment Manager's investment committee, with an update provided to the Board on a quarterly basis and additional updates where significant events have occurred. The Board has overall responsibility for the Company's activities including the review of investment activity, performance, control and supervision of the Investment Manager.

The 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 on page 31.

Investment policy

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

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

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

Further information on the Company's investment objective, policy and restrictions are set out in its prospectus, the latest copy of which is available on the Company's website.

Asset-backed lending overview

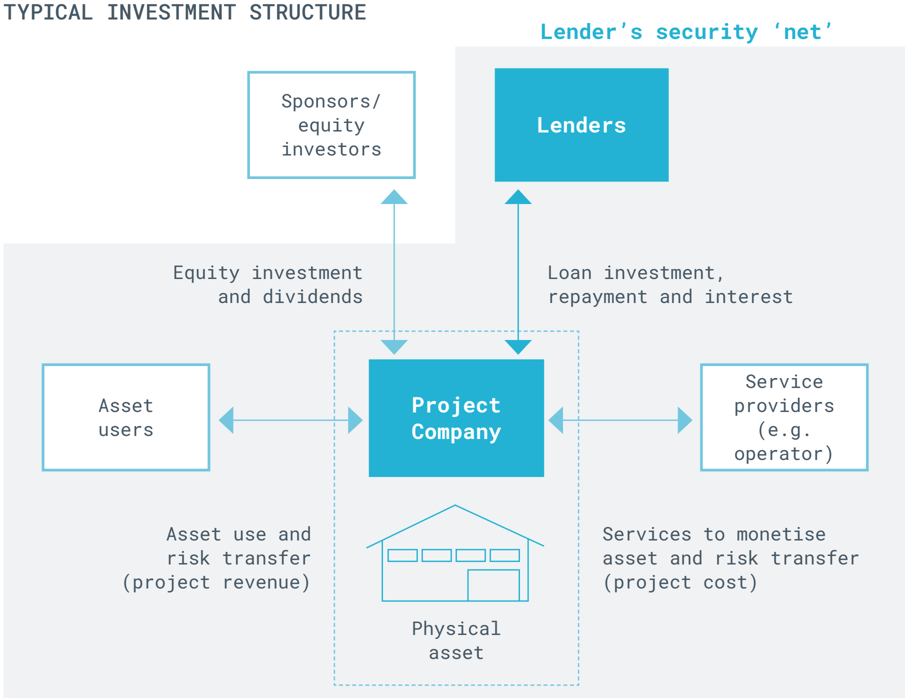
Asset-backed lending is an approach to structuring investment that is used to fund infrastructure, industrial or commercial projects, asset financing and equipment leases. Asset-backed lending relies on: (i) the intrinsic value of physical assets; and/or (ii) the value of long-term, contracted cash flows 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 which is a special purpose company established with the specific purpose of owning and operating an asset. Financing is provided to the Project Company with recourse solely to the assets of that Project Company and distributions to service loans or other financing relies on the monetisation of the goods and/or services such asset provides. Lenders implement a security structure that allows them to take control of the Project Company and assume the benefits of the asset and service contracts if the Project Company has difficulties complying with 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.

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

TYPICAL INVESTMENT STRUCTURE



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 under-serviced by mainstream lenders, therefore offering an attractive risk-adjusted return for parties with relevant experience and access to the required resources.

Investments made during the period

Loan	Key terms		Asset
Property Co 2 (formerly Property Co)	Amount Term Security Status	£2.5 million 24 years Senior Construction	Financing of three supported living developments and a high-specification complex care facility in the UK.
Co-living Co 1 (formerly Property Co 2)	Amount Term Security Status	£14.8 million 3 years Subordinated Construction	Financing a portfolio of co-living properties in London.
Development Fin Co 2 (formerly Property Co 3)	Amount Term Security Status	£3.8 million 3 years Subordinated Operational	Financing of a portfolio of buy-to-let mortgages in the UK.
Mortgage Co 1 (formerly Bridging Co 3)	Amount Term Security Status	£5 million 5 years Senior Operational	Bridge financing for the purchase of UK residential property.
Asset Finance Co 2	Amount Term Security Status	£6.8 million 7 years Senior Operational	A Euro-denominated loan secured against the contracted management fees of a European-based fund manager.
Student Accom Co 3	Amount Term Security Status	£15.2 million 15 years Subordinated Construction	Financing of a student accommodation development in a city centre location in Dublin, Ireland.
Development Fin Co 3	Amount Term Security Status	£1.8 million 1 year Senior Construction	Financing secured against UK residential property.

Loan	Key terms		Asset
Development Fin Co 4	Amount Term Security Status	£1.9 million 0.5 years Senior Construction	Financing secured against UK residential property.
Development Fin Co 5	Amount Term Security Status	£2.9 million 1 year Senior Construction	Financing secured against UK residential property.
Property Co 3	Amount Term Security Status	£5 million 10 years Subordinated Operational	Financing secured against UK residential property.
Asset Finance Co	Amount Term Security Status	£0.2 million 18 years Senior Operational	The financing of small distributed assets such as wind turbines and biomass boilers based in the UK.
Property Co	Amount Term Security Status	£0.2 million 20 years Senior Construction	Financing of three supported living developments and a high-specification complex care facility in the UK.
Student Accom Co 1	Amount Term Security Status	£0.7 million 14.9 years Subordinated Construction	Financing of a construction project for a private student residential accommodation in London.
Social Co 1	Amount Term Security Status	£0.1 million 3.5 years Senior Construction	Financing of a multi-use social infrastructure development in London.
Student Accom Co 2	Amount Term Security Status	£0.4 million 5 years Subordinated Construction	Financing of a portfolio of six private student accommodation developments in Australia.
		Investments totalling £61.3 million	

Capital repayments in the period

Loan	Key terms		Asset
Boiler Co	Amount	£0.6 million	Financing of new domestic gas boilers in residential properties across the UK.
O&M Co	Amount	£0.3 million	Financing of the operations and maintenance contracts for a portfolio of small rooftop solar installations in the UK.
Asset Finance Co	Amount	£0.3 million	Financing of small distributed assets such as wind turbines and biomass boilers in the UK.
		Repayments totalling £1.2 million	

INVESTMENT MANAGER'S REPORT CONTINUED

Investments made post period end

Loan	Key terms		Asset
Student Accom Co 1	Amount Term Security Status	£2 million 14.9 years Subordinated Construction	Financing of a construction project for a private student residential accommodation in London.
Student Accom Co 2	Amount Term Security Status	£2.5 million 5 years Subordinated Construction	Financing of a portfolio of six private student accommodation developments in Australia.
Property Co 2 (formerly Property Co)	Amount Term Security Status	£0.9 million 24 years Senior Construction	Financing of three supported living developments and a high-specification complex care facility in the UK.
Co-Living Co 1	Amount Term Security Status	£0.5 million 3.1 years Subordinated Construction	Financing a portfolio of co-living properties in London.
Property Co 3	Amount Term Security Status	£5 million 10 years Subordinated Operational	Financing secured against UK residential property.
Care Homes Co 3	Amount Term Security Status	£11.1 million 20.9 years Senior Construction	Financing of the construction of a high end care home in the South West of the UK.
		Investments totalling £22 million	

Investment portfolio and new investments

At 30 June 2017, the Company was exposed to a diversified portfolio of 24 asset-backed investments with a fair value of £218.2 million, of which 74% benefited from senior security and 44% from inflation and/or interest rate protection. The weight-adjusted average annualised yield on the Company's investments was 8.1%, with a weighted average expected term of eleven years.

The portfolio is primarily backed by assets in the UK, representing 84% of such security, with the remainder of the Company's security provided by assets located in Australia and the EU.

During the period, the Company made additional investments totalling £61.3 million. Included in these new investments was a loan secured against a portfolio of co-living properties, valued at £14.8 million at 30 June 2017 and a social infrastructure loan, valued at £15.2 million at 30 June 2017, secured against a student accommodation development in Dublin, Ireland. The latter investment adds to the Company's portfolio of loans to student accommodation projects in the UK and Australia, and benefits from the in-depth expertise of the Investment Manager in this sector.

The wider investment portfolio continues to perform in line with the Investment Manager's expectations. In this context, it is pleasing to note that two assets against which the Company's loans are secured have completed construction during the period under review. The 'Care Homes 1' loan, valued at £11.4 million at the period end, is now secured against a fully operational private residential care home. The 'Waste Infra Co' loan, valued at £14.6 million at the period end, is now secured against a fully operational material recovery facility.

The performance of these investments since completion of construction has exceeded the Investment Manager's conservative forecasts.

The Company's property loans, specifically those relating to bridge finance and development projects, benefit from a relatively low average LTV. 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.

The Investment Manager continues to see a pipeline of attractive asset-backed finance opportunities across a variety of sectors, including energy, social infrastructure, waste, telecommunications and specialist property.

Investment valuation

The Valuation Agent carries out a fair market valuation of the Company'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 Company 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 across the portfolio at 30 June 2017 was 8.2%. 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 19.3.

Portfolio performance

The Investment Manager, along with its advisers, monitors all 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 the assets' progress against milestones and drawdowns.

The portfolio has continued to perform well and there are no material issues to report. All assets in construction are proceeding on time and budget. All assets that are in operation continue to perform as, or better than, expected.

Financial performance

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

In the period to 30 June 2017, the Company's portfolio generated investment income of £7.5 million. The profit for the period was £5.3 million, with earnings per share of 3.25 pence. The Company's ongoing charges percentage was 1.1% for the twelve month period to 30 June 2017.

The Company paid a dividend of 1.5 pence per share for the period to 31 March 2017 with a further dividend of 1.5 pence for the quarter to 30 June 2017, declared on 26 July 2017.

Cash position

The Company received interest payments of £7.3 million from investments and capital repayments of £1.2 million in the period, in line with expectations. The Company paid dividends of £4.9 million during the period and a further £3.6 million post period end. On 4 September 2017, the Company issued 56,315 ordinary shares in lieu of cash for the interim dividend for the period 1 April 2017 to 30 June 2017 which was 0.02% of the shares in issue as at the record date of 4 August 2017.

The Company raised £79.3 million of C share capital through an issue of C shares in February 2017 and at the period end, had made investments totalling £61.3 million. Total cash reserves at the period end were £25.6 million. It should be noted that under IFRS, equity capital raised by way of a C share raise is treated as debt for accounting purposes.

Conflicts of interest

On 9 June 2017, the Company announced an investment of up to £18.5 million to finance the construction project for a private student accommodation development in a city centre location in Dublin, Ireland. 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 investment was reviewed and approved by the Board.

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

During the period, a number of investments were offered to GCP Infra in line with the policy, however, all investments were declined as a result of falling outside the GCP Infra investment policy.

Gravis Capital Management Limited
Investment Manager and AIFM

21 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Under the terms of the DTRs of the UKLA, the Directors are responsible for preparing the interim 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 proper 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 interim 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 report and financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting';

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

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

By order of the Board

Alex Ohlsson
Chairman

Colin Huelin
Director

21 September 2017

INDEPENDENT REVIEW REPORT

To GCP Asset Backed Income Fund Limited

Our conclusion

We have reviewed the accompanying condensed interim financial information of GCP Asset Backed Income Fund Limited as of 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is 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 condensed interim financial information comprise:

- the condensed interim statement of comprehensive income for the period ended 30 June 2017;
- the condensed interim statement of financial position as of 30 June 2017;
- the condensed interim statement of changes in equity for the period ended 30 June 2017;
- the condensed interim statement of cash flows for the period ended 30 June 2017; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The condensed interim financial information has 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 this condensed interim financial information 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 this condensed interim financial information 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 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 unaudited interim 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

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

21 September 2017

The maintenance and integrity of 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.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2017

	Notes	**Unaudited period ended 30 June 2017 £'000**	Unaudited period ended 30 June 2016 £'000
Income			
Net changes in fair value on financial assets at fair value through profit or loss	3	**7,350**	3,048
Arrangement fee income	3	**190**	328
Interest income	3	**14**	63
Total income		**7,554**	3,439
Expense			
Investment management fees	20	**(855)**	(428)
Directors' remuneration	7	**(40)**	(52)
Net changes in fair value of derivative financial instruments	4	**(15)**	–
Operating expenses	5	**(436)**	(376)
Total expenses		**(1,346)**	(856)
Total operating profit before finance costs		**6,208**	2,583
Finance costs			
Finance income	8, 2.3 (b)	**874**	146
Finance expense	9, 2.3 (b)	**(1,739)**	(181)
Total profit and comprehensive income		**5,343**	2,548
Earnings per share (pence)	12	**3.25**	2.40
Diluted earnings per share (pence)	12	**2.38**	2.22

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

The notes on pages 18 to 32 form an integral part of the condensed interim report and financial statements.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
At 30 June 2017

	Notes	**Unaudited at 30 June 2017 £'000**	Audited at 31 December 2016 £'000
Assets			
Financial assets at fair value through profit or loss	13	**218,496**	158,418
Other receivables and prepayments	14	**295**	140
Cash and cash equivalents	15	**25,615**	6,819
Total assets		**244,406**	165,377
Liabilities			
Liability in respect of C share issue	16	**(78,376)**	–
Other payables and accrued expenses	17	**(1,038)**	(803)
Derivative financial instruments	4	**(15)**	–
Total liabilities		**(79,429)**	(803)
Net assets		**164,977**	164,574
Capital and reserves			
Share capital	18	**162,595**	162,597
Retained earnings		**2,382**	1,977
Total capital and reserves		**164,977**	164,574
Ordinary shares in issue	18	**164,612,083**	164,612,083
NAV per ordinary share (pence per share)		**100**	100

The notes on pages 18 to 32 form an integral part of the condensed interim report and financial statements.

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

Period ended 30 June 2017 (unaudited)	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	18	**(2)**	**—**	**(2)**
Dividends paid	11	**—**	**(4,938)**	**(4,938)**
Balance at 30 June 2017		**162,595**	**2,382**	**164,977**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2016

Period ended 30 June 2016 (unaudited)	Notes	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2016		103,772	516	104,288
Total profit and comprehensive income for the period		—	2,548	2,548
Share issue costs		—	—	—
Dividends paid	11	—	(1,399)	(1,399)
Balance at 30 June 2016		103,772	1,665	105,437

The notes on pages 18 to 32 form an integral part of the condensed interim report and financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the period ended 30 June 2017

	Notes	**Unaudited period ended 30 June 2017 £'000**	Unaudited period ended 30 June 2016 £'000
Cash flows from operating activities			
Total operating profit before finance costs		**6,208**	2,583
Net changes in fair value on financial assets at fair value through profit or loss	3	**(7,350)**	(3,048)
Net unrealised loss on derivative financial instruments		**15**	–
Increase in other payables and accrued expenses		**157**	293
Decrease/(increase) in other receivables and prepayments		**130**	(351)
Interest received from Subsidiary		**6,991**	2,943
Investment in Subsidiary		**(60,923)**	(71,450)
Capital repayments from Subsidiary	13	**1,210**	1,679
Net cash flow used in operating activities		**(53,562)**	(67,351)
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings	19.2	**5,300**	–
Repayment of interest bearing loans and borrowings	19.2	**(5,300)**	–
Ordinary share issue costs		**(2)**	6
Proceeds from issue of C shares	16	**79,250**	44,086
C share issue costs	16	**(1,572)**	(1,084)
Amounts received from Subsidiary		**–**	59
Finance costs paid		**(380)**	–
Dividends paid	11	**(4,938)**	(1,399)
Net cash flow generated from financing activities		**72,358**	41,668
Net increase/(decrease) in cash and cash equivalents		**18,796**	(25,683)
Cash and cash equivalents at beginning of the period		**6,819**	61,266
Cash and cash equivalents at end of the period		**25,615**	35,583
Net cash flow used in operating activities includes:			
Bank interest received from cash and cash equivalents		**14**	63
Loan interest received from Subsidiary		**7,337**	2,943

The notes on pages 18 to 32 form an integral part of the condensed interim report and financial statements.

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS
For the period ended 30 June 2017

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 shares and C shares of the Company are listed on the Main Market of the LSE.

The Company makes its investments through its wholly owned Subsidiary, by subscribing for the Secured Loan Notes issued by the Subsidiary, which subsequently on-lends the funds to borrowers. At the period end, the wholly owned Subsidiary was GABI UK, a private limited company incorporated in the UK on 23 October 2015 (registration number 9838893). The Company, through GABI UK, will seek to meet its investment objective through a diversified portfolio of investments which are secured against, or comprise, contracted, predictable medium to long-term cash flows and/or physical assets. The Company's investments will predominantly be in the form of medium to long-term fixed or floating rate loans which are secured against cash flows and/or physical assets which are predominantly UK based.

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

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

Where possible, investments are structured to benefit from partial inflation protection.

At 30 June 2017, the Company had one wholly owned subsidiary, GABI UK. GABI GS is a wholly owned subsidiary of GABI UK and was incorporated in England & Wales on 4 January 2017 (registration number 10546087) and is indirectly owned by the Company. The Company disposed of GABI Housing, another wholly owned subsidiary, for a consideration of £1 on 19 January 2017.

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 condensed interim report and financial statements for the period ended 30 June 2017 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 2016 annual report and financial statements. The financial risk management objectives include (but are not limited to) market risk, interest rate risk, credit risk and liquidity risk which are detailed in full on pages 67 to 70 of the annual report and financial statements. The Board consider that these remain unchanged other than the inclusion of foreign exchange risk following the forward foreign exchange contract entered into by the Company on 30 June 2017. Refer to note 19 for further information.

The accounting policies adopted in the condensed interim financial statements are the same as those applied in the annual report and financial statements for the period 7 September 2015 to 31 December 2016, other than the new accounting policy in relation to derivatives in note 19.1. The audited annual report and financial statements were prepared in accordance with IFRS issued by the IASB and interpretations issued by IFRIC as approved by IASC, which remain in effect.

The financial information contained within the condensed interim 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 2017 has been reviewed by the Company's Auditor, in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information' performed by the Auditor of the Company and were approved for issue on 21 September 2017. The latest published audited annual report and financial statements for the period 7 September 2015 to 31 December 2016 have been delivered to the Registrar of Companies; the report of the Auditor thereon was unqualified and did not contain a statement under section 113 of the Companies Law. The financial information for the period 7 September 2015 to 31 December 2016 is an extract from these financial statements.

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

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.

On 10 February 2017, the Company raised capital through a placing of C shares. Post period end, the C shares were converted into ordinary shares in accordance with the relevant C share prospectus. 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. Invested C share cash is also managed as a distinct pool by the Company where expenses are either specifically invoiced to the individual share class or expenses are split proportionally to the NAV of each share class.

New standards, amendments and interpretations

There are a number of new standards and amendments to existing standards which have been published that are mandatory for the Company's accounting periods beginning after 1 January 2017 or later periods, which the Company had decided not to adopt early. The following are the most relevant to the Company:

- **IFRS 7**, 'Financial Instruments: Disclosures' amendments regarding additional hedge accounting disclosures (applied when IFRS 9 is applied);
- **IFRS 9**, 'Financial Instruments' effective for annual periods beginning on or after 1 January 2018;
- **IFRS 15**, 'Revenue from Contracts with Customers' issued in May 2014 and applies to an annual reporting period beginning in or after 1 January 2018; and
- **IFRS 16**, 'Leases' issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019.

There are no new IFRS or IFRIC interpretations that are effective that would be expected to have a material impact on the Company's interim report and financial statements.

During the period, the Company entered into a forward foreign exchange contract which has been classified as a derivative financial instrument. Refer to note 19 for the accounting policy.

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. 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 financial information has been prepared on a going concern basis.

2.2 Significant accounting estimates and assumptions

The preparation of financial information in accordance with IAS 34 requires the Directors to make estimates and assumptions that affect the reported amounts recognised in the financial information. 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.

2.3 Significant judgements

2.3 (a) Assessment as investment entity

The Directors have concluded that the Company meets 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 has met 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 Company's ownership interest in the investment entity 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 20.

The Company had one wholly owned Subsidiary at 30 June 2017 (31 December 2016: two). The investment in the Subsidiary is valued at fair value through profit or loss and is not consolidated, in accordance with IFRS 10, 'Consolidated Financial Statements'.

2.3 (b) 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 issued meet the definition of a liability under IAS 32, 'Financial Instruments: Presentation' as 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.

ii) Recognition and measurement of the financial liability

The Directors have considered whether the C share liability should be valued in the financial statements at fair value or stated at amortised cost under IAS 39, 'Financial Instruments: Recognition and Measurement'.

The C shares were trading at a premium to NAV at the period end which is different to the value of the cash/assets held in the C share pool. All assets/liabilities attributable to the C share pool are aggregated. If the C shares were to be fair valued, the corresponding C share liability in the statement of financial position would not equal that of the sum of the assets and liabilities, creating an accounting mismatch, which would reduce net assets and create an artificial loss on fair value. The amortised cost value of the C share pool equates to the NAV of the C shares, which the Directors consider is the most appropriate way to disclose the liability within the financial statements.

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2017

2. Significant accounting policies continued

2.3 Significant judgements continued

2.3 (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.

2.3 (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 2016 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.

The following table analyses the Company's operating income per geographical location. The basis for attributing the operating income is the place of incorporation of the counterparty.

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Channel Islands	**14**	63
United Kingdom	**7,540**	3,376
Total	**7,554**	3,439

3. Operating income

The table below analyses the Company's operating income per investment category:

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Net changes in fair value on financial assets at fair value through profit or loss	**7,350**	3,048
Arrangement fee income	**190**	328
Interest income	**14**	63
Total	**7,554**	3,439

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

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Loan interest realised[1]	**7,337**	2,943
Unrealised gains on investments at fair value through profit or loss	**56**	153
Unrealised losses on investments at fair value through profit or loss	**(87)**	(48)
Realised gains on financial assets at fair value through profit or loss[2]	**44**	–
Total	**7,350**	3,048

1. Represents interest received from the Subsidiary included as part of the fair value movement calculation in line with the Company's accounting policy.
2. Refer to note 13 for further information.

4. Net change on fair value on derivative financial instruments

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Unrealised losses on forward foreign exchange contract	**(15)**	–
Total	**(15)**	–

5. Operating expenses

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Administration and Depositary fees	**183**	107
AIFMD fees	**11**	15
Audit fees	**28**	16
Brokers' fees	**25**	25
Compliance fees	**5**	7
Directors' insurance	**14**	10
FATCA fees	**–**	4
Financial advisory fees	**3**	15
Legal and professional fees	**16**	49
Other	**1**	18
Printing fees	**23**	6
Public relations fees	**7**	12
Registrar's fees	**15**	14
Regulatory fees	**4**	1
Stock exchange announcement fees	**5**	2
Valuation Agent fees	**96**	75
Total	**436**	376

6. Auditor's remuneration

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Audit fees	**13**	61
Non-audit related fees	**60**	20
Total	**73**	81

Non-audit related services were provided during the period by the Auditor for the issue of C shares for the sum of £45,000 (30 June 2016: £20,000).

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2017

7. Directors' remuneration

The Directors of the Company were remunerated as follows:

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Alex Ohlsson	**15**	19
Colin Huelin	**13**	16
Joanna Dentskevich	**12**	16
Directors' expenses	**—**	1
Total	**40**	52

8. Finance income

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Amortisation of C share financial liability	**874**	146
Total	**874**	146

9. Finance expenses

	Period ended 30 June 2017 £'000	Period ended 30 June 2016 £'000
Amortisation of C share issue costs	**1,572**	181
Loan arrangement fees	**85**	–
Loan commitment fee	**71**	–
Loan interest	**11**	–
Total	**1,739**	181

10. Taxation

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

11. Dividends

	Pence per share	**Period ended 30 June 2017 £'000**	Period ended 30 June 2016 £'000
First interim dividend paid on 25 May 2016 (for the period from IPO to 31 March 2016)	1.32		1,399
Fourth interim dividend paid on 21 February 2017 (for the period from 1 October 2016 to 31 December 2016)	1.50	**2,469**	
First interim dividend paid on 31 May 2017 (for the period from 1 January 2017 to 31 March 2017)	1.50	**2,469**	
Dividends paid during the period		**4,938**	1,399
Second interim dividend paid on 4 September 2017 (for the period 1 April 2017 to 30 June 2017)	1.50	**3,582**	
Total		**8,520**	1,399

As the second interim dividend was declared after the period end, it is not accrued as a provision in the financial statements.

12. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders 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 equity holders by the diluted weighted average number of ordinary shares, including 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 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**
Period ended 30 June 2016			
Basic earnings per ordinary share	2,548	106,000,002	2.40
Diluted earnings per ordinary share	2,548	114,962,595	2.22

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2017

13. Financial assets at fair value through profit or loss: Investment in Subsidiary

The Company's financial assets consist solely of the investment in the Subsidiary, which represent amounts advanced to finance the Company's investment portfolio. The Company's investment in the Subsidiary at 30 June 2017 comprises:

Debt – Secured Loan Notes up to £1,000,000,000	**30 June 2017 £'000**	31 December 2016 £'000
Opening balance	**158,224**	–
Purchase of financial assets	**61,276**	159,601
Repayment of financial assets	**(1,210)**	(1,804)
Unrealised (losses)/gains on investment at fair value through profit or loss	**(87)**	427
Total	**218,203**	158,224

Equity – Representing 1 ordinary share in GABI UK and 1,000 ordinary shares in GABI Housing	**30 June 2017 £'000**	31 December 2016 £'000
Opening balance	**194**	–
Purchase of financial assets	**–**	1
Unrealised gains on investment at fair value through profit or loss	**55**	237
Unrealised losses on investment at fair value through profit or loss	**–**	(44)
Realised gains on investment at fair value through profit or loss	**44**	–
Total	**293**	194
Total investment in Subsidiary	**218,496**	158,418

The above represents a 100% interest in the Subsidiary.

The Company's investment in GABI Housing was sold on 19 January 2017 for a consideration of £1 with the resulting gains of £44,000 reflected within the condensed interim statement of comprehensive income.

14. Other receivables and prepayments

	30 June 2017 £'000	31 December 2016 £'000
Arrangement fees	**–**	117
Loan arrangement fees unamortised	**285**	–
Prepayments	**10**	23
Total	**295**	140

15. Cash and cash equivalents

	30 June 2017 £'000	31 December 2016 £'000
Cash and cash equivalents	**4,409**	6,819
Cash and cash equivalents attributable to the C share pool	**21,206**	—
Total	**25,615**	6,819

16. Financial liabilities at amortised cost: C shares

On 10 February 2017, the Company announced the issue of 79,250,000 C shares, issued at £1 per share. C shares are no par value shares. The shares are listed on the Main Market of the LSE and dealing commenced on 14 February 2017.

C shares, whilst in issue, are classified as a financial liability in line with the accounting treatment noted in 2.3 (b). During the period there were C shares in issue as noted below, which were converted after the period end (refer to note 21). The C shares issued during the comparative period were converted before the period ended 31 December 2016. Details of the prior period C share issue are disclosed in the 2016 annual report and financial statements.

	30 June 2017 £'000
Proceeds from issue of C shares	**79,250**
C share issue costs	**(1,572)**
Net proceeds from issue of C shares	**77,678**
Amortisation of C share issue costs	**1,572**
Amortisation of C share financial liability	**(874)**
Total	**78,376**

Whilst the C shares are in issue, the results, assets and liabilities attributable to the C shares are accounted for as a separate pool, to the results, assets and liabilities attributable to the ordinary shares. A share of Company expenses for the period the C shares have been in issue has been allocated to the C share pool based on the net assets of each share class pool. On conversion, each holder of C shares will receive 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 which shall be divided pro rata among the holders of the C shares.

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2017

16. Financial liabilities at amortised cost: C shares continued

Results of the C share pool for the period are given below.

	30 June 2017 £'000
Proceeds from the issue of C shares	**79,250**
C share issue costs	**(1,572)**
Net changes in fair value on financial assets at fair value through profit or loss	**758**
Other income	**204**
Fund expenses allocated to the C share pool	**(264)**
NAV of C shares	**78,376**

The C share pool is represented by the following assets and liabilities contained within the statement of financial position:

	30 June 2017 £'000
Financial assets held at fair value through profit or loss	**57,378**
Cash and cash equivalents	**21,206**
Other receivables and prepayments	**35**
Derivative financial instruments	**(15)**
Other payables and accrued expenses	**(228)**
NAV of C shares	**78,376**

The NAV of the C shares at 30 June 2017 is £78,375,620, representing 98.90 pence per share.

17. Other payables and accrued expenses

	30 June 2017 £'000	31 December 2016 £'000
Investment management fees	**490**	359
Amounts due to Subsidiary	**234**	233
Accruals	**314**	211
Total	**1,038**	803

18. Authorised and issued share capital

	30 June 2017		31 December 2016	
Share capital	**Number of shares**	**£'000**	Number of shares	£'000
Ordinary shares issued at no par value and fully paid				
Shares in issue at beginning of the period	**164,612,083**	**162,597**	2	–
Shares issued in the period	**–**	**–**	120,964,734	121,638
Shares issued upon conversion of C shares	**–**	**–**	43,647,347	43,401
Total shares issued	**164,612,083**	**162,597**	164,612,083	165,039
Share issue costs	**–**	**(2)**[1]	–	(2,442)
Total	**164,612,083**	**162,595**	164,612,083	162,597

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 7 September 2015, the Company was incorporated with two ordinary shares issued to Gravis Capital Partners LLP, the Investment Manager of the Company, prior to the novation of the investment management agreement on 20 April 2017.

C shares are classified as a financial liability. At the period end, there were 79,250,000 C shares in issue (refer to note 16).

19. 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 2017 £'000	31 December 2016 £'000
Financial assets		
Cash and cash equivalents	**25,615**	6,819
Other receivables and prepayments	**295**	140
Loans and receivables	**25,910**	6,959
Financial assets at fair value through profit and loss	**218,496**	158,418
Total	**244,406**	165,377
Financial liabilities		
Other payables and accrued expenses	**(1,038)**	(803)
Financial liabilities measured at amortised cost	**(78,376)**	–
Derivative financial instruments	**(15)**	–
Total	**(79,429)**	(803)

1. The share issue costs incurred in the period relate to the placing of 14,964,734 ordinary shares on 10 November 2016, that were not accrued for in the prior period.

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2017

19. Financial instruments continued

19.1 Derivatives

Derivative financial assets and liabilities are classified as financial assets at fair value through profit or loss. Derivative financial assets and liabilities comprise forward foreign exchange contracts for hedging purposes. The Company does not apply hedge accounting in accordance with IAS 39. 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 derivatives are recognised in the statement of comprehensive income in net change in fair value of financial instruments at fair value through profit or loss.

19.2 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 18.

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

As detailed in the Company's prospectus, the latest 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. On 13 January 2017, the Company entered into a two-year £15 million revolving credit facility with RBSI. 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 total costs incurred to establish the facility was £369,758 (including an arrangement fee of £300,000). On 27 January 2017, £5.3 million was drawn on the facility which was repaid in full on 20 February 2017. The revolving credit facility was utilised as security over the forward foreign exchange contract entered into on 30 June 2017, a utilisation request for the sum of £623,000 was submitted to RBSI, which has reduced the amount available for drawdown on the revolving credit facility. Post period end, a utilisation request for the sum of £144,000 was submitted to RBSI, further reducing the amount available for drawdown. Refer to note 19.3 for further information.

19.3 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 summarises all securities held by the Company based on the fair valuation technique adopted.

	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 Jun 2017	–	–	218,496	**218,496**
Investment in Subsidiaries	31 Dec 2016	–	–	158,418	**158,418**
Liabilities:					
Derivative financial instruments	30 Jun 2017	–	(15)	–	**(15)**

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 2017 £'000	31 December 2016 £'000
Opening balance	**158,418**	—
Investment in Subsidiary	**61,276**	159,602
Capital repayments from Subsidiary	**(1,210)**	(1,804)
Unrealised gains on investments at fair value through profit or loss	**55**	664
Unrealised losses on investments at fair value through profit or loss	**(87)**	(44)
Realised gains on financial assets at fair value through profit or loss	**44**	—
Closing balance	**218,496**	158,418

The fair value of the investment in the Subsidiary consists of both debt (the Secured Loan Notes) and equity (ordinary shares), refer to note 13.

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

Derivatives

Derivative financial instruments comprise a forward foreign exchange contract entered into on 30 June 2017 for the purpose of hedging foreign currency exposure of the Company to the Euro loan investment made by its Subsidiary for €7.6 million during the period, which is included within the Subsidiary's portfolio of assets. The Company intends to utilise the forward foreign exchange contract on a rolling three-month basis for the term of the investment. Post period end, a further forward exchange contract for €1.9 million was entered into in respect of the Euro loan.

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 are reviewed by the Investment Manager and the Directors and the subsequent NAV is reviewed by the Investment Manager and the Directors on a quarterly basis.

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 Company 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.

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2017

19. Financial instruments continued

19.3 Fair value of financial assets continued

Basis of determining fair value continued

Valuation techniques continued

The Valuation Agent exercises its judgement in assessing the expected future cash flows from each investment. Given that the investments of the Company are generally fixed income debt instruments (in some cases with elements of inflation 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(s) that the Company holds in the Subsidiary/Subsidiaries are valued based on the NAV of each Company respectively. At 30 June 2017, the NAVs were as follows:

	30 June 2017 £'000	31 December 2016 £'000
GABI UK	293	237
GABI Housing	—	(43)
Total	**293**	194

The key driver of the NAV is the valuation of its portfolio of Secured Loan Notes.

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, which is also applied to the underlying investments of GABI UK shown below:

30 June 2017	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Financial assets at fair value through profit or loss	**218,203**	**Discounted cash flow**	**Discount rate**	**6-10%**

31 December 2016	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Financial assets at fair value through profit or loss	158,224	Discounted cash flow	Discount rate	6-10%

The table below shows how changes in discount rate affect the changes in the valuation of financial assets at fair value:

30 June 2017 Change in discount rate	(0.50%)	0.00%	0.50%
Value of financial assets at fair value (£'000)	**224,396**	**218,203**	**212,300**
Change in value of financial assets at fair value (£'000)	**6,193**	**—**	**(5,903)**

31 December 2016 Change in discount rate	(0.50%)	0.00%	0.50%
Value of financial assets at fair value (£'000)	162,989	158,224	153,680
Change in value of financial assets at fair value (£'000)	4,765	—	(4,544)

20. Related party disclosures

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 £40,367 (30 June 2016: £52,339). At 30 June 2017, liabilities in respect of these services amounted to £20,085 (31 December 2016: £19,481). The Directors did not receive any performance-based fees in the period.

At 30 June 2017, the Directors of the Company hold directly or indirectly, and together with their family members, 109,700 ordinary shares and no C shares 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 £68,951 was paid to Carey Olsen in respect of legal work undertaken in respect of structuring and asset listing advice.

Investment Manager

The Company is party to an investment management agreement with the Investment Manager, 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 objectives and policies, subject to the overall control and supervision of the Directors.

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.

During the period, the Company expensed £855,165 in respect of investment management and advisory fees (30 June 2016: £427,639). Additional arrangement fees amounting to £170,000 were paid to the Investment Manager in relation to the issuance of the C shares (30 June 2016: £185,000). At 30 June 2017, liabilities in respect of these services amounted to £490,010 (31 December 2016: £359,065).

The Investment Manager receives an annual fee of £22,500 in relation to its role as the Company's AIFM, subject to an annual RPI increase. During the period, the Company expensed £11,158 in respect of AIFMD fees due to the Investment Manager (30 June 2016: £14,574). As at 30 June 2017, liabilities in respect of these services amounted to £5,600 (31 December 2016: £5,656).

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 Subsidiary. The Investment Manager typically expects the costs of any such fee to be covered by the borrowers, and not the Company, and which may be paid by borrowers through the Subsidiary. 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.

NOTES TO THE CONDENSED INTERIM REPORT AND FINANCIAL STATEMENTS CONTINUED
For the period ended 30 June 2017

20. Related party disclosures continued

Subsidiaries

At 30 June 2017, the Company owns a 100% controlling stake in the Subsidiary. The Subsidiary is considered to be a related party by virtue of being part of the same group.

On 19 January 2017, the investment in GABI Housing was sold for a consideration of £1.

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

Transactions	**30 June 2017 £'000**	31 December 2016 £'000
Intercompany income received		
GABI UK:		
Arrangement fee income	**–**	729
Loan interest income received	**7,337**	8,409
Total	**7,337**	9,138

Balances	**30 June 2017 £'000**	31 December 2016 £'000
Intercompany balances due		
GABI UK	**(233)**	(232)
GABI Housing	**–**	(1)
Total	**(233)**	(233)
Intercompany loan balance within book cost of financial assets at fair value through profit or loss		
GABI UK – Secured Loan Notes	**217,863**	157,797

21. Subsequent events after the report date

On 27 July 2017, the Company announced its second quarterly dividend in respect of the period from 1 April 2017 to 30 June 2017. Holders of ordinary shares were given the opportunity to elect to receive new ordinary shares in the Company in place of their cash entitlement pursuant to the dividend. The scrip dividend circular providing full details of the scrip dividend alternative was published by the Company on 28 July 2017 and posted to shareholders. On 22 August 2017, the Company made an application for the admission of 56,315 ordinary shares on the Official List and to trading on the LSE for admission on 4 September 2017.

On 28 July 2017, the Company announced that the C shares in issue would be converted into ordinary shares as described in the prospectus issued on 20 January 2017 at a ratio of 0.986468 ordinary shares for every C share with a record date of close of business on 31 July 2017.

The C shares were cancelled with effect from 8.00am on 1 August 2017 and 78,177,589 ordinary shares were admitted to the Official List and to trading on the Main Market of the LSE from the same time and date.

On 14 August 2017, the Company announced a new investment of £11.1 million secured against a 70 bed care home in the UK. The loan, which has been fully drawn, is secured on a senior basis and is for a term of 16 years. The Company also funded two further advances for existing loans secured against co-living properties and UK property. The amounts advanced were £0.5 million and £5 million respectively. The Company made further investments post period end totalling £10.9 million, refer to page 10 of the Investment Manager's report for further information.

On 22 August 2017, the Company announced its intention to consider 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 25 August 2017, £9.5 million was drawn from the Company's £15 million revolving credit facility with RBSI. Interest on the amounts drawn is charged at LIBOR plus 2.75% per annum and a commitment fee is payable on undrawn amounts.

22. Ultimate controlling party

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

GLOSSARY OF KEY TERMS

AGM
The Annual General Meeting of the Company

AIC
The Association of Investment Companies

AIC Code
AIC Code of Corporate Governance

AIFM
Alternative Investment Fund Manager

AIFMD
Alternative Investment Fund Managers Directive

C shares
The C shares of the Company

CIF Law
Collective Investment Funds (Jersey) Law 1988

Companies Law
Companies (Jersey) Law 1991, as amended

The Company
GCP Asset Backed Income Fund Limited

DTR
Disclosure Guidance and Transparency Rules of the UKLA

FATCA
Foreign Account Tax Compliance Act

GABI GS
GABI GS Limited

GABI Housing
GABI Housing Limited

GABI UK
GCP Asset Backed Income (UK) Limited

GCP Infra
GCP Infrastructure Investments Limited

Group
The Company and the Subsidiary

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

Official List
The Official List of the UK Listing Authority

Ordinary shares
The ordinary share capital of the Company

Period
1 January 2017 to 30 June 2017

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

RBSI
The Royal Bank of Scotland International Limited

RPI
Retail Price Index

Secured Loan Notes
Loan notes issued to the Company

The Subsidiary
GABI UK

The Subsidiaries
GABI UK and GABI Housing

UK
United Kingdom

UK Code
The UK Corporate Governance Code

UKLA
The UK Listing Authority

CORPORATE INFORMATION

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Colin Huelin
Joanna Dentskevich

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