GCP
ASSET
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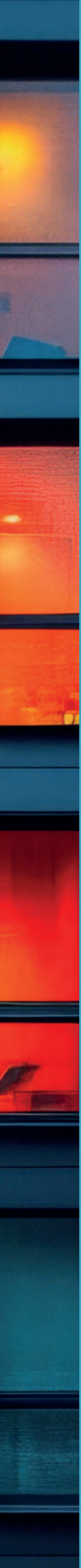
GCP Asset Backed Income Fund Limited

Annual report and financial statements
for the year ended 31 December 2024

Gravis



Contents

About the Company

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

Following shareholder approval at the May 2024 AGM, the Group is pursuing a managed wind-down, with the objective of realising all existing assets in an orderly manner. The portfolio remains diversified across asset backed loans in the social infrastructure, property, energy and infrastructure, and asset finance sectors, primarily located in the UK.

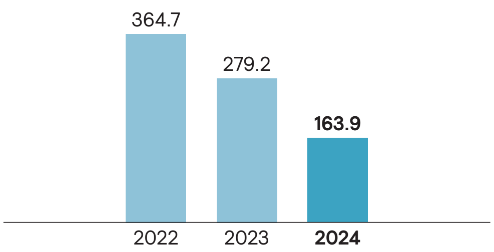
The Company is a closed-ended investment company incorporated in Jersey. It has a premium listing on the Official List of the FCA with its shares admitted to trading on the LSE since 23 October 2015.

At 31 December 2024, it had a market capitalisation of £163.9 million. The Company is a constituent of the FTSE All-Share Index.

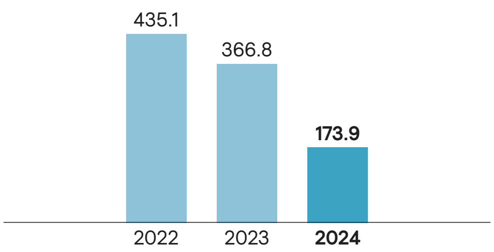
www.gcpassetbacked.co.uk

At a glance – 31 December 2024

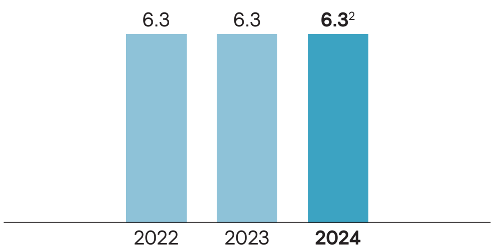
Market capitalisation £m



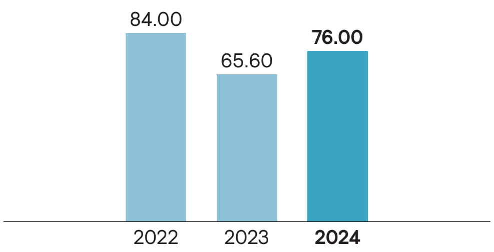
Value of investments[1] £m



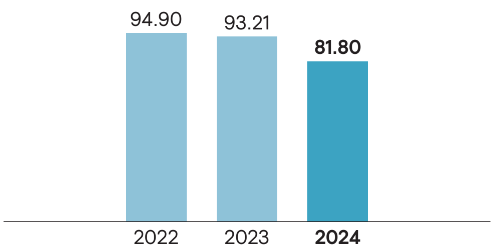
Dividends for the year p



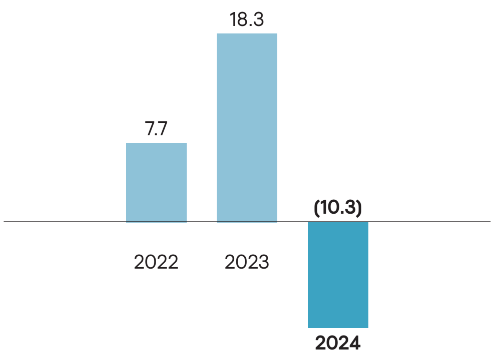
Share price p



NAV per ordinary share p



Profit/(loss) for the year £m



Highlights for the year

- Dividends of 6.3[2] pence per share declared and paid in respect of the year. Aggregate dividend payments over the last twelve months represent a 8.3% yield on the Company's closing share price at 31 December 2024.
- All resolutions put to the AGM and EGM held in May 2024 were duly passed, which resulted in a change in the Company's investment objective to undertake a managed wind-down and realise all existing assets in the Company's portfolio.
- Strong progress has been made on the Company's managed wind-down. A total of 210.0 million shares were redeemed in the year, returning £188.2 million to shareholders and representing 67.4% of the market capitalisation at 31 December 2023.
- Loss for the year of £10.3 million (31 December 2023: profit of £18.3 million). The reduction primarily reflects net valuation losses and write-downs on the portfolio. Further information on financial performance is included on page 18.
- NAV per ordinary share of 81.80[4] pence at 31 December 2024, a decrease of 13.9% from the prior year due to discount rate and fair value adjustments applied to the portfolio by the independent Valuation Agent as part of the Orderly Realisation of the portfolio. Further information is included in the Investment Manager's report on pages 12 to 17.
- Exposure to a diversified, partially inflation and/or interest rate-protected portfolio of 25 asset backed loans with a third party valuation of £170.8 million[5] at 31 December 2024.
- Repayments of £166.5 million received in the year, generating repayment fees of £0.5 million and generating an average IRR of 8.1%. Interest amounts of £4.0 million were capitalised in accordance with contractual terms.
- Total NAV return[3] of -3.3% (31 December 2023: 5.0%) and an annualised total NAV return since IPO[3] of 43.6%.
- Post year end, the Group received repayments totalling £9.2 million.

1. Includes the valuation of the Subsidiary, refer to note 11 to the financial statements for further information.
2. Total dividends of 6.325 pence include a quarterly dividend of 1.58125 pence per share for the quarter to 31 December 2024, which was declared post year end.
3. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.
4. Does not include a provision for the dividend in respect of the quarter to 31 December 2024, which was declared and paid post year end.
5. Valuation of the portfolio held by the Subsidiary. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 to the financial statements for further information.

Investment objectives and KPIs

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

Undertake a managed wind-down

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

Realise all existing assets

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

Complete in an orderly manner

To facilitate timely capital returns to shareholders.

Key performance indicators

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

210.0m
Shares redeemed in the year

£188.2m
Value of shares redeemed in the year

The Group is invested in a portfolio of 25 asset backed loans with a weighted average life of eight years.

£166.5m
Loan repayments received in the year

8.1%[1]
Average IRR of loans repaid in the year

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

49.3%[2]
Percentage of capital returned to shareholders in the year

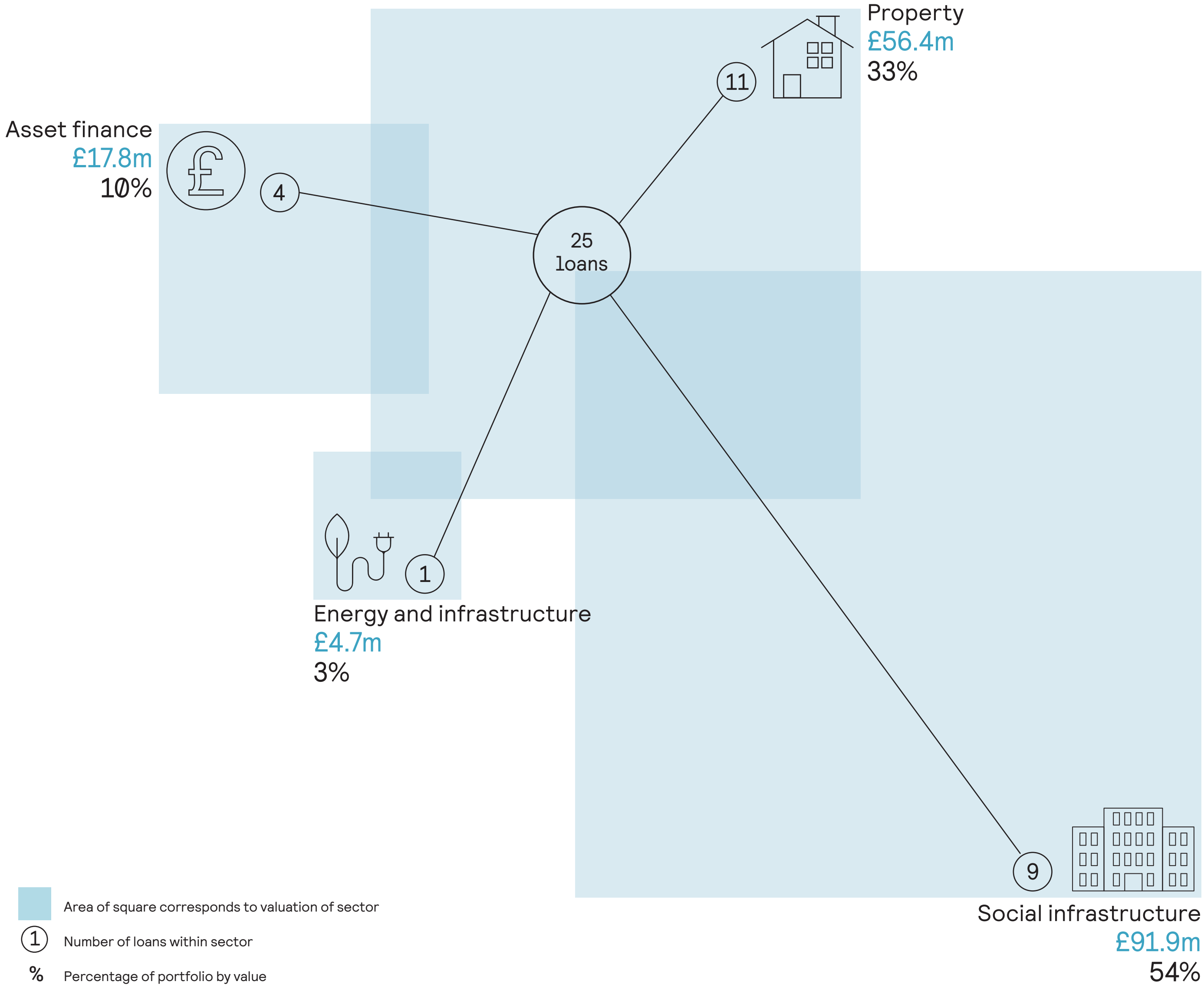
6.3p[3]
Dividends paid for the year

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

1. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.
2. A total of 210.0 million shares were redeemed in the year, returning £188.2 million to shareholders and representing 49.3% of the issued share capital at 31 December 2024.
3. Total dividends of 6.325 pence include a quarterly dividend of 1.58125 pence per share for the quarter to 31 December 2024, which was declared post year end.

Portfolio at a glance

Portfolio of 25 asset backed loans with an average maturity of eight years which are partially inflation and/or interest rate protected. The loans fall within the following sectors and are predominantly secured against physical assets and contracted cash flows in the UK.



Senior ranking security[1]

76%

UK exposure[2]

88%

Secured against physical assets

85%

1. The classification of the Company's senior or subordinated security is determined from the terms of the facility agreement with each borrower. However, in some cases, the borrower may utilise the Company's senior ranking loan for the purpose of lending to a third party, and for which on a look-through basis, the Company's reported senior security is subordinated. In such cases, the independent Valuation Agent fair values the Company's loan as a subordinated loan.
2. The Group had exposure to overseas assets located in Europe and the US at the year end.

Chairman's statement

I am pleased to present the Company's annual report for the year ended 31 December 2024.

Alex Ohlsson
Chairman

Introduction

Over the past year, heightened economic uncertainty influenced by global elections and ongoing geopolitical conflict, high central bank rates and evolving credit markets have presented the Company with challenges. These factors have impacted borrower liquidity and asset valuations, as well as demand for the Company's shares, causing the shares to trade at a discount[1] to NAV. This trend is not unique to the Company and has been observed across the listed alternative income sector.

Orderly Realisation

Following the strategic review announced in December 2023, and the subsequent vote at the Company's AGM in May 2024, shareholders elected for an Orderly Realisation of the Company's assets. As a consequence, the Company's investment objectives and policy have been amended to recognise an Orderly Realisation as the Company's main objective. The Company and the Investment Manager published a Realisation Plan in July 2024. Since this time, the Board and Investment Manager have worked to implement the Realisation Plan and maximise shareholder value.

At the end of the reporting period, the Company had returned £188.2 million to shareholders, representing 67.4% of the Company's market capitalisation at 31 December 2023. This is a significant achievement, and is broadly in line with the Company's Realisation Plan. While challenges such as alignment with borrower priorities and market conditions remain, the Board is confident and remains committed to the continued delivery of the plan.

Investments

At the end of the reporting period, the Group's investment portfolio comprised 25 loans with a fair value of £170.8 million (31 December 2023: £362.8 million). During the year, the Company focused on actively managing its existing assets, with no new investments made during the year. The Group received repayments of £166.5 million in the year, generating an average IRR of 8.1%.

The portfolio's weighted average annualised yield[1] stood at 8.7% as of 31 December 2024. Problem loans represented 23% of investment fair value at year end. During the year, significant progress was made in addressing outstanding problem and watchlist loan positions. Any actual or perceived distress of investments identified by the Group's independent Valuation Agent has been incorporated into the fair value of these investments at the year end.

Financial performance, NAV and share price

The Company generated total losses of £4.3 million during the year (31 December 2023: £26.3 million), with interest income of £22.8 million (31 December 2023: £31.7 million).

Total losses were £10.3 million (31 December 2023: profit of £18.3 million), a decrease compared to the prior year, driven by asset-level revaluations and write-downs of £25.9 million generally stemming from the accelerated redemption strategy. These include defaults by borrowers facing significant challenges due to ongoing market conditions and realisation of underlying collateral assets at depressed prices.

Furthermore, following further consideration of valuation inputs as part of the year-end reporting process, the Board adopted a revised valuation of one of the Group's loans secured against a property asset prior to the finalisation of the financial statements. Further information is included on page 14.

1. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.

Adjusted EPS[1] was 4.90 pence per share (2023: 7.02 pence per share), compared to dividends of 6.325 pence per share for the year (2023: 6.325 pence per share).

NAV per share decreased from 93.21 pence per share at 31 December 2023 to 81.80 pence per share at 31 December 2024. The share price traded at an average discount[1] to NAV of 20.1% during the year. The share price at the year end was 76.00 pence per share. This was a 15.9% increase from the previous year, which closed at 65.60 pence per share.

Cash resources, dividend policy and share buybacks

The Company's RCF with RBSI was fully repaid in December 2023 and matured as planned in August 2024. Cash generated from asset realisations supported a capital return of £143.12 million through a compulsory redemption in June 2024, with a redemption ratio of 37.5% of shares in issuance (excluding shares held in treasury). A second compulsory redemption of £45.04 million was completed in November 2024, with a redemption ratio of 18.95% of shares in issuance at a price of 89.33875 pence per share. This redemption was funded by continued loan repayments and progress made during the second half of the year implementing the Realisation Plan. In total, the Company returned £188.2 million through compulsory redemptions during the year. No share buybacks were undertaken during the year as the Company prioritised the return of capital through compulsory redemptions, rather than share buybacks. The most appropriate means of returning the Company's cash resources to shareholders remains under regular review by the Board.

Investment Manager

The Investment Manager has been appointed under a revised investment management agreement to deliver the Company's revised investment objective and policy. As part of these revisions, the annual management charge has been reduced to 0.75% and an incentive fee that aligns the Investment Manager's interests with those of shareholders has been agreed. Refer to page 91 for further information on the incentive fee.

Board changes

During the year, Philip Braun joined the Board as a non-executive Director, bringing nearly 30 years of experience in audit and financial services. He was the head of audit at BDO for 16 years, following a period of almost 10 years with PwC in Jersey and Sydney. He also serves on the boards of other listed companies, contributing his expertise in audit, risk and governance.

At the same time, Joanna Dentskevich and Colin Huelin retired from the Board following nine years of service. Mrs Dentskevich served as Senior Independent Director and Risk committee chair, and Mr Huelin as Audit committee chair. The Board extends its gratitude for their significant contribution to the Company since its IPO in 2015.

Market overview and outlook

Elevated interest rates and reduced liquidity in credit markets have posed challenges for alternative investments. Despite a reduction in base rates by some central banks over the course of 2024, persistent inflationary pressures and fiscal tightening have constrained market activity, impacting valuations and investor sentiment across the sector.

Broader market trends have highlighted the challenges of stabilising economic growth amidst inflationary pressures, which has influenced borrower performance and refinancing options. Despite these challenges, the Company remains focused on executing its revised investment objectives and policy efficiently, with continued progress in asset repayments and borrower engagement.

The Board expresses its gratitude to shareholders for their continued engagement and support. Regular updates will be provided as the Company progresses with the Realisation Plan.

Alex Ohlsson
Chairman

29 April 2025

For more information, please refer to the Investment Manager's report on pages 12 to 17.

1. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.

Strategic report

What's in this section

Strategic overview

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

Investment objective

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

Investment policy

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

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

The Company may not make any new investments save that:

— investments may be made to honour commitments under existing contractual arrangements or, with the Board's prior written approval, to preserve the value of any existing investment; and

— cash held by the Company pending distribution will be held in either cash or cash equivalents for the purposes of cash management.

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

Borrowing and derivatives

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

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

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

Business model

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

Investment objectives

Undertake a managed wind-down

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

Realise all existing assets

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

Complete in an orderly manner

To facilitate timely capital returns to shareholders.

Implementation of investment strategy

Independent Board

Investment Manager

Realise all existing assets

The Investment Manager has been retained to realise all existing assets and manage the Realisation Plan as agreed with the Board in connection with the Orderly Realisation.

Financial management

The Company operates a disciplined approach to financial management. The Company uses hedging where appropriate to manage foreign exchange exposure where required.

Third party service providers

Strong governance

Read more on pages 40 to 55.

Operational management

The operations of the Company are delegated to the Investment Manager who maintains a robust control environment and undergoes an internal controls review from an external audit provider on an annual basis.

Risk management

The Company operates a robust risk management and mitigation process along with active controls monitoring and stress testing procedures. The Investment Manager is appointed as AIFM to the Company and is responsible for the management of risk alongside the Board.

Advisory and administration

Key performance indicators

The Company is undergoing an Orderly Realisation of assets and a return of capital to shareholders.

210.0m

Shares redeemed in the year

The Group is invested in a portfolio of 25 asset backed loans with a weighted average life of eight years.

£166.5m

Loan repayments received in the year

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

6.3p[1]

Dividends paid for the year

Sustainability considerations

Governance

Read how the Company is governed and the activities of the Board during the year in the governance section on pages 40 to 55.

Environmental

Read about how the Company's activities benefit the environment in the sustainability section on pages 22 and 23.

Social

Read about how the Company's activities contribute to society in the sustainability section on pages 22 and 23.

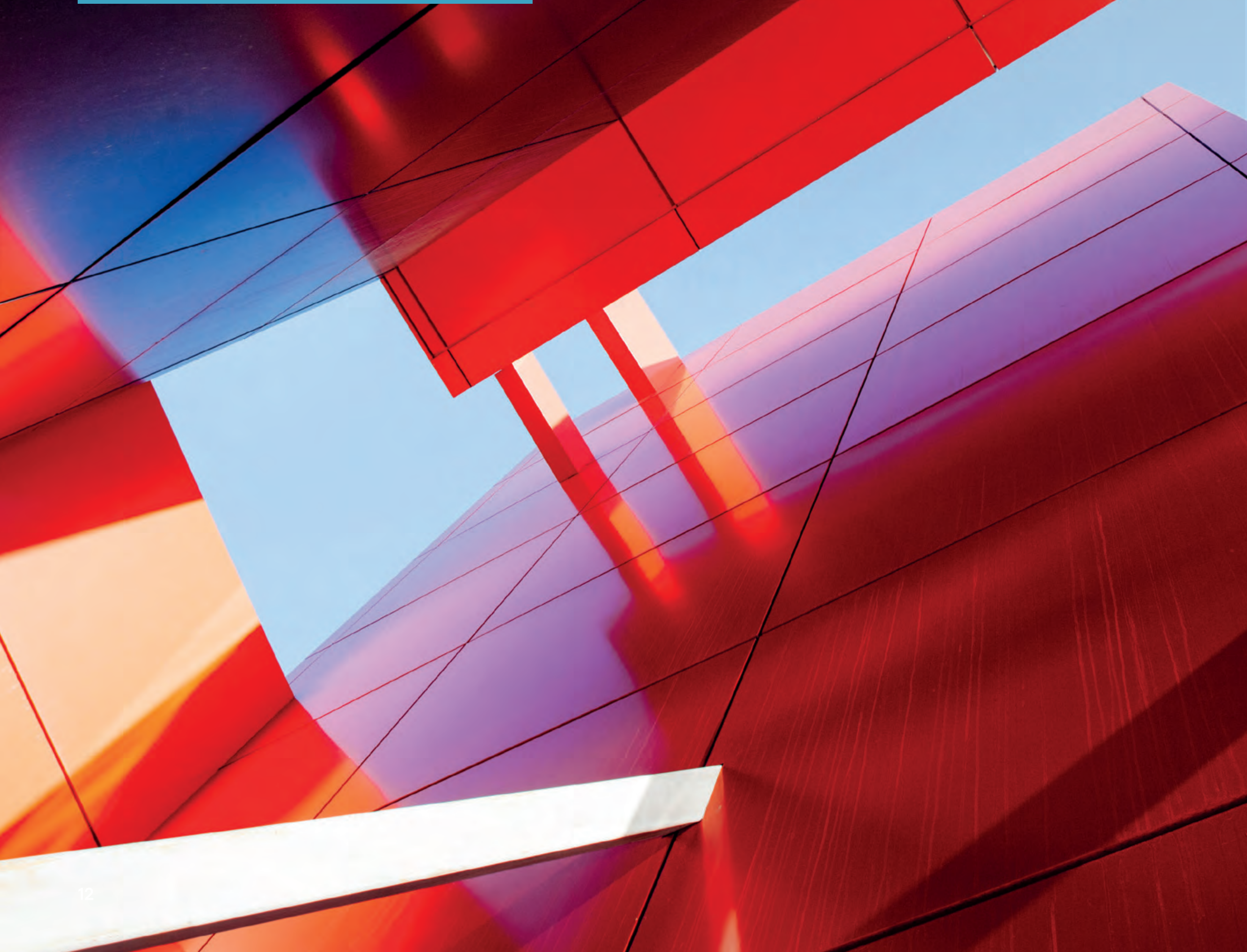
Financial

Read about the Company's financial performance and dividend cover in the financial review on pages 18 to 21 and its viability on page 36.

1. Total dividends of 6.325 pence per share include a quarterly dividend of 1.58125 pence per share for the quarter to 31 December 2024, which was declared post year end.

Investment Manager's report

The Investment Manager has been appointed under a revised investment management agreement to deliver the Company's revised investment objective and policy.



The Investment Manager

Since the Company's IPO in 2015, Gravis has provided discretionary investment and risk management services to the Company. This has included identifying and structuring investments, conducting due diligence, monitoring investments, managing and reporting on the Company's investment portfolio, and providing financial reporting support. The Investment Manager is the appointed AIFM to the Company.

Following the EGM in May 2024, shareholders approved a resolution to amend the Company's investment policy and objective to implement an Orderly Realisation of its assets. As part of this process, shareholders also voted to modify the Company's investment management agreement with the Investment Manager through a side letter. This side letter sets out the Investment Manager's responsibilities in developing and executing the Realisation Plan, the details of which were published by the Company in July 2024 and are available on its website. Additionally, the side letter revised the fee arrangements to maintain alignment between the Investment Manager and shareholders.

Information on the fees payable to the Investment Manager pursuant to the side letter can be found in note 18.

Investment Manager update

Philip Kent continues as lead manager of the Company with support from Anthony Curl as the Investment Manager's Chief Investment Officer. Mr Curl has a long and successful track record in the long income and credit sectors.

Providing additional support is Albane Poulin, who joined Gravis in February 2024 as Head of Private Credit. As announced at the time, she brings a wealth of private credit management experience, most recently as Head of European Private Placements at aberdeen. Luther Ward-Faint, Investment Director, continues to lead the Company's portfolio management activity. Ms Poulin joins Mr Kent and Mr Curl on a permanent basis with the support of twelve full-time professionals. The wider team provides dedicated and shared credit investment resources, dedicated portfolio management, as well as investor relations, finance, legal, compliance and administrative services.

Active management

As part of the realisation strategy, the Investment Manager remains focused on close engagement with the management teams of borrowers to ensure the successful execution of the portfolio realisation. Regular dialogue, combined with information reporting mandated under loan agreements, allows the Investment Manager to address potential issues early and work collaboratively with borrowers to protect and maximise value.

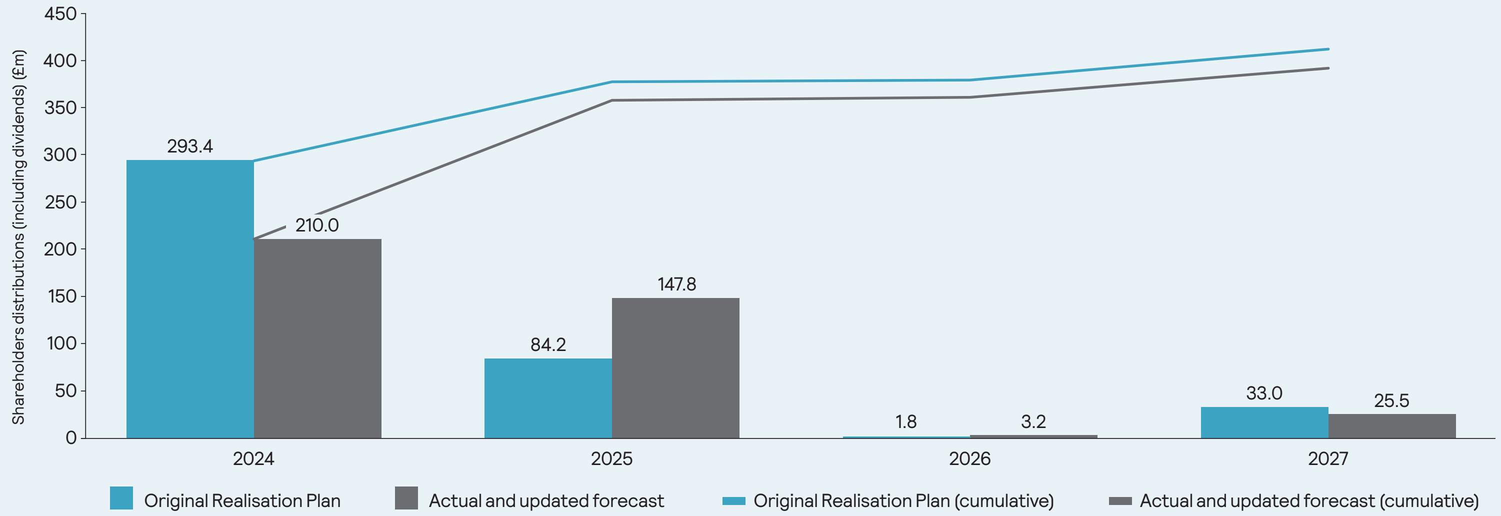
Realisation Plan update

The Investment Manager published the Realisation Plan in July 2024, which was approved by the Board. The chart below shows progress and updates to the Realisation Plan. Overall, the Realisation Plan remains materially as it was previously set out.

Capital distributions to shareholders were lower than anticipated during the year, predominantly due to delayed disposals that are now expected to complete during 2025.

Overall, cumulative capital distributions are expected to be lower than forecast in the original Realisation Plan by c.£26 million (or c. 6.1 pence per share based on the number of shares in issuance prior to any compulsory redemptions) due to revised expectations of recoveries. The revised forecast IRR[1], calculated on the same basis as the original Realisation Plan[2], is c.20%. Accordingly, under the terms of the revised Investment Management agreement, a provision of £688,000 has been made within the financial statements. Further information is provided on page 91.

Realisation Plan



1. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.
2. Based on an assumed investment as a share price of 69.80 pence at 26 June 2024.

Investment Manager's report continued

Asset updates

The Board and Investment Manager continue working to resolve the eight problem loans. At the year end, these loans represented 23% of the portfolio by value. The Board has decided not to disclose additional detail on the problem loans this year so as to not jeopardise commercial negotiations in relation to the realisation of these assets. See the table below for further information. Further information on amounts received post year end can be found in note 19.

Four of the Group's 25 loans are for projects in which certain directors, officers and/or shareholders of the Investment Manager have an equity interest.

Problem loans

There were eight loans classed as problem loans at 31 December 2024, totalling £39.7 million. Market conditions, covenant breaches, delayed payments and ongoing tax matters have impacted the year-end valuations of the problem loans and, in the view of both the Investment Manager and the independent Valuation Agent, may affect the amount and timing of recovery.

The Investment Manager is actively working to resolve issues and support the redemption of facilities, including through disposals where appropriate.

In addition, following further consideration of inputs as part of the year-end reporting process, the Board adopted a revised valuation of one of the Group's loans secured against a property asset, prior to finalisation of the financial statements. The updated valuation, which remained within the original valuation range as reported by the independent Valuation Agent, resulted in a £7.2 million reduction in the fair value of financial assets through profit or loss.

Sector	Total loans	Fair value £m	% of portfolio	2024 Fair value movement £m
Property, Social infrastructure	3 senior, 5 subordinated	39.7	23%	(30.0)

Portfolio contractual repayment profile

At 31 December 2024, the Group was invested in a portfolio of 25 asset backed loans with a weighted average maturity of eight years.

The current contracted cash repayment profile of the portfolio, including the repayment of historic and future forecast capitalised interest, and provisions for certain problem loans as advised by the Investment Manager, is shown below.

The repayments detailed in the table below are principal amounts only. For information on the contracted cash flows including interest receipts, refer to note 17.8 to the financial statements. All figures relating to the portfolio are at 31 December 2024.

Repayments

In respect of the information set out below (including in relation to the updated Realisation Plan), there can be no guarantee that loans will be repaid in accordance with contracted terms or that loans scheduled for repayment in 2025 will be repaid within the period assumed below. Borrowers may not repay on time (or at all) and their ability to service debts may be impaired from time to time. Borrowers may elect to repay loans before contractual maturity (in full or in part) and may exercise permitted loan extensions. The Group may also extend the term of a loan at the Board's discretion to maximise value for shareholders.

Valuation

There can be no assurance that the current valuation of the loans to which the Group is exposed can be achieved. Eight loans made by the Group, representing 23% of the portfolio by value, have been categorised by the Investment Manager as problem loans. The circumstances around such loans have been considered by the Board and the independent Valuation Agent. These circumstances have also been considered in the valuation of such loans in the bi-annual valuation process and associated NAV.

Years to maturity	Contractual repayments due (£m)	% of total repayments (cumulative)	Repayments of watchlist or problem loans (£m)
0 to 1 year	45,955	22.2%	24,348
1 to 2 years	13,081	28.6%	1,326
2 to 4 years	44,584	50.1%	17,151
4 to 10 years	30,466	64.9%	12,640
10 to 20 years	49,207	88.7%	16,106
20+ years	23,412	100.0%	—

Key investment highlights

Repayments of £166.5 million were received by the Group during the year. The average IRR[1] achieved on loans that were repaid was 8.1%. The table below sets out all repayments received during the year. All capitalised interest amounts were in respect of amounts capitalised in accordance with contractual terms.

Post year end, the Group received twelve repayments totalling £9.2 million. There are £nil investment drawdown commitments at the date of the report.

Repayments received during the year[1]

Sector	Security	Status	Capitalised interest	Repayments
Asset finance	Senior	Operational	—	£18.1 million
Energy and infrastructure	Senior	Operational/construction	—	£0.7 million
Property	Senior/subordinated	Operational/construction	£2.8 million	£106.2 million
Social infrastructure	Senior/subordinated	Operational/construction	£1.2 million	£41.5 million
		Total	**£4.0 million**	**£166.5 million**

Repayments received post year end[2]

Sector	Security	Status	Capitalised interest	Repayments
Asset finance	Senior	Operational	—	£0.2 million
Energy and infrastructure	Senior	Operational/construction	—	£0.2 million
Property	Senior/subordinated	Operational/construction	£0.3 million	£8.2 million
Social infrastructure	Senior	Operational	£0.1 million	£0.6 million
		Total	**£0.4 million**	**£9.2 million**

1. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.
2. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 to the financial statements for further information.

Investment Manager's report continued

Portfolio summary

Portfolio

The Group's investments are supported by a diverse range of assets located predominantly in the UK. At 31 December 2024, the weighted average annualised yield[1] was 8.7% across the portfolio (9.0% excluding the loans held at net realisable value) with a weighted average term of eight years (31 December 2023: 8.7% (8.7% excluding the loans held at net realisable value) and six years, respectively).

Investment valuation

The independent Valuation Agent carries out a fair market valuation of all the Group's investments on behalf of the Board on a semi-annual basis based on information received from the Investment Manager and other market data.

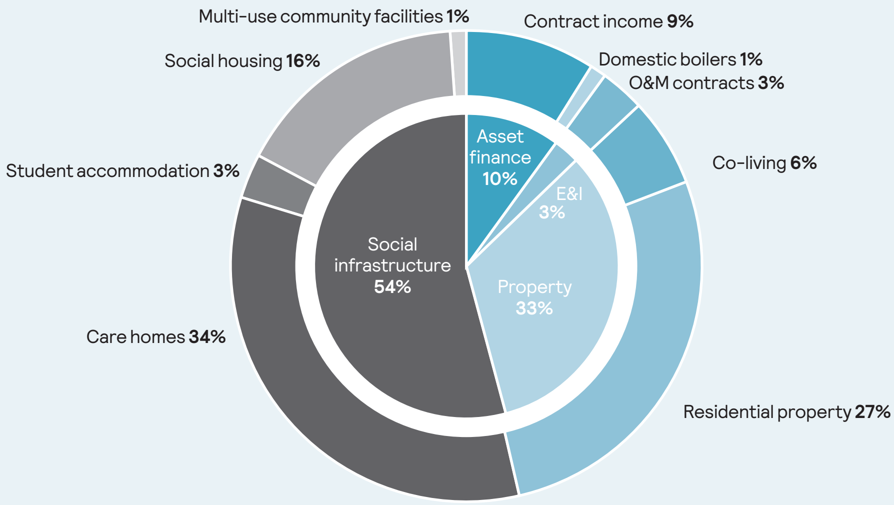
Any assets which may be subject to discount rate changes are valued on a quarterly basis. The valuation principles used by the independent Valuation Agent are based on a discounted cash flow methodology or, where it is appropriate to do so, an estimate of net realisable value.

Where a discounted cash flow approach is adopted, a fair value for each asset acquired by the Group is calculated by applying a discount rate (determined by the independent Valuation Agent) to the cash flow expected to arise from each asset, as forecast by the Investment Manager, determined by contractual arrangements for each loan.

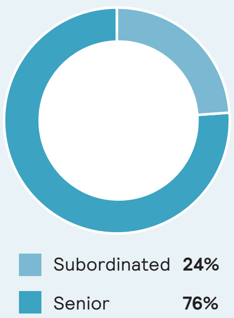
Further detail on the valuation methodology is given in note 17 to the financial statements.

In the opinion of the independent Valuation Agent, the weighted average discount rate[1] across the portfolio at 31 December 2024 was 9.3% (31 December 2023: 10.6%). The valuation of investments is sensitive to changes in discount rates applied. Sensitivity analysis detailing the impact of a change in discount rates is given in note 17 to the financial statements.

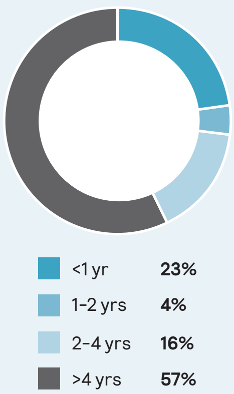
Portfolio by sector type



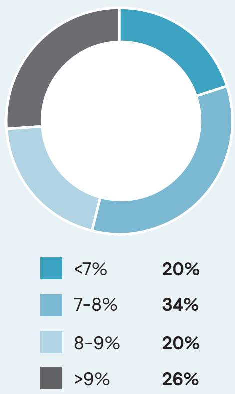
Portfolio by security ranking[2]



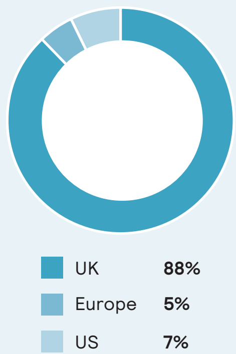
Portfolio by term profile



Portfolio by interest rate profile



Portfolio by location



1. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.
2. The classification of the Company's senior or subordinated security is determined from the terms of the facility agreement with each borrower. However, in some cases, the borrower may utilise the Company's senior ranking loan for the purpose of lending to a third party, and for which, on a look-through basis, the Company's reported senior security is subordinated. In such cases, the independent Valuation Agent fair values the Company's loan as a subordinated loan.

Investment portfolio

Top ten investments by value

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

1 Care Homes Co 2
1 Social infrastructure
2 9.2%
3 Care home
4 Single asset

2 Property Co 2
1 Social infrastructure
2 8.8%
3 Social housing
4 Multi asset

3 Care Homes Co 5
1 Social infrastructure
2 8.8%
3 Care home
4 Single asset

4 Care Homes Co 3
1 Social infrastructure
2 8.6%
3 Care home
4 Single asset

5 Football Finance 8
1 Asset finance
2 8.4%
3 Contract income
4 Single

6 Property Co
1 Social infrastructure
2 7.3%
3 Social housing
4 Multi asset

7 Care Homes Co 1
1 Social infrastructure
2 6.6%
3 Care home
4 Single asset

8 Bridging Co 1
1 Property
2 5.9%
3 Residential property
4 Multi asset

9 Property Co 16
1 Property
2 5.5%
3 Residential property
4 Multi asset

10 Property Co 8
1 Property
2 4.9%
3 Residential property
4 Multi asset

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

Financial review of the year

The Group has realised loans of £166.5 million, returned £188.2 million in capital and paid dividends of 6.3 pence per share.

Financial performance

The Company has faced ongoing challenges throughout the year, largely due to the prevailing market conditions, as well as asset revaluations and write-downs. Increased economic uncertainty, shaped by global elections, continued geopolitical tensions, elevated interest rates and shifting credit markets, have further contributed to these challenges.

In May 2024, shareholders approved the Board's recommendation for an Orderly Realisation of the Company's assets. The Company's investment objective and policy have therefore been amended to recognise an Orderly Realisation as the Company's main objective. Since this time, the Board and Investment Manager have worked to implement the Realisation Plan and maximise shareholder value.

Income

In the year to 31 December 2024, the Company's portfolio generated interest of £22.8 million (31 December 2023: £31.7 million), which was a decrease compared to the prior year, and reflected the repayment of a large portion of the loan portfolio over the past twelve months.

Other income of £1.2 million (31 December 2023: £1.5 million) was generated, which included prepayment fees of £0.5 million in respect of loans prepaid in the year (31 December 2023: £1.2 million).

Total income was offset by unrealised net valuation losses of £25.9 million, primarily driven by asset-level revaluations, write-downs and net realised losses of £3.8 million stemming from the accelerated redemption strategy during the year. This included defaults by borrowers facing significant challenges due to ongoing market conditions, and realisation of underlying collateral assets at depressed prices.

In addition, following further consideration of inputs as part of the year-end reporting process, the Board adopted a revised valuation of one of the Group's loans secured against a property asset prior to finalisation of the financial statements. Further information is given on page 14.

The Company invests in derivatives for investment purposes and efficient portfolio management. Overall net gains on derivative financial instruments for the year were £0.4 million (31 December 2023: £0.5 million). Further information is given in notes 3 and 17 to the financial statements.

Expense

The Company incurred total expenses of £5.7 million (31 December 2023: £5.3 million), which include the Investment Manager's fee, other third party service provider costs and Directors' remuneration. Total expenses have increased compared to the prior year, primarily due to the recognition of a provision for an incentive fee, details of which can be found on page 91. Aside from this, comparable expenses decreased year-on-year, reflecting a decrease in variable fees due to a reduction in NAV. This was offset by professional costs in respect of various strategic incentives during the year, including the strategic review and managed wind-down. Further information on expenses is given in notes 4, 6 and 18 to the financial statements respectively

Finance costs have decreased significantly compared to the prior year due to the Company repaying the RCF in full. At the year end, £nil was drawn (31 December 2023: £nil). Further information on the RCF is given in note 14 to the financial statements.

Total comprehensive losses for the year were £10.3 million, a decrease from total comprehensive profits of £18.3 million in the prior year.

Financial review of the year continued

Dividends

The Company paid 6.3[1] pence per share in interim dividends. The total dividend was -0.49 times covered by EPS of -3.13 pence for the year and 0.77 times covered by an adjusted EPS[2] of 4.90 pence.

It is the Board's current intention to maintain the Company's existing dividend of 6.325 pence per annum whilst the Company remains substantially invested, for as long as is practicable[3]. The Board is considering all options to return capital to investors by way of dividends, capital returns or buybacks, as it deems most appropriate from time to time.

Further information on dividends is given in note 9 to the financial statements.

Earnings

The Company generated EPS of -3.13 pence (31 December 2023: 4.27 pence). As noted previously, adjusted EPS[2] for the year was 4.90 pence per share (31 December 2023: 7.02 pence), covering the dividend of 6.3[1] pence per share for the year 0.77 times.

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

Capital distributions

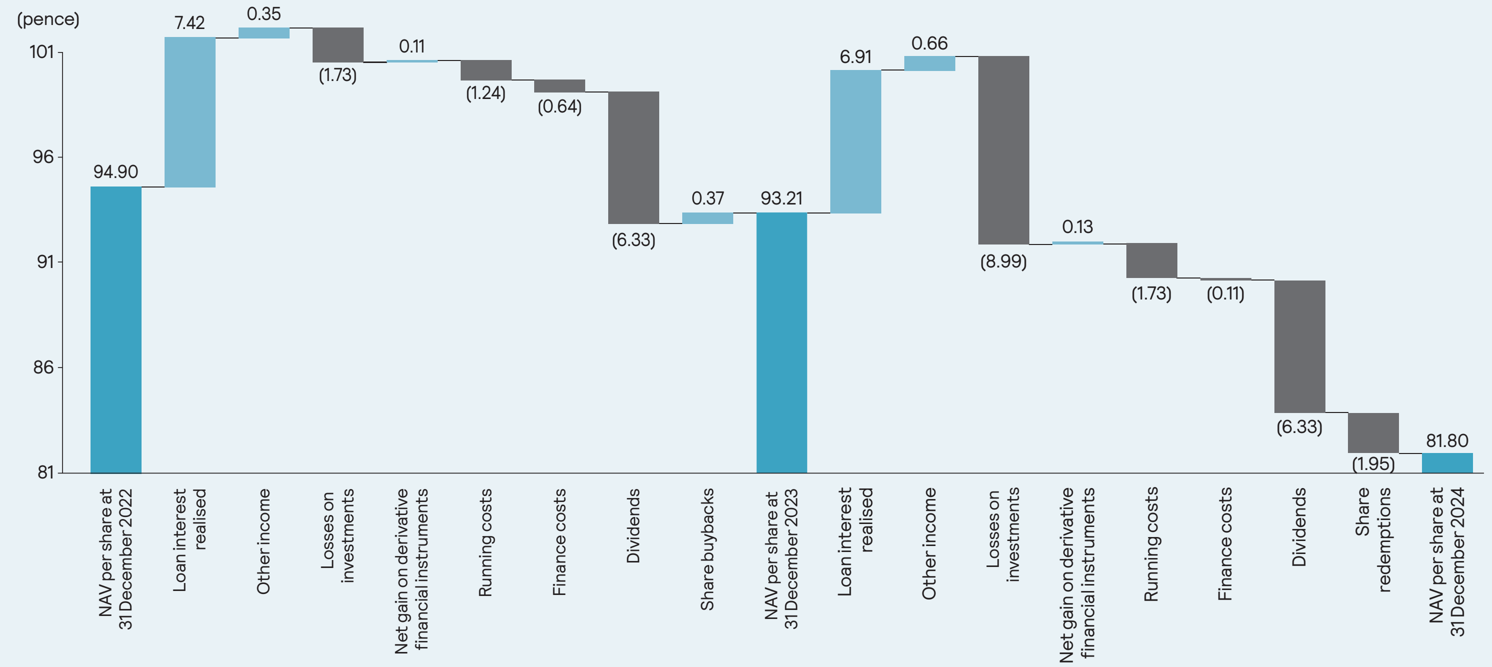
Capital distributions, through a compulsory redemption of shares, were made in June 2024 and November 2024.

The initial capital distribution totalled £143.12 million, and on a pro rata basis, 159.6 million ordinary shares were compulsory redeemed at a price of 89.66875 pence per share. The second capital distribution totalled £45.04 million, and on a pro rata basis, 50.4 million ordinary shares were compulsory redeemed at a price of 89.33875 pence per share. This has resulted in 67.4% of the shares at 31 December 2023 being redeemed and £188.2 million being returned to shareholders. This is a significant achievement, and is broadly in line with the Company's Realisation Plan. While challenges such as alignment with borrower priorities and market conditions remain, the Board is confident and remains committed to the continued delivery of the Realisation Plan.

Prior to the capital distributions, all of the 16.4 million shares held in treasury were cancelled.

Further information is included in note 16.

NAV analysis – year ended 31 December 2023 and 31 December 2024



1. Total dividends of 6.325 pence per share include a quarterly dividend of 1.58125 pence per share for the quarter to 31 December 2024, which was declared post year end.
2. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.
3. This is a target only and does not constitute a profit forecast.

NAV and share price

Net assets attributable to equity holders at 31 December 2024 were £176.4 million, decreasing from £396.7 million at 31 December 2023. The Company's NAV per ordinary share decreased from 93.21 pence at 31 December 2023 to 81.80 pence at 31 December 2024.

Market volatility has continued to negatively impact the Company's share price this financial year, with shares trading at an average discount[1] to NAV[1] of 20.1%. At close of business on 25 April 2025, the Company's shares are trading at a 17.6% discount[1] to NAV.

Conflicts of interest

In the year, £1.2 million of planned capitalised interest was recognised in respect of one of the Group's student accommodation loans for projects in which certain directors, officers and/or shareholders of the Investment Manager have an equity interest.

The fair valuation of the loan at 31 December 2024 was £2.4 million, representing 1.4% of the fair value of the investment portfolio.

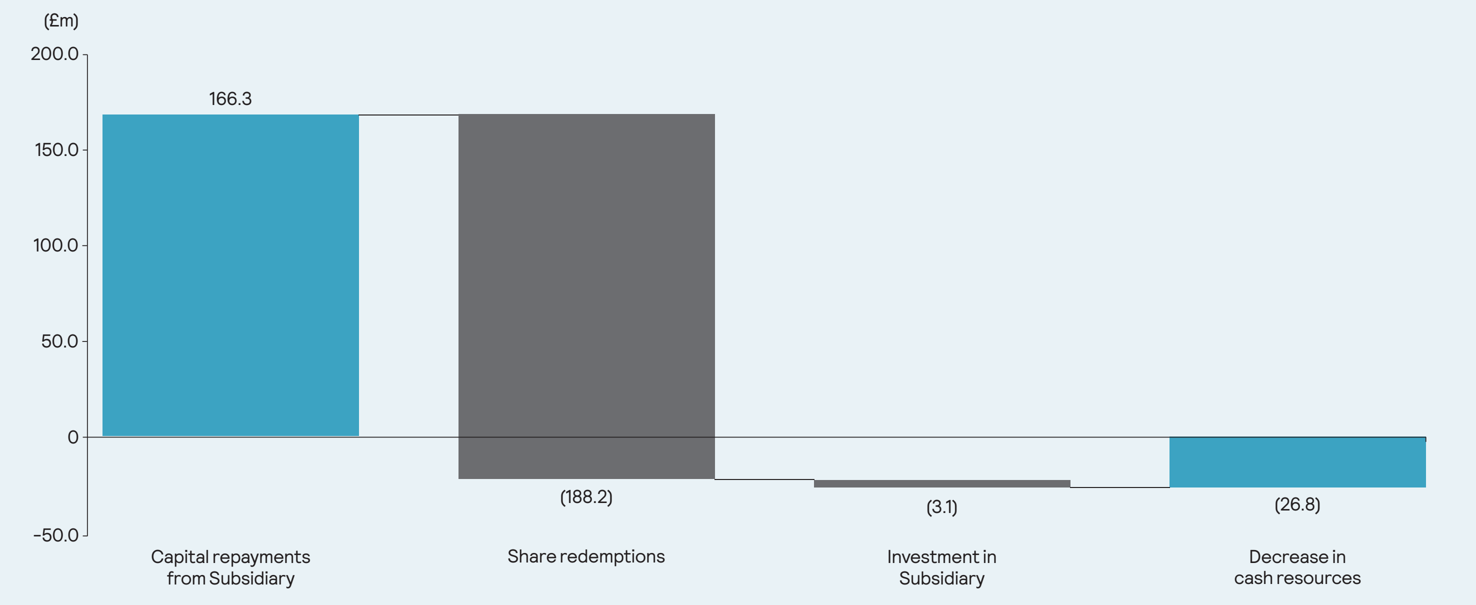
Cash position

The Company received interest payments of £22.8 million and capital repayments of £166.3 million from its Subsidiary in the year (31 December 2023: £31.7 million and £93.5 million respectively).

The Company paid cash dividends of £21.9 million during the year and a further £3.4 million post year end (31 December 2023: £27.0 million and £6.7 million respectively). The Company advanced £3.1 million (31 December 2023: £32.7 million) to the Subsidiary under contractual arrangements in accordance with the investment policy.

Post year end, the Group received repayments totalling £9.2 million. There were £nil investment commitments at the date of the report.
Total cash reserves at the year end were £4.1 million (31 December 2023: £30.9 million).

Financing analysis – year ended 31 December 2024



1. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.

Sustainability

The Company aims to operate a sustainable business model during the Orderly Realisation process that does not detrimentally impact the environment while benefiting society.

The Board and the Investment Manager are committed to ensuring the Company's ESG disclosures, to the extent possible given the Company's wind-down, reflect its impact.

As such, the incorporation of the PRIs, as adopted by the Investment Manager into investment decisions and investment management processes, is an important consideration for the Board.

The Company aims to operate a sustainable business model during the Orderly Realisation process that does not detrimentally impact the environment while benefiting society.

Responsible investment

The Investment Manager does not have an investment objective of sustainable investment nor does it use ESG criteria to evaluate investments or assess their social impact within its stated investment appetite.

The Investment Manager has over a decade of experience of investing in assets that have a core environmental and social benefit and has been a signatory to the PRIs since 2019. The Investment Manager is committed to the adoption and implementation of the PRIs, recognising that doing so better aligns its investment activities with the broader interests of society and benefits the environment. Further information on the PRIs can be found on the PRI website: www.unpri.org.

The Investment Manager is actively managing the portfolio and engaging with borrowers to support the execution of the Realisation Plan and is incentivised to do so under the terms of the side letter to the investment management agreement, which was approved by shareholders at the EGM in May 2024.

Portfolio governance

Governance at the Investment Manager is well-defined and remains central to the Company's updated investment strategy of Orderly Realisation. The focus has shifted from new lending and origination to active portfolio management, disposals and risk mitigation.

The Investment Manager continues to engage with the underlying assets' boards and management teams to enhance governance where required, ensuring a structured and disciplined approach to realisation.

The Investment Manager maintains a clearly defined governance framework with robust processes covering business operations, investment management, portfolio monitoring and reporting. The designated credit portfolio team engages with borrowers on an ongoing basis, alongside the broader investment and portfolio management teams, who continued to conduct site visits to assets in the UK and US during the year. Ongoing monitoring of financial performance and covenant obligations remains a priority to ensure compliance and early identification of potential risks.

Site visits remain an integral part of the portfolio management process, providing both technical and commercial insights. They allow the Investment Manager to assess asset performance, monitor operator effectiveness and address key project issues. Additionally, site visits facilitate a deeper understanding of operational dynamics and stakeholder relationships that are critical to the success and timely realisation of each asset. This year, site visits covering 26% of the portfolio by value at 31 December 2024 (31 December 2023: 36%) were conducted.

The Investment Manager continues to prioritise strong borrower relationships, though the emphasis has shifted from structuring new lending solutions to supporting exit strategies and facilitating redemptions.

By actively engaging with borrowers and understanding their evolving needs, the Group ensures a collaborative approach to achieving the best outcome for all stakeholders while aligning with the Company's Orderly Realisation objectives.

SDR

During the year, the FCA published a policy statement on SDR and investment labels. This policy statement sets out the FCA's final rules on anti-greenwashing, a new labelling regime, naming and marketing rules, product and entity-level disclosures, as well as distributor obligations. The Company is currently in compliance with the anti-greenwashing rules issued under SDR.

ISSB

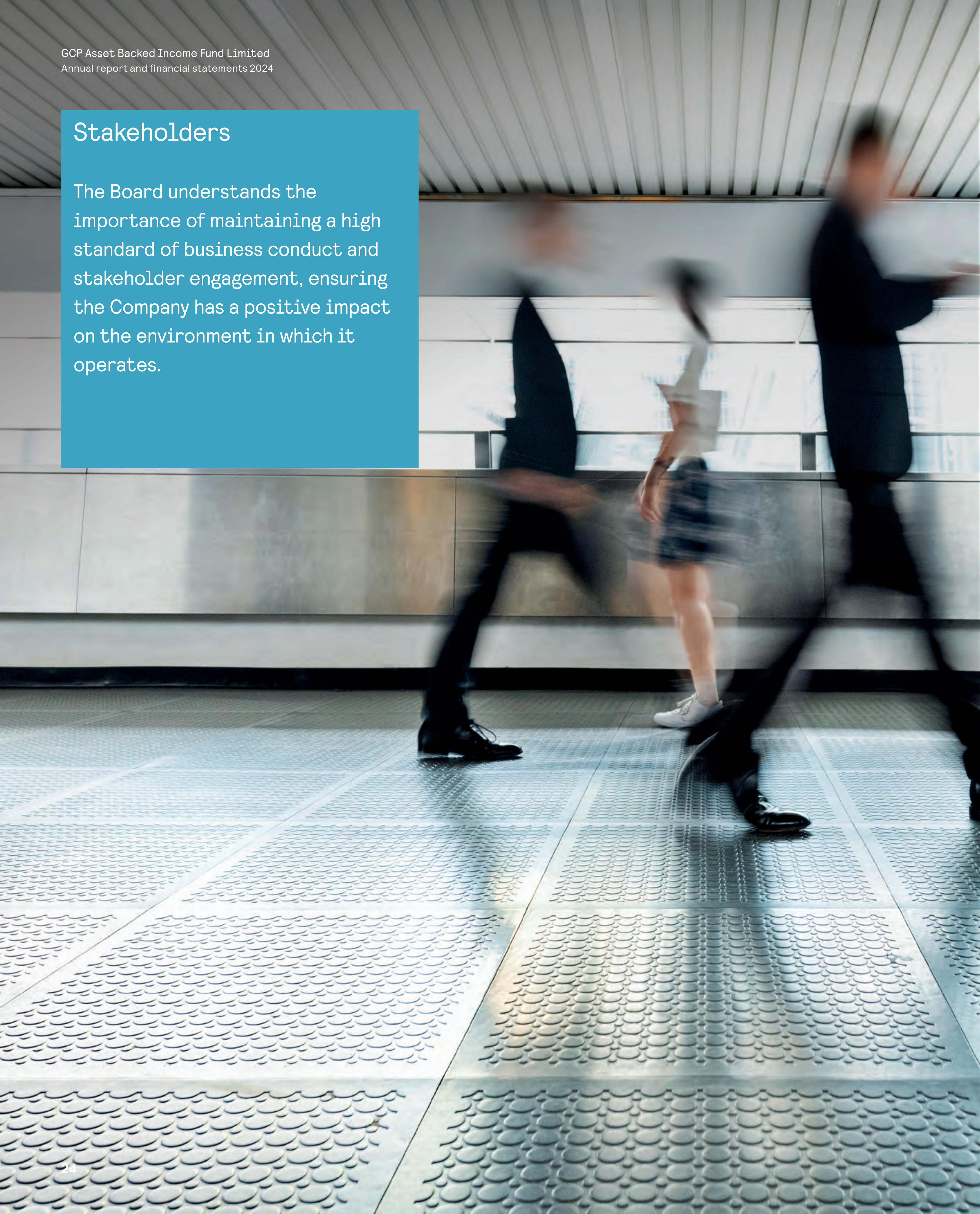
The ISSB has developed an initiative of globally consistent sustainability disclosure standards, which provide a framework for companies to disclose ESG factors, standardise reporting and ensure investors make informed decisions about the environmental attributes of a company.

The new ISSB standards encompass IFRS S1 and IFRS S2. IFRS S1 provides a set of disclosure requirements which will enable companies to communicate the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 requires an entity to disclose information about climate-related risks and opportunities to users of general-purpose financial reports who are making decisions about the provision of resources to the entity.

While the global standards became effective on 1 January 2024, the UK's endorsement process for IFRS S1 and IFRS S2 is ongoing. The UK Government is aiming to make these standards, which are known as the UK Sustainability Reporting Standards ("UK SRS"), available in early 2025. The FCA is aiming to finalise its policy position by the end of 2025, with a view to bringing the new requirements into force for accounting periods beginning on or after 1 January 2026, with the first reporting beginning in 2027.

Stakeholders

The Board understands the importance of maintaining a high standard of business conduct and stakeholder engagement, ensuring the Company has a positive impact on the environment in which it operates.



Stakeholders

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

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

Section 172:

Promoting the success of the Company

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

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

The interests of the Company's employees

The Company has no employees but has close working relationships with the employees of the Investment Manager and the Administrator to which it outsources its main functions.

Refer to stakeholder engagement section on pages 24 to 29 and governance section on pages 40 to 57.

The impact of the Company's operations on the community and the environment

The Company's ESG policy and framework is no longer applicable given the Company's objective of an Orderly Realisation.

Refer to sustainability section on pages 22 and 23.

The need to foster the Company's business relationships with suppliers, customers and others

The Board has a close working relationship with all its advisers and regularly engages with all parties.

Refer to stakeholder engagement section on pages 24 to 29.

The desirability of the Company maintaining a reputation for high standards of business conduct

Under the leadership of the Chairman, the Board operates with core values of integrity and impartiality with an aim of maintaining a reputation for high standards in all areas of the business it conducts.

Refer to Board culture and purpose on page 42 of the corporate governance statement.

The need to act fairly between shareholders of the Company

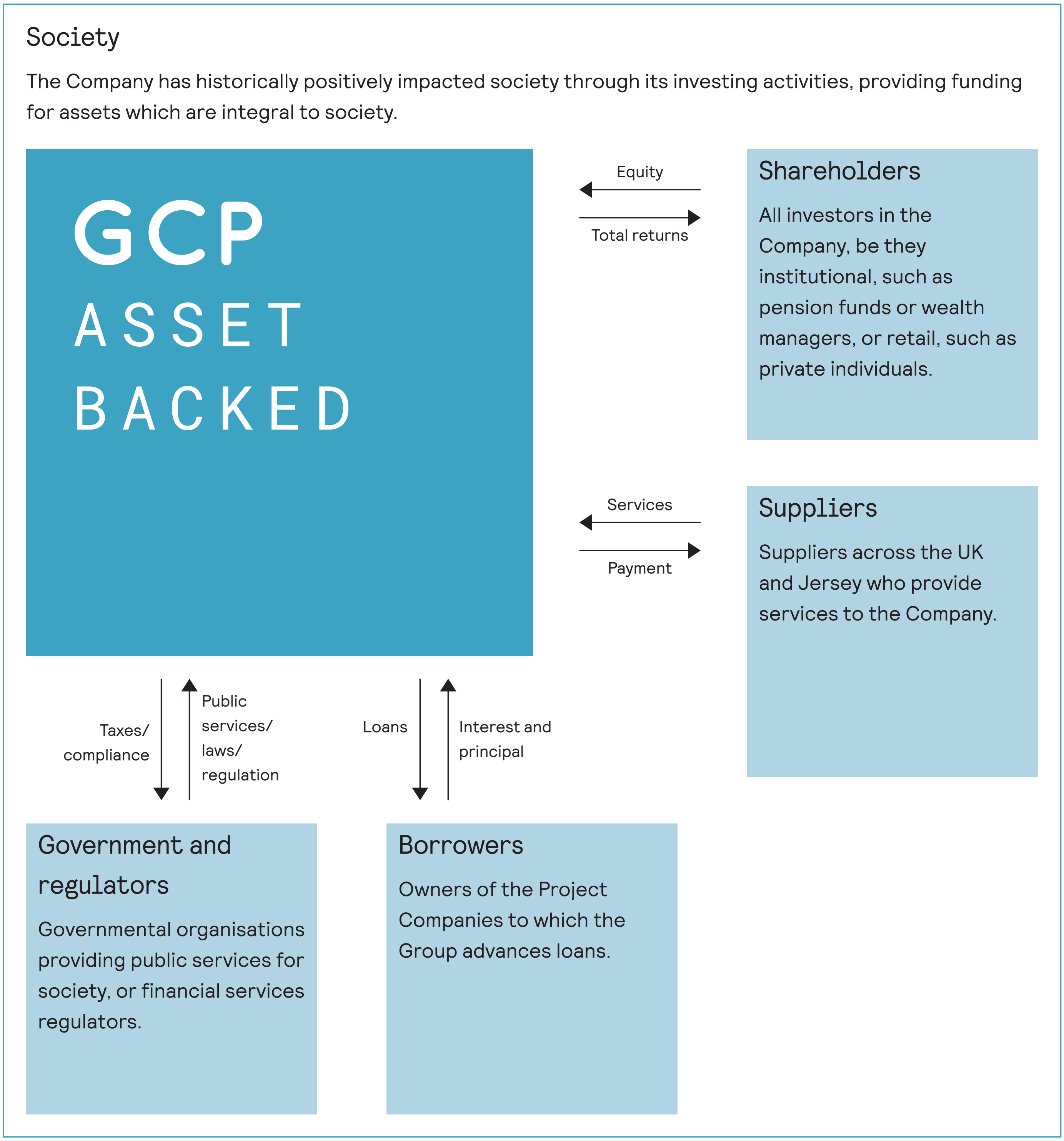
The Board actively engages with shareholders and considers their interests when setting the Company's future strategy.

Refer to stakeholder engagement section on pages 24 to 29.

Stakeholders continued

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

Stakeholder model



Shareholders

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

Why engage

Through the provision of capital, shareholders enable the Company to pursue its investment objective. In return, the Company has historically generated earnings for shareholders and has grown the capital value of the portfolio over the long term.

How the Company engages

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

Shareholder engagement is reported to the Board on a quarterly basis. Feedback obtained through this engagement is taken into consideration when making Board decisions which may impact shareholders.

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

The Board and the Investment Manager are keen to engage with shareholders to address any questions or concerns they may have.

The Investment Manager has engaged with shareholders throughout the year on the Orderly Realisation process by holding meetings, hosting webinars and portfolio updates, including holding separate webinars to discuss the wind-down and other general matters.

The Board has engaged extensively with shareholders during the year to seek feedback on strategic initiatives and opportunities, as well as the overall future of the Company.

Key Board decision: Orderly Realisation

Decision:

During the year, the key Board decisions centred around the strategic review undertaken by the Board to consider how it may best deliver value to shareholders. The Board engaged extensively with shareholders in seeking feedback to inform its decision-making process and, as part of this, specifically sought their views in respect of (i) the continuation of the Company paired with a partial capital return, (ii) the Orderly Realisation, and (iii) a potential sale of the entire issued share capital of the Company and/or its assets.

Based on shareholder feedback received and consideration of the prevailing and persistent discount[1] to NAV at which the Company's shares had traded over the course of 18 months, the liquidity of trading in its shares, and the limited prospects for achieving greater scale in the foreseeable future, the Board concluded that shareholder value would be best served by the Orderly Realisation and return of capital to shareholders.

Accordingly, the Board announced that shareholders would be given the opportunity to vote on the discontinuation of the Company at the 2024 AGM and the Board would convene an EGM to be held immediately after the AGM to seek approvals from shareholders to (i) amend the Company's investment objective and policy to contemplate the Orderly Realisation, (ii) adopt new articles of association to facilitate compulsory redemptions, and (iii) approve a side letter to the existing investment management agreement to align the interests of the Investment Manager with the Company and its shareholders in pursuing the Orderly Realisation, including the introduction of an incentive fee.

Process:

The AGM and EGM were held on 20 May 2024 and all resolutions were duly passed by the shareholders.

The Orderly Realisation will not result in a liquidation of the Company in the immediate future and the Board is implementing the Orderly Realisation in a manner that maximises value for shareholders.

Outcomes:

Realisation Plan

Following the results of the AGM and EGM, the Board-approved Realisation Plan was published in July 2024 and can be found on the Company's website. Further information on the progress of the Orderly Realisation can be found on page 13 of the Investment Manager's report.

Returns of capital

Capital distributions, through a compulsory redemption of shares, were made in June 2024 and November 2024.

The initial capital distribution totalled £143.12 million, and on a pro rata basis, 159.6 million ordinary shares were compulsory redeemed at a price of 89.66875 pence per share. The second capital distribution totalled £45.05 million, and on a pro rata basis, 50.4 million ordinary shares were compulsory redeemed at a price of 89.33875 pence per share. This has resulted in just under 50% of the shares being redeemed and £188.2 million being returned to shareholders.

Prior to the capital distributions, all of the 16.4 million shares held in treasury were cancelled.

Repay the RCF

During the year, the commitment to the RCF was reduced from £50.0 million to £1.0 million to minimise ongoing commitment fees. The Company agreed with RBSI, the lender, to not re-draw on the RCF for new investments and only use the RCF for forward foreign exchange contracts through to its maturity. The RCF matured on 22 August 2024 and was not renewed. The Company arranged alternative means to retain the forward foreign exchange positions.

Stakeholders continued

Suppliers

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

Why engage

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

How the Company engages

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

The questionnaire covers policies and procedures in relation to ESG, compliance with the General Data Protection Regulation and MAR, as well as a requirement by service providers to rate their own service and the conduct of other service providers.

This informs decision making at Board level in regard to the continuing appointment of service providers. In December 2024, the annual Management Engagement committee meeting was held, with the committee reviewing the performance, and considering the continued appointment of the Company's service providers in the Orderly Realisation process. Refer to page 13 for further information.

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

Borrowers

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

Why engage

By engaging with borrowers and understanding their situation, the Group is able to work with them to achieve maximum recoveries which reflect the contractual fundamentals and inherent risks of the underlying assets and cash flows. Borrower contact enables direct feedback and informs strategic decision making at Board level.

How the Company engages

The Investment Manager's designated portfolio monitoring team engages with borrowers on an ongoing basis. Engagement takes the form of regular interaction with borrowers. Visits to projects in the UK and US were undertaken by the investment and portfolio management teams and the Directors in the year, covering 26% of the portfolio by value.

The Investment Manager reports to the Board on the portfolio performance on a quarterly basis and, in the interim, on individual assets as necessary.

The Investment Manager continues to carry out regular monitoring of information and financial covenant obligations to ensure compliance with financial covenants to ensure the early identification of potential issues.

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

Government and regulators

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

Why engage

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

How the Company engages

The Board encourages openness and transparency and promotes proactive compliance with new regulation. The Company engages with local government and regulatory bodies at regular intervals and participates in focus groups and research projects where relevant; however, the Board does not expect to participate further in research projects or focus groups during the Orderly Realisation process.

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

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

Society

The Company has historically positively impacted society through its investment activities, which provide funding for assets which are integral to society.

Why engage

Through responsible investing, the Company can ensure the long-term success of not only its operations, but also of the environment in which it operates.

How the Company engages

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

The Company reports on the benefits to society through its normal methods of shareholder engagement.

The Company has published an ESG policy and framework which the Board has concluded is no longer relevant for the Company in the Orderly Realisation process.

Risk management

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

Risk management strategy and risk appetite

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

Risk management process

At least twice a year, the Board, with the assistance of the Audit and Risk committee[1], undertake a robust assessment of the principal and emerging risks facing the Company, including those that might threaten its business model, future performance, solvency and liquidity.

This assessment is supported by the Audit and Risk committee's[1] review of the effectiveness of the Company's risk management process and internal control systems. This covers strategic, investment, financial, operational and financial crime risks facing the Company, as well as any emerging risks. Refer to the Audit and Risk committee report on pages 49 to 51 for further information.

In relation to the AIC Code, the Board is confident that the procedures the Company has in place are sufficient to ensure that the necessary monitoring of risks and controls was carried out throughout the year under review.

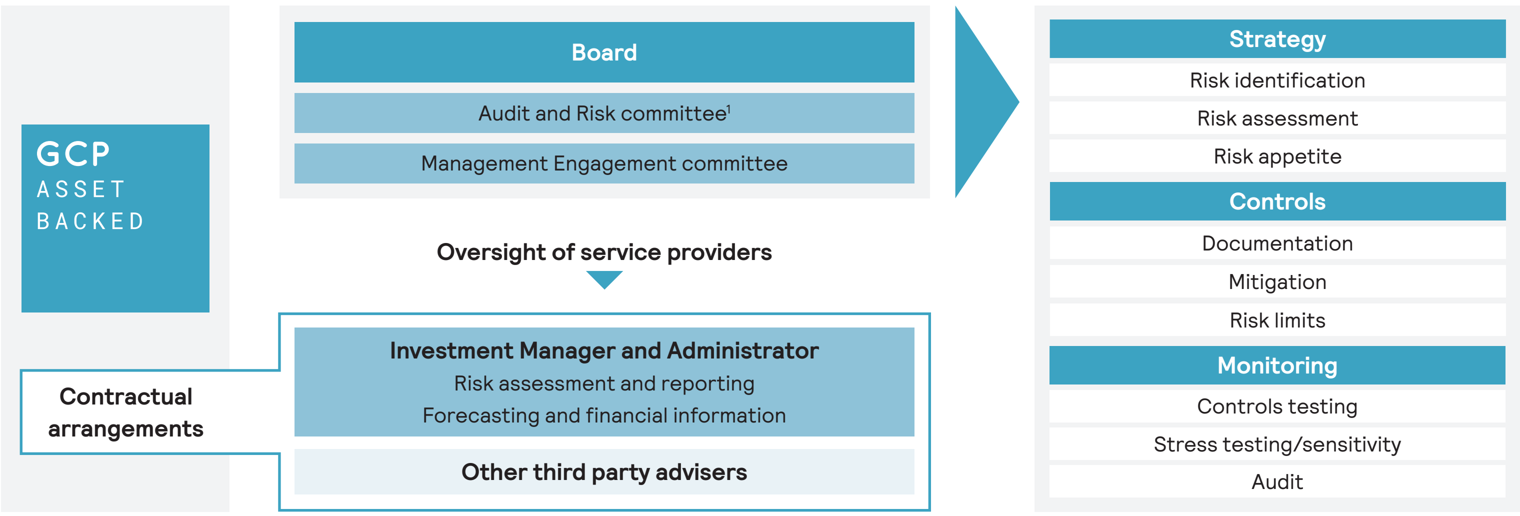
Role of the AIFM

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

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

In considering the principal risks and uncertainties and emerging risks that the Company faces, the Board has considered the impact of events post year end relating to the Company's Orderly Realisation objective.

Risk management framework



1. The Audit committee and the Risk committee were combined as an Audit and Risk committee effective at the Board meeting held on 20 May 2024.

Risk management continued

Principal risks and uncertainties

Principal uncertainties

The Board considers the principal uncertainties faced by the Company during the year to be as detailed below. The Board has determined that an additional uncertainty now exists.

Uncertainty 1: Realisation Plan execution

There can be no guarantee that loans will be repaid in accordance with contracted terms and/or in line with the Realisation Plan. Borrowers may not repay on time (or at all) and their ability to service debt may be impaired from time to time. Additionally, there can be no assurance that the current valuation of the loans by the independent Valuation Agent, to which the Company is exposed, can be achieved. The Investment Manager is actively managing the portfolio and working with borrowers to achieve the Realisation Plan and is incentivised to do so under the terms of the side letter to the investment management agreement which was approved by shareholders at the EGM on 20 May 2024.

The Company has made significant progress on the Orderly Realisation with repayments of £166.5 million received by the Group and capital of £188.2 million returned to shareholders through compulsory redemptions of 210.0 million shares. Further information is included in the Chairman's statement on pages 4 and 5.

Uncertainty 2: Geopolitical uncertainty

The Board considers the extensive macro-economic effects from geopolitical uncertainty for the Company. This includes the war in Ukraine and more recently, global economic uncertainty over international trade due to tariffs introduced by the US Government. These events continue to cloud the outlook for the global economy and exacerbate disruptions in supply chains, energy prices and market volatility, and have created concerns about economic growth and investor unease. The Group is predominantly invested in the UK and has no investments in Ukraine, Russia or Belarus. As such, no borrowers have been subject to any sanctions imposed due to the wars, and US tariffs have had no direct impact to date on the Group's investments.

Principal risks

The Board considers the principal risks faced by the Company during the year, together with the potential effects, controls and mitigating factors, to be as detailed below. The Board has determined there now exists two new principal risks.

Category 1: Credit risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
Borrower default, loan non-performance and collateral risks Borrowers to whom the Group has provided loans default or become insolvent.	The success of the Group is dependent upon borrowers fulfilling their payment obligations when they fall due. Failure of the Group to receive payments or to recover part or all amounts owed together with potential additional costs incurred from the renegotiation and/or restructuring of loans can result in substantial irrecoverable costs being incurred. This could have a material adverse effect on the NAV of the Company and its ability to meet its stated target returns and dividends.	The Investment Manager continuously monitors the performance of the underlying assets and has a process for watchlist and problem loans in place, taking appropriate action where required. In addition to quarterly reporting to the Board, all amendments or extensions to existing facilities are considered on a case-by-case basis and require prior Board consent.	**Stable** Persistently high interest rates and tighter credit conditions are negatively affecting borrowers' ability to refinance or repay loans. At 31 December 2024, there were eight loans categorised as problem loans, together representing 23% of the portfolio by value. Further information can be found on page 14 and the assessment of credit risk is disclosed in note 17.6.
Repayment risk (other than borrower default) Borrowers to whom the Group has provided loans are unable to meet contractual repayments other than occasioned by default or insolvency.	Due to the nature of the loans provided, it is not uncommon, in the normal course of business, for extensions to be requested by borrowers which, if not facilitated, would mean there is no guarantee that the contractual repayment profile may be met.	The Investment Manager continuously monitors the performance of the underlying assets and has in place a process for watchlist and problem loans, taking appropriate action where required. In addition to quarterly reporting to the Board, all amendments or extensions to existing facilities are considered on a case-by-case basis and require prior Board consent.	**Stable** As a result of the current high interest rate environment and the restriction on extensions and amendments to existing facilities, those borrowers who, in normal conditions, would seek an extension or amendment, are now seeking alternative refinancing in a challenging market that does not support asset sales in a timely manner. Further information can be found in note 17.6.

Risk management continued

Principal risks and uncertainties continued

Category 2: Economic risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
Property Loans made by the Group to projects involved in property or the development of property are indirectly exposed to the performance of the underlying real estate market in the relevant area.	If the market value of any property investments to which the Group has provided finance is found to be materially lower than assumed or projected, this may adversely impact the Group's ability to recover the value of its investments in the event of a borrower default or sale process.	Property valuations are required during the due diligence process, as well as throughout the life of the asset, as there is often diversification through multiple assets at a project level. Refer to the Investment Manager's report on page 16 for further information.	**Stable** Despite ongoing market fluctuations, UK house prices were 4.7% higher in December 2024 than a year earlier, the fastest annual pace since October 2022.
Macro-economic Due to the nature and duration of the Company's investments, the prolonged current macro-economic environment may prevent the Company from achieving the risk return profile required by investors and/or its investment objective.	Continued high inflation, increases in energy prices and increases in interest rates could have a material adverse effect on (i) the underlying Project Companies, e.g. by reducing the value of underlying assets or stressing cash flow where revenue does not keep pace with rising costs, and (ii) the ability of the Company to meet its investment objective.	The portfolio is diversified across nine asset classes and multiple geographies with partial inflation and/or interest rate protection through a number of different mechanisms on 73% of the portfolio by value. In addition, the weighted average loan life of eight years has historically allowed for capital rotation over a relatively short period.	**Stable** Global events continue to cloud the outlook for the economy and exacerbate disruptions in supply chains, energy prices and market volatility, and have created concerns about economic growth and investor unease. Interest rate hedging, inflation-protected mechanisms and asset diversification have helped maintain stability for the Group.
Valuation risk Due to the nature of the investments made by the Group, observable market data or comparable prices may not exist for some of the assumptions used in their valuation.	Uncertainty about valuation assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets in the portfolio in the future.	Discount rates applied to expected future cash flows are determined by the independent Valuation Agent who is engaged to provide at least semi-annual asset valuations which are reviewed and challenged by the Investment Manager and the Board. In addition, the Investment Manager, as part of its due diligence process, uses market-recognised professionals to provide initial valuations where possible.	**Stable** The impact of the changing macro-economic environment continues to present challenges to the judgements, assumptions and estimates in modelling future cash flows. In addition, the Orderly Realisation process may result in asset values not being realised in full. For further information, refer to pages 13 to 17.
Market sentiment Risks associated with changes in investor or buyer sentiment, which could result in reduced demand for assets or downward pressure on pricing.	In an Orderly Realisation, market sentiment shaped by macro-economic uncertainty, interest rate movements or geopolitical events can have an impact on buyer appetite and asset valuations.	The Investment Manager, appointed pursuant to a side letter to the investment management agreement, is responsible for implementing the Realisation Plan, as agreed and periodically updated with the Board. The Investment Manager has significant experience in the execution of transactions and is incentivised to achieve the best outcomes for shareholders.	**New** Significant progress has been achieved, with repayments of £166.5 million received by the Group and 210.0 million shares redeemed since the discontinuation vote.

Category 3: Key resource risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
Reliance on key personnel at the Investment Manager The Company is dependent on key people within the Investment Manager to meet its investment objective.	An inability by the Investment Manager to retain and recruit the required level of personnel with the appropriate skills and experience may adversely impact its ability to service the needs of the Company.	The Company has entered into a contractual engagement with the Investment Manager. The performance of the Investment Manager is monitored by the Board along with the Company's other key service providers on an ongoing basis. The Investment Manager provides regular updates to the Board on its resourcing plans and has a competitive remuneration plan focused on key employees.	**Stable** The Investment Manager has made significant progress with the Realisation Plan despite additional resource requirements in regard to collateral enforcement, property sales and borrower negotiations, with £166.5 million of repayments received by the Group during the year.

Category 4: Regulatory risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
Change in laws, regulation and/or policy The Company, its operations and the underlying Project Companies are subject to laws and regulations enacted by national and local governments.	Any change in the laws, regulations and/or Government policy affecting the Company or the underlying Project Companies may have a material adverse effect on the ability of the Company to successfully pursue the investment policy and meet its investment objective, which may impact the value of the Company.	The Company has a comprehensive compliance monitoring programme relevant to its operations that ensures compliance with developments and changes in legislation and regulation in the Channel Islands and the UK, including monitoring the impact of Brexit in jurisdictions in which the Group invests. The programme also monitors compliance with listing and FCA marketing rules.	**Stable** There have been no significant changes to, or new laws, regulations or policy at the Company level.

Risk management continued

Principal risks and uncertainties continued

Category 5: Execution risk

Risk	Impact	How the risk is managed	Change in residual risk over the year
Reinvestment risk and availability of suitable investments Risks related to the timely enforcement of collateral, disposal of assets, and requiring borrowers to refinance loans or sell properties in tight credit markets or with depressed valuations.	The strategic decision to deny extensions and require borrowers to raise new finance heightens reliance on their ability to refinance under challenging market conditions. Tight credit availability and depressed property valuations exacerbate the risk of refinancing delays or shortfalls. Similarly, asset disposals may face price reductions, longer timelines or limited buyer demand in the current market. These factors, combined with the need to manage multiple realisations simultaneously, increase the likelihood of suboptimal recoveries or delays.	The Investment Manager is actively managing the portfolio and working with borrowers to achieve the Realisation Plan and has been incentivised to do so under the terms of the side letter to the investment management agreement which was approved by shareholders at the EGM on 20 May 2024.	**New** Significant progress has been achieved, with repayments of £166.5 million received by the Group and 210.0 million shares redeemed since the discontinuation vote.

Category 6: Conflicts of interest

Risk	Impact	How the risk is managed	Change in residual risk over the year
Investment Manager arrangements The Investment Manager may not be incentivised to achieve the objective of maximising shareholder returns in a timely manner.	The Investment Manager has full discretion to act on behalf of the Company in relation to the execution of the Realisation Plan and is entitled to receive fees based on the prevailing NAV and the cost of each investment. The Investment Manager and its affiliates may serve as investment manager to other structures with similar investment objectives. Personnel at the Investment Manager may also have an interest in an entity or asset that the Group invests in. In addition, personnel at the Investment Manager and associated parties of the Investment Manager are shareholders of the Company.	The Investment Manager and the Company have policies and procedures in place to address potential conflicts including prior approval and consent from the Board and any conflicts that may arise from previous or current appointments.	**Stable** The Investment Manager has been appointed under a side letter to the investment management agreement to manage the Realisation Plan as agreed and updated with the Board from time to time. Under the terms of the side letter the investment manager is entitled to an incentive fee. Refer to page 91 for further information Strong progress has been made with the plan, with repayments of £166.5 million received by the Group and 210.0 million shares redeemed since the discontinuation vote.

Emerging risks

Emerging risks include trends which are characterised by a high degree of uncertainty in terms of their occurrence, probability and potential impact. As part of the Company's risk management processes, emerging risks are considered during the formal reviews of the Company's risks, described on page 36. The Board has concluded there are no emerging risks.

ESG risks

The Board considers ESG risks, including those relating to climate change, to be a transverse risk, managed within the existing risk categories identified in the Company's risk register.

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

Going concern

Assessment

The Directors have assessed the Company's ability to continue as a going concern, having considered the liquidity of the Group's investment portfolio and the Company's financial position in respect of its level of cash as well as its forecasted future cash flows.

After making enquiries of the Investment Manager on the maturity profile of the investment portfolio and the forecast cash flows, and having reassessed the principal risks in light of the recent changes to the Company's investment objective and strategy, the Directors are satisfied that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date on which the annual report is approved.

Based on the above assessment, the Directors have concluded that the financial statements of the Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly.

Viability assessment

The Board regularly reviews risks that might threaten its strategy. The Board also assesses the Company's policies and procedures for monitoring, managing and mitigating its exposure to these risks. The Directors have carried out a robust assessment of each of the Company's risks, including principal risks that threaten its business model, future performance, solvency or liquidity, uncertainty, as detailed on pages 30 to 36 and, through stress testing, as described below. The Board has also assessed the prospects of the Company over a longer period than the twelve months required by the going concern provision.

Stress testing

The Investment Manager has prepared cash flow forecasts which were challenged and approved by the Directors. Following the decision by shareholders to enter an Orderly Realisation, two scenarios have been modelled:

- Contractual Orderly Realisation: an Orderly Realisation of the portfolio aligned with contractual maturities; and
- Realisation Plan 2027: an Orderly Realisation aligned with the Investment Manager's and Board's strategy for completion.

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

- significant reduction of 38% of interest income received, based on the Investment Manager's analysis of downside probabilities of default and recovery rate assumptions;
- borrower default probabilities by sector and recovery rates of 65% for senior loans and 34% for subordinated loans;
- increases in the Company's operating expenses of 25%;
- a combined scenario with a combination of the factors described above; and
- impact on the portfolio of downside stress tests on a sector-by-sector basis.

The Investment Manager believes that the above scenarios represent a robust sensitivity analysis. The Company is reliant on the performance of interest and principal repayment obligations to meet its overheads and pay discretionary dividends. The Orderly Realisation will not result in the liquidation of the Company in the immediate future and the Board will seek to implement the Orderly Realisation in a manner that maximises value for shareholders.

Time period

The Board has determined that a five year period is an appropriate period over which to provide its viability statement. The weighted average term of the loans in the investment portfolio is eight years and in the view of the Board and the Investment Manager, this extended timeframe (over and above the Realisation Plan) allows for a prudent evaluation of potential capital events, evolving market dynamics and shareholder actions, all of which are inherently difficult to predict.

Conclusion

Based on the viability assessment and stress testing performed on the Company's prospects, the Directors confirm they expect the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period from their assessment to 31 December 2029.

Approval of strategic report

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

Alex Ohlsson
Chairman

29 April 2025

Governance

What's in this section

Board of Directors

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

Alex Ohlsson
Chairman

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

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

Date of appointment:
14 September 2015

Marykay Fuller
Senior Independent Director and chair of the Management Engagement committee and the Remuneration and Nomination committee

Marykay Fuller, a UK resident, is a banking and finance professional with 30 years' experience in debt and equity markets, working with a broad range of businesses across a variety of jurisdictions including the UK, US, Europe, South America and Asia. Most recently, she was a senior deal advisory partner at KPMG LLP where she also represented the firm on the board of the trade group, British American Business. Ms Fuller is currently the chair of the property company, Midsummer Place Ltd, as well as a board member and audit chair of MSX International.

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

Date of appointment:
6 November 2019

Philip Braun
Chair of the Audit and Risk committee

Mr Braun, a Jersey resident, has nearly 30 years' experience in audit, primarily with a focus on financial services, alternative investment funds and the regulated offshore industry working with PwC for almost ten years in Jersey and Sydney. He then spent the last 16 years as the lead audit partner for BDO in Jersey, prior to his move to provide independent directorship services. In addition to his role as the head of audit locally, he also led the provision of business advisory services, including corporate due diligence, restructuring and liquidations. Mr Braun has a BSc (Hons) in Mathematics and Computer Science and is a Fellow of the Institute of Chartered Accountants of England & Wales. Mr Braun also serves on the board of directors of CVC Income & Growth Limited (chair of the audit committee) and Digital 9 Infrastructure plc (chair of audit and valuation committee), both companies are listed on the LSE. Mr Braun is also a member of the board of the International Stock Exchange Authority Limited, the Guernsey-based regulator of the international stock exchange, and sits on both its risk and audit committees.

Skills and experience:
Chartered Accountant with extensive audit and accounting experience.

Date of appointment:
20 May 2024

The Investment Manager

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

For full Investment Manager biographies visit **www.graviscapital.com/our-people**

Investment team

Philip Kent
Chief Executive Officer

Philip Kent is a Director of the Investment Manager and acts as lead fund manager for the Company.

Anthony Curl
Chief Investment Officer

Anthony Curl is Chief Investment Officer at the Investment Manager.

Albane Poulin
Head of Private Credit

Albane Poulin is Head of Private Credit at the Investment Manager.

Portfolio administration

Luther Ward-Faint
Investment Director

Finn Donahoe
Portfolio Manager

Tristan Jackson
Portfolio Manager

Kate Arnold
Portfolio Manager

Justyna Kolarovic
Portfolio Administrator

Jessica Parry-Jones
Office Manager & Finance Assistant

Financial and corporate advisory

Chloe Marlow
Director of Fund Finance and Operations

Sarah Bowe
Head of Compliance and Risk

Limara Malouangout
Compliance & Risk Officer

William Parry-Jones
Fund Financial Controller

Mary Tiernan
Investor Reporting Associate

Board leadership and purpose

Corporate governance statement

I am pleased to present the Company's corporate governance statement for the year ended 31 December 2024.

Alex Ohlsson
Chairman

Introduction from the Chairman

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

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

The AIC Code

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

The Board has considered the principles and provisions of the AIC Code. The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company.

The AIC Code can be found on the AIC website at www.theaic.co.uk.

The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies. The UK Code can be found on the FRC website at www.frc.org.uk.

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

Statement of compliance with the AIC Code

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment company, most of the Company's day-to-day responsibilities are delegated to third party service providers. The Company has no employees and the Directors are all non-executive, therefore not all of the provisions of the UK Code are directly applicable to the Company. The Board considers that the Company has complied with the principles and provisions of the AIC Code, except in relation to the tenure of the Chairman, Alex Ohlsson. Refer to the Remuneration and Nomination committee report on page 46 for further information.

The Board

At 31 December 2024, the Board comprised three Directors, all of whom are non-executive and are considered independent. Biographical details of the Directors are shown on page 40.

Under the leadership of the Chairman, the Board is responsible for the long-term success of the Company. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls.

The Board has overall responsibility for the Company's investment policy, investment strategy and activities, including the review of investment activity and performance and internal controls of the Investment Manager.

Matters reserved for the Board

The Board has approved a formal schedule of matters reserved for its approval which is available on the Company's website and upon request from the Company Secretary.

Culture and purpose

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

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

Division of responsibilities

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

The Board

Purpose:

Responsible for the efficient Orderly Realisation of the Company to maximise shareholder value.

Provides overall leadership, sets out the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objective and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls.

Composition at 31 December 2024:

Chairman: Alex Ohlsson

Marykay Fuller

Philip Braun

Board committees

Audit and Risk committee	Management Engagement committee	Remuneration and Nomination committee
Purpose: Ensures that the Company's financial performance is properly monitored, controlled and reported, in addition to engaging with the Company's external Auditor, and reviews and monitors the Company's risk and internal controls.	**Purpose:** Reviews the performance and continuing appointment of the Investment Manager and other service providers.	**Purpose:** Considers appointments to the Board and its individual committees, makes recommendations with regard to changes, maintaining a balanced and effective Board and reviewing Directors' remuneration.

Composition at 31 December 2024

Audit and Risk committee	Management Engagement committee	Remuneration and Nomination committee
Chair: Philip Braun Marykay Fuller See Audit and Risk committee report on pages 49 to 51.	Chair: Marykay Fuller Alex Ohlsson Philip Braun	Chair: Marykay Fuller Alex Ohlsson Philip Braun See Remuneration and Nomination committee report on pages 46 to 48.

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

Division of responsibilities continued

Chairman and Senior Independent Director

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

He considers himself to have sufficient time to spend on the affairs of the Company. He has no significant commitments other than those disclosed in his biography on page 40. The Chairman's independence has previously been noted by Institutional Shareholder Services, a proxy adviser which publishes voting recommendations for its clients in respect of listed issuers, due to his position as group chairman (previously managing partner) of Carey Olsen, the Company's advisers on Jersey law. The relationship between the Company and Carey Olsen is not material in nature and is not considered to present a conflict of interest. The fees paid to Carey Olsen in the financial year ended 31 December 2024 represented 0.36% of the total expenses of the Company. Furthermore, the Company and Carey Olsen, a firm of over 50 partners, maintain procedures to ensure that the Chairman has no involvement in either the decisions concerning the engagement of Carey Olsen or the provision of legal services to the Company.

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

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

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

Committees

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

Audit and Risk committee

The membership and activities of the Audit and Risk committee are described in its report on pages 49 to 51.

Management Engagement committee

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

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

A side letter to the investment management agreement was approved by shareholders at the EGM in May 2024. Refer to note 18 for further information.

Remuneration and Nomination committee

The membership and activities of the Remuneration and Nomination committee are described in its report on pages 46 to 48.

Meetings

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

	Quarterly Board		Audit and Risk		Management Engagement	
Directors	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Alex Ohlsson	4	4	—	—	1	1
Joanna Dentskevich[1]	2	2	2	2	—	—
Colin Huelin FCA[1]	2	2	2	2	—	—
Marykay Fuller	4	4	4	4	1	1
Philip Braun[1]	2	2	2	2	1	1

	Remuneration and Nomination		Ad-hoc Board	
Directors	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Alex Ohlsson	3	3	13	13
Joanna Dentskevich[1]	1	1	7	7
Colin Huelin[1]	1	1	7	7
Marykay Fuller	3	3	13	13
Philip Braun[1]	2	2	6	6

1. On 20 May 2024, Joanna Dentskevich and Colin Huelin resigned from the Board and Philip Braun was appointed.

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

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

Company Secretary

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

Market Abuse Regulation

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

Anti-bribery and tax evasion

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

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

UK AIFM Regime

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

AIFM remuneration

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

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

MiFID II

The ordinary shares of the Company are considered 'non-complex' in accordance with MiFID II.

Non-mainstream pooled investments

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

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

Composition, succession and evaluation

Remuneration and Nomination committee report

I am pleased to present the Remuneration and Nomination committee report for the year ended 31 December 2024.

Marykay Fuller
Chair of the Remuneration and Nomination committee

Committee

At 31 December 2024, the committee comprised all three Directors of the Company, all of whom are considered independent.

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

Board composition

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

Directors' attendance at all committee meetings held during the year and their relevant experience is detailed on page 44 and page 40 respectively.

Induction of new Directors and training

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

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

Independence

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

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

Tenure and succession

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

The Board does not consider that length of service in itself necessarily undermines a Director's independence nor that each Director, including the Chairman, should serve for a finite fixed period.

The appointment date of each Director is shown on page 40. Alex Ohlsson has served as a Director of the Company for ten years since his appointment as Chairman in September 2015.

In order to align the Company's tenure policy with the maintenance of continuity, knowledge and experience, the Board is of the view that it is in the best interest of shareholders for all three Directors of the Company to be retained until the completion of the Orderly Realisation and solvent liquidation of the Company, targeted to complete in 2027.

Performance evaluation

The Directors are aware of the need to continually monitor and improve performance and recognise that regular Board evaluation is a valuable feedback mechanism for improving Board effectiveness.

During 2024, an internal performance evaluation was carried out through a questionnaire. The questionnaire is specifically designed to assess the strength and independence of the Board, the Chairman and the individual Directors, the performance and focus of Board and committee meetings, the need for additional information required to facilitate Board discussions and each Director's continuing capacity. The results of the performance evaluation are presented to the Remuneration and Nomination committee and subsequently to the Board, with any key recommendations driven forward by the committee with assistance from the Company Secretary and Investment Manager, where relevant.

Diversity

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

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

Board appointments are made based on merit and calibre with the most appropriate candidate, who is the best fit for the Company, nominated for appointment.

As a result, no measurable targets in relation to Board diversity have been set.

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

In compliance with Listing Rule 9.8.6, the Company provides information, set out in the tables below, on its progress against the targets on Board diversity:

a) at least 40% of individuals on the Board should be women;

b) at least one senior Board position should be held by a woman; and

c) at least one individual on the Board should be from a minority ethnic background.

Gender identity[1]

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	2	67%	1
Women	1	33%	1
Not specified/prefer not to say	—	—	—

Ethnic background[1]

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	3	100%	2
Mixed/Multiple ethnic groups	—	—	—
Asian/Asian British	—	—	—
Black/African/Caribbean/Black British	—	—	—
Other ethnic group	—	—	—
Not specified/prefer not to say	—	—	—

The data in the above tables was collected through self-reporting by the Directors.

1. The Company is a closed-ended investment company with no employees, hence data for executive management in Listing Rule 9 Annex 2.1 is not applicable.

Composition, succession and evaluation continued

Remuneration and Nomination committee report continued

Diversity continued

At the date of this report, the Board consists of two males and one female. From 2019 to the AGM in May 2024, the Board consisted of two males and two females. At the AGM in May 2024, as a result of the strategic review and subsequent approval by shareholders of the discontinuation resolution, two Directors, who had both served nine years, resigned from the Board of the Company and Philip Braun was appointed, reducing the size of the Board from four to three members.

An independent consultant, Maven Partners, was engaged for the recruitment process. The criteria was a qualified accountant (so they could chair the Audit and Risk committee) who was a Jersey resident, because, as a Jersey resident company, the Company must have at least two Jersey resident directors. The Remuneration and Nomination committee assessed the most viable candidates and Mr Braun was appointed based on merit, calibre and who would be the best fit for the Company.

The requirement for the Company to have at least two Jersey resident directors affects its ability to source ethnically diverse directors. The 2021 census of the population of Jersey showed that of a population of 103,297, only 4.1% were from a minority ethnic background, compared to England and Wales which had a population of 66.8 million in 2019[1], of which 15.2% were from a minority ethnic background.

Overboarding

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

On an annual basis, through the Board's internal evaluation, as described on page 46, each Director's continuing ability to meet the time requirements of the role is assessed by considering, amongst other things, their attendance at Board, committee and other ad hoc meetings and events of the Company during the year as well as the nature and complexity of other, both public and private, roles held.

Directors' attendance at all Board and committee meetings held during the year is detailed on page 44. None of the Directors hold an executive position of a public company or chair a public operating company.

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

Re-election

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

Having considered the Directors' performance and the results of the internal performance evaluation, the Board believes it continues to be effective and the Directors bring extensive knowledge and commercial experience together with demonstrating a range of business, financial and asset management skills. Taking this into consideration as well as the managed wind-down of the Company and thus the desire to maintain continuity, knowledge and experience on the Board, the Board believes that it would be in the Company's best interests for the Directors to be proposed for re-election at the AGM given their material level of contribution and commitment to the role and, hence, recommends that shareholders vote in favour of each Director's proposed re-election.

Remuneration

The Directors' remuneration report on pages 52 and 53 details the remuneration policy and the Directors' remuneration during the year.

Marykay Fuller
Chair of the Remuneration and Nomination committee

29 April 2025

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

Audit, risk and internal control

Audit and Risk committee report

I am pleased to present the Audit and Risk committee report for the year ended 31 December 2024.

Philip Braun
Chair of the Audit and Risk committee

Statement from the chair

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

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

Composition and meetings

At 31 December 2024, the committee comprised Philip Braun (chair) and Marykay Fuller. The qualifications and experience of the Audit and Risk committee members are detailed on pages 49 to 51. The Board considers that the committee chair, Mr Braun, a Chartered Accountant, has recent and relevant financial experience as required by the provisions of the AIC Code.

The committee formally met four times during the year ended 31 December 2024. Details of attendance at meetings held during the year are set out on page 44.

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

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

Financial reporting

The committee considered the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 with which it is complying voluntarily, in line with best practice reporting. As required under the AIC Code, the committee specifically reviewed the Company's annual report and financial statements, including the Company's key performance indicators and alternative performance measures, to conclude whether it is:

- fair, balanced, understandable, comprehensive and consistent with prior year reporting; and
- how the Board assesses the performance and position of the Company's business during and at the end of the financial year.

The committee also considered if the annual report and financial statements provided shareholders with the information necessary to assess the Company's strategy and business model.

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

In addition to the above matters, the committee's work focused on:

- significant accounting matters recommended to the Board and other narrative disclosures in the half-yearly and annual financial statements of the Company, including matters of judgement in relation to the valuation of financial assets at fair value through profit or loss and an assessment of the methodology. The committee discussed these matters with the independent Valuation Agent, the Investment Manager and the Auditor;
- the effectiveness of the Company's internal control environment and risk management framework;
- challenging the results of the Investment Manager's stress tests for the purpose of the going concern and viability statements and considering the going concern disclosures on page 36 and in note 2.1 to the financial statements;
- overseeing the Company's relations with the Auditor, including assessing the conduct and effectiveness of the audit process and the Auditor's independence and objectivity and recommending the Auditor's re-appointment and approval of the Auditor's fees; and
- the committee's own terms of reference.

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

Audit, risk and internal control continued

Audit and Risk committee report continued

Significant issues considered

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

Fair valuation of investments	Actions and conclusions
As outlined in notes 11 and 17 to the financial statements, the total value of financial assets at fair value at 31 December 2024 was £173.9 million (31 December 2023: £366.8 million). Market quotations are not available for these financial assets such that their valuation is undertaken using a discounted cash flow methodology, with exception to the methodology adopted for valuing the seven loans in the investment portfolio that are based on net realisable value. Refer to note 2.1 for further information. The discount rates adopted to determine the valuation are selected and recommended by the independent Valuation Agent. The discount rates are applied to the expected future cash flows for each investment's financial forecasts determined by the Investment Manager, to arrive at a valuation (discounted cash flow valuation). The resulting valuation is sensitive to the discount rate selected. The independent Valuation Agent is experienced and active in the area of valuing these investments and adopts discount rates that reflect their current and extensive experience. The independent Valuation Agent performs semi-annual financial asset valuations and provides valuation reports to the Board. The performance of the individual investments and the fair value of the financial assets is discussed with the Investment Manager at each quarterly Board meeting.	The committee met with the independent Valuation Agent prior to the issuance of their semi-annual valuation reports to discuss and challenge their fair valuation of the Company's loans. The Valuation Agent discussed the valuation methodology, including the key general market conditions by sector and their impact on the valuation. During the year, the committee also met with the Investment Manager to discuss portfolio reports provided to the independent Valuation Agent for the valuations. The committee challenged the judgements and key estimates applied, including those concerning the loans valued based on net realisable value, the impact of inflation and/or interest rate protection and general market conditions. In addition, following further consideration of inputs as part of the year end reporting process, the committee recommended that the Board adopt a revised valuation of one of the Group's loans secured against a property asset prior to finalisation of the financial statements. The updated valuation, which remained within the original valuation range, as reported by the independent Valuation Agent, resulted in a £7.2 million reduction in the fair value of financial assets through profit or loss. The committee was satisfied that the valuation methodology and judgements, including the range of the discount rates adopted by the independent Valuation Agent, were appropriate for the valuation.

Other matters considered during the year

Accounting policies, narrative reporting, critical accounting estimates and key judgements

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

Risk management

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

The level of residual risk determined as part of this analysis assists the Board (on the committee's recommendation) in determining whether it is within the Company's risk appetite and identifying any follow-up actions required.

Both the risk register and the financial crime risk assessment are reviewed semi-annually in order to support the committee's assessment of the principal risks and uncertainties and emerging risks the Company reports in the half-yearly report and annual report. Details of the Company's risk management framework, including the role of the AIFM, are set out on page 31.

Internal controls

The committee monitored and reviewed the internal controls of the Company, which included:

— quarterly reports to the Board from the Investment Manager, Administrator, Compliance Officer and Depositary;

— bi-annual reports from the Investment Manager's risk officer to the committee;

— ISAE 3402 Type II reports on the operations of the key service providers, namely the Investment Manager, Administrator and Registrar; and

— annual assurance confirmations provided by key service providers to the Management Engagement committee, which covered matters in relation to financial crime, cyber security, fraud prevention and detection, ESG and other compliance.

The committee concluded that the Company's internal controls remain adequate and effective.

Going concern and viability statement

The Board's assessment of the Company's ability to continue as a going concern, as well as its longer-term viability, is detailed in the risk management section on page 36 and in note 2.1 to the financial statements.

External audit

The committee met with the Auditor in September 2024 to review, challenge and agree their audit plan, and in particular their approach to the valuation of investments.

Independence and objectivity of the Auditor

PwC has been the Auditor of the Company since its first annual reporting period in 2016 and Lisa McClure has been the audit partner since the financial year ended 31 December 2021.

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

— a report from the Auditor describing its arrangements for maintaining independence; and

— the extent and nature of the non-audit services provided by the Auditor.

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

External audit results

The committee met with the Auditor in April 2025 to discuss their audit report and opinion, after the conclusion of their audit.

The Auditor explained the results of their audit and a summary of the differences identified. The Audit and Risk committee were satisfied that the differences were not material in the context of the financial statements as a whole.

Effectiveness of the external audit

The committee discussed the effectiveness of the external audit process during the year, considering the performance, objectivity, independence and relevant experience of the Auditor. Following this review, the committee concluded that the audit was effective.

Re-appointment of the Auditor

With the ten-year anniversary of PwC being appointed as the Company's Auditor fast approaching, coupled with the requirement to conduct an audit tender process at least every ten years (per the EU Audit Regulation 2014), the Board decided to put the audit out for tender, in advance of the ten-year deadline, to ensure the Company is well placed as it progresses through the Orderly Realisation process.

After due and careful consideration, the Board invited seven audit firms, including the incumbent, to the tender process.

Following the conclusion of a formal competitive audit tender process led by the Company's Audit and Risk committee, the Board has approved the appointment of Grant Thornton Limited ("Grant Thornton") as the Company's new Auditor, succeeding PwC.

Grant Thornton will conduct the audit of the Company's financial statements for the financial year ending 31 December 2025. The appointment of Grant Thornton as Auditor is subject to approval by shareholders at the 2025 Annual General Meeting of the Company.

The following table summarises the remuneration paid to the Auditor for audit and non-audit services during the year ended 31 December 2024:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Audit fees		
Annual audit of the Company	**256**	170
Audit-related services		
Review of half-yearly report	**75**	36
Total	**331**	206

Philip Braun
Chair of the Audit and Risk committee

29 April 2025

Remuneration

Directors' remuneration report

I am pleased to present the Directors' remuneration report for the year ended 31 December 2024.

Marykay Fuller
Chair of the Remuneration and Nomination committee

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

The Directors' remuneration report is put to a shareholder vote every year.

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

The remuneration policy was put to, and approved by, shareholders in 2023 and as there will be no change in the way the policy will be implemented during the course of the next financial year, there is no requirement for the policy to be put to shareholders at this year's AGM.

This report is not subject to audit.

Directors' remuneration

The fees paid to the Directors in the years ended 31 December 2024 and 31 December 2023 are set out below.

	Directors' base fee £		Chairman/SID fee £		Committee chair fee £		ESG representative fee £		One-off strategic review fee £		Expenses £		Total £	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Alex Ohlsson	**48,375**	48,375	**20,000**	20,000	**—**	—	**—**	—	**15,000**	—	**20**	1,014	**83,395**	69,389
Joanna Dentskevich[1]	**18,720**	48,375	**—**	—	**3,870**	10,000	**1,935**	5,000	**—**	—	**—**	652	**24,525**	64,027
Colin Huelin[1]	**18,720**	48,375	**—**	—	**5,805**	15,000	**—**	—	**—**	—	**—**	350	**24,525**	63,725
Marykay Fuller	**48,375**	48,375	**6,123**	—	**10,000**	10,000	**—**	—	**10,000**	—	**4,968**	3,013	**79,466**	61,388
Philip Braun[1]	**29,754**	—	**—**	—	**12,301**	—	**—**	—	**—**	—	**467**	—	**42,522**	—
Total	**163,944**	193,500	**26,123**	20,000	**31,976**	35,000	**1,935**	5,000	**25,000**	—	**5,455**	5,029	**254,433**	258,529

1. On 20 May 2024, Joanna Dentskevich and Colin Huelin resigned from the Board and Philip Braun was appointed.

The fees paid to the Directors were in relation to non-executive Director services. At 31 December 2024, liabilities in respect of these services amounted to £51,000 (31 December 2023: £63,000). No variable remuneration, discretionary payments or payments for loss of office were made during the year.

The Remuneration and Nomination committee met in May 2024 and it was agreed that in light of the changes in the composition of the Board, there would be a re-allocation of Directors' remuneration related to revised committee responsibilities, assignments and compensation after the AGM. The re-allocation recommended to, and approved by, the Board is shown in the table on page 53.

Directors' interests

At 31 December 2024, the interests of the Directors in the ordinary shares of the Company are as set out below[1]:

	31 December 2024 Number of shares	31 December 2023 Number of shares
Alex Ohlsson	**25,329**	50,000
Marykay Fuller	**9,954**	19,650
Philip Braun	**6,642**	—
Joanna Dentskevich[2]	**—**	57,379
Colin Huelin[2]	**—**	34,142

1. The Directors' shareholdings are either direct and/or indirect holdings of the ordinary shares in the Company.
2. Joanna Dentskevich and Colin Huelin resigned from the Board on 20 May 2024.

Changes to the above holdings between 31 December 2023 and 31 December 2024 are due to the compulsory capital redemptions.

Directors' remuneration policy

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

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

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

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

The remuneration of each of the Directors is subject to fixed fee arrangements, paid quarterly in arrears. Part of the Directors' fee may be paid in the form of fully paid shares in the capital of the Company. At 31 December 2024, no shares were issued in lieu of payment of the Directors' fee (31 December 2023: none).

The aggregate of all the Directors' remuneration is currently subject to an annual cap of £335,000 in accordance with the Articles and is reviewed annually.

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

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

	31 December 2024 £	31 December 2023 £
Base fee	**48,375**	48,375
Chairman's fee	**20,000**	20,000
Senior Independent Director fee	**10,000**	—
Audit and Risk committee chair fee	**20,000**	—
Audit committee chair fee	**—**	15,000
Risk committee chair fee	**—**	10,000
Management Engagement committee chair fee	**5,000**	5,000
Remuneration and Nomination committee chair fee	**5,000**	5,000
ESG representative fee	**—**	5,000

Approval

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

Marykay Fuller
Chair of the Remuneration and Nomination committee

29 April 2025

Directors' report

The corporate governance statement set out on pages 40 to 55 forms part of this report.

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

Directors
The Directors in office at 31 December 2024 are shown on page 40.

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

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

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

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

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

Share capital
Details of the movements in share capital during the year are set out in the statement of changes in equity on page 66 and in note 16 to the financial statements.

At the AGM held on 20 May 2024, the Company was granted the authority to purchase up to 14.99% of the Company's ordinary share capital in issue at the date on which the notice of the AGM was published. This authority will expire at the conclusion of, and renewal will be sought at, the AGM to be held on 6 June 2025. No repurchases were made under this authority during the year.

During the year, the Company cancelled all 16.4 million shares held in treasury and redeemed 210.0 million shares through compulsory redemptions.

At 31 December 2024, the Company's issued share capital comprised 215,606,413 ordinary shares of no par value, none of which are held in treasury. The total voting rights of the Company at 31 December 2024 were 215,606,413.

At general meetings of the Company, every ordinary shareholder shall have one vote in respect of every ordinary share.

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

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

Significant voting rights

At 31 December 2024, the Company has been informed of the following holdings representing more than 3% of the voting rights of the Company:

Name	Shares held	Percentage of total voting rights
Valu-Trac Investment Management	19,590,833	9.09%
CCLA Investment Management	17,097,474	7.93%
Close Asset Management	15,317,464	7.10%
Waverton Investment Management	11,369,759	5.27%
West Yorkshire Pension Fund	9,331,439	4.33%
Hargreaves Lansdown Asset Management	7,311,438	3.39%
BlackRock Investment Management	7,275,509	3.37%
Canopius	6,890,469	3.20%

The Company has not been informed of any changes to the interests between 31 December 2024 and the date of this report.

Auditor

With the ten-year anniversary of PwC being appointed as the Company's Auditor fast approaching, coupled with the requirement to conduct an audit tender process at least every ten years (per the EU Audit Regulation 2014), the Board decided to put the audit out for tender, in advance of the ten-year deadline, to ensure the Company is well placed as it continues through the Orderly Realisation process.

After due and careful consideration, the Board invited seven audit firms, including the incumbent, to the tender process.

Following the conclusion of a formal competitive audit tender process led by the Company's Audit and Risk committee, the Board has approved the appointment of Grant Thornton Limited ("Grant Thornton") as the Company's new Auditor, succeeding PwC.

Grant Thornton will conduct the audit of the Company's financial statements for the financial year ending 31 December 2025. The appointment of Grant Thornton as Auditor is subject to approval by shareholders at the 2025 Annual General Meeting of the Company.

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

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

Financial risk management

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

Requirements of the Listing Rules

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

The information required under Listing Rule 9.8.4(7) in relation to allotments of shares is set out under the heading 'Share capital' on page 54. The Directors confirm that there are no other disclosures required in relation to Listing Rule 9.8.4.

On behalf of the Board

Alex Ohlsson

Chairman

29 April 2025

Financial statements

What's in this section

Statement of Directors' responsibilities

In respect of the annual report and financial statements

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

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

The Directors are required to:

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

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

The Directors have overall responsibility for the maintenance and integrity of the corporate and financial information included on the Company's website.

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

Directors' responsibility statement

In accordance with the FCA's DTRs, each of the Directors, whose names are set out on page 40, confirms that to the best of his or her knowledge:

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

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

On behalf of the Board

Alex Ohlsson
Chairman

29 April 2025

Independent Auditor's report

To the members of GCP Asset Backed Income Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of GCP Asset Backed Income Fund Limited (the "company") as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

The company's financial statements comprise:

— the statement of financial position as at 31 December 2024;

— the statement of comprehensive income for the year then ended;

— the statement of changes in equity for the year then ended;

— the statement of cash flows for the year then ended; and

— the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Audit scope

— The company is based in Jersey and the financial statements include its investments in the subsidiary and other investments as financial assets at fair value through profit or loss.

— Our audit work was performed solely in Jersey for the audit of the financial statements of the company.

— We tailored the scope of our audit taking into account the types of investments within the company, the accounting processes and controls, and the industry in which the company operates.

— We conducted our audit of the financial statements based on information provided by the appointed service providers to the company to whom the Board of Directors has delegated the provision of certain functions, including Gravis Capital Management Limited (the "Investment Manager and AIFM") and Apex Financial Services (Alternative Funds) Limited (the "Administrator").

Key audit matters

— Valuation of financial assets at fair value through profit or loss: investment in Subsidiary.

Materiality

— Overall materiality: GBP 4.4 million (2023: GBP 9.9 million) based on 2.5% of net assets.

— Performance materiality: GBP 3.3 million (2023: GBP 7.4 million).

The scope of our audit

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

Key audit matters

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

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

Independent Auditor's report continued

To the members of GCP Asset Backed Income Fund Limited

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter

Valuation of financial assets at fair value through profit or loss: investment in Subsidiary
Refer to note 11 and note 17 of the financial statements
The valuation of financial assets at fair value through profit or loss: investment in Subsidiary ("investment in Subsidiary") drives a number of key performance indicators, such as net asset value, which is of significant interest to investors and the market.
 	
The fair value of the investment in Subsidiary is substantially derived from the fair value of secured loan notes to the end borrower.
 	
The valuations of secured loan notes are performed using contractual cash flows generated by each loan facility over a medium to long-term period and by selecting key assumptions such as the discount rate adjusted as appropriate for market, credit and liquidity risk factors.
 	
The nature of discounted cash flow ("DCF") is inherently subjective due to key assumptions used for the discount rate and the amount or timing of cash flows supporting the interest and capital repayments on debt positions held.
 	
The existence of significant estimation uncertainty, coupled with the fact that small percentage differences in assumptions to the valuations when aggregated could result in material misstatement, are the reasons for our specific audit focus and attention to this area.
 	
As a result of the inherent nature of the key assumptions used in the DCF model, the Directors appointed an external Valuation Agent to support them in ascertaining the fair value of secured loan notes.
	We have performed the following procedures:
	— Discussions were held with the Directors of the company and the Investment Manager to enable us to understand and evaluate the controls in place over the valuation process.
	— We obtained a summary of the portfolio movements during the year.
	— We assessed the company's external Valuation Agents' independence, qualifications and expertise and read their terms of engagement with the Company to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.
	— We read the valuation report issued by the external Valuation Agent and understood the valuation approach used.
	— We engaged our own auditor's experts to critique and challenge the work performed and assumptions used by the Valuation Agent.
	— We held discussions with the Investment Manager to understand the monitoring process of the borrowers' payments and financial performance, in identifying circumstances that can materially impact the recoverability of the contractual cash flows.
	— We agreed a sample of contractual cash flows used in the DCF calculation to the contractual payment schedule of the loan facility agreements and tested the mathematical accuracy of the DCF calculation. The following procedures were carried out:
	  — for a sample of secured loan notes repaid or drawn down during the year, we tested the movement to cash payments, cash receipts and relevant support;
	  — for a sample of interest received during the year, we agreed the amounts to bank payments or receipts; and
	  — for a sample of interest accrued during the year, we recomputed the amounts using the interest rates as per facility agreements and the outstanding balances of the loan amounts at the relevant period.
	— We challenged the assumptions used in the valuation model.
	— We considered the adequacy of the company's disclosures in respect of the fair value of the investment in Subsidiary.
	— We also considered the disclosure of the degree of sensitivity when a reasonably possible change in a key assumption could give rise to a change in the fair value of the investment in Subsidiary.
	
	Based on the above procedures, we have not identified any material matters to report to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, the industry in which the company operates, and we considered the risk of climate change and the potential impact thereof on our audit approach.

Materiality

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

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

Overall materiality	GBP 4.4 million (2023: GBP 9.9 million)
How we determined it	2.5% of net assets
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to GBP 3.3 million (2023: GBP 7.4 million) for the company financial statements.

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

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above GBP 220,000 (2023: GBP 496,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Independent Auditor's report continued

To the members of GCP Asset Backed Income Fund Limited

Responsibilities for the financial statements and the audit continued

Auditor's responsibilities for the audit of the financial statements

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

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

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

We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Corporate governance statement

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

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

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

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

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

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

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

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

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

29 April 2025

Statement of comprehensive income
For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Income			
Loan note interest realised	3	**22,811**	31,747
Net loss on financial assets at fair value through profit or loss	3	**(29,724)**	(7,396)
Net gain on derivative financial instruments	3	**434**	468
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss		**(6,479)**	24,819
Other income	3	**1,243**	1,326
Deposit interest income		**947**	165
Total (loss)/income		**(4,289)**	26,310
Expenses			
Investment management fees	18	**(2,690)**	(3,448)
Operating expenses	4	**(2,750)**	(1,599)
Directors' remuneration	6	**(254)**	(259)
Total expenses		**(5,694)**	(5,306)
Total operating (loss)/profit before finance costs		**(9,983)**	21,004
Finance costs			
Finance expenses	7	**(359)**	(2,740)
Total (loss)/profit and comprehensive income		**(10,342)**	18,264
Basic and diluted earnings per share (pence)	10	**(3.13)**	4.27

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

The accompanying notes on pages 68 to 92 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2024

	Notes	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Assets			
Cash and cash equivalents	13	**4,145**	30,936
Derivative financial instruments	17.1	**83**	107
Other receivables and prepayments	12	**50**	250
Financial assets at fair value through profit or loss	11	**173,894**	366,818
Total assets		**178,172**	398,111
Liabilities			
Derivative financial instruments	17.1	**—**	(5)
Other payables and accrued expenses	15	**(1,798)**	(1,361)
Total liabilities		**(1,798)**	(1,366)
Net assets		**176,374**	396,745
Equity			
Share capital	16	**243,331**	431,487
Retained losses		**(66,957)**	(34,742)
Total equity		**176,374**	396,745
Ordinary shares in issue (excluding treasury shares)	16	**215,606,413**	425,626,059
NAV per ordinary share (pence per share)		**81.80**	93.21

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2025 and signed on its behalf by:

Alex Ohlsson
Chairman

Philip Braun
Director

The accompanying notes on pages 68 to 92 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2024

	Notes	**Share capital £'000**	**Retained losses £'000**	**Total equity £'000**
Balance as at 1 January 2024		**431,487**	**(34,742)**	**396,745**
Total loss and comprehensive loss for the year		**—**	**(10,342)**	**(10,342)**
Shares redeemed	16	**(188,156)**	**—**	**(188,156)**
Dividends paid	9	**—**	**(21,873)**	**(21,873)**
Balance as at 31 December 2024		**243,331**	**(66,957)**	**176,374**

Statement of changes in equity

For the year ended 31 December 2023

	Notes	Share capital £'000	Retained losses £'000	Total equity £'000
Balance as at 1 January 2023		437,960	(25,960)	412,000
Total profit and comprehensive income for the year		—	18,264	18,264
Share repurchases	16	(6,473)	—	(6,473)
Dividends paid	9	—	(27,046)	(27,046)
Balance as at 31 December 2023		431,487	(34,742)	396,745

The accompanying notes on pages 68 to 92 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Cash flows from operating activities			
Total operating (loss)/profit before finance costs		**(9,983)**	21,004
Adjustments for:			
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	3	**6,479**	(24,819)
Net settlement of derivative financial instruments	3	**453**	353
Increase/(decrease) in other payables and accrued expenses		**491**	(150)
Decrease/(increase) in other receivables and prepayments	12	**20**	(4)
Total		**(2,540)**	(3,616)
Loan note interest realised	3	**22,811**	31,747
Investment in Subsidiary	11	**(3,127)**	(32,655)
Capital repayments from Subsidiary	11	**166,327**	93,512
Net cash flow generated from operating activities		**183,471**	88,988
Cash flows from financing activities			
Proceeds from revolving credit facilities	14	**—**	16,000
Repayment of revolving credit facilities	14	**—**	(48,050)
Shares redeemed		**(188,156)**	—
Share repurchases	16	**—**	(6,473)
Finance costs paid		**(233)**	(2,794)
Dividends paid	9	**(21,873)**	(27,046)
Net cash flow used in financing activities		**(210,262)**	(68,363)
Net (decrease)/increase in cash and cash equivalents		**(26,791)**	20,625
Cash and cash equivalents at beginning of the year		**30,936**	10,311
Cash and cash equivalents at end of the year	13	**4,145**	30,936

The accompanying notes on pages 68 to 92 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2024

1. General information

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

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

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

At 31 December 2024, the Company had one wholly owned Subsidiary, GABI UK (31 December 2023: one), incorporated in England and Wales on 23 October 2015 (registration number 9838893). GABI UK has three subsidiaries (31 December 2023: three): GABI Housing (registration number 10497254) incorporated in England and Wales on 25 November 2016, GABI GS (registration number 10546087) incorporated in England and Wales on 4 January 2017 and GABI Housing 2 (registration number 14372988) incorporated in England and Wales on 23 September 2022. The Company, GABI UK, GABI Housing, GABI GS and GABI Housing 2 comprise the Group. The registered office address for GABI UK, GABI Housing, GABI Housing 2 and GABI GS is 24 Savile Row, London W1S 2ES.

GABI GS was set up to hold shares as security for loans issued to underlying borrowers where required. Its purpose is to isolate any potential liabilities that arise from holding shares as security from the Company.

GABI Housing was set up for the sole purpose of investing in five underlying properties and the social income stream derived from these properties by letting them out to specialist housing associations.

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

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

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

The Company may not make any new investments save that:

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

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

2. Material accounting policy information

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

2.1 Basis of preparation

The annual report and financial statements for the year ended 31 December 2024 have been prepared on a going concern basis and in accordance with IFRS Accounting Standards, and as applied in accordance with the Jersey Company Law.

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

New standards, amendments and interpretations adopted in the year

In the current year, the Company has applied amendments to IFRS Accounting Standards. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. This incorporated:

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements. Amendments to IFRS that have applied from 1 January 2025 are:

- Lack of Exchangeability – Amendments to IAS 21.

Amendments that will apply from 1 January 2027 are:

- Presentation and Disclosure in Financial Statements (introduction of IFRS 18).

Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies.

IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.

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

Functional and presentation currency
The primary objective of the Company is to generate returns in Pound Sterling, its capital-raising currency.

The Company's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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

Going concern
The financial statements have been prepared on a going concern basis. The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date when these financial statements were approved.

Liquidity position
At 31 December 2024, the Company held cash and cash equivalents of £4.1 million. In the statement of financial position, the Company had total current liabilities of £1.8 million, consisting of other payables and accrued expenses. The Company's net current asset position at 31 December 2024 was £3.1 million.

The Directors have assessed the Company's ability to continue as a going concern, having considered the liquidity of the Group's investment portfolio and the Company's financial position in respect of its level of cash as well as its forecasted future cash flows. The Company is a closed-ended investment company, with assets that are not required to be liquidated to meet day-to-day redemptions.

After making enquiries of the Investment Manager on the maturity profile of the investment portfolio and the forecast cash flows, and having reassessed the principal risks in light of the recent changes to the Company's investment objective and strategy, the Directors are satisfied that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date on which the annual report and financial statements are approved. The Board will seek to implement the Orderly Realisation in a manner that maximises shareholder value.

Based on the above assessment, the Directors have concluded that the financial statements of the Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly.

Viability assessment
In addition to a going concern statement, the Directors have undertaken a longer-term assessment of the Company.

The Investment Manager has prepared cash flow forecasts for two scenarios that account for the Orderly Realisation process. The cash flow forecasts and accompanying stress tests prepared by the Investment Manager were reviewed and challenged by the Directors.

The Investment Manager's stress tests assess the impact of changes in the valuation of the underlying investment portfolio and/or income and consider the impact of plausible downside scenarios, details of which are given on page 36.

2.2 Significant accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions
Fair value of instruments not quoted in an active market
The Company's investments are made by subscribing for the Secured Loan Notes issued by the Subsidiary. The Subsidiary's assets consist of investments held by the Subsidiary, which represent secured loan facilities issued to the Project Companies. The Subsidiary's assets are not quoted in an active market; therefore, the fair value is determined using a discounted cash flow methodology where applicable (excluding the loans held at net realisable value which are not valued on a discounted cash flow basis), adjusted as appropriate for market, credit and liquidity risk factors (refer to note 17.9 for further information). This requires assumptions to be made regarding future cash flows and the discount rate applied to these cash flows. The Subsidiary's investments are valued by an independent Valuation Agent on a semi-annual basis. Investments which may be subject to discount rate changes are valued on a quarterly basis.

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

Notes to the financial statements continued

For the year ended 31 December 2024

2. Material accounting policy information continued

2.2 Significant accounting estimates and judgements continued

(a) Critical accounting estimates and assumptions continued

Fair value of instruments not quoted in an active market continued

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

The investment in the Subsidiary is held at fair value through profit or loss, with income distributions and interest payments from the Subsidiary included as part of the fair value movement calculation, together with any unrealised movement in the fair value of the holding in the Subsidiary.

The value of the investment in the Subsidiary is based on the aggregate of the NAV of the Subsidiary and the value of the Secured Loan Notes issued by the Subsidiary. Refer to note 11 for further details.

Valuation of assets held at net realisable value

At 31 December 2024, seven loans were held at net realisable value. The decision to value certain loans using the net realisable value approach instead of discounted cash flow ("DCF") reflects the nature of these assets and their realisation strategy. This method is more appropriate where recoveries depend on structured capital stacks, intercreditor agreements and asset sales rather than predictable cash flows. It better captures senior debt impact, disposal costs and market-driven outcomes, particularly in distressed scenarios. The methodology has been reviewed and confirmed by the independent third party Valuation Agent.

(b) Critical judgements

Assessment as an investment entity

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

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

The criteria which define an investment entity are as follows:

— an entity that obtains funds from one or more investors with the purpose of providing those investors with investment services;

— an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

— an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

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

— raises funds from investors through the issue of equity, has more than one investor and its investors are not related parties other than those disclosed in note 18;

— invests in a portfolio of investments held by the Subsidiary for the purpose of generating risk-adjusted returns through regular distributions and capital appreciation; and

— the Company's investments are held at fair value through profit or loss with the performance of its portfolio evaluated on a fair value basis.

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

(c) Segmental information

The Directors view the operations of the Company as one operating segment, being the investment portfolio of asset backed loans held through the Subsidiary, which is a registered UK company. All significant operating decisions made by the Board, as the chief operating decision maker, are based upon analysis of the Subsidiary's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the Directors.

Significant shareholders are disclosed in the Directors' report on page 55.

3. Operating income

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

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Loan note interest realised	**22,811**	31,747
Unrealised loss on financial assets at fair value through profit or loss:		
Debt – Secured Loan Notes up to £1,000,000,000	**(24,995)**	(4,257)
Equity – representing one ordinary share in the Subsidiary	**(952)**	(48)
Realised loss on financial assets at fair value through profit or loss:		
Debt – Secured Loan Notes up to £1,000,000,000	**(3,777)**[1]	(3,091)
Net loss on financial assets at fair value through profit or loss	**(29,724)**	(7,396)
Gain on derivative financial instruments:		
Unrealised (loss)/gain on forward foreign exchange contracts	**(19)**	115
Realised gain on forward foreign exchange contracts	**513**	680
Realised loss on forward foreign exchange contracts	**(60)**	(327)
Net gain on derivative financial instruments	**434**	468
Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss	**(6,479)**	24,819

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

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Arrangement fee income	**499**	109
Early repayment fee income	**548**	1,177
Sundry income	**156**	40
Unrealised gains on foreign exchange	**40**	—
Total	**1,243**	1,326

1. Comprises write-downs in respect of a multi-use community facility and a student accommodation asset upon realisation.

Notes to the financial statements continued

For the year ended 31 December 2024

3. Operating income continued

Accounting policy

Interest income and interest expense other than interest received on financial assets held at fair value through profit or loss are recognised on an accruals basis in the statement of comprehensive income.

Net movements in fair value of financial assets and financial liabilities at fair value through profit or loss include changes in the fair value of the investment in the Subsidiary held at fair value through profit or loss, loan note interest realised, principal indexation applied to certain loans and net gain or loss on forward foreign exchange contracts.

Principal indexation is applied to certain loan notes where applicable. The indexation is a contractually allowable inflationary adjustment to loan principal calculated where permitted by a predefined mechanism in a loan agreement. The effect of the adjustment is to increase or decrease the fair value of those loan notes in line with the indexation factor which takes account of the rate of inflation against a stipulated inflation threshold of each relevant loan. The fair values of those loan notes are subsequently adjusted accordingly.

Arrangement fee income comprises fees relating to the issue, set up and amendment of Secured Loan Notes. Historically, the Investment Manager, at its discretion, has been entitled to an arrangement fee of up to 1% of the value of each investment made by the Group. The fees have been generally covered by the borrowers, and not the Company. To the extent any arrangement fee negotiated by the Investment Manager with a borrower exceeded 1%, the benefit of any such excess was paid to the Company. The arrangement fee income has historically been recognised in the financial statements when contractual provisions are met and the amounts become due. In accordance with the terms of the side letter approved at the EGM in May 2024, the arrangement fees have been replaced by an incentive fee, further details can be found on page 91.

Commitment fees are accounted for on an accruals basis and are paid by the borrowers.

Early repayment fee income is income related to the redemption of loans before maturity and is recognised in the financial statements when contractual provisions are met and the amounts become due.

The Company holds derivative financial instruments comprising forward foreign exchange contracts to hedge its exposure to movements in foreign currency exchange rates on loans denominated in currency other than Pound Sterling. It is not the Company's policy to trade in derivative financial instruments.

Forward foreign exchange contracts are stated at fair value, being the difference between the agreed price of selling or buying the financial instrument on a future date and the price quoted for selling or buying the same or similar instruments on the statement of financial position date. The Company does not apply hedge accounting and consequently all gains or losses in fair value are recognised in the statement of comprehensive income.

4. Operating expenses

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Corporate administration and Depositary fees	**462**	610
Registrar fees[1]	**103**	46
Audit fees	**256**	170
Legal and professional fees[1]	**501**	157
Valuation Agent fees	**68**	139
Other[1]	**1,360**	477
Total	**2,750**	1,599

1. The increase from 31 December 2023 largely relates to the fees associated with the strategic review.

Key service providers other than the Investment Manager (refer to note 18 for disclosures of transactions with the Investment Manager).

Administrator and Company Secretary

The Company has appointed Apex Financial Services (Alternative Funds) Limited as Administrator and Company Secretary. Fund accounting, administration and company secretarial services are provided to the Company pursuant to an agreement dated 28 September 2015. The Administrator outsources the provision of client accounting services to Apex Fund Services LLP. All Directors have access to the Company Secretary, who provides guidance to the Board, through the Chairman, on governance and administrative matters. The fee for the provision of administration and company secretarial services during the year was £383,000 (31 December 2023: £489,000), of which £49,000 remains payable at year end (31 December 2023: £108,000).

Depositary

Depositary services are provided to the Company by Apex Financial Services (Corporate) Limited pursuant to an agreement dated 28 September 2015. The fee for the provision of these services during the year was £79,000 (31 December 2023: £121,000), of which £13,000 remains payable at year end (31 December 2023: £30,000).

Accounting policy

Operating expenses and investment management fees in the statement of comprehensive income are recognised on an accrual basis.

5. Auditor's remuneration

The following table summarises the remuneration paid to the Auditor for audit and non-audit-related services:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Audit fees		
Annual audit of the Company	**256**	170
Audit-related services		
Review of the half-yearly report	**75**	36
Total	**331**	206

6. Directors' remuneration

The Directors of the Company were remunerated as follows:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Alex Ohlsson	**83**	68
Colin Huelin[1]	**25**	64
Joanna Dentskevich[1]	**25**	64
Marykay Fuller	**74**	58
Philip Braun[1]	**42**	—
Total	**249**	254
Directors' expenses	**5**	5
Total	**254**	259

Full details of the Directors' remuneration policy can be found in the Directors' remuneration report on pages 52 and 53.

1. On 20 May 2024, Joanna Dentskevich and Colin Huelin resigned from the Board and Philip Braun was appointed.

Notes to the financial statements continued

For the year ended 31 December 2024

7. Finance expenses

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Arrangement fees relating to the RCF	**182**	247
Commitment fees relating to the RCF	**177**	111
Interest expense relating to the RCF	**—**	2,382
Total	**359**	2,740

Accounting policy

Finance expenses in the statement of comprehensive income comprise loan arrangement and commitment fees which are accounted for on an accrual basis, along with interest accrued on the RCF (refer to note 14) incurred in connection with the borrowing of funds. Arrangement fees are amortised over the life of the RCF.

8. Taxation

Profits arising in the Company for the year ended 31 December 2024 are subject to tax at the standard rate of 0% (31 December 2023: 0%) in accordance with the Income Tax (Jersey) Law 1961, as amended.

9. Dividends

Quarter ended	Dividend	Pence per share	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Current year dividends				
31 December 2024	2024 fourth interim dividend	1.58125	**—**[1]	—
30 September 2024	2024 third interim dividend	1.58125	**4,206**	—
30 June 2024	2024 second interim dividend	1.58125	**4,206**	—
31 March 2024	2024 first interim dividend	1.58125	**6,730**	—
Total		**6.32500**	**15,142**	—
Prior year dividends				
31 December 2023	2023 fourth interim dividend	1.58125	**6,731**[1]	—[1]
30 September 2023	2023 third interim dividend	1.58125	**—**	6,731
30 June 2023	2023 second interim dividend	1.58125	**—**	6,730
31 March 2023	2023 first interim dividend	1.58125	**—**	6,765
Total		**6.32500**	**6,731**	20,226
31 December 2022	2022 fourth interim dividend	1.58125	**—**	6,820
Dividends in statement of changes in equity and cash flows			**21,873**	27,046

On 12 February 2025, the Company announced a fourth interim dividend of 1.58125 pence per share amounting to £3.4 million which was paid on 21 March 2025 to ordinary shareholders on the register at 21 February 2025.

1. The fourth interim dividend was declared after the year end and is therefore not accrued for as a provision in the financial statements.

Accounting policy

In accordance with the Company's Articles, in respect of the ordinary shares, the Company will distribute the income it receives to the fullest extent that is deemed appropriate by the Directors. Dividends due to the Company's shareholders are recognised as a liability in the period in which they are paid or approved by the Directors and are reflected in the statement of changes in equity. Dividends declared and approved by the Company after the statement of financial position date have not been recognised as a liability of the Company at the statement of financial position date.

The Company pays dividends on a quarterly basis with dividends typically declared in January, April, July and October and paid in or around February, May, August and November in each financial year. It is the Board's current intention to maintain the Company's existing dividend of 6.325 pence per annum whilst the Company remains substantially invested, for as long as is practicable[1]. The Board is considering all options to return capital to investors by way of dividends, capital returns or buybacks, as it deems most appropriate from time to time.

10. Earnings per share

Basic EPS is calculated by dividing profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding shares held in treasury. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders by the diluted weighted average number of ordinary shares, excluding shares held in treasury. Information on the calculation of Adjusted EPS is detailed on page 94.

	Loss/(earnings) £'000	Weighted average number of ordinary shares	Pence per share
Year ended 31 December 2024			
Basic EPS	**(10,342)**	**330,189,880**	**(3.13)**
Diluted EPS	**(10,342)**	**330,189,880**	**(3.13)**
Adjusted EPS[2]	**16,184**	**330,189,880**	**4.90**

	Earnings £'000	Weighted average number of ordinary shares	Pence per share
Year ended 31 December 2023			
Basic EPS	18,264	427,242,221	4.27
Diluted EPS	18,264	427,242,221	4.27
Adjusted EPS[2]	30,025	427,242,221	7.02

1. This is a target only and does not constitute a profit forecast.
2. Alternative performance measure – refer to pages 94 to 96 for definitions and calculation methodology.

Notes to the financial statements continued

For the year ended 31 December 2024

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

The Company's financial assets at fair value through profit or loss comprise its investment in the Subsidiary, which represents amounts advanced to finance the Group's investment portfolio in the form of Secured Loan Notes issued by the Subsidiary to the Company and equity. The Company's investment in the Subsidiary at 31 December 2024 comprised:

Debt – Secured Loan Notes up to £1,000,000,000	31 December 2024 £'000	31 December 2023 £'000
Opening balance	**362,779**	430,984
Investment in Subsidiary	**3,127**	32,655
Capital repayments from Subsidiary	**(166,327)**	(93,512)
Realised loss on financial assets at fair value through profit or loss	**(3,777)**[1]	(3,091)[1]
Unrealised (loss)/profit on financial assets and liabilities at fair value through profit or loss:		
Unrealised valuation loss	**(22,749)**	(8,671)
Unrealised foreign exchange loss	**(363)**	(317)
Other unrealised movements on investments	**(1,883)**[2]	4,731
Total unrealised loss on investments at fair value through profit or loss	**(24,995)**	(4,257)
Total	**170,807**	362,779

Equity – representing one ordinary share in the Subsidiary	31 December 2024 £'000	31 December 2023 £'000
Opening balance	**4,039**	4,087
Unrealised loss on investment at fair value through profit or loss	**(952)**	(48)
Total	**3,087**	4,039
Financial assets at fair value through profit or loss	**173,894**	366,818

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

Secured Loan Notes

The Subsidiary has issued a loan note instrument to the Company for a programme of up to £1.0 billion variable funding notes limited to the cash available by the Company. Each series of loan notes issued has a maximum nominal amount, which is fixed at the date of issue, as well as a base amount and a subscribed amount.

Accounting policy

The Company classifies its investment in the Subsidiary as financial assets at fair value through profit or loss in accordance with IFRS 9 Financial Instruments as set out on page 77.

1. Comprises write-downs in respect of a multi-use community facility and a student accommodation asset upon realisation.
2. Attributable to the timing of the debt service payments and principal indexation of £0.3 million (31 December 2023: £0.4 million) applied to certain loans.

Financial assets at fair value through profit or loss

The category which includes financial assets at fair value through profit or loss consists of financial instruments that have been designated at fair value through profit or loss upon initial recognition. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with the risk management and investment strategies of the Company.

Upon initial recognition, the Company designates the investment in the Subsidiary as part of 'financial assets at fair value through profit or loss'. The investment in the Subsidiary is included initially at fair value, which is taken to be its cost (excluding expenses incidental to the acquisition which are written off in the statement of comprehensive income).

All financial assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

Financial information about the financial assets of the Company is provided by the Investment Manager to the Directors with the valuation of the portfolio being carried out by the independent Valuation Agent.

The Company recognises a financial asset when, and only when, it becomes party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

— the rights to receive cash flows from the asset have expired; or

— the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and

— either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company transfers its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

After initial measurement, the Company measures financial instruments classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of financial instruments are recorded in the statement of comprehensive income.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques used by the independent Valuation Agent include using recent arm's length market transactions, referenced to appropriate current market data, and discounted cash flow analysis, at all times making as much use of available and supportable market data as possible.

An analysis of fair value of financial instruments and further details as to how they are measured is provided in note 17.9.

12. Other receivables and prepayments

	31 December 2024 £'000	31 December 2023 £'000
Prepayments	**50**	70
Unamortised arrangement fee	**—**	180
Total	**50**	250

Accounting policy

Other receivables and prepayments are recognised and carried at the lower of their original invoiced value and recoverable amount or, where the time value of money is material, at amortised cost. The Company recognises a loss allowance for expected credit loss on other receivables where necessary.

Notes to the financial statements continued

For the year ended 31 December 2024

13. Cash and cash equivalents

	31 December 2024 £'000	31 December 2023 £'000
Cash and cash equivalents	**4,145**	30,936
Total	**4,145**	30,936

Accounting policy

Cash comprises cash in hand and demand deposits. Cash equivalents are short term with original maturities of three months or less and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

14. Revolving credit facilities

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

Following the change to the Company's investment objective, the decision was taken by the Board to not renew the RCF after the previous facility matured on 22 August 2024.

A total of £182,000 (31 December 2023: £247,000) of costs were amortised as loan arrangement fees during the year and charged through the statement of comprehensive income, refer to note 7.

The unamortised arrangement fee was net against the outstanding RCF balance in the prior year end. However, due to the RCF being repaid in full during the current year.

Leverage

For the purposes of the UK AIFM Regime, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its NAV and is calculated under the gross and commitment methods, in accordance with the UK AIFM Regime.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the UK AIFM Regime, at 31 December 2024. Figures are below:

Leverage exposure	Maximum limit	**31 December 2024 Actual exposure**	31 December 2023 Actual exposure
Gross method	1.25	**1.02**	0.96
Commitment method	1.25	**1.01**	1.00

The leverage figures above represent leverage calculated under the UK AIFM Regime methodology as follows:

Leverage exposure	**31 December 2024 Gross £'000**	**31 December 2024 Commitment £'000**	31 December 2023 Gross £'000	31 December 2023 Commitment £'000
Investments at fair value through profit or loss	**173,894**	**173,894**	366,818	366,818
Cash and cash equivalents	**—**	**4,145**	—	30,936
Derivative financial instruments[1]	**5,647**	**—**	12,130	—
Total exposure under the UK AIFM Regime	**179,541**	**178,039**	378,948	397,754
Net assets	**176,374**	**176,374**	396,745	396,745
Leverage ratio	**1.02**	**1.01**	0.96	1.00

The Company's leverage limit under the UK AIFM Regime is 1.25, which equates to a gearing limit of 25% of NAV. The Company has maintained adequate headroom against the limit throughout the year.

15. Other payables and accrued expenses

	31 December 2024 £'000	31 December 2023 £'000
Accruals	**333**	473
Loan commitment fee accrued	**—**	56
Investment management fees	**777**	832
Investment Manager incentive fee provision[2]	**688**	—
Total	**1,798**	1,361

Accounting policy

Other payables and accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method where appropriate.

1. Equivalent position in the underlying assets of derivative financial instruments using the conversion methodologies set out in the UK AIFM Regime.
2. Refer to note 18 for further information.

Notes to the financial statements continued

For the year ended 31 December 2024

16. Authorised and issued share capital

Share capital	31 December 2024 Number of shares	31 December 2024 £'000	31 December 2023 Number of shares	31 December 2023 £'000
Ordinary shares issued at no par value and fully paid				
Shares in issue at beginning of the year	**442,033,518**	**444,414**	442,033,518	444,414
Shares redeemed in the year	**(210,019,646)**	**(188,156)**	—	—
Total shares in issue	**232,013,872**	**256,258**	442,033,518	444,414
Treasury shares				
Shares repurchased and held in treasury at beginning of the year	**(16,407,459)**	**(12,927)**	(7,882,459)	(6,454)
Shares cancelled during the year	**16,407,459**	**12,927**	—	—
Shares repurchased in the year	**—**	**—**	(8,525,000)	(6,473)
Total shares repurchased and held in treasury	**—**	**—**	(16,407,459)	(12,927)
Total ordinary share capital excluding treasury shares	**215,606,413**	**243,331**	425,626,059	431,487

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

The ordinary shares carry the right to dividends out of the profits available for distribution as determined by the Board and participation in the profits or assets of the Company, on a winding-up of the Company or a return of capital. Each holder of an ordinary share is entitled to attend meetings of shareholders and, on a poll, to one vote for each share held.

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

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

Accounting policy

Upon issuance of equity shares, the consideration received is included in equity.

Transaction costs incurred by the Company in issuing, acquiring, redeeming or reselling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

No gain or loss is recognised in the statement of comprehensive income in respect of the purchase, sale, issuance or cancellation of the Company's own equity instruments.

17. Financial instruments

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

	31 December 2024 £'000	31 December 2023 £'000
Financial assets		
Cash and cash equivalents	**4,145**	30,936
Total financial assets at amortised cost[1]	**4,145**	30,936
Derivative financial instruments	**83**	107
Financial assets at fair value through profit or loss	**173,894**	366,818
Total financial assets at fair value through profit or loss	**173,977**	366,925
Total financial assets	**178,122**	397,861
Financial liabilities		
Derivative financial instruments	**—**	(5)
Other payables and accrued expenses	**(1,798)**	(1,361)
Financial liabilities at amortised cost[1]	**(1,798)**	(1,366)
Total financial liabilities	**(1,798)**	(1,366)

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

17.1 Derivative financial instruments

Derivative financial assets and liabilities comprise forward foreign exchange contracts for the purpose of hedging foreign currency exposure of the Company to Euro and US Dollar denominated loan investments made by the Subsidiary. The derivatives represent 3.3% of the portfolio by value at the year end (31 December 2023: 3.3%) based on the principal amounts. The Company intends to utilise the forward foreign exchange contracts on a rolling basis, for the term of the investments.

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

				Fair value £'000	
31 December 2024	**Maturity**	**Principal amount**	**Hedged amount**	**Financial assets**	**Financial liabilities**
Contract EUR/GBP	**8 January 2025**	**(£5,729,525)**	**€6,823,291**	**83**	**—**
Total		**(£5,729,525)**	**€6,823,291**	**83**	**—**

The Company's forward foreign exchange contract shown in the table above matured post year end and was replaced on the same terms as the existing contract.

Notes to the financial statements continued

For the year ended 31 December 2024

17. Financial instruments continued

17.1 Derivative financial instruments continued

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

Information on the forward foreign exchange contracts executed post year end can be found in note 19.

Accounting policy

Recognition of derivative financial assets and liabilities takes place when the hedging contracts are entered into. They are initially recognised and subsequently measured at fair value; transaction costs, where applicable, are included directly in finance costs. The Company does not apply hedge accounting and consequently all gains or losses are recognised in the statement of comprehensive income in the net change in fair value of financial assets and financial liabilities through profit or loss.

17.2 Capital management

The Company's capital is represented by share capital comprising issued ordinary share capital and its credit facilities, as detailed in notes 16 and 14 respectively.

The Company may borrow up to 25% of its NAV at any such time borrowings are drawn down. Refer to note 14 for further information.

17.3 Financial risk management objectives

The Company has an investment policy and strategy that sets out the Company's overall investment strategy and general risk management philosophy and has established processes to monitor and control these in a timely and accurate manner. These guidelines are subject to regular operational reviews undertaken by the Investment Manager to ensure the Company's policies are adhered to as it is the Investment Manager's duty to identify and assist with the management of risk. The Investment Manager reports regularly to the Directors who have ultimate responsibility for the overall risk management approach.

The Directors and the Investment Manager ensure that all investment activity is performed in accordance with investment guidelines. The Company's investment activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. Risk is inherent to the Company's activities and is managed through a process of ongoing identification, measurement and monitoring. The financial risks to which the Company is exposed include market risk (which includes interest rate risk), credit risk, currency risk and liquidity risk.

As explained in notes 11 and 17, the Company's financial assets and liabilities at fair value through profit or loss comprise the investment in the Subsidiary and derivatives used for the purpose of hedging foreign currency exposure. The Subsidiary is a holding vehicle that exists solely to hold the Company's investments and, therefore, exposure to market risk, interest rate risk, credit risk, liquidity risk and credit and counterparty risk are highly dependent on the performance of the Subsidiary's investments.

17.3 Financial risk management objectives continued

Geopolitical and market uncertainties

The Board and the Investment Manager have considered the likely impacts of international and economic uncertainties on the Company, its operations and the investment portfolio. These include, but are not limited to, the war in Ukraine, growth concerns in the UK following the Labour Government's Autumn Budget, uncertainty over international trade following the implementation of tariffs in the US, and the steep decline in global stock markets following President Trump's economic policies. However, the Company is predominantly invested in the UK and as such, it has not been directly affected by US tariffs. The Directors understand the effect the tariffs have had, and continue to have, on global stock markets, and it therefore remains a key area of monitoring for the Investment Manager.

Climate risk

The Investment Manager has carried out a climate risk assessment for each underlying portfolio asset to assess the actual and potential impacts of climate-related risks and opportunities across the portfolio. The analysis considered both physical and transition risks for each asset. The data collated was based upon publicly available data on flood risk and EPC ratings, supplemented by inputs from the Investment Manager's portfolio management team and its investment management team. Based on the climate risk analysis undertaken, the Investment Manager does not currently propose to make any changes to financial forecasts due to climate risk.

17.4 Market risk

The value of the investment in the Subsidiary is based on the aggregate of the NAV of the Subsidiary and the value of the Secured Loan Notes issued by the Subsidiary to the Company. The key driver of the Subsidiary's NAV is the valuation of its portfolio of secured loan facilities issued to the Project Companies.

There is a risk that market movements in interest rates, credit markets, exchange rates and observable yields may decrease or increase the value of the Subsidiary's assets without regard to the assets' underlying performance. The Subsidiary's portfolio of assets is held at fair value, and valued on a semi-annual basis by the independent Valuation Agent. The Company's assets are stable with predictable cash flows and are not exchange traded.

In assessing the expected future cash flows from each investment, the independent Valuation Agent considers the movements in comparable credit markets and publicly available information around each project.

The valuation principles used are based on a discounted cash flow methodology (excluding the loans held at net realisable value). Refer to note 17.9 for further information. A fair value for each asset acquired by the Group is calculated by applying a relevant market discount rate to the contractual cash flow expected to arise from each asset.

The independent Valuation Agent determines the discount rate that it believes the market would reasonably apply to each underlying investment, inter alia, taking 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 independent Valuation Agent exercises its judgement in assessing the expected future cash flows from each investment. Given that the investments are generally fixed income debt instruments (in some cases with elements of inflation and/or interest rate protection) or other investments with a similar economic effect, the focus of the independent Valuation Agent is assessing the likelihood of any interruptions to the debt service payments, in light of the operational performance of the underlying asset.

The valuations and subsequent NAV are reviewed by the Investment Manager and the Directors on a semi-annual basis.

Notes to the financial statements continued

For the year ended 31 December 2024

17. Financial instruments continued

17.4 Market risk continued

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

31 December 2024 **Change in discount rates**	**(2.00%)**	**(1.00%)**	**0.00%**	**1.00%**	**2.00%**
Valuation of financial assets at fair value through profit or loss (£'000)[1,2]	**188,945**	**181,061**	**173,894**	**167,359**	**161,388**
Change in value of financial assets at fair value (£'000)	**15,051**	**7,167**	**—**	**(6,535)**	**(12,506)**

31 December 2023 Change in discount rates	(2.00%)	(1.00%)	0.00%	1.00%	2.00%
Valuation of financial assets at fair value through profit or loss (£'000)[1,2]	390,270	377,440	366,818	357,041	346,813
Change in value of financial assets at fair value (£'000)	23,452	10,622	—	(9,777)	(20,005)

1. Includes the fair value of the loans held at net realisable value which are not valued on a discounted cash flow basis; see note 17.9 for further details.
2. Including the NAV of the Subsidiary.

17.5 Interest rate risk

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

Interest rate risk has the following effect:

Fair value of financial assets

Interest rates are one of the factors which the independent Valuation Agent takes into account when valuing the financial assets. Interest rate risk is incorporated by the independent Valuation Agent into the discount rate applied to the financial assets at fair value through profit or loss. Discount rate sensitivity analysis is disclosed in note 17.4.

Future cash flows

The Company has historically invested, via its Subsidiary, in a diversified portfolio of investments which have been secured against, or comprised, contracted, predictable medium to long-term cash flows and/or physical assets. The Group's investments have predominantly taken the form of medium to long-term fixed or floating rate loans which are secured against cash flows and/or physical assets which are predominantly UK based.

Interest rate hedging may be carried out to provide protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Company in line with its investment policy and strategy. The Company has not entered into an interest rate hedging agreement during the year, or in the prior year.

Other financial assets and liabilities

Bank deposits, payables and accrued expenses are exposed to and affected by fluctuations in interest rates. However, the impact of interest rate risk on these assets and liabilities is not considered material.

17.6 Credit risk

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

The Company is exposed to differing levels of credit risk across its assets. Per the statement of financial position, the Company's total exposure to credit risk is £178.2 million (31 December 2023: £398.1 million) represented through its investments, receivables, financial derivatives and cash.

Total cash reserves at year end were £4.1 million (31 December 2023: £30.9 million) and c. £15 million at the date of this annual report. The cash is held at a number of banks that carry a minimum rating of A-2, P-2 or F2 from Standard and Poor's, Moody's and Fitch, respectively, to spread credit risk.

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

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

Any changes in the fair value of the investment portfolio are recognised through profit or loss. Such movements will incorporate a change to fair value resulting from the receipt or expected non-receipt of interest or principal payments, timing changes of cash flows, and the date of valuation and changes to the discount rate. Discount rate sensitivity analysis is disclosed in note 17.4.

Credit risk assessment

Credit risk is considered by the independent Valuation Agent during the ongoing fair valuation process. Depending on the nature of the underlying investments, in addition to payment performance, and compliance with facility covenants, residual credit risk is considered by the independent Valuation Agent with reference to a number of factors for each loan including, but not limited to:

a) Asset and borrower business risks: ultimately these factors will impact the valuation of the secured assets and/or the borrower's ability to service its loan by altering the quantum and/or risk of cash flows associated with the asset, and the sensitivity of that valuation to such factors.
   - market risks the borrower may be subject to that impact the borrower's net cash flows by altering revenue and cost projections, which may be impacted by the supply and demand for the goods or services associated with a business or asset;
   - risks associated with reliance on third party customers or service providers to monetise an asset (such as operators, tenants), and the impact of any default in payment or service provision by such parties;
   - operational risks that the business or asset may be subject to, including the reliance on the performance of people, processes and systems; and
   - legal and regulatory risks which the business or asset are subject to, such as changes to corporation tax, health and safety and environmental compliance costs or changes to licences and consents.

b) Financing structure risks: risks resulting from the way the Company as an investor has accessed an asset's cash flows and the associated risks and lender security protections. These include:
   - the seniority of the Group's debt and the ranking of the Group in its subordinated positions, including the structure and nature of shared security, demonstrated by metrics such as loan-to-value or cost;
   - the Group's security structure, the perfection of that security, the control that the borrower has over the underlying assets and its ability to enforce that security along with the impact of enforcing against that security;
   - the financial position of the borrower and the potential impacts on security guarantees;
   - any illiquidity premium associated with the liquidity of the financing instrument; and
   - the nature of repayment (bullet or amortising) and the conditions required to meet these payments (such as a refinance, asset disposal or otherwise).

This bottom-up consideration of credit risk for each loan, based on the specific information provided by the Investment Manager for each borrower and other relative benchmarks such as comparable bond pricing and market analysis, taken with capital asset pricing model analysis, enables the independent Valuation Agent to conclude their assessment on the likely recoverability of the forecast cash flows and to determine an appropriate discount rate and/or appropriate credit impairment to apply to each loan.

At 31 December 2024, ten loans, totalling 31% of the fair value of the portfolio; 19% property loans, 11% social infrastructure loans and 1% asset finance loans, have missed interest and/or principal payments and therefore remain outstanding beyond their contractual maturities. These loans will continue to be monitored by the Investment Manager with regular reporting to the Board. The concentration of credit risk within the Group's investment portfolio is mitigated by its diverse exposure to a range of borrowers across 25 loans, multiple assets, sectors and strategies.

At year end, the concentration of credit risk to any one key relationship counterparty did not exceed 20% (31 December 2023: <20%) of the Group's total assets. The Group had exposure to two key relationship counterparties (31 December 2023: four) which together represent 45% (31 December 2023: 58%) of the loans in the portfolio by value. The loans are also with different borrower entities, and in some cases have different ownership structures within these relationships across different projects and assets.

Notes to the financial statements continued

For the year ended 31 December 2024

17. Financial instruments continued

17.6 Credit risk continued

Credit risk assessment continued

Since the Company's IPO in 2015, the Investment Manager has pursued an investment strategy that, amongst other things, has sought to diversify risk across various sectors and borrowers. Following the decision by shareholders to pursue an Orderly Realisation, the size and value of the Company's portfolio will reduce as investments are realised and concentrated in fewer holdings, and the mix of loans and underlying asset exposure will be affected accordingly. This may adversely affect the overall performance of the Company's portfolio as it is exposed to lower diversification.

17.7 Currency risk

The Group's investments at 31 December 2024 were denominated in Pound Sterling, except for one investment which was denominated in Euros (31 December 2023: five Euro-denominated investments and one USD-denominated investment). The investment is secured against Euro-valued contracted cash flows. The Company's only currency exposure is through the trading activities of its investee companies. The Company engages in currency hedging, in the form of one forward foreign exchange contract, to reduce the risk of adverse movements in currency exchange rates in relation to its non-Pound Sterling denominated investment. Realised and unrealised gains or losses on forward foreign exchange contracts are disclosed in note 3.

17.8 Liquidity risk

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

The table below analyses the Company's assets and liabilities in relevant maturity groupings based on the remaining period from 31 December 2024 to the contractual maturity date. The Directors have elected to present both assets and liabilities in the liquidity disclosure below to illustrate the net liquidity exposure of the Company. The Board has amended the presentation of the analysis below to reflect the timeframe used in the stress testing and viability analysis. Further information on viability can be found on page 36.

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

31 December 2024	Less than one month £'000	One to three months £'000	Three to twelve months £'000	Greater than twelve months and not later than five years £'000	More than five years £'000	Total £'000
Financial assets						
Cash and cash equivalents	4,145	—	—	—	—	4,145
Other receivables and prepayments	—	7	43	—	—	50
Financial assets at fair value through profit or loss	22,800	16,165	24,068	98,386	135,490	296,909
Total financial assets	26,945	16,172	24,111	98,386	135,490	301,104
Financial liabilities						
Derivative financial instruments	—	5,647	—	—	—	5,647
Other payables and accrued expenses	2	757	351	688	—	1,798
Total financial liabilities	2	6,404	351	688	—	7,445
Net exposure	26,943	9,768	23,760	97,698	135,490	293,659

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

The Directors' assessment of the Company's ability to continue as a going concern, in note 2.1, includes an assessment of liquidity risk. The Board has concluded that the Company will be able to generate sufficient cash resources to settle its obligations in full as they fall due for a period of at least twelve months.

17.9 Fair values of financial assets

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to their fair value measurement of the relevant assets as follows:

— Level 1 – valued using quoted prices unadjusted in active markets for identical assets or liabilities;

— Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1; and

— Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the investment.

The independent Valuation Agent has carried out semi-annual fair valuations of the financial assets of the Subsidiary. The same discount rates, determined by the independent Valuation Agent, are applied to the future cash flows of the Secured Loan Notes issued by the Subsidiary to the Company to determine the fair value of the assets of the Company.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the financial statements continued
For the year ended 31 December 2024

17. Financial instruments continued

17.9 Fair values of financial assets continued

Valuation of financial instruments continued

The tables below set out fair value measurements of financial instruments at the year end by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the value recognised in the statement of financial position. All fair value measurements are recurring.

31 December 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	—	—	173,894	173,894
Derivative financial instruments (assets)	—	83	—	83
Total	—	83	173,894	173,977

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

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

The derivative financial instruments are classified as Level 2 as observable market data and are used for valuation and pricing.

The Directors have classified the financial instruments relating to 'Investments in Subsidiary' as Level 3 due to the limited number of comparable and observable market transactions in this sector. The primary input for Level 3 at year end is the discount rates for these investments (excluding the loans held at net realisable value which are not valued on a discounted cash flow basis; refer to note 2.1 for further information); discount rates are considered to be primarily modelled rather than market observed. The secured loan facilities that the Subsidiary has invested in are also classified as Level 3.

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

	31 December 2024 £'000	31 December 2023 £'000
Opening fair value of financial instruments at fair value through profit or loss	366,818	435,071
Investment in Subsidiary	3,127	32,655
Capital repayments from Subsidiary	(166,327)	(93,512)
Realised loss on financial assets at fair value through profit or loss:		
Debt – Secured Loan Notes up to £1,000,000,000	(3,777)[1]	(3,091)
Unrealised loss on financial assets at fair value through profit or loss[2]:		
Debt – Secured Loan Notes up to £1,000,000,000	(24,995)	(4,257)
Equity – representing one ordinary share in the Subsidiary	(952)	(48)
Closing fair value of financial instruments at fair value through profit or loss	173,894	366,818

1. Comprises write-downs in respect of a multi-use community facility and a student accommodation asset upon realisation.
2. Refer to note 11 for further information.

For the Company's financial instruments categorised as Level 3, changing the discount rate used to value the underlying instruments alters the fair value. In determining the discount rate for calculating the fair value of financial assets at fair value through profit or loss, reference is made to Pound Sterling interest rates, movements of comparable credit markets and observable yields on comparable instruments. Hence, movements in these factors could give rise to changes in the discount rate. A change in the discount rate used to value the Level 3 investments would have the effect on the valuation as shown in the table in note 17.4.

The fair value of the investment in the Subsidiary is based on the aggregate of the NAV of the Subsidiary and the value of the Secured Loan Notes issued by the Subsidiary. At 31 December 2024, the NAV of the Subsidiary was as follows:

	31 December 2024 £'000	31 December 2023 £'000
GABI UK[1]	**3,087**	4,039

1. Refer to note 11 for further information.

The key driver of the NAV of the Subsidiary is the valuation of its portfolio of secured loan facilities issued to the Project Companies.

The Secured Loan Notes issued by the Subsidiary that the Company has subscribed for, are valued on a discounted cash flow basis in line with the model used by the independent Valuation Agent, applying the following discount rates:

	Fair value[1] £'000	Valuation technique	Key unobservable inputs	Discount rate
Financial assets at fair value through profit or loss – 31 December 2024	**146,263**	**Discounted cash flow**	**Discount rate**	**9.0%[3]**
Financial assets at fair value through profit or loss – 31 December 2024	**24,544[4]**	**Net realisable value**	**Discount rate**	**—**
Financial assets at fair value through profit or loss – 31 December 2023	359,092[2]	Discounted cash flow	Discount rate	10.5%[3]
Financial assets at fair value through profit or loss – 31 December 2023	3,687[4]	Net realisable value	Discount rate	—

1. Including the NAV of the Subsidiary.
2. Balance excludes the fair value of the loans held at net realisable value.
3. Weighted average discount rate.
4. Fair value of the loans held at net realisable value which are not valued on a discounted cash flow basis.

The investments in Project Companies held by the Subsidiary (excluding the loans held at net realisable value) are valued on a discounted cash flow basis, in line with the methodology used by the independent Valuation Agent. At the year end, discount rates ranged from 6–14% (31 December 2023: 7–14%). At 31 December 2024, seven loans were held at net realisable value, totalling £24.5 million.

The Directors reviewed the valuation report provided by the independent Valuation Agent which references the inputs used in the valuation of investments and the appropriateness of their classification in the fair value hierarchy. In particular, the Directors are satisfied that the significant inputs in the determination of the discount rate adopted by the independent Valuation Agent are pursuant to the independent Valuation Agent's engagement letter. Should the valuation approach change, causing an investment to meet the characteristics of a different level of the fair value hierarchy, it will be reclassified accordingly.

During the year, there were no transfers of investments between levels.

Notes to the financial statements continued

For the year ended 31 December 2024

17. Financial instruments continued

17.9 Fair values of financial assets continued

Directors' assessment

The Directors met with the independent Valuation Agent during the year and post year end to discuss and challenge the following:

- the rationale for the level of discount rate increases determined by the independent Valuation Agent;
- how the independent Valuation Agent's assessment of the likelihood of full recovery of loans is reflected in their fair valuation, based on information received from the Investment Manager;
- how the structuring of a given loan, the security and the extent of control from the available enforcement arrangements and level of subordination is reflected by the independent Valuation Agent in their discount rate;
- the extent to which loans for which contractual repayment is either imminent or overdue are insensitive to discount rate changes and the impact of this on fair valuation;
- the potential for impairment in asset values relative to their proposed fair value, particularly in the context of an accelerated sales process; and
- the appropriateness of applying a discounted cash flow valuation methodology or an alternative such as assumed realisation based on estimated recovery and/or appropriate impairment.

Based on these discussions, the Directors are satisfied that the methodology adopted by the independent Valuation Agent to fair value the loans is reasonable. The impact on fair value attributable to any missed capital and/or interest payments for loans that are past their facility maturity date and any other change in credit risk will continue to be monitored by the Investment Manager and reviewed regularly with the Board.

18. Related party disclosures

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

Directors

The Directors of the Company are considered to be key management personnel of the Company. Directors' remuneration for the year (including reimbursement of Company-related expenses) totalled £254,000 (31 December 2023: £259,000).

At 31 December 2024, liabilities in respect of these services amounted to £51,000 (31 December 2023: £63,000).

At 31 December 2024, the Directors of the Company held directly or indirectly, and together with their family members, 41,925 ordinary shares (31 December 2023: 161,171).

Alex Ohlsson is the group chairman (previously managing partner) of Carey Olsen, the Company's Jersey legal advisers. Carey Olsen has provided legal services to the Company during the year. Carey Olsen maintains procedures to ensure that the Chairman has no involvement in the provision of legal services to the Company. The Company maintains procedures to ensure that the Chairman takes no part in any decision to engage the services of Carey Olsen. During the year, the aggregate sum of £15,000 (31 December 2023: £10,000) was paid to Carey Olsen in respect of legal work undertaken, of which £nil (31 December 2023: £nil) is outstanding at year end.

Investment Manager

The Company is party to an investment management agreement with the Investment Manager, which was most recently amended and restated in December 2020. A side letter to the existing investment management agreement was approved by shareholders at the Company's EGM in May 2024. Pursuant to the terms of the side letter, the Company has appointed the Investment Manager to implement a Realisation Plan that has been agreed with the Board. This plan sets out, among other things, the options and base case plan to realise each loan, the delegated authorities under which the Investment Manager shall work to implement the revised investment objective and policy and the approach to the realisation of any residual positions at the target date of 31 December 2027, or any other such date that may be agreed between the Board and Investment Manager from time to time. This includes the process for realisation and how the Investment Manager shall assess the merits of realisation against other options that may be available to the Company at such a time.

As a result of the responsibilities delegated under this investment management agreement, the Company considers it to be a related party by virtue of being 'key management personnel'. Under the terms of the investment management agreement, the notice period of the termination of the Investment Manager by the Company is twelve months.

For its services to the Company, the Investment Manager receives an investment management fee which is calculated and paid quarterly in arrears at an annual rate of 0.75% per annum of the prevailing NAV of the Company minus the value of the cash holdings of the Company pro rata for the period for which such cash holdings have been held. This fee is calculated and paid quarterly in arrears. Prior to 20 May 2024, the annual rate was 0.90% per annum. The Investment Manager also receives an annual fee of £25,000 in relation to its role as the Company's AIFM, which is increased on an annual basis in accordance with the rate of the RPI.

During the year, the Company incurred £2,035,000 (31 December 2023: £3,480,000) in respect of the services outlined above; £2,002,000 (31 December 2023: £3,448,000) in respect of investment management services and £33,000 (31 December 2023: £32,000) in respect of AIFM services provided by the Investment Manager. At 31 December 2024, liabilities in respect of these services amounted to £777,000 (31 December 2023: £832,000).

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

a) a negative value equal to the 'Adjusted Portfolio Valuation Amount' on 31 December 2023;

b) the negative values and dates of any cash advances made by the Company or the Group by way of a utilisation or drawdown under a loan or loans since 31 December 2023; and

c) the positive values and dates of all realisations relating to the loans since 31 December 2023 received by the Company or the Group relating to loans at 31 December 2023.

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

The incentive fee is an IRR-based fee reflecting portfolio cash flows and, whilst the Investment Manager's right to an incentive fee is assessed on each realisation, no incentive fee shall be payable to the Investment Manager until a 12.0% compound annual return has been achieved on the 'Adjusted Portfolio Valuation Amount' through realisations. At 31 December 2024, the Board recognised a provision of £688,000 for the incentive fee in accordance with the calculation methodology detailed above and the forecast realisation plan set out on page 13, which has been included in the financial statements. The provision is based on the assumption that the realisation plan is achieved by 31 December 2027.

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

During the year, the Investment Manager received £182,000 (31 December 2023: £243,000) from arrangement fees which have been met by the borrowers and £nil (31 December 2023: £nil) from arrangement fees which have been met by the Company. To the extent any arrangement fee negotiated by the Investment Manager with a borrower exceeds 1.0%, the benefit of any such excess is paid to the Company.

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

At 31 December 2024, the key management personnel of the Investment Manager held directly or indirectly, and together with their family members, 39,838 ordinary shares in the Company (31 December 2023: 2,156,040 ordinary shares).

At 31 December 2024, the Directors and/or shareholders of the Investment Manager, and their family members, directly or indirectly own an equity interest in the Subsidiary's student accommodation investments. These investments are valued by the independent Valuation Agent in line with the rest of the portfolio and were approved by the Board at the time of acquisition.

Notes to the financial statements continued

For the year ended 31 December 2024

18. Related party disclosures continued

Subsidiary

At 31 December 2024, the Company owns a 100% (31 December 2023: 100%) controlling stake in the Subsidiary. The Subsidiary is considered to be a related party by virtue of being part of the same group. The Company indirectly owns 100% of GABI Housing Limited, GABI GS Limited and GABI Housing 2 Limited; for further information, refer to note 1.

The following tables disclose the transactions and balances between the Company and the Subsidiary. Please refer to note 11 for further details about the transactions during the year:

Transactions	31 December 2024 £'000	31 December 2023 £'000
Intercompany income received		
Early repayment fee income	**548**	1,177
Sundry income	**156**	40
Arrangement fee income	**499**	109
Unrealised gains on foreign exchange	**40**	—
Loan note interest realised	**22,811**	31,747
Total	**24,054**	33,073

Balances	31 December 2024 £'000	31 December 2023 £'000
Intercompany balances receivable	**—**	—
Principal value of intercompany holdings within financial assets at fair value through profit or loss	**203,459**	370,435

19. Subsequent events after the report date

The following events occurred post year end:

— on 12 February 2025, the Company announced a fourth interim dividend of 1.58125 pence per share amounting to £3.4 million which was paid on 21 March 2025 to ordinary shareholders on the register at 21 February 2025;

— the Company's forward foreign exchange contract shown in note 17.1 matured and was replaced on the same terms as the existing contract; and

— the Group received twelve repayments totalling £9.2 million.

20. Ultimate controlling party

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

Shareholder information

Key dates

March
Payment of fourth interim dividend

April
Annual results announced

June
Annual General Meeting

June
Payment of first interim dividend

August
Payment of second interim dividend

September
Interim results announced

December
Payment of third interim dividend
Company's year end

NAV publication

The Company's NAV is released to the LSE on a semi-annual basis and is published on the Company's website.

Further information

Copies of the Company's annual and half-yearly reports, semi-annual investor reports, stock exchange announcements and further information on the Company can be obtained from the Company's website.

Warning to users of this report

This report is intended solely for the information of the person to whom it is provided by the Company, the Investment Manager or the Administrator. This report is not intended as an offer or solicitation for the purchase of the shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this report are not statements of fact and are subject to change. Neither the Company nor the Investment Manager are under any obligation to update such opinions.

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Alternative performance measures (unaudited)

The Board and the Investment Manager assess the Company's performance using a variety of measures that are not defined under IFRS Accounting Standards and are therefore classed as APMs. Where possible, reconciliations to IFRS Accounting Standards are presented from the APMs to the most appropriate measure prepared in accordance with IFRS.

All items listed below are IFRS Accounting Standards financial statement line items unless otherwise stated. APMs should be read in conjunction with the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, which are presented in the financial statements section of this report. The APMs below may not be directly comparable with measures used by other companies.

Adjusted earnings/EPS

In respect of a period, the EPS is adjusted to remove the impact of fair valuation movements of investments in such period arising from: (i) discount rate adjustments; and (ii) upward or downward revaluations associated with the performance of investments.

Adjusted EPS	**For the year ended 31 December 2024 £'000**	**For the year ended 31 December 2024 (Pence per share)**	For the year ended 31 December 2023 £'000	For the year ended 31 December 2023 (Pence per share)
Basic and diluted earnings	**(10,342)**	**(3.13)**	18,264	4.27
Increase to weighted average discount rates[1]	**19,200**	**5.82**	6,360	1.49
Adjustment for realised losses	**3,777**	**1.14**	3,091	0.72
Other downward revaluations associated with the performance of investments	**3,549**	**1.07**	2,310	0.54
Adjusted earnings/EPS	**16,184**	**4.90**	30,025	7.02

Annualised loss ratio

A measure of the Company's ability to preserve the capital value of its investments over the long term. It is calculated as total aggregate downward revaluations divided by total invested capital since IPO expressed as a time weighted annual percentage.

	For the year ended 31 December 2024	For the year ended 31 December 2023
Total aggregate downward revaluations since IPO	**74,519**	43,063
Total invested capital since IPO	**1,061,009**	1,057,906
Percentage (annualised)	**0.74%**	0.50%

Annualised total shareholder return since IPO

Total shareholder return[1] expressed as a time weighted annual percentage.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Average LTV

The ratio of a loan or mortgage to a property valuation, averaged across the Company's property investments, expressed as a percentage. This ratio demonstrates the headroom in the underlying asset values to absorb negative movements in property valuations.

1. Refer to relevant APM on page 96 for further information.

Average NAV

The average NAV of the Company over the reporting year.

Quarter ended	**NAV per share 31 December 2024 (pence)**	NAV per share 31 December 2023 (pence)	**For the year ended 31 December 2024 £'000**	For the year ended 31 December 2023 £'000
31 March 2024/2023	**91.25**	95.13	**388,385**	407,010
30 June 2024/2023	**90.92**	93.96	**241,857**	399,921
30 September 2024/2023	**90.01**	93.36	**239,453**	397,373
31 December 2024/2023	**81.80**	93.21	**176,374**	396,745
Average NAV	**88.50**	93.92	**261,517**	400,262

Discount/average discount

The amount, expressed as a percentage, that the Company's shares trade below the prevailing NAV per share. This metric is shown at a point in time or as an average over the stated period.

Dividend cover ratio

Ratio of earnings to dividends calculated as dividends per share divided by EPS.

	For the year ended 31 December 2024	For the year ended 31 December 2023
Total (loss)/profit and comprehensive income (£'000)	**(10,342)**	18,264
Weighted average number of shares[1]	**330,189,880**	427,242,221
Basic EPS (p)	**(3.13)**	4.27
Adjusted EPS[1,2] (p)	**4.90**	7.02
Dividends (p)	**6.325**[3]	6.325
Dividend cover ratio (basic)	**(0.49)**	0.68
Dividend cover ratio (adjusted)	**0.77**	1.11

Dividend yield

Total dividend per share declared for the year annualised, relative to the closing share price at the year end, expressed as a percentage.

IRR

IRR is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero.

The IRR is used to evaluate the attractiveness of a project or investment.

1. Refer to relevant APM on page 96 for further information.
2. Refer to relevant APM on page 94 for further information.
3. Total dividends of 6.325 pence include a quarterly dividend of 1.581 pence per share for the quarter to 31 December 2024, which was declared post year end.

Alternative performance measures (unaudited) continued

Premium/average premium

The amount, expressed as a percentage, that the Company's shares trade above the prevailing NAV per share. This metric is shown at a point in time or as an average over the stated period.

Total NAV return

A measure of the performance of a company's NAV over the stated period. It combines NAV movements and dividends to show the total return to the shareholder expressed as a percentage. It assumes that dividends are reinvested in the shares at the time the shares are quoted ex-dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Total shareholder return

A measure of the performance of a company's shares over the stated period. It combines share price movements and dividends to show the total return to the shareholder expressed as a percentage. It assumes that dividends are reinvested in the shares at the time the shares are quoted ex-dividend.

This is a standard performance metric across the investment industry and allows comparability across the sector.

Source: Bloomberg

Weighted average annualised yield

The weighted average yield on the investment portfolio calculated based on the yield of each investment weighted by the principal balance outstanding on such investment, expressed as a percentage. The weighted average yield does not include principal indexation.

The yield forms a component of investment cash flows used for the valuation of financial assets at fair value through profit or loss under IFRS 9.

Weighted average discount rate

A rate of return used in valuation to convert a series of future anticipated cash flows to present value under a discounted cash flow approach. This approach is used for the valuation of financial assets at fair value through profit or loss under IFRS 9.

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

Weighted average number of shares

The weighted average number of shares is calculated by multiplying the number of shares in issue during the year after buybacks of shares by the percentage of the reporting period for which that number applies for each period. The total weighted average number of shares at the year end was 330,189,880 shares.

Glossary

Adjusted EPS
Refer to APMs on pages 94 to 96

AGM
The Annual General Meeting of the Company

AIC
Association of Investment Companies

AIC Code
AIC Code of Corporate Governance

AIF
Alternative Investment Fund

AIFM
Alternative Investment Fund Manager

Annualised total shareholder return since IPO
Refer to APMs on pages 94 to 96

APM
Alternative performance measure

Articles
The articles of association of the Company

Average LTV
Refer to APMs on pages 94 to 96

Borrower
Owner of a Project Company to which the Group advances loans

Carey Olsen
Carey Olsen Jersey LLP

CIF Law
Collective Investment Funds (Jersey) Law 1988

Company
GCP Asset Backed Income Fund Limited

Discount
Refer to APMs on pages 94 to 96

Discount rate
Refer to APMs on pages 94 to 96

Dividend cover ratio
Refer to APMs on pages 94 to 96

DTRs
Disclosure Guidance and Transparency Rules of the FCA

EGM
Extraordinary General Meeting

EPS
Earnings per share

ESG
Environmental, social and governance

FCA
Financial Conduct Authority

FRC
Financial Reporting Council

GABI GS
GABI GS Limited

GABI Housing
GABI Housing Limited

GABI Housing 2
GABI Housing 2 Limited

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

Group
The Company, GABI UK, GABI GS, GABI Housing, GABI Housing 2

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IFRIC
International Financial Reporting Interpretations Committee

IFRS Accounting Standards
International Financial Reporting Standards Accounting Standards as issued by the IASB

Glossary continued

IPO
Initial public offering

IRR
Internal rate of return
Refer to APMs on pages 94 to 96

ISAE
International Standard on Assurance Engagements

ISSB
International Sustainability Standards Board

Jersey Company Law
The Companies (Jersey) Law 1991, as amended

JFSC
Jersey Financial Services Commission

KPI
Key performance indicator

Listing Rules
FCA Listing Rules

LSE
London Stock Exchange

MAR
EU Market Abuse Regulation

Market capitalisation
Value of a company traded on the LSE, calculated as total number of shares multiplied by closing share price

MiFID II
The UK version of MiFID II which is part of UK law by virtue of the European Union (Withdrawal) Act 2018

NAV
Net asset value

Orderly Realisation
A managed wind-down of the Company with an orderly realisation of its assets

Premium
Refer to APMs on pages 94 to 96

PRI
UN Principles for Responsible Investment

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

RBSI
The Royal Bank of Scotland International Limited

RCF
Revolving credit facility

Realisation Plan
The realisation plan published on the Company's website on July 2024, which can be found at www.graviscapital.com/our-products/gcp-asset-backed/literature

RPI
Retail price index

SDR
Sustainability Disclosure Requirements

Secured Loan Notes
Loan notes issued to the Company

Senior
Senior loans are those that take priority over unsecured or otherwise more 'junior' debt such as subordinated loans in the event that a company fails to fulfil its repayment obligations

Total NAV return
Refer to APMs on pages 94 to 96

Total shareholder return
Refer to APMs on pages 94 to 96

UK AIFM Regime
Together, The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investments Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds sourcebook forming part of the FCA Handbook, as amended from time to time

UK Code
UK Corporate Governance Code

Weighted average annualised yield
Refer to APMs on pages 94 to 96

Weighted average discount rate
Refer to APMs on pages 94 to 96

Corporate information

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

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