Report & Financial Statements

TOC PROPERTY BACKED LENDING TRUST

FOR THE YEAR TO 30 NOVEMBER 2021

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Chairman's Statement

John Newlands, Chairman

Highlights

- Net Asset Value total return of +4.8% (2020: +3.9%).
- Record annual new loan facilities of £13.9m agreed.
- Implementation of revised dividend strategy.
- Dividend increase to 4 pence per share (2020 – 3p).
- Profitable exits of five portfolio projects, further de-risking the portfolio (2020: 3 exits).
- Continuation Resolution put before investors and approved.
- Portfolio liquidity maintained; funding headroom of £11.0m at the year end.
- Loan facility with Shawbrook Bank Limited extended to May 2022; renewal in hand.

Objective; Managerial Arrangements

The Company seeks to achieve its investment objective through a diversified portfolio of fixed rate loans predominantly secured over land and/or property in the UK and managed by its Investment Adviser, Tier One Capital Ltd ('TOC'). The Investment Adviser's Report may be found on pages 8 to 11.

Introduction

I am pleased to present the Company's results for the year ended 30 November 2021, spanning another testing period both for the commercial and residential real estate sub-sectors and for the wider economy.

During the final month of 2020, as our financial year began, the UK economy expanded by around 1%, marking a reversal of the trend in which the UK suffered a record annual slump of 9.9% for 2020 as a whole. These were the worst figures, said the Office for National Statistics (ONS) since GDP was first measured after the Second World War. The same ONS report noted that the severest fall in year 2020 came from the construction sector, which contracted by 12.5%.

As 2021 progressed, a strong rebound during the first half of the year lost its impetus, as media reports put it, "amid shortages of workers and materials and weaker export volumes after Brexit".

All of this is before we even mention the onset of Covid-19, first detected in the UK in January 2020 but probably present before that and which remains a factor more than two years later. Notwithstanding the imposition of a third lockdown in January 2021 and the detection of a new Delta variant in April, the Coronavirus Job Retention Scheme, better known as Furlough, began to wind down in July 2021. Delta became the dominant variant in the UK for several months before Omicron, the latest variant at the time of writing, being first reported in South Africa in November 2021.

This then, was the backdrop against which the Board, working with the Investment Adviser, opted to maintain increased levels of liquidity during 2021, requiring a reduction in dividend distributions from the previous financial years.

The second stage of the process of restructuring and streamlining the company to match changing conditions came with the major Strategic Review announced via the London Stock Exchange on 10 March 2021 and approved by shareholders later the same month. The Company is now well placed to benefit from a repositioning of the portfolio to lower risk, together with the creation of headroom to lend to new projects. Further details of the impact of the Strategic Review are given below.

Increased activity seen in the second half of 2021, together with additional debt yet to be drawn down on facilities already written, ensures we are looking forward to growth in higher quality earnings in the year ahead.

Performance; Net Asset Value

The Company's net asset value ('NAV') decreased to 83.88 pence at the year-end (2020: 83.93 pence). The net asset value total return for the financial year was +4.8%, including the impact of dividends received, during what must be regarded as a transitional year for the trust. This figure may be placed into context by the total return figures over the same period of the Association of Investment Companies' (AIC's) 'Property-Debt' sector, of which PBLT is a component member, of +6.2% and of the AIC's 'Debt-Loans' sector of +10.5% (Source: AIC).

The reduction in NAV is a function of the dividends declared (£942,000 in aggregate) being greater than net profit for the year (£929,000). Profit was impacted by reduced investment interest received, which fell from £2.3m in 2020 to £1.6m in 2021 (these figures disregard any impairments). The lower interest figure resulted from a reduction in the capital deployed by borrowers during 2021, as discussed further in the Investment Adviser's Report. It should be noted that, although a number of new loans were approved during the year, there is naturally a lag between loan repayments and the often phased drawdown and deployment of capital by new borrowers.

Strategic Review

On 29 March 2021 shareholders voted overwhelmingly to support a refreshed investment policy for the Company, intended to allow for greater flexibility to allocate capital to sectors that the Board, as advised by the Investment Adviser, had assessed as potentially more attractive within existing risk management parameters.

The key changes were to:

- Reduce restrictions on sector caps imposed by the previous investment policy, so as to give better access to opportunities in, for example, small and medium-sized enterprise (SME) housebuilding. Commercial property opportunities will nevertheless continue to be examined on merit.
- Increase the maximum permitted exposure to bridging loans, selected loan financings and other debt instruments so as to increase the flexibility available to the Investment Adviser.
- Maintain an attainable and consistent stream of quarterly dividends.
- Reduce operating costs at all levels of the company.
- Improve liquidity, i.e. the ability to buy and sell shares easily, by introducing discount control mechanisms such as share buy-backs and share issues.
- remove reference to (though not exclude) profit share agreements in the investment policy agreements in the investment policy. The evolution of the portfolio towards less risky and lower Loan-to-Value (LTV) loans is likely to result in fewer situations where an equity position can reasonably be achieved.

Continuation Vote

The Company's Articles of Association (the "Articles") provide that the Directors are required to propose an ordinary resolution that the Company continue its business as presently constituted (the "Continuation Resolution") at the fifth Annual General Meeting (AGM) of the Company and at each third AGM of the Company thereafter.

The Continuation Resolution was brought forward and approved by shareholders at the 29 March 2021 General Meeting. As the Continuation Resolution was proposed early, the Company amended its Articles of Association accordingly so that the next Continuation Resolution will be proposed at the annual general meeting to be held in 2024 and at each third AGM thereafter.

Revenue and Dividends

As part of the Strategic Review described above the Board and the Investment Adviser examined the likely dividend capacity of the Company going forward. This analysis concluded that anticipated returns from typical development finance portfolio projects of approximately 5-6% might be achieved, in the current interest rate environment.

Continued

Under this revised policy, the Company expects to pay dividends at a rate of 1 penny per share per quarter, equivalent to 4 pence per share per year in aggregate. The Company intends to continue to distribute at least 85 per cent. of its eligible income or such other percentage which may be prescribed by HMRC in accordance with Chapter 4 of Part 24 Corporation Tax Act 2010. Accordingly, to the extent required, at the end of each financial year, the Board will consider whether payment of an additional dividend (to be paid alongside the final fourth quarter dividend for that year) is appropriate and/or required for the Company to maintain its investment trust status.

For the financial year to 30 November 2021, revenue decreased to 3.09p per share (2020: 3.81p) . In accordance with the Board's revised dividend policy, as described above, four quarterly interim dividends have been declared for the year ended 30 November 2021.

The fourth of these interim dividends, representing a final balancing payment for the year, has been declared and will be paid on 1 April 2022 to shareholders on the register at the close of business on 4 March 2022 (ex-dividend date 3 March 2022).

Gearing

Loan facilities during the year consisted of a £6.5 million credit arrangement with Shawbrook Bank Limited of which nil was drawn down at the year end. The facility provided by Shawbrook Bank Limited was extended from May 2021 to May 2022 and it is intended that it will be renewed.

Investment Portfolio

The Company agreed five new loans during the year, including a £3.8 million, 36 month facility to fund the Horizon Crematorium project in East Renfrewshire Scotland; a £4.5 million, 30-month facility to finance the construction of 61 residential units at Oak Meadows, near Teeside Airport and a £4.2 million, 42-month loan to fund some 145 residential units near Bishops Auckland, County Durham. The investment portfolio is described in greater detail on pages 8 to 11.

Five exits, plus a further five partial redemptions are also highlighted in the Investment Adviser's report, creating liquidity for potential investment in new opportunities.

During the 2021 financial year, three projects were unable to meet their interest repayments in full, relating primarily to loans predating the formation of the trust. These impairments have been substantially offset during 2021 both by uplifts in loan positions generated through profit share positions and the lessening of previous impairment assessments which have transpired to be over-prudent.

The directors believe the level of impairments will reduce in financial year 2022 as legacy loans are exited, the loan covenant ratios of the borrowers improve and as the overall quality of the project portfolio increases.

Board of Directors

As part of the drive, highlighted in the March 2021 Strategic Review towards moderating costs, the Remuneration Committee, chaired by Douglas Noble, completed an assessment of the level of Directors' fees during the year. This assessment considered a number of factors, including external peer group analyses, increased regulatory responsibilities and inflationary trends.

The two conclusions reached were that first, a graduated scale of remuneration should be introduced, depending upon individual responsibilities, replacing the former flat fee structure. Secondly, having benchmarked the Company against its peers, new and slightly lower remuneration levels should be set. This has resulted in a reduction in total fees of £5,000 per annum, with effect from 1 December 2021.

The new arrangements will be put before shareholders at the 28 April 2022 AGM. Further details are set out in the Directors' Remuneration Report on pages 33 to 34 of this report.

There were no changes to the Board of Directors during the year. In accordance with the UK Corporate Governance Code requirements, all Directors will stand for re-appointment at the AGM.

Change of Auditor

Following a competitive tender process, again motivated, in the wake of the Strategic Review, by a desire to control costs, the Company has appointed MHA MacIntyre Hudson as its auditor. This appointment will be reaffirmed at the AGM.

Outlook

Over the past year the Company and indeed the economy as a whole has, putting it mildly, been faced with an uncertain backdrop. Workforces have either been placed under full lockdown or, at other times, debilitated by Covid-19 absences and/or working from home ("WFH") governmental diktats.

Most recently, we have witnessed geopolitical risk emerging across the globe, including wars and sharply rising energy costs. In addition the financial effects of Covid-19 are likely to be felt in the form of increased taxes and in changes in fiscal policy and increases in interest rates and inflation. These factors are likely to have significant effects on the property sector with the related Brexit impacts being of lesser significance.

The UK government's furlough schemes, though undoubtedly successful (if hideously expensive) in averting full scale recession have also been run down as the year has progressed. In the background, too, a combination of shipping lanes devoid of cargo vessels because of Covid-19 issues and post-Brexit administrative nightmares have led to supply chain blockages – a particular problem across the building and construction sectors.

Notwithstanding these headwinds the Company's portfolio has broadly held its value during the financial year under report and produced a positive total return for investors when dividends are factored in. The decision made following the Strategic Review, to maintain liquidity, i.e. stay partially in cash, while these issues are played out, has helped in this regard.

The trade-off, in adopting this relatively defensive policy, has been that the Company has been under-invested for much of the year, causing revenue receipts to be lower than they would otherwise have been under a more aggressive lending stance.

Having listed some of the challenges both past and present, we begin the new financial year with cautious optimism. On the positive side, the world will learn (or indeed have to learn) to live with Covid-19. At least recent scientific evidence suggests the Omicron variant is less lethal than earlier variants, in addition to which, vaccination levels continue to rise. Supply chain issues are gradually being dealt with, construction sites are swinging back into action, road traffic seems if anything to exceed pre-Covid-19 levels and property buyers have resumed their searches.

Both interest rates and inflation appear to be on firm upward trends. For the real estate sector, this could be regarded either as a threat or as an opportunity, with property prices, lending rates and input costs all likely to increase.

The Company's robust balance sheet, investment headroom and nimbleness should place it in a strong position to maximise the opportunities that lie ahead.

Annual General Meeting

The Company's AGM will be held at the Grey Street Hotel, 2-12 Grey Street, Newcastle upon Tyne on Thursday 28 April 2022 at 12 noon.

The Board encourages all shareholders to exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms. This will ensure that the votes are registered.

In addition, shareholders are encouraged to raise any questions in advance of the AGM, via email to **coSec@MaitlandGroup.com** or by post to the Company Secretary at the address set out on page 74 of this report. Any questions received will be replied to by the Company after the AGM.

John Newlands, Chairman

30 March 2022

Investment Adviser's Report

About the Adviser

Tier One Capital Ltd is a Newcastle upon Tyne based wealth management and property lending specialist providing financial advice services and bespoke tailored lending to the residential and commercial property development market.

Investment Adviser's Report: Review of the 12 Months to 30 November 2021

This review covers the fourth full year of performance and fifth audit review of the Company, since listing in January 2017.

The Company's primary purpose is to provide debt finance to the property sector. The Company also benefits from a number of equity positions attained at nil cost in a number of the borrowing entities which it supports.

Investment Adviser's highlights:

The trading period covered by this report has been historically unprecedented due to the ongoing impact of the Covid-19 pandemic which initially decimated certain sectors of the economy, most notably travel and hospitality, and brought about what appear to be seismic shifts in how people work and live. A second lockdown was entered into at the beginning of 2021 and this slowed investment decisions until the vaccine roll out gained real momentum The second half of the year was far more positive with the economic journey to a new normal well underway driven by a buoyant property market and a strong uptick in consumer spending. Interest rate rises, the recovery from the Omicron variant, high inflation (especially energy prices) and the war in Ukraine are dampening economic confidence in quarter one.

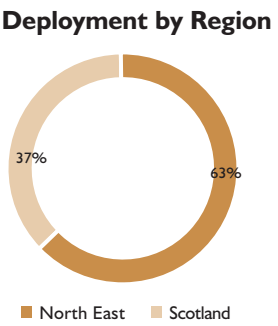
Measures introduced by the government, most notably the stamp duty holiday, together with an increase in household discretionary cash and a lack of supply saw the residential housing market accelerate to new highs and forecasts expect these increases to be consolidated into 2022. Whilst Stamp Duty had been reset to pre-pandemic levels by the year end, there was no evidence of slowing in demand for new homes across key markets.

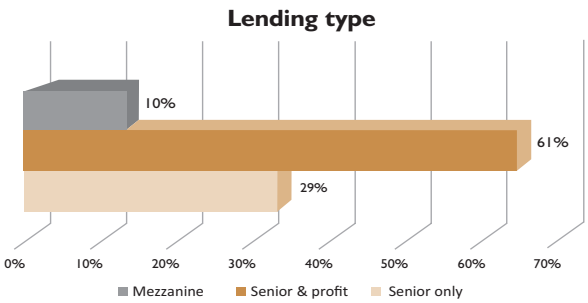
The Company used the year to protect shareholder value, refocus the portfolio to more conservative loans and reset the Company's investment policy to ensure it is fit for purpose as we enter the years ahead. We are pleased to report the investment highlights below:

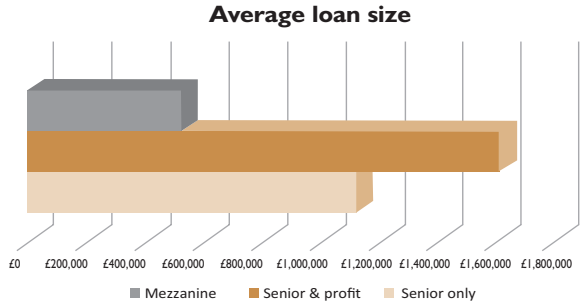
- NAV Total Return of 4.8%.
- Continued focus on liquidity, creating fund headroom of £11.0m at the year end.
- Profitable exits of five significant portfolio projects, bringing the number of exits since inception to 12.
- Refreshed investment strategy allowing greater flexibility to deploy in sectors forecasted to grow.
- Redeployment of funds across the North East and Scotland, meaning the Company is now focussed on regions and market economies to which it is closest.
- Dividend payments totalling 3p for the first nine months. A further dividend of 1p was declared in February 2022
- The year also saw the Company providing record-high levels of new finance, with £13.9m agreed across 5 projects, of which £7m was drawn by the year end. With over £6m of facilities available to draw and the year ending with a significant uptick in enquiries to strengthen the pipeline for 2022, the fund is well-placed for growth in 2022.

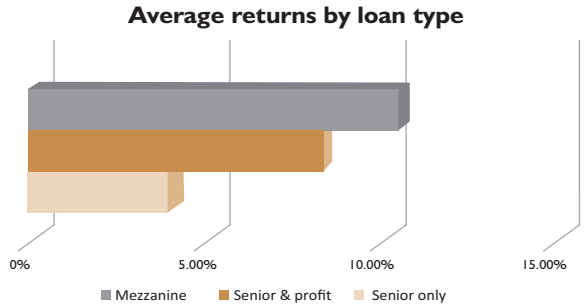
Deployment

Having addressed the Company's portfolio to deliver those investment highlights, the geographic focus and lending type is as follows:









Despite the ongoing uncertainties faced, we are pleased to report an active year for new transactions, deployments to existing projects together with full and partial exits:

The Company agreed five new facilities during the year:

- Horizon, Scotland - £3.8m 36-month facility
- Bridge St, Scotland - £1.05m 27-month facility
- Finnieston, Scotland - £0.32m 12-month facility
- Oak Meadows, North East England - £4.5m 30 month facility
- Four Lane Ends, North East England - £4.2m 42 month facility

During the year a total of £8.266m was deployed into ten projects including the five new projects mentioned above.

Portfolio Exits

There were five exits during, bringing the number of exits in the portfolio to twelve since inception. The exits were across £9.8m of loans and generated an IRR of 10.9% for the Company

Partial Redemptions Update

During the year there was £4.046m of partial redemptions across six of the portfolio projects.

Impairments

The Company, in accordance with IFRS 9, recognises the gross interest receivable on all its loans, and then recognises an impairment charge when that interest is not paid by the borrower, and there is not a clear expectation that this can be recovered subsequently. During the year, there were three projects unable to meet their interest requirements.

IFRS 9 also requires the Company to consider various credit loss scenarios and assign a risk weighting to these. This calculation generates a provision which is taken as a further impairment for the year. In this period the Company has reduced the provision to £33,000 from the £261,000 that was in place at 30 November 2020. This provision is based on look-forward statements to withstand market-related shocks including those caused by the ongoing Covid-19 pandemic.

Gearing

In May 2021, the Company refreshed a committed revolving credit facility with Shawbrook Bank for a further year. Again the key driver was headroom and liquidity and its renewal for a fourth year demonstrates the support that the Company has from its lender, and the growing confidence in future deployment given the current strength of pipeline.

Profit Share Projects

There are currently six Profit Share projects in the portfolio (Nov 2020: 10).

Refreshed Investment Strategy

In March 2021 the Company's shareholders voted overwhelmingly to support a refreshed investment strategy for the Company. The key changes are as follows:

- Reposition the Company as a stretch senior lender which has the benefit of reducing the risk of default.
- Reduce sector constraints to give the Company greater flexibility for deployment across residential and commercial.

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OUTLOOK

Economic Outlook

Residential

As at 30 November 2021, 59.8% of deployed funds were invested across 12 projects with a residential focus with a further £5.9m committed to live projects.

The housing market has seen considerable growth over the past 12 months and the outlook amongst analysts for 2022 and beyond continues to be positive. Savills five year forecast suggests increases across the UK of 13.1% for the period with the North East and Scotland forecast to see rises of 17.6% and 15.9% respectively.

Turning to cost pressures, the past 12 months has seen considerable price inflation on both materials and labour. According to ISH Markit/CIPS UK Construction PMI, "construction activity expanded at the fastest pace since June 1997…severe shortages of construction products and materials resulted in a survey record rise in purchasing prices in June". Specifically in house building construction, the index increased at its fastest pace since November 2003.

The Builders Merchants Federation and Construction Products Association have warned that availability issues are expected to worsen before they improve. The ongoing impact of the Covid-19 pandemic is a significant factor behind the shortages and price increases. There are other factors including the imbalance between global demand and supply for timber which is not likely to be resolved quickly.

The Company's residential exposure is predominantly in the North East (87.8%). This will continue to be a key focus as this region continues to offer affordability for house buyers, despite the recent increase in prices. Projects are appraised using the views of market experts for sales values and build cost and delivery, with all assumptions stress tested.

Commercial

As at 30 November 2021, 40.2% of deployed funds were invested across five projects with a commercial focus.

The new investment strategy allows the Company to be more selective in the level of exposure to commercial developments. A selective approach to the Company's deployment in the commercial property sector will continue to create shareholder value. The sectors within the commercial property space that the Company currently has exposure to are:

- bereavement (crematorium);
- strategic land; and
- shared office space.

Each of the above sub-sectors offer downside protection in the current uncertain economic times with the latter two also giving flexibility for the borrowers as and when trends change. We will continue to identify and support professional, experienced and reliable management teams who have a clear vision and robust plan.

PIPELINE

There is currently £7.9m at various stages of due diligence across three projects with 100% in the North East.

The quality and experience of each management team that we are in discussions with will continue to enhance the Company's portfolio and strengthen its reputation in the market. This should lead to the creation of shareholder value that is sustainable over the longer term

IAN MCELROY,
TIER ONE CAPITAL LTD
30 MARCH 2022

THE INVESTMENT PORTFOLIO AS AT 30 NOVEMBER 2021

Project	% of Portfolio	LTV* (Nov 21)	Loan Value (Nov 21) £'000s
Residential	47.5%	73.7%	10,480
Commercial	31.9%	66.7%	7,043
Cash	20.6%	–	4,545
General Impairment	–	–	(33)
Total/Weighted Average	**100.0%**	**70.87%**	**22,035**

*LTV has been calculated using the carrying value of the loans as at the balance sheet date

Strategic Report

The Directors present their Strategic Report for the year to 30 November 2021.

STRATEGIC REPORT

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. The Strategic Report contains a summary of the Company's business model, a statement of its objectives and policy, a review of performance and a description of the principal and emerging risks it faces. Please refer to the Chairman's Statement and the Investment Adviser's Report for an analysis of the Company's performance during the financial year and a summary of the future prospects. Pages 22 to 29, together with the sections of this Annual Report and Accounts incorporated by reference, consist of a Strategic Report that has been prepared in accordance with Section 414A of the Companies Act 2006 (the 'Act').

PRINCIPAL ACTIVITY AND PURPOSE

The Company's principal activity is that of an investment company, with a primary purpose providing debt finance to the property sector.

INVESTMENT OBJECTIVE

The Company's investment objective is to provide shareholders with a consistent and stable income and the potential for an attractive total return over the medium to long term.

INVESTMENT POLICY

Changes to the investment policy and restrictions were approved at a General Meeting of the Company held on 29 March 2021 and the details of the updated policy are set out below:

The Company seeks to achieve its investment objective through a diversified portfolio of fixed rate loans predominantly secured over land and/or property in the UK.

The Company attempts to reduce downside risk by focusing on secured debt with both quality collateral and contractual protection. The Company makes investments primarily through senior secured loans although other loans such as bridging loans, subordinated loans, selected loan financings and other debt instruments may be considered if appropriate.

The typical loan term is between one and five years. The Company retains absolute discretion to make investments for either shorter or longer periods.

Loan to Value

The Company typically seeks to originate debt where the effective loan to real estate value ratio of any investment is between 40% and 100% at the time of origination. The Company typically seeks to achieve a blended loan to value ('LTV') across the portfolio of no more than 75% (based on the initial valuations at the time of loan origination) once fully invested.

Sector

The Company's portfolio is appropriately diversified by sector and predominantly split between:

- Regional residential housebuilding across the UK, with a preliminary focus on non-London based property;
- Small to medium commercial property development across the UK primarily focusing on small serviced office space, hotel developments and wedding and conferencing venues; and
- Direct sale and leaseback vehicles primarily operating in the professional sectors of dentists, accountants, solicitors and finance professionals.

INVESTMENT RESTRICTIONS

The Company observes the following investment restrictions:

- The Company derives its income from a portfolio of not less than five loans;
- No more than 100% of the Gross Asset Value will be exposed to the regional residential housebuilding sector, calculated at the time of investment;
- No more than 100% of the Gross Asset Value will be exposed to the small to medium commercial property development sector, calculated at the time of investment;
- No more than 30% of the Net Asset Value will be exposed to direct sale and leaseback vehicles, at the time of investment;
- No more than 50% of the Net Asset Value will be exposed to subordinated loans, calculated at the time of investment and/or subsequent subordination;
- No more than 50% of the Net Asset Value will be exposed to bridging loans, selected loan financings and other debt instruments, calculated at the time of investment;
- No more than 5% of the Net Asset Value will be exposed to unsecured loans, calculated at the time of investment;
- No single investment, or aggregate investments secured on a single property or group of properties or connected with related borrowers, will exceed 20% of the Net Asset Value, calculated at the time of investment;
- No more than 20% of the Net Asset Value will be exposed to any one borrower or related borrowers or developer or related developer entities calculated at the time of investment;
- No more than 10% of the Net Asset Value will be exposed to any sector other than regional residential housebuilding and, small to medium commercial property development and direct sale and leasehold vehicles; and
- The Company will not invest in other listed closed-ended investment companies.

Borrowing

The Company may use gearing if it believes it will enhance shareholder returns over the longer term. It will limit the Company's borrowings to a maximum of 30% of the Net Asset Value at the time of drawdown.

In May 2021 the Company renewed its one-year £6.5 million committed revolving facility with Shawbrook Bank Limited until May 2022. None was drawn down at the year end (2020: £1.15 million). At 30 November 2021, the Company had no gearing (2020: 5.1%).

Cash Management

The Company may from time-to-time have surplus cash. It is expected that any surplus cash will be temporarily invested in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single-A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency or gilts or otherwise approved by the Board.

Use of derivatives and hedging

The Company may invest through 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 increases as part of the Company's efficient portfolio management.

In accordance with the requirements of the FCA Listing Rules, any material changes in the principal investment

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policies and restrictions of the Company would only be made with the approval of Shareholders by ordinary resolution.

BUSINESS MODEL, CULTURE AND VALUES

The Company invests in accordance with the investment objective.

The Board is the Company's governing body and is collectively responsible to shareholders for the long term success of the Company. It is responsible for the overall strategy of the Company, including its investment objective and policy, decisions regarding corporate governance, asset allocation, risk and internal control assessment and determining the overall limits and restrictions for the portfolio. In addition, it appoints and monitors the performance of its service providers and seeks to secure the Company's success by engaging reputable third-party service suppliers with established track records to deliver its day to day operations. The culture of the Company is embodied in the Board of Directors whose values are trust and fairness.

The management of the Company's investment, is delegated to the Investment Adviser, Tier One Capital Ltd ('TOC'), and there is a clear division of responsibilities between the Board and the Investment Adviser. The Board maintains a close working relationship with the Investment Adviser as its principal service provider.

All the Directors seek to discharge their responsibilities and meet shareholder expectations in an open and transparent manner. The Board seeks to recruit Directors who have diverse working experience including managing the types of companies in which the Company invests.

The industry experience on the Board ensures there is detailed knowledge and constructive challenge in the decision-making process. This helps the Company achieve its overarching aim of enhancing shareholder value. The Directors are mindful of costs and seek to ensure that the best value for money is achieved in managing the Company.

The Board seeks to employ third-party providers who share the Company's culture and importantly will work with the Directors openly and transparently to achieve the Company's aims. As mentioned below, the Board expects and seeks assurance at least annually that the companies it works with adopt working practices that are of a very high standard.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY ('ESG')

The Company has no employees and all of its Directors are non-executive. The day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of social, community, employee or environmental matters.

The Company has an investment advisory contract with Tier One Capital Ltd.

In asking the Company's Investment Adviser to deliver against set objectives, the Directors have also requested that the Investment Adviser take into account the broader social, ethical and environmental issues of counterparties within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses. More specifically, they expect companies to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

The Investment Adviser actively seeks to invest in companies that adopt good ESG practices and, where possible, uses its influence to encourage companies to adopt best practice on environmental, social and corporate governance matters.

MODERN SLAVERY ACT 2015 ('MSA')

The MSA required companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company does not provide goods or services in the normal course of business, the Board considers that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In relation to this matter the Company's supply chain is thought to be low risk by the Board.

PRINCIPAL AND EMERGING RISKS

The Board of Directors has overall responsibility for risk management and internal control within the context of achieving the Company's objectives.

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, as they operated during the year and up to the approval of the Annual Report.

The Board agrees the strategy of the Company taking into consideration the Company's risk appetite. With the assistance of the Investment Adviser, the Board has drawn up a risk matrix, which identifies the key risks to the Company, as well as emerging risks. In assessing the risks and how they can be mitigated, the Board has given particular attention to those risks that might threaten the viability of the Company. These key risks fall broadly under the following categories:

- **Investment and strategy risk**

The Company's targeted returns are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, yield and performance of the Company's investments, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, the Net Asset Value and the price of Ordinary shares.

Borrowers under the loans in which the Company invests may not fulfil their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans.

The Board is responsible for setting the investment strategy to achieve the targeted returns and for monitoring the performance of the Investment Adviser and the implementation of the agreed strategy.

An inappropriate strategy could lead to poor capital performance and lower than targeted income yields.

This risk is mitigated through regular reviews and updates with the Investment Adviser, monitoring of the portfolio sectors against the investment restrictions on a quarterly basis and tracking of loan to value ratios of the underlying property projects.

- **Market risk**

The Company's investment strategy relies in part upon local credit and real estate market conditions. Adverse conditions may prevent the Company from making investments that it might otherwise have made leading to a reduction in yield and an increase in the default rate. The Board has considered and continues to keep under review the political, economic and investment risks to the Company associated with the UK's withdrawal from the EU at the beginning of 2021 and the UK's future relations with the EU. This withdrawal might lead to a reduced or increased demand for the Company's shares as a result of investor sentiment which may be reflected in a widening or narrowing of the discount.

The Company holds 100% of its assets in the United Kingdom.

The impact of the spread of Covid-19 on the residential property market is monitored continuously.

To mitigate the market risks, the Board receives quarterly updates from the Investment Adviser containing information on the local market conditions and trends. This information is reviewed alongside the sector split of the portfolio to ensure the portfolio is aligned to meet future challenges.

- **Financial risk**

The Company's activities expose it to a variety of financial risks that include interest rate risk, liquidity risk and credit risk. Further details on these risks and the way in which they are mitigated are disclosed in the notes to the financial statements.

- **Operational risk**

The Company has no employees and relies upon the services provided by third parties. It is primarily dependent on the control systems of the Investment Adviser and Administrator who respectively maintain the assets and accounting records.

Failure by any service provider to carry out its obligation in accordance with the terms of their appointment could have a detrimental effect on the Company.

To mitigate these risks, the Board reviews the overall performance of the Investment Adviser and all other third party service providers on a regular basis and has

Continued

the ability to terminate agreements if necessary. The business continuity plans of key third parties are subject to Board scrutiny.

- **Legal and Regulatory risk**

In order to qualify as an investment trust, the Company must comply with section 1158 of the Corporation Tax Act 2010. The Company has been approved by HM Revenue & Customs as an investment trust. The Company is listed on the London Stock Exchange. Non-compliance with the taxes act or a breach of listing rules could lead to financial penalties and reputational loss.

These risks are mitigated by the Board's review of quarterly financial information and the compliance with the relevant rules.

PROMOTING THE SUCCESS OF THE COMPANY

Under section 172(1) of the Companies Act 2006 the Directors have a duty to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. This includes taking into consideration the likely consequences of their decisions over the long term and on the Company's stakeholders, employees and suppliers, while acting fairly between shareholders. The Directors must also consider the impact on the community and its reputation for maintaining high standards of business conduct.

Set out below is an explanation of engagement with stakeholders:

Stakeholder Group	Engagement in the year
Investors	Shareholders play an important role in monitoring and safeguarding the governance of the Company and have access to the Board via the Company Secretary throughout the year and are encouraged to attend the Annual General Meeting. The Board engaged extensively with shareholders throughout the year in particular in relation to the proposals put to shareholders at a General Meeting in March relating to the strategic review and which included the continuation resolution for the Company.
Suppliers	Key suppliers report to the Board on a regular basis. The Company employs a collaborative approach and looks to build long term partnerships based on open terms of business and fair payment terms.
Borrowers	The Investment Adviser meets with the management of all companies to which the Company lends money and reports its findings to the Board on a quarterly basis.
Regulators	We ensure compliance with the necessary rules and regulations relevant to the Company in order to build trust and a good reputation in the market.

- **Factoring Shareholders and Stakeholders into the Principal Decisions**

We define principal decisions as both those that are material to the Company but also those that are significant to any of our key stakeholders as identified above. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

Principal Decision 1	**Dividend Policy** Directors continue to pay a consistent and stable income. The updated policy is set out in the Strategic Report on pages 12 to 19.
Principal Decision 2	**Lending Strategy** The Board's focus on the loans provided ensures that the sustainability of the Company and its ability to pay dividends is not compromised.
Principal Decision 3	**Share Capital** Methods to expand the shareholder base and grow the Company are regularly considered.

Principal Decision 4	Investment Policy Changes to the investment policy to allow greater flexibility to allocate capital to sectors that are considered to be potentially more attractive. The updated policy is set out in the Strategic Report on pages 12 to 19.

LONG TERM VIABILITY STATEMENT

In accordance with Provision 36 of the AIC Code the Directors are required to assess the prospect of the Company over a longer period than the twelve months referred to in the going concern guidance and statement. The Board conducted this viability review for a period of three years principally because it believes that any investment in the shares of the Company should be made on a medium to long-term basis. The Board considers the Company, with no fixed life, to be a long term investment vehicle. It has decided this is an appropriate time period over which to report, reflecting the long term objectives of the Company and the typical loan term whilst taking into account the impact of uncertainties in the markets.

The Board regularly considers a detailed cash flow model which does not indicate any matters which would give concern over the Company's longer term viability. The debt portfolio held by the Company is however not expected to remain unchanged over the longer term. The Investment Adviser is expected to provide new loans and receive repayments, in line with the Company's investment objective and policy throughout the year. At 30 November 2021 seventeen loans had been made with an average value of £1.22 million and average time to loan maturity of 0.7 years. The longer the time horizon which is considered, the higher the degree of uncertainty over the constituents of the Company's debt portfolio and, on balance, the Board considers that a period of three years is an appropriate length of time over which a detailed sensitivity analysis can be conducted whilst retaining a reasonable level of accuracy regarding forecast interest rate movements.

In making this statement the Board carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. These risks and their mitigations are set out above.

The principal risks identified as most relevant to the assessment of the viability of the Company were those relating to potential impairment of loans in the portfolio and its effect on capital value of the Company and its ability to pay dividends.

When considering the risk of under-performance, the Board carries out a series of stress tests to understand the effects of any substantial future increases in interest rates and future worsening of the property and development markets on the value of the underlying security leading to potential breaches of loan covenants by the borrowers.

The results of these stress tests have given the Board comfort over the viability of the Company and its ability to maintain capital value and dividend levels. The Board has also considered the impact of potential regulatory change for future periods and the controls in place surrounding significant third party providers, including the Investment Adviser.

The Directors have considered the potential and continuing impact of Covid-19 and the mitigation measures which key service providers, including the Investment Adviser, have in place to maintain operational resilience, particularly in light of Covid-19. The Directors do not believe that it calls into question the long term viability of the Company.

Based on the Company's processes for monitoring revenue and costs, the Manager's compliance with the investment objective and policies the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of approval of this Report.

KEY PERFORMANCE INDICATORS

The below key performance indicators (KPIs) are used by the Board to assess the Company's success in meeting its objectives. The KPIs and related Alternative Performance Measures are described in the Glossary on page 72.

Continued

- **Dividends**

The payment of dividends is important to the Company as part of the investment objective. The Board monitors the Company's ability to provide shareholders with a consistent and stable income on a continuing basis. Further details on the Board's policy is set out in the Chairman's Statement on page 5.

Details of the dividends declared and paid are set out on page 54.

- **Net Asset Value Total Return (NAV total return)**

The Board regards the growth of the Company's NAV total return as inherent to the successful delivery of value to the shareholders over the longer term.

Since listing in January 2017, the Company has generated a NAV total return of 12.7% (2020: 7.6%) (including launch costs) as at 30 November 2021. The NAV total return for the year to 30 November 2021 was 4.8% (2020: 3.9%).

- **Ongoing charges ratio (OCR)**

The ongoing charges are a measure of the total expenses incurred by the Company expressed as a percentage of the average net assets over the year. The Board regularly reviews the ongoing charges. The Board seeks to ensure the expenses incurred by the Company are kept to a minimum whilst not impacting the services obtained.

The ongoing charges ratio as at 30 November 2021 was 2.5% (2020: 2.6%).

- **Discount/Premium to NAV**

The Board monitors the level of the Company's discount/premium to NAV. The annualised average premium to the NAV for the Company is 1.8% (2020: 9.0%).

CRIMINAL CORPORATE OFFENCE

In line with the requirements of The Criminal Finances Act 2017, the Directors confirm that the Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

THE BRIBERY ACT

In order to ensure compliance with the UK Bribery Act 2010, the Directors confirm that the Company has a zero tolerance policy towards the provision of illegal services, bribery and corruption acts and a commitment to carry out business openly, honestly and fairly.

GREENHOUSE GAS EMISSIONS

The Company has no greenhouse gas emissions to report from its operations for the year ended 30 November 2021 nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within the underlying investment portfolio).

BOARD DIVERSITY

At 30 November 2021 there were four male Directors. The Board believes that the current Directors have the appropriate range of skills and experience required by the Company. Diversity will continue to be considered as an important factor in any future appointments.

On behalf of the Board

JOHN NEWLANDS, CHAIRMAN

30 MARCH 2022

Board of Directors

John Newlands
Non-executive chairman

John has served more than twenty years in the City, most recently with Brewin Dolphin Limited as Head of Investment Companies Research from 2007 to 2017. He was a member of the Association of Investment Companies Statistics' Committee from 2000 to 2017. He has an MBA from Edinburgh University Business School and is a Chartered Engineer. He is a member of the Investment Committee of Durham Cathedral. He has written four books about financial history, the most recent charting the history of Dunedin Income Growth Investment Trust. John is currently Director of Gabelli Merger Plus+ Trust PLC and CQS New City High Yield Fund Limited.

Shareholding as at 30 November 2020: 5,000 ordinary shares.

Shareholding as at 30 November 2021: 5,000 ordinary shares.

Date of appointment: 14 November 2017.

Matthew Harris ('Matt')
Independent non-executive director and audit committee chairman

Matt is a Chartered Accountant, with a career background as an auditor and in the provision of due diligence advice to private equity firms and corporates. He has advised on numerous transactions across Europe and around the world. Matt started his career at Arthur Andersen in New Zealand, but has spent the majority of his career in London, including as a Partner in the KPMG Private Equity Group. He sits on a number of boards and provides deal related and ongoing advice to PE buyers and portfolio companies.

Shareholding as at 30 November 2020: 50,000 ordinary shares.

Shareholding as at 30 November 2021: 60,724 ordinary shares.

Date of appointment: 19 December 2016.

Ian McElroy
Non-independent non-executive director

Ian is the Chief Executive of Tier One Capital Ltd, a wealth management and property lending specialist based in Newcastle upon Tyne and the Investment Adviser to the Company. Ian has a wealth of experience in financial services, with specific expertise in investment management, financial planning, corporate finance and credit structuring. Ian has worked within the high net worth investment market throughout his career, spending time at institutions including Barclays Wealth, Coutts and Kleinwort Benson before founding Tier One Capital Ltd in 2013. He is a Chartered Fellow of the CISI and a Chartered Wealth Manager.

Shareholding as at 30 November 2020: 79,960 ordinary shares.

Shareholding as at 30 November 2021: 74,005 ordinary shares.

Date of appointment: 18 April 2018.

Douglas Noble
Independent non-executive director

Douglas has over 25 years' private banking experience. He is currently a Director of Jigsaw Lending and also holds the position of Associate Director with Hallcroft Finance where he is assisting Hallcroft in launching their business in Scotland. Previous to this he has held Senior Executive roles in the Banking Industry including the Scottish Head of Private Banking for Barclays, Adam & Company and HBOS. He also launched Bank of Scotland's first ever private banking operation. Douglas holds a law degree from Dundee University, as well as achieving the PCIAM and IMC from the CFA. He is a member of the Chartered Institute of Bankers, Scotland and holds Chartered Banker status.

Shareholding as at 30 November 2020: 8,600 ordinary shares.

Shareholding as at 30 November 2021: 8,600 ordinary shares.

Date of appointment: 19 December 2016.

Directors' Report

CGI impression of the Calmont development, currently under construction, with first houses due to be completed in June 2022

The Directors present their Annual Report and Financial Statements of the Company for the year to 30 November 2021.

Information disclosed in the Strategic Report

The following matters required to be disclosed in this Report under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are covered in the Chairman's Statement, Investment Adviser's and the Strategic Report on pages 12 to 19: the Company's objectives, policies and financial risk management, the Company's exposure to risks and its prospects, as well as important events affecting the Company since the year end.

Status

The Company was incorporated in England and Wales as a public limited company under the Companies Act 2006 (number 10395804). It is an investment company as defined by Section 833 of the Companies Act 2006.

The Company is a member of the Association of Investment Companies ('AIC').

The Company has been confirmed by HM Revenue & Customs as having approved investment trust status under the Investment Trusts (Approved Company) (Tax) Regulations 2011, subject to it continuing to comply with those regulations. The Directors conduct the affairs of the Company with a view to maintaining this approved investment trust status in order to preserve the Company's exemption from UK capital gains tax. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

Management of the Company

The Investment Adviser is Tier One Capital Ltd ('TOC'). TOC undertakes portfolio management services for the

Company, subject to overall control and supervision by the Board. TOC is employed under a contract which can be terminated on 12 months' notice. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

TOC is entitled to receive from the Company an investment advisory fee which is calculated and paid quarterly in arrears at an annual rate of 0.25% per annum of the prevailing Net Asset Value if less than £100m, or 0.50% per annum of the prevailing Net Asset Value if £100m or more.

In previous years TOC agreed to waive its fee until the Net Asset Value was at least £50m. From 24 January 2020, with the agreement of the Board, TOC no longer waives the fee.

The Board has reviewed the performance of the Investment Adviser and believes that its continued appointment is in the interests of the Company and shareholders. Such a review is carried out on an annual basis.

ALTERNATIVE INVESTMENT FUND MANAGER'S DIRECTIVE ('AIFMD')

During the year the Company made an application to the FCA to be registered as a Small Registered UK Alternative Investment Fund Manager AIFM ('AIFM') replacing R & H Fund Services (Jersey) Ltd. The Company's application was granted on 6 October 2021.

The Alternative Investment Managers' Directive requires certain disclosures to be made in respect of any remuneration policy of the AIFM, leverage, risk disclosures and pre-investment disclosures. The Board, as AIFM, receives no remuneration in this regard. The Company makes sufficient disclosures in relation to gearing and risk within the Annual Report. Changes to the investment policy and guidelines were approved at a General Meeting on 29 March 2021 and the current investment policy and guidelines are set out in this Strategic Report on pages 12 to 19. Therefore, no further separate disclosures are required.

INVESTMENT POLICY AND OBJECTIVE

Details of the Company's Investment Policy and Objective are set out in the Strategic Report on pages 12 to 19.

RESULTS AND DIVIDENDS

The revenue return for the financial year ended 30 November 2021 after taxation amounted to £832,000 (2020: £1,026,000). An interim dividend of 1.0p per Ordinary share was declared and paid on 30 December 2021 and a further interim dividend has been declared, to be paid to shareholders on the register at the close of business on 4 March 2022 (ex-dividend date 3 March 2022). These dividends when added to the two quarterly interim dividends paid in 2021, made a total dividend for the year of 4 pence per share (2020: 3 pence).

The post balance sheet events of the Company are described in detail in Note 18 on page 63.

FUTURE DEVELOPMENTS

The outlook for the Company is described in the Chairman's Statement on page 7 and in the Investment Adviser's Report on page 10.

USE OF FINANCIAL INSTRUMENTS

The Company's use of financial instruments is disclosed in note 16 to the Financial Statements.

CAPITAL STRUCTURE AND VOTING RIGHTS

Capital Structure and Voting Rights

As at 30 November 2021 the Company's share capital comprised 26,924,063 Ordinary shares of 1p each. There were no shares held in Treasury. The Ordinary shares have a premium listing on The London Stock Exchange.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note (xvi) to the Notice of Meeting on page 68.

Continued

Substantial Interests in Voting Rights

As at the end of the financial year the following had a declared notifiable interest in the Company's voting rights in accordance with the FCA's Disclosure Guidance and Transparency Rules:

Number of Shares		% held*
Mr B Thompson	1,638,000	6.1
Preston Transport Ltd	1,700,000	6.3
Peter Harley Jasper	1,433,790	5.3

*Based on 26,924,063 ordinary shares in issue as at 30 November 2021.

No changes have been notified since the year end to the date of this report.

There are no restrictions on the transfers of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreement between the Company and its Directors concerning compensation for loss of office.

DIRECTORS

Biographical details of the Directors who held office throughout the year can be found on pages 20 and 21. All are non-executive and, save for Ian McElroy, are independent of the Investment Adviser and the other service providers. Details of the Directors' beneficial shareholdings can be found on page 34.

Mr McElroy has agreed to waive his Director's fee for so long as he has an interest in the Company's Investment Adviser.

All Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. The Board having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

The rules concerning the appointment, reappointment and replacement of Directors, amendment of the Articles of Association and powers to repurchase the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFICATION

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

As permitted by the Company's Articles of Association, each Director has the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. These indemnities were in place during the year and as at the date of this Report.

CORPORATE GOVERNANCE

The Statement of Corporate Governance is set out on pages 27 to 29 and forms part of this Report.

EMPLOYMENT, SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Company has no employees and the day to day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees.

DISCLOSURE ON GREENHOUSE GAS EMISSIONS

The Company itself has no greenhouse gas emissions to report from its activities.

STREAMLINED ENERGY AND CARBON REPORTING

The Company is categorised as a lower energy user under the Streamlined Energy & Carbon Reporting Regulations and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy

and carbon information is therefore not disclosed in this Report.

LISTING RULE 9.8.4R

Listing Rule 9.8.4R requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. Other than Listing Rule 9.8.4 (10), under which Ian McElroy who is an employee of the Investment Adviser and is deemed to be interested in the Company's investment advisory agreement, the Directors confirm that there are no disclosures to be made in respect of Listing Rule 9.8.4R.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that, so far as each of them are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of section 418 (2) of the Companies Act 2006.

AUDITOR

The Independent Auditor's Report can be found on pages 37 to 43. Having been appointed by the Board during the year MHA MacIntyre Hudson has indicated its willingness to continue in office with the Company and a resolution will be proposed at the Annual General Meeting to re-appoint them (resolution 9).

DIRECTORS' REMUNERATION POLICY AND REPORT

It is mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote on an annual basis. Resolution 2 seeks to approve the Directors' Remuneration Report.

The Company's remuneration policy was last approved by shareholders at the AGM in 2019 in accordance with the provisions of the Companies Act 2006. There have been no changes to the policy since that approval. It has been decided that the policy will be approved by shareholders annually. Resolution 3 seeks to approve the Directors' Remuneration Policy.

GOING CONCERN

The Company does not have a fixed wind-up date and, therefore, unless shareholders vote to wind-up the Company, shareholders will only be able to realise their investment through the market. In addition, the Articles of Association require shareholders to approve a resolution to continue the Company at three yearly intervals. At a General Meeting of the Company held on 29 March 2021 a resolution was approved by shareholders to continue the Company for a further three years.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting of the Company to be held on 28 April 2022 is set out on pages 64 and 65. The full text of the resolutions is set out in the notice of meeting. Resolutions relating to the following items of special business will be proposed at the meeting:

(i) Dividend Policy (resolution 8)

Subject to market conditions and the Company's performance, financial position and financial outlook it is the Directors' intention to pay consistent and stable income to shareholders on a quarterly basis. The

Continued

Company intends to continue to pay all dividends as interim dividends.

Recognising that this means that shareholders will not have the opportunity to vote on a final dividend, the Company will instead propose a resolution to approve the Company's dividend policy at the AGM (resolution 8). The Directors expect that this resolution to approve the Company's dividend policy will be approved annually.

The Company intends to distribute at least 85% of its eligible income or such other percentage which may be prescribed by HMRC in accordance with Chapter 4 of Part 24 ICTA 2010.

(ii) Authority to allot new shares and to disapply pre-emption rights (resolution 11 and 12)

It is advantageous for the Company to be able to issue new shares for cash to investors when the Directors consider that it is in the best interests of shareholders to do so. The proceeds of any such issue will be available for investment in line with the Company's investment policies. The Board is seeking authority to issue up to 20% of the Company's issued share capital (excluding Treasury shares) in order to provide flexibility to issue shares at a premium and manage share price volatility to NAV. The authority to be conferred by Resolution 11 will expire on 31 May 2023 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2023 unless renewed at a prior general meeting.

Resolution 12 will enable the allotment of new ordinary shares, pursuant to Resolution 11 otherwise than by way of a pro-rata issue to existing shareholders. The authority will also expire on 31 May 2023 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2023 unless renewed at a prior general meeting.

The full text of resolutions 11 to 12 is set out in the Notice of Meeting on pages 64 and 65.

(iii) Authority to repurchase the Company's shares (resolution 13)

The authority to repurchase up to 14.99% of the Company's issued share capital will expire on 31 May 2022 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares. Resolution 13 will be proposed as a special resolution and seeks to provide the Directors with the authority to purchase up to 4,035,917 ordinary shares or, if less, the number representing approximately 14.99 per cent. of the Company's ordinary shares in issue at the date of the passing of resolution 13. The Company may either cancel any ordinary shares it purchases under this authority or hold them in Treasury. This authority will expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 15 months from the passing of this resolution unless it is previously renewed, varied or revoked.

RECOMMENDATION

The Directors consider the passing of the Resolutions to be proposed at the Annual General Meeting to be in the best interest of the Company and its shareholders as a whole and likely to promote the success of the Company for the benefit of its shareholders as a whole.

Accordingly, the Directors unanimously recommend that shareholders should vote in favour of the resolutions, as they intend to in respect of their own beneficial shareholders amounting to less than 1% of the shares in issue.

On Behalf of the Board

JOHN NEWLANDS, CHAIRMAN

30 MARCH 2022

Statement of Corporate Governance

Four Lane Ends - street scene

STATEMENT OF CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance, published in February 2019 (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the Principles and Provisions of the AIC Code but the Board has not elected to designate a senior independent non-executive Director, as it considers that each Director has different strengths and qualities on which they may provide leadership.

THE BOARD

Composition

The Board consists of four Directors. Three are independent non-executive Directors, including the Chairman John Newlands. These Directors are considered by the Board to be independent in character and judgment of the Investment Adviser. Ian McElroy is considered not to be independent on the basis of his role at the Investment Adviser. The independence of the Directors is determined with reference to the AIC Code and is reviewed annually.

Biographical details of the Directors and their experience is disclosed on pages 20 and 21.

Induction and Training

On appointment, the Investment Adviser and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies.

Regular reviews of the Directors' training needs are carried out by the Chairman by means of the Board and Committee evaluation process.

Role of the Board

The basis on which the Company agrees to generate value over the longer term is set out in its objective and investment policy as contained within the Strategic Review.

The Company has no executive Directors or employees. An Investment Management Agreement between the Company and its Investment Adviser sets out the matters over which the Investment Adviser has authority and the limits beyond which Board approval must be sought. All other matters, including

Continued

strategy, investment and dividend policies, gearing and corporate governance procedures, are reserved for the approval of the Board.

Tenure and Reappointment of Directors

Directors are initially appointed until the following Annual General Meeting, when under the Articles of Association they are required to be elected by shareholders.

Although the Articles require that Directors submit themselves for re-election at least every three years the Board has resolved to adopt corporate governance best practice and all of the Directors are subject to re-election on an annual basis. In addition, the Board has agreed that any Director with more than nine years' service will be required to stand for re-election at each annual general meeting.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Directors who are not members of committees may attend at the invitation of the Chairman of the relevant committee.

Directors have attended scheduled Board and Committee meetings during the year ended 30 November 2021 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board	AC	RC	NC	MEC
M Harris	4 (4)	3 (3)	1 (1)	1 (1)	1 (1)
I McElroy	4 (4)	N/A	1 (1)	N/A	N/A
J Newlands	4 (4)	3 (3)	1 (1)	1 (1)	1 (1)
D Noble	4 (4)	3 (3)	1 (1)	1 (1)	1 (1)

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the Investment Adviser. In addition to the scheduled meetings above, committee meetings were held to discuss matters including strategy, borrowings, investment decisions and dividend payments.

Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

THE AUDIT COMMITTEE

Matthew Harris is the Chairman of the Company's Audit Committee which comprises all independent Directors, with the exception of Ian McElroy.

The report of the Audit Committee is set out on pages 30 to 32.

THE MANAGEMENT ENGAGEMENT COMMITTEE

John Newlands is the Chairman of the Company's Management Engagement Committee which comprises the full Board, with the exception of Ian McElroy. The Management Engagement Committee reviews the appropriateness of the Investment Adviser's continuing appointment, together with the terms and conditions thereof on a regular basis. The Management Engagement Committee meets at least annually.

THE NOMINATION COMMITTEE

John Newlands is the Chairman of the Company's Nomination Committee which comprises the full Board, with the exception of Ian McElroy, and is responsible for Director appointments and succession planning.

The Company's affairs are overseen by a Board currently comprising four non-executive Directors – all of whom are men. In terms of progress in achieving diversity, the Company is committed to ensuring that vacancies arising are filled by the best qualified candidates and recognises the value of diversity in the composition of the Board. When the Board goes through its next recruitment process, improving the Board's diversity will be a priority.

The Directors are broad in their experience, bringing knowledge of investment markets, business, financial services, accounting and regulatory expertise to discussions on the Company's business. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's investment

objective. While appointments are based on skills and experience, the Board is conscious of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths and experience. All appointments are based on objective criteria and merit, and are made following a formal, rigorous and transparent process.

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole, the individual Directors and the Board Committees. This was conducted through completion of evaluation questionnaires.

REMUNERATION COMMITTEE

In late 2020, the Board established a Remuneration Committee for the purposes of considering the Directors' remuneration. The committee is chaired by Douglas Noble and meets at least annually.

The Company's policy on remuneration is discussed in the Directors' Remuneration Report on pages 33 to 34.

TERMS OF REFERENCE

The Audit Committee, Nomination Committee, Remuneration Committee and Management Engagement Committee all have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection on the Company's website at **www.tocpropertybackedlendingtrust.co.uk** on request at the Company's registered office and at the Company's Annual General Meeting.

RELATIONS WITH SHAREHOLDERS

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Adviser's website. The Company responds to questions from shareholders on a wide range of issues.

A regular dialogue is maintained with the Company's shareholders.

The Notice of the General Meeting included within the Annual Report and Accounts is sent out 20 working days in advance of the meeting. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

On Behalf of the Board

MAITLAND ADMINISTRATION SERVICES LIMITED

30 MARCH 2022

Report of the Audit Committee

I am pleased to present my report to shareholders as Chairman of the Audit Committee for the year ended 30 November 2021.

Composition of the Audit Committee

An Audit Committee (the 'Committee') has been established with written terms of reference and comprises three non-executive Directors, Matthew Harris (Chairman), Douglas Noble and John Newlands. The Committee meets on at least two occasions each year. In addition the Committee meets the Auditors at least annually.

The members of the Committee consider that they have the requisite skills and experience to fulfill the responsibilities of the Committee. As a Chartered Accountant I have recent and relevant financial experience, and the Committee, as a whole, has competence relevant to the sector.

Role of the Audit Committee

A summary of the Committee's main audit review functions is shown below:

- To monitor and review the principles, policies, and practices adopted in the preparation and audit of the accounts of the Company;
- To review and monitor the effectiveness of the internal control systems and risk management systems on which the Company is reliant;
- To consider annually whether there is a need for the Company to have its own internal audit function;
- To monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Adviser, the Company Secretary and Administrator;
- To meet with the external Auditor to review their proposed audit programme of work and their findings. The Committee also uses this as an opportunity to assess the effectiveness of the audit process;
- To make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor;
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification; and
- To consider and approve all non-audit services.

FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING MATTERS

The Board of Directors is responsible for preparing the Annual Report and Financial Statements. The Committee advises the Board on the form and content of the Annual Report and financial statements, any issues which may arise and any specific areas which require judgement.

The valuation of investments in the form of loans and profit shares, the building projects given as guarantee for the loans, and the loan recoverability and interest receipt were areas of focus given their significance to the financial statements as a whole and these were specifically reviewed by the Committee.

Following discussion with the Investment Adviser, the Committee gained comfort over the valuation of the loans as included in the Annual Report and financial statements.

AUDITOR

As part of its review of the scope and results of the audit, during the year the Committee considered and approved MHA MacIntyre Hudson's plan for the audit of the financial statements for the year ended 30 November 2021. At the conclusion of the audit MHA MacIntyre Hudson did not highlight any issues to the Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. MHA MacIntyre Hudson issued an unqualified audit report which is included on pages 37 to 43.

Non-audit services

There were no fees paid to the auditor in respect of non-audit services during the year ended 30 November 2021 (2020: £Nil).

Auditor Independence

As part of the review of auditor independence and effectiveness, MHA MacIntyre Hudson has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating MHA MacIntyre Hudson, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee, from direct observation and enquiry of the Investment Adviser and the Administrator, remains satisfied that MHA MacIntyre Hudson continues to provide effective independent challenge in carrying out its responsibilities.

The main areas of accounting risk considered by the Committee during the year in relation to the Company's financial statements were the valuation and ownership of investments held by the Company.

The valuation of investments is undertaken in accordance with the accounting policies as set out in note 1 to the financial statements. Details of the fair value hierarchy are set out in note 8.

The Committee reviews detailed information on the loan book and its value on a quarterly basis. A full portfolio analysis is prepared for each Board meeting, including a detailed update on development works, collateral given and loan to value ratios, which is reviewed in detail and considered by the Directors.

The Company also receives regular reporting on internal controls (as detailed below).

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is ultimately responsible for the Company's systems of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (the "FRC Guidance") the Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board to ensure it accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

Continued

- Investment and strategy;
- Market;
- Financial;
- Operational; and
- Legal and regulatory

The key components designed to provide effective internal control are outlined below:

- Maitland Administration Services Limited acts as Administrator and Company Secretary and, together with the Investment Adviser, prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Adviser have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including concentration limits and loan to value ratios, are regularly submitted to the Board and there are meetings with the Investment Adviser in between as appropriate;
- as a matter of course the Investment Adviser's Credit and Compliance teams continually review the Investment Adviser's operations and will report to the Board on any breaches;
- written agreements are in place which specifically define the roles and responsibilities of the Investment Adviser, Company Secretary, Administrator and other third party service providers; and
- the Board has considered the need for an internal audit function but, due to the compliance and internal control systems in place at the Investment Adviser, the Company Secretary and Administrator, has decided to place reliance on their systems and internal audit procedures.

At its March 2022 meeting, the Committee carried out an annual assessment of internal controls for the year ended 30 November 2021 and subsequent events by considering documentation from the Investment Adviser, the Company Secretary and Administrator. The results of the assessment were reported to, and considered by, the Board at its next meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

The principal risks and uncertainties affecting the Company are disclosed in the Strategic Report on pages 12 to 19.

FAIR, BALANCED AND UNDERSTANDABLE

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30 November 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Director's Responsibilities on page 35.

MATTHEW HARRIS
CHAIRMAN OF AUDIT COMMITTEE
30 MARCH 2022

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2021, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 37 to 43.

All of the Directors are non-executive. In late 2020 the Board established a Remuneration Committee with Douglas Noble as Chairman. This Committee reviews Director's fees on a regular basis and makes recommendations to the Board as and when appropriate.

The Remuneration Committee, completed an assessment of the level of Directors' fees during the year. This assessment considered a number of factors, including external peer group analyses, increased regulatory responsibilities and inflationary trends.

This review has resulted in a reduction in total fees of some £5,000 per annum, with effect from 1 December 2021. Revised fees: Chairman of the Board, £29,000, Audit Committee Chair, £28,500, and non-executive Directors, £27,500.

Policy on Directors' Remuneration

The Company's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, the time commitment required, and be fair and comparable with that of other similar companies. The remuneration of Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances.

The fees for the Directors are determined within the limit set out in the Company's Articles of Association. The present limit is an aggregate of £400,000 per annum and may not be changed without seeking shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options long-term incentive schemes or other benefits. No element of the Directors' remuneration is performance-related.

It is the Board's policy that Directors do not have service contracts, but each new Director is provided with a letter of appointment. The term of Directors' appointments provide that Directors should retire and be subject to re-election at the first Annual General Meeting after their appointment annually thereafter.

Although the Company's Articles of Association provide that Directors shall not remain in office for longer than three years without submitting themselves for re-election, the Board has resolved that all of the Directors should be subject to re-election on an annual basis.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are

Continued

available for review at the Company's Annual General Meeting and the Company's registered office. There is no notice period and no provision for compensation upon early termination of appointment. Details of the Board's policy on tenure are set out on page 28.

ANNUAL REPORT ON DIRECTORS' REMUNERATION

The Directors who served in the year received the below fees:

	2021	2020
John Newlands (Chairman)	£30,000	£30,000
Matthew Harris	£30,000	£30,000
Douglas Noble	£30,000	£30,000
Ian McElroy*	£nil	£nil
Total	£90,000	£90,000

*Ian McElroy is entitled to Directors fees of £30,000 per annum. He has waived this entitlement in respect of the years ended 30 November 2021 and 2020.

RELATIVE IMPORTANCE ON SPEND ON PAY

The table below sets out in respect of the financial year ended 30 November 2021 and the preceding financial year:

a) the remuneration paid to Directors; and
b) the distribution made to shareholders by way of interest dividend

	2021 £'000	2020 £'000
Total remuneration	90	90
Dividend	1,076	808
Expenses	559	570
National Insurance Contributions	5	5

Directors' fees as a percentage of:

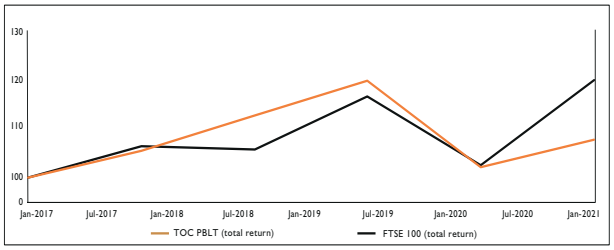
	2021 %	2020 %
Dividend	8.4	11.1
Expenses	16.1	15.8

DIRECTORS' INTERESTS

The Directors, including connected parties who held office at the year end and their interests (all beneficial) in the Ordinary Shares of the Company were as follows:

	At 30 November 2021 Ordinary shares	At 30 November 2020 Ordinary Shares
John Newlands	5,000	5,000
Matthew Harris	60,724	50,000
Ian McElroy	74,005	79, 960
Douglas Noble	8,600	8,600

The graph below illustrates the total shareholder return for a holding in the Company's shares as compared to the FTSE 100 for the period from Listing to 30 November 2021. The Company considers this to be an appropriate index against which to measure the Company's performance, in the absence of a meaningful benchmark index.



VOTING AT AGM

At the Company's General Meeting, held on 5 May 2021, shareholders approved the Directors' Remuneration Policy and Report in respect of the year ended 30 November 2020. 100% of the votes cast were in favour of this resolution.

An ordinary resolution for the approval of this Directors' Remuneration Policy and Report will be put to a shareholder vote at the forthcoming Annual General Meeting.

For and on behalf of the Board

DOUGLAS NOBLE, CHAIRMAN

30 MARCH 2022

Management Report and Directors' Responsibility Statement

Management report

Listed companies are required by the DTRs to include a management report in their Financial Statements. The information is included in the Strategic Report on pages 12 to 19 inclusive (together with the sections of the Annual Report and Accounts incorporated by reference) and the Directors' Report on pages 22 to 26. Therefore, a separate management report has not been included.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Financial Statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards ("UK adopted IFRS") and with the Companies Act 2006, as applicable to companies reporting under international accounting standards.

Under Company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, they are fair, balanced and understandable report and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK adopted International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business and the Directors confirm that they have done so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The financial statements are published on www.tocpropertybackedlendingtrust.co.uk which is a website maintained by the Company's Investment Adviser. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Under applicable UK law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, Statement of Corporate Governance and Directors' Remuneration Report that complies with that law and those regulations.

Directors' confirmation statement

Each of the Directors, whose names and functions appear on pages 20 and 21, confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK adopted International Financial Reporting Standards ("UK adopted IFRS") and with the Companies Act 2006, as applicable to companies reporting under international accounting standards give a true and fair view of the assets, liabilities and financial position and total return or loss of the Company; and

Continued

- The Management Report, referred to herein, which comprises the Chairman's Statement, the Investment Adviser's Report, Strategic Report (including risk factors) and note 17 of the Financial Statements includes a fair review of the development and performance of the business and position of the Company, together with the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy.

On Behalf of the Board

JOHN NEWLANDS, CHAIRMAN

30 MARCH 2022

Independent Auditor's Report

Independent Auditor's Report to the Members of TOC Property Backed Lending Trust plc

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of TOC Property Backed Lending Trust plc. For the purposes of the table on pages 39 to 40 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson. The "Company" is defined as TOC Property Backed Lending Trust plc. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

OPINION

We have audited the financial statements of TOC Property Backed Lending Trust plc for the year ended 30 November 2021.

The financial statements that we have audited comprise:

- the Income Statement
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Cash Flow Statement
- Notes 1 to 18 of the financial statements, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law UK adopted IFRS.

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 November 2021 and its profit for the year then ended,
- have been properly prepared in accordance with UK adopted IFRS, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Continued

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Review of the mathematical accuracy of the cashflow forecast model prepared by management and corroboration of key data inputs to supporting documentation for consistency of assumptions used with our knowledge obtained during the audit.
- Challenging management for reasonableness of assumptions in respect of the timing and quantum of cash receipts and payments included in the cash flow model.
- Where additional resources may be required the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Holding discussions with management regarding future financing plans, corroborating these were necessary and assessing the impact on the cash flow forecast.
- Performing sensitivity analysis and reverse stress tests on key inputs to the cash flow forecast, including the timing of capital repayments, quantum of interest revenue and dividends.
- Obtaining a signed comfort letter from the Company's lender to confirm both the facility maximum and their intention to renew the facility for another period of 12 months.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW OF OUR AUDIT APPROACH

Materiality	**2021**	**2020**	
Company	£227,000	£298,000	1% of gross assets (2020: 1.25% of gross assets)
	£11,350	£6,000	Threshold for reporting to those charged with governance

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included those matters 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 and as required for public interest entities, our results from those procedures. These matters 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.

VALUATION OF LOAN PORTFOLIO

Key audit matter description	Loans are held at amortised cost or fair value through profit or loss, depending on the loan classification in accordance with IFRS 9. As such, a key issue for the Company is estimating the expected credit losses on loans at amortised cost and estimating the fair value of loans at fair value through profit or loss. In addition, a judgement is required in determining the classification of loans under IFRS 9. Management undertake an assessment regarding the staging of each loan held under amortised cost by determining if there has been a significant increase in credit risk or whether the loan is deemed to be credit impaired. Expected credit losses (ECL's) are then estimated based on the various loan stages, the underlying property value and the progress of the particular development. The calculation of the ECL involves a significant amount of judgement and therefore may be subject to a degree of management bias. This has therefore been a key area of audit focus. For loans held at fair value through profit or loss, the management estimate lies in the fair value calculation for the relevant loans. Management calculate this using techniques such as estimating future cash flows and discounting them at the appropriate discount rate. The potential for management bias therefore lies in the consideration of discount rate used and also the future cash flows. This was also considered to be a key area of audit focus.
How the scope of our audit responded to the key audit matter	We have reviewed Management's assessment of the classification of each loan by reviewing the terms of the underlying loan agreements and any other evidence of contractual cash flows, such as profit share agreements. We have reviewed management's assessment of the ageing of each loan against its underlying agreement and information available at the balance sheet date, including considering the classification of amounts between current and non current.

Continued

How the scope of our audit responded to the key audit matter	We have reviewed Management's staging assessment including criteria for determining significant increases in credit risk and when a loan is considered to be credit impaired, to supporting documentation such as loan to value ("LTV") data, property valuation reports, interest payment history and progress reports on property developments. We have assessed and challenged the reasonableness of key assumptions used to estimate 12 month ECL's, such as probability of default and loss given default, with reference to industry data and the Company's lending experience. We have assessed and challenged the reasonableness of the key assumptions used to estimate lifetime ECL, including forecasted value and timing of sales for the underlying development project. We have compared estimated sales values to actual sales to date where relevant and agreed actual sales to underlying evidence. We have performed sensitivity analysis of the estimated impairment provision with reference to the key assumptions to assess the reasonableness thereof. In respect of loans held at fair value, we have challenged key inputs into the discounted cash flow models with regard to quantum and timing of cashflows. For both loans at amortised cost and fair value through profit or loss we have reviewed, where available, the most recent RICs valuations of the underlying property as security for the loans.
Key Observations	From the audit procedures completed over the valuation of the loan portfolio, we are satisfied that these are materially accurate and complete.

OUR APPLICATION OF MATERIALITY

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at £227,000 (2020: £298,000) which was determined on the basis of 1% (2020: 1.25%) of the Company's gross assets. This was deemed to be the appropriate benchmark for the calculation of materiality given that the Company's principal activity is to make loans and generate returns from these loans. Therefore, this is a key area of the financial statements with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at £136,200 (2020: £194,000) which represents 60% (2020: 65%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

A lower level of specific materiality was used for performing testing of items that have an impact on revenue profit. This lower level was set at £50,000 (2020: £52,000) being based on a benchmark of 6% (2020: 5%) of revenue profit before tax.

We agreed to report any corrected or uncorrected adjustments exceeding £11,350 to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including its system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

REPORTING ON OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

STRATEGIC REPORT AND DIRECTORS REPORT

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

DIRECTORS' REMUNERATION REPORT

Those aspects of the directors' remuneration report which are required to be audited have been prepared in accordance with applicable legal requirements.

CORPORATE GOVERNANCE REPORT

The Listing Rules require us to review the Directors' statement in relation to going concern, long-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK corporate governance statement specified for our review.

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:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified.

Continued

- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities.
- Directors' statement on fair, balanced and understandable.
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks.
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems.
- The section describing the work of the Audit Committee

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- he part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial

statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing legal fees incurred during the year in order to assess potential for unrecorded contingent liabilities
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing the control systems in place and gaining an understanding of these.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

A further description of our responsibilities for the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**.
This description forms part of our auditor's report.

OTHER REQUIREMENTS

We were appointed by the Directors on 16 September 2021. Therefore, this is our first year of the audit engagement.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company and we remain independent of the company in conducting our audit.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ANDREW MOYSER FCA FCCA
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF MHA
MACINTYRE HUDSON
STATUTORY AUDITOR
LONDON
UNITED KINGDOM

30 MARCH 2022

Income Statement

	Notes	Year ending 30 November 2021 Revenue £'000	Capital £'000	**Total £'000**	Year ending 30 November 2020 Revenue £'000	Capital £'000	Total £'000
Revenue							
Investment interest	2	1,643	-	**1,643**	2,346	-	2,346
Total revenue		1,643	-	**1,643**	2,346	-	2,346
Gains/(losses) on investments held at fair value through profit or loss	8	(136)	190	**54**	(325)	(127)	(452)
Total net income		1,507	190	**1,697**	2,021	(127)	1,894
Expenditure							
Investment adviser fee	3	(68)	-	**(68)**	(57)	-	(57)
Impairments on investments held at amortised cost	4,9	(139)	(69)	**(208)**	(194)	(43)	(237)
Other expenses	4	(467)	(24)	**(491)**	(513)	-	(513)
Total expenditure		(674)	(93)	**(767)**	(764)	(43)	(807)
Profit/(loss) before finance costs and taxation		833	97	**930**	1,257	(170)	1,087
Finance costs							
Interest payable		(1)	-	**(1)**	(231)	-	(231)
Profit/(loss) before taxation		832	97	**929**	1,026	(170)	856
Taxation	5	-	-	**-**	-	-	-
Profit/(loss) for the year		832	97	**929**	1,026	(170)	856
Basic earnings per share	7	3.09p	0.36p	**3.45p**	3.81p	(0.63)p	3.18p

The total column of this statement represents the Company's Income Statement, prepared in accordance with UK adopted IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

There is no other comprehensive income as all income is recorded in the statement above.

Statement of Financial Position

	Notes	As at 30 November 2021 £'000	As at 30 November 2020 £'000
Non-current assets			
Investments held at fair value	8	–	3,948
Loans at amortised cost	9	7,929	2,799
		7,929	6,747
Current assets			
Investments held at fair value	8	7,589	12,861
Loans at amortised cost	9	2,629	3,247
Other receivables and prepayments	10	27	21
Cash and cash equivalents		4,545	1,002
		14,790	17,131
Total assets		22,719	23,878
Current liabilities			
Loan facility	11	-	(1,150)
Other payables and accrued expenses	12	(135)	(131)
Total liabilities		(135)	(1,281)
Net assets		22,584	22,597
Share capital and reserves			
Share capital	13	269	269
Share premium		9,094	9,094
Special distributable reserve		13,093	13,497
Capital reserve		(166)	(263)
Revenue reserve		294	–
Equity shareholders' funds		22,584	22,597
Net asset value per ordinary share		83.88p	83.93p

The notes on pages 48 to 63 form an integral part of the financial statements.
The financial statements on pages 44 to 47 were approved by the Board of Directors of TOC Property Backed Lending Trust plc (a public limited company incorporated in England and Wales with company number 10395804) and authorised for issue on 30 March 2022. They were signed on its behalf by:

John Newlands
Chairman

Statement of Changes in Equity

For the year ending 30 November 2021	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At beginning of the year	269	9,094	13,497	(263)	-	22,597
Total comprehensive profit for the year:						
Profit for the year	-	-	-	97	832	929
Transactions with owners recognised directly in equity:						
Dividends paid	-	-	(404)	-	(538)	(942)
At 30 November 2021	269	9,094	13,093	(166)	294	22,584

For the year ending 30 November 2020	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At beginning of the year	269	9,094	16,455	(2,978)	(291)	22,549
Total comprehensive profit for the year:						
Profit for the year	-	-	-	(170)	1,026	856
Transfer of realised loss on loans	-	-	(2,885)	2,885	-	-
Transactions with owners recognised directly in equity:						
Dividends paid	-	-	(73)	-	(735)	(808)
At 30 November 2020	269	9,094	13,497	(263)	-	22,597

Cash Flow Statement

	Notes	Year ending 30 November 2021 £'000	Year ending 30 November 2020 £'000
Operating activities			
Profit after taxation		929	856
Impairments		694	121
Uplifts		(815)	(14)
(Increase)/decrease in loan interest receivable		(126)	14
(Increase)/decrease in other receivables		(6)	21
Increase in other payables		4	33
Interest paid		1	227
Net cash inflow from operating activities after taxation		681	1,258
Investing activities			
Loans given		(8,266)	(8,455)
Loans repaid		13,221	11,311
Net cash inflow from investing activities		4,955	2,856
Financing			
Equity dividends paid		(942)	(808)
Bank loan drawn down	14	-	3,050
Repayment of bank loan	14	(1,150)	(5,650)
Interest paid		(1)	(227)
Net cash outflow from financing		(2,093)	(3,635)
Increase in cash and cash equivalents		3,543	479
Cash and cash equivalents at the start of the year		1,002	523
Cash and cash equivalents at the end of the year		4,545	1,002

There are no non-cash changes arising from financing activities.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES (A) BASIS OF PREPARATION

The financial statements of TOC Property Backed Lending Trust plc have been prepared in accordance with UK adopted International Financial Reporting Standards ("UK adopted IFRS") and with the Companies Act 2006, as applicable to companies reporting under international accounting standards. The financial statements were also prepared in accordance with the Statement of Recommended Practice ("SORP") for investment trusts issued by the AIC (as issued in April 2021), where this guidance is consistent with UK adopted IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for certain investment valuations which are measured at fair value.

The notes and financial statements are presented in pounds sterling (being the functional currency and presentational currency for the Company) and are rounded to the nearest thousand except where otherwise indicated.

The Company reviews forthcoming changes to UK adopted IFRS and does not anticipate material changes as a result of these.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 25 of the Directors' Report form part of these financial statements.

INTEREST INCOME

For financial instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. In calculating the effective interest rate, the cash flows are estimated considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees received and paid and costs borne that are an integral part of the effective interest rate.

On an ongoing basis the Investment Adviser assesses whether there is evidence that a financial asset is impaired. The basis of calculating interest income on the three stages of impairment (detailed below) are as follows:

Stage 1 Interest is calculated on the gross outstanding principal

Stage 2 Interest is calculated on the gross outstanding principal

Stage 3 Interest is calculated on the principal amount less impairment

EXPENSES

Expenses are accounted for on an accruals basis. The Company's administration fees, finance costs and all other expenses are charged through the Income Statement and are charged to revenue. Fees incurred in relation to operational costs of the loan portfolio, such as legal fees, are charged through the Income Statement and are charged to capital.

DIVIDENDS TO SHAREHOLDERS

Interim dividends declared during the year are recognised when they are paid. Any final dividends declared are recognised when they are approved by the Shareholders at the Annual general Meeting.

TAXATION

Taxation on the profit or loss for the period comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws enacted or substantively enacted at the reporting date.

Deferred income taxes are calculated using rates and laws that are enacted or substantivity are expected to apply as or when the associated temporary differences reverse. Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred income is recognised in profit or loss unless it relates to a transaction recorded in other comprehensive income or equity, in which case it is also recognised in other comprehensive income or directly in equity respectively.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial assets and financial liabilities are classified at inception into the following categories:

Amortised cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI ("solely payment of principal and interest") and that are not designated at fair value through profit and loss are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance as described in the impairment note below.

The Company's cash and cash equivalents, other receivables and payables, other payables and accruals, and the company's loan facility are included within this category.

Fair value through profit and loss:

The Company have a number of borrower facilities in which they received a minority equity stake or exit fee mechanism in conjunction with providing those loan facilities. These loans are recognised at fair value through profit and loss. The fair value of the contracts is monitored and reviewed quarterly using discounted cash flow forecasts based on the estimated cash flows that will flow through from the underlying development project. A sensitivity analysis is included in note 16.

IMPAIRMENT

At initial recognition, an impairment allowance is required for expected credit losses (ECL) resulting from possible default events within the next 12 months. When an event occurs that increases the credit risk, an allowance is required for ECL for possible defaults over the term of the financial instrument.

The key inputs into the measurement of ECL are probability of default (PD), loss given default (LGD), and exposure at default (EAD). These inputs are then considered and applied against residential and commercial facilities in the loan book. ECL are calculated by multiplying the PD by LGD and EAD.

PD has been determined by considering the local market where the underlying assets are situated, economic

Continued

indicators including inflationary pressures on build costs, government policy, and market sentiment. For residential loans this has been further broken down into two scenarios; where only sales risk is still present, and where both construction risk and sales risk still exist. LGD is the magnitude of the likely loss if there is a default. The LGD models consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset. LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for lending collateralised by property, to reflect possible changes in property prices. EAD represents the expected exposure in the event of a default. The company derives the EAD from the current exposure to the borrower. The EAD of a financial asset is its gross carrying amount at the time of default. EAD for residential facilities has been further broken down into two scenarios; where the build is complete, and where construction is ongoing.

A financial asset is credit-impaired when one or more events that have occurred have a significant impact on the expected future cash flows of the financial asset. It includes observable data that has come to our attention regarding one or more of the following events:

- delinquency in contractual payments of principal and interest;
- cash flow difficulties experienced by the borrower;
- initiation of bankruptcy proceedings;
- the borrower being granted a concession that would otherwise not be considered;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; and
- a significant decrease in assets values held security.

Impairment of financial assets is recognised on a loan-by-loan basis in stages:

- **Stage 1:** A general impairment covering what may happen within the next 12 months, based on the adoption of BIS standards as outlined below.
- **Stage 2:** Significant increase in credit risk, where the borrower is in default, potentially in arrears, where full repayment is expected and the underlying asset value remains robust. The ECL calculation recognises the lifetime of the loan.
- **Stage 3:** Credit impaired, where the borrower is in default of their loan contract, in arrears, full loan repayment is uncertain and there is a shortfall in underlying asset value. The ECL calculation recognises likely failure of the borrower.

As at 30 November 2021, there were seventeen loans in the portfolio. Six of those projects supported included either an equity stake of 25.1% for the Company or an exit fee mechanism. Please see note 8 for details on these six projects.

The Board has deemed that five projects (2020: three); are currently impaired and specific additional provisions have been made against these facilities in these financial statements.

The other twelve loans have been assessed as not impaired.

The Company's response to IFRS 9 requirements has been based on the Bank for International Settlements (BIS) Basel Supervisory Committee liquidity risk tool recommendations.

FAIR VALUE HIERARCHY

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.
- Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
- Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised

valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument.

All loans are considered Level 3.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less from inception.

OTHER RECEIVABLES

Other receivables do not carry interest and are short-term in nature. There were no irrecoverable amounts accounted for at the year end or the prior period end.

RESERVES
SHARE PREMIUM

The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account.

CAPITAL RESERVE

The following are accounted for in the capital reserve:

- Capital charges;
- Increases and decreases in the fair value of and impairments of loan capital held at the year end

As at year end the Capital Reserve comprises only unrealised gains and losses and so does not contain distributable reserves.

REVENUE RESERVE

The net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve which is available for paying dividends.

SPECIAL DISTRIBUTABLE RESERVE

Created from the Court of Session cancellation of the initial launch share premium account and is available for paying dividends.

SEGMENTAL REPORTING

The Chief Operating Decision Maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investment of the Company's capital in financial assets comprising loans. All loan income is derived from the UK. The Company derived revenue totalling £488,000 (2020: £897,000) where the amounts from two (2020: three) individual borrowers each exceeded 10% or more of the Company's revenue. The individual amounts were £260,000, £228,000, (2020: £365,000, £286,000, £246,000).

USE OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenue and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key driver to determine whether loans are classified as fair value through profit or loss or amortised cost is if the facility has an exit fee or equity stake attached. Where these are present the loan is classified as fair value through profit or loss.

The following are areas of particular significance to the Company's financial statements and include the use of estimates or the application of judgement:

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES – INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS:

The Company owns profit share holdings or has exit fees mechanism in relation to 6 of the borrowers in place as at the year end. The loans held have been designated at fair value through profit and loss. The determination of the fair value requires the use of estimates. A sensitivity analysis is included in note 16. The key uncertainties are around the timings and amounts of both drawdown and repayments as these are determined by construction progress and the timing of sales.

Continued

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES – LOANS AMORTISED COST CLASSIFICATION AND IMPAIRMENTS:

The Company uses critical judgements to determine whether it accounts for its loans at either amortised cost using the effective interest rate method less impairment provisions or at fair value through profit and loss. The determination of the required impairment adjustment requires the use of estimates. The key uncertainties are around the timings and amounts of both drawdown and repayments as these are determined by construction progress and the timing of sales. See notes 8 and 9 on pages 54 and 55 of Impairment for further details.

2. REVENUE

	30 November 2021 £'000	30 November 2020 £'000
Interest from loans	1,643	2,287
Other income	-	59
Total revenue	1,643	2,346

3. INVESTMENT ADVISER'S FEES

INVESTMENT ADVISER

In its role as the Investment Adviser, Tier One Capital Ltd is entitled to receive from the Company an investment adviser fee which is calculated and paid quarterly in arrears at an annual rate of 0.25 per cent. per annum of the prevailing Net Asset Value if less than £100m; or 0.50 per cent. per annum of the prevailing Net Asset Value if £100m or more.

There is no balance accrued for the Investment Adviser for the period ended 30 November 2021 (year to 30 November 2020: £nil).

There are no performance fees payable.

	30 November 2021 £'000	30 November 2020 £'000
Investment Adviser fee	68	57

4. OPERATING EXPENSES

	30 November 2021		30 November 2020	
	Revenue	Capital	Revenue	Capital
	£'000	£'000	£'000	£'000
Legal & professional	28	24	28	-
Directors' fees	90	-	90	-
Audit fees related to the audit of the financial statements	41	-	79	-
Fund Administration and Company Secretarial	82	-	79	-
Brokers' fees	30	-	30	-
Marketing fees	-	-	42	-
Valuation fees	-	-	9	-
AIFM fee	(12)	-	15	-
Impairments on loans amortised at cost*	275	542	194	43
(Uplifts) on loans amortised at cost*	-	(473)	-	-
Other expenses	208	-	141	-
Total other expenses	742	93	707	43

*Loan impairments consist of impairments to interest on loans of £275,000 and a capital impairment on the loan of £542,000. Loan uplifts consist of a capital uplift on the loans of £473,000.

All expenses are inclusive of VAT where applicable. Further details on Directors' fees can be found in the Directors' Remuneration Report on page 33.

5. TAXATION

As an investment trust the Company is exempt from corporation tax on capital gains. The Company's revenue income from loans is subject to tax, but offset by any interest distribution paid, which has the effect of reducing the corporation tax. The interest distribution may be taxable in the hands of the Company's shareholders.

	30 November 2021	30 November 2020
	£'000	£'000
Current corporation tax at 19% (2020:19%)	-	-
Deferred taxation	-	-
Tax on profit on ordinary activities	-	-
RECONCILIATION OF TAX CHARGE		
Profit on ordinary activities before taxation	929	856
Taxation at standard corporation tax rate 19% (2020: 19%)	176	163
EFFECTS OF:		
Income not subject to tax	(18)	32
Interest distributions	(153)	(195)
Utilisation of losses not recognised for deferred tax purposes	(5)	–
Tax charge for the year	-	-

There is an unrecognised deferred tax asset on losses of £135,727 (2020: £141,980) calculated at the relevant deferred tax rate of 25%.

Continued

6. ORDINARY DIVIDENDS

	30 November 2021		30 November 2020	
	Pence per share	£'000	Pence per share	£'000
Interim dividend for the quarter ended February	1.00	269	1.50	404
Interim dividend for the quarter ended May	1.00	269	-	-
Total dividends paid during and relating to the year		538		404
Interim dividend for the quarter ended August	1.00	269	–	–
Interim dividend for the quarter ended November	1.00	269	1.50	404
Total dividend declared in relation to the year		1,076		808

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of interest distribution. A third interim dividend of 1.00 pence per share was declared on 10 November 2021, payable on 30 December 2021. On 22 February 2022, the Company declared an interim dividend of 1.00 pence per share for the quarter ended 30 November 2021, payable on 1 April 2022.

7. EARNINGS PER SHARE

The revenue, capital and total return per ordinary share is based on each of the profit after tax and on 26,924,063 ordinary shares, being the weighted average number of ordinary shares in issue throughout the year. During the year there were no dilutive instruments held, therefore the basic and diluted earnings per share are the same.

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's investment held at fair value through profit or loss represents its profit share arrangements whereby the Company owns 25.1% or has an exit fee mechanism for six companies.

	30 November 2021 £'000	30 November 2020 £'000
Opening Balance	16,809	14,219
Loans deployed	904	7,805
Principal repayments	(10,284)	(5,516)
Movements in interest receivable	106	753
Unrealised gains/(losses) on investments held at fair value through profit or loss	54	(452)
Total investments held at fair value through profit and loss	7,589	16,809
Split:		
Non-current assets: Investments held at fair value through profit and loss due for repayment after one year	–	3,948
Current assets: Investments held at fair value through profit and loss due for repayment under one year	7,589	12,861

Please refer to note 16 for details of the approach to valuation and sensitivity analysis.

9. LOANS AT AMORTISED COST

	30 November 2021 £'000	30 November 2020 £'000
Opening balance	6,046	11,037
Loans deployed	7,362	670
Principal repayments	(2,937)	(5,795)
Movements in interest receivable	295	371
Movement in impairments	(208)	(237)
Total loans at amortised cost	10,558	6,046
Split:		
Non-current assets: Loans at amortised cost due for repayment after one year	7,929	2,799
Current assets: Loans at amortised cost due for repayment under one year	2,629	3,247

The Company's loans held at amortised cost are accounted for using the effective interest method. The carrying value of each loan is determined after taking into consideration any requirement for impairment provisions during the year, allowances for impairment losses amounted to £208,000 (2020: £237,000). Further details on impairment can be found within the accounting policies note on pages 49 to 50.

Movements in allowances for impairment losses in the year

	Nominal value £'000
at 1 December 2020	3,021
Provisions for impairment losses	69
at 30 November 2021	**3,090**
Stage 1 provisions at 1 December 2020	261
Provisions for impairment losses	(228)
Stage 1 provisions at 30 November 2021	**33**
Stage 2 provisions at 1 December 2020	-
Provisions for impairment losses	-
Stage 2 provisions at 30 November 2021	**-**
Stage 3 provisions at 1 December 2020	2,760
Provisions for impairment losses	297
Stage 3 provisions at 30 November 2021	**3,057**

Stage 1, 2, and 3 are referenced in more detail on page 50.

Continued

10. RECEIVABLES

	30 November 2021 £'000	30 November 2020 £'000
Prepayments	27	21
Total receivables	27	21

11. LOAN FACILITY

	30 November 2021 £'000	30 November 2020 £'000
Bank loan	-	1,150

On 29 May 2021 the Company entered into a £6.5m committed revolving facility with Shawbrook Bank Limited, expiring on 28 May 2022. No balance was drawn down at the year end. The facility is secured against a debenture over the assets of the Company.

12. OTHER PAYABLES

	30 November 2021 £'000	30 November 2020 £'000
Accruals	135	131
Total other payables	135	131

13. SHARE CAPITAL

	Nominal value £'000	Number of Ordinary shares of 1p
At 30 November 2020	269	26,924,063
Issued and fully paid as at 30 November 2021	269	26,924,063

The ordinary shares are eligible to vote and have the right to participate in either an interest distribution or participate in a capital distribution (on a winding up).

14. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 30 November 2020 £'000	Cash flows £'000	Non-cash flows £'000	At 30 November 2021 £'000
Short term borrowings	1,150	(1,150)	-	-
Total liabilities from financing activities	1,150	(1,150)	-	-

	At 30 November 2019 £'000	Cash flows £'000	Non-cash flows £'000	At 30 November 2020 £'000
Short term borrowings	3,750	(2,600)	-	1,150
Total liabilities from financing activities	3,750	(2,600)	-	1,150

Continued

15. RELATED PARTIES

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 33 to 34. The balance of fees due to Directors at the year end was £nil (30 November 2020: £nil).

The Directors are considered to be related parties. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Company.

The Directors of the Company received £90,000 fees for their services during the year to 30 November 2021 (30 November 2020: £90,000). £nil was payable at the year end (30 November 2020: £nil).

Ian McElroy is Chief Executive of Tier One Capital Ltd and is a founding shareholder and director of the firm.

Tier One Capital Ltd, the Investment Adviser of the Company received £68,000 investment adviser's fee during the year (30 November 2020: £57,000) and £nil was payable at the year end (30 November 2020: £nil). Tier One Capital Ltd receives up to a 20% margin and arrangement fee for all loans it facilitates.

There are various related party relationships in place with the borrowers as below:

The following related parties arise due to the opportunity taken to advance the 25.1% profit share contracts:

- **Gatsby Homes**

  The Company owns 25.1% of the borrower Gatsby Homes Ltd. The loan amount outstanding as at 30 November 2021 was £468,000 (30 November 2020: £1.6m). Transactions in relation to loans repaid during the year amounted to £797,000 (30 November 2020: £474,000). Interest due to be received as at 30 November 2021 was £nil (30 November 2020: £nil). Interest received during the year amounted to £136,000 (30 November 2020: £nil).

- **Bede and Cuthbert Developments**

  The Company owns 25.1% of the borrower Bede and Cuthbert Developments Ltd. The loan amount outstanding as at 30 November 2021 was £130,000 (30 November 2020: £3.2m). Transactions in relation to loans (repaid)/made during the year amounted to (£3.2m) (30 November 2020: £2.5m). Interest due to be received as at 30 November 2021 was £nil (30 November 2020: £36,000). Interest received during the year amounted to £154,000 (30 November 2020: £100,000).

- **Thursby Homes (Springs)**

  The Company owns 25.1% of the borrower Thursby Homes (Springs) Ltd. The loan amount outstanding as at 30 November 2021 was £2.4m (30 November 2020: £3.0m). Transactions in relation to loans repaid during the year amounted to £502,000 (30 November 2020: £580,000). Interest due to be received as at 30 November 2021 was £209,000 (30 November 2020: £168,000). Interest received during the year amounted to £261,000 (30 November 2020: £365,000).

- **Northumberland**

  TOC Property Backed Lending Trust plc owns 25.1% of the borrower Northumberland Ltd. The loan amount outstanding as at 30 November 2021 was £1.3m (30 November 2020: £2.0m). Transactions in relation to loans repaid during the year amounted to £683,000 (30 November 2020: £910,000). Interest due to be received as at 30 November 2021 was £10,000 (30 November 2020: £27,000). Interest received during the year amounted to £123,000 (30 November 2020: £209,000).

- **Dinosauria**

  TOC Property Backed Lending Trust plc owns 25.1% of the borrower Dinosauria Ltd which was disposed of during the year. The loan amount outstanding as at 30 November 2021 was £nil (30 November 2020: £550,000). Transactions in relation to loans repaid during the year amounted to £550,000 (30 November 2020: £nil). Interest

due to be received as at 30 November 2021 was £nil (30 November 2020: £18,000). Interest received during the year amounted to £2,000 (30 November 2020: £44,000).

- **Coalsnaughton**

  TOC Property Backed Lending Trust plc owns 25.1% of the borrower Kudos Partnership. The loan amount outstanding as at 30 November 2021 was £2.3m (30 November 2020: £1.7m). Transactions in relation to loans made during the year amounted to £404,000 (30 November 2020: £1.7m). Interest due to be received as at 30 November 2021 was £170,000 (30 November 2020: £88,000). Interest received during the year amounted to £228,000 (30 November 2020: £194,000).

- **Oswald Street**

  TOC Property Backed Lending Trust plc owns 25.1% of the Riverfront Property Limited Partnership. The loan amount outstanding as at 30 November 2021 was £408,000 (30 November 2020: £382,000). Transactions in relation to loans made during the year amounted to £nil (30 November 2020: £382,000). Interest due to be received as at 30 November 2021 was £5,000 (30 November 2020: £5,000). Interest received during the year amounted to £31,000 (30 November 2020: £9,000).

16. FINANCIAL INSTRUMENTS

Consistent with its objective, the Company holds a diversified portfolio of fixed rate loans secured with collateral in the form of; land or property in the UK, charges held over bank accounts and personal or corporate guarantees. The benefit of a related profit share or exit fee mechanism may also be agreed. In addition, the Company's financial instruments comprise cash and receivables and payables that arise directly from its operations. The Company does not have exposure to any derivative instruments.

The Company is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Company are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Company's risk exposure. These policies are summarised below:

CREDIT RISK

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

In the event of default by a borrower if it is in financial difficulty or otherwise unable to meet its obligations under the agreement, the Company will suffer an interest shortfall and potentially a loss of capital. This potentially will have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover. The Board receives regular reports on concentrations of risk and the performance of the projects underlying the loans, using loan to value percentages to help monitor the level of risk. The Investment Adviser monitors such reports in order to anticipate, and minimise the impact of, default.

There were financial assets which were considered impaired at 30 November 2021, with impairments amounting to £208,000 (30 November 2020: £237,000). Our maximum exposure to credit risk as at 30 November 2021 was £22,719,000 (30 November 2020: £23,878,000).

All of the Company's cash is placed with financial institutions with a long-term credit rating of A or better. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank.

Further details on the exposure to, and management of, credit risk by the company is included in both the Investment Advisor's report and the Strategic Report.

Continued

Loans held at amortised cost as at 30 November 2021

	Total £'000
Stage 1	9,456
Stage 2	378
Stage 3	724
	10,558

Loans held at amortised cost as at 30 November 2020

	Total £'000
Stage 1	3,096
Stage 2	657
Stage 3	2,293
	6,046

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Company's investments comprise loans.

Property and property-related assets in which the Company invests via loans are not traded in an organised public market and are relatively illiquid assets, requiring individual attention to sell in an orderly way. As a result, the Company may not be able to liquidate quickly its investments in these loans at an amount close to their fair value in order to meet its liquidity requirements.

The Company's liquidity risk is managed on an ongoing basis by the Investment Adviser and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Company has a comprehensive three-year cash flow forecast that aims to have sufficient cash balances, taking into account projected drawdowns on the live facilities to meet its obligations for a period of at least 12 months. At the reporting date, the maturity of the financial assets and liabilities was:

Financial assets as at 30 November 2021

	In one year £'000	In two or more years £'000	Total £'000
Cash and cash equivalents	4,545	-	4,545
Loans at amortised cost	2,629	7,929	10,558
Investments held at fair value	7,589	–	7,589
Total	**14,763**	**7,929**	**22,692**

Financial assets as at 30 November 2020

	In one year £'000	In two or more years £'000	Total £'000
Cash and cash equivalents	1,002	-	1,002
Loans at amortised cost	3,247	2,799	6,046
Investments held at fair value	12,861	3,948	16,809
Total	**17,110**	**6,747**	**23,857**

Financial liabilities as at 30 November 2021

	In one year £'000	In two or more years £'000	Total £'000
Bank loan	-	-	-
Total	**-**	**-**	**-**

Financial liabilities as at 30 November 2020

	In one year £'000	In two or more years £'000	Total £'000
Bank loan	1,150	-	1,150
Total	**1,150**	**-**	**1,150**

INTEREST RATE RISK

The interest rate profile of the Company was as follows:

as at 30 November 2021

	Financial net assets on which no interest is paid £'000	Fixed rate Financial Assets £'000	Variable rate financial net assets £'000	Total £'000
Other receivables and prepayments	27	-	-	27
Loan Interest receivable	657	-	-	657
Other payables and accrued expenses	(135)	-	-	(135)
Cash and cash equivalents	-	-	4,545	4,545
Loan facility	-	-	-	-
Investments held at fair value	-	7,191	-	7,191
Loans at amortised cost	-	10,299	-	10,299
Total	**549**	**17,490**	**4,545**	**22,584**

Continued

as at 30 November 2020

	Financial net assets on which no interest is paid £'000	Fixed rate Financial Assets £'000	Variable rate financial net assets £'000	Total £'000
Other receivables and prepayments	21	-	-	21
Loan Interest receivable	562	-	-	562
Other payables and accrued expenses	(131)	-	-	(131)
Cash and cash equivalents	-	-	1,002	1,002
Loan facility	-	-	(1,150)	(1,150)
Investments held at fair value	-	16,381	-	16,381
Loans at amortised cost	-	5,912	-	5,912
Total	**452**	**22,293**	**(148)**	**22,597**

MARKET PRICE RISK

The management of market price risk is part of the investment management process and is typical of an investment company. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the loan portfolio is set out in detail in the accounting policies. The inputs into the DCF models are the forecast monthly cashflows including sales values and build costs, the discount rate which is the inputed interest rate at the time the facility was entered into adjusted for any movements in the risk free rate as at current year end, and a 30% discount rate for the equity element to reflect the higher level of uncertainty. Any changes in market conditions will directly affect the profit and loss reported through the Income Statement. Details of the Company's investment portfolio held at the balance sheet date are disclosed in the Investment Adviser's Review on page 11. A 10% fall in the sales value of the residential development projects and a 10% reduction in asset value of commercial and investment property assets for those loans held at fair value would have resulted in a further impairment to the portfolio of £387,907 as at 30 November 2021 (30 November 2020: £615,246). The calculations are based on the property valuations at the respective balance sheet date and are not representative of the year as a whole, nor reflective of future market conditions.

VALUATION OF FINANCIAL INSTRUMENTS

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- **Level 1** – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would

be investments listed or quoted on any recognised stock exchange.

- **Level 2** – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
- **Level 3** – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument.

30 November 2021

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value	-	-	7,589	7,589
Total	**-**	**-**	**7,589**	**7,589**

30 November 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value	-	-	16,809	16,809
Total	**-**	**-**	**16,809**	**16,809**

17. CAPITAL MANAGEMENT

The Company's capital is represented by the Ordinary Shares, share premium, capital reserves, revenue reserve and special distributable reserve. The Company is not subject to any externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective. Capital management activities may include the allotment of new shares, the buy back or re-issuance of shares from treasury, the management of the Company's discount to net asset value and consideration of the Company's net gearing level.

On the 29 March 2021, changes were implemented to the investment and dividend policies. Further details can be found within the Chairman's Statement on page 5.

18. POST BALANCE SHEET EVENTS

On 7 March 2022, a new facility of £2.15m was entered into with Harrow Living Ltd with an initial drawdown of £1,260,000.

Notice of General Meeting

Notice is hereby given that the annual general meeting ("AGM") of TOC Property Backed Lending Trust PLC (the "Company") will be held on Thursday 28 April 2022 at 12 noon at the Grey Street Hotel, 2-12 Grey Street, Newcastle, NE1 6AE for the purposes of considering and, if thought fit, passing the resolutions below. Resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolutions 12 to 14 will be proposed as special resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive the Company's annual report and accounts for the financial year ended 30 November 2021 (the "Annual Report and Accounts"), together with the Directors' report and the auditors' report on those accounts.
2. To approve the Directors' Remuneration Report (excluding the Directors' remuneration policy) for the year ended 30 November 2021.
3. To approve the Directors' Remuneration Policy.
4. To re-elect Ian McElroy as a Director of the Company.
5. To re-elect Matthew Harris as a Director of the Company.
6. To re-elect John Newlands as a Director of the Company.
7. To re-elect Douglas Noble as a Director of the Company.
8. To approve the dividend policy of the Company.
9. To re-appoint MHA MacIntyre Hudson as the Company's Auditor to hold office until the conclusion of the next Annual General Meeting of the Company.
10. To authorise the Audit Committee to determine the Auditor's remuneration.

SPECIAL BUSINESS

11. Authority to allot shares

    THAT, in accordance with section 551 of the Companies Act 2006 (the "CA 2006"), the board of directors of the Company (or a duly constituted committee of the directors of the Company) (the "Directors") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £53,848.13 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 May 2023 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any security into shares in the Company to be granted and the Directors may allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Special Resolutions

12. Disapplication of pre-emption rights

    THAT, subject to the passing of resolution 11 and in accordance with section 570 of the CA 2006, the Directors be authorised to allot equity securities (as defined in section 560 of the CA 2006) for cash under the authority conferred by resolution 11 and/or to sell ordinary shares of one pence each in the capital of the Company held by the Company as treasury shares as if section 561 of the CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £53,848.13. The authority granted by this resolution will, unless renewed, varied or revoked by the Company, expire at the conclusion

of the Company's next annual general meeting after this resolution is passed or, if earlier, at the close of business on 31 May 2023, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired. This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities or sell treasury shares as if section 561 of the CA 2006 did not apply but without prejudice to any allotment of equity securities or sale of treasury shares already made or agreed to be made pursuant to such authorities.

13. That the Company be authorised generally and unconditionally, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of £0.01 each ("Ordinary Shares") provided that:

    a. the maximum number of Ordinary Shares authorised to be purchased is 4,035,917;

    b. the minimum price which may be paid for an Ordinary Share is £0.01; and

    c. the maximum price which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market value of the Ordinary Shares for the five business days before the purchase is made; or (ii) the higher of the last independent trade and the highest current independent bid for Ordinary Shares.

    The authority conferred by this resolution will expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 15 months from the passing of this resolution save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

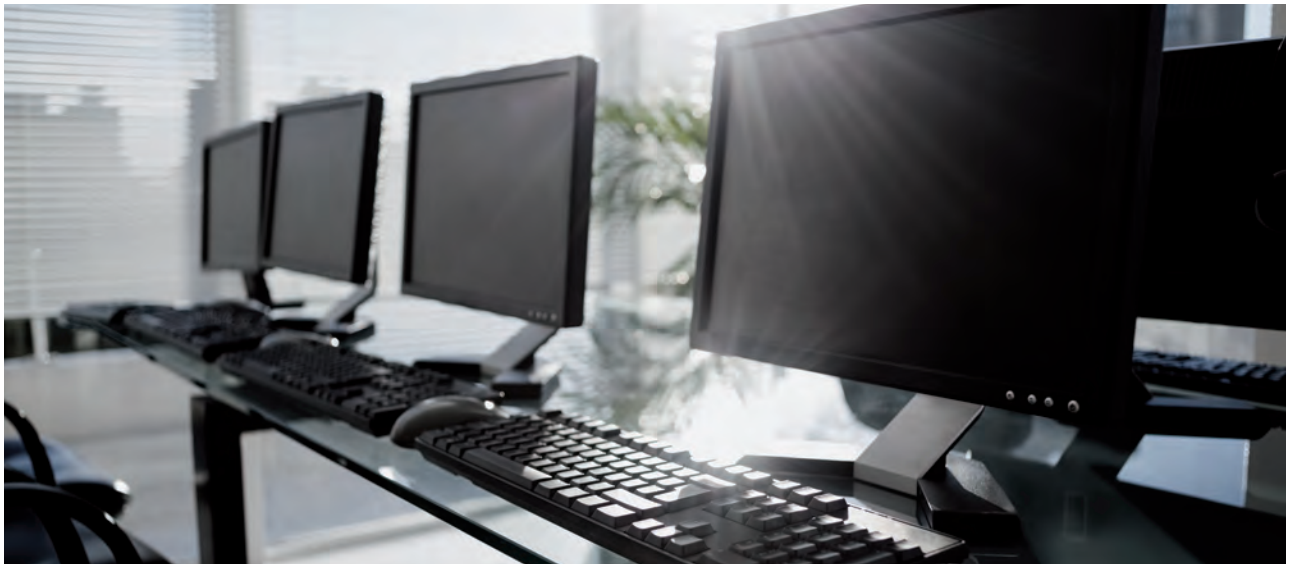
14. That a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Maitland Administration Services Limited
Company Secretary

Registered office:
Hamilton Centre, Rodney Way,
Chelmsford, Essex CM1 3BY

5 April 2022

Notes



These notes should be read in conjunction with the notes on the Form of Proxy.

Only shareholders on the Register of Members (the "Register") at close of business on 26 April 2022 are entitled to vote at the AGM in respect of the number of Ordinary Shares registered in their name at such time. In the event of any adjournment of the AGM, the time by which a person must be entered on the Register in order to have the right to attend and vote at the adjourned AGM is the close of business 48 hours (excluding non-business days) before the time of the adjourned meeting. Such shareholders can vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the Register shall be disregarded in determining rights to attend and vote

(i) A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company.

If a member appoints more than one proxy to attend the AGM, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.

(ii) To appoint a proxy you may use the Form of Proxy enclosed with this notice. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY to be received as soon as possible and in any event by not later than 12 noon on 26 April 2022. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

(iii) Completion of the Form of Proxy will not prevent you from attending and voting in person.

(iv) Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Act (a "Nominated Person") should note that the provisions in note (ii) above concerning the appointment of a proxy or proxies to attend the AGM in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have

someone else appointed, as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the AGM.

(v) Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

(vi) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

(vii) Shareholders who hold their Ordinary Shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically.

(viii) If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare Investor Services PLC (ID number 3RA50) not later than 48 hours before the time appointed for holding the AGM excluding non-business days. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare Investor Services PLC is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(ix) Any corporation which is a member may appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is, therefore, no longer necessary to nominate a designated corporate representative. Representatives should bring to the AGM evidence of their appointment, including any authority under which it is signed.

(x) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that she has a notifiable obligation under the Disclosure Guidelines and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial

Continued

Conduct Authority. As a result, any member holding 3 per cent or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidelines and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority

(xi) Any question relevant to the business of the AGM may be asked at the AGM by anyone permitted to speak at the AGM. A holder of shares may alternatively submit a question in advance by a letter addressed to the Company's registered office. Under section 319A of the Act, the Company must answer any question a shareholder asks relating to the business being dealt with at the AGM, unless, (i) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

(xii) Under section 527 of the Act, a shareholder or shareholders meeting the criteria set out in note (xiv) below, have the right to request the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. Where the Company is required to publish such a statement on its website: (i) it may not require the shareholder making the request to pay any expense incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and (iii) that statement may be dealt with as part of the business of the AGM. The request: (a) may be in hard copy form or in electronic form; (b) either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported; (c) must be authenticated by the person or persons making it; and (d) be received by the Company at least one week before the AGM.

(xiii) In order to be able to exercise the shareholders' right to require the Company to publish audit concerns in accordance with note (xiii) above, the relevant request must be made by: (i) a shareholder or shareholders having a right to vote at the AGM and holding at least 5 per cent. of total voting rights in the Company (please see note (xvii) below in relation to total voting rights); or (ii) at least 100 shareholders having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

(xiv) Where a shareholder or shareholders wishes to request the Company to publish audit concerns in accordance with note (xiii) above, such request must be made by either sending:

(a) a hard copy request which is signed by the relevant shareholder or shareholders, states such persons' full name(s) and address(es) and sent to the Company Secretary, Maitland Administration Services (Scotland) Limited; or

(b) a request which states the shareholder or shareholders' full name and address(es), and sent by email to CoSec@maitlandgroup.com. Please state "TOC AGM" in the subject line of the e-mail.

(xv) Further information regarding the AGM which the Company is required by section 311A of the Act to publish on a website in advance of the GM can be accessed at www.tocpropertybackedlendingtrust.co.uk.

(xvi) As at 28 March 2022 (being the latest practicable date prior to the printing of this notice) the Company's issued share capital consisted of 26,924,063 Ordinary Shares carrying one vote each.

(xvii) You may not use any electronic address provided either in this notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

(xvii) A copy of the letters of appointment of the Directors will be available for inspection during normal business hours at the Company's registered office and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.

EXPLANATION OF RESOLUTIONS

Resolutions 1 to 11 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12 to 14 (inclusive) are to be proposed as special resolutions. This means that for the resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolutions.

1. Resolution 1 – The Directors are required to lay before the meeting the Audited Financial Statements of the Company for the year ended 30 November 2021 including the Strategic Report, Report of the Directors, the Independent Auditor's report and the Director's Remuneration Report.
2. Resolution 2 – The shareholders are asked to approve the Directors' Remuneration Report for the year ended 30 November 2021, as set out on pages 33 to 34 of the Annual Report. The vote is advisory and does not affect the remuneration payable to any individual Director.
3. Resolution 3 – Is a resolution subject to a binding vote. The Company is seeking approval for its remuneration policy as set out on pages 33 and 34 of the Directors' Remuneration Report. The remuneration policy will take effect immediately on approval by shareholders and will continue to apply for the next three years, unless amended by the Company in general meeting at an earlier date.
4. Resolutions 4 to 7 – the Directors to be reappointed.
5. Resolution 8 – The Directors' present the Company's dividend policy on an annual basis recognising that shareholders will not have the opportunity to vote on a final dividend.
6. Resolution 9 and 10 – Shareholders are required to approve the appointment of the Company's

Continued

auditor each year and to give the Audit Committee the authority to determine the auditor's remuneration. MHA MacIntyre Hudson have indicated their willingness to continue in office. Resolution 9 covers their re-appointment for the year ending 30 November 2022 and resolution 10 authorises the Audit Committee to determine their remuneration.

7. Resolution 11 – allotment of shares

8. Resolution 12 – disapplication of pre-emption rights

9. Resolution 13 – The Directors are requesting authority for the Company to make market purchases of Ordinary Shares up to a maximum nominal amount of 4,035,917 (representing 14.99 per cent. of the issued Ordinary Share capital of the Company as at 28 March 2022 (the latest practicable date prior to the publication of this document)). There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Directors (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Directors, and not at the option of shareholders. Subject to shareholder authority for the proposed repurchases, general purchases of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

10. Resolution 14 – The Act provides that the notice period required for general meetings of the Company must be at least 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days (annual general meetings will continue to be held on at least 21 clear days' notice). This resolution seeks shareholder approval to hold general meetings after giving notice of 14 or more clear days. The approval will be effective until the next annual general meeting, when it is intended that a similar resolution will be proposed. The Act provides that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Shareholder Information

Share Register Enquiries

For shareholder enquiries, please contact the registrar, Computershare +44 (0) 370 707 1019.

Share Capital and Net Asset Value Information

Ordinary £0.01 Shares	26,924,063
SEDOL Number	BD0ND66
ISIN	GB00BD0ND667
Ticker	PBLT

Share Prices

The Company's shares are listed on the London Stock Exchange.

Annual and Interim Reports

Copies of the Annual and Interim Reports are available from the Company Secretary on telephone 01245 398950 and are also available on the Company's website www.tocpropertybackedlendingtrust.co.uk.

Provisional Financial Calendar

April 2022	Payment of interim dividend
28 April 2022	Annual General Meeting
31 May 2022	Interim period end
June 2022	Payment of interim dividend
September 2022	Payment of interim dividend
30 November 2022	Year end
December 2022	Payment of interim dividend
March 2023	Year end results announced
April 2023	Payment of interim dividend

Glossary

AIC Association of Investment Companies
This is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

AIFMD Alternative Investment Fund Managers Directive
Issued by the European Parliament in 2012 and 2013, the Directive requires the Company to appoint an Alternative Investment Fund Manager (AIFM). The Board of Directors of a Closed-ended Investment Company, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

AIFM Alternative Investment Fund Manager
The entity that provides portfolio management and risk management services to the Company and which ensures the Company complies with the AIFMD.

Basic Total Earnings per Share Total profit after taxation divided by the weighted average number of Ordinary Shares in issue during the period.

C share This is a class of share issued by investment trusts. It allows the increase in number of shares in issue and funds under management without reducing the value of the existing ordinary shares. 'C' shares are quoted separately from the ordinary shares until the money raised from their issue has been fully invested. After that, they are converted to ordinary shares at a value based on the trust's net asset value.

Closed-end Investment Company
A company with a fixed issued ordinary share capital which is traded on a stock exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances.

Discount (or Premium) of Share Price to NAV
If the share price is less than the Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium. The discount (or premium) is calculated by reporting the difference between the Net Asset Value per share and the Share Price as a percentage of the Net Asset Value per share.

Dividend Yield
Calculated using the annual dividend as a percentage of the share price at the year end.

Dividends per Share
Dividends declared for the year.

Gearing
Total Assets less all cash divided by shareholders' funds.

Increase/decrease in NAV
The movement in NAV in the period, shown in total and as a movement per share. Expressed in whole numbers and as a percentage.

Investment Trust Qualification
The Investment Trust (Approved Company) Tax Regulations 2011 (SI 2011/2999) set out requirements for investment trust approval, amongst which is that an investment trust must not retain in respect of an accounting period an amount which is greater than 15% of its income for the accounting period.

Loan to Value
Debt outstanding and drawn at the period end, net of any cash held in the Lender deposit account, expressed as a percentage of the market value of all property assets.

Net Assets (or Shareholders' Funds)
This is calculated as the value of the investments and other assets of an Investment Company, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an Investment Company at a point in time.

Net Asset Value (NAV) per Ordinary Share
This is calculated as the net assets of the Company calculated under its accounting policies as set out in the Financial Statements on pages 48 to 51 divided by the number of shares in issue. This is the number disclosed at the foot of the Statement of Financial Position on page 45.

NAV Total Return
The growth in NAV plus dividends reinvested, and this can be expressed as a percentage of NAV per share at the start of the year.

Ongoing Charges

All operating costs incurred by the Company, expressed as a proportion of its average Net Assets over the reporting year.

Share Price Total Return

The percentage change in the Share Price assuming dividends are reinvested to purchase additional Ordinary Shares at the prevailing share price.

SORP

Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the AIC.

Total Assets

This is calculated as the value of the investments and other assets of the Company, plus cash and debtors.

Total Return

The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

UK Corporate Governance Code

A code issued by the Financial Reporting Council which sets out standards of good practice in relation to Board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.

Alternative Performance Measures (APMs)

The Company uses the following APMs (as described in the glossary) to present a measure of profitability which is aligned with the requirements of our investors and potential investors, to draw out meaningful data around revenues and earnings to provide additional information not required for disclosure under accounting standards. All APMs relate to past performance.

- Dividend yield
- Increase / decrease in NAV
- Loan to value
- NAV total return
- Ongoing charges
- Share price total return

Corporate Information

Directors

John Newlands
Chairman

Matthew Harris
Chairman of the Audit Committee

Ian McElroy

Douglas Noble
Chairman of the Remuneration Committee

Registered Office

Hamilton Centre
Rodney Way
Chelmsford
Essex CM1 3BY

Investment Adviser

Tier One Capital Ltd
Eagle House
Asama Court
Newcastle-upon-Tyne NE4 7YD

Broker and Financial Adviser

finnCap Ltd
60 New Broad Street
London EC2M 1JJ

Solicitor

Gowling WLG (UK) LLP
4 More London
Riverside
London SE1 2AU

Administrator and Secretary

Maitland Administration Services Limited
Hamilton Centre
Rodney Way
Chelmsford
Essex CM1 3BY

Independent Auditor

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditor
2 London Wall Place
London
EC2Y 5AU

Registrar

Computershare Investor Services PLC
The Pavillions
Bridgwater Road
Bristol
BS99 6ZZ

Website

www.tocpropertybackedlendingtrust.co.uk

TOC PROPERTY BACKED
LENDING TRUST