

INTERIM REPORT & FINANCIAL STATEMENTS

 TOC PROPERTY BACKED
LENDING TRUST

FOR THE SIX MONTHS ENDING 31 MAY 2020





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CHAIRMAN'S STATEMENT



JOHN NEWLANDS, CHAIRMAN

HIGHLIGHTS

- Net Asset Value total return of (0.6%).
- Average trading volumes of c.23k shares per day, c. 45% lower than in calendar year 2019.
- Ordinary share mid-price equivalent to a premium of 5.2%, as at 31 May 2020.
- Increased gearing facility with Shawbrook Bank Limited negotiated to May 2021.
- UK house buyers: potential stimulus from temporarily reduced rates of Stamp Duty.

BACKGROUND

Within the period covered by this report, the Company entered its fourth year of trading since being listed on the main market of the London Stock Exchange in January 2017. Just a few weeks after the passing of that milestone, however, a sharp and unprecedented fall in economic activity had occurred caused by the global COVID-19 outbreak and subsequent lockdown, the ultimate effects and extent of which remain to be seen. Before turning to these matters and their impact on the Company, it is worthy of note that since the

investment trust's launch in early 2017, founding shareholders have received dividends totalling 18 pence per share, including the payment of 1.5 pence per share distributed on 1 June 2020. I will turn to the dividend outlook below.

NET ASSET VALUE

The Company's Net Asset Value per share declined from 83.8p to 81.7p over the six months ended 31 May 2020. Taking the effects of dividend distributions into account, this was equivalent to a NAV Total Return of (0.6%). 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 (0.7%) and of the AIC's "Debt-Loans" sector of (8.6%). Meanwhile in a much broader context the FTSE 100 and FTSE All-Share Indices declined respectively by 15.95% and 16.05% over the same interval. (*Data, courtesy of The Association of Investment Companies*).

PORTFOLIO AND GEARING

The total value of the Company's portfolio now stands at £26.45 million (including accrued interest), from 16 live projects, following growth of £1.2 million in the gross value of Loans and Receivables. Of those projects, profit share agreements are in place with eight, up from seven in November 2019, as detailed in the Investment Adviser's Report below.

Net Housebuilding assets increased by £1.05 million, with some signs of a recovery in the market even before recent stimulus announcements, such as the government's Stamp Duty relaxation. This means that anyone completing on a main residence costing up to £500,000 between 8 July 2020 and 31 March 2021 will pay no Stamp Duty Land Tax (SDLT), and more expensive properties will only be taxed on their value above that amount.

The Company gained one new lending client, a housing developer based in Coalsnaughton, Clackmannanshire, involving a loan facility of £2.2 million at an attractive interest rate of 15%. One portfolio holding, Ryka Developments, was disposed of during the reporting period, returning cash in excess of £2 million to the fund.

The Company continued to benefit from a Gearing facility with Shawbrook Bank Limited, with £6 million drawn at the period end. In May 2020, a new increased facility was negotiated with Shawbrook which ensured continuity of this relationship until May 2021.

STRATEGIC REVIEW; DIVIDEND OUTLOOK

Given the constantly evolving investment backdrop, the Company and Tier One have concluded it is appropriate to make a review of the current strategy for the Company, with a view to optimising shareholder value over the coming years. The results of this review will be announced before the end of the current financial year.

The Board remains committed to a clear, robust and sustainable dividend policy, alongside the core objective to increase the Net Asset Value (NAV) of the Company over the coming years. Over the nearer term, however, it remains prudent to maintain a cautious stance. While the Company continues to hold sufficient cash reserves to meet all current commitments, the Board and Tier One consider it necessary to maintain increased levels of liquidity within the fund. It has therefore been decided not to declare what would have under more normal conditions been the second and third quarterly dividends for the financial year to 30 November 2020. It is intended that a final balancing payment be made at the end of the current financial year so as to at least fulfil the investment trust qualification requirements.

This strategy provides protection for the Company in anticipation of potentially deteriorating economic conditions ahead, with an ending to the UK

government's furlough scheme, the potential for a sudden increase in UK unemployment levels and an unknown impact on the property and real estate sector.

CONCLUSION

The Company has come a long way since its formation more than three years ago. The portfolio has evolved and generally strengthened as early projects have been replaced with new opportunities. Lessons have been learned and managerial resources have been enhanced.

What we all hope to be the tail end of the COVID-19 pandemic is now being played out. The pandemic continues to present the risk of a second lockdown period, at least in certain localities and the Company will need to remain well prepared to deal with such an eventuality. Even in the absence of a "second wave" in the areas in which the Company operates, we may be entering a period of consolidation and of "marking time" as the housing market seeks to return to normality.

It is going to be vital to maintain a strong base as these issues are worked through, hence the measures already taken to preserve liquidity (i.e. cash resources), including agreeing a new gearing facility and applying the temporary dividend restrictions described above.

In short, trading conditions remain challenging, demonstrated by a reduction in net interest income over the period under report and the Investment Adviser is rightly taking a cautious approach to both portfolio management and fund deployment. At the same time, encouragement may be drawn from the positive signs being seen and from the number of investment opportunities now being presented.

JOHN NEWLANDS, CHAIRMAN

27 AUGUST 2020

INVESTMENT ADVISER'S REVIEW



ABOUT THE ADVISER

Tier One Capital Ltd. is a Newcastle upon Tyne headquartered wealth management and property lending firm and specialises in providing financial advice services and bespoke tailored lending to the property development market.

INVESTMENT ADVISER'S REPORT REVIEW OF THE 6 MONTHS TO 31 MAY 2020

In its fourth year of trading the majority of the portfolio continued to perform well in difficult trading conditions, posting a NAV total return of (0.6%).

2020 began positively with the clear-cut decision on Brexit generating momentum in the housing market.

COVID-19 required the Company to shift its focus to maintaining headroom and liquidity and to the adoption of carefully considered forbearance policies bespoke to each project in the portfolio. This has ensured that there has been limited impact on the quarterly income streams and we have not needed to recommend any new impairments to the remaining portfolio at this time. We continue to monitor the situation closely.

The Company agreed one new facility during the period:

- £2.2m (£1.8m drawn at 31 May 2020) to Kudos Partnerships Ltd for the purchase of land in Coalsnaughton, Clackmannanshire, Scotland. The borrowers have identified a need for new homes, in line with both local and national policy.

There were further deployments of capital as follows:

Deployments of Capital

Project	£'000
Chilton Moor	772
Springs	525
Newgate St	290
Bill Quay	275
Whitefield Farm	170
Pendower Hall	100

In December 2019, the fifth successful exit within the loan book occurred with the repayment of the Marley Hill facility. The £3.605m loan, at 8%, was to support the development of a 20 unit development near Newcastle upon Tyne. This project has the added benefit of a successful profit share which has seen the Company recognise circa £0.142m profit.

In May 2020, the sixth exit within the loan book occurred with the repayment of the St Hilds project. The £2.3m loan, at 8%, was to support the acquisition of an eight unit, 34 bed student accommodation in Durham. Whilst a discount was taken on the loan to ensure a timely sale during lockdown, the project still generated an IRR of 3.9%.

During the period there were a number of partial redemptions including:

Partial Redemptions

Project	£'000
Springs	350
Barley Croft, Bedlington	225
Chilton Moor	83
IHL	80
Newgate St	40

At 30 November 2019, we reported that three of the projects had not performed in line with expectations. The decision was made to recognise capital impairments at that time. There is no further

update on the three projects, Barley Croft, West Auckland or Pendower Hall, and they remain as valued at 30 November 2019. In accordance with IFRS 9 we continue to recognise loan interest for Barley Croft, Bedlington and West Auckland despite their inability to pay and there is a corresponding impairment to bring the net income to zero.

There has been one further impairment in the portfolio following the sale of St Hilds by Ryka Developments in May 2020. The sales proceeds received were not sufficient to repay the debt in full (£0.2m shortfall), albeit the overall IRR was positive. The Ryka sale completed at a time when COVID-19 was driving transaction values downwards by as much as 20%. A reduction in the offer price of 10% was taken after advice from professionals supporting the transaction, with the Investment Adviser viewing that certainty of liquidity was more important.

In May 2020, the Company refreshed a committed revolving credit facility with Shawbrook Bank for a further year. Again the key driver was headroom and liquidity and the increase in the facility from £6.0m to £6.5m demonstrates the support that the Company has from its lender, and the growing confidence in future deployment given the current strength of pipeline.

At 31 May 2020 the Company had 16 live facilities, 50% of which are a profit share arrangement for the benefit of the Company, with the deployment level sitting at £25.94m.

DEPLOYMENT

The portfolio continues to be deployed across the following property sectors: residential 65.2% (30 Nov 2019: 65.9%), commercial 28.8% (30 Nov 2019: 23.4%), sale and leaseback 0% (30 Nov 2019: 8.6%) and cash 6% (30 Nov 2019: 2%).

The current average interest rate being achieved on the combined loan book is 7.77% (30 Nov 2019: 7.47%). The average loan size has increased from £1.49m at 30 November 2019 to £1.61m at 31 May 2020.

PROFIT SHARE PROJECTS

There are currently eight Profit Share projects in the portfolio (Nov 2019: nine).

Since the listing of the Company we have recognised an uplift in the equity value of three of the eight facilities (Nov 2019: 3). The remaining Profit Share holdings are recognised as nil value, given where we are in the lifecycle of each project. We monitor and review this on an ongoing basis.

PIPELINE

We continue to see strong deal flow, reflective of the lack of finance options available to developers in the regions. In addition to the new projects the Company funded, we are currently reviewing £11.6m of potential funding opportunities across 5 projects with 58.6% in the North East and the remainder across Scotland.

OUTLOOK

COVID-19 has dominated the world economy for much of 2020 and it sees little sign of changing in the short term. Contractors have gone back to work and the housing market is moving again. House prices have reported all time highs in July 2020 but we remain cautious as we wait to see if this is a new beginning or merely a temporary respite.

We have a robust pipeline of lending opportunities and are seeing greater deal flow than at any time in the Company's trading history. We continue to take a disciplined approach to deployment as liquidity, financial resilience and supporting our existing borrowers remain our key focus.

Our views of the market have not changed since we issued our final year report in May 2020. There has been a release of pent up demand but we expect this spike to be short lived. As a reminder these were as follows:

Residential

- UK house prices are likely to decline sharply and may fall by as much as 10% this year. With relatively lower cost housing within the Company portfolio, then, on average, this equates to around £20k-£25k per house sale.
- Market fundamentals are very different to the Global Financial Crisis though and are expected to recover, fuelled by:
 - government intervention to underpin employment and salaries, which did not exist in the 2008 crash.
 - banks are better capitalised and mortgage availability is not expected to be disrupted in anything other than the lock-down period.
 - the majority of the Company's portfolio is in the North East of England, a market much less susceptible to extreme movements. Regional economics are overweight with Public Sector job roles, meaning this area is well placed for a swift consumer lead recovery as the majority of people are salaried.
- Nationally, Savill's predict that transaction volumes are expected to fall from 1.2m sales in 2019 to between 566k (47%) and 745k (62%) in 2020. Therefore, there is a future tension between the rate that the site will be built-out and the revised sales rates.
- Savill's predict a "tick" shaped market recovery, with a return to full capability in 2022. They are confident that their pre-COVID price growth predictions of 15% over 5 years remain valid.

For the North East and Scotland, the regions where the Company has significant exposure, these growth predictions are 19.9% and 20.1% respectively.

We will continue to monitor the impact on each project, whilst individually based on circumstances.

Commercial

Our exposure to this sector is primarily in the leisure sector which has been significantly hit. Venues are in complete lockdown, with the likelihood that large social gatherings will be one of the latest activities permitted as part of the return to the new “normal”. Cashflows are disabled, meaning the prospect of clients servicing interest is completely reliant on having other, non-trading, sources of income. Alternative uses are few and far between. Encouragingly venue bookings are proving to be resilient with postponements preferred to cancellations. Therefore we are expecting a “v” shaped recovery once restrictions are lifted and operators are permitted to trade freely. Current government actions suggest an attempt to encourage a level of normal life to resume while acknowledging that there will be a level of managed risk in doing so. Our view is that we will need to work most closely with our projects in this sector, taking a medium term view to ensure full capital repayment and all interest due.

Sale and Leaseback

We exited this sector during May following the sale of St Hild’s student accommodation. We continue to monitor suitable opportunities but expect our exposure to this sector to remain underweight in the short to medium term.

In these uncertain times, we remain confident that our robust relationship led approach with our borrowers will give the Company the best opportunity to minimise disruption to daily operations. We have navigated the lockdown phase of the pandemic, improving both

our financial resilience and liquidity during that time. The Company is now well placed to deal with all the uncertainty that the next few months will bring and capitalise on the growing volume of opportunities that are already presenting themselves.

IAN MCELROY,
TIER ONE CAPITAL LTD

27 AUGUST 2020

THE INVESTMENT PORTFOLIO AS AT 31 MAY 2020

Project	Sector	Maturity Date	Profit Share	Security	% Portfolio	LTV* (May 20) %	Loan Value (May 20) £'000s	Loan Value (Nov 19) £'000s
The Willows	Commercial	May 2022	No	Senior	16.1	74.0	4,448	4,448
Springs	Residential	Dec 2020	Yes – 25.1%	Senior	13.5	81.2	3,741	3,567
Newgate Street	Residential	Aug 2020	Yes – 25.1%	Senior	11.4	96.9	3,155	2,905
Rare Earth Medburn	Residential	Nov 2019	No	Senior	6.8	71.0	1,865	1,865
Coalsnaughton	Commercial	Jul 2021	Yes – 25.1%	Senior	6.5	102.0	1,801	–
Chilton Moor	Residential	Aug 2021	Exit Fee Taken	Senior	5.7	52.7	1,580	891
Bedlington	Residential	Jun 2020	Yes – 25.1%	Senior	5.7	91.1	1,577	1,802
Whitefield Farm	Residential	Jan 2020	Exit Fee Taken	Senior	5.3	117.1	1,450	1,280
West Auckland	Residential	Mar 2020	No	Senior	4.3	100.0	1,182	1,182
Pendower Hall**	Commercial	Mar 2023	No	Senior	4.0	106.7	1,100	958
IHL	Residential	Sep 2021	No	Subordinate	4.0	69.9	1,096	1,175
Bill Quay	Residential	Feb 2022	Yes – 25.1%	Senior	3.3	75.4	921	500
Charlton's Bonds	Residential/ Commercial	Dec 2020	No	Senior	2.5	111.5	697	697
Fernhill	Residential	Jul 2020	No	Subordinate	2.2	79.4	598	598
Gateshead Town Hall	Commercial	Jun 2020	Yes – 25.1%	Senior	2.0	25.9	550	550
Glenfarg	Residential	Oct 2020	No	Subordinate	1.1	23.5	300	300
Marley Hill***	Residential				0.2	N/a	68	438
Exits								2,237
General impairment							(187)	(187)
Cash					5.4		1,672	523
Total/Weighted Average					100.0	84.5	27,614	25,729

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

**Interest rate changed from 10% to 4.5% on 7 February 2020.

***Completed in December 2019; equity share held on balance sheet.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks and Uncertainties' within the Strategic Report in the Company's Annual Report and Accounts for the year ended 30 November 2019. With the exception of the recently emerging risks posed by the COVID-19 pandemic, the Company's principal risks and uncertainties have not changed materially since the date of that report. These and other risks facing the Company are regularly reviewed by the Board, including the ongoing risk of the COVID-19 pandemic and its potential impact on the Company and its portfolio.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Chairman's Statement and Investment Adviser's Review (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules (DTR) 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- the Statement of Principal Risks and Uncertainties above is a fair review of the information required by DTR 4.2.7R; and

- the Chairman's Statement and Investment Adviser's Review together with the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On Behalf of the Board

JOHN NEWLANDS, CHAIRMAN

27 AUGUST 2020

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 May 2020 (unaudited)		Six months ended 31 May 2019 (unaudited)		Year ended 30 November 2019 (audited)
	Note	Revenue £'000	Capital £'000	Total £'000	Total £'000	Total £'000
REVENUE						
Investment interest		1,290	-	1,290	1,001	2,222
Total revenue		1,290	-	1,290	1,001	2,222
Unrealised gain on investments		-	-	-	-	136
Total income		1,290	-	1,290	1,001	2,358
EXPENDITURE						
Investment adviser fee		(24)	-	(24)	-	-
Impairments		(488)	(123)	(611)	-	(2,857)
Other expenses		(256)	-	(256)	(354)	(597)
Total expenditure		(768)	(123)	(891)	(354)	(3,454)
Profit/(loss) before finance costs and taxation		522	(123)	399	647	(1,096)
FINANCE COSTS						
Interest payable		(134)	-	(134)	(41)	(86)
Profit/(loss) before taxation		388	(123)	265	606	(1,182)
TAXATION						
Profit/(loss) and total comprehensive profit for the period/year		388	(123)	265	606	(1,182)
Basic earnings per share	3	1.44p	(0.46)p	0.98p	2.25p	(4.39)p

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with 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.

CONDENSED STATEMENT OF FINANCIAL POSITION

		As at 31 May 2020 (unaudited)	As at 31 May 2019 (unaudited)	As at 30 November 2019 (audited)
	Notes	£'000	£'000	£'000
NON-CURRENT ASSETS				
Investments held at fair value*	5	4,388	-	1,458
Loans at amortised cost*	6	6,771	8,127	5,782
		11,159	8,127	7,240
CURRENT ASSETS				
Investments held at fair value*	5	10,776	-	13,041
Loans at amortised cost*	6	4,523	17,157	5,551
Other receivables and repayments*		26	12	42
Cash and cash equivalents		1,672	657	523
		16,997	17,826	19,157
TOTAL ASSETS		28,156	25,953	26,397
CURRENT LIABILITIES				
Loan facility		(6,000)	(675)	(3,750)
Other payables and accrued expenses		(150)	(133)	(98)
TOTAL LIABILITIES		(6,150)	(808)	(3,848)
NET ASSETS		22,006	25,145	22,549
SHARE CAPITAL AND RESERVES				
Share capital	7	269	269	269
Share premium		9,094	9,094	9,094
Special distributable reserve		16,455	16,455	16,455
Revenue reserve		(711)	(210)	(291)
Capital reserve		(3,101)	(463)	(2,978)
EQUITY SHAREHOLDERS' FUNDS		22,006	25,145	22,549
Net asset value per ordinary share	8	81.73p	93.39p	83.75p

* The 31 May 2019 and 30 November 2019 figures have been restated to include loan interest receivable within Investments held at fair value and Loans at amortised cost.

The notes on pages 17 to 22 form an integral part of the financial statements.

The financial statements on pages 12 to 22 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 27 August 2020.

JOHN NEWLANDS
CHAIRMAN

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ending 31 May 2020 (unaudited)	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
AT BEGINNING OF THE PERIOD	269	9,094	16,455	(2,978)	(291)	22,549
Total comprehensive profit for the period:						
Profit for the period	-	-	-	(123)	388	265
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	-	-	(808)	(808)
At 31 May 2020	269	9,094	16,455	(3,101)	(711)	22,006

For the six months ending 31 May 2019 (unaudited)	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
AT BEGINNING OF THE PERIOD	269	9,094	16,455	(433)	29	25,414
Total comprehensive profit for the period:						
Profit for the period	-	-	-	(30)	636	606
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	-	-	(875)	(875)
At 31 May 2019	269	9,094	16,455	(463)	(210)	25,145

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the year ending 30 November 2019 (audited)	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	(433)	29	25,414
Total comprehensive loss for the year:						
Loss for the year	-	-	-	(2,545)	1,363	(1,182)
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	-	-	(1,683)	(1,683)
At 30 November 2019	269	9,094	16,455	(2,978)	(291)	22,549

CONDENSED CASH FLOW STATEMENT

	Six months to 31 May 2020 (unaudited)	Six months to 31 May 2019 (unaudited)	Year ending 30 November 2019 (audited)
Notes	£'000	£'000	£'000
OPERATING ACTIVITIES			
Profit/(loss) after taxation	265	636	(1,182)
Impairments	61	-	2,657
Uplifts	-	-	(136)
Decrease/(increase) in other receivables	76	42	(145)
Increase/(decrease) in other payables	52	(70)	(105)
Interest paid	134	41	86
NET CASH INFLOW FROM OPERATING ACTIVITIES	588	649	1,175
INVESTING ACTIVITIES			
Loans given	(3,933)	(3,096)	(7,614)
Loans repaid	3,186	5,713	7,319
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(747)	2,617	(295)
FINANCING			
Equity dividends paid	(808)	(875)	(1,683)
Bank loan drawn down	2,250	701	3,806
Repayment of bank loan	-	(3,000)	(3,000)
Interest paid	(134)	(41)	(86)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	1,308	(3,215)	(963)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
	1,149	51	(83)
Cash and cash equivalents at the start of the period / year	523	606	606
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	1,672	657	523

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)



1. INTERIM RESULTS

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union and the accounting policies set out in the statutory accounts of the Company for the year ended 30 November 2019. The condensed financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 November 2019, which were prepared under IFRS as adopted by the European Union. There have been no significant changes to management judgements and estimates.

The condensed financial statements have been prepared on the going concern basis. 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 the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these financial statements.

2. INVESTMENT MANAGER'S AND INVESTMENT ADVISER'S FEES

INVESTMENT MANAGER

During the period R&H Fund Services (Jersey) Limited acted as the Company's alternative investment fund manager (AIFM) for the purposes of AIFMD pursuant to the Investment Management Agreement and accordingly the AIFM is responsible for providing discretionary portfolio management and risk management services to the Company, subject to the overall control and supervision of the Directors.

The AIFM is entitled to receive fees from the Company of £15,000 per annum on total assets up to £100 million, or a fee from the Company of £20,000 per annum if total assets are over £100 million. There is a balance of £7,500 accrued for the Investment Manager for the period ended 31 May 2020 (Year to 30 November 2019: £5,000).

INVESTMENT ADVISER

The AIFM has appointed Tier One Capital Ltd to act as the Company's investment adviser pursuant to which the AIFM has delegated discretionary portfolio

management services to the Investment Adviser, subject to the overall control and supervision of the Directors.

The Investment Adviser 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.

In previous years the Investment Adviser agreed to waive its fee until the Net Asset Value was at least £50 million. From 24 January 2020, with the agreement of the Board, the Investment Adviser will no longer waive the fee. There is a balance of £23,638 accrued for the Investment Adviser for the period ended 31 May 2020 (year to 30 November 2019: £nil).

There are no performance fees payable.

3. 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 period.

	Six months ended 31 May 2020		Six months ended 31 May 2019		Year ended 30 November 2019	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Revenue earnings	388	1.44	636	2.36	1,363	5.06
Capital earnings	(123)	(0.46)	(30)	(0.11)	(2,545)	(9.45)
Total earnings	265	0.98	606	2.25	(1,182)	(4.39)
Average number of shares in issue	26,924,063		26,924,063		26,924,063	

Earnings for the period to 31 May 2020 should not be taken as a guide to the results for the year to 30 November 2020.

4. DIVIDENDS

	Six months ended 31 May 2020	Six months ended 31 May 2019	Year ended 30 November 2019
	£'000	£'000	£'000
In respect of the prior year:			
First interim dividend	404	471	471
In respect of the current year:			
First interim dividend	404	404	404
Second interim dividend	–	–	404
Third interim dividend	–	–	404
Total	808	875	1,683

No second dividend is proposed for the current year.

5. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's investments 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 9 companies.

	31 May 2020 £'000	31 May 2019 £'000	30 November 2019 £'000
Opening Balance	14,499	104	104
IFRS 9 transfer from Amortised cost	-	(104)	10,812
Loans deployed	3,833	-	5,611
Principal repayments	(3,106)	-	(2,520)
Prior year interest repayments	(280)	-	-
Interest receivable	320	-	280
(Impairments)/uplifts	(102)	-	212
Total Loans at fair value through profit and loss	15,164	-	14,499

Split:

Non-current assets: Loans due for repayment after one year	4,388	-	1,458
Current assets: Loans due for repayment under one year	10,776	-	13,041

6. LOANS AT AMORTISED COST

	31 May 2020 £'000	31 May 2019 £'000	30 November 2019 £'000
Opening Balance	11,333	27,378	27,378
IFRS 9 transfer to fair value through profit and loss	-	-	(10,812)
Unrealised gain on investments	-	104	-
Loans deployed	100	3,096	1,953
Principal repayments	(80)	(5,713)	(4,799)
Prior year interest repayments	(296)	-	-
Interest receivable	196	419	296
Uplifts/(impairments)	41	-	(2,683)
Total Loans at amortised cost	11,294	25,284	11,333

Split:

Non-current assets: Loans due for repayment after one year	6,771	8,127	5,782
Current assets: Loans due for repayment under one year	4,523	17,157	5,551

The Company's loans 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 period. Allowances for impairment losses in the period amounted to £41,000 (November 2019: £2,683,000).

7. SHARE CAPITAL

	Nominal value £'000	Number of Ordinary shares of 1p
Issued and fully paid as at 30 November 2019	269	26,924,063
Issued and fully paid as at 31 May 2020	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).

8. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £22,005,858 (31 May 2019: £25,144,488; 30 November 2019: £22,549,335) and on 26,924,063 ordinary shares (31 May 2019: 26,924,063; 30 November 2019: 26,924,063), being the number of ordinary shares in issue at the period/year end.

9. RELATED PARTIES

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 fees totalling £0.045m for their services during the period to 31 May 2020 (November 2019: £0.103m; 31 May 2019: £0.062m). £nil was payable at the period and prior year end.

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

Tier One Capital Ltd received £0.023m investment adviser's fee during the period (30 November 2019: £nil; 31 May 2019: £nil) and £0.023m was payable at the period (30 November 2019: £nil; 31 May 2019: £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:

Thursby Homes (Charlton's Bonds)

Tier One Capital Ltd sold 25.1% of Thursby Homes Ltd on the 20 March 2019. The loan amount outstanding as at 31 May 2020 was £0.697m (30 November 2019: £0.697m, 31 May 2019: £0.697m). Transactions in relation to loans repaid during the period amounted to £nil (30 November 2019: £nil, 31 May 2019: £0.271m). Interest due to be received as at 31 May 2020 was £0.009m (30 November 2019: £0.009m, 31 May 2019: £0.009m). Interest received during the period amounted to £0.028m (30 November 2019: £0.061m, 31 May 2019: £0.033m).

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

- **Ryka Developments**

At 31 May 2020 was £nil (30 November 2019: £2.3m, 31 May 2019: £2.3m). Transactions in relation to loans made during the period amounted to a repayment of £2.12m (30 November 2019: £nil, 31 May 2019: £nil). Interest due to be received as at 31 May 2020 was £nil (30 November 2019: £0.083m, 31 May 2019: £0.031m). Interest received during the period amounted to £0.020m (30 November 2019: £0.184m, 31 May 2019: £0.092m).

- **Gatsby Homes**

The Company owns 25.1% of the borrower Gatsby Homes Ltd. The loan amount outstanding as at 31 May 2020 was £1.6m (30 November 2019: £1.8m, 31 May 2019: £1.7m). Transactions in relation to loans (repaid)/made during the year amounted to £0.2m (30 November 2019: £0.3m, 31 May 2019: £0.2m). Interest due to be received as at 31 May 2020 was £nil (30 November 2019: £nil, 31 May 2019: £0.031m). Interest received during the year amounted to £nil (30 November 2019: £nil, 31 May 2019: £nil).

- **Bede and Cuthbert Developments**

The Company owns 25.1% of the borrower Bede and Cuthbert Developments Ltd. The loan amount outstanding as at 31 May 2020 was £0.9m (30 November 2019: £0.9m, 31 May 2019: £1.0m). Transactions in relation to loans repaid during the period amounted to £nil (30 November 2019: £1.8m, 31 May 2019: £(1.7m)). Interest due to be received as at 31 May 2020 was £0.010m (30 November 2019: £0.016m, 31 May 2019: £0.021m). Interest received during the year amounted to £0.023m (30 November 2019: £0.108m, 31 May 2019: £0.078m).

- **Thursby Homes (Springs)**

The Company owns 25.1% of the borrower Thursby Homes (Springs) Ltd. The loan amount outstanding as at 31 May 2020 was £3.7m (30 November 2019: £3.53m, 31 May 2019: £2.0m). Transactions in relation to loans made during the period amounted to £0.17m (30 November 2019: £2.15m, 31 May 2019: £0.6m). Interest due to be received as at 31 May 2020 was £0.138m (30 November 2019: £0.081m, 31 May 2019: £0.033m). Interest received during the period amounted to £0.189m (30 November 2019: £0.222m, 31 May 2019: £0.063m).

- **Northumberland**

TOC Property Backed Lending Trust plc owns 25.1% of the borrower Northumberland Ltd. The loan amount outstanding as at 31 May 2020 was

£3.1m (30 November 2019: £2.85m, 31 May 2019: £2.2m). Transactions in relation to loans made during the period amounted to £0.25m (30 November 2019: £1.35m, 31 May 2019: £0.7m). Interest due to be received as at 31 May 2020 was £0.062m (30 November 2019: £0.047m, 31 May 2019: £0.026m). Interest received during the period amounted to £0.111m (30 November 2019: £0.166m, 31 May 2019: £0.061m).

- **Dinosauria**

TOC Property Backed Lending Trust plc owns 25.1% of the borrower Dinosauria Ltd. The loan amount outstanding as at 31 May 2020 was £0.6m (30 November 2019: £0.6m, 31 May 2019: £0.6m). Transactions in relation to loans made during the period amounted to £nil (30 November 2019: £nil, 31 May 2019: £nil). Interest due to be received as at 31 May 2020 was £0.007m (30 November 2019: £0.007m, 31 May 2019: £0.007m). Interest received during the period amounted to £0.022m (30 November 2019: £0.044m, 31 May 2019: £0.022m).

- **Coalsnaughton**

TOC Property Backed Lending Trust plc owns 25.1% of the borrower Kudos Partnership. The loan amount outstanding as at 31 May 2020 was £1.8m (30 November 2019: £nil, 31 May 2019: £nil). Transactions in relation to loans made during the period amounted to £1.8m (30 November 2019: £nil, 31 May 2019: £nil). Interest due to be received as at 31 May 2020 was £0.057m (30 November 2019: £nil, 31 May 2019: £nil). Interest received during the period amounted to £0.095m (30 November 2019: £nil, 31 May 2019: £nil).

10. OPERATING SEGMENTS

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single unified business, being the investment of the Company's capital in financial assets comprising loans and joint venture

Continued

equity contracts and in one geographical area, the United Kingdom, and that therefore the Company has no segments. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value. As the total return on the Company's net asset value is calculated based on the IFRS net asset value per share as shown at the foot of the Consolidated Statement of Financial Position, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

11. 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.

12. POST BALANCE SHEET EVENTS

- On 10 July 2020, £1.2m was repaid to Shawbrook Bank.
- On 12 August 2020, a new loan of £383k was advanced to Riverfront Property Limited Partnership, to fund the purchase of a building at Oswald St, Glasgow. This is part of an 18 month £650k facility.

13. INTERIM REPORT STATEMENT

The Company's auditor, BDO LLP, has not audited or reviewed the Interim Report to 31 May 2020 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 30 November 2019, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 30 November 2019 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

SHAREHOLDER INFORMATION

Share Register Enquiries

For shareholder enquiries, please contact the registrar, Computershare +44 (0) 370 702 0000.

Share Capital and General Information

Ordinary £0.01 Shares	26,924,063
SEDOL Number	BD0ND66
ISIN Number	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 number 01245 398950 and are also available on the Company's website www.tocpropertybackedlendingtrust.co.uk.

Provisional Financial Calendar

August 2020	Interim period end results announced
30 November 2020	Year end
January 2021	Payment of interim dividend
April 2021	Payment of interim dividend
April 2021	Annual General Meeting
31 May 2021	Interim period end
July 2021	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. The Company's AIFM is R&H Fund Services (Jersey) Limited.

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.

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.

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 year end report and financial statements divided by the number of shares in issue. This is the number disclosed at the foot of the Statement of Financial Position on page 13.

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

REGISTERED OFFICE

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BROKER AND FINANCIAL ADVISER

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AIFM

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