



TOC Prop BackLendTst - PBLT Admission to Trading on the Main Market of the LSE
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TOC Property Backed Lendng Tst PLC
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For immediate release on 24 January 2017

**TOC Property Backed Lending Trust PLC
(the "Company")**

Admission to listing on the Official List of the UK Listing Authority and trading on the Main Market of the London Stock Exchange

TOC Property Backed Lending Trust PLC, a newly incorporated investment company, is pleased to announce that it has raised £17.3 million by way of the issue of 11,601,000 new ordinary shares of £0.01 each in the capital of the Company ("**Ordinary Shares**") pursuant to the acquisition of an initial portfolio of 10 loans and the issue of 5,699,950 new Ordinary Shares by way of an offer for subscription.

The Company has applied for the Ordinary Shares to be admitted to listing on the premium segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange ("**Admission**"). It is expected that Admission will occur and dealings in the shares will commence at 08:00 a.m. today.

On Admission, the Company will have 17,300,950 Ordinary Shares and the market capitalisation of the Company will be approximately £17.3 million at the issue price of 100 pence per Ordinary

Share (the "Issue Price").

Following Admission, Stephen Coe, Stephen Black and Matt Harris, Non-Executive Directors of the Company, are beneficially interested in 15,000, 21,800 and 50,000 Ordinary Shares each, representing approximately 0.09%, 0.13% and 0.29% of the Company's issued share capital, respectively.

Stephen Coe, Chairman of TOC Property Backed Lending Trust PLC, commented:

"While the direct lending market has grown significantly across the UK over recent years, I believe that we as a Company are appropriately positioned to streamline all parts of our direct lending process, including administration and monitoring, which will provide greater certainty to borrowers and lenders, thus enabling our direct lending portfolio to grow more quickly."

"Along with the experience of our existing management team, we have a strong pipeline of potential new and existing opportunities, and I believe that as a Company we are strongly positioned to achieve our growth targets and satisfy shareholders expectations."

The ISIN number is GB00BD0ND667 and the SEDOL code for the Ordinary Shares is BD0ND66. The Company's Legal Entity Identifier (LEI) is 213800EXPWANYN3NEV68. The Shares will trade under the ticker PBLT.

finnCap Ltd is sponsor, financial adviser and corporate broker to the Company.

Key features of the Company

The Company is a closed-end investment company. Its 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 while managing downside risk through: (i) a diversified portfolio of fixed rate loans predominantly secured over land and/or property in the UK; and (ii) in many cases, receiving the benefit of an associated profit share usually obtained by acquiring (at nil cost) a minority equity stake in the relevant borrower project development vehicle.

The Company has agreed to allot, in aggregate, 11,601,000 Consideration Shares at the Issue Price to existing investors in exchange for the novation of an initial portfolio to the Company (the "Initial Portfolio") at Admission. The Initial Portfolio consists of 10 loans with, as at 10 January 2017, a weighted average annualised yield of 8.33 per cent. and an average life of approximately 1.56 years.

The Company's investment adviser is Tier One Capital Limited ("Tier One" or the "Investment Adviser"). Tier One was launched by former Barclays Wealth and Coutts & Co directors Stephen Black and Ian McElroy in early 2013. Both Stephen and Ian have extensive credit experience, much of which was gained in a difficult financial climate. Tier One has developed a direct lending offering that provides an opportunity which sits between conventional lending and the emerging peer-to-peer platform market. Tier One uses its direct lending and credit expertise to source funds for borrowers, broker facility agreements and then offer continued support and guidance to borrowers through the lifespan of their loan.

Investment highlights

The Directors believe that the Company has a number of competitive advantages, including:

- *sustainable yield target*: the Company's sustainable annualised net dividend yield of seven per cent. per annum offers inflation protection to investors;
- *the Initial Portfolio*: the Company will acquire the Initial Portfolio on Admission, which comprises 10 loans with, as at 10 January 2017, a weighted average annualised yield of 8.33 per cent. and an average life of approximately 1.56 years;
- *access to investment opportunities*: the Company has access to investment opportunities through the Investment Adviser's established industry contacts and extensive knowledge of the real estate sector and the Company will benefit from the right of first refusal contained in the profit share arrangements associated with loans the Company anticipates advancing to new borrowers (who are not borrowers in the Initial Portfolio);
- *expertise*: the Company has considerable expertise in the investment management, direct lending and cash management industry through its relationship with the Investment Adviser;
- *deal flow origination*: the Investment Adviser has a steady flow of deal opportunities from the real estate development and housebuilding sectors as well as the high net worth sector of the financial industry due to relationships built with private individuals over the last 15 years;
- *professional project monitoring team*: the Company has access to a team of highly experienced credit and property experts to source, review and monitor deals due to its relationship with the Investment Adviser;
- *complementary equity positions*: the Company, by virtue of the anticipated profit shares, will hold a 25.1 per cent. stake in many future financing projects in return for providing a regular source of funding to borrowers; and
- *alignment of the Investment Adviser*: the Investment Adviser has agreed (unless otherwise agreed by the Board) to waive its fees until the prevailing net asset value is at least £50 million and, for three years from Initial Admission, has agreed to invest any fees it receives in Ordinary Shares at the prevailing market price and waive any dividend entitlement for such period.

Investment policy

The Company will seek to achieve its investment objective through: (i) a diversified portfolio of fixed rate loans predominantly secured over land and/or property in the UK; and (ii) receiving, in many cases, the benefit of an associated Profit Share, usually obtained by acquiring (at nil cost) a minority equity stake in the relevant borrower project development vehicle.

The Company will attempt to reduce downside risk by focusing on secured debt with both quality collateral and contractual protection.

The Company will make 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 Company anticipates that the typical loan term will be between one and five years. The Company retains absolute discretion to make investments for either shorter or longer periods.

Loan to value

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

Sector

The Company's portfolio is intended to be appropriately diversified by sector and will be 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.

Profit Shares

The Company anticipates that, for many of the fixed rate loans it will make, it will have the benefit of an associated profit share arrangement: usually obtained by acquiring (at nil cost) a minority equity stake in the relevant borrower project development vehicle ("Profit Share"). It is anticipated that each Profit Share will be with a particular borrowing team pursuant to which the Company will have a right of first refusal to provide the financing for that borrowing team's next five projects via the relevant borrower project development vehicle. The Directors (as advised by the Investment Adviser) anticipate that the Company will have the benefit of associated Profit Shares for approximately 80 per cent. of its future loan advances.

The Directors intend to negotiate Profit Shares on a developer-by-developer basis. The Company will have the benefit of suitable minority protection rights (e.g. reserved matters requiring shareholder approval and the ability to appoint director(s) to the boards of the project development vehicle) in order to protect its investment but neither the Company nor the Investment Adviser will be involved in the day- to-day operations of the project development vehicle or associated borrowing team.

Given the time frame required to fully maximise the value of a Profit Share, the Board expects that the Company's interest in a Profit Share will be held for the medium to long term. The Company will only take the benefit of Profit Share investments where the underlying loans are consistent with the investment objective and investment policy of the Company, and following

completion of satisfactory due diligence, irrespective of whether a Profit Share is available.

The Initial Portfolio of 10 loans includes loans associated with 3 borrowers who have previously entered into profit sharing arrangements with the Investment Adviser. The Company will not have a right of first refusal on any further loans to such borrowers. However, Profit Share arrangements for future loans advanced by the Company to projects associated with those borrowers would accrue for the benefit of the Company and would not be retained by the Investment Adviser.

Investment restrictions

The Company will observe the following investment restrictions:

- the Company will derive its income from a portfolio of not less than five loans;
- no more than 50 per cent. of the Net Asset Value will be exposed to the regional residential housebuilding sector, calculated at the time of investment;
- no more than 50 per cent. of the Net Asset Value will be exposed to the small to medium commercial property development sector, calculated at the time of investment;
- no more than 30 per cent. of the Net Asset Value will be exposed to direct sale and leaseback vehicles, at the time of investment;
- no more than 25 per cent. of the Net Asset Value will be exposed to subordinated loans, calculated at the time of investment and/or subsequent subordination;
- no more than 10 per cent. 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 per cent. 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 per cent. of the Net Asset Value, calculated at the time of investment;
- no more than 25 per cent. of the Net Asset Value for the first six months after Initial Admission, and no more than 20 per cent. of the Net Asset Value thereafter 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 per cent. of the Net Asset Value will be exposed to any sector other than regional residential housebuilding, small to medium commercial property development and direct sale and leaseback 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. If the Company does decide to introduce gearing it would intend to limit the Company's

borrowings to a maximum of 30 per cent. of the Net Asset Value at the time of drawdown.

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.

For further information regarding TOC Property Backed Lending Trust PLC please call:

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Terms used in this announcement shall have the same meanings given to them in the prospectus of the Company which was published on 12 January 2017 (the "Prospectus") unless the context otherwise requires.

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