Annual Financial Report

TOC PROPERTY BACKED LENDING TRUST PLC

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From:	TOC Property Backed Lending Trust plc
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Date:	30 March 2022
Subject:	Annual Financial Report

CHAIRMAN'S STATEMENT

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 below.

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 in the Investment Adviser's Report below.

It should be noted that although a number of new loans were approved during the year, there is naturally a lag between loan redemptions 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.

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 below.

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 in the Annual 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 in the Annual Report. Any questions received will be replied to by the Company after the AGM.

John Newlands
Chairman

30 March 2022

INVESTMENT ADVISER'S REVIEW

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 towards the end of Q1 2021. The second half of the year was far more positive with the economic journey to a new normal well underway driven by a hot 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 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.

The Company used the year to protect shareholder value, rebalance 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 3.5%.
- 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 twelve.
- 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

Deployment

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.

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 twelve 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. We believe that 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 in the longer term.

Ian McElroy
Tier One Capital Ltd
30 March 2022

THE INVESTMENT PORTFOLIO AS AT 30 NOVEMBER 2021

Sector	% 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

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 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.

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 in the Annual Report (together with the sections of the Annual Report and Accounts incorporated by reference) and the Directors' Report in the Annual Report. 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 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 in the Annual Report, 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
- 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

INCOME STATEMENT

		Year ending 30 November 2021			Year ending 30 November 2020		
	Notes	Revenue £'000	Capital £'000	**Total £'000**	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 of 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

		As at 30 November 2021	As at 30 November 2020
	Notes	£'000	£'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 below form an integral part of the financial statements.

These financial statements 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	Share premium	Special distributable reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'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	Share premium	Special distributable reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'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

		Year ending 30 November 2021	Year ending 30 November 2020
	Notes	£'000	£'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 financial 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.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The disclosures on going concern set out in the Directors' Report within the Annual 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 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 recognized 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.

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 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 within the Annual Report.

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 £'000	30 November 2020 £'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%.

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 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 above.

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 below.

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

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 within the Annual Report. 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 above and the Strategic Report in the Annual Report.

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**

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

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.

For further information regarding the Company (Ticker: PBLT) (LEI: 213800EXPWANYN3NEV68) please call:

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Ian McElroy/Brendan O'Grady	
finnCap Ltd (Financial Adviser and Broker)	+44 (0) 207 220 0500
William Marle	
Maitland Administration Services Limited (Secretary)	+44 (0) 1245 950317

ENDS

Annual Report and Financial Statements

The Annual Report and Financial Statements will be posted to shareholders and will shortly be available on the Company's website (www.tocpropertybackedlendingtrust.co.uk) or in hard copy format from the Company's Registered Office.

A copy of the annual report will be submitted to the FCA's National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

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