Report & Financial Statements

TOC PROPERTY BACKED LENDING TRUST

FOR THE YEAR TO 30 NOVEMBER 2017

Contents

Chairman's Statement

Stephen Coe, Chairman

Introduction

I am pleased to present the Company's Report and Financial Statements for the year to 30 November 2017.

With the dividend declaration of 1.75 pence in respect of the quarter to 28 February 2018 made on 22 February 2018, the Company has commenced payments at 1.75 pence per quarter or 7.0 pence per share per annum of annual dividends. As further funds have been raised and deployed, the Company's book of loans ("the portfolio") has grown to £21.8m and further growth is expected in 2018 as discussed below. Importantly as new loans have been made it has been possible for the Company to take profit shares in the underlying projects and at the date of this report three such loans with related profit shares are in place.

It appears that we are moving into a rising interest rate environment and that will put pressure on consumers and mortgage takers. The Investment Adviser discusses some of the associated issues surrounding this in their review.

Investments

The Company seeks to achieve its investment objective primarily through a diversified portfolio of fixed rate loans secured over UK property and land.

At 30 November 2017 13 loans had been made at an average rate of 8.29% and with an average value of £1.7m. The average time to loan maturity is now 0.95 years. The Company held cash balances of £316,000 at 30 November 2017. The Investment Adviser works to make sure that it maximizes returns by deploying capital from loan repayments and capital raises quickly and effectively.

The Watson & Sons loan of £75,000 had been fully repaid by 30 November 2017, and the Quartztec loan of £443,000 has similarly been fully repaid since the year end. These loans were repaid at carrying value and the capital repaid has already been deployed in new loans.

Interest and repayments are current on all loans in the portfolio and the Board does not consider that any provision is required against loans.

In its review, the Investment Adviser has described the markets in which we operate, which have a markedly regional emphasis, and the typical borrower, and has provided some practical examples so that shareholders and other interested parties can better understand our Company.

Investment Policy

The change in the pattern of investment opportunities that has become apparent over the last year is discussed in the Investment Adviser's review. In response to this change, the Board is refining the investment policy by increasing the proportion of the portfolio that can be exposed to the regional residential housebuilding sector and the small to medium commercial property development sector from 50% to 60%.

Dividends

A maiden dividend of 1.0 pence per share was paid in June 2017. A further dividend of 1.0 pence per share was paid in September 2017, and a dividend of 1.5 pence per share was paid in December 2017. A further dividend of 1.75 pence per share was declared on 22 February 2018 and will be paid on 29 March 2018. It is our intention to continue to pay dividends quarterly, targeting the payment of dividends totaling 7.0 pence per share in respect of the Company's current financial year, which commenced on 1 December 2017, and beyond.

Results

Earnings per share for the year to 30 November 2017 were 4.68 pence per share; this was effectively a 10 month period. The net asset value at 30 November 2017 was 98.11 pence per share, up from 96.11 pence following launch, giving a net asset value total return of 4.2%. The share price total return for the period was 5.5%.

Board Changes

John Newlands joined the Board of the Company on 14 November 2017. John has had more than twenty years of experience in the City, the last ten years of it with Brewin Dolphin Limited as Head of Research: Investment Companies. The experience that he brings has already proved its value and we look forward to that continuing.

Stephen Black is retiring at the conclusion of the forthcoming Annual General Meeting ("AGM") and it is proposed that he be replaced as a non-independent non-executive Director by Ian McElroy, the Managing Director of Tier One Capital Limited, the Company's Investment Adviser. It is intended that Ian McElroy will retire at the AGM in 2019 and that he and Stephen Black should alternate in the role of non-independent non-executive Director. Shareholders will be given the opportunity to vote on the election of the incoming Director each year.

Listing and Fund Raisings

At launch the Company issued 17,300,950 shares at £1 per share. Further funds were raised throughout the year and in December, with six issues, totaling 6,350,866 shares, all issued at £1.00, to satisfy continued investor demand.

Following discussions with existing and potential new shareholders and with the Company's Broker and Financial Adviser, finnCap Limited, the Board has concluded that there continues to be strong interest in and demand for the Company's shares, which continue to trade at a modest premium to net asset value. This is supported by a strong investment pipeline which the Investment Adviser comments on in its report. The Company has shareholder authority to issue up to 4.7m shares and further fundraisings are expected as the year progresses.

Conclusion

Progress to date demonstrates the strength of the Company's investment proposition, and the biggest obstacle it faces is having more opportunities than capital. The Board and Investment Adviser are committed to resolving this issue and believe that future fund raisings will go some considerable way towards accomplishing this.

Our biggest risk in what remain uncertain times is ensuring that our choice of loans and counterparties are correct. Our Investment Adviser operates careful selection processes, regularly monitors all such positions and, importantly, stays close to the borrowers.

As the Investment Adviser reports, there are no shortage of opportunities for your Company, which is providing exactly the sort of finance needed by developers in the regions who struggle to find it elsewhere. We face the future with confidence.

Stephen Coe, Chairman
28th February 2018

Investment Adviser Review

The Company began trading on the London Stock Exchange on 24 January 2017.

ABOUT THE COMPANY

TOC Property Backed Lending Trust Plc (the "Company") was launched in January 2017 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) receiving, in many cases, 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 Shares").

These returns are expected to be delivered through the Investment Adviser's focus on high quality and experienced borrowing teams, a robust and tested credit process and the direct origination of deal flow. The Investment Adviser manages downside risk by focusing on secured debt with both collateral and contractual protection, with investments aimed primarily at secured loans.

The Investment Adviser sees huge value in only providing loan facilities to strong, experienced property teams who can evidence that they have the ability to deliver on a project. Often, these teams are led by individuals with a wealth of experience and a background working within large corporate property developments businesses and have subsequently decided to launch their own regional based property development offering. All loans are directly originated by the Investment Adviser utilising existing networks and relationships, providing further support to the robust credit process.

To further enhance investor returns, the Investment Adviser intends to assist in negotiating profit share arrangements for the benefit of the Company for approximately 80% of future loan advances. This provides the Company with the opportunity to not only benefit from the interest rate created by the secured loan, but to also benefit from any profit generated by the underlying projects.

The Company typically seeks to originate debt where the effective loan to gross development value ratio of any investment is between 40% and 100% at the time of origination. The Company aims to have a blended LTV across the portfolio of around 75% (based on initial valuations at the time of loan origination) once fully invested.

The Investment Adviser is following the Company's investment policy of allocating funds raised predominantly across three specific areas, with set allocation exposures:

- regional residential housebuilding across the UK with a 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 conference venues; and

- direct sale and leaseback vehicles primarily operating in the professional sectors of dentists, accountants, solicitors and finance professionals.

ABOUT THE ADVISER

Tier One Capital Ltd, as Investment Adviser, provides bespoke wealth management and fund management services to high net worth private clients, charities and institutions. The business was founded in March 2012 by Stephen Black and Ian McElroy, each of whom had previously spent many years in the financial services sector working for Barclays Wealth, Kleinwort Benson and Coutts & Co.

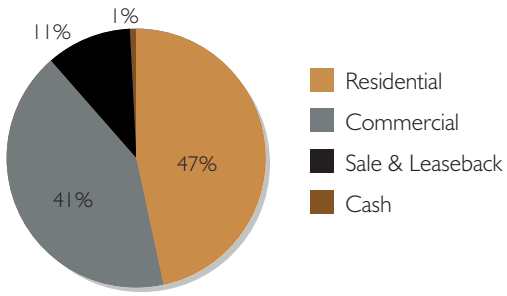
After starting the business with four employees from a small office in Newcastle upon Tyne, Tier One Capital Ltd currently has a team of 14 highly competent individuals as at the end of the financial year. This includes the recent hire of Jess Swindells as managing director, having previously been a partner at Muckle LLP in banking and restructuring. The team has been further strengthened by the hire of Brendan O'Grady as corporate finance director and Paul Crawley as general counsel. Brendan is a chartered accountant and corporate treasurer, having previously worked for Silverfleet Capital Partners LLP and more recently at Gentoo Group Limited. Paul is a solicitor, with over ten years' experience most recently as Head of Commercial and Corporate services at Gordon Brown Law Firm LLP.

The expansion has also included the opening of two new offices, with one in the heart of Mayfair, London, and an international office in Lausanne, Switzerland. The Swiss office will be led by Investment Adviser's chief investment officer, Tristan de Gabiole. The Newcastle based team are planning on relocating to a new state of the art redeveloped Grade II listed building located just outside the city centre in 2019.

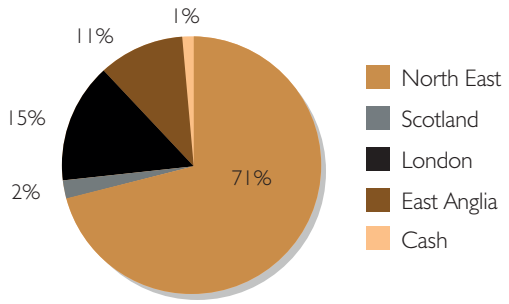
INVESTMENT ADVISORS REPORT
PLACINGS, DEPLOYMENT AND DIVIDENDS

At 30 November 2017, the Company had 13 live facilities, three of which are a profit share arrangement for the benefit of the Company, with the deployment level sitting at £21,782,500. All of the loans in the portfolio are performing as expected with no deterioration in our borrowers' financial standing.

SECTOR ALLOCATION



REGIONAL ALLOCATION



The deployment is broken down as follows:

The Investment Adviser has continued to facilitate an effective deployment program, with another new facility anticipated to go live in March 2018, taking the total number to 14. This new facility is expected to be a profit share arrangement, increasing the number to four within the portfolio.

Pleasingly, the current average interest rate being achieved on the combined loan book is 8.29%, with an average loan size having increased from £1.35m at 31 May 2017 to £1.676m at 30 November 2017. This reflects the natural progression of the Company's strategy of providing larger facilities as the AuM of the trust grows, rather than providing a higher volume of lower value loans.

The graph below shows the quarterly dividend policy.

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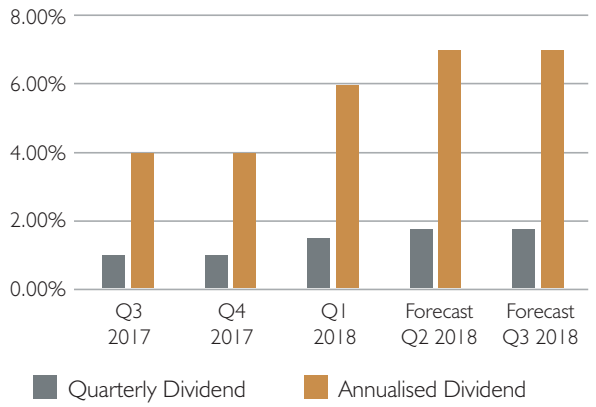
QUARTERLY & ANNUALISED RETURN



PROFIT SHARE PROJECTS

During the year 30 November 2017, three Profit Share loans have deployed. The first was a £2.3m facility to Ryka Developments Limited, an investment company based in Newcastle upon Tyne. The funds were utilised to acquire a student accommodation building in St Hilds, Durham at a net rate of 8% over a 3-year term. The facility has been secured with a first legal charge against the freehold building and the company's bank account. The building has full occupancy and the rents are subject to annual review.

The second facility was a £2m facility to Gatsby Homes Limited, a property development company based in Newcastle upon Tyne. The funds are being utilised to develop 14 residential properties to the north of the city, and have been loaned at a net rate of 10% by the Company over a 2-year term. The facility has been secured with a first legal charge against the land, which has full planning permission, and the company's bank account. This business is led by individuals with a strong property background in the North East, with knowledge and experience of the residential housing market.

The third facility was a £3.265m loan to Bede and Cuthbert Developments Limited, a company led by two very experienced property development consultants. This facility is to be used to develop 20 residential properties 7 miles south west of Newcastle upon Tyne. The facility provides a net interest return of 8% over a two-year term, with security being taken by a senior charge over the land, with full planning permission, and the company's bank account.

The Investment Adviser also has dual signatory status on the bank accounts of the projects, and sits on the board of each borrowing company where we have profit share arrangements to represent the interests of the Company as a minority shareholder.

EXITS

The Company had its first exit in October 2017, following the sale of the investment property managed by Watson & Sons. Watson & Sons is a sale and leaseback vehicle that looks to acquire office, industrial and retail properties with a strong income track record.

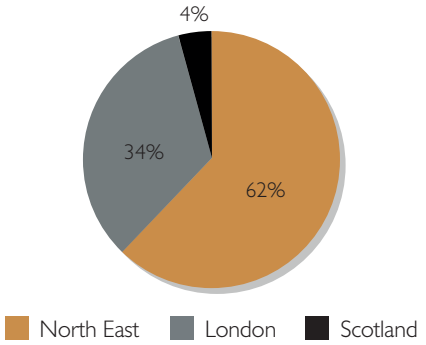
The £75,000 loan, at 6%, was provided to support the acquisition of an office space at St Peters Wharf, Newcastle in May 2016. The facility predated the formation of the Company and was brought into the Company on the date of listing.

Post year end, a second successful exit occurred with the refinance of Quartztec Holdings in January 2018 via traditional finance. The £443,000 loan, at 8%, was provided to support the acquisition of a stable and profitable facility with an established track record in October 2015. The facility also predated the formation of the Company and was brought into the Company on the date of listing. Both projects performed as anticipated and the funds returned have been quickly and efficiently redeployed in other projects.

PIPELINE

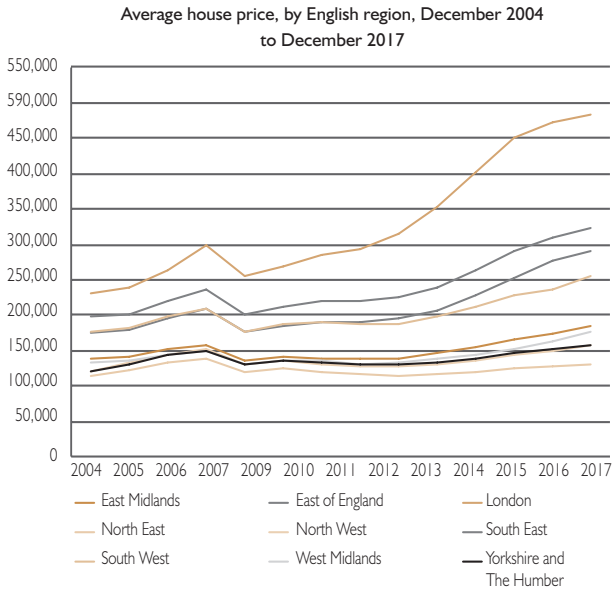
The Investment Adviser continues to see strong deal flow, reflective of the lack of finance options available to developers in the regions. As at the end of the year there was £30.2m of potential funding opportunities across 12 projects split as follows:

REGIONAL ALLOCATION



OUTLOOK

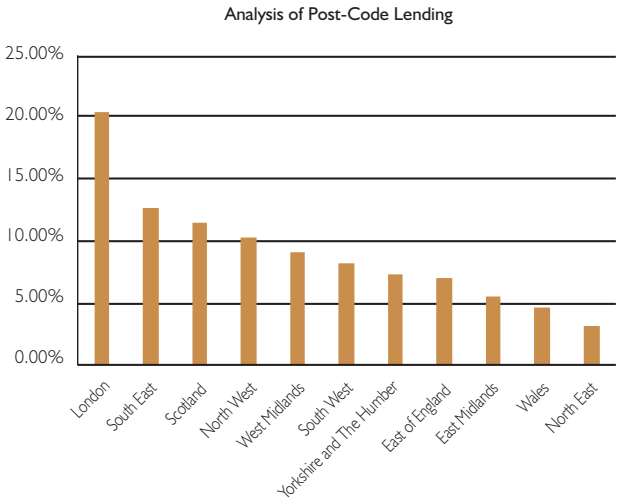
The Investment Adviser continues to see a greater balance of risk and return by providing loan facilities to high quality and experienced property development teams in the regions, as opposed to central London. The current geographical breakdown of the Company's deployment approach shows approximately 72% of the Company's loans being focused in the North East, reflecting the Investment Adviser's commitment to providing facilities based on a relationship led approach. The North-East property market also provides protection against a decline in London property markets, as traditionally the region does not see the boom and bust dynamic created by significantly inflated property prices.



Rightmove house price index for December 2017 now shows the average price for a property in the North East at £146,090 which is an annual increase of 4.7% from 2016. In comparison, the average price for a property in Greater London now stands at £605,203 in December 2017 which is a decrease of 1.8% from December 2016. The North East was also the only region in England and Wales that had positive house price growth month on month (November to December).

Generally, Rightmove believe that house prices will increase due to the overall lack of supply of housing, the lack of existing stock coming to the market (especially in the north) and the cheap mortgage rates. They do however, also see house prices falling due to the stretched levels of affordability in some areas of the country, including London.

While evidence is starting to emerge of a weakening housing market, driven largely by the headwinds of an uncertain economic future from Brexit, a squeeze on household incomes due to rising consumer prices and increased tax levels, the Investment Adviser has seen no slowdown in investment opportunities and potential deal flow, the quality of which has been maintained. This is largely driven by the continued dearth in lending to small regional housebuilders from traditional lenders, a London-centric credit approach from most major lending institutions and a growing reputation in the market for the Company being a solid finance partner for strong, experienced property teams.



The Investment Adviser remains confident of being able to continue to implement the Company's investment policy, and to deliver the level of consistent quarterly income that many UK investors demand.

IAN MCELROY,
TIER ONE CAPITAL LTD

28TH FEBRUARY 2018

Strategic Review

The Directors present their Strategic Report for the year to 30 November 2017.

Investment Objective

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

Investment Policy

The Company seeks 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 a minority equity stake in the relevant borrower project development vehicle.

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

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

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

- Regional residential house building 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.

The Company has the benefit of an associated profit share arrangement with three of the loans as at the year end. These arrangements have been put in place by taking a minority equity stake in the relevant borrower project development vehicle. Each Profit Share is with a particular borrowing team pursuant to which the Company has 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.

Investment risk is spread by observance of detailed investment restrictions concerning loan to value ratios, geographic and sector concentrations.

No one investment can constitute 20% of the net asset value at the time of investment. No more than 20% of the net asset value can be exposed to one borrower.

The Company will not invest in other listed closed-ended investment companies.

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.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material effect on the Company's performance.

The Board of Directors has overall responsibility for risk management and internal control within the context of achieving the Company's objectives. The Board agrees the strategy of the Company taking into consideration the Company's risk appetite. The Company also maintains a risk register to monitor the perceived risks and their mitigation.

The Board has undertaken an assessment of the principal risks facing the Company and has carried out a review of the effectiveness of the internal controls as they operated during the year and up to approval date of this Annual Report. The Board continues to keep the Company's system of risk management and internal controls under review to ensure these principal risks are appropriately managed. These principal risks are described below together with an explanation of how they are mitigated.

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.

Continued

The full impact of Brexit is still unknown. The Company holds 100% of its assets in the United Kingdom. The Board considers there is a risk of a downturn in the UK property market due to the consequences of Brexit.

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 review of quarterly financial information and the compliance with the relevant rules.

VIABILITY STATEMENT

In accordance with the 2016 revision of the UK Corporate Governance Code, the Directors have assessed the viability of the Company over a period longer than the 12 months required by the 'Going Concern' provision (this provision is detailed below). The Board conducted this viability review for a period of three years. The Board considers the Company, with no fixed life, to be a long term investment vehicle but decided this is an appropriate time period over which to report, reflecting the long term objectives of the Company whilst taking into account the impact of uncertainties in the markets.

The Company was recently established. The Board regularly considers a detailed cash flow model which does not indicate any matters which would give concern over the Company's longer term viability. The debt portfolio held by the Company is however not expected to remain unchanged over the longer term. The Investment Adviser is expected to provide new loans and receive repayments, in line with the Company's investment objective and policy, throughout the year. At 30 November 2017 13 loans had been made with an average value of £1.7m and average time to loan maturity of 0.95 years. The longer the time horizon which is considered, the higher the degree of uncertainty over the constituents of the Company's debt portfolio and, on balance, the Board considers that a period of three years is an appropriate length of time over which a detailed sensitivity analysis can be conducted whilst retaining a reasonable level of accuracy regarding forecast interest rate movements.

In making this statement the Board carried out a robust assessment of the principal risks facing the Company. These risks and their mitigations are set out above.

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

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

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

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

GOING CONCERN

The Company does not have a fixed winding-up date and, therefore, unless shareholders vote to wind-up the Company, shareholders will only be able to realise their investment through the market.

In 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 the financial statements.

KEY PERFORMANCE INDICATORS

The below key performance indicators (KPIs) are used by the Board to assess the Company's success in meeting its objectives. The KPIs and related Alternative Performance Measures are described in the Glossary on page 62.

Dividend Yield

The Board targets a 7% annualised dividend yield based on the 100p launch price whilst ensuring the Company does not retain more than 15% of its income, thus complying with s1158 CTA 2010 and keeping investment trust status.

Based on the 1.75p dividend for the quarter to 28 February 2018 declared on 22 February 2018, the prospective annualised dividend yield is 7% based on the 100p launch price.

Net Asset Value Total Return (NAV total return)

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

Since listing in January 2017, the Company has seen a NAV total return of 4.2% (including launch costs) as at 30 November 2017.

On going charges

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

The ongoing charges ratio as at 30 November 2017 was 2.58%.

Discount / premium to NAV

The Board monitors the level of the Company's premium/discount to NAV.

The annualized average premium to the NAV for the Company is 4.8%.

Continued

Quartztec

SOCIAL COMMUNITY, HUMAN RIGHTS, EMPLOYEE RESPONSIBILITIES AND ENVIRONMENTAL POLICY

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

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

As an investment company with its current structure the Company has no direct social, community, employee or environmental responsibilities of its own.

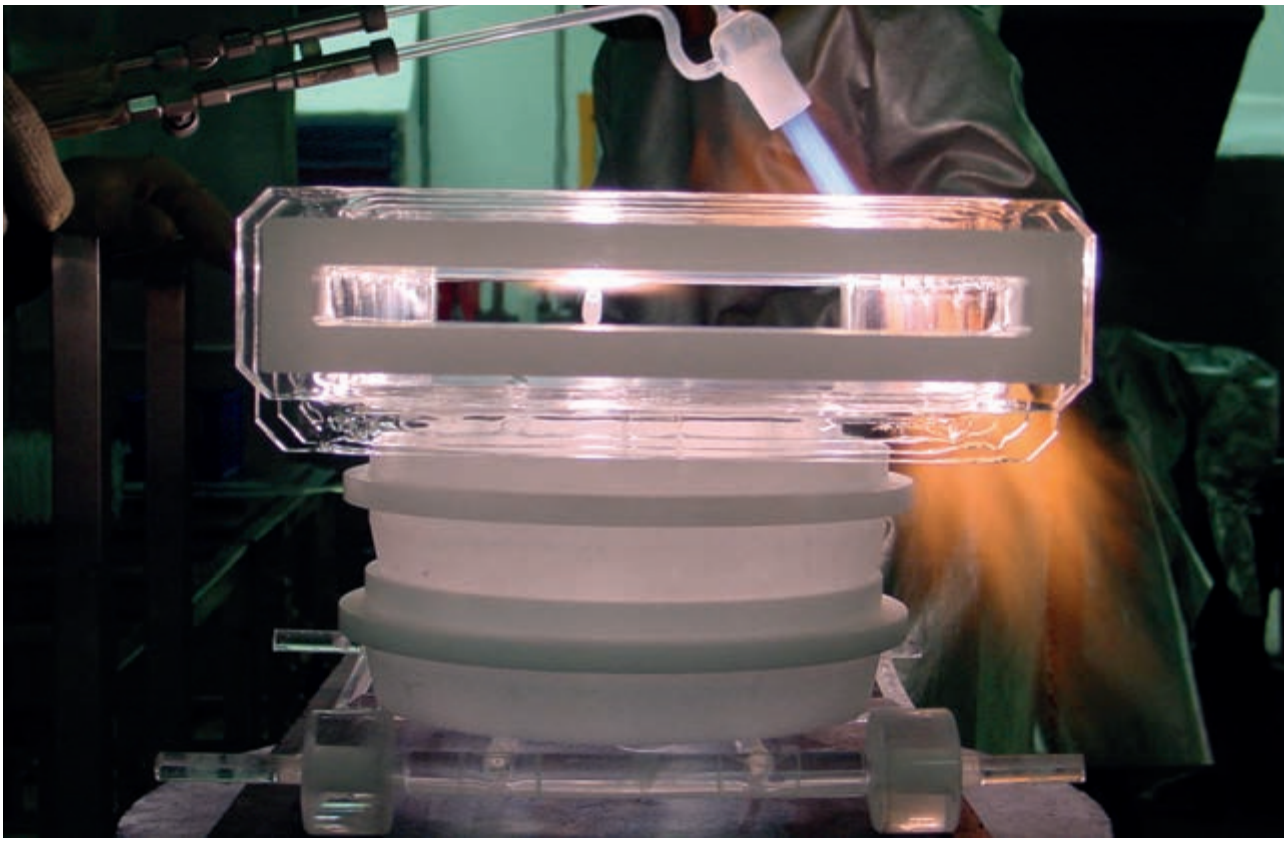
The Company has no greenhouse gas emissions to report from its operations for the year ended 30 November 2017 nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within the underlying investment portfolio).

At 30 November 2017 there were five male Directors. The Company has no employees and is not required to report further on gender diversity.

On behalf of the Board

STEPHEN COE, CHAIRMAN
28TH FEBRUARY 2018

Directors' Report



Quartztec

The Directors present their Report and Financial Statements of the Company for the year to 30 November 2017.

RESULTS

The results for the year are set out in the attached financial statements.

FUTURE DEVELOPMENTS

Details of likely future developments of the Company are discussed in the Strategic Report on pages 10 to 14.

CORPORATE GOVERNANCE

The Statement of Corporate Governance is set out on pages 19 to 21 and forms part of this Report.

PRINCIPAL ACTIVITY AND STATUS

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

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

SHARE CAPITAL

During the year to 30 November 2017, following listing on 24 January 2017, 22,693,559 shares were issued. Details of these transactions are shown in note 12 on page 50. Following the year end, further issues have taken place with the current number of shares in issue being 23,651,816.

GOING CONCERN

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

Continued

operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

Biographical details of the Directors can be found following on pages 22 and 23.

All of the Directors are non-executive and, save for Stephen Black, are independent of the Investment Adviser and the other service providers. Ian McElroy resigned in 19 December 2016. Ian McElroy will be standing for election at the upcoming AGM to replace Stephen Black.

John Newlands was appointed to the Board on 14 November 2017.

INVESTMENT MANAGER

The Company has appointed R&H Fund Services (Jersey) Limited to act 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.

INVESTMENT ADVISER

The AIFM has appointed Tier One Capital Limited 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.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

The Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules):

NUMBER OF SHARES		%*	%**
Mr B Thompson	2,125,000	9.36	8.98
Preston Transport Ltd	1,700,000	7.49	7.19

*Based on 22,693,559 ordinary shares in issue as at 30 November 2017.

** Based on 23,651,816 ordinary shares in issue as at signing date.

The Company has not been notified of any changes in respect of the above holdings, and no new holdings have been notified, since the year end.

DIRECTORS' REMUNERATION POLICY AND REPORT

It is mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote, resolution 2 seeks to approve the Directors' Remuneration Report. The Directors' Remuneration Policy was approved at the annual general meeting in June 2017. It is intended that this policy will continue from that date for a period of three years up to the annual general meeting in 2020.

CONTINUATION VOTE

In accordance with the Articles of Association, an ordinary resolution will be proposed at the fifth Annual General Meeting to continue the Company as an investment company, and at each third annual general meeting thereafter.

DIVIDEND POLICY

Subject to market conditions and the Company's performance, financial position and financial outlook it is the Directors' intention to pay an attractive level of dividend income to Shareholders on a quarterly basis. Whilst not forming part of the investment policy, the Company is targeting the payment of dividends at a net yield of 7% per annum on the 100p issue price of the shares at the Company's launch. The Company intends to continue to pay all dividends as interim dividends. Resolution 3 seeks to approve this dividend policy.

The Company intends 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 CTA 2010.

AUTHORITY TO MAKE MARKET PURCHASES OF ORDINARY SHARES

Given the Company is currently in an investment phase, it is unlikely that the Directors will buy back any ordinary shares in the short term. Thereafter any buy-back of ordinary shares will be subject to the Companies Act 2006 (as amended), the Listing Rules and within guidelines established by the Board from time to time (which take into account the income and cash flow requirements of the Company). Resolution 8 will be proposed as a special resolution and seeks to provide the Directors with the authority to purchase up to 3,545,407 ordinary shares or, if less, the number representing approximately 14.99 per cent. of the Company's ordinary shares in issue at the date of the passing of resolution 8. The Company may either cancel any ordinary shares it purchases under this authority or hold them in treasury. This authority will expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution unless it is previously renewed, varied or revoked.

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

AUDITOR

The Independent Auditor's Report can be found on pages 31 to 37. Moore Stephens has indicated its willingness to continue in office with the Company and a resolution will be proposed at the Annual General Meeting to appoint it (resolution 7).

STATEMENT REGARDING THE REPORT AND FINANCIAL STATEMENTS

Following a detailed review of the Report and Financial Statements by the Audit Committee, the Directors consider that taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The post balance sheet events of the Company are described in detail in Note 16.

RECOMMENDATION

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

Accordingly, the Directors unanimously recommend that shareholders should vote in favour of the resolutions, as they intend to in respect of their own beneficial shareholders amounting to 124,400 ordinary shares.

On Behalf of the Board

STEPHEN COE, CHAIRMAN
28TH FEBRUARY 2018

Statement of Corporate Governance

Commerce Chambers

STATEMENT OF CORPORATE GOVERNANCE

During the period to 30 November 2016, the Company was not trading and had no specific corporate governance policies. Since that time, the Board has considered the principles set out in the UK Corporate Governance Code and the Association of Investment Companies Code of Corporate Governance (the "AIC Code"). The Company is a member of the Association of Investment Companies. The Company now adheres to the principles and recommendations of the AIC Code and complies with the provisions of the UK Corporate Governance Code other than those relating to:

- The role of the Chief Executive;
- The appointment of a senior independent director;
- Executive directors' remuneration; and
- The need for an internal audit function.

The Board considers the above provisions are not relevant to the Company due to its size. All of the Company's day to day administrative functions are outsourced to third parties, resulting in no requirement for a Chief Executive or executive directors. Given the size and composition of the Board, the Company has also decided not to nominate a senior independent director.

INDEPENDENCE

The Board consists of three independent non-executive Directors and a non-executive Chairman. They are considered by the Board to be independent of the Investment Manager and the Investment Adviser. Stephen Black and Ian McElroy are considered not to be independent on the basis of their role at the Investment Adviser. Ian McElroy resigned from the Board on 19 December 2016.

THE BOARD

At incorporation the Board consisted of Stephen Black and Ian McElroy. On 19 December 2016, Ian McElroy resigned from the Board and Stephen Coe, Matthew Harris and Douglas Noble were appointed.

On 14 November 2017, John Newlands was appointed to the Board. Neither an external consultancy nor open advertising was used in this appointment. Stephen Black will resign at the upcoming Annual General Meeting. Ian McElroy will stand for election in his place.

Continued

Further information on the Directors and their experience is disclosed on pages 22 and 23.

New Directors receive an induction from the Company Secretary and Administrator on joining the Board, and all Directors receive other relevant training as necessary.

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

The Company has no executive Directors or employees. A management agreement between the Company and its Investment Adviser sets out the matters over which the Investment Adviser has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing and corporate governance procedures, are reserved for the approval of the Board.

Directors have attended Board and Committee meetings during the year ended 30 November 2017 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board	Audit
S Coe	3 (3)	1 (1)
M Harris	3 (3)	1 (1)
J Newlands	- (-)	- (-)
D Noble	3 (3)	1 (1)
S Black	3 (3)	1 (1)

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

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

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

MANAGEMENT APPOINTMENT, RE-ELECTION AND REMUNERATION OF DIRECTORS

Directors are selected and appointed by the Board as a whole functioning as a nomination committee. It is chaired by Stephen Coe. There is no separate nomination committee as the Board is considered small relative to listed trading companies. The Directors are therefore responsible for reviewing the size, structure and skills of the Board and considering whether any changes are required or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board.

The Articles require that Directors submit themselves for re-election at least every three years. In addition, the Board has agreed that any Director with more than nine years' service will be required to stand for re-election at each annual general meeting.

For the purposes of assessing compliance with the UK Corporate Governance Code, the Board considers all of the Directors, except Stephen Black, as independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Stephen Black has agreed to waive his director fee, for so long as he has interest in the Company's investment adviser.

POLICY ON DIRECTORS' REMUNERATION

The Company's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, the time commitment required, and be fair and comparable with that of other similar companies. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed

to oversee the Company properly and to reflect its specific circumstances. It is intended that this policy applies following the Annual General Meeting held in June 2017 and will continue up to the Annual General Meeting to be held in 2020.

The fees for the Directors are determined within the limit set out in the Company's Articles of Association. The present limit is an aggregate of £400,000 per annum and may not be changed without seeking shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options long-term incentive schemes or other benefits.

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

BOARD AND DIRECTORS' PERFORMANCE APPRAISAL

The performance of the Board committees and individual Directors will be evaluated through an assessment process, led by the Chairman. The performance of the Chairman will be evaluated by the other Directors.

THE AUDIT COMMITTEE

Matthew Harris is the chairman of the Company's audit committee which comprises all independent directors. In discharging its responsibilities the audit committee reviews the annual and half yearly accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor. It is also the forum through which the auditor reports to the Board. The Audit Committee is expected to meet at least twice a year. The independence of the auditor will be reviewed by the audit committee, which will also review the terms under which the external auditor is appointed to perform non-audit services. The audit committee will review the scope and results of the audit and its cost effectiveness.

THE MANAGEMENT ENGAGEMENT COMMITTEE

Stephen Coe is the chairman of the Company's management engagement committee which comprises the full Board. The management engagement committee reviews the appropriateness of the Investment Adviser's continuing appointment, together with the terms and conditions thereof on a regular basis.

DIVERSITY

The Board believes in the benefits of having a diverse range of skills and backgrounds, and the need to have a balance of experience, independence, diversity, including gender, and knowledge of the Company on its Board of Directors. All appointments will continue to be based on merit and therefore the Board is unwilling to commit to numerical diversity targets.

RELATIONS WITH SHAREHOLDERS

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

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

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

On Behalf of the Board

MAITLAND ADMINISTRATION SERVICES (SCOTLAND) LIMITED
28TH FEBRUARY 2018

Board of Directors

Stephen Coe
Non-executive chairman

Stephen is currently director (and chairman of the audit committee) of Raven Russia Limited, South African Property Opportunities PLC, Leaf Clean Energy Company, Weiss Korean Opportunities Fund Limited and Trinity Capital PLC. He has been involved with investment funds and managers since 1990 with significant exposure to property, debt, emerging markets and private equity investments. He qualified as a Chartered Accountant with Price Waterhouse Bristol in 1990 and remained in audit practice, specialising in financial services, until 1997. From 1997 to 2003 he was a director of the Bachmann Group of fiduciary companies and Managing Director of Bachmann Fund Administration Limited, a specialist third party fund administration company. From 2003 to 2006 Stephen was a director with Investec in Guernsey and Managing Director of Investec Trust (Guernsey) Limited and Investec Administration Services Limited.

He became self-employed in August 2006 providing services to financial services clients.

Shareholding as at 30 November 2016: nil ordinary shares.
Shareholding as at 30 November 2017: 30,000 ordinary shares.

Stephen Black
Non-independent non-executive director

Stephen leads the Tier One Capital lending team having previously worked as a Credit Specialist at Barclays Wealth. He held senior roles at Kleinwort Benson and Coutts & Co, as well as spending time at Harvard University on the Real Estate Management Programme before launching Tier One Capital as an independent high net worth investment and lending boutique. Stephen holds a Law Degree, MBA with Distinction and is currently studying towards the first PhD in Structured Products in the UK. Stephen has extensive experience in evaluating, structuring and funding credit projects and corporate finance opportunities of all sizes on behalf of major organisations as well as regularly engaging in high net worth deals in both the private client and corporate space.

Shareholding as at 30 November 2016: nil ordinary shares.
Shareholding as at 30 November 2017: 30,800 ordinary shares.

Douglas Noble
Independent non-executive director

Douglas has over 25 years' private banking experience. He is currently Senior Adviser to Weatherbys Private Bank and sits on Banks Scottish Advisory Board. Previous to this he has held Senior Executive roles in the Banking Industry including the Scottish Head of Private Banking for Barclays, Adam & Company and HBOS. He also launched Bank of Scotland's first ever private banking operation. Douglas holds a law degree from Dundee University, as well as achieving the PCIAM and IMC from the CFA. He is a member of the Chartered Institute of Bankers, Scotland and holds to Chartered Banker status.

Shareholding as at 30 November 2016: nil ordinary shares. Shareholding as at 30 November 2017: 8,600 ordinary shares.

Matthew Harris
Independent non-executive director and audit chairman

Matt is a Chartered Accountant and an experienced M&A professional, who is a specialist in providing financial due diligence to Private Equity buyers and sellers. Matt was a partner at FTI Consulting (a US based, NASDAQ listed consulting firm), and prior to that was a partner in the Private Equity Group at KPMG, and began his career and qualified with Arthur Andersen. Matt has led due diligence on transactions across Europe and around the world, focusing on large and mid-sized transactions, and has led relationships with London and European based Private Equity funds. Matt has a Bachelor's degree in Economics and Finance from Auckland University, and an MBA from Manchester Business School.

Shareholding as at 30 November 2016: nil ordinary shares. Shareholding as at 30 November 2017: 50,000 ordinary shares.

John Newlands
Independent non-executive director

John has served more than twenty years in the City, having left the Royal Navy in 1995. The last ten years were spent with Brewin Dolphin Limited as Head of Investment Companies Research. He was a member of the Association of Investment Companies Statistics' Committee from 2000 to 2017. He has an MBA from Edinburgh University Business School and is a Chartered Electrical Engineer. He has written three books about financial history, the most recent charts the history of Aberdeen Asset Management.

Shareholding as at 30 November 2016: nil ordinary shares. Shareholding as at 30 November 2017: 5,000 ordinary shares.

Directors' Remuneration Report

Remuneration Committee

Under the UK Listing Rules, where an investment company has only non-executive directors, the Governance Code principles relating to directors' remuneration do not apply. The full Board may act as the Remuneration Committee.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is shown below.

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting.

Policy on Directors' Remuneration

The Company's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, the time commitment required, and be fair and comparable with that of other similar companies. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. It is intended that this policy applies following the Annual General Meeting held in June 2017 and will continue up to the Annual General Meeting in 2020.

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

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

The Company's Articles of Association provide that Directors shall not remain in office for longer than three years without submitting themselves for re-election.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

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

DATES OF APPOINTMENT

The terms of Directors' appointments provide that Directors should retire and be subject to re-election at the first Annual General Meeting after their appointment. Directors are obliged to retire by rotation, and may offer themselves for re-election by shareholders at least every three years after that. Directors with a tenure of 9 years or over will retire and seek re-election annually. There is no notice period and no provision for compensation upon early termination of appointment.

Director	Date of Appointment	Due date for re-election
S Coe	19 Dec 2016	AGM 2018
M Harris	19 Dec 2016	AGM 2020
D Noble	19 Dec 2016	AGM 2020
J Newlands	14 Nov 2017	AGM 2018
S Black	19 Dec 2016	n/a

ANNUAL REPORT ON DIRECTORS' REMUNERATION

The Directors who served in the year received the below fees following listing on 24 January 2017:

	2017	2016
S Coe (Chairman)	£25,692	-
M Harris	£25,692	-
D Noble	£25,692	-
J Newlands	£1,500	-
S Black	-	-
Total	£78,576	-

Each director, except for Stephen Black, earns £30,000 annually.

RELATIVE IMPORTANCE ON SPEND ON PAY

The table below sets out in respect of the financial year ended 30 November 2017 and the preceding financial period:

a) the remuneration paid to Directors; and

b) the distribution made to shareholders by way of interest dividend

	2017	2016
Total remuneration	£78,576	-
Dividend	£433,084	-
Expenses	£355,086	-

Directors' fees as a percentage of:

	2017 %	2016 %
Dividend	18.14	-
Expenses	22.13	-

DIRECTORS' INTERESTS

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

	At 30 November 2017 Ordinary shares
S Coe	30,000
M Harris	50,000
D Noble	8,600
J Newlands	5,000
S Black	30,800

There has been no change in the ordinary share holdings of the Directors between 30 November 2017 and signing date.

COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to

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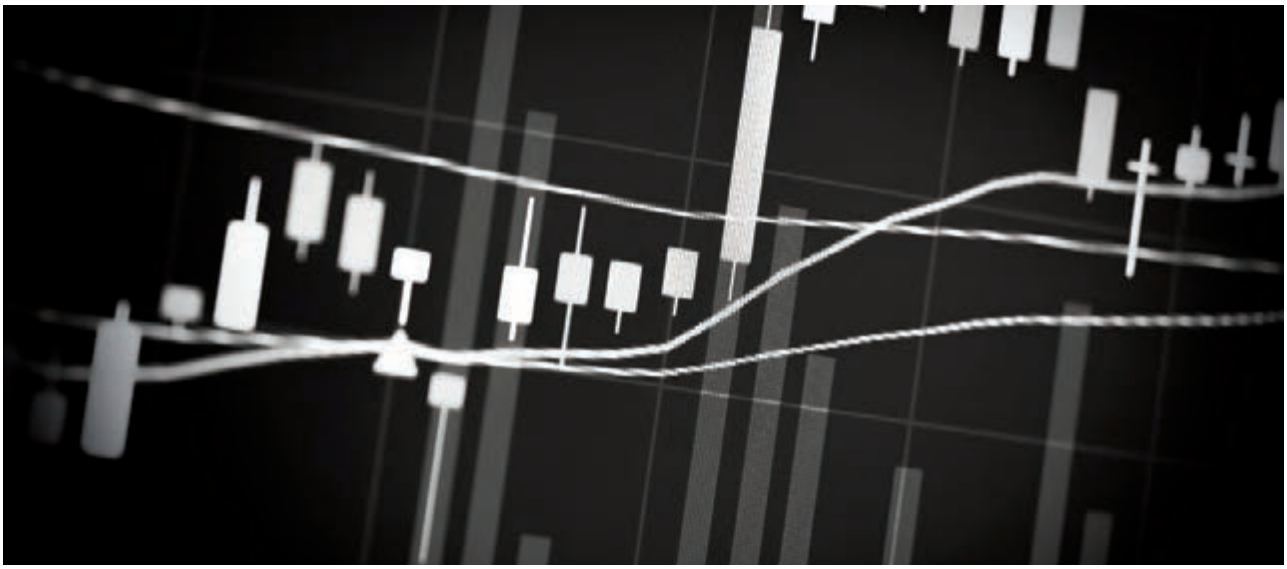
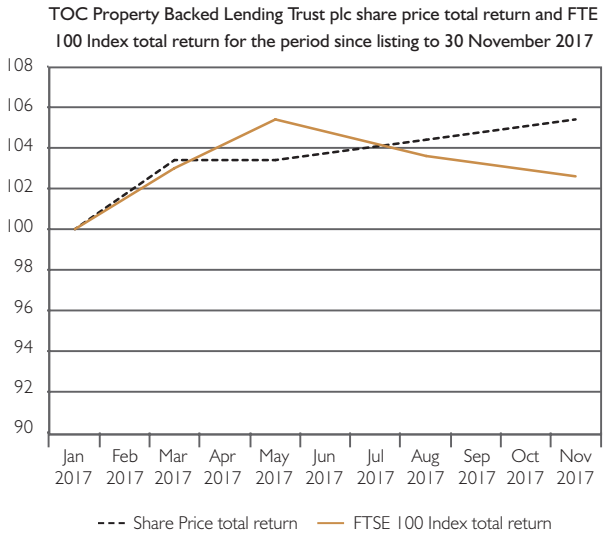


the Investment Adviser through the investment adviser agreement, as referred to in the Directors' Report on page 16.

The graph below illustrates the total shareholder return for a holding in the Company's shares as compared to the FTSE 100 for the period from listing to 30 November 2017. The Company considers this to be an appropriate index against which to measure the Company's performance, in the absence of a meaningful benchmark index.



VOTING AT AGM

At the Company's last Annual General Meeting, held on 28 June 2017, shareholders approved the Directors' Remuneration Policy Report in respect of the period ended 30 November 2016. 100% of the votes cast were in favour of this resolution.

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to an advisory shareholders vote at the forthcoming Annual General Meeting.

APPROVAL

The Directors' Remuneration Report on pages 24 to 26 was approved by the Board of Directors and signed on its behalf on 28 February 2018.

STEPHEN COE, CHAIRMAN
28TH FEBRUARY 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and Financial Statements, in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the EU.

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 IFRS as adopted by the EU.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they present a fair, balanced and understandable report and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

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, as adopted by the EU, have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 its 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.

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

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.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Company;
- in the opinion of the Directors, the Report and Financial Statements 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.
- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On Behalf of the Board

Stephen Coe, Chairman
28th February 2018

Report of the Audit Committee

Composition of the Audit Committee

An Audit Committee has been established with written terms of reference and comprises four non-executive Directors, M Harris (Chairman), S Coe, D Noble and J Newlands.

The Audit Committee members have recent and relevant financial experience. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis and are available on request.

Role of the Audit Committee

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

- To review and monitor the internal control systems and risk management systems on which the Company is reliant;
- To consider annually whether there is a need for the Company to have its own internal audit function;
- To monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager, the Investment Adviser, the Company Secretary and the Administrator;
- To meet with the external Auditor, Moore Stephens LLP ("MS") to review their proposed audit programme of work and their findings. The Board shall also use this as an opportunity to assess the effectiveness of the audit process;
- To make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor;
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification; and
- To consider and approve all non-audit services.

Annual Report and Financial Statements

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

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

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

AUDITOR

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved MS's plan for the audit of the financial statements for the year ended 30 November 2017. At the conclusion of the audit MS did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. MS issued an unqualified audit report which is included on pages 31 to 37.

It has been agreed that all non-audit work to be carried out by MS must be approved in advance by the Audit Committee. MS carried out non-audit work in their role as reporting accountants leading up to the publication of the prospectus and listing of the Company in January 2017. The cost in relation to this work was £186k.

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

Following professional guidelines, the audit partner will rotate after five years. The current audit partner is in the first year of his appointment. MS have been auditors of the Company since the first year end 30 November 2016. Fees paid this year and the prior period are disclosed on page 47 of the Notes to the Financial Statements.

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

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

In order to address these risks the Company have appointed an Investment Manager with clearly defined contracts and any breaches of these, or any law or regulation to Company is required to comply with, are reported to the Board. The loan book and its value is reviewed on a quarterly basis and verified by the Investment Manager. A full portfolio is prepared for each Board meeting, including a detailed update on development works, collateral given and loan to value ratios, which is actively commented on and discussed by the Directors.

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

INTERNAL CONTROLS

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

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating

Continued

the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

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

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

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

At its February 2018 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 November 2017 by considering documentation from the Investment Adviser, the Company Secretary and Administrator, and taking account of events since 30 November 2017. The results of the assessment were then reported to the Board at the next Board meeting.

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

The principal risks and uncertainties affecting the Company are disclosed on page 11.

Matthew Harris
Chairman of Audit Committee
28th February 2018

Independent Auditor's Report

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

OPINION

We have audited the financial statements of TOC Property Backed Lending Trust Plc for the year ended 30 November 2017 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 30 November 2017 and of its profit for the period then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

USE OF OUR REPORT

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our

Continued

audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 11 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 12 in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 15 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 12 in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

KEY AUDIT MATTERS

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

Valuation of the loan portfolio

The primary purpose of the company is to generate income from making loans to finance property developments and small commercial businesses. As such a key issue for the company is the recoverability of these loans and whether an impairment should be recognised. For properties under development there is an inherent uncertainty over the realisable value of the completed properties and of the final costs to develop the properties, and this in turn represents a risk to the ultimate repayment of the loan.

The assessment as to whether a loan is impaired involves a significant degree of management judgement, which increases audit risk.

Our audit work included the following procedures:

- reviewing the underlying loan agreements to ensure that the terms have been properly reflected in the financial statements;
- reviewing documentation relating to the transfer of loans into the company in exchange for shares on listing, as well as the directors' assessment of the fair value of these loans at that date;
- reviewing evidence of drawdowns and repayments, as well as evidence of collection of interest due;
- reviewing the Investment Adviser's assessment on a loan by loan basis as to whether each loan is considered recoverable, the reasons for this assessment and reviewing supporting documentation;
- reviewing the type and level of security that has been put in place in relation to each loan. This included checking that rights to security have been properly registered and reviewing the basis of loan to value calculations;
- where security has been obtained in the form of a building or development land, the Company has instructed a RICS registered surveyor to undertake a valuation. For the majority of the portfolio these valuations were obtained at or near the period end date. We have reviewed these valuations and performed an assessment of the independence, objectivity, competence, capabilities of the valuer and of the assumptions which they have used. We also held a discussion with the primary surveyor to better understand their internal processes relating to independence and quality control and the valuation approach undertaken for each project or property;
- for those loans relating to projects under development, we reviewed the gross development value as assessed by the valuer against the expected development costs to determine if a project is likely to generate sufficient returns to repay the loan. We also considered the sensitivity of these returns to changes in sales prices and development costs and obtained quantity surveyor reports to assess the level of expected development costs. For completed developments we obtained direct confirmation from the sales agent of property sales made and reviewed for evidence of price discounting;
- for a selection of the properties and property developments, we conducted a site visit.

We did not identify any material issues in the performance of the above noted procedures.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, and in evaluating the effect of misstatements and omissions on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the level of misstatement, including omissions that could influence the economic decisions of a reasonably knowledgeable user of the financial statements.

We determined materiality for the financial statements as a whole to be £224,000 which was determined by reference to a benchmark of approximately 1% of total assets. Total assets is considered the most appropriate benchmark given that the company's principal activity is to make loans and to generate returns from these loans. A lower level of materiality was used when performing testing of items that have an impact on profit. This lower level was set at £45,000, being based on a benchmark of approximately 5% of profit before tax.

An overview of the scope of our audit

The scope of our audit encompassed the company only.

As part of planning our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. As part of this assessment we allocate performance materiality to determine our audit scope for the company.

OTHER INFORMATION

The other information comprises the information included in the annual report set out on pages 4 to 30 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information; we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 27** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 28 to 30** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee / the explanation as to why the annual report does not include a section describing the work of the audit committee is materially inconsistent with our knowledge obtained in the audit; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on**

pages 19 to 21 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- The information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine

is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

The objective of our audit, in relation to fraud include identifying and assessing the risks of material misstatements due to fraud, obtaining sufficient appropriate audit evidence regarding the assessed risk of material misstatements due to fraud, designing and implementing appropriate responses and responding appropriately to any fraud or suspected fraud identified during the audit. The primary responsibility for the prevention and detection of fraud does however rest with those charged with governance.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the AIC Corporate Governance Code and sections 1158 and 1159 of the Corporation Taxes Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of documented processes.
- Based on the above, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of the reporting to Directors with reference to the above noted processes, and a review of the financial statements to ensure compliance with the reporting requirements of the Company.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud may occur by assessing the key risks impacting the financial statements. We identified a fraud risk in respect of the assessment of the impairment of loans. Further discussion regarding our approach is discussed above in the key audit matters section.

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

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed as initial auditors by the Directors on 10 January 2017, and following the recommendation of the Directors, we were re-appointed by the members on 28 June 2017 to audit the financial statements for the year ending 30 November 2017 and subsequent financial periods.

The period of total uninterrupted engagement is 2 years, covering the years ending 30 November 2016 and 30 November 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Timothy West
Senior Statutory Auditor
For and on behalf of Moore Stephens LLP Statutory Auditor
150 Aldersgate Street, London EC1A 4AB
28th February 2018

Statement of Comprehensive Income

	Notes	Year to 30 November 2017 Revenue £'000	Capital £'000	Total £'000	Period from incorporation on 27 September 2016 to 30 November 2016 Revenue £'000	Capital £'000	Total £'000
Revenue							
Investment interest	2	1,347	-	1,347	-	-	-
Total revenue		1,347	-	1,347	-	-	-
Unrealised gain on investments		-	-	-	-	-	-
Total income		1,347	-	1,347	-	-	-
Expenditure							
Investment adviser fee	3	-	-	-	-	-	-
Other expenses	4	(326)	(108)	(434)	-	-	-
Total expenditure		(326)	(108)	(434)	-	-	-
Profit before finance costs and taxation		1,021	(108)	913	-	-	-
Net finance costs							
Interest receivable		-	-	-	-	-	-
Profit before taxation		1,021	(108)	913	-	-	-
Taxation	5	(48)		(48)	-	-	-
Profit for the year/period		973	(108)	865	-	-	-
Total comprehensive profit for the year/period					-	-	-
Basic earnings per share	7	4.68p	(0.48)p	4.16p	-	-	-

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.

The Company did not trade during the period from incorporation on 27 September 2016 to 30 November 2016. The Company received no income and incurred no expenditure in this period and therefore did not make a profit or loss.

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

Statement of Financial Position

	Notes	As at 30 November 2017 £'000	As at 30 November 2016 £'000
Non-current assets			
Investments held at fair value	8	-	-
Loans at amortised cost	9	10,783	-
		10,783	-
Current assets			
Loans at amortised cost	9	10,999	-
Other receivables and prepayments	10	299	50
Cash and cash equivalents		316	-
		11,614	-
Total assets		22,397	50
Current liabilities			
Other payables and accrued expenses	11	(131)	-
Total liabilities		(131)	-
Net assets		22,266	50
Share capital and reserves			
Share capital	12	227	50
Share premium	13	5,152	-
Special distributable reserve	13	16,455	-
Revenue reserve	13	540	-
Capital reserve	13	(108)	-
Equity shareholders' funds		22,266	50
Net asset value per ordinary share		98.11p	100.00p

The notes on pages 42 to 54 form an integral part of the financial statements.

The financial statements on pages 38 to 54 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 28 February 2018. They were signed on its behalf by:

Stephen Coe
Chairman

Statement of Changes in Equity

For the year ending 30 November 2017	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At beginning of the period						
Total comprehensive income for the period:	50	-	-	-	-	50
Profit for the period	-	-	-	(108)	973	865
Transactions with owners recognised directly in equity:						
Cancellation of launch management shares	(50)	-	-	-	-	(50)
Cancellation of launch share premium	-	(16,455)	16,455	-	-	-
Ordinary shares issued	227	22,467	-	-	-	22,694
Share issue costs	-	(860)	-	-	-	(860)
Dividends paid	-	-	-	-	(433)	(433)
At 30 November 2017	227	5,152	16,455	(108)	540	22,266

For the period from incorporation on 27 September 2016 to 30 November 2016	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At beginning of the period						
Total comprehensive income for the period:	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-
Transactions with owners recognised directly in equity:						
Ordinary shares issued	-	-	-	-	-	-
Management shares issued	50	-	-	-	-	50
At 30 November 2016	50	-	-	-	-	50

Cash Flow Statement

	Notes	Year ending 30 November 2017 £'000	Period from incorporation on 27 September 2016 to 30 November 2016 £'000
Operating activities			
Profit after taxation		865	-
Increase in other receivables		(249)	-
Increase in other payables		131	-
Net cash inflow from operating activities before interest and after taxation		747	-
Interest paid		-	-
Net cash inflow from operating activities		747	-
Investing activities			
Loans given		(11,806)	-
Loans repaid		1,625	-
Net cash outflow from investing activities		(10,181)	-
Financing			
Issue of ordinary shares	12	10,233	-
Equity dividends paid		(433)	-
Cancellation of management shares		(50)	-
Net cash inflow from financing		9,750	-
Increase in cash and cash equivalents		316	-
Cash and cash equivalents at the start of the year / period		-	-
Cashflow		316	-
Cash and cash equivalents at the end of the year /period		316	-

The Company did not trade during the period from incorporation on 27 September 2016 to 30 November 2016, consequently there were no comparative cash flows.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). 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 November 2014 and updated in January 2017), where this guidance is consistent with IFRS.

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

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

The Directors consider that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in preparing the Company's financial statements.

SEGMENTAL REPORTING

The 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 and joint venture equity contracts. The Company derived revenue totalling £686k where the amounts from four individual borrowers each exceeded more than 10% of the Company's revenue. The individual amounts received were £147k, £244k, £146k and £149k.

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

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

The Company owns 25.1% profit share holdings in relation to three of the borrowers in place as at the year end. These investments held have been designated at fair value through profit or loss. The determination of what constitutes fair value requires critical judgement. See note 8 for details on fair value.

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES – LOANS AT AMORTISED COST:

The Company accounts for its loans at amortised cost using the effective interest rate method less impairment provisions. The determination of whether there requires to be an impairment adjustment requires critical judgement.

GOING CONCERN

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, a period not less than twelve months from the date of this report. Further detail is contained in the Strategic Report on page 13.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of this report, the following amendments to Standards were assessed to be relevant and are effective for annual periods beginning on or after 1 December 2017:

IFRS 9 – 'Financial Instruments' specifies how an entity should classify and measure financial assets and liabilities. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. The standard applies a consistent approach to classifying financial assets and replaces the many categories of financial assets contained within IAS 39. IFRS 9 divides all financial assets into three classifications – those measured at amortised cost, and those measured at fair value, and those measured at fair value through Other Comprehensive Income. Specifically, under IFRS 9 loans and receivables can be measured at amortised cost only if the objective of the entity is to hold the financial asset to collect contractual cash flows and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. IFRS 9 also requires expected credit losses to be recognised in contrast to IAS 39 which only recognises incurred credit losses. Each loan is currently considered on an individual basis and there are no expected credit losses; given this the Directors do not, at this time, expect the implementation of IFRS 9 to have a material effect on the financial statements of the Company.

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,

Continued

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 on-going basis the Investment Adviser assesses whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that that event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

EXPENSES

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

DIVIDENDS TO SHAREHOLDERS

Dividends are accounted for in the period in which they are paid, except for dividends requiring shareholder approval which will be recognised when approved by shareholders.

TAXATION

Taxation on the profit or loss for the period comprises current and deferred tax. Taxation is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

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

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 tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Financial assets and financial liabilities at fair value through profit or loss This category consists of the investments in the profit share equity contracts.

Investments in the profit share equity contracts are initially recognised at nil cost. The fair value of the contracts is monitored and reviewed quarterly using recognised valuation techniques.

Purchases and sales of financial assets are recognised on the trade date, the date which the Company commits to purchase or sell the assets and are derecognised when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all risks and rewards of ownership. Transaction costs for financial assets are expensed. Gains and losses arising from changes in the fair value of the financial instruments are included in the profit or loss in the period in which they arise.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are recognised at transaction price when the funds are advanced to borrowers. Where there is no transaction price such as with the initial loan portfolio at launch, the loans are recognized at fair value in exchange for share capital. Loans and receivables are carried at amortised cost

using the effective interest rate method less provisions for impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts, including fees paid, through the expected life of the loans to the net carrying amount on initial recognition.

IMPAIRMENT

In evaluating the portfolio and estimating impairment, the Company takes into consideration numerous factors, including economic conditions, inflation figures, property markets and any prior loss experience and the management's estimation of credit losses. Such evaluation, which includes a review of all loans on which full collectability may not be reasonably assured, also considers amongst other matters, the estimated net realisable value of the fair value of the underlying collateral and any other factors that warrant recognition.

If there is evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated cash flows discounted at the asset's original effective interest rate. The resultant provisions are deducted from the asset value in the Statement of Financial Position. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised, the provision is adjusted and the amount of the reversal is recognised in the Statement of Comprehensive Income.

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 investments 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.

OTHER RECEIVABLES

Other receivables do not carry interest and are short-term in nature. They are initially stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts, if deemed appropriate. 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 investments held at the year end

Continued

REVENUE RESERVE

The net profit / (loss) arising in the revenue column of the Statement of Comprehensive Income 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.

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.

There have been no changes in the capital management objectives and policies or the nature of the capital managed during the year.

2. INCOME

	30 November 2017	30 November 2016
	£'000	£'000
Interest from loans	1,347	-
Total income	1,347	-

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

INVESTMENT MANAGER

The Company has appointed R&H Fund Services (Jersey) Limited to act 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 £15,000 accrued for the Investment Manager for the year to 30 November 2017 (£nil period from incorporation to 30 November 2016).

INVESTMENT ADVISER

The AIFM has appointed Tier One Capital Limited 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. The Investment Adviser has agreed (unless otherwise decided by the Board) to waive its fee until the Net Asset Value is at least £50 million.

There are no performance fees payable.

4. OPERATING EXPENSES

	30 November 2017		30 November 2016	
	Revenue	Capital	Revenue	Capital
	£'000	£'000	£'000	£'000
Legal & professional	5	108	-	-
Directors fees	79	-	-	-
Audit fees	62	-	-	-
Fund Administration and Company Secretarial	61	-	-	-
Brokers fees	26	-	-	-
Other expenses	93	-	-	-
Total other expenses	326	108	-	-

All expenses are inclusive of VAT where applicable. Further details on Directors' fees can be found in the Directors' Remuneration Report on page 25.

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 2017	30 November 2016
	£'000	£'000
Current corporation tax at 19.33%	48	-
Deferred taxation	-	-
Tax on profit on ordinary activities	48	-

Reconciliation of tax charge

Profit on ordinary activities before taxation	913	-
Taxation at standard corporation tax rate (19.33%)	176	-
Effects of:		
Expenses not deductible for tax purposes	21	-
Interest distributions	(149)	-
Tax charge for the year / period	48	-

6. ORDINARY DIVIDENDS

	Pence per share	30 November 2017 £'000	30 November 2016 £'000
Interim dividend for the period from 24 January 2017 to 31 May 2017	1.0	213	-
Interim dividend for the quarter ended 31 August 2017	1.0	220	-
Total dividends paid during the year		433	-
Interim dividend for the quarter ended 30 November 2017	1.5	340	-
Total dividend declared in relation to the year		773	-

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of interest distribution. On 30 November 2017, the Company declared an interim dividend of 1.5 pence per share for the quarter ended 30 November 2017, payable on 29 December 2017.

7. EARNINGS PER SHARE

The revenue, capital and total return per ordinary share is based on each of the profit after tax and on 20,784,826 ordinary shares, being the weighted average number of ordinary shares in issue throughout the year.

The Company did not trade throughout the period to 30 November 2016 except for the issuance of initial share capital. Consequently, there were no earnings attributable to each ordinary share at that time.

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% of the following companies:

Bede and Cuthberts Development Ltd

Gatsby Homes Ltd

Ryka Developments Ltd

The valuation of these assets requires critical judgement. As at the year end date, no development monies had been spent on the Gatsby site and only a small amount had been spent on ground works at the Bede and Cuthbert site. The projects remain at a very early stage and no equity value could currently be expected to be recovered should they not complete. This is expected to change over the coming months. In respect of Ryka Developments, the fair value of the profit share has been determined at nil pending a possible re-financing of the facility on improved terms. As the projects move closer to completion, the Board and Investment Adviser will utilise financial and market data to judge the fair value of the profit shares.

IFRS 13 requires the Company to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

- Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities.
- 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.
- 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 investments are considered Level 3. There have been no movements between levels during the year.

9. LOANS AT AMORTISED COST

	30 November 2017 £'000	30 November 2016 £'000
Opening balance	-	-
Loans advanced at launch	11,601	-
Loans deployed	11,806	-
Principal repayments	(1,625)	-
Total loans at amortised cost	21,782	-
Split:		
Non-current assets: Loans due for repayment after one year	10,783	-
Current assets: Loans due for repayment under one year	10,999	-

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. As at 30 November 2017 the Board agreed, after consideration of the economic climate, the loan to value ratios and prior credit loss experience of the borrowers, that there is no requirement for impairment.

10. RECEIVABLES

	30 November 2017 £'000	30 November 2016 £'000
Prepayments	11	-
Loan interest receivable	288	-
Total receivables	299	-

11. OTHER PAYABLES

	30 November 2017 £'000	30 November 2016 £'000
Accruals	83	-
Taxation payable	48	-
Total other payables	131	-

12. SHARE CAPITAL

	Nominal value £'000	Number of Ordinary shares of 1p	Number of Management shares of £1
At 30 November 2016	-	1	50,000
Management shares cancelled on listing			(50,000)
Issue 24 January 2017	173	17,300,949	
Issue 9 March 2017	16	1,600,000	
Issue 6 April 2017	11	1,072,000	
Issue 11 May 2017	14	1,372,900	
Issue 19 July 2017	6	616,661	
Issue 17 October 2017	7	731,048	
Issued and fully paid as at 30 November 2017	227	22,693,559	-

Of the initial launch issue on 24 January 2017, a loan portfolio of £11,601,000 was received as a consideration for 11,601,000 shares.

On 11 December 2017 a further 958,257 shares were issued at 100p under the share issuance programme.

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).

13. RESERVES

	Share premium	Special distributable reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000
At 30 November 2016	-	-	-	-	-
Profit for the year	-	-	(108)	973	865
Share issues	22,467	-	-	-	22,467
Share issue costs	(860)	-	-	-	(860)
Cancellation of share premium	(16,455)	16,455	-	-	-
Dividend paid	-	-	-	(433)	(433)
At 30 November 2017	5,152	16,455	(108)	540	22,039

Following the approval of the Court and the subsequent registration of the Court order with the Registrar of Companies on 30 March 2017, the share premium cancellation was effective. Share premium of £16,454,963 (after deduction of initial launch costs amounting to £672,977) was transferred to a special distributable reserve.

14. 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 £79k fees for their services during the year (30 November 2016: £nil) £nil was payable at the year end.

Stephen Black and Ian McElroy are shareholders and have control of Tier One Capital Ltd. During the prior period, the Company issued 50,000 management shares and one ordinary share to Tier One Capital Ltd, the Investment Adviser. On admission to trading on the main market of the London Stock Exchange in January 2017, the management shares were redeemed and Tier One Capital Ltd was no longer the parent of the company. Tier One Capital Ltd received no fees during the year and £nil was payable at the year end.

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

- **Quartztec**

  Stephen Black and Ian McElroy were directors of Quartztec Holdings Limited. Tier One Capital Investments Ltd owned 25.1% of Quartztec Holdings Limited. The loan amount outstanding as at 30 November 2017 was £0.44m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £0.44m. (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £0.006m (30 November 2016; £nil). Interest received during the year amounted to £0.024m (30 November 2016: £nil). This project was fully repaid post year end.

- **Pendower Hall**

  Stephen Black and Ian McElroy are directors of Pendower Hall Ltd. Pendower Hall Ltd is 100%

Continued

owned by Inperpetuity Ltd. Inperpetuity Ltd is 100% owned by Stephen Black, Ian McElroy and their respective spouses. The loan amount outstanding as at 30 November 2017 was £1.232m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £1.232m (30 November 2016; £nil). Interest due to be received as at 30 November 2017 was £0.021m (30 November 2016: £nil). Interest received during the year amounted to £0.081m (30 November 2016: £nil).

- **Commerce Chambers**

  Stephen Black and Ian McElroy are directors of Commerce Chambers Ltd. Commerce Chambers Ltd is 100% owned by Inperpetuity Ltd. Inperpetuity Ltd is 100% owned by Stephen Black, Ian McElroy and their respective spouses. The loan amount outstanding as at 30 November 2017 was £1.505m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £1.505m (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £0.020m (30 November 2016: £nil). Interest received during the year amounted to £0.08m (30 November 2016: £nil).

- **Rare Earth Medburn**

  Stephen Black and Ian McElroy are directors of Rare Earth Medburn Ltd. Rare Earth Medburn Ltd is 100% owned by Inperpetuity Ltd. Inperpetuity Ltd is 100% owned by Stephen Black, Ian McElroy and their respective spouses. The loan amount outstanding as at 30 November 2017 was £1.630m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £1.630m (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £0.022m (30 November 2016: £nil). Interest received during the year amounted to £0.080m (30 November 2016: £nil).

- **Thursby Homes**

  Tier One Capital Ltd owns 25.1% of Thursby Homes Ltd. T1C Nominees Ltd is a director of Thursby Homes Ltd. T1C Nominees Ltd is owned by Stephen Black and Ian McElroy who are directors. The loan amount outstanding as at 30 November 2017 was £1.943m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £1.943m (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £0.027m (30 November 2016: £nil). Interest received during the year amounted to £0.100m (30 November 2016: £nil).

- **Watson & Sons**

  Tier One Capital Ltd owns 25.1% of the borrower, Watson and Sons Holdings Ltd. Stephen Black and Ian McElroy are directors of Watson and Sons Holdings Ltd. The loan amount outstanding as at 30 November 2017 was £nil (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £0.075m (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £nil (30 November 2016: £nil). Interest received during the year amounted to £0.003m (30 November 2016: £nil)..

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

- **Ryka**

  TOC Property Backed Lending Trust plc owns 25.1% of the borrower Ryka Developments Ltd. Stephen Black is a director of Ryka Developments Ltd. The loan amount outstanding as at 30 November 2017 was £2.300m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £2.300m (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £0.031m (30 November 2016: £nil). Interest received during the year amounted to £0.118m (30 November 2016: £nil).

- **Gatsby Homes**

  TOC Property Backed Lending Trust plc owns 25.1% of the borrower Gatsby Homes Ltd. T1C

Nominees Ltd is a director of Gatsby Homes Ltd. T1C Nominees Ltd is owned by Stephen Black and Ian McElroy who are directors. The loan amount outstanding as at 30 November 2017 was £0.750m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £0.750m (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £0.011m (30 November 2016: £nil). Interest received during the year amounted to £0.021m (30 November 2016: £nil).

- **Bede and Cuthbert Developments**

  TOC Property Backed Lending Trust plc owns 25.1% of the borrower Bede and Cuthbert Developments Ltd. Stephen Black and Ian McElroy are directors of Bede and Cuthbert Developments Ltd. The loan amount outstanding as at 30 November 2017 was £1.000m (30 November 2016; £nil). Transactions in relation to loans made during the year amounted to £1.000m (30 November 2016: £nil). Interest due to be received as at 30 November 2017 was £0.009m (30 November 2016: £nil). Interest received during the year amounted to £0.011m (30 November 2016: £nil).

15. 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 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. 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 no financial assets which were either past due or considered impaired at 30 November 2017 (30 November 2016: £nil).

All of the Company's cash is be 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.

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 will comprise fixed rate loans. These loans in which the Company invests are not traded in an organised public market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments 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.

INTEREST RATE RISK

Some of the Company's financial instruments will be interest-bearing. As a consequence, the Company will be exposed to interest rate risk due to fluctuations in the prevailing market rate.

The fair value of financial assets and liabilities is not materially different from their carrying value in the financial statements.

When the Company retains cash balances, they will ordinarily be held on interest-bearing deposit accounts. The Company's policy is to hold cash in variable rate or short term fixed rate bank accounts. Exposure varies throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management policies.

MARKET PRICE RISK

The management of market price risk is part of the investment management process. The portfolio is managed with an awareness of the effects of adverse valuation movements through loan impairment and continuing analysis, with an objective of maximising overall returns to shareholders. The likelihood of impairment is inherently difficult to value due to the individual nature of each loan and underlying property. As a result, valuations are subject to uncertainty. Such risk is minimised through the appointment of external property valuers.

While the valuations of the Profit Shares will be in compliance with IFRS on the basis of market value in accordance with the International Private Equity and Venture Capital Valuation Guidelines, they will be difficult to value accurately and will rely on information being provided to the Company from the joint venture vehicle. There can be no assurance that the values of the Profit Shares reported by the Company from time to time will in fact be realised.

16. POST BALANCE SHEET EVENTS

- On 11 December 2017, a placing of 958,257 new ordinary shares took place raising £0.958 million.
- On 29 December 2017, a dividend of 1.50 pence per ordinary share was paid.
- On 29 January 2018, Quartztec Holdings repaid its loan in full to the amount of £443k.
- On 22 February 2018, a dividend of 1.75p was declared with an xd date of 1 March 2018, record date of 2 March 2018 and a payment date of 29 March 2018.

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting ("AGM") of TOC Property Backed Lending Trust PLC (the "Company") will be held at Tier One Capital, Keel House, Garth Heads, Newcastle-upon-Tyne, NE1 2JE on 18 April 2018 at 11 a.m. for the purposes of considering and, if thought fit, passing the resolutions below. Resolutions 1 to 7 (inclusive) will be proposed as ordinary resolutions and resolutions 8 and 9 (inclusive) will be proposed as special resolutions.

Ordinary Business

Ordinary Resolutions

1. To receive the Company's annual report and accounts for the financial year ended 30 November 2017 (the "Annual Report and Accounts"), together with the directors' report and the auditors' report on those accounts.
2. To approve the directors' remuneration report (excluding the directors' remuneration policy) for the year ended 30 November 2017 set out on pages 24 to 26 of the Annual Report and Accounts.
3. To approve the dividend policy of the Company.
4. To re-elect Stephen Coe as a Director of the Company.
5. To elect John Newlands as a Director of the Company.
6. To elect Ian McElroy as a Director of the Company.
7. To re-appoint Moore Stephens LLP as the Company's auditor and to authorise the Directors to determine the remuneration of the auditors.

Special Business

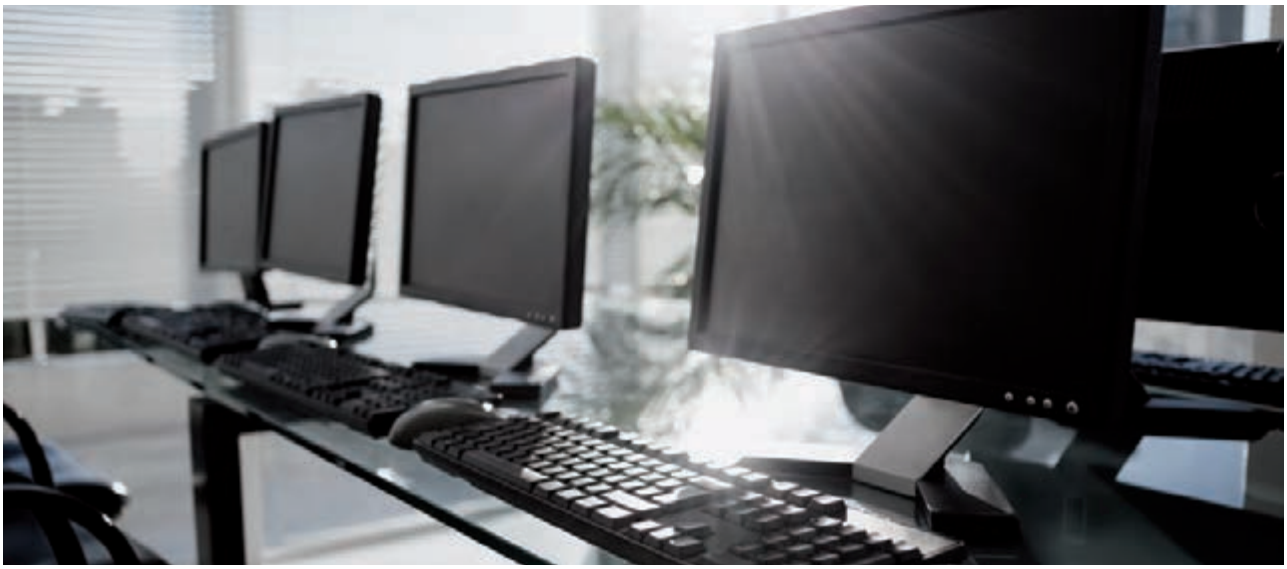
8. That the Company be authorised generally and unconditionally, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of £0.01 each ("Ordinary Shares") provided that:
   a. the maximum number of Ordinary Shares authorised to be purchased is 3,545,407;
   b. the minimum price which may be paid for an Ordinary Share is £0.01; and
   c. the maximum price which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market value of the Ordinary Shares for the five business days before the purchase is made; or (ii) the higher of the last independent trade and the highest current independent bid for Ordinary Shares.

   The authority conferred by this resolution will expire on the earlier of the conclusion of the next annual general meeting of the Company and 15 months from the passing of this resolution save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.
9. That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board
Maitland Administration Services (Scotland) Limited
Company Secretary

Registered office:
Keel House, Garth Heads
Newcastle-upon-Tyne NE1 2JE
28th February 2018

Notes



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

Only shareholders on the Register of Members (the "Register") at close of business on 16 April 2018 are entitled to attend and/or vote at the AGM in respect of the number of Ordinary Shares registered in their name at such time. In the event of any adjournment of the AGM, the time by which a person must be entered on the Register in order to have the right to attend and vote at the adjourned AGM is close of business. 48 hours (excluding non-business days) before the time of the adjourned meeting. Such shareholders can vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the Register shall be disregarded in determining rights to attend and vote.

(i) Shareholders have the right to attend, speak and vote at the AGM and will be asked to sign an attendance sheet on arrival at the meeting.

(ii) A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the AGM, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.

(iii) To appoint a proxy you may use the Form of Proxy enclosed with this notice. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY delivered by hand during office hours only to the same address to be received as soon as possible and in any event by not later than 11 a.m. on 16 April 2018. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

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

(v) Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Act (a "Nominated Person") should note that the provisions in note (ii) above concerning the appointment of a proxy or proxies to attend

the AGM in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the AGM.

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

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

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

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

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

(xi) If the Chairman, as a result of any proxy appointments, is given discretion as to how the

Continued

votes of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that she has a notifiable obligation under the Disclosure Guidelines and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidelines and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

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

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

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

(xv) Where a shareholder or shareholders wishes to request the Company to publish audit concerns in accordance with note (xiii) above, such request must be made by either sending: (a) a hard copy request which is signed by the relevant shareholder or shareholders, states such persons' full name(s) and address(es) and sent to the Company Secretary, Maitland Administration Services (Scotland) Limited; or (b) a request which states the shareholder or shareholders' full name and address(es), and sent by email to Martin.Cassels@maitlandgroup.co.uk. Please state "TOC AGM" in the subject line of the e-mail.

(xvi) Further information regarding the AGM which the Company is required by section 311A of the Act to publish on a website in

advance of the AGM can be accessed at www.tocpropertybackedlendingtrust.co.uk.

(xvii) As at 1 March 2018 (being the latest practicable date prior to the printing of this notice) the Company's issued share capital consisted of 23,651,816 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 18 April 2018 are 23,651,816.

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

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

EXPLANATION OF CERTAIN RESOLUTIONS

Resolutions 1 to 7 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 8 and 9 (inclusive) are to be proposed as special resolutions. This means that for the resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolutions.

1. Resolution 1 – The Directors are required to present the accounts, Directors' report and auditor's report to the meeting.
2. Resolution 2 – The Directors' are required to present the directors' remuneration report to the meeting. This vote is advisory and the Directors' entitlement to receive remuneration is not conditional on it.
3. Resolutions 3 to 6 (inclusive) – Stephen Coe, who retires in accordance with Article 93.1 of the Articles of Association (the "Articles"), and being eligible to do so offers himself for re-election as a Director. John Newlands and Ian McElroy, who each retire in accordance with Article 93.2 of the Articles, and being eligible to do so each offer themselves for election as a Director. [Biographical details of all directors standing for election or re-election at the AGM can be found on pages 22 and 23 of the Annual Report and Accounts.]
4. Resolutions 7 At each meeting at which the Company's accounts are presented to its shareholders, the Company is required to appoint

Continued

an auditor and seek shareholder consent for the Directors to set the remuneration of the auditors.

5. Resolution 8 – The Directors are requesting authority for the Company to make market purchases of Ordinary Shares up to a maximum nominal amount of £35,454 (representing 14.99 per cent. of the issued Ordinary Share capital of the Company as at 1 March 2018 (the latest practicable date prior to the publication of this document)). There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Directors (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Directors, and not at the option of shareholders. Subject to shareholder authority for the proposed repurchases, general purchases of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

6. Resolution 9 – The Act provides that the notice period required for general meetings of the Company must be at least 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days (annual general meetings will continue to be held on at least 21 clear days' notice). This resolution seeks shareholder approval to hold general meetings after giving notice of 14 or more clear days. The approval will be effective until the next annual general meeting, when it is intended that a similar resolution will be proposed. The Act provides that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Shareholder Information

Share Register Enquiries

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

Share Capital and Net Asset Value Information

Ordinary £0.01 Shares	23,651,816
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 0131 550 3766 and are also available on the Company's website www.tocpropertybackedlendingtrust.co.uk.

Provisional Financial Calendar

18 April 2018	Annual General Meeting
31 March 2018	Payment of interim dividend
31 May 2018	Interim period end
30 June 2018	Payment of interim dividend
31 August 2018	Interim period end results
30 September 2018	Payment of interim dividend
30 November 2018	Year end
31 December 2018	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 on pages 42 to 46 divided by the number of shares in issue. This is the number disclosed at the foot of the Statement of Financial Position on page 39.

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

Stephen Coe
Chairman – (appointed 19 December 2016)

Matthew Harris
Audit chairman – (appointed 19 December 2016)

Douglas Noble
(appointed 19 December 2016)

John Newlands
(appointed 14 November 2017)

Stephen Black
(appointed 19 December 2016)

Ian McElroy
(resigned 19 December 2016)

Registered Office

Keel House
Garth Heads
Newcastle-upon-Tyne NE1 2JE

Investment Adviser

Tier One Capital Ltd
Keel House
Garth Heads
Newcastle-upon-Tyne NE1 2JE

Broker and Financial Adviser

finnCap Ltd
60 New Broad Street
London EC2M 1JJ

Solicitor

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

AIFM

R&H Fund Services (Jersey) Limited
Ordnance House
31 Pier Road St Helier
Jersey JE4 8PW

Administrator and Secretary

Maitland Administration Services (Scotland) Limited
(formerly R&H Fund Services Limited)
20 Forth Street
Edinburgh EH1 3LH

Auditors

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Registrar

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

Website

www.tocpropertybackedlendingtrust.co.uk

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LENDING TRUST