

PLANETREE LIMITED

Annual Report and Financial statements

For the period from 3 March 2019 to 29 February 2020

Company registration number: 11270606

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

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PLANETREE LIMITED

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Officers and professional advisors

Directors	Mark Filer L.D.C. Securitisation Director No.1 Limited L.D.C. Securitisation Director No.2 Limited
Secretary	Law Debenture Corporate Services Limited
Company number	11270606
Registered office	8 th Floor, 100 Bishopsgate, London, EC2N 4AG
Auditors	KPMG LLP, One St Peter's Square, Manchester, M2 3AE
Bankers	HSBC Bank Plc, 8 Canada Square London, E14 5HQ

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

Strategic report

The directors present their strategic report for Planetree Limited (the "Company") for the period from 3 March 2020 to 29 February 2020. The comparative period is for the period from incorporation on 22 March 2018 to 2 March 2019.

Section 172(1) of the companies Act 2016

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- with reference to subsection (a) concerning the likely consequences of any decision in the long term: the Transaction Documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit.
- the matters set out in subsections (b)-(f) have limited or no relevance to the Company and therefore they are not strategically important.

General company information

The Company was incorporated in England and Wales on 22 March 2018 as a Private Company limited by shares, with the registered number of 11270606. As this is its first accounting period there are no comparative figures.

Principal activities and review of business

The principal activity of the Company is that of a securitisation vehicle.

On 17 April 2018 the Company entered into a receivables Sales Agreement, to allow it to finance and acquire certain receivables originated by JD Williams and Company Limited ("J.D. Williams"). The purchase of the receivables was financed by the issue of Variable Funding Notes (the "Notes") which are listed on the International Stock Exchange ("TISE").

The Notes are limited recourse in nature and repayment is restricted to the income receivable by the Company on the underlying receivables acquired. The Notes are secured against the right, title and interest in the receivables with The Law Debenture Trust Corporation Plc acting as Security Trustee. All payments made by the Company are subject to a payment waterfall as set out in the transaction documents. HSBC Bank Plc is the facility agent and cash manager.

Details of the Notes held at period end were as follows:

Programme limit	Notes in issue at period end	Interest base rate	Margin	Commitment fee	Final maturity date
£500,000,000	£422,133,250	Sterling LIBOR	2% per annum	0.85% of undrawn amount	17 April 2027

As part of the transaction the Company has entered into a servicing agreement with J.D. Williams to service and administer the underlying receivables for which they receive a servicing fee.

Legal ownership of the receivables acquired under the transaction fails the recognition criteria because J.D. Williams retains all the risks and rewards of ownership. It is entitled to any residual cash flows after payment of all other expenses of the Company. Accordingly, the beneficial interest in the receivables is recognised as a deemed loan to J.D. Williams in the Company's financial statements and the receivables remain on the balance sheet of J.D. Williams.

On 8 May 2019 the Company entered into an interest rate cap with HSBC Bank plc to help manage the interest rate risk with an effective date from 7 June 2019.

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

Strategic report (continued)

Principal activities and review of business (continued)

On 16 August 2019 GIFS Capital Company LLC transferred their Senior Note Purchase Commitment of £175,000,000 to Natwest Markets plc.

On 11 December 2019 the transaction documentation was amended to reflect the addition of a mezzanine note into the structure which could then be issued by the Company.

On 20 December 2019 Regency Asset DAC transferred their Senior Note Purchase Commitment of £325,000,000 to HSBC Bank plc.

Performance in the period

The Company paid out £524,890,482 (2019: £198,631,000) deferred consideration to JD Williams after payment of all Company expenses and £43,844,000 (2019: £26,406,000) was accrued at period end.

Future outlook

The Company intends to continue with its receivables securitisation programme.

The UK exited the European Union (Brexit) on 31st January 2020. It was expected the Company may face some risks from the impact of Brexit however thus far there has been no noticeable difference on the collections income received from underlying mortgages, leading us to conclude that Brexit has had minimal impact upon the company.

The COVID-19 pandemic emerging in March 2020 also poses a potential threat to the business. It could result in some borrowers of the underlying receivables losing their jobs and defaulting on their obligations and this will in turn reduce the cash flows that the Company will receive on the deemed loan. The impact of this has been hard to quantify up to the beginning of 2021 given the continued government support that has been provided to mortgage holders in the UK throughout the pandemic (payment holidays, furlough scheme). This support has somewhat diluted the economic shock of the pandemic and as such there has not been a noticeable effect on income from the underlying receivables. In any case however any further impact will not necessarily affect the Company's ability to continue as a going concern due to the limited recourse nature of the transaction.

Financial risk management

The main risks that could affect the Company's ability to continue as a going concern are credit risk, liquidity risk, market risk, and capital management risk. These include the correct and timely receipt of profit and principal on the deemed loan.

Credit risk management

Credit risk is the risk that the Company will not be able to repay the respective Note holders as a result of J.D. Williams not being able to meet its obligations on the deemed loan as they fall due.

The major asset of the Company is a deemed loan to J.D. Williams. The recoverability of the deemed loan is linked to the performance of the underlying receivables and therefore, the directors assess the performance of the receivables for credit risk.

The underlying receivables are required to adhere to specific lending criteria and are subject to regular reviews by J.D. Williams (the originator and servicer of the receivables) to ensure credit risks are identified on a timely basis and losses are minimised. The servicer also produces weekly portfolio performance reports which are reviewed by management.

Financial statements for the period from 3 March 2019 to 29 February 2020

Strategic report (continued)

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient resources to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Company's position. All payments are made in strict order using a payment waterfall set out in the transaction documents. The funding raised by the Company is limited recourse in nature which means that it is only obliged to pay amounts falling due to the extent that it has received income from the receivables underlying the deemed loan. The Company also maintains a reserve fund which can be utilised in case of a liquidity shortfall.

Market risk management

Market risk is the risk of reductions in earnings and/or value, from unfavourable market movements. The Company manages market risk by matching interest rates for assets and liabilities.

Capital risk management

The Company considers its capital to comprise of its share capital plus retained profits. The Company's objectives when maintaining capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to Note holders and shareholders.

Key performance indicators (KPIs)

The recoverability of the Company's deemed loan is linked to the performance of the underlying receivables and therefore the net profit and performance of the underlying receivables are key performance indicators. The servicer produces weekly servicer reports that contain a range of data on the performance of the receivables portfolio including payment arrears and restructured receivables. There are no alternative performance measures used.

Approved and signed on behalf of the board:



Mark Filer

Director

22nd February 2021

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

Directors' Report

The directors present their report and the audited financial statements of the Company for the period from 3 March 2019 to 29 February 2020. The comparative period is for the period from incorporation on 22 March 2018 to 2 March 2019.

Results and dividends

Under the terms of the securitisation transaction, the Company is entitled to a pre-determined retained profit of £750 per annum. The profit before tax for the period ended 29 February 2020 amounted to £750 (period ended 2 March 2019 £606). The Company paid no dividends during the current or prior period and the directors do not recommend a final dividend.

Directors

The directors of the Company who were in office during the period and for the period up to the date of signing the financial statements were:

Mark Filer

L.D.C. Securitisation Director No.1 Limited

L.D.C. Securitisation Director No.2 Limited

None of the directors who held office during the period and up to the date of this report held any beneficial interest in the share capital of the Company and nor did they have any material contract or arrangement with the Company.

The directors received no emoluments in respect of their services to the Company during the current or prior period.

The Company had no employees during the current or prior period.

Future outlook

See strategic report.

Financial risk management

See strategic report.

Going concern

Due to the way in which the transaction underlying the sole purpose of the Company has been structured, the Company is only required to repay the funding to the extent that it receives income from the receivables underlying the deemed loan.

After reviewing the latest performance of the underlying receivables, and discussing the outlook with J.D. Williams, the directors are satisfied that the Company will have adequate resources to continue in business for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Financial statements for the period from 3 March 2019 to 29 February 2020

Directors' Report (continued)

Events after the reporting date

Since 29 February 2020, the Covid-19 pandemic has meant that economic conditions in the UK have deteriorated and the continued government-imposed lockdown conditions have effectively shut down many industries and sectors. The impact of this has been hard to quantify up to the beginning of 2021 given the continued government support that has been provided to mortgage holders in the UK throughout the pandemic (payment holidays, furlough scheme). This support has somewhat diluted the economic shock of the pandemic and as such there has not been a noticeable effect on income of the company from the underlying mortgage receivables. Furthermore, there is expectation of an economic recovery in the second half of 2021 in the UK given the rollout of the COVID-19 vaccine. This is yet to be seen however in any case any further impact will not necessarily affect the Company's ability to continue as a going concern due to the limited recourse nature of the transaction.

On 14 May 2020 the Company entered into a side letter agreement to make certain commercial amendments in relation to Covid-19. The business model of has been, and will continue to be, appropriately adjusted to reflect the level of risk in the economy by J.D. Williams. On 25 August 2020 the Company redeemed all of the outstanding Senior Notes held by HSBC Bank plc and issued new Senior Notes of equivalent value to HSBC UK Bank plc.

Following the year end, the facility in place with HSBC UK Bank plc was extended to last until December 2023.

Directors' indemnities

The directors are provided by Law Debenture Corporate Services Limited under a Corporate Services Agreement which contains certain indemnities for the directors which were in place during the year and remain in force at the date of this report. Law Debenture Corporate Services Limited maintains its own insurance for the services it provides.

Statement of Disclosure to Auditor

In so far as the directors are aware there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all 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 auditors are aware of that information.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG LLP has expressed their willingness to continue in office and a resolution for its reappointment as auditor to the Company will be proposed at the forthcoming Annual General Meeting.



Signed on behalf of the board:
Mark Filer

Director
22nd February 2021

Financial statements for the period from 3 March 2019 to 29 February 2020

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility 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 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.

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLANETREE LIMITED

1 Our opinion is unmodified

We have audited the financial statements of Planetree Limited ("the Company") for the year ended 29 February 2020 which comprise the Statement of profit and loss and other comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 29 February 2020 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2019):

Financial statements for the period from 3 March 2019 to 29 February 2020

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF PLANETREE LIMITED (continued)

	The risk	Our response
<i>Going concern</i>	<p>Disclosure quality</p> <p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.</p> <p>That judgement is based on an evaluation of the inherent risks to the Company’s business model and how those risks might affect the Company’s financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p> <p>The risks most likely to adversely affect the Company’s available financial resources over this period were:</p> <ul style="list-style-type: none"> • Risk that the value of the underlying receivables decreases such that the deemed loan is no longer recoverable. <p>There are also less predictable but realistic second order impacts, such as the impact of Brexit which could result in a rapid reduction of available financial resources.</p> <p>The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</p>	<p>Our procedures included:</p> <p>Evaluating directors’ intent: We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.</p> <p>Evaluating SPV life: We have evaluated the probability of the entity being wound down before the redemption of the loan notes in 2027.</p> <p>Assessing transparency: Assessing the completeness and accuracy of the matters covered in the going concern disclosure by ensuring the disclosure adequately discloses the risks inherent to the going concern of the Company.</p> <p>Our results:</p> <p>We found the going concern disclosure without any material uncertainty to be acceptable.</p>
<i>Recoverability of deemed loan balance</i>	<p>Low risk, High value</p> <p>The carrying amount of the deemed loan debtor balance represents 95% of the Company’s total assets.</p> <p>Whilst recoverability is ultimately dependent on the cash flows generated from the underlying trade receivables upon which the deemed loan is secured, the recoverability is not at a high risk of significant misstatement or subject to significant judgement. However due to its size in the context of the Company’s financial statements, this is considered to be the area that had the greatest effect on our overall audit.</p>	<p>Our procedures included:</p> <p>Test of detail: We assessed the recoverability of the intercompany debtor:</p> <ol style="list-style-type: none"> 1) We have obtained the value of the underlying receivables upon which the deemed loan is secured and considered whether there is an indication of impairment by comparing the carrying value of the underlying receivables to the deemed loan. 2) We have considered the current value of the underlying receivables against the year end deemed loan balance to identify whether there have been any indicators of impairment of the deemed loan since the year end.

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern however we no longer consider the effect of the UK’s departure from the EU to be a separate key audit matter.

Financial statements for the period from 3 March 2019 to 29 February 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLANETREE LIMITED (continued)

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2,537,500 (2019: £3,150,000), determined with reference to a benchmark of total assets (of which it represents 0.6% (2019: 0.8%)).

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding £126,875 (2019: £157,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed in Manchester.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLANETREE LIMITED (continued)

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.



Stuart Burdass (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square

Manchester

M2 3AE

Date: 22nd February 2021

PLANETREE LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 3 March 2019 to 29 February 2020

	Note	3 March 2019 to 29 February 2020 £'000	22 March 2018 to 2 March 2019 £'000
Interest income	3	16,131	10,033
Interest expense		(14,638)	(8,541)
Commitment fee		(846)	(1,054)
Net interest income		<u>647</u>	<u>438</u>
Administrative expenses	4	(646)	(437)
Profit on ordinary activities before taxation	5	<u>1</u>	<u>1</u>
Taxation	6	-	-
Profit for the period		<u><u>1</u></u>	<u><u>1</u></u>

All amounts relate to continuing activities.

The notes on pages 17 to 27 form part of these financial statements.

PLANETREE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 29 February 2020

	Note	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Current Assets			
Loans and receivables	7	404,089	373,726
Debtors: Amounts falling due within one year	8	9	5,241
Cash at bank	9	19,041	15,070
Total current assets		<u>423,139</u>	<u>394,037</u>
Liabilities due within 1 year			
Financial liabilities: Amounts falling due within one year	10	<u>(1,004)</u>	<u>(762)</u>
Net current assets		422,135	393,275
Financial liabilities: Amounts falling due after more than one year	11	(422,133)	(393,274)
Net assets		<u>2</u>	<u>1</u>
Capital and reserves			
Share capital	12	-	-
Retained earnings		2	1
Shareholders' funds		<u>2</u>	<u>1</u>

The financial statements of Planetree Limited (company registration number 11270606) were approved by the Board of directors and authorised for issue on 22nd February 2021 and signed on behalf of the Board of directors by:



Mark Filer
Director

The notes on pages 17 to 27 form part of these financial statements.

PLANETREE LIMITED

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance as at 22 March 2018	-	-	-
Issue of shares	-	-	-
Profit for the period	-	1	1
Balance as at 2 March 2019	-	1	1
Profit for the period	-	1	1
Balance as at 29 February 2020	-	2	2

The notes on pages 17 to 27 form part of these financial statements.

PLANETREE LIMITED

STATEMENT OF CASH FLOWS

For the period from 3 March 2019 to 29 February 2020

		3 March 2019 to 29 February 2020 £'000	22 March 2018 to 2 March 2019 £'000
Operating activities			
Profit on ordinary activities before taxation		-	1
Interest income		(16,131)	(10,033)
Interest expense		14,638	8,541
Decrease/(increase) in debtors	8	5,232	(5,241)
Increase in creditors	10	242	762
Cash generated from/(used in) operating activities		3,981	(5,970)
Cash generated from/(used in) operating activities after tax		3,981	(5,970)
Cash flows used in investing activities			
Deemed loan advanced	7	(80,160)	(626,700)
Deemed loan repayment		49,797	252,974
Interest received		16,131	10,033
Net cash outflow from investing activities		(14,232)	(363,693)
Cash flows from investing activities			
Loan notes issued	11	496,480	403,000
Loan Notes repayments and redemptions	11	(467,620)	(9,726)
Interest paid		(14,638)	(8,541)
Net cash inflow from financing activities		14,222	384,733
Net increase in cash and cash equivalents		3,971	15,070
Cash and cash equivalents at the beginning of the period		15,070	-
Cash and cash equivalent at end of the period	9	19,041	15,070

The notes on pages 17 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

1.1 General information

Planetree Limited was incorporated on 22 March 2018 in the United Kingdom under the Companies Act 2006. It is a Private Company limited by shares and registered in England and Wales. The address of its registered office is given on page 2.

The Company is a special purpose company established to act as a securitisation vehicle for receivables and to procure financing for this activity.

1.2 Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and in accordance with applicable United Kingdom law.

1.3 Going concern

Due to the way in which the transaction underlying the sole purpose of the Company has been structured, the Company is only required to repay the funding to the extent that it receives income from the receivables underlying the deemed loan.

After reviewing the latest performance of the underlying receivables, and discussing the outlook with J.D. Williams, the directors are satisfied that the Company will have adequate resources to continue in business for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

1.4 Functional and presentation currency

These financial statements are presented in pounds sterling, which is the Company's functional currency.

1.5 Interest income

The Company's principal source of income is interest receivable. The directors consider it would be misleading to classify this source as turnover and have therefore classified it as interest receivable. All income derives from the Company's principal activity, wholly within the UK, and is accounted for on an accrual basis.

1.6 Interest expense

Interest expense represents the cost of financing. This is accounted for on an accrual basis, inclusive of directly attributable incremental transaction costs and fees.

1.7 Deferred consideration

J.D. Williams is the residual Note holder. It retained the risk and rewards of ownership of the receivables and receives any residual income after payment of all the Company's expenses. The residual income is accounted for on an accrual basis.

1.8 Administration expenses

Administration expenses are recognised in the statement of comprehensive income on an accrual basis.

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Basis of preparation (continued)

1.9 Financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are: the deemed loan, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Financial assets

In applying FRS 102 the Company has made an accounting policy choice by applying the recognition and measurement requirements of IAS 39 instead of Section 11 and 12 of FRS 102. Accordingly the deemed loan to J.D. Williams is classified as loans and receivables and is initially recognised at fair value and then carried at amortised cost.

Financial assets are de-recognised only when the contractual rights to the cash flows from the financial assets expire or the Company transfers substantially all risks and rewards of ownership.

Deemed loan

In the prior year the Company entered into a receivables Sales Agreement, to allow it to finance and acquire certain receivables originated by JD Williams. The purchase of the receivables was financed by the issue of Notes which are listed on The International Stock Exchange ("TISE"). J.D. Williams & Company Limited continues to recognise the receivables on its own balance sheet because it retains exposure to variability of cashflows. The purchase of the receivables is reflected in the Company accounts as a deemed loan repayable to J.D. Williams & Company Limited.

The deemed loan is initially recorded at fair value with subsequent measurement including subsequent Note funding and weekly repayments and refinancing.

The Company assesses at each reporting date whether there is any objective evidence of impairment. If such evidence exists, the Company estimates the assets recoverable amount and the asset will be written down if the recoverable amount is lower than its carrying value. The impairment loss will be recognised in the statement of profit and loss and other comprehensive income.

Financial Liabilities

In applying FRS 102 the Company has made an accounting policy choice by applying the recognition and measurement requirements of IAS 39 instead of Section 11 and 12 of FRS 102. Accordingly the Notes issued are also initially recognised at fair value and subsequently measured at amortised cost.

Financial liabilities are de-recognised when the obligations under the liabilities are discharged or cancelled or expire.

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Basis of preparation (continued)

1.9 Financial instruments (continued)

Impairment of financial assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost, the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using a rate that reflects current market assessments of the time value of money and the risk specific to those assets.

For financial assets carried at cost less impairment, the impairment loss is the difference between the assets carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a reversal of impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1.10 Taxation

The Company is within the permanent regime for taxation of securitisation companies, under which they are taxed by reference to their contractually retained profits (to the extent that they are realised). Taxable profits under the permanent regime will normally equal the contractual profit as defined by the original transaction documentation. Consequently, neither current tax nor deferred tax will be affected by any fair value gains or losses arising on derivatives and other financial instruments.

1.11 Critical accounting estimates and judgements

The preparation of these financial statements in accordance with FRS 102 requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. Actual results may differ from these estimates.

The key accounting judgements and estimations of uncertainties are set out below.

Critical accounting judgements - Treatment of the deemed loan

Management has applied judgement in respect of the underlying receivables. As J.D. Williams retains exposure to variability of cashflow, management has deemed that the receivables should not be de-recognised from the J.D. Williams' financial statements, but instead, the Company should recognise a deemed loan asset receivable from J.D. Williams. More details can be found in Note 6.

Critical accounting estimates - Deemed loan impairment provisioning

In accordance with the accounting policy, the key assumptions included in the measurement of impairment are the present value of estimated future cash flows, discounted at a rate that reflects current market assessments of the time value of money and the risk specific those assets. These assumptions are based on observed historical data as well as the credit enhancement provided by the reserve fund, and are updated as management considers appropriate to reflect current conditions. The accuracy of the impairment provision would therefore be affected by unexpected changes in these assumptions.

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Segmental analysis

The directors consider that the Company has one operating segment due to the similarity of risks faced in relation to the investment of the funding raised in the underlying receivables and therefore is not required to produce additional segmental disclosure.

3. Interest income

	3 March 2019 to 29 February 2020 £'000	22 March 2018 to 2 March 2019 £'000
Interest on receivables	16,095	9,961
Bank interest	36	72
	<u>16,131</u>	<u>10,033</u>

4. Administrative expenses

Included in administrative expenses are audit fees of £50,000 (2019: £48,000), including VAT.

5. Directors' remuneration

The directors received no emoluments in respect of their services to the Company during the period. Law Debenture Corporate Services Limited ("Law Deb") is a corporate service provider to the Company. It charges a management fee for the provision of a range of services including provision of the directors, company secretary and registered office. The corporate service fee charged for the year was £19,000 (2019: £13,000).

6. Taxation

	3 March 2019 to 29 February 2020 £'000	22 March 2018 to 2 March 2019 £'000
Tax expense		
Current tax	-	-
Total tax charge	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current period:

	3 March 2019 to 29 February 2020 £'000	22 March 2018 to 2 March 2019 £'000
Profit on ordinary activities before tax	-	1
Current tax charge at 19%	-	-
Effects of:		
Accounting loss not taxed in accordance with SI 2006/3296	-	-
Borrower profit taxed in accordance with SI 2006/3296	-	-
	<u>-</u>	<u>-</u>

The charge above has been calculated in accordance with the permanent regime for taxation of securitisation companies.

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Loans and receivables

Deemed loan to J.D. Williams	As at 29 February 2020 £'000	As at 2 March 2019 £'000
At the start of the period	373,726	-
Initial deemed loan advanced	-	305,000
Less deemed loan withheld as reserve fund	-	(3,050)
	<u>373,726</u>	<u>301,950</u>
Further deemed loan advanced	79,671	98,000
Restricted cash	(4,712)	-
Transfer from reserve account	(753)	182
	<u>447,933</u>	<u>400,132</u>
Less Deferred consideration payable	(43,844)	(26,406)
At the end of the period	<u><u>404,089</u></u>	<u><u>373,726</u></u>

The Company has provided security to its Note holders by granting charges over its rights to receive principal and profit on the receivables underlying the deemed loan.

8. Debtors – Amounts falling due within one year

	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Accrued income	-	5,233
Prepayments	9	8
	<u>9</u>	<u>5,241</u>

9. Cash at bank

	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Cash at bank	15,421	12,157
Reserve funds	3,620	2,913
	<u>19,041</u>	<u>15,070</u>

The reserve funds are restricted funds and can only be used to fund cash shortfalls.

10. Financial liabilities: Amounts falling due within one year

	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Accruals	1,004	762

PLANETREE LIMITED

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial liabilities: Amounts falling due after more than one year

	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Regency Assets DAC	-	258,546
GIFS Capital Company, LLC	-	134,728
HSBC Bank plc	274,386	-
NatWest Markets Plc	147,747	-
	<u>422,133</u>	<u>393,274</u>

	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Balance at start of the period	393,274	-
Drawdowns during the period	501,190	403,000
Redemptions during the period	(421,519)	-
Repayments during the period	(46,100)	(9,726)
Restricted cash	(4,712)	-
Balance at the end of the period	<u>422,133</u>	<u>393,274</u>

The Company issued Notes to Regency Assets DAC (Regency) and GIFS Capital Company LLC (GIFS). The Notes pay interest on the 20th day of April, July, October and January. Further details on the Notes are shown in the table below:

Programme limit	Notes in issue at period end	Interest base rate	Margin	Commitment fee	Final maturity date
£500,000,000	£422,133,250	Sterling LIBOR	2% per annum	0.85% of undrawn amount	17 April 2027

The Notes are secured on the receivables underlying the deemed loan and any other collateral security relating to those receivables.

The Notes are limited recourse in nature and repayment is restricted to the income received by the Company on the underlying receivables acquired and is subject to a payment waterfall under the transaction documents.

The reserve fund was funded from the proceeds of the Notes. It will be used to pay any revenue and principal shortfalls.

12. Share capital

	As at 29 February 2020 £1	As at 2 March 2019 £1
Issued 1 ordinary share of £1 each	<u>£1</u>	<u>£1</u>

The share capital consists of one £1 fully paid ordinary share held by Law Debenture Intermediary Corporation plc under a declaration of trust for discretionary charitable purposes.

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are: the deemed loan, cash and cash equivalents, long term liabilities and trade and other payables.

A summary of the financial instruments held is provided below:

	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Financial assets at amortised costs		
Cash and cash equivalents	19,041	15,070
Debtors: Amounts falling due within one year	9	5,241
Deemed loan	404,089	373,726
Total financial assets	<u>423,139</u>	<u>394,037</u>
Financial liabilities at amortised cost		
Financial liabilities: Amounts falling due after more than one year	1,004	762
Financial liabilities: Amounts falling due within one year	422,133	393,274
Total financial liabilities	<u>423,137</u>	<u>394,036</u>

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, interest rate risk and capital management risk.

Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's deemed loan and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is as follows:

	As at 29 February 2020 £'000	As at 2 March 2019 £'000
Assets		
Deemed loan	404,089	373,726
Cash and cash equivalents	19,041	15,070
	<u>423,130</u>	<u>388,796</u>

The Company has appointed JD Williams to Service the receivables underlying the deemed loan. They manage the Company's exposure to credit losses by assessing borrowers' ability to repay the receivables, the borrowers' risk profile, and their stability during the underwriting process. Impairments are monitored and provided for using estimates and underlying assumptions such as the Probability of default and the Loss Given Default, taking into consideration forward looking macroeconomic assumptions. The balance of the receivables as at 29 February 2020 was £580,454,000 (2 March 2019: £587,596,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Financial instruments (continued)

The table below shows the ageing of the underlying receivables.

	2020	2019
	£000	£000
Current not past due	554,962	550,947
28 days past due	25,492	34,360
More than 28 days past due	-	2,289
	<hr/>	<hr/>
	<u>580,454</u>	<u>587,596</u>

Credit risk relating to cash and cash equivalents is mitigated by having the balances held with suitably rated counterparties.

Interest rate risk management

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company manages interest rate risk by entering into swap agreements with suitably rated counterparties.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when fall due without incurring unacceptable losses or risking damage to the Company's position. All payments made by the Company are made in strict order using a payment waterfall set out in the transaction documents.

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Financial instruments (continued)

Liquidity risk management (continued)

The funding raised by the Company is limited recourse in nature which means that it is only obliged to pay amounts falling due to the extent that it has received income from the receivables underlying the deemed loan. The Company also maintains a reserve fund which can be utilised in case of a liquidity shortfall. The tables below show the contractual principal cash flows of the Company's financial assets and liabilities:

	Carrying amount £'000	Amount due within one year £'000	Amount due after one year £'000
As at 29 February 2020			
Financial assets			
Cash and cash equivalents	19,041	19,041	-
Debtors: Amounts falling due within one year	9	9	-
Deemed loan	404,089	404,089	-
<hr/>			
Financial liabilities			
Financial liabilities: Amounts falling due after more than one year	422,133	-	422,133
Financial liabilities: Amounts falling due within one year	1,004	1,004	-
<hr/>			
As at 2 March 2019			
Financial assets			
Cash and cash equivalents	15,070	15,070	-
Debtors: Amounts falling due within one year	5,241	5,241	-
Deemed loan	373,726	373,726	-
<hr/>			
Financial liabilities			
Financial liabilities: Amounts falling due after more than one year	393,274	-	393,274
Financial liabilities: Amounts falling due within one year	762	762	-
<hr/>			

Capital management

The Company considers its capital to comprise of its share capital plus retained profits. The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to noteholders and shareholders.

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Related party transactions

Law Debenture Corporate Services Limited (“Law Deb”) is a corporate service provider to the Company. It charges a management fee for the provision of a range of services including provision of the directors (Mark Filer, L.D.C. Securitisation Director No. 1 Limited and L.D.C. Securitisation Director No. 2 Limited).

The entire issued share capital of the Company is held to Law Debenture Intermediary Corporation plc, under a declaration of trust for discretionary charitable purposes.

J.D. Williams is the originator and servicer of the underlying receivables and the beneficial title holder of the receivables.

The related party transactions between the Company and its related parties are summarised below.

	Related party	3 March 2018 to 29 February 2020 £'000	22 March 2018 to 2 March 2019 £'000
Statement of comprehensive income			
Corporate service fee	LawDeb	19	13
Interest on receivables	JD Williams	16,095	9,961
		As at	As at
		29 February 2020	2 March 2019
Statement of financial position			
Deemed loan	JD Williams	447,933	373,696
Accrued interest income	JD Williams	5,233	5,233
Accrued deferred purchase price	JD Williams	(43,844)	(26,406)

15. Ultimate controlling party

The entire issued share capital of the Company is held by Law Debenture Intermediary Corporation Plc, under a declaration of trust for discretionary charitable purposes.

In the opinion of the directors, J.D. Williams is the controlling party. N Brown Group Plc is the parent Company to J.D. Williams and is considered to be the Ultimate controlling party. Planetree Limited’s results are included in the consolidated N Brown Group Plc financial statements. Copies of these can be obtained from Griffin House, 40 Lever Street, Manchester M60 6ES.

Financial statements for the period from 3 March 2019 to 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Events after the reporting date

Since 29 February 2020, the Covid-19 pandemic has meant that economic conditions in the UK have deteriorated and the continued government-imposed lockdown conditions have effectively shut down many industries and sectors. The impact of this has been hard to quantify up to the beginning of 2021 given the continued government support that has been provided to mortgage holders in the UK throughout the pandemic (payment holidays, furlough scheme). This support has somewhat diluted the economic shock of the pandemic and as such there has not been a noticeable effect on income of the company from the underlying mortgage receivables. Furthermore, there is expectation of an economic recovery in the second half of 2021 in the UK given the rollout of the COVID-19 vaccine. This is yet to be seen however in any case any further impact will not necessarily affect the Company's ability to continue as a going concern due to the limited recourse nature of the transaction.

On 14 May 2020 the Company entered into a side letter agreement to make certain commercial amendments in relation to Covid-19. The business model of has been, and will continue to be, appropriately adjusted to reflect the level of risk in the economy by J.D. Williams.

On 25 August 2020 the Company redeemed all of the outstanding Senior Notes held by HSBC Bank plc and issued new Senior Notes of equivalent value to HSBC UK Bank plc.

Following the year end, the facility in place with HSBC UK Bank plc was extended to last until December 2023.