

PLANE TREE CAPITAL

THRIVING IN THE REAL WORLD

Who we are

- Plane Tree Capital ("PTC") is a Direct Lending business with a focus on shorter term credit facilities.
- Experienced management team from financial and trade backgrounds.
- Our team maintains a pipeline of deals that are ready for funding, which are then offered to our pool of investors on a regular basis.
- We aim to deliver steady net returns of SARB Prime Lending Rate +200bps per annum, with an emphasis on low volatility and capital protection.

Our Leadership Team

Richard Hart - CEO

Richard holds a B.Bus.Sci in Finance and Economics specialising in international trade. After spending 13 years as a commodities and mining analyst with tier 1 global investment banks, Richard joined Challenger Trade Finance Fund as an equity partner in 2017. His experience gained as an analyst allow Richard to understand and manage shifts in commodity markets for live funded transactions.



Duncan Potts – CFO

Duncan is a qualified CA(SA) and a CFA charter holder. He spent 2 years in London and Amsterdam working in financial services prior to returning to South Africa. Duncan joined Challenger Trade Finance Fund in 2017 and was instrumental in growing AUM from 17md when he joined to USD 60md at its peak. Duncan managed a significant portion of the book and worked in all facets of the business including finance and capital raising.



Stephen Barritt - CCO

While completing his qualification of BCom Financial Management, Stephen undertook varying jobs in the motor vehicle industry. Since 2006 he has been involved in a private company, trading and distributing agricultural commodities between Asia and Africa, as Managing Director. Stephen is also responsible for the management of several listed and unlisted investments held by his family office.





How we do Private Credit

- We offer direct loans to established companies to grow their business.
 - These loans are offered to a portfolio of borrowers who trade in a portfolio of diversified commodities and services.
- We primarily use the products in each transaction as collateral to secure the transaction.
 - Additional security, in the form of guarantees and credit insurance are used at times to provide further security.
- Transactions are self-liquidating.
 - We fund specific transactions. Once a transaction ends, Plane Tree Capital decides whether to re-invest or not.
- We facilitate global trade in a simple and secure way.



Our opportunity

- Banks have historically funded global trade.
 - As a result of developments in global banking regulations, most banks have considerably reduced or removed their trade offerings.
 - Banks are unable to allocate the required resources to trade facilities as they are generally not core business.
- Non-bank Financial institutions (Such as Plane Tree Capital) have taken advantage of this shortfall in credit offerings to pick great quality clients that are no longer serviced by conventional banks.
- Private credit offers investors reasonable liquidity (180 days) while still offering a competitive net return.
 - Investors can withdraw their earned interest (as well as their principal if they wish) on a regular basis.
- Private credit is uncorrelated to equity markets.



What is different about us?

- Our lower fee structure allows us to construct a portfolio of lower yielding, but lower risk deals, while still giving investors the same net return. We bill these fees to the borrower, so our investors get a clean yield.
- Our attention to detail on the key transition points of each transaction positions us well to take actions early.
- By partnering with our investors, we aim to close the information gap between investors and fund managers. Investors should know where their money is, in real-time.



Our Private credit strategy vs other asset classes

- Private credit returns are comparable to domestic and international equity and bond returns over the last 2 years but with much lower volatility.
- Private credit investments rank higher in terms of security compared to equity.





Credit Investment Landscape

- Investors choose between myriad investment offerings within private and listed fixed income products.
- As a unitranche private credit product, Plane Tree Capital offers favourable returns.

Characteristic	Private Credit	High Yield Bonds	Senior Bank Loans
Instrument	Direct Loans	Bonds (Securities)	Loans
Coupon Structure	Mainly Floating	Fixed Rate	Floating Rate
Prepayment Option	Yes, Often with penalties to the borrower	No	Yes
Liquidity	120 days	30 days	60-120 days
Strategy	Active sourcing then buy and hold	Active portfolio management	Active portfolio management
Typical positions per fund/portfolio	15-30	80-120	100-150
Market Volatility	Low	High	Moderate
Target Returns	Senior 10-13% Unitranche 14-20%	8.5 - 10.5%	5.0 - 8.5%
Recovery in Default	Secured	Unsecured	Secured



Plane Tree Capital – The numbers

- Target a net return to Investors of SARB Prime lending rate +50 300bps per year in ZAR.
 - Dependent on capital deployment rate and acceptable investor risk profile.
 - Net of all fees.
- Fee Structure:
 - All fees are carried by the borrower and dependent on operational complexity of transactions. Return targets are net to investors
- Capital to follow a 210-day liquidity cycle.
 - Investor gives 180 days' notice and funds are repaid within 30 days



Deal Structuring

- All deals are offered simultaneously to all investors. •
- Investors are able to participate proportionately to their available funds. •
- Unfunded portions are then offered on the same proportionate basis to interested investors. .
- Final offering is on a first come first serve basis ٠

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Detail	Investor 1	Investor 2	Investor 3	Investor 4	Investor 5	Detail	Borrower 1	Borrower 2	Borrower 3	Borrower
Borrower 1	R75m	R18m	R5m	R2m	R0m	Loan Amount	R100m	R50m	R350m	R75r
Borrower 2	R25m	R8m	R5m	R6m	R6m	Fee to PTC p.a.	2%	3%	1.5%	39
Borrower 3	R220m	R65m	R21m	R19m	R25m	Interest to Investor p.a.	12%	15%	11%	149
Borrower 4	R50m	R2m	R5m	R12m	R6m	Number of Investors	4	5	5	
Borrower 5	R10m	R1m	R6m	R3m	R5m					
Total Invested	R380m	R94m	R42m	R42m	R42m					
Average Yield	12.1%	11.6%	13.2%	13.1%	13.1%					



Borrower 5

R15m

4%

20%

5

Offering

• Deals

- Self-liquidating
- Primary security paramount
- African exports
- Minimal manufacturing/delivery risk

• Commodities

- Will evaluate each commodity on its merits
- Selective exclusions
- Political crops with caution
- Geographies
 - Agnostic but focus on Southern Africa as this is where our network is strongest
 - Specific exclusions for sanction regions
 - Strong legal systems are key



Process

- All potential clients and transactions follow a rigorous credit evaluation process.
- By applying a rigorous first stage filter, most poor deals are excluded from a full evaluation.
- Applicants undergo an onerous credit evaluation process to ensure viability of security.
- Deal is then looked at independently to be evaluated on its merits.
- Primary security is always sufficient to cover the principal loaned amount plus interest.
- Secondary security ensures borrowers are disincentivized from any malfeasance.



Risk profile

- We are targeting a low to medium risk borrower base borrowing at between 14-18% in ZAR.
- Experience has shown that borrowers in higher brackets (20%+) have resulted in exponentially higher default rates.





Portfolio approach

- Matching complimentary clients' cashflows reduces cyclicality and seasonality.
- Portfolio of smaller loans reduces single client and market risk.
- Mandate restricts exposures.



Managing cyclicality by commodity diversification



Predefined deal stages

Stage	Detail	Risk Level
Cash	Cash is deployed into a PTC controlled bank account	Zero risk as PTC can pull the cash back at any point
Supplier	Supplier is paid for finished goods	Medium risk as product is only starting logistics leg
Transit From	PTC logistics partner collects and transports goods to independent warehouse	Low/Medium risk as PTC holds title over goods but they are on the move.
Warehouse	Goods arrive at our partners warehouse and stored before shipping	Low risk as logistics partner holds product in secure warehouse.
Transit To	PTC logistics partner collects and transports goods to final customer	Low/Medium risk as product is on the move. Value is higher now as product is being delivered.
Delivered	Goods are delivered to final customer	Low risk as customer has accepted quality of goods and processed payment through banks.
Closed	Customer repays our client into the PTC controlled bank account. PTC withdraws our principal and interest and pays profit to client.	Zero risk as funds are in PTC bank account.

Complete Transparency











Plane Tree Capital

Contact Us

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