



PUMA HERITAGE

INTERIM REPORT

For the six months  
ended 31 August 2019

# Officers and Professional Advisers

## Directors

Michael Posen (Chairman)  
Jim Brydie  
Michael van Messel

## Registered Number

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## Solicitors

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## Trading Advisor

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## <sup>2</sup> Highlights

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- Net Asset Value (NAV) of **£96.0 million** as at 31 August 2019 (£76.6 million as at 28 February 2019).
- NAV per Growth Share of **111.43p** as at 31 August 2019 (109.56p as at 28 February 2019), this reflecting the continued successful deployment of funds and the ongoing profitability of the company.
- Following the period end, the Company's NAV has grown beyond **£100 million**.
- The **pipeline** of potential deals remains **strong**.

## Introduction

I am pleased to present the interim report for Puma Heritage Limited (the "Company") for the six-month period to 31 August 2019.

The Company has continued to make good progress since the year-end which is demonstrated by the ongoing growth in NAV and consistent levels of profitability. As at 31 August 2019, the Company had net assets of £96 million, with £57 million drawn on various first-charge loans and a further £67 million of funding committed on future drawdowns which will be funded by current free cash and repayments of existing loans. I am also pleased to add that, following the period end, the Company's NAV has grown beyond £100 million.

The Group commenced trading in July 2013 having been established to operate in a range of sectors predominantly in the United Kingdom, with an initial focus on secured lending. As at 31 August 2019 the Company's loan book consisted of 23 loan positions (loans having been provided via its wholly owned subsidiary Heritage Square Limited (the "Subsidiary")), on which the weighted average income was 7.54%.

In addition to the above loan book, as at 31 August 2019 the Group had offered further loan facilities totalling £14.7 million to fund future cashflow requirements of projects already backed by the Group, such facilities being non-interest earning until drawn. The cash in the Group is held on short term deposit in order to allow it to be deployed quickly in respect of these undrawn loan facilities, as well as to be available to fund new loans.

Notwithstanding the need to hold a level of cash to service undrawn commitments, the Board remains mindful of the desire to deploy cash quickly to drive returns for shareholders, whilst being equally mindful not to compromise the rigour with which all prospective loans are analysed to ensure they meet the Group's prudent appetite for risk. The Board is encouraged that the attractiveness of this offering has been evident through the increasing subscriptions for new shares received in the period.

## Transactions

The Group undertakes trading activities focusing on secured lending, with the principal aims of generating stable returns for shareholders, whilst at the same time seeking to offer downside risk protection and capital preservation.

In the six-month period to 31 August 2019, I am pleased to report that we have completed a number of new loans, all with the benefit of first charge security, to a mix of experienced borrowers. In summary, the focus of the business has continued to be on loans underpinned by real estate and some of the highlights include the following:

- a loan of £12.5m, as part of a £25m facility, to fund the development of 25 retirement flats in Essex and 52 retirement flats in Oxfordshire.
- a loan of £8m, as part of a £16m facility, to fund the development of a 252 unit Purpose Build Student Accommodation ('PBSA') scheme in Colchester.
- a loan of £4.5m, as part of a £9m facility, to fund the development of a 131 unit PBSA scheme in Leicester.
- a loan of £4.5m, as part of a £9m facility, to fund the development of a 68 bed care home in Greater Manchester.
- a £7.2m pre-development bridging loan on a planning-approved site in North London.

In relation to the loan to a Materials Recycling Facility ("MRF") operator, as previously reported the company operating the MRF suffered a substantial fire at the premises on 28 February 2016. As first charge holders, the Group appointed an administrator over the business in March 2016. Through an insurance claim and the sale of the site, the administrator has successfully recovered a substantial proportion of the £750,000 loan advanced by Heritage Square Limited. The administrator continues to pursue a number of avenues for further recovery. Having previously made a provision of 5% of the book cost of the debt (being £37,500) in a prior period, the Board continues to monitor the situation closely in collaboration with the Trading Adviser.

Finally, I am pleased to report that the Board considers there to be a strong pipeline of potential transaction opportunities which the Board expects the Group to proceed with over the coming weeks and months. The Board is cognisant of the need to ensure that, as the Group continues to attract capital, a strong and consistent pipeline of transactions is maintained to ensure that capital is put to work as efficiently as possible. At the same time, the Board will continue to undertake a rigorous review of all potential transactions which are under consideration to ensure that they fit within the Group's business strategy.

## Results

The reported profit for the period was £1,486,000. The reported NAV per Growth Share as at 31 August 2019 was 111.43p. The reported NAV per Income Share as at 31 August 2019 was 99.79 (excluding 11p of dividends paid on Income Shares since inception).

Accounting rules require formation and preliminary costs be recognised in the period in which they are incurred. However, as detailed in the Prospectus, the NAV is adjusted for subscriptions and redemptions by amortising these costs over five years. This ensures fair attribution of formation and preliminary costs to initial and subsequent investors. The five year amortisation period is now complete with all initial formation and preliminary costs fully released to the profit and loss account.

The Company's continued profitability represents an increase in NAV per Growth Share of 1.90p in the six-months to 31 August 2019.

## Outlook

The Board looks forward to the future with confidence. Small and medium size businesses are still finding it difficult to access the funding they require from traditional sources and the Board feels there is a strong pipeline of transaction opportunities.

## Michael Posen

Chairman

27 November 2019

# 4 Consolidated Profit and Loss Account

## For the six months ended 31 August 2019 (unaudited)

Note	Six months ended 31 August 2019 Total £'000	Six months ended 31 August 2018 Total £'000	Year ended 28 February 2019 Total £'000
Trading book income	<b>3,300</b>	<b>1,951</b>	<b>4,002</b>
Other income	-	<b>38</b>	-
Admin expenses	<b>(1,464)</b>	<b>(616)</b>	<b>(1,435)</b>
Operating profit	<b>1,836</b>	<b>1,373</b>	<b>2,567</b>
Interest income	<b>27</b>	<b>12</b>	<b>31</b>
	<b>27</b>	<b>12</b>	<b>31</b>
Profit/Loss on ordinary activities before taxation	<b>1,863</b>	<b>1,385</b>	<b>2,598</b>
Tax on return on ordinary activities	<b>(377)</b>	<b>(238)</b>	<b>(498)</b>
Profit/Loss on ordinary activities after tax attributable to equity shareholders	<b>1,486</b>	<b>1,147</b>	<b>2,100</b>

All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

No separate Statement of Total Recognised Gains and Losses is presented as all gains and losses are included in the Consolidated Profit and Loss Account.

# Consolidated Balance Sheet

As at 31 August 2019 (unaudited)

	Note	As at 31 August 2019 £'000	As at 31 August 2018 £'000	As at 28 February 2019 £'000
<b>Assets</b>				
Loans due after more than one year		21,213	14,294	14,180
Loans due within one year		42,034	27,959	50,324
Debtors and prepayments		3,944	1,968	2,552
Cash		32,213	18,466	11,769
		<b>99,404</b>	<b>62,687</b>	<b>78,825</b>
<b>Creditors - amounts falling due within one year</b>				
		<b>(3,355)</b>	<b>(2,755)</b>	<b>(2,255)</b>
<b>Net Assets</b>				
		<b>96,049</b>	<b>59,932</b>	<b>76,570</b>
<b>Capital and Reserves</b>				
Share capital	4	87	56	70
Share premium		90,016	56,296	71,966
Revenue reserve		5,946	3,580	4,534
<b>Equity Shareholders' Funds</b>				
		<b>96,049</b>	<b>59,932</b>	<b>76,570</b>
<b>Net Asset Value per Growth Share</b>	5	<b>111.43p</b>	<b>108.07p</b>	<b>109.53p</b>
<b>Net Asset Value per Income Share</b>		<b>99.79p</b>	<b>99.75p</b>	<b>101.04p</b>

# 6 Consolidated Cash Flow Statement

## For the six months ended 31 August 2019 (unaudited)

<b>Reconciliation of profit after tax to net cash flow from operating activities</b>	<b>Six months ended 31 August 2019 £'000</b>	<b>Six months ended 31 August 2018 £'000</b>	<b>Year ended 28 February 2019 £'000</b>
Profit after tax	1,486	1,147	2,100
Tax charge for the year	377	238	498
(Decrease) / Increase in debtors	(1,419)	192	(411)
Increase/(Decrease) in creditors	723	439	133
Decrease / (Increase) in loan book	1,257	(3,257)	(25,508)
Corporation tax paid	-	-	(454)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,424</b>	<b>(1,241)</b>	<b>(23,642)</b>
<b>Cash flow from investing activities</b>			
Bank interest received	27	12	31
<b>Net cash inflow from investing activities</b>	<b>27</b>	<b>12</b>	<b>31</b>
<b>Cash flow from financing activities</b>			
Proceeds received from issue of ordinary share capital	20,157	9,989	26,750
Expense paid for issue of share capital	(213)	(158)	(386)
Shares redeemed in the period	(1,878)	(2,459)	(3,307)
Dividends paid to shareholders	(73)	(48)	(48)
<b>Net cash inflow from financing</b>	<b>17,994</b>	<b>7,323</b>	<b>23,009</b>
<b>Increase/(Decrease) in cash in the period</b>	<b>20,444</b>	<b>6,094</b>	<b>(6,697)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(Decrease) in cash in the period	20,444	6,094	(6,697)
Cash and cash equivalents at the beginning of the period	11,769	12,372	18,466
<b>Cash and cash equivalents at the end of the period</b>	<b>32,213</b>	<b>18,466</b>	<b>11,769</b>

# Statement of Changes in Equity

For the six months ended 31 August 2019 (unaudited)

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Group	Share capital £'000	Share premium £'000	Revenue reserve £'000	Total £'000
<b>Balance as at 1 March 2018</b>	<b>49</b>	<b>48,931</b>	<b>2,482</b>	<b>51,462</b>
Shares issues in the period	9	9,979	-	9,988
Shares redeemed in the period	(2)	(2,457)	-	(2,459)
Expenses of share issues	-	(158)	-	(158)
Dividends paid	-	-	(48)	(48)
Return after taxation attributable to equity shareholders	-	-	1,147	1,147
<b>Balance as at 31 August 2018</b>	<b>56</b>	<b>56,296</b>	<b>3,580</b>	<b>59,932</b>
Shares issues in the period	16	16,745	-	16,761
Shares redeemed in the period	(2)	(846)	-	(848)
Expenses of share issues	-	(229)	-	(229)
Return after taxation attributable to equity shareholders	-	-	953	953
<b>Balance as at 28 February 2019</b>	<b>70</b>	<b>71,966</b>	<b>4,534</b>	<b>76,570</b>
Shares issues in the period	18	20,139	-	20,157
Shares redeemed in the period	(2)	(1,876)	-	(1,878)
Expenses of share issues	-	(213)	-	(213)
Dividends paid	-	-	(73)	(73)
Return after taxation attributable to equity shareholders	-	-	1,486	1,486
<b>Balance as at 31 August 2019</b>	<b>87</b>	<b>90,016</b>	<b>5,946</b>	<b>96,049</b>

# 8 Notes to the Consolidated Accounts

## For the six months ended 31 August 2019 (unaudited)

### 1. Financial information

#### Basis of preparation

The annual financial statements of Puma Heritage Limited (the "Group") are prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"). The condensed set of financial statements included in this interim financial report for the period ended 31 August 2019 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

#### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 2, together with the financial position of the Group. In addition, the principal risks and uncertainties of the Group are discussed in note 2 to this interim financial report.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as are applied in the Group's latest audited Annual Report and Accounts for the period ended 28 February 2019.

### 2. Principal risks and uncertainties

The Group's policies for managing the risks arising from its activities are set out in the last audited Annual Report and Accounts of the Group that were issued on 07 June 2019.

### 3. Dividends

The Directors do not propose a dividend in relation to the period ended 31 August 2019.

### 4. Share Capital and Share Premium

	As at 31 August 2019	
	Number	Value £'000
Ordinary shares	2	-
Growth shares	83,569,799	84
Income shares	2,937,725	3
	<b>86,507,526</b>	<b>87</b>

	As at 31 August 2018	
	Number	Value £'000
Ordinary shares	2	-
Growth shares	53,781,138	54
Income shares	1,825,582	2
	<b>55,606,722</b>	<b>56</b>

	As at 28 February 2019	
	Number	Value £'000
Ordinary shares	2	-
Growth shares	67,876,380	68
Income shares	2,200,699	2
	<b>70,077,081</b>	<b>70</b>

## 4. Share Capital and Share Premium (continued)

### Share movements in period

During the period movements in the Company's redeemable shares were as follows:

	Redeemable Growth Shares		Redeemable Income Shares	
	Number	Value £'000	Number	Value £'000
As at 28 February 2019	67,876,380	68	2,200,699	2
Issued in the period	17,391,445	18	737,026	1
Redeemed in the period	(1,698,026)	(2)	-	-
<b>As at 31 August 2019</b>	<b>83,569,799</b>	<b>84</b>	<b>2,937,725</b>	<b>3</b>

The Company was incorporated with two ordinary shares issued fully paid which are held by Shore Capital Limited.

Share issue costs of £213,000 comprise fees payable to Puma Investment Management Limited, the Trading Adviser, who are entitled to payment of an initial charge on subscriptions.

### Share Rights

The Redeemable Growth Shares, the Redeemable Income Shares and the Ordinary Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

### Ordinary Shares

The Ordinary Shares have no rights to dividends and are not redeemable.

### Redeemable Growth Shares

The Redeemable Growth Shares carry no right to receive a dividend from the revenue profits of the Company. In respect of any period, the aggregate of the revenue profits of the Company multiplied by the most recently calculated Redeemable Growth Share Capital Ratio (being such percentage of the Company's Net Asset Value as shall be attributable to the Redeemable Growth Shares in accordance with the methodology contained within the Articles, as calculated by the Company as at the applicable calculation date) shall belong to the holders of the Redeemable Growth Shares (as between them *pro rata* to their respective holding of Redeemable Growth Shares) and shall be aggregated to the net asset value of the Redeemable Growth Shares for the purposes of calculating the Redeemable Growth Share Capital Ratio.

The Redeemable Growth Shares are redeemable by the Company at a sum equivalent to the Redeemable Growth Share Redemption Value (being the Redeemable Growth Share Capital Ratio multiplied by the Net Asset Value of the Company, divided by the number of Redeemable Growth Shares in issue, in each case as at the applicable calculation date) multiplied by the number of Redeemable Growth Shares subject to the relevant election to redeem. Such redemptions may take place as of 28 February or 31 August (or as of such other date as the Directors may determine) in any year subject always to the holder of such Redeemable Growth Shares having given notice before the end of the calendar month prior to the relevant redemption date of their wish to have their Redeemable Growth Shares redeemed, and always subject to the Directors' discretion, applicable law and regulation and there being sufficient liquidity.

Each Redeemable Growth Share which is redeemed, shall, thereafter, be cancelled without further resolution or consent.

### Redeemable Income Shares

In respect of any period, the aggregate of the revenue profits of the Company multiplied by the most recently calculated Redeemable Income Share Capital Ratio (being such percentage of the Company's Net Asset Value as shall be attributable to the Redeemable Income Shares in accordance with the methodology contained within the Articles, as calculated by the Company as at the applicable calculation date) (exclusive of any imputed tax credit available to Shareholders) shall belong to the holders of the Redeemable Income Shares (as between them *pro rata* to their respective holding of Redeemable Income Shares). Any such share of the revenue profits which are not distributed to the holders of the Redeemable Income Shares in any relevant period shall be aggregated to the net asset value of the Redeemable Income Shares for the purposes of calculating the Redeemable Income Share Capital Ratio.

# 10 Notes to the Accounts continued

## For the six months ended 31 August 2019

The Redeemable Income Shares are redeemable by the Company at a sum equivalent to the Redeemable Income Share Redemption Value (being the Redeemable Income Share Capital Ratio multiplied by the Net Asset Value of the Company, divided by the number of Redeemable Income Shares in issue, in each case as at the applicable calculation date) multiplied by the number of Redeemable Income Shares subject to the relevant election to redeem. Such redemptions may take place as of 28 February or 31 August (or as of such other date as the Directors may determine) in any year subject always to the holder of such Redeemable Income Shares having given notice before the end of the calendar month prior to the relevant redemption date of their wish to have their Redeemable Income Shares redeemed and always subject to the Directors' discretion, applicable law and regulation and there being sufficient liquidity.

Each Redeemable Income Share which is redeemed, shall, thereafter, be cancelled without further resolution or consent.

### 5. Net Asset Value per Share

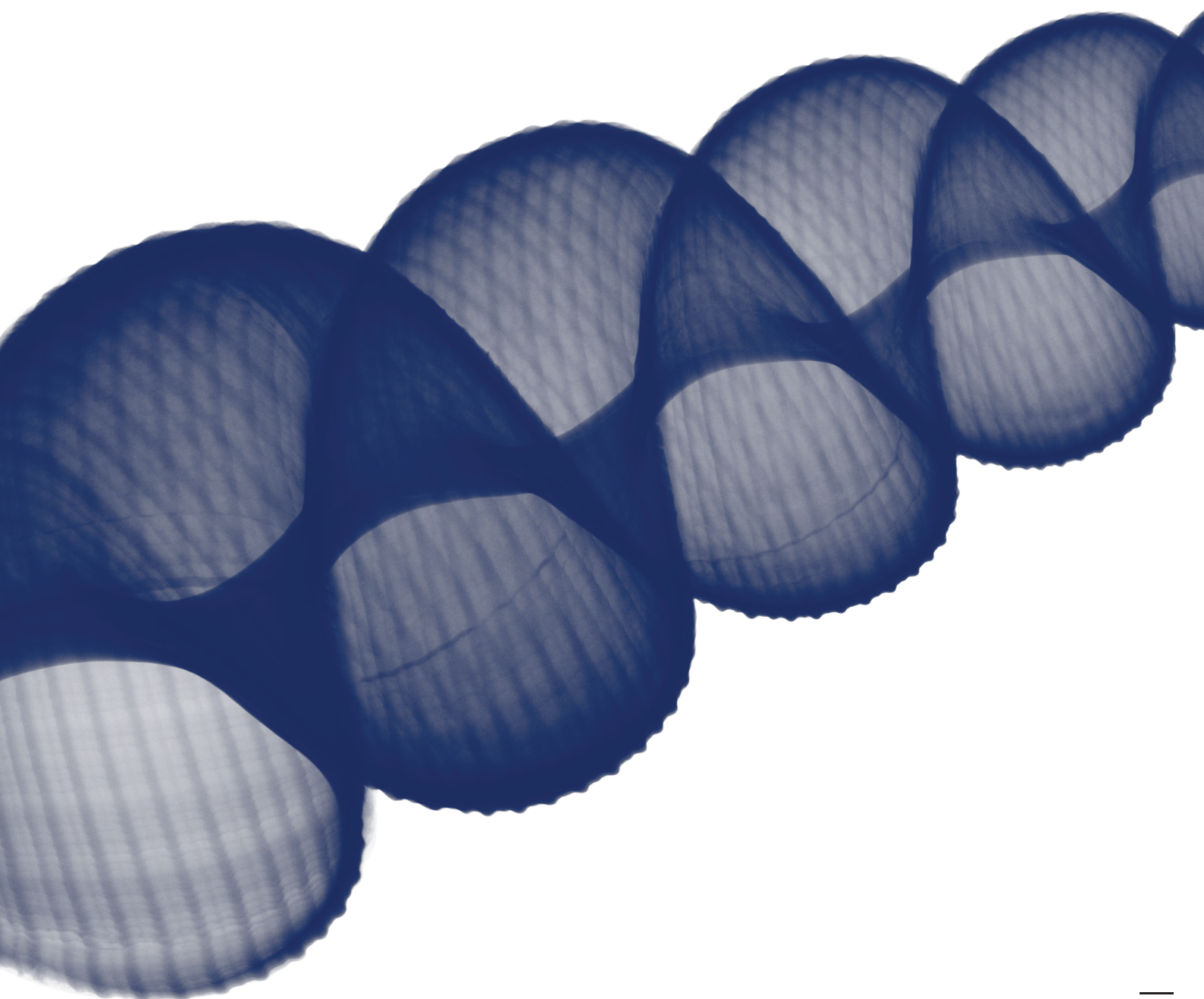
	Total	Income Shares	Growth Shares	Ordinary Shares
Shares in issue as at 31 August 2019	86,507,526	2,937,725	83,569,799	2
<b>Net assets (£'000)</b>	<b>96,049</b>	<b>2,931</b>	<b>93,118</b>	<b>-</b>
<b>Net asset value per share</b>	<b>111.03p</b>	<b>99.79p</b>	<b>111.43p</b>	<b>-</b>

As detailed in the Prospectus, formation and preliminary expenses (including initial Directors, professional, and advisory fees together with related administrative expenses) incurred in the establishment of the Company and in connection with the Offer will be paid by the Company and expensed in its accounts when incurred as required by accounting rules. However, in relation to calculating the Net Asset Value of the Shares for New Subscribers, these expenses will be amortised over 5 years from the Initial Closing Date in order to ensure that they are fairly attributed to initial and subsequent Investors. The five year amortisation period is now complete with all formation and preliminary costs fully released to the profit and loss account.

### 6. Events after the period

- (i) Shares in issue: a further 3,503,044 Growth shares and nil Income shares have been issued up to 27 November 2019. An additional 903,927 Growth shares and nil Income shares were redeemed in the period.
- (ii) Net Asset Value per Share: as at 31 October 2019, the NAV per share was 112.10p for Growth Shares and 100.39p for Income Shares.
- (iii) On 04 November 2019, the Company re-registered from a Public Limited Company to a Private Limited Company. It was agreed by the Board that £94,000 of related expenses would be amortised over a 3 year period.

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