

INTERIM REPORT 2023

# Puma Heritage Limited

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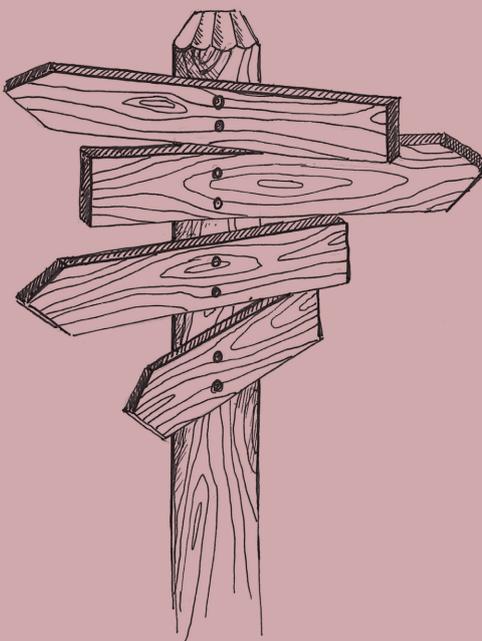
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# Officers and Professional Advisers

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## **Directors**

Michael Posen (Chairman)  
Graeme Alfille-Cook  
Michael van Messel

## **Registered Number**

08285184

## **Registered Office**

Highdown House  
Yeoman Way  
Worthing  
West Sussex  
BN99 3HH

## **Auditor**

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London EC4A 4AB

## **Solicitors**

Charles Russell Speechlys LLP  
5 Fleet Place  
London  
EC4M 7RD

## **Bankers**

The Royal Bank of Scotland plc  
London City Office  
PO Box 412  
62-63 Threadneedle Street  
London EC2R 8LA

## **Trading Advisor**

Puma Investment Management Limited  
Cassini House  
57 St James's Street  
London  
SW1A 1LD

## **Registrar**

Equiniti Limited  
Highdown House  
Yeoman Way  
Worthing  
West Sussex  
BN99 3HH

## **Administrator**

PI Administration Services Limited  
Cassini House  
57 St James's Street  
London  
SW1A 1LD



Revenue of  
£9.9 million for the  
period, up 45% on the  
previous year

Pre-tax profits of £5.2  
million (2022: £3.6 million)

Dividend of 3.25p  
per share paid on  
Income Shares

Net Asset Value  
(NAV) of £249 million  
as at 31 August 2023, an  
increase of £62  
million in the period

Adjusted NAV per  
Growth Share of 126.48p  
as at 31 August 2023,  
a year-on-year  
increase of 3.2%

# Chairman's statement

I am pleased to present the interim report for Puma Heritage Limited (the “Company” or “Group”) for the six-month period to 31 August 2023.

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

The Group has recorded a successful half-year, in which revenues grew by 45% to £9.9 million, delivering pre-tax profits of £5.2 million. NAV per share for both growth and income share classes, adjusting for dividends paid to income shareholders, has grown at an annualised rate of 3.2% in line with the Group's target.

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## Activity during the period

Puma Heritage passed a number of significant milestones in 2023 – we celebrated our tenth anniversary and surpassed £1.25 billion of lending, with no capital losses.

The Group continues to maintain a defensive approach to lending. The loan book's weighted average loan-to-value remains at a conservative 62.4%. All loans benefit from first charge security over UK real estate, typically together with further credit support in the form of third-party guarantees. This should provide significant protection in the event of further economic turbulence.

28 new loans were completed in the period to multiple borrowers and cover a diverse range of sectors and geographies. Importantly, 45 loans were repaid during the period.

## Loan book and cash holdings

As at 31 August 2023 the Group's loan book had £208 million drawn (loans having been provided via its wholly owned subsidiary Heritage Square Limited (the "Subsidiary")), as described below. All loans benefit from first charge security. The loan book is well diversified across a variety of residential and commercial sectors and UK locations.

The Group was holding £18 million of cash at the period end. This is in place both to meet future funding commitments on the existing loan book, as well as to be available to fund new loans. All cash is held in instant access accounts to enable immediate deployment.

The Board remains mindful of the need to balance a desire to deploy cash regularly to drive returns for shareholders, whilst also maintaining the rigour with which all prospective loans are analysed to ensure they meet the Group's prudent appetite for risk.

## Outlook

The Board continues to appraise new lending opportunities and has closed 12 new loans since the period end. There is a strong pipeline of transactions in place which the Company anticipates executing over the coming months. In doing so, we will continue to assess values in the light of emerging events, and our focus on managing risk and lending at conservative levels remains ever-present.

All 12 loans closed by the Group since the period end, totalling over £108 million of commitments, benefit from floating interest rates. As these loans are drawn, the Group benefits from the higher underlying base/SONIA rates. The Group is in advanced stages of negotiations to deploy its capital into such loan opportunities, all with strong counterparties and in sectors that we consider to be particularly robust.

The Group has taken a cautious approach over the last year to ensure that the average weight loan-to-value across the loan book remains at an appropriate level. No capital impairments of loan positions were made during the period nor have any been required since the period end.

## Michael Posen

Chairman  
26 February 2024

# Consolidated Profit and Loss Account

(unaudited)

FOR THE SIX MONTHS ENDED 31 AUGUST 2023

|  | Six months<br>ended 31<br>August 2023 | Six months<br>ended 31<br>August 2022 | Year ended<br>28 February<br>2023 |
|--|---------------------------------------|---------------------------------------|-----------------------------------|
|  | Total £'000                           | Total £'000                           | Total £'000                       |
| Trading book income  | 9,870                                 | 6,801                                 | 14,473                            |
| Admin expenses   | (4,748)                               | (3,266)                               | (7,456)                           |
| Operating profit   | 5,122                                 | 3,535                                 | 7,017                             |
| Interest income  | 125                                   | 17                                    | 51                                |
|  | 125                                   | 17                                    | 51                                |
| Profit/Loss on ordinary activities before taxation                             | 5,247                                 | 3,552                                 | 7,068                             |
| Tax on return on ordinary activities   | (1,250)                               | (680)                                 | (1,364)                           |
| Profit on ordinary activities after tax<br>attributable to equity shareholders | 3,997                                 | 2,872                                 | 5,704                             |

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

(unaudited)

AS AT 31 AUGUST 2023

|  |      | As at<br>31 August 2023 | As at<br>31 August 2022 | As at<br>28 February 2023 |
|--|------|-------------------------|-------------------------|---------------------------|
|  | Note | £'000                   | £'000                   | £'000                     |
| <b>Assets</b>  |      |                         |                         |                           |
| Loans due after more than one year                     |      | 56,409                  | 79,045                  | 57,982                    |
| Loans due within one year                              |      | 152,334                 | 59,878                  | 121,422                   |
| Debtors and prepayments                                |      | 35,361                  | 18,173                  | 25,567                    |
| Cash   |      | 17,639                  | 36,995                  | 22,129                    |
|  |      | 261,743                 | 194,091                 | 227,100                   |
| <b>Creditors - amounts falling due within one year</b> |      | (12,507)                | (7,071)                 | (12,695)                  |
| <b>Net Assets</b>                                      |      | 249,236                 | 187,020                 | 214,405                   |
| <b>Capital and Reserves</b>                            |      |                         |                         |                           |
| Share capital  | 4    | 198                     | 153                     | 173                       |
| Share premium  |      | 223,717                 | 168,286                 | 192,820                   |
| Profit and loss account                                |      | 25,321                  | 18,581                  | 21,412                    |
| <b>Equity Shareholders' Funds</b>                      |      | 249,236                 | 187,020                 | 214,405                   |
| <b>Net Asset Value per Growth Share</b>                | 5    | 126.48p                 | 122.56p                 | 124.31p                   |
| <b>Net Asset Value per Income Share</b>                |      | 99.68p                  | 99.76p                  | 101.19p                   |
| <b>Adjusted Net Asset Value per Growth Share</b>       | 5    | 126.48p                 | 122.59p                 | 124.32p                   |
| <b>Adjusted Net Asset Value per Income Share</b>       |      | 99.69p                  | 99.78p                  | 101.21p                   |

# Consolidated cash flow statement

(unaudited)

FOR THE SIX MONTHS ENDED 31 AUGUST 2023

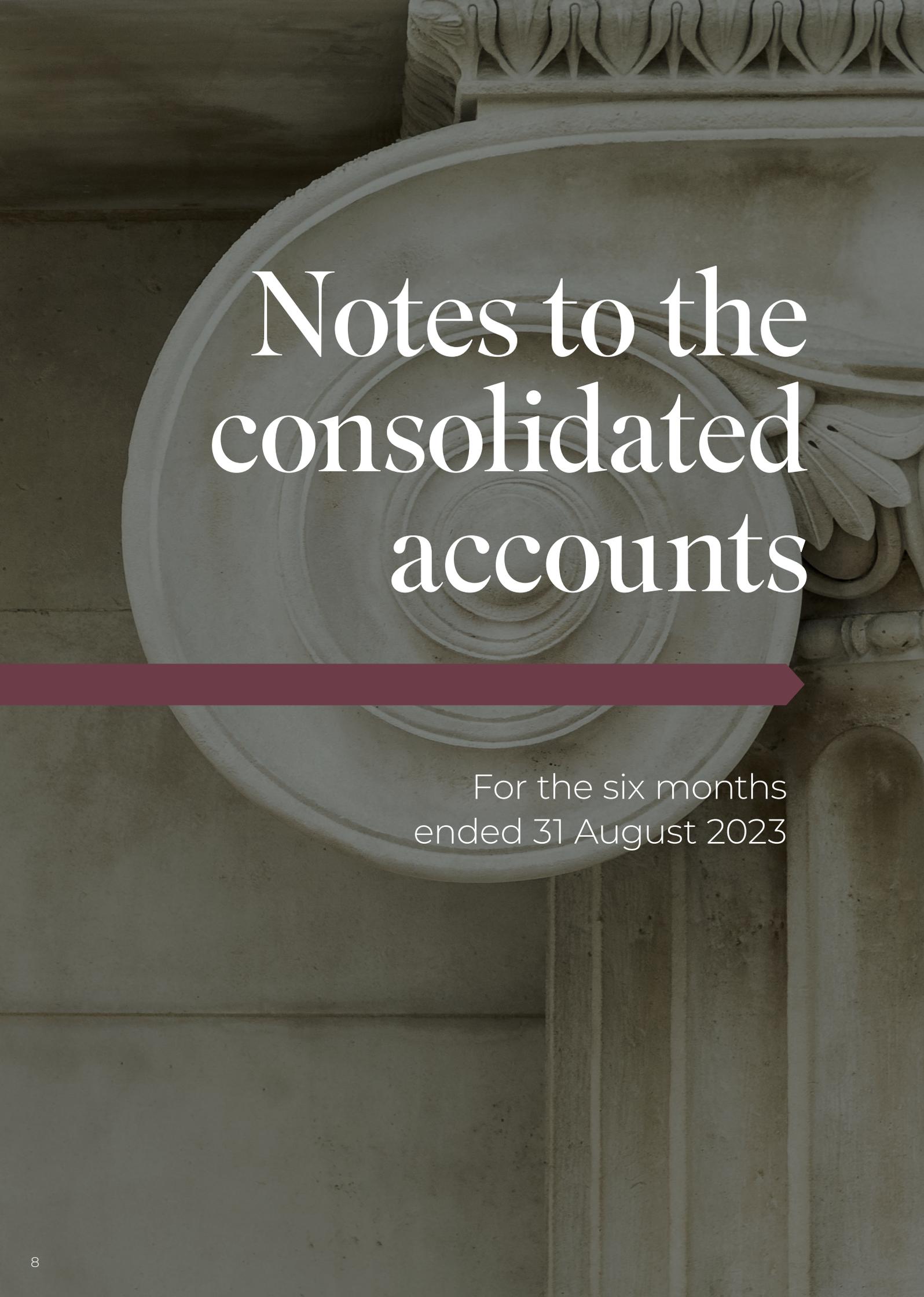
|  | Six months ended<br>31 August 2023 | Six months ended<br>31 August 2022 | Year ended 28<br>February 2023 |
|--|------------------------------------|------------------------------------|--------------------------------|
|  | £'000                              | £'000                              | £'000                          |
| <b>Reconciliation of profit after tax to net cash flow from operating activities</b> |                                    |                                    |                                |
| Profit on ordinary activities after taxation   | 3,997                              | 2,872                              | 5,704                          |
| Tax charge for the year  | 1,250                              | 680                                | 1,364                          |
| Interest Income  | (125)                              | (17)                               | (51)                           |
| Decrease in debtors  | (9,794)                            | (5,407)                            | (12,801)                       |
| Increase/(Decrease) in creditors   | (779)                              | 1,529                              | 7,114                          |
| Increase in loan book  | (29,339)                           | (46,545)                           | (87,026)                       |
| Corporation tax paid   | (659)                              | (518)                              | (1,164)                        |
| <b>Net cash inflow/(outflow) from operating activities</b>                           | <b>(35,449)</b>                    | <b>(47,406)</b>                    | <b>(86,860)</b>                |
| <b>Cash flow from investing activities</b>   |                                    |                                    |                                |
| Bank interest received   | 125                                | 17                                 | 51                             |
| <b>Net cash inflow from investing activities</b>                                     | <b>125</b>                         | <b>17</b>                          | <b>51</b>                      |
| <b>Cash flow from financing activities</b>   |                                    |                                    |                                |
| Proceeds received from issue of ordinary share capital                               | 37,992                             | 29,458                             | 60,537                         |
| Redemption and cancellation of ordinary share capital                                | (7,070)                            | (4,278)                            | (10,803)                       |
| Dividends paid   | (88)                               | (90)                               | (90)                           |
| <b>Net cash Inflow from financing</b>  | <b>30,834</b>                      | <b>25,090</b>                      | <b>49,644</b>                  |
| <b>Increase/(Decrease) in cash in the period</b>                                     | <b>(4,490)</b>                     | <b>(22,299)</b>                    | <b>(37,165)</b>                |
| <b>Reconciliation of net cashflow to movement in net funds</b>                       |                                    |                                    |                                |
| Decrease in cash in the period   | (4,490)                            | (22,299)                           | (37,165)                       |
| Cash and cash equivalents at the beginning of the period                             | 22,129                             | 59,294                             | 59,294                         |
| Cash and cash equivalents at the end of the period                                   | 17,639                             | 36,995                             | 22,129                         |

# Statement of changes in equity

(unaudited)

FOR THE SIX MONTHS ENDED 31 AUGUST 2023

| Group   | Share capital<br>£'000 | Share<br>premium<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|---|------------------------|---------------------------|-----------------------------|----------------|
| <b>Balance as at 1 March 2022</b>                         | 132                    | 143,127                   | 15,799                      | 159,058        |
| Shares issued in the period                               | 24                     | 29,433                    | -                           | 29,457         |
| Shares redeemed in the period                             | (4)                    | (4,274)                   | -                           | (4,278)        |
| Dividends paid  | -                      | -                         | (90)                        | (90)           |
| Return after taxation attributable to equity shareholders | -                      | -                         | 2,872                       | 2,872          |
| <b>Balance as at 31 August 2022</b>                       | <b>152</b>             | <b>168,286</b>            | <b>18,581</b>               | <b>187,019</b> |
| Shares issued in the period                               | 25                     | 31,055                    | -                           | 31,080         |
| Shares redeemed in the period                             | (4)                    | (6,521)                   | -                           | (6,525)        |
| Dividends paid  | -                      | -                         | -                           | -              |
| Return after taxation attributable to equity shareholders | -                      | -                         | 2,831                       | 2,831          |
| <b>Balance as at 28 February 2023</b>                     | <b>173</b>             | <b>192,820</b>            | <b>21,412</b>               | <b>214,405</b> |
| Shares issued in the period                               | 30                     | 37,962                    | -                           | 37,992         |
| Shares redeemed in the period                             | (5)                    | (7,065)                   | -                           | (7,070)        |
| Dividends paid  | -                      | -                         | (88)                        | (88)           |
| Return after taxation attributable to equity shareholders | -                      | -                         | 3,997                       | 3,997          |
| <b>Balance as at 31 August 2023</b>                       | <b>198</b>             | <b>223,717</b>            | <b>25,321</b>               | <b>249,236</b> |



# Notes to the consolidated accounts

For the six months  
ended 31 August 2023



## 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 2023 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 pages 2 to 3, 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 2023.

## 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 20 September 2023.

## 3. Dividends

A dividend of 3.25p per share (2022: 3.25p) was paid on the Company's Income shares on 30 June 2023.

## 4. Share Capital and Share Premium

|                        | As at<br>31 August 2023 |                | As at 31<br>August 2022 |                | As at<br>28 February 2023 |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|---------------------------|----------------|
|                        | Number                  | Value<br>£'000 | Number                  | Value<br>£'000 | Number                    | Value<br>£'000 |
| <b>Ordinary shares</b> | 2                       | -              | 2                       | -              | 2                         | -              |
| <b>Growth shares</b>   | 194,922,870             | 195            | 150,351,466             | 150            | 170,274,424               | 170            |
| <b>Income shares</b>   | 2,713,107               | 3              | 2,761,536               | 3              | 2,713,107                 | 3              |
|                        | <u>197,635,979</u>      | <u>198</u>     | <u>153,113,004</u>      | <u>153</u>     | <u>172,987,533</u>        | <u>173</u>     |

### 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<br>£'000 | Number                   | Value<br>£'000 |
| <b>As at 28 February 2023</b> | 170,274,424              | 170            | 2,713,107                | 3              |
| <b>Issued in the period</b>   | 30,290,882               | 30             | -                        | -              |
| <b>Redeemed in the period</b> | (5,642,436)              | (6)            | -                        | -              |
| <b>As at 31 August 2023</b>   | <u>194,922,870</u>       | <u>195</u>     | <u>2,713,107</u>         | <u>3</u>       |

Share issue costs of £nil comprise fees payable to Puma Investment Management Limited, the Trading Adviser, who is 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 week 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.

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 week 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. Adjusted Net Asset Value per Share

|  | Total       | Income shares | Growth shares | Ordinary shares |
|--|-------------|---------------|---------------|-----------------|
| Shares in issue as at 31 August 2022     | 153,113,004 | 2,761,536     | 150,351,466   | 2               |
| Net assets (£'000)                       | 187,020     | 2,755         | 184,265       | -               |
| Net asset value per share                | 122.15p     | 99.76p        | 122.56p       | -               |
| New Subscriber Net Asset Value per share | 122.17p     | 99.78p        | 122.59p       | -               |

During the year ended 28 February 2023, the Company incurred costs in connection with the re-registration from a Public Limited Company to a Private Limited Company. These costs were expensed in the year they were incurred, but for the purposes of calculating the Adjusted Net Asset Value per Share – which is used as the price for new share subscriptions – the costs are being amortised over 5 years to ensure that they are fairly attributed to initial and subsequent shareholders.

## 6. Events after the period

A further 33,00,775 Growth shares and nil Income shares have been issued up to 13 February 2024. An additional 4,360,004 Growth shares and nil Income shares were redeemed in the period.

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