



PUMA HERITAGE

INTERIM REPORT

For the six months
ended 31 August 2020

Officers and Professional Advisers

Directors

Michael Posen (Chairman)
Jim Brydie
Michael van Messel

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08285184

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² Highlights

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- Revenue of **£4.4 million** for the period, up 35% on the previous year
 - Pre-tax profits of **£2.2m** (2020: £1.9 million)
 - Net Asset Value (NAV) of £123.4 million as at 31 August 2020, an increase of £6.2 million in the period
 - Adjusted NAV per Growth Share of 114.89p as at 31 August 2020 (113.31p as at 29 February 2020)

Introduction

I am pleased to present the interim report for Puma Heritage Limited (the "Company") for the six-month period to 31 August 2020.

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 preserving capital.

The Group has recorded a successful half-year, in which revenues grew by 35% to over £4.4 million, delivering pre-tax profits of £2.2 million. NAV per share for both growth and income share classes, adjusting for dividends paid to income shareholders, has continued to grow at an annualised rate in excess of the Group's target of 3%.

Activity during the period

The period was of course dominated by the COVID-19 pandemic. Despite the obvious challenges that this has presented, the Company has continued to raise funds and transact new business.

Four new loans were completed in the period, comprising £53.3m of new funding commitments, all with the benefit of first charge security. As importantly, 2 loans totalling £10.4m were repaid during the period. No impairments have been required to the loan book.

Although investor demand understandably slowed during the depths of the lockdown months, the Company has continued to record a steady level of applications for new share subscriptions. Over £6 million of new shares were issued in the period. The attraction of the Company's offering has been evidenced in the absence of any material increase in requests for redemptions. Trading profits and net subscriptions resulted in the growth of the Company's net assets by over 5% to £123 million.

Loan book and cash holdings

As at 31 August 2020 the Group's committed loan book was £156 million, of which £90 million had been 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 £25m 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

Although recent announcements concerning the availability of vaccines have been encouraging, the COVID-19 situation continues to have severe impacts on normal economic activity and significant uncertainty is likely to remain in the short term.

The Company's loan book is well diversified and is not overly exposed to those industries most severely impacted by the pandemic. No impairments of loan positions were made during the period nor have any been required since the period end.

The Board continues to appraise new lending opportunities and has closed 4 new loans since the period end. Demand for new subscriptions is showing signs of recovery. 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.

Michael Posen

Chairman
03 December 2020



4 Consolidated Profit and Loss Account

For the six months ended 31 August 2020 (unaudited)

Note	Six months ended 31 August 2020 Total £'000	Six months ended 31 August 2019 Total £'000	Year ended 29 February 2020 Total £'000
Trading book income	4,445	3,300	7,539
Other income	21	-	-
Admin expenses	(2,311)	(1,464)	(3,591)
Operating profit	2,155	1,836	3,948
Interest income	30	27	57
	30	27	57
Profit before tax	2,185	1,863	4,005
Taxation	(403)	(377)	(805)
Profit after tax	1,782	1,486	3,200

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 2020 (unaudited)

	Note	As at 31 August 2020 £'000	As at 31 August 2019 £'000	As at 28 February 2020 £'000
Assets				
Loans due after more than one year		37,407	21,213	11,232
Loans due within one year		58,236	42,034	71,652
Debtors and prepayments		7,500	3,944	6,770
Cash		24,508	32,213	39,564
		127,651	99,404	129,218
Creditors - amounts falling due within one year				
		(4,205)	(3,355)	(11,957)
Net Assets				
		123,446	96,049	117,261
Capital and Reserves				
Share capital	4	108	87	104
Share premium		113,985	90,016	109,498
Revenue reserve		9,353	5,946	7,659
Equity Shareholders' Funds				
		123,446	96,049	117,261
Adjusted Net Asset Value per Growth Share				
	5	114.89p	111.43p	113.31p
Adjusted Net Asset Value per Income Share				
		99.73p	99.79p	101.47p

6 Consolidated Cash Flow Statement

For the six months ended 31 August 2020 (unaudited)

	Six months ended 31 August 2020 £'000	Six months ended 31 August 2019 £'000	Year ended 29 February 2020 £'000
Reconciliation of profit after tax to net cash flow from operating activities			
Profit after tax	1,782	1,486	3,143
Tax charge for the period	403	377	805
Increase in debtors	(760)	(1,419)	(4,218)
(Decrease)/increase in creditors	(8,155)	723	9,587
(Increase)/decrease in loan book	(12,759)	1,257	(18,380)
Corporation tax paid	-	-	(690)
Net cash inflow/(outflow) from operating activities	(19,489)	2,424	(9,753)
Cash flow from investing activities			
Bank interest received	30	27	57
Net cash inflow from investing activities	30	27	57
Cash flow from financing activities			
Proceeds received from issue of ordinary share capital	6,076	20,157	41,332
Expense paid for issue of share capital	-	(213)	(221)
Shares redeemed in the period	(1,584)	(1,878)	(3,545)
Dividends paid to shareholders	(89)	(73)	(75)
Net cash Inflow from financing	4,403	17,993	37,491
Net cash (outflow)/inflow after financing	(15,056)	20,444	27,795
(Decrease)/increase in cash in the period	(15,056)	20,444	7,351
Reconciliation of net cashflow to movement in net funds			
(Decrease)/increase in cash in the period	(15,056)	20,444	7,351
Cash and cash equivalents at the beginning of the period	39,564	11,769	32,213
Cash and cash equivalents at the end of the period	24,508	32,213	39,564

Statement of Changes in Equity

For the six months ended 31 August 2020 (unaudited)

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Group	Share capital £'000	Share premium £'000	Revenue reserve £'000	Total £'000
Balance as at 1 March 2019	70	71,966	4,534	76,570
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)
Profit after tax	-	-	1,486	1,486
Balance as at 31 August 2019	87	90,016	5,946	96,049
Shares issues in the period	19	21,156	-	21,175
Shares redeemed in the period	(2)	(1,666)	-	(1,668)
Expenses of share issues	-	(8)	-	(8)
Dividends paid	-	-	-	-
Profit after tax	-	-	1,714	1,714
Balance as at 29 February 2020	104	109,498	7,659	117,261
Shares issues in the period	5	6,070	-	6,076
Shares redeemed in the period	(1)	(1,583)	-	(1,584)
Expenses of share issues	-	-	-	-
Dividends paid	-	-	(89)	(89)
Profit after tax	-	-	1,782	1,782
Balance as at 31 August 2020	109	113,986	9,353	123,446

8 Notes to the Consolidated Accounts

For the six months ended 31 August 2020

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 2020 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 29 February 2020..

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 1 September 2020.

3. Dividends

The Directors do not propose a dividend in relation to the period ended 31 August 2020.

4. Share Capital and Share Premium

	As at 31 August 2020	
	Number	Value £'000
Ordinary shares	2	-
Growth shares	104,990,466	105
Income shares	2,825,958	3
	107,816,426	108

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

	As at 29 February 2020	
	Number	Value £'000
Ordinary shares	2	-
Growth shares	100,953,909	101
Income shares	2,913,615	3
	103,867,526	104

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 29 February 2020	100,953,909	101	2,913,615	3
Issued in the period	6,075,818	6	-	-
Redeemed in the period	(1,494,921)	(2)	(89,247)	-
As at 31 August 2020	104,990,466	105	2,825,958	3

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 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.

Notes to the Accounts continued

For the six months ended 31 August 2020

4. Share Capital and Share Premium (continued)

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

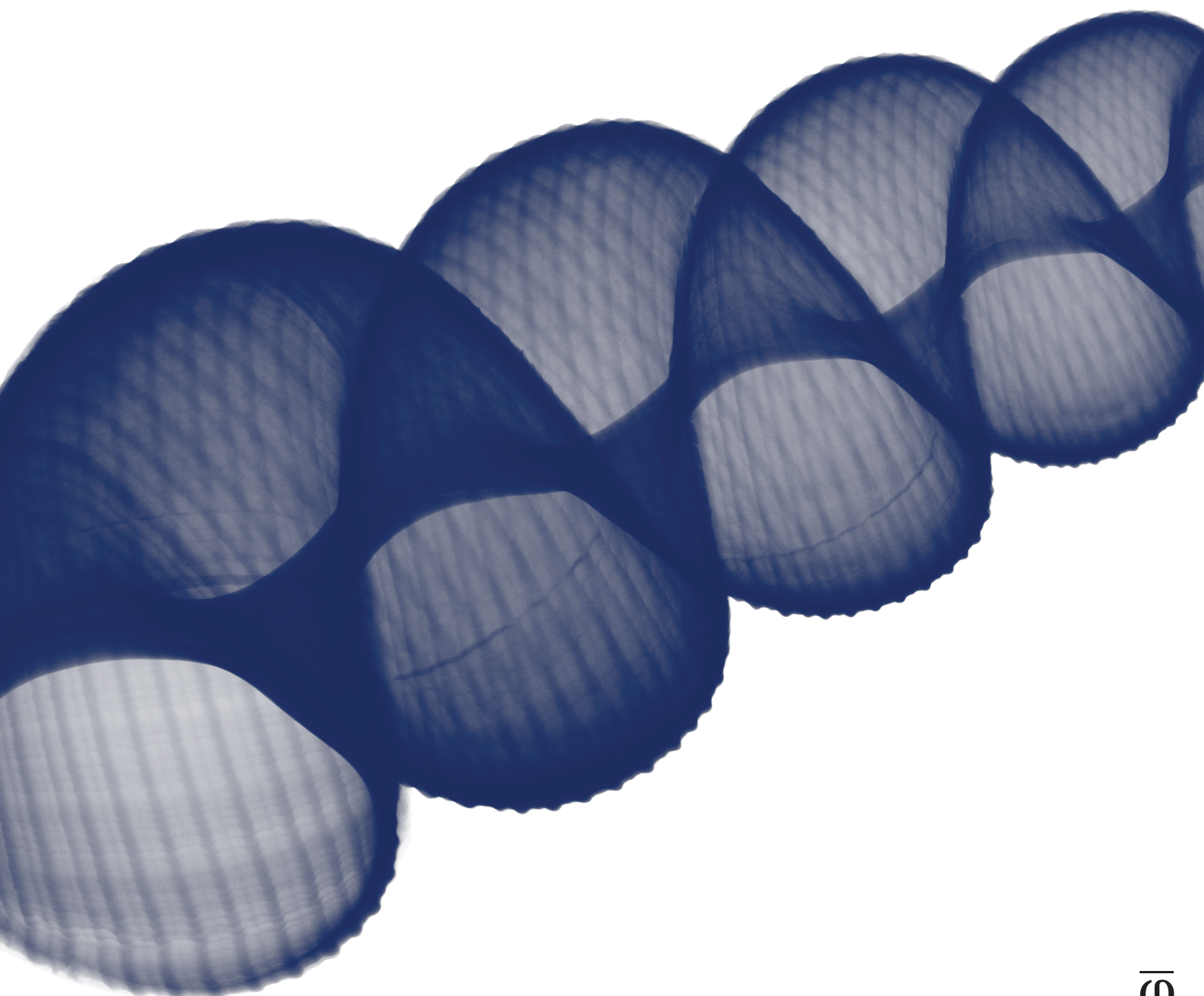
	Total	Income Shares	Growth Shares	Ordinary Shares
Shares in issue as at 31 August 2020	107,816,426	2,825,958	104,990,466	2
Net assets (£'000)	123,446	2,818	120,628	-
Adjusted Net Asset Value per share	114.50p	99.73p	114.89p	-
New Subscriber Adjusted Net Asset Value per share	114.50p	99.73p	114.89p	-

During the year ended 29 February 2020, 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

- Shares in issue: a further 2,242,323 Growth shares and nil Income shares have been issued up to 03 December 2020. An additional 2,930,042 Growth shares and 83,044 Income shares were redeemed in the period.
- Net Asset Value per Share: as at 30 November 2020, the NAV per share was 115.85p for Growth Shares and 100.56p for Income Shares.

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