
Puma Heritage Limited
Interim report 2022

Officers and Professional Advisers

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

SLC Registrars
Highdown House
Yeoman Way
Worthing
West Sussex
BN99 3HH

Administrator

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

Highlights

- Revenue of £6.8 million for the period, up 20% on the previous year
- Pre-tax profits of £3.6m (2021: £3.0 million)
- Dividend of 3.25p per share paid on Income Shares
- Net Asset Value (NAV) of £187 million as at 31 August 2022, an increase of £28 million in the period
- Adjusted NAV per Growth Share of 122.59p as at 31 August 2022, a year-on-year increase of 3.0%

Chairman's Statement

Introduction

I am pleased to present the interim report for Puma Heritage Limited (the "Company") for the six-month period to 31 August 2022.

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 20% to £6.8 million, delivering pre-tax profits of £3.6 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% in line with the Group's target.

Activity during the period

The half-year has been marked by a surge of both inflation and interest rates around the developed world after both metrics were low and benign for more than a decade. The Group promptly reacted to this changing economic environment and has altered its approach from attracting borrowers using fixed rate loans to now issuing floating rate loans. The Group's future revenues are therefore expected to be enhanced by the elevated Bank of England base rate.

43 new loans were completed in the period, all with the benefit of first charge security. Loans were made to multiple borrowers and cover a diverse range of sectors and geographies. Importantly, 30 loans were repaid during the period. No impairments were required to the loan book during the period, or subsequent to period end.

Loan book and cash holdings

As at 31 August 2022 the Group's committed loan book was £224 million, of which £139 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 £37m 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 45 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.

Included within these 45 new loans, the Group has closed 3 loans with floating interest rates, totalling over £31m of commitments. As these loans are drawn to fund the underlying property developments the Group will benefit from the higher interest rates now prevalent across the world. The Group is in advanced stages of negotiations to issue additional higher income loans while continuing its robust approach to underwriting.

The Company's loan book is well diversified and a cautious approach has been taken over the last year to ensure a lower weighted LTV across the loan book. No impairments of loan positions were made during the period nor have any been required since the period end.

Michael Posen
Chairman
21 March 2023

Consolidated Profit and Loss Account (unaudited)

For the six months ended 31 August 2022

	Six months ended 31 August 2022	Six months ended 31 August 2021	Year ended 28 February 2022
	Total £'000	Total £'000	Total £'000
Trading book income	6,801	5,672	11,216
Other income	-	-	-
Admin expenses	(3,266)	(2,681)	(5,757)
Operating profit	<u>3,535</u>	<u>2,991</u>	<u>5,459</u>
Interest income	17	1	3
	<u>17</u>	<u>1</u>	<u>3</u>
Profit on ordinary activities before taxation	3,552	2,992	5,462
Tax on return on ordinary activities	(680)	(548)	(1,043)
Profit on ordinary activities after tax attributable to equity shareholders	<u>2,872</u>	<u>2,444</u>	<u>4,419</u>

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 2022

	Note	As at 31 August 2022 £'000	As at 31 August 2021 £'000	As at 28 February 2022 £'000
Assets				
Loans due after more than one year		79,045	59,288	48,443
Loans due within one year		59,878	50,540	43,935
Debtors and prepayments		18,173	13,755	12,766
Cash		36,995	21,573	59,294
		194,091	145,156	164,438
Creditors - amounts falling due within one year		(7,071)	(5,038)	(5,380)
Net Assets		187,020	140,118	159,058
Capital and Reserves				
Share capital	4	153	118	132
Share premium		168,286	126,176	143,127
Revenue reserve		18,581	13,824	15,799
Equity Shareholders' Funds		187,020	140,118	159,058
Net Asset Value per Growth Share	5	122.56p	119.01p	120.57p
Net Asset Value per Income Share		99.76p	100.04p	101.35p
Adjusted Net Asset Value per Growth Share	5	122.59p	119.06p	120.63p
Adjusted Net Asset Value per Income Share		99.78p	100.08p	101.39p

Consolidated Cash Flow Statement (unaudited)

For the six months ended 31 August 2022

	Six months ended 31 August 2022 £'000	Six months ended 31 August 2021 £'000	Year ended 28 February 2022 £'000
Reconciliation of profit after tax to net cash flow from operating activities			
Profit after tax	2,872	2,444	4,419
Tax charge for the year	680	548	1,043
Interest Income			(3)
Decrease in debtors	(5,424)	(2,944)	(1,954)
Increase/(Decrease) in creditors	1,011	(4,479)	(3,678)
Increase in loan book	(46,545)	(1,218)	16,232
Corporation tax paid	-	-	(954)
Net cash inflow/(outflow) from operating activities	(47,406)	(5,649)	15,105
Cash flow from investing activities			
Bank interest received	17	1	3
Net cash inflow from investing activities	17	1	3
Cash flow from financing activities			
Proceeds received from issue of ordinary share capital	29,458	15,316	36,944
Shares redeemed in the period	(4,278)	(5,110)	(9,773)
Dividends paid to shareholders	(90)	(90)	(90)
Net cash Inflow from financing	25,090	10,116	27,081
Increase/(Decrease) in cash in the period	(22,299)	4,468	42,189
Reconciliation of net cashflow to movement in net funds			
Increase/(Decrease) in cash in the period	(22,299)	4,468	42,189
Cash and cash equivalents at the beginning of the period	59,294	17,105	17,105
Cash and cash equivalents at the end of the period	36,995	21,573	59,294

Statement of Changes in Equity (unaudited)
For the six months ended 31 August 2022

Group	Share capital £'000	Share premium £'000	Revenue reserve £'000	Total £'000
Balance as at 1 March 2021	109	115,979	11,470	127,558
Shares issued in the period	13	15,303	-	15,316
Shares redeemed in the period	(4)	(5,106)	-	(5,110)
Dividends paid	-	-	(90)	(90)
Return after taxation attributable to equity shareholders	-	-	2,444	2,444
Balance as at 31 August 2021	118	126,176	13,824	140,117
Shares issued in the period	18	21,610	-	21,628
Shares redeemed in the period	(4)	(4,659)	-	(4,663)
Dividends paid	-	-	-	-
Return after taxation attributable to equity shareholders	-	-	1,975	1,975
Balance as at 28 February 2022	132	143,127	15,799	159,058
Shares issued in the period	24	29,433	-	29,458
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
Balance as at 31 August 2022	153	168,286	18,581	187,020

Notes to the Consolidated Accounts

For the six months ended 31 August 2022

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 2022 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 2022.

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 31 October 2022.

Notes to the Consolidated Accounts

For the six months ended 31 August 2022

3. Dividends

A dividend of 3.25p per share (2021: 3.25p) was paid on the Company's Income shares on 01 July 2022.

4. Share Capital and Share Premium

As at 31 August 2022		
	Number	£'000 Value
Ordinary shares	2	-
Growth shares	150,351,466	150
Income shares	2,761,536	3
	<u>153,113,004</u>	<u>153</u>

As at 31 August 2021		
	Number	£'000 Value
Ordinary shares	2	-
Growth shares	115,401,511	115
Income shares	2,780,656	3
	<u>118,182,169</u>	<u>118</u>

As at 28 February 2022		
	Number	£'000 Value
Ordinary shares	2	-
Growth shares	129,597,345	129
Income shares	2,761,536	3
	<u>132,358,883</u>	<u>132</u>

Notes to the Consolidated Accounts

For the six months ended 31 August 2022

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 2022	129,597,345	129	2,761,536	3
Issued in the period	24,278,756	24	-	-
Redeemed in the period	(3,524,635)	(3)	-	-
As at 31 August 2022	150,351,466	150	2,761,536	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.

Notes to the Consolidated Accounts

For the six months ended 31 August 2022

4. Share Capital and Share Premium (continued)

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.

Notes to the Consolidated Accounts

For the six months ended 31 August 2022

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)	<u>187,020</u>	<u>2,755</u>	<u>184,265</u>	-
Net asset value per share	<u>122.15p</u>	<u>99.76p</u>	<u>122.56p</u>	-
New Subscriber Net Asset Value per share	<u>122.17p</u>	<u>99.78p</u>	<u>122.59p</u>	-

During the year ended 28 February 2022, 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 25,176,141 Growth shares and nil Income shares have been issued up to 28 February 2023. An additional 5,352,183 Growth shares and 48,429 Income shares were redeemed in the period.