



PUMA HERITAGE

Calculated Excellence

INTERIM REPORT

For the six months
ended 31 August 2017

Officers and Professional Advisers

Directors

Peter Wisher (Chairman) –
Resigned 28 July 2017
Michael Posen
Michael van Messel

Auditor

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

Registered Number

08285184

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London EC4M 7RD

Registered Office

42-50 Hershams Road
Walton-on-Thames
Surrey KT12 1RZ

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
Bond Street House
14 Clifford Street
London W1S 4JU

Registrar

SLC Registrars
42-50 Hershams Road
Walton-on-Thames
Surrey KT12 1RZ

Administrator

PI Administration Services Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Officers and Professional Advisers	IFC
Highlights	2
Director's Statement	3
Consolidated Profit and Loss Account	4
Consolidated Balance Sheet	5
Consolidated Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Consolidated Accounts	8

² Highlights

-
- Net Asset Value (NAV) of £42.1 million as at 31 August 2017 (£31.7 million as at 28 February 2017).
 - Adjusted NAV per Growth Share of 104.20p as at 31 August 2017 (102.51p as at 28 February 2017), this reflecting the continued successful deployment of funds and the ongoing profitability of the company.
 - The pipeline of potential deals remains strong.

Introduction

I am pleased to present the interim report for Puma Heritage plc (the "Company") for the six-month period to 31 August 2017.

The Company has continued to make progress since the year-end. As at 31 August 2017, the Company had net assets of £42.1 million of which more than 90% was committed to various loans as described below.

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 2017 the loan book on which the Group was earning interest was £25.9 million, of which £23.3 million had been drawn (loans having been provided via its wholly owned subsidiary Heritage Square Limited (the "Subsidiary")), as described below. The weighted average income of this loan book was 7.36%.

In addition to the above loan book, as at 31 August 2017 the Group had offered further loan facilities totalling £19.5 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 at the year end 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 preserving capital.

In the six-month period to 31 August 2017, I am pleased to report that we have completed a range of new loans, all with the benefit of first charge security, to a number of borrowers. The Board is pleased to report that loans have been made across a number of sectors, to a number of borrowers and are geographically diversified. 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 £6.8m to fund the development of a new build 175-bed Hampton by Hilton Hotel and the associated infrastructure at Edinburgh Airport.
- a £4.5m, 12-month bridging facility for the acquisition of an office building in Worthing with Permitted Development Rights to be converted into 102 residential units.
- a loan of £4.3 million to fund the development of a care home in Formby, Merseyside.

In relation to the loan to a Materials Recycling Facility ("MRF") operator, the company operating the MRF suffered a substantial fire at the premises on 28 February 2016 with the immediate consequence that the plant cannot now operate and as a result, as first charge holders, the Group appointed an administrator over the business in early March 2016. The premises are fully insured and the administrator is currently overseeing the claim process, which the Board believes should result in a full recovery of the £750,000 loan. The Board will continue 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 £615,000. The reported NAV per Growth Share as at 31 August 2017 was 104.05p, and the Adjusted NAV was 104.20. The reported NAV per Income Share as at 31 August 2017 was 98.96p, and the Adjusted NAV was 99.10p (excluding 5p 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 (see Note 5 to the Accounts).

The Company's continued profitability represents an increase in Adjusted NAV per Growth Share of 1.69p in the six-months to 31 August 2017.

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
Director

3 November 2017

Consolidated Profit and Loss Account

For the six months ended 31 August 2017 (unaudited)

Note	Six months ended 31 August 2017 Total £'000	Six months ended 31 August 2016 Total £'000	Year ended 28 February 2017 Total £'000
Trading book income	1,174	719	1,717
Other income		25	
Admin expenses	(411)	(279)	(648)
Operating profit	763	465	1,069
Interest income	1	6	10
	1	6	10
Return on ordinary activities before taxation	764	471	1,079
Tax on return on ordinary activities	(149)	(93)	(217)
Return on ordinary activities after tax attributable to equity shareholders	615	378	862

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 2017 (unaudited)

5

	Note	As at 31 August 2017 £'000	As at 31 August 2016 £'000	As at 28 February 2017 £'000
Assets				
Loans due after more than one year		15,193	6,253	10,377
Loans due within one year		8,212	10,487	14,836
Debtors and prepayments		3,012	2,108	1,121
Cash		28,943	6,539	6,615
		55,360	25,387	32,949
Creditors – amounts falling due within one year				
		(12,515)	(1,253)	(1,216)
Assets less Current Liabilities				
		42,845	24,134	31,733
Creditors – amounts falling due after more than one year				
		(761)	(383)	–
Net Assets				
		42,084	23,751	31,733
Capital and Reserves				
Share capital	4	41	24	31
Share premium		40,365	23,107	30,598
Revenue reserve		1,678	620	1,104
Equity Shareholders' Funds				
		42,084	23,751	31,733
Net Asset Value per Growth Share				
	5	104.05p	100.40p	102.23p
Net Asset Value per Income Share				
		98.96p	98.39p	100.18p
Adjusted Net Asset Value per Growth Share				
		104.20p	100.83p	102.51p
Adjusted Net Asset Value per Income Share				
	5	99.10p	98.81p	100.45p

6 Consolidated Cash Flow Statement

For the six months ended 31 August 2017 (unaudited)

	Six months ended 31 August 2017 £'000	Six months ended 31 August 2016 £'000	Year ended 28 February 2017 £'000
Operating activities			
Profit after tax	615	378	862
Tax charge for the year	149	93	217
(Increase) / Decrease in debtors	(1,892)	(436)	671
Increase/(Decrease) in creditors	11,911	351	(317)
Decrease/(Increase) in loan book	1,808	(8,949)	(17,422)
Net cash inflow/(outflow) from operating activities	12,591	(8,563)	(15,989)
Returns on investments and servicing of finance			
Interest received	1	6	10
Interest paid	–	–	–
	1	6	10
Net cash inflow/(outflow) before financing	12,592	(8,557)	(15,979)
Financing activities			
Proceeds received from issue of ordinary share capital	10,562	6,468	14,693
Expense paid for issue of share capital	(181)	(145)	(314)
Shares redeemed in the period	(605)	(1,071)	(1,629)
Dividends paid to shareholders	(41)	(23)	(23)
Net cash inflow from financing	9,736	5,229	12,727
Net cash inflow/(outflow) after financing	22,328	(3,328)	(3,252)
Increase/(Decrease) in cash in the period	22,328	(3,328)	(3,252)
Reconciliation of net cashflow to movement in net funds			
Increase/(Decrease) in cash in the period	22,328	(3,328)	76
Net funds at start of the period	6,615	9,867	6,539
Net funds at end of the period	28,943	6,539	6,615

Statement of Changes in Equity

For the six months ended 31 August 2017 (unaudited)

7

Group	Share capital £'000	Share premium £'000	Revenue reserve £'000	Total £'000
Balance as at 1 March 2016	18	17,861	265	18,144
Shares issued in the period	6	6,462	–	6,468
Shares redeemed in the period	(1)	(1,070)	–	(1,071)
Expenses of share issues	–	(145)	–	(145)
Dividends paid	–	–	(23)	(23)
Return after taxation attributable to equity shareholders	–	–	378	3783
Balance as at 31 August 2016	24	23,107	620	23,751
Shares issued in the period	8	8,216	–	8,224
Shares redeemed in the period	(1)	(557)	–	(558)
Expenses of share issues	–	(169)	–	(169)
Return after taxation attributable to equity shareholders	–	–	484	484
Balance as at 28 February 2017	31	30,598	1,104	31,733
Shares issued in the period	10	10,552	–	10,562
Shares redeemed in the period	(1)	(604)	–	(605)
Expenses of share issues	–	(181)	–	(181)
Dividends paid	–	–	(41)	(41)
Return after taxation attributable to equity shareholders	–	–	615	615
Balance as at 31 August 2017	41	40,365	1,678	42,084

8 Notes to the Consolidated Accounts

For the six months ended 31 August 2017

1. Financial information

Basis of preparation

The annual financial statements of Puma Heritage plc (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 2017 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 Director'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 2017.

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 30 May 2017.

3. Dividends

A dividend of 3 pence per share was paid to Income shareholders during the period. The Directors do not propose a dividend in relation to the period ended 31 August 2017.

4. Share Capital and Share Premium

	As at 31 August 2017	
	Number	Value £'000
Ordinary shares	2	–
Growth shares	39,012,586	39
Income shares	1,506,799	2
	40,519,387	41
	As at 31 August 2016	
	Number	Value £'000
Ordinary shares	2	–
Growth shares	22,374,172	23
Income shares	1,307,730	1
	23,681,904	24
	As at 28 February 2017	
	Number	Value £'000
Ordinary shares	2	–
Growth shares	29,622,769	30
Income shares	1,446,687	1
	31,069,458	31

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 2017	29,622,769	30	1,446,687	1
Issued in the period	9,878,696	10	161,645	–
Redeemed in the period	(488,879)	(1)	(101,533)	–
As at 31 August 2017	39,012,586	39	1,506,799	1

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

Share issue costs of £181,000 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.

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.

Notes to the Accounts continued

For the period ended 28 February 2017

5. Net Asset Value per Share

	Total	Income shares	Growth shares	Ordinary shares
Shares in issue as at 31 August 2017	40,519,387	1,506,799	39,012,586	2
	Total	Attributable to Income shares	Attributable to Growth shares	Attributable to Ordinary shares
Net assets (£'000)	42,084	1,491	40,593	-
Add back: formation and preliminary costs incurred and expensed over 5 years	171			
Less: amortisation of formation and preliminary costs	(112)			
Adjusted net assets for new subscribers as at 31 August 2017	42,143	1,493	40,650	-
Net asset value per share		98.96p	104.05p	-
New Subscriber Net Asset Value per share		99.10p	104.20p	-

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.

6. Events after the period

- (i) Shares in issue: a further 2,483,922 Growth shares and 77,856 Income shares have been issued up to 31 October 2017. An additional 446,730 Growth shares were redeemed in the period.
- (ii) Net Asset Value per Share: as at 31 October 2017, the Adjusted NAV per share was 104.65p for Growth shares and 99.53p for Income shares.



PUMA INVESTMENTS

Promoter

Investment Manager
14 Clifford Street London, W1S 4JU

Adviser Enquiries: 020 7408 4070
Investor Enquiries: 020 7408 4100

E: info@pumainvestments.co.uk
www.pumainvestments.co.uk

Puma Investments is a trading name of
Puma Investment Management Limited which
is authorised and regulated by the Financial
Conduct Authority, FCA Number 590919