

**Puma VCT 12 plc**  
**Interim Report**

**For the period ended 31 August 2018**

## **Officers and Professional Advisers**

### **Directors**

Raymond Pierce (Chairman)  
David Brock  
Graham Shore

### **Secretary**

Eliot Kaye

### **Registered Number**

09758309

### **Registered Office**

Bond Street House  
14 Clifford Street  
London W1S 4JU

### **Investment Manager**

Puma Investment Management Limited  
Bond Street House  
14 Clifford Street  
London W1S 4

### **Administrator**

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

### **Registrar**

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

### **Auditor**

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

### **Sponsors and Solicitors**

Howard Kennedy  
No 1 London Bridge  
London SE1 9BG

### **Bankers**

Metro Bank plc  
One Southampton Row  
London  
WC1B 5HA

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

### **VCT Tax Advisor**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

### **Custodian**

Pershing Securities Limited  
1 Canada Square  
London  
E14 5AL

## Chairman's Statement

### Highlights

- Funds substantially invested in a diverse range of high quality businesses and projects
- NAV per share up 0.41p in the half year at 96.75p (adding back dividends paid to date)
- 2p per share dividend paid during the period

### Chairman's Statement

#### Introduction

I am pleased to present the interim report for Puma VCT 12 plc (the 'Company') for the period to 31 August 2018. The Company has deployed its funds in a diverse range of high quality businesses and projects and we believe our portfolio is well positioned to deliver attractive returns to shareholders within the Company's expected remaining time horizon.

#### Results and Net Asset Value ('NAV')

The NAV per share at the period end was 94.75p (96.75p after adding back dividends paid to date). Profit after tax for the period was £126,000, representing a return of 0.41p per ordinary share during the period. The Company's total net assets at the period end were just over £29.3 million.

#### Investments

##### *Qualifying Investments*

##### *NRG Gym – Budget Gyms*

During the period, the Company invested £1.4 million (as part of a total investment round of £5 million) into S A Fitness Holdings Limited, a budget gym business operating under the "NRG Gym" brand. The business currently operates from two sites, in Gravesend and in Watford, and specialises in providing an affordable gym experience with an exceptional large selection of high-end gym equipment. The investment will provide funds to roll the brand out further.

##### *Growing Fingers - Children's Nursery*

As previously reported, the Company has invested £420,000 (as part of a £2.8 million investment alongside other Puma VCTs) in Growing Fingers Limited. The investment is funding the construction and launch of a new purpose-built 108 place nursery school in Wendover, Buckinghamshire, an affluent commuter town with direct links to London. Growing Fingers is a new venture headed by a management team with many years'

operational experience in nurseries and healthcare facilities. The Company benefits from first charge security over the Wendover site and the Growing Fingers business.

*Signal Building Services – Construction projects*

The Company has invested £200,000 (as part of a total investment round of £2 million) into Signal Building Services Limited, a business specialising in delivering turnkey solutions to construction projects led by a management team with over 40 years' of combined experience in the construction sector. Signal Building Services is currently working on two projects: the construction of a 22 apartment supported living scheme in Wigan and the construction of a 14 apartment supported living scheme in Sutton-in-Ashfield.

*Sweat Union – Budget Gyms*

The Company invested £3.35 million (as part of a total investment round of £3.75 million) into Sweat Union Limited, a fitness business in the budget and mid-market gym space. Sweat! offers a zoned fitness experience and is pitched at a slight price premium to budget rivals given its dedicated spinning and aerobics studios. Sweat! recently unveiled a partnership with Debenhams to launch in-store gyms with a trial site in Sutton, South London. The Company's investment has supported the continued roll-out of the brand to the current six units. Trading conditions have proven more challenging than the business plan envisaged and Sweat! has recently made some management changes to address these difficulties.

*Applebarn Nurseries – Children's Nursery*

The Company's investment of £1.1 million in Applebarn Nurseries Limited (as part of a £2.2 million qualifying investment alongside another Puma VCT) continues to perform. The management team behind Applebarn include a successful operator of the nurseries, together with an experienced developer and contractor. Applebarn's first site, a new 120 place children's day nursery in Altrincham, South Manchester, opened in September 2018.

*Knott End – Pubs with Microbreweries*

During the previous period, the Company invested £2.4 million (as part of a £4.8 million qualifying investment alongside another Puma VCT) in Knott End Limited which has entered into a franchise agreement with Brewhouse & Kitchen Limited to roll out a portfolio of pubs offering on-site craft micro-brewing activities and good quality food. Knott End has recently opened its first two pubs, in Milton Keynes and Horsham, West Sussex.

*Kid & Play – Children's Nursery*

As previously reported, the Company made a £1.7 million qualifying investment in Kid & Play Limited, alongside funds invested by another Puma VCT totalling £3.4 million. Kid & Play is seeking to develop, own and operate a new children's day nursery and has identified a number of potential sites which are currently in various stages of planning applications.

#### *Sunlight Education Nucleus - Special Educational Needs Schools*

In November 2017, the Company made a £2.35 million qualifying investment (as part of a £4.7 million investment alongside other Puma VCTs) in Sunlight Education Nucleus Limited, a company seeking to develop, own and operate a series of special educational needs schools across the United Kingdom. The team at Sunlight are progressing with plans for their first school in the West Midlands.

#### *South-West Cliffe – Children’s Nursery*

The Company has invested £2.1 million (as part of a £4.2 million qualifying investment alongside another Puma VCT) in South-West Cliffe Limited, supporting an experienced management team to roll out a portfolio of purpose-built day nurseries.

#### *Pure Cremation – Crematorium and Direct Cremations*

In November 2017, the Company invested £3 million in Pure Cremation Holdings Limited (as part of a £5 million qualifying investment alongside another Puma VCT). Pure Cremation is a leading provider of so-called direct cremations, meeting the needs of a growing number of people in the United Kingdom who want a respectful direct cremation arranged without any funeral, leaving them free to say farewell how, where and when is right for them. The Pure Cremation team have many years’ experience in the funeral services sector and have recently acquired a site near Andover on which they are developing a new crematorium and central facility.

#### *Non-Qualifying Investments*

As previously reported, the Company had initially invested just over £20 million in a series of lending businesses offering an appropriate risk adjusted return in the short to medium term. It was intended that these positions would be liquidated in due course as the Company made qualifying investments. Details of the loans that these lending businesses have made, many of which were repaid in full during the period, are set out below.

#### *Construction of Airport Hotel, Edinburgh*

The £2.8 million loans advanced to Ability Hotels (Edinburgh) Limited (as part of an overall facility of £16 million, through affiliates Piccadilly Lending Limited and Tottenham Lending Limited) to fund the development of a new 240-room Hampton by Hilton hotel at Edinburgh Airport continues to perform. The hotel is now expected to open before the end of the year, well ahead of schedule, at which time it will be the newest and nearest hotel to the airport terminal building. The Ability Group is an experienced developer and operator of hotels and the loan is secured with a first charge over the site.

#### *Mixed Residential Commercial Development, Bloomsbury*

As previously reported, a £3.9 million loan (as part of a total facility of £17.97 million) was advanced to Cudworth Limited (through affiliates, Victoria Lending Limited, Tottenham Lending Limited and Marble Lending Limited) to fund the construction of a mixed residential and commercial development in Bloomsbury, London, close to the British Museum and

600m from King's Cross station. The development includes 11 apartments, 2 houses and 11,800 square feet of B1 commercial space. The loan is secured with a first charge over the site and the development is well progressed.

#### *Citrus Group*

As previously reported, a series of loans had been advanced to various entities within the Citrus Group, which at the start of the period stood at £1 million (through an affiliate, Tottenham Lending Limited). These loans, together with loans from other vehicles managed and advised by your Investment Manager, formed part of a series of revolving credit facilities to provide working capital to the Citrus PX business. Citrus PX operates a property part exchange service facilitating the rapid purchase of properties for developers and homeowners. We are pleased to report that, during the period, the loans were repaid in full giving a good rate of return.

#### *Care Home for the Elderly, Chester*

A £608,000 loan (as part of an overall facility of £7.4 million) had been advanced (through an affiliate, Victoria Lending Limited) to New Care (Chester) Limited to fund the development and initial trading of a 77-bed purpose-built care home in Chester. The New Care Group is an experienced developer and operator of care homes and the loan was secured with a first charge over the site. We are pleased to report that, during the period, the development was completed and the care home was refinanced resulting in the loan being repaid in full.

#### *Mixed Residential Commercial Development, Tower Bridge*

A £1.8 million facility (together with loans from other vehicles managed and advised by the Investment Manager totalling £4.3 million) had been provided through an affiliate, Marble Lending Limited, to Empire TBR Limited to fund the construction of a mixed residential and commercial development near Tower Bridge, London. During the period, the loan was repaid in full.

### **VCT Qualifying Status**

PricewaterhouseCoopers LLP (“PwC”) provides the Board and the Investment Manager with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs and has reported no issues in this regard for the Company to date. PwC also assists the Investment Manager in establishing the status of investments as qualifying holdings and will continue to assist the Investment Manager in monitoring rule compliance

### **Principal Risks and Uncertainties**

Although the economy in the UK continues to improve, it remains fragile, especially in light of the ongoing Brexit negotiations. The consequences of this for the Company's investment portfolio constitute the principal risk and uncertainty for the Company in the second half of the year.

## **Outlook**

We are pleased to have invested a large proportion of the Company's funds. We remain focused on generating strong returns for the Company in both the qualifying and non-qualifying portfolios, whilst balancing these returns with maintaining an appropriate risk exposure and ensuring there is significant liquidity in the portfolio to free up cash for qualifying investments as they arise.

The Investment Management team continues to meet with companies which are potentially suitable for investment. Over the course of the coming months, the Company will build the qualifying portfolio to the required 80 per cent. We have strong deal-flow and are meeting many potential investee companies with several interesting opportunities to make further qualifying investments.

**Ray Pierce**  
**Chairman**  
**30 November 2018**

## Income Statement (unaudited)

For the period ended 31 August 2018

	Note	Period ended 31 August 2018			Period ended 31 August 2017			Period ended 28 February 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	-	-	-	7	7	-	-	-
Income		603	-	603	487	-	487	1,147	-	1,147
		603	-	603	487	7	494	1,147	-	1,147
Investment management fees	4	(75)	(225)	(300)	(74)	(222)	(296)	(149)	(447)	(596)
Other expenses		(165)	-	(165)	(124)	-	(124)	(254)	-	(254)
		(240)	(225)	(465)	(198)	(222)	(420)	(403)	(447)	(850)
Return/(loss) on ordinary activities before taxation		363	(225)	138	289	(215)	74	744	(447)	297
Tax on return on ordinary activities		(12)	-	(12)	-	-	-	(142)	142	-
Return/(loss) on ordinary activities after tax attributable to equity shareholders		351	(225)	126	289	(215)	74	602	(305)	297
Basic and diluted Return/(loss) per Ordinary Share (pence)	2	1.14p	(0.73p)	0.41p	0.93p	(0.70p)	0.24p	1.95p	(0.99p)	0.96p

The total column of this statement is the profit and loss of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.



## Balance Sheet (unaudited)

As at 31 August 2018

	Note	As at 31 August 2018 £'000	As at 31 August 2017 £'000	As at 28 February 2018 £'000
<b>Fixed Assets</b>				
Investments	6	27,021	25,793	27,972
<b>Current Assets</b>				
Prepayments		2,102	942	1,501
Cash		373	2,985	473
		2,475	3,927	1,974
<b>Creditors - amounts falling due within one year</b>		(209)	(164)	(167)
<b>Net Current Assets</b>		2,266	3,763	1,807
<b>Net Assets</b>		29,287	29,556	29,779
<b>Capital and Reserves</b>				
Called up share capital		19	19	19
Share premium account		29,833	29,833	29,833
Capital reserve – realised		(929)	(620)	(704)
Capital reserve – unrealised		-	6	-
Revenue reserve		364	318	631
<b>Equity Shareholders' Funds</b>		29,287	29,556	29,779
<b>Net Asset Value per Ordinary Share</b>	3	94.75p	95.62p	96.34p
<b>Diluted Net Asset Value per Ordinary Share</b>	3	94.75p	95.62p	96.34p

## Cash Flow Statement (unaudited)

For the period ended 31 August 2018

	Period ended 31 August 2018 £'000	Period ended 31 August 2017 £'000	Period ended 28 February 2018 £'000
<b>Operating activities</b>			
Profit on ordinary activities after tax	126	74	297
Gains on investments	-	(7)	-
Increase in debtors	(601)	(484)	(1,043)
Increase/(decrease) in creditors	42	(1)	2
<b>Net cash used in operating activities</b>	<u>(433)</u>	<u>(418)</u>	<u>(744)</u>
<b>Cash flow from investing activities</b>			
Purchase of investments	(1,417)	1,343	(16,957)
Proceeds from disposal of investments	2,368	-	16,114
<b>Net cash generated/(used) in investing activities</b>	<u>951</u>	<u>1,343</u>	<u>(843)</u>
<b>Cash flow from financing activities</b>			
Dividends paid	(618)	-	-
<b>Net cash used from financing activities</b>	<u>(618)</u>	<u>-</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(100)</u>	<u>925</u>	<u>(1,587)</u>
Cash and cash equivalents at start of the period	473	2,060	2,060
<b>Cash and cash equivalents at the end of the period</b>	<u><u>373</u></u>	<u><u>2,985</u></u>	<u><u>473</u></u>

## Statement of Changes in Equity (unaudited)

For the period ended 31 August 2018

	Called up share capital £'000	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
Balance as at 1 March 2017	19	29,833	(425)	26	29	29,482
Total recognised (losses)/gains for the period	-	-	(195)	(20)	289	74
Balance as at 31 August 2017	19	29,833	(620)	6	318	29,556
Total recognised (losses)/gains for the period	-	-	(110)	20	313	223
Realised gain from prior period	-	-	26	(26)	-	-
Balance as at 28 February 2018	19	29,833	(704)	-	631	29,779
Dividends paid	-	-	-	-	(618)	(618)
Total recognised (losses)/gains for the period	-	-	(225)	-	351	126
Balance as at 31 August 2018	19	29,833	(929)	-	364	29,287

## Notes to the Interim Report

### For the period ended 31 August 2018

#### 1. Accounting Policies

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments, and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") and in accordance with the Financial Reporting Standard 102 ("FRS102").

#### 2. Return per Ordinary Share

The total profit per share of 0.41p is based on the profit for the period of £126,000 and the weighted average number of shares in issue as at 31 August 2018 of 30,909,188 calculated from the date of the first receipt of proceeds from the issue of ordinary share capital.

#### 3. Net asset value per share

	As at 31 August 2018	As at 31 August 2017	As at 28 February 2018
Net assets	29,287,000	29,556,000	29,779,000
Shares in issue	30,909,188	30,909,188	30,909,188
<b>Net asset value per share</b>			
Basic	94.75p*	95.62p	96.34p
Diluted	94.75p*	95.62p	96.34p

\*This is net of 2p of dividends paid to date

#### 4. Management fees

The Company pays the Investment Manager an annual management fee of 2% of the Company's net assets. The fee is payable quarterly in arrears. The annual management fee is allocated 75% to capital and 25% to revenue.

#### 5. Financial information provided

The financial information for the period ended 31 August 2018 has not been audited and does not comprise full financial statements within the meaning of Section 423 of the Companies Act 2006. The interim financial statements have been prepared on the same basis as will be used to prepare the annual financial statements.

## Notes to the Interim Report continued

### For the period ended 31 August 2018

#### 6. Investment portfolio summary

As at 31 August 2018	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
<b>Qualifying Investment</b>				
Growing Fingers Limited	420	420	-	1%
Kid & Play Limited	1,694	1,694	-	6%
South-West Cliffe Limited	2,100	2,100	-	7%
Signal Building Services Limited	200	200	-	1%
Applebarn Nurseries Limited	1,133	1,133	-	4%
Knott End Pub Company Limited	2,400	2,400	-	8%
Sunlight Education Nucleus Limited	2,350	2,350	-	8%
Sweat Union Limited	3,350	3,350	-	11%
Pure Cremation Holdings Limited	3,000	3,000	-	10%
SA Fitness Holdings Limited	1,417	1,417	-	5%
<b>Total Qualifying Investments<sup>1</sup></b>	<b>18,064</b>	<b>18,064</b>	<b>-</b>	<b>61%</b>
<b>Non-Qualifying Investments</b>				
Piccadilly Lending Limited	1,240	1,240	-	4%
Victoria Lending Limited	1,617	1,617	-	6%
Tottenham Lending Limited	2,900	2,900	-	10%
Marble Lending Limited	3,200	3,200	-	11%
<b>Total Non-Qualifying Investments<sup>1</sup></b>	<b>8,957</b>	<b>8,957</b>	<b>-</b>	<b>31%</b>
<b>Total Investments<sup>1</sup></b>	<b>27,021</b>	<b>27,021</b>	<b>-</b>	<b>92%</b>
<b>Balance of Portfolio</b>	<b>2,266</b>	<b>2,266</b>	<b>-</b>	<b>8%</b>
<b>Net Assets</b>	<b>29,287</b>	<b>29,287</b>	<b>-</b>	<b>100%</b>

Of the investments held at 31 August 2018, all are incorporated in England and Wales.

<sup>1</sup> The HMRC valuation differs from FRS102, because FRS102 requires changes to reflect current market valuations whereas HMRC requires such changes when further securities of the same company are bought or sold by the VCT. It also omits the items shown as 'Balance of Portfolio'.

Copies of this Interim Statement will be made available on the website:  
<http://www.pumainvestments.co.uk/pages/view/investors-information-vcts>