



PUMA VCT ¹¹
Calculated Excellence

INTERIM REPORT

For the period ended
31 August 2019

Officers and Professional Advisers

DIRECTORS

Harold Paisner (Chairman)
Maurice Shear
Graham Shore

SECRETARY

Eliot Kaye

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02 Chairman's Statement

Highlights

- Φ Fund substantially invested in a diverse range of businesses and projects.
- Φ 10p per share of dividends paid since inception.
- Φ NAV of 92.62p at the half year (adding back dividends paid to date).

INTRODUCTION

AS YOUR COMPANY ENTERS INTO THE FINAL YEAR OF ITS EXPECTED FIVE-YEAR LIFE, I CAN REPORT THAT YOUR FUNDS ARE SUBSTANTIALLY DEPLOYED IN BOTH QUALIFYING AND NON-QUALIFYING INVESTMENTS. THE COMPANY CONTINUES TO MEET ITS MINIMUM QUALIFYING INVESTMENT PERCENTAGE OF 80 PER CENT AND WE REMAIN FOCUSED ON GENERATING RETURNS FOR THE COMPANY FROM BOTH THE QUALIFYING AND NON-QUALIFYING PORTFOLIO.

INVESTMENTS

QUALIFYING INVESTMENTS

Having met and maintained its minimum qualifying investment percentage, and in light of its remaining planned life, the Company has not made any new qualifying investments during the period. We report as follows on its current portfolio of qualifying investments.

Pure Cremation — Crematorium and Direct Cremations

In November 2017, the Company invested £2 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 direct cremations, meeting the needs of a growing number of people in the United Kingdom who want a respectful cremation arranged without any funeral, leaving them free to say farewell how, where and when is right for them. The business' new purpose-built site near Andover opened during the period, reducing operating costs and opening up new revenue streams. The business is performing, delivering strong revenue growth across all of its sales channels.

Growing Fingers — Children's Nursery

As previously reported, the Company has invested £0.98 million (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. The Company benefits from first charge security over the Wendover site and the Growing Fingers business. The directors of Growing Fingers expect the nursery to open in the summer of 2020.

Welcome Health — Chain of Pharmacies

The Company had previously invested £2.5 million (as part of a £5 million investment alongside other Puma VCTs) in Welcome Health Limited. Welcome Health owns and operates a series of mature pharmacies across the North East of England, focusing on providing pharmaceutical services to a currently underserved and relatively deprived market. We are pleased to report that, during the period, the entrepreneur behind Welcome Health has refinanced the group which should facilitate the redemption of the Company's investment in the coming months.

Mini Rainbows — Children's Nurseries

Mini Rainbows Limited (in which the Company invested £2.5 million as part of a £5 million investment alongside other Puma VCTs) owns and operates two mature children's day nurseries in Scotland — in Murrayfield, an affluent part of Edinburgh, and in Shawlands, Glasgow. Both sites are performing well and contributing material EBITDA.

Warm Hearth — Pubs with Microbreweries

As noted in the Company's annual report and accounts, your Board decided to provide against the carrying value of the Company's investment in Warm Hearth Limited, a pub business seeking to capitalise on the strong growth trends within the craft beer sub-market. In late 2015, the Company invested £2.5 million (as part of a £5 million investment alongside other Puma VCTs) in Warm Hearth which entered into a franchise agreement with Brewhouse & Kitchen Limited ("B&K"). B&K is a national branded operator, offering craft micro-brewing activities within each of its pub units as a point of focus. Warm Hearth currently owns and operates two substantial freehold pub assets, in Chester and Wilmslow. Performance has been significantly below our expectations for some time. Management remain focused on improving performance, as well as looking at planning options, particularly at Chester where they plan to convert the upper levels of the building into boutique hotel rooms. Such rooms have the potential to add significant value (both from a property and a trading perspective) as the marginal cost of operating the rooms is low, allowing a significant portion of the room revenue to flow to the bottom line. Your Board are pleased to report that post period end planning was granted for these conversion works and the development of 17 letting rooms.

Signal Building Services — Construction Projects

In September 2017, the Company invested £1 million (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 the construction of a 14-apartment supported living scheme in Sutton-in-Ashfield. Signal Building Services has also recently been working on the construction of a 22-apartment supported living scheme in Wigan which, we are pleased to report, completed successfully shortly after the period end, generating attractive returns for Signal Building Services which will benefit the Company when its investment is repaid in due course.

Applebarn Nurseries — Children's Nursery

The Company had previously invested £1.1 million in Applebarn Nurseries Limited (as part of a £2.2 million qualifying investment alongside another Puma VCT). The management team include a successful operator of nurseries, together with an experienced developer and contractor. The team's first site, a custom-built 120-place children's day nursery in Altrincham, South Manchester opened in September 2018 and is now ramping up as occupancy builds.

Knott End Pub Company — Pubs with Microbreweries

During the previous year, the Company invested £2.4 million (as part of a £4.8 million qualifying investment alongside another Puma VCT) in Knott End Pub Company 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 currently owns and operates two pub assets in Horsham and Milton Keynes; the Horsham asset has been trading in line with expectations but the pub in Milton Keynes has been disappointing. Management remain focused on improving performance at both sites.

Kid & Play — Children's Nursery

In October 2017, 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. We are pleased to report that during the period Kid & Play acquired a site in Bedford on which it is now developing a 110-place children's day nursery which is expected to open in Spring 2020. Moreover, shortly following the period end, Kid & Play commenced trading by entering into a contract to provide services in relation to early childhood study tours, revenue from which will assist in running costs pending opening of the nursery.

Sunlight Education Nucleus — Special Educational Needs Schools

In November 2017, the Company made a £1.35 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. We are pleased to report that, shortly following the period end, the team at Sunlight opened their first school in Stafford, West Midlands and are now working on the development of a second site in Crewe.

South-West Cliffe — Children's Nursery

As previously reported, 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. Despite best efforts, the management team have been unable to agree terms on a site and therefore, shortly after the period end, took the decision to place South-West Cliffe Limited into a solvent members' liquidation. We expect the Company to receive in the region of 97p in the pound invested but this will be confirmed following completion of the liquidation.

NON-QUALIFYING INVESTMENTS

Mixed Residential Commercial Development, Bloomsbury

As previously reported, a £1.2 million loan (as part of a total facility of £17.97 million) was advanced to Cudworth Limited (through the VCT's affiliate Mayfield 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 loan is secured with a first charge over the site. The development includes 11 apartments, 2 houses and 11,800 square feet of B1 commercial space and is expecting to reach practical completion by the end of the year. We are pleased to report that contracts have been exchanged to sell the commercial units, both houses and seven of the 11 flats and we expect these sales to complete within a short period following practical completion.

Supported Living, Northumberland

In June 2018 the Company committed loans (through affiliates, Mayfield Lending Limited and Latimer Lending Limited) of £1.46 million to Homelife Developments Hexham Ltd. The developer is constructing a 9-apartment supported living scheme in Northumberland which is expected to be completed by the end of 2019.

Care Home for the Elderly, Formby

The £800,000 loan to New Care (Sefton) Limited in connection with the development and initial trading of a 75-bed purpose-built care home in Formby, Merseyside, continues to perform in line with expectations. The New Care Group is an experienced developer and operator of care homes. The loan (through an affiliate, Sloane Lending Limited) is part of an overall facility of £7.98 million and is secured with a first charge over the site. We are pleased to report that the loan was repaid in full during the period.

Construction of Airport Hotel, Edinburgh

In June 2017, £1.6 million of loans (as part of an overall facility of £16 million) were advanced to Ability Hotels (Edinburgh) Limited (through affiliates, Meadow Lending Limited and Palmer Lending Limited) to fund the development of a new 240-room Hampton by Hilton hotel at Edinburgh Airport. We are pleased to report that the hotel opened last year and that the loans were repaid in full during the period.

Care Home for the Elderly, Egham

As previously reported, a loan of £1,208,000 had been advanced (through an affiliate, Meadow Lending Limited) to Windsar Care (UK) LLP to fund the development and initial trading of a 68-bed purpose-built care home in Egham, Windsor. This loan, together with loans from other vehicles managed and advised by the Investment Manager totalling £7.2 million, are secured with a first charge over the site. We are pleased to report that, following completion of the development earlier this year, the loan has been repaid in full.

RESULTS AND NET ASSET VALUE ("NAV")

The NAV per share at the period end was 82.62p, 92.62p after adding back dividends paid to date. The Company made a small loss of £133,000 in the period (representing a 0.45p per share post-tax loss).

DIVIDENDS

As reported in the Company's annual report, the Company declared a dividend of 5p per ordinary share in February 2019. Reflecting this recent pay-out, your Board is not proposing a further dividend at this interim stage. The Company hopes to achieve (although there is no guarantee) an average dividend payment equivalent to 5p per annum (including the dividends paid to date) over the rest of the life of the Company.

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

Growth in the UK economy has slowed, partly reflecting current political uncertainty and partly due to global trends. 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.

LIFE OF FUND

The Company was established with the intention that it would have a limited life. The Prospectus stated that after five years the Board would propose a resolution to shareholders for an orderly liquidation of the Company's assets. Your Board currently intends to propose this resolution within a year of this report.

OUTLOOK

As your Company enters into the final year of its expected five-year life, we are focused on the monitoring of our existing investments and considering the options for exits. We remain in close contact with the management teams of our portfolio companies which should in time offer the prospect of further growth in net assets per share.

Harold Paisner
Chairman
27 November 2019

08 Income Statement (unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2019

	Note	Period ended 31 August 2019			Period ended 31 August 2018			Year ended 28 February 2019		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loss on investments		-	-	-	-	-	-	-	(1,500)	(1,500)
Income		240	-	240	452	-	452	698	-	698
		240	-	240	452	-	452	698	(1,500)	(802)
Investment management fees	4	(62)	(188)	(250)	(73)	(219)	(292)	(143)	(431)	(574)
Other expenses		(123)	-	(123)	(135)	-	(135)	(245)	-	(245)
		(185)	(188)	(373)	(208)	(219)	(427)	(388)	(431)	(819)
Profit/(loss) on ordinary activities before taxation		55	(188)	(133)	244	(219)	25	310	(1,931)	(1,621)
Tax on return on ordinary activities		(10)	10	-	(5)	-	(5)	(59)	54	(5)
Profit/(loss) on ordinary activities after tax attributable to equity shareholders		45	(178)	(133)	239	(219)	20	251	(1,877)	(1,626)
Basic and diluted Profit/(loss) per Ordinary Share (pence)	2	0.15p	(0.58p)	(0.45p)	0.78p	(0.72p)	0.07p	0.82p	(6.15p)	(5.33p)

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)

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AS AT 31 AUGUST 2019

	Note	As at 31 August 2019 £'000	As at 31 August 2018 £'000	As at 28 February 2019 £'000
Fixed Assets				
Investments	6	22,326	25,716	22,556
Current Assets				
Prepayments		3,038	2,815	2,920
Cash		2	216	42
		3,040	3,031	2,962
Creditors - amounts falling due within one year				
		(157)	(232)	(176)
Net Current Assets				
		2,883	2,799	2,786
Net Assets				
		25,209	28,515	25,342
Capital and Reserves				
Called up share capital		19	19	19
Share premium account		-	29,473	-
Capital reserve – realised		(1,624)	(1,288)	(1,446)
Capital reserve – unrealised		(1,500)	-	(1,500)
Revenue reserve		28,314	311	28,269
Equity Shareholders' Funds				
		25,209	28,515	25,342
Net Asset Value per Ordinary Share				
	3	82.62p	93.46p	83.06p
Diluted Net Asset Value per Ordinary Share				
	3	82.62p	93.46p	83.06p

10 Cash Flow Statement (unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2019

	Period ended 31 August 2019 €'000	Period ended 31 August 2018 €'000	Year ended 28 February 2019 €'000
Operating activities			
(Loss)/profit after tax	(133)	20	(1,626)
Tax charge for the year	-	-	5
Unrealised loss on investments	-	-	1,500
Increase in debtors	(118)	(450)	(555)
Decrease in creditors	(19)	(3)	(7)
Cash outflow from operations	(270)	(433)	(683)
Corporation tax paid	-	-	(57)
Net cash outflow from operating activities	-	-	(57)
Cash flow from investing activities			
Proceeds from disposal of investments and repayment of loans	230	1,060	2,720
Net cash generated in investing activities	230	1,060	2,720
Cash flow from financing activities			
Dividends paid	-	(609)	(2,136)
Net cash used in financing activities	-	(609)	(2,136)
Increase in cash	(40)	18	(156)
Cash and cash equivalents at the beginning of the period	42	198	198
Cash and cash equivalents at the end of year	2	216	42

Statement of Changes in Equity

(unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2019

	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 2018	19	29,473	(1,069)	-	681	29,104
Total comprehensive income for the year	-	-	(219)	-	239	20
Dividends paid	-	-	-	-	(609)	(609)
Balance as at 31 August 2018	19	29,473	(1,288)	-	311	28,515
Total comprehensive income for the year	-	-	(158)	(1,500)	12	(1,646)
Dividends paid	-	-	-	-	(1,527)	(1,527)
Cancellation of share premium account	-	(29,473)	-	-	29,473	-
Balance as at 28 February 2019	19	-	(1,446)	(1,500)	28,269	25,342
Return after taxation attributable to equity shareholders	-	-	(178)	-	45	(133)
Balance as at 31 August 2019	19	-	(1,624)	(1,500)	28,314	25,209

12 Notes to the Interim Report

FOR THE PERIOD ENDED 31 AUGUST 2019

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 loss per share of 0.45p is based on the loss for the period of £133,000 and the weighted average number of shares in issue as at 31 August 2019 of 30,511,969 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 2019	As at 31 August 2018	As at 28 February 2019
Net assets	25,209,000	28,515,000	25,342,000
Shares in issue	30,511,969	30,511,969	30,511,969

Net asset value per share

Basic	82.62p	93.46p	83.06p
Diluted	82.62p	93.46p	83.06p

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 2019 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

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FOR THE PERIOD ENDED 31 AUGUST 2019

6. INVESTMENT PORTFOLIO SUMMARY

	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
Qualifying Investments				
Warm Hearth Limited	1,000	2,500	(1,500)	4%
Mini Rainbows Limited	2,500	2,500	-	10%
Welcome Health Limited	2,500	2,500	-	10%
Growing Fingers Limited	980	980	-	4%
Applebarn Nurseries Limited	1,133	1,133	-	4%
Kid & Play Limited	1,694	1,694	-	7%
South-West Cliffe Limited	2,100	2,100	-	8%
Signal Building Services Limited	1,000	1,000	-	4%
Knott End Pub Company Limited	2,400	2,400	-	10%
Pure Cremation Holdings Limited	2,000	2,000	-	8%
Sunlight Education Nucleus Limited	1,350	1,350	-	5%
Total Qualifying Investments	18,657	20,157	(1,500)	74%
Non-Qualifying Investments				
Palmer Lending Limited	260	260	-	1%
Mayfield Lending Limited	1,160	1,160	-	5%
Latimer Lending Limited	1	1	-	0%
Meadow Lending Limited	1,448	1,448	-	6%
Sloane Lending Limited	800	800	-	3%
Total Non-Qualifying Investments	3,669	3,669	-	15%
Total Investments	22,326	23,826	(1,500)	89%
Balance of Portfolio	2,883	2,883	-	11%
Net Assets	25,209	26,709	(1,500)	100%

Of the investments held at 31 August 2019, all are incorporated in England and Wales.

Copies of this Interim Statement will be made available on the website:
www.pumainvestments.co.uk/pages/view/investors-information-vct9





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