



PUMA VCT ¹²
Calculated Excellence

INTERIM REPORT

For the period ended
31 August 2019

Officers and Professional Advisers

DIRECTORS

Raymond Pierce (Chairman)
David Brock
Graham Shore

SECRETARY

Eliot Kaye

REGISTERED NUMBER

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02 Chairman's Statement

Highlights

- Φ Funds substantially invested in a diverse range of businesses and projects
- Φ HMRC requirement that qualifying investments are 80% of the fund is now met
- Φ 1p per share dividend paid during the period

INTRODUCTION

THE COMPANY HAS DEPLOYED ITS FUNDS IN A DIVERSE RANGE OF BOTH QUALIFYING AND NON-QUALIFYING INVESTMENTS AND CONTINUES TO MEET ITS MINIMUM QUALIFYING INVESTMENT PERCENTAGE OF 80 PER CENT. WE REMAIN FOCUSED ON GENERATING RETURNS FOR THE COMPANY FROM BOTH THE QUALIFYING AND NON-QUALIFYING PORTFOLIOS AS THE FUND ENTERS INTO ITS FOURTH YEAR.

INVESTMENTS

QUALIFYING INVESTMENTS

Pure Cremation — Crematorium and Direct Cremations

The Company's £4 million investment in Pure Cremation Holdings Limited (as part of a £7.35 million qualifying investment alongside another Puma VCT) continues to perform. 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.

NRG Gym — Budget Gyms

The Company has invested £1.4 million in SA Holdings Limited (trading as NRG Gyms through its subsidiary, NRG GYM Limited) as part of a £5.0 million investment alongside other Puma funds. NRG offer low price gyms aimed at price sensitive millennials with a keen interest in sports and fitness. At the point of investment, the business was operating two units, one freehold unit in Gravesend and a second leased unit in Watford. The funds raised were to expand to further units, together with continued evolution of the brand and offering, and enhancement of the two original sites. During the period the business continued to deliver profitable trade from its original two units and opened a new unit in Walsall, Birmingham. This site has opened strongly with an above target number of members. Post period end the business entered into Heads of Terms for a new site in Lewisham, South London, and has other well-advanced pipeline sites beyond that.

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. 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.

Sweat Union — Budget Gyms

Since going into administration, the administrator has informed the board that it will shortly be in a position to issue a notice of intended dividend to creditors. A distribution to creditors is expected in February 2020.

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 — Pubs with Microbreweries

As previously reported, the Company has invested just over £4 million (as part of a £7.3 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 this site.

Kid and 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 £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. 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.

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 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.

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. As intended, most of these positions have been liquidated as the Company has made qualifying investments. Details of these lending businesses' loans are set out below.

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 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.

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, Piccadilly Lending Limited and Tottenham 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.

DIVIDENDS

As previously reported, the Company paid a dividend of 1p per ordinary share shortly after the period end taking dividends paid to date to 3p per ordinary share. Reflecting this recent pay-out, your Board is not proposing a further dividend at this interim stage.

RESULTS AND NET ASSET VALUE ("NAV")

The NAV per share at the period end was 83.30p (86.30p after adding back the dividends paid to date), reflecting the provision against the investment in Sweat. The Company made a small loss of £135,000 in the period (representing a 0.43p per share post-tax loss).

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 and conditions for retail businesses (to which we have some exposure) in particular continue to be difficult. The economic outlook continues to be dominated by political uncertainty. 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.

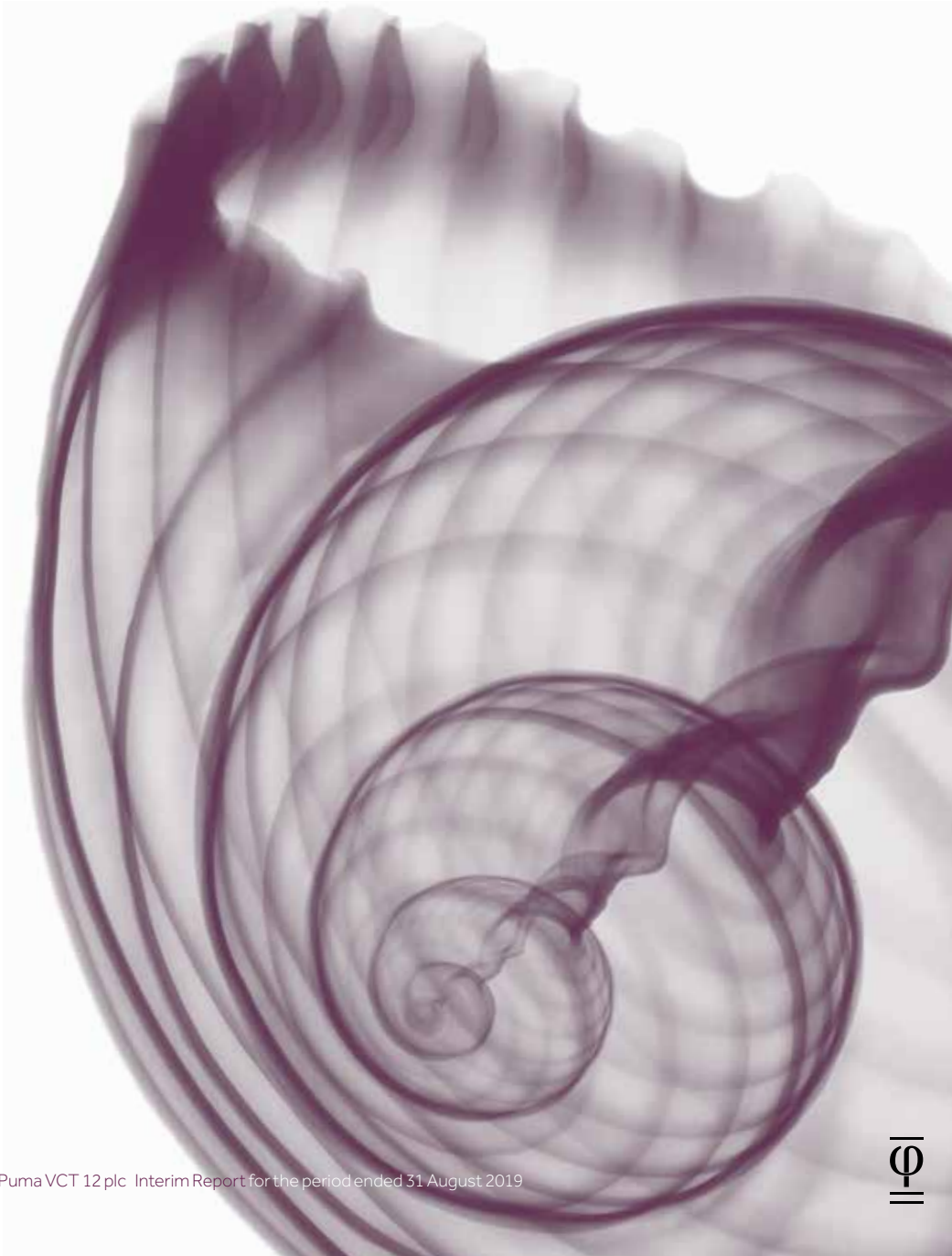
06 Chairman's Statement continued

OUTLOOK

We remain focused on generating strong returns for the Company from both the qualifying and non-qualifying portfolios, which contain some dynamic companies.

Whilst there may be some further changes in the composition of the portfolio, the Board expects to concentrate in the future on the monitoring of our existing investments and considering the options for exits in due course.

Raymond Pierce
Chairman
25 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		-	(71)	(71)	-	-	-	-	(3,350)	(3,350)
Income		327	-	327	603	-	603	909	-	909
		327	(71)	256	603	-	603	909	(3,350)	(2,441)
Investment management fees	4	(63)	(190)	(253)	(75)	(225)	(300)	(148)	(443)	(591)
Other expenses		(138)	-	(138)	(165)	-	(165)	(248)	-	(248)
		(201)	(190)	(391)	(240)	(225)	(465)	(396)	(443)	(839)
Return/(loss) on ordinary activities before taxation		126	(261)	(135)	363	(225)	138	513	(3,793)	(3,280)
Tax on return on ordinary activities		(25)	25	-	(12)	-	(12)	(97)	97	-
Return/(loss) on ordinary activities after tax attributable to equity shareholders		101	(236)	(135)	351	(225)	126	416	(3,696)	(3,280)
Basic and diluted return/(loss) per Ordinary Share (pence)	2	0.34p	(0.77p)	(0.43p)	1.14p	(0.73p)	0.41p	1.35p	(11.96p)	(10.61p)

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 2019

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	Note	As at 31 August 2019 £'000	As at 31 August 2018 £'000	As at 28 February 2019 £'000
Fixed Assets				
Investments	6	23,198	27,021	23,527
Current Assets				
Prepayments		2,672	2,102	2,413
Cash		22	373	107
		2,694	2,475	2,520
Creditors – amounts falling due within one year		(146)	(209)	(166)
Net Current Assets		2,548	2,266	2,354
Net Assets		25,746	29,287	25,881
Capital and Reserves				
Called up share capital		19	19	19
Share premium account		29,833	29,833	29,833
Capital reserve – realised		(1,215)	(929)	(1,050)
Capital reserve – unrealised		(3,421)	-	(3,350)
Revenue reserve		530	364	429
Equity Shareholders' Funds		25,746	29,287	25,881
Net Asset Value per Ordinary Share	3	83.30p	94.75p	83.73p
Diluted Net Asset Value per Ordinary Share	3	83.30p	94.75p	83.73p

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			
Profit/(loss) on ordinary activities after tax	(135)	126	(3,280)
Loss on investments	71	-	3,350
Increase in debtors	(259)	(601)	(912)
Increase/(decrease) in creditors	(20)	42	(1)
Net cash used in operating activities	(343)	(433)	(843)
Cash flow from investing activities			
Purchase of investments	(71)	(1,417)	(4,823)
Proceeds from disposal of investments	329	2,368	5,918
Net cash generated from investing activities	258	951	1,095
Cash flow from financing activities			
Dividends paid	-	(618)	(618)
Net cash used from financing activities	-	(618)	(618)
Decrease in cash	(85)	(100)	(366)
Net cash at start of the period	107	473	473
Net funds at the period end	22	373	107

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	29,833	(704)	-	631	29,779
Total recognised (losses)/gains for the period	-	-	(225)	-	351	126
Dividends paid	-	-	-	-	(618)	(618)
Balance as at 31 August 2018	19	29,833	(929)	-	364	29,287
Total recognised (losses)/gains for the period	-	-	(121)	(3,350)	65	(3,406)
Balance as at 28 February 2019	19	29,833	(1,050)	(3,350)	429	25,881
Total recognised (losses)/gains for the period	-	-	(165)	(71)	101	(135)
Balance as at 31 August 2019	19	29,833	(1,215)	(3,421)	530	25,746

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 0.43p is based on the loss for the period of £135,000 and the weighted average number of shares in issue as at 31 August 2019 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 2019	As at 31 August 2018	As at 28 February 2019
Net assets	25,746,000	29,287,000	25,881,000
Shares in issue	30,909,188	30,909,188	30,909,188

Net asset value per share

Basic	83.30p*	94.75p	83.73p
Diluted	83.30p*	94.75p	83.73p

* This is net of 2p of dividends paid to date. A further 1p dividend was paid in September 2019.

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				
Growing Fingers Limited	420	420	-	2%
Kid & Play Limited	1,694	1,694	-	7%
South-West Cliffe Limited	2,100	2,100	-	8%
Signal Building Services Limited	200	200	-	1%
Applebarn Nurseries Limited	1,833	1,833	-	7%
Knott End Pub Company Limited	4,053	4,053	-	15%
Sunlight Education Nucleus Limited	2,350	2,350	-	9%
Sweat Union Limited	-	3,421	(3,421)	0%
Pure Cremation Holdings Limited	4,053	4,053	-	15%
SA Fitness Holdings Limited	1,417	1,417	-	6%
Total Qualifying Investments¹	18,120	21,541	(3,421)	70%
Non-Qualifying Investments				
Piccadilly Lending Limited	911	911	-	4%
Victoria Lending Limited	1,617	1,617	-	6%
Tottenham Lending Limited	700	700	-	3%
Marble Lending Limited	1,850	1,850	-	7%
Total Non-Qualifying Investments¹	5,078	5,078	-	20%
Total Investments¹	23,198	26,619	-	90%
Balance of Portfolio	2,548	2,548	-	10%
Net Assets	25,746	29,167	-	100%

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

¹ 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:

www.pumainvestments.co.uk/pages/view/investors-information-vcts





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Puma Investments is a trading name of
Puma Investment Management Limited which
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