



**PUMA VCT** <sup>12</sup>  
Calculated Excellence

**INTERIM REPORT**

For the period ended  
31 August 2016

# Officers and Professional Advisers

## **DIRECTORS**

Raymond Pierce (Chairman)  
James Brydie  
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 4JU

## **REGISTRAR**

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

## **ADMINISTRATOR**

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

## **AUDITORS**

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**

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

Lloyds Bank International Limited  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey GY1 4EF

## **VCT TAX ADVISOR**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## **CUSTODIAN**

Pershing Securities Limited  
1 Canada Square  
London E14 5AL

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<b>OFFICERS AND PROFESSIONAL ADVISERS</b>	<b>IFC</b>
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# 02 Chairman's Statement

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## Highlights

- Φ Fund raising of just under £31m completed, the largest raising by a planned exit VCT in the 2015/2016 tax year.
- Φ Funds raised already being deployed in high quality projects generating an attractive return.

## INTRODUCTION

I AM PLEASED TO PRESENT THE FIRST INTERIM REPORT FOR PUMA VCT 12 PLC (THE "COMPANY") FOR THE PERIOD TO 31 AUGUST 2016. THE BOARD WELCOMES ITS NEW SHAREHOLDERS AND THANKS THEM FOR THEIR INVESTMENT.

THE COMPANY LAUNCHED ITS PROSPECTUS IN OCTOBER 2015 AND THE OFFER CLOSED IN JUNE 2016, RAISING JUST UNDER £31 MILLION, AND REPRESENTING MORE THAN HALF OF THE ENTIRE FUNDS RAISED BY PLANNED EXIT VCTS IN THE 2015/2016 TAX YEAR. THE INVESTMENT MANAGER, PUMA INVESTMENTS, NOW HAS WELL OVER £100 MILLION OF VCT MONEY UNDER MANAGEMENT IN THIS AND OTHER PUMA VCTS AND A WELL-ESTABLISHED, EXPERIENCED VCT TEAM TO MANAGE THE COMPANY'S DEAL FLOW.

## INVESTMENTS

Before 5 April 2016, the Company invested just under £22 million in a series of lending businesses which have the strategy of making first charge secured loans offering a good yield with hopefully limited downside risk. Whilst the period under review includes only a short time following completion of the fundraising, I am pleased to report that the Investment Manager has arranged a series of loans for these businesses during the period and since the period end, deploying £11.1 million. Details of these loans are set out as follows.

In June, the Company advanced a £2 million loan, as part of a package of loans from other vehicles managed and advised by your Investment Manager totalling £3 million, to Tuscola (FC104) Limited, against a portfolio of freehold assets and the associated ground rents. The portfolio of ground rents over which the loans are secured consists of 1,415 individual units in total across 16 freeholds, with all leases in excess of 90 years. The sponsor of the transaction is Grangeford Asset Management, a manager of some 7,000 individual ground rents across 130 properties in the United Kingdom valued at £50 million. Following the period end, the loan was increased by £300,000 as three further freehold assets were brought into the portfolio.

In July, a loan of £1.5 million, together with loans from other vehicles managed and advised by your Investment Manager totalling £2.5 million, was advanced to Pall Mall Investments 2016 Limited. The loan was used to acquire Rovex Business Park, an industrial business park in Birmingham. We anticipate the asset will increase in value with capital expenditure from Pall Mall Investments. This should increase rental income and, as such, provide more than adequate headroom on the serviceability of interest.

During the period and shortly thereafter, a series of loans totalling £1.7 million were advanced to various entities within the Citrus Group. These loans, together with loans from other vehicles managed and advised by your Investment Manager, form 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. The facility

provides a series of loans to Citrus PX, with the benefit of a first charge over a geographically diversified portfolio of residential properties on conservative terms.

In July, a loan of £1.03 million was advanced to Zinbake Limited to facilitate the acquisition of the assets of a pharmacy business located on Portobello Road in Notting Hill, London. The borrower is an experienced operator and has carried out an extensive refurbishment program at the new unit which has a good mix of NHS and over-the-counter income. The loan is also secured with a first charge on the new pharmacy business and a first charge over the borrower's existing pharmacy located in south west London.

Following the period end, a loan of £1.82 million, together with loans from other vehicles managed and advised by your Investment Manager totalling £4.3 million, was advanced to Empire TBR Limited to fund the redevelopment of a building on Tower Bridge Road, London into a commercial unit at ground level and eight apartments above. The developer has extensive relevant experience and the development, which is located within easy walking distance of some of London's main transport hubs, is expected to take approximately 12 months.

Also since the period end, a £608,000 loan (as part of an overall facility of £7.3 million) was advanced 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. The loan is secured with a first charge over the site and is expected to generate an attractive return. Construction has commenced on site and is progressing well.

## 04 Chairman's Statement continued

To further manage liquidity, the Company holds £1.2 million in a floating rate bond issued by Commonwealth Bank of Australia and £2 million in a bond issued by J Sainsbury plc. Otherwise, and in anticipation of the strong pipeline of opportunities, the rest of the Company's funds have been placed on cash deposit.

We are pleased that approximately half of the Company's available cash has already been invested in a diverse portfolio of investments generating an attractive return. The Investment Manager is in legal process with a number of further opportunities as discussed further in the Outlook section below.

### **NET ASSET VALUE ('NAV')**

The NAV per share at the period end was 95.47p. This initial NAV per share primarily reflects the initial funds raised less the costs of flotation.

### **VCT QUALIFYING STATUS**

PricewaterhouseCoopers LLP ('PwC') provides the board and the investment manager with advice on the ongoing compliance with Her Majesty's Revenue & Customs ('HMRC') rules and regulations concerning VCTs. PwC assists the Investment Manager in establishing the status of investments as qualifying holdings and has reported that the Company has met all HMRC's criteria to date.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

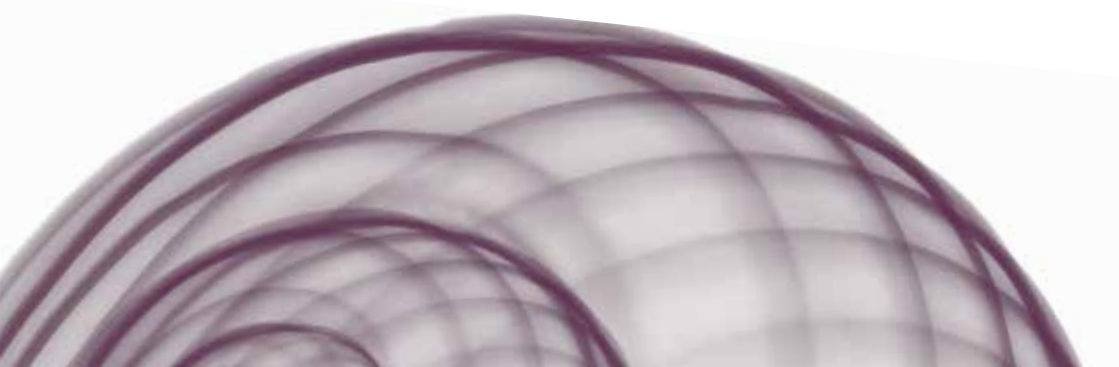
Although the economy in the UK continues to improve, it remains fragile, especially in light of the result of recent referendum vote on Brexit. The consequences of this for the Company's investment portfolio constitute the principal risk and uncertainty for the Company in the second half of 2016.

### **OUTLOOK**

The Investment Manager has a pipeline in legal process and many companies which are suitable for investment. There is therefore a strong flow of further opportunities likely to lead to suitable investments. The restrictions on availability of bank credit continue to affect the terms on which target companies can raise finance. This should both increase the demand for our offering and improve the terms we can secure. There are many suitable companies which are well-managed, in good market positions, which need our finance and can offer good security. We therefore believe the Company is strongly positioned to assemble a portfolio to deliver attractive returns to shareholders in the medium to long term.

**Ray Pierce**  
**Chairman**

30 November 2016



# Income Statement (unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2016

	Note	Period ended 31 August 2016		
		Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	4	4
Income		93	-	93
		93	4	97
Investment management fees	4	(71)	(213)	(284)
Other expenses		(157)	-	(157)
		(228)	(213)	(441)
Return/(loss) on ordinary activities before taxation		(135)	(209)	(344)
Tax on return on ordinary activities		-	-	-
Return/(loss) on ordinary activities after tax attributable to equity shareholders		(135)	(209)	(344)
Basic and diluted Return/(loss) per Ordinary Share (pence)	2	(0.44p)	(0.68p)	(1.11p)

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.

# 06 Balance Sheet (unaudited)

AS AT 31 AUGUST 2016

	Note	As at 31 August 2016 £'000
<b>Fixed Assets</b>		
Investments	6	24,826
<b>Current Assets</b>		
Prepayments		83
Cash		4,731
		4,814
<b>Creditors – amounts falling due within one year</b>		(132)
<b>Net Current Assets</b>		4,682
<b>Net Assets</b>		29,508
<b>Capital and Reserves</b>		
Called up share capital		19
Share premium account		29,833
Capital reserve – realised		(213)
Capital reserve – unrealised		4
Revenue reserve		(135)
<b>Equity Shareholders' Funds</b>		29,508
<b>Net Asset Value per Ordinary Share</b>	3	95.47p
<b>Diluted Net Asset Value per Ordinary Share</b>	3	95.47p



# Cash Flow Statement (unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2016

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Period ended 31  
August 2016  
£'000

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## Operating activities

Loss on ordinary activities after tax	(344)
Gains on investments	(4)
Increase in debtors	(83)
Increase in creditors	132

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**Net cash outflow from operating activities** (299)

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## Capital expenditure and financial investment

Purchase of investments	(24,822)
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**Net cash outflow from capital expenditure and financial investment** (24,822)

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## Financing

Proceeds received from issue of ordinary share capital	30,909
Expenses paid for issue of share capital	(1,057)
Proceeds received from issue of redeemable preference shares	13
Redemption of redeemable preference shares	(13)

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**Net cash inflow from financing** 29,852

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**Increase in cash** 4,731

Net cash at start of the period -

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**Net funds at the period end** 4,731

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# 08 Reconciliation of Movements in Shareholders' Funds (unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2016

	Called up share capital £'000	Share premium account £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
Shares issued in the period	19	30,890		-	-	30,909
Expense of share issue	-	(1,057)	-	-	-	(1,057)
Total recognised (losses)/gains for the period	-	-	(213)	4	(135)	(344)
<b>Balance as at 31 August 2016</b>	19	29,833	(213)	4	(135)	29,508

# Notes to the Interim Report

FOR THE PERIOD ENDED 31 AUGUST 2016

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## 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 1.11p is based on the loss for the period of £344,000 and the weighted average number of shares in issue as at 31 August 2016 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 2016
Net assets	29,508,000
Number of shares in issue as at 31 August 2016	38,636,487
Less: management incentive shares (see below)	(7,727,297)
Number of shares in issue for purposes of Net Asset Value per calculation	30,909,190
<b>Net asset value per share</b>	
Basic	95.47p
Diluted	95.47p

On 3 September 2015, the Company entered into various agreements with the members of the Management Team (as defined in the Company's prospectus dated 14 October 2015) such that the Management Team will be entitled in aggregate to share in 20 per cent of the aggregate excess on any amounts realised by the Company in excess of £1 per Ordinary Share, the Performance Target.

This incentive is effective through the issue of ordinary shares in the Company, such that the Management Team hold 7,727,297 ordinary shares being 20% of the issued share capital of 38,636,487.

The Management Team will waive all rights to dividends until a return of £1 per share (whether capital or income) has been paid to the other shareholders.

The performance incentive structure provides a strong incentive for the Investment Manager to ensure that the Company performs well, enabling the Board to approve distributions as high and as soon as possible.

# 10 Notes to the Interim Report continued

FOR THE PERIOD ENDED 31 AUGUST 2016

## 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. BASIS OF PREPARATION

The financial information for the period ended 31 August 2016 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.

## 6. INVESTMENT PORTFOLIO SUMMARY

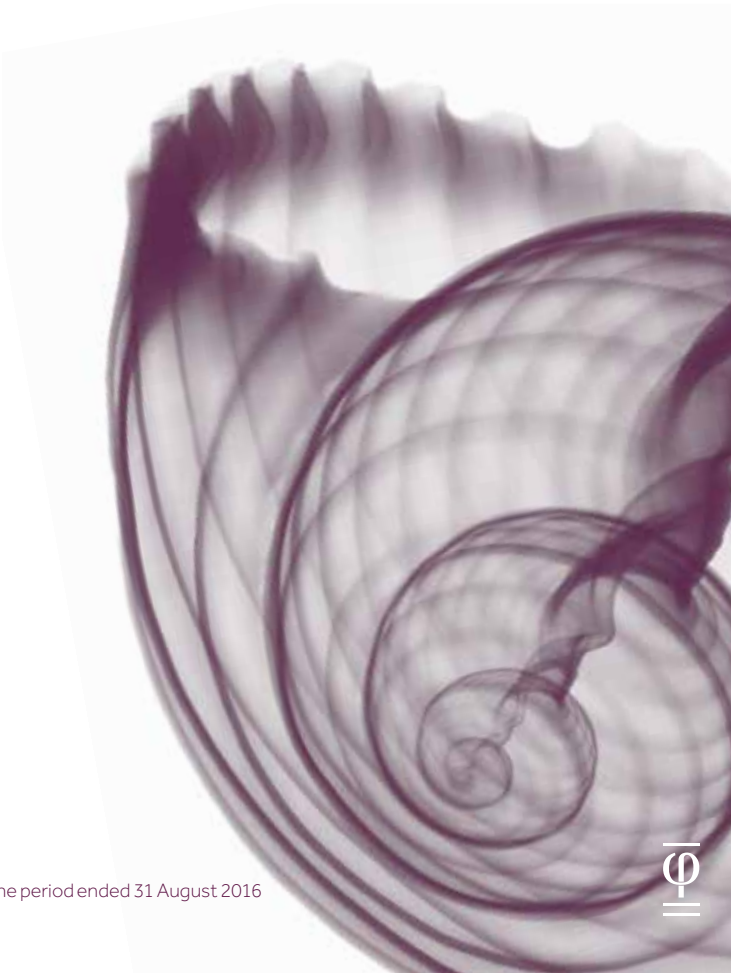
	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
<b>As at 31 August 2016</b>				
<b>Non-Qualifying Investments</b>				
Victoria Lending Limited	3,800	3,800	-	13%
Valencia Lending Limited	2,441	2,441	-	8%
Tottenham Lending Limited	3,800	3,800	-	13%
Sloane Lending Limited	3,800	3,800	-	13%
Piccadilly Lending Limited	2,400	2,400	-	8%
Bayswater Lending Limited	1,900	1,900	-	6%
Marble Lending Limited	3,800	3,800	-	13%
<b>Total Non-Qualifying Investments</b>	<b>21,941</b>	<b>21,941</b>	<b>-</b>	<b>74%</b>
<b>Liquidity Management Investments</b>				
Commonwealth Bank of Australia Bond*	1,016	1,010	6	3%
J Sainsbury Plc Bond*	1,869	1,871	(2)	6%
<b>Total Liquidity Management Investments</b>	<b>2,885</b>	<b>2,881</b>	<b>4</b>	<b>9%</b>
<b>Total Investments</b>	<b>24,826</b>	<b>24,822</b>	<b>4</b>	<b>83%</b>
<b>Balance of Portfolio</b>	<b>4,682</b>	<b>4,682</b>		<b>17%</b>
<b>Net Assets</b>	<b>29,508</b>	<b>29,504</b>	<b>4</b>	<b>100%</b>

\*Quoted investment listed on the LSE.

Of the investments held at 31 August 2016, all are incorporated in England and Wales with the exception of the liquidity management holdings.

Copies of this Interim Statement will be made available on the website:

[www.pumainvestments.co.uk/pages/view/investors-information-vcts](http://www.pumainvestments.co.uk/pages/view/investors-information-vcts)





## PUMA INVESTMENTS

Investment Manager  
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