



PUMA VCT ¹¹

Calculated Excellence

INTERIM REPORT

For the period ended
31 August 2018

Officers and Professional Advisers

DIRECTORS

Harold Paisner (Chairman)
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02 Chairman's Statement

Highlights

- φ Fund substantially invested in a diverse range of high quality businesses and projects
- φ 2p per share dividend paid during the period
- φ NAV per share up in the half year to 98.45p (adding back dividends paid to date)

INTRODUCTION

THE COMPANY HAS DEPLOYED ITS FUNDS IN A DIVERSE RANGE OF BOTH QUALIFYING AND NON-QUALIFYING INVESTMENTS. IT MET ITS MINIMUM QUALIFYING INVESTMENT PERCENTAGE OF 70 PER CENT DURING THE PREVIOUS PERIOD AND REMAINS ON TRACK TO MEET THE NEW MINIMUM QUALIFYING INVESTMENT PERCENTAGE OF 80 PER CENT BY THE END OF THE CURRENT TAX YEAR. WE BELIEVE OUR PORTFOLIO IS WELL POSITIONED TO DELIVER ATTRACTIVE RETURNS TO SHAREHOLDERS WITHIN ITS REMAINING PLANNED LIFE.

NET ASSET VALUE ("NAV") AND PROFITS FOR THE PERIOD

The NAV per share at the period end was 93.45p, 98.45p after adding back dividends paid to date. Profits after tax for the period were £20,000, representing a return of 0.06p per ordinary share.

QUALIFYING INVESTMENTS

Having met 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.

Growing Fingers – Children's Nursery

As previously reported, the Company has invested £980,000 (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.

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. The entrepreneur behind Welcome Health has experience in this geography and is focused on providing pharmaceutical services to a currently underserved and relatively deprived market.

Mini Rainbows – Children's Nursery

As reported in the Company's previous annual report, Mini Rainbows Limited (in which the Company invested £2.5 million as part of a £5 million investment alongside other Puma VCTs) acquired a mature children's day nursery in Murrayfield, an affluent part of Edinburgh. We are pleased to report that the Edinburgh nursery is performing well. During the period, Mini Rainbows acquired a second nursery in Shawlands, Glasgow, founded in 1991 and with capacity for up to 65 children. The Mini Rainbows' experienced management team are in various stages of discussions to acquire further nurseries in the coming months.

Warm Hearth – Pubs with Microbreweries

In late 2015, the Company invested £2.5 million (as part of a £5 million investment alongside other Puma VCTs) in Warm Hearth Limited, a pub business seeking to capitalise on the strong growth trends within the craft beer sub-

market. As previously reported, Warm Hearth entered into a franchise agreement with Brewhouse & Kitchen Limited ("B&K"), a strong and fast-growing 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 of these units has been below our expectations. Management are focused on improving performance at both pubs, as well as looking at planning options on both sites which have the prospect of delivering value.

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 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.

Applebarn Nurseries – Children's Nursery

In October 2017, the Company invested £1.1 million in Applebarn Nurseries Limited (as part of a £2.2 million qualifying investment alongside another Puma VCT). The management team behind Applebarn include a successful management team, together with an experienced developer and contractor. Applebarn's first setting, a new 120 place children's day nursery in Altrincham, South Manchester, opened in September 2018.

04 Chairman's Statement continued

Knott End Pub Company – 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 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 has recently opened its first two pubs, in Milton Keynes and Horsham, West Sussex.

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.

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. The team at Sunlight are progressing with plans for their first school in the West Midlands.

South-West Cliffe – Children's Nursery

In October 2017, the Company 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 £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 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 previously invested just over £20 million in a series of lending businesses offering an appropriate risk adjusted return in the short to medium term. As envisaged, many of these positions were liquidated as the Company made qualifying investments. Details of these lending businesses' current loans, together with recent redemptions, are set out below.

Residential Development Project, Beckenham

A loan of £3 million (together with loans from other vehicles managed and advised by your Investment Manager totalling £5 million) had been advanced (through an affiliate, Mayfield Lending Limited) to Northern Land Developments Limited. The loans facilitated the acquisition of two large residential houses in Beckenham, Kent, funded planning costs to replace these two units with seven town houses and planning costs to develop a larger scheme on an adjacent larger parcel of land. As previously reported, the borrower obtained planning permission during the period for 105 new units comprising a mixture of four bedroom houses and one, two and three bedroom apartments. Shortly after the period end, the loans were repaid in full giving a good rate of return.

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. The New Care Group is an experienced developer and operator of care homes. The loan is part of an overall facility of £7.6 million, through an affiliate, Sloane Lending Limited and is secured with a first charge over the site.

Care Home for the Elderly, Egham

As previously reported, a loan of £1.2 million 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. As previously reported, construction has been behind schedule and over budget as a result of the non-performance of the original building contractor. We are pleased to report that, following a substantial injection of further equity by the developer and careful management by the construction manager, Alyth Trading, a new contractor has been appointed and the scheme is now on track to reach practical completion by January 2019. We understand that the borrowers are seeking to re-finance the scheme to enable them to repay us on completion of the construction project.

Construction of Airport Hotel, Edinburgh

The £1.6 million loan advanced to Ability Hotels (Edinburgh) Limited (as part of an overall facility of £16 million, 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 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 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.

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IVF Clinic, Wickford

As previously reported, loans of £400,000 were advanced (through affiliate Lothian Lending Limited) to HPC (Wickford) Limited in a total loan package of £2.85 million together with other vehicles managed and advised by the Investment Manager. These loans are to facilitate the development and initial trading of a purpose-built IVF Fertility Clinic in Wickford, Essex. HPC (Wickford) Limited has entered into a lease with Bourn Hall Limited, one of the UK's largest independent fertility clinic groups. During the period, the clinic opened and the loans were repaid in full with a good rate of return.

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 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.

Supported Living, Hexham

In June 2018, loans totalling £1.4 million were advanced to fund the construction of a 9 apartment supported living scheme in Hexham.

DIVIDENDS

The Company declared a final dividend of 2p per ordinary share, paid in September 2018, in respect of the last financial year. Reflecting this recent pay-out, your Board is not proposing a further dividend at this interim stage but still intends to pay out a dividend of 6p per ordinary share each year as envisaged in the Company's prospectus.

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

The Company's net assets are substantially deployed in a diverse range of high quality businesses and projects which should offer the prospect of further growth in net assets per share. Whilst there may be some further changes in the composition of the portfolio to ensure that the Company continues to satisfy its HMRC qualifying targets, the Board expects to concentrate in the future primarily on the monitoring of our existing investments and considering the options for exits.

Harold Paisner
Chairman
30 November 2018

08 Income Statement (unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2018

	Note	Six months ended 31 August 2018			Six months ended 31 August 2017			Year ended 28 February 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loss on investments		-	-	-	-	(2)	(2)	-	(4)	(4)
Income		452	-	452	656	-	656	1,153	-	1,153
		452	-	452	656	(2)	654	1,153	(4)	1,149
Investment management fees	4	(73)	(219)	(292)	(75)	(224)	(299)	(148)	(444)	(592)
Other expenses		(135)	-	(135)	(133)	-	(133)	(284)	-	(284)
		(208)	(219)	(427)	(208)	(224)	(432)	(432)	(444)	(876)
Profit/(loss) on ordinary activities before taxation		244	(219)	25	448	(226)	222	721	(448)	273
Tax on return on ordinary activities		(5)	-	(5)	(85)	43	(42)	(137)	85	(52)
Profit/(loss) on ordinary activities after tax attributable to equity shareholders		239	(219)	20	363	(183)	180	584	(363)	221
Basic and diluted Profit/(loss) per Ordinary Share (pence)	2	0.78p	(0.72p)	0.06p	1.01p	(0.51p)	0.50p	1.91p	(1.19p)	0.72p

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

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	Note	As at 31 August 2018 £'000	As at 31 August 2017 £'000	As at 28 February 2018 £'000
Fixed Assets				
Investments	6	25,716	27,307	26,776
Current Assets				
Prepayments		2,815	1,876	2,365
Cash		216	177	198
		3,031	2,053	2,563
Creditors - amounts falling due within one year		(232)	(298)	(235)
Net Current Assets		2,799	1,755	2,328
Net Assets		28,515	29,062	29,104
Capital and Reserves				
Called up share capital		19	19	19
Share premium account		29,473	29,473	29,473
Capital reserve – realised		(1,288)	(905)	(1,069)
Capital reserve – unrealised		-	16	-
Revenue reserve		311	459	681
Equity Shareholders' Funds		28,515	29,062	29,104
Net Asset Value per Ordinary Share	3	93.45p	95.25p	95.39p
Diluted Net Asset Value per Ordinary Share	3	93.45p	95.25p	95.39p

10 Cash Flow Statement (unaudited)

FOR THE PERIOD ENDED 31 AUGUST 2018

	Six months ended 31 August 2018 €'000	Six months ended 31 August 2017 €'000	Year ended 28 February 2018 €'000
Operating activities			
Profit after tax	20	180	221
Unrealised loss on investments	-	2	4
Increase in debtors	(450)	(656)	(1,145)
(Decrease)/increase in creditors	(3)	21	(42)
Net cash used in operating activities	(433)	(453)	(962)
Cash flow from investing activities			
Purchase of investments	-	(294)	(11,971)
Proceeds from disposal of investments and repayment of loans and loan notes	1,060	1,805	14,011
Net cash used in investing activities	1,060	1,511	2,040
Cash flow from financing activities			
Dividends paid	(609)	(916)	(915)
Net cash used in financing activities	(609)	(916)	(915)
Net increase in cash and cash equivalents	18	142	163
Cash and cash equivalents at the start of the period	198	35	35
Cash and cash equivalents at the end of the period	216	177	198

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	29,473	(728)	22	1,012	29,798
Return after taxation attributable to equity shareholders	-	-	(177)	(6)	363	180
Dividends paid					(916)	(916)
Balance as at 31 August 2017	19	29,473	(905)	16	460	29,063
Realised loss from prior period	-	-	22	(22)	-	-
Return after taxation attributable to equity shareholders	-	-	(186)	6	221	41
Balance as at 28 February 2018	19	29,473	(1,069)	-	681	29,104
Dividends paid	-	-	-	-	(609)	(609)
Return after taxation attributable to equity shareholders	-	-	(219)	-	239	20
Balance as at 31 August 2018	19	29,473	(1,288)	-	311	28,515

12 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 0.06p is based on the profit for the period of £20,000 and the weighted average number of shares in issue as at 31 August 2018 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 2018	As at 31 August 2017	As at 28 February 2018
Net assets	28,515,000	29,062,000	29,104,000
Shares in issue	30,511,969	30,511,969	30,511,969

Net asset value per share

Basic	93.45p*	95.25p	95.39p
Diluted	93.45p*	95.25p	95.39p

* This is net of 5p 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

FOR THE PERIOD ENDED 31 AUGUST 2018

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6. INVESTMENT PORTFOLIO SUMMARY

	Valuation £'000	Cost £'000	Gain/(loss) £'000	Valuation as a % of Net Assets
Qualifying Investments				
Warm Hearth Limited	2,500	2,500	-	9%
Mini Rainbows Limited	2,500	2,500	-	9%
Welcome Health Limited	2,500	2,500	-	9%
Growing Fingers Limited	980	980	-	3%
Applebarn Nurseries Limited	1,133	1,133	-	4%
Kid & Play Limited	1,694	1,694	-	6%
South-West Cliffe Limited	2,100	2,100	-	7%
Signal Building Services Limited	1,000	1,000	-	4%
Knott End Pub Company Limited	2,400	2,400	-	8%
Pure Cremation Holdings Limited	2,000	2,000	-	7%
Sunlight Education Nucleus Limited	1,350	1,350	-	5%
Total Qualifying Investments	20,157	20,157	-	71%
Non-Qualifying Investments				
Palmer Lending Limited	260	260	-	1%
Mayfield Lending Limited	2,490	2,490	-	9%
Latimer Lending Limited	1	1	-	0%
Meadow Lending Limited	2,008	2,008	-	7%
Sloane Lending Limited	800	800	-	3%
Total Non-Qualifying Investments	5,559	5,559	-	20%
Total Investments	25,716	25,716	-	91%
Balance of Portfolio	2,799	2,799	-	9%
Net Assets	28,515	28,515	-	100%

Of the investments held at 31 August 2018, 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-vcts





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