# Puma VCT 10 plc
# Interim Report

## For the period ended 30 June 2014

## Chairman's Statement

### Highlights

- **Fund raising of £27.8m completed, the largest raising by a planned exit VCT in the 2013/2014 tax year**

- **Over half the assets (£14.5 million) deployed in eight deals, three during the period and five since the period end**

**Introduction**

I am pleased to present the first interim report for Puma VCT 10 plc (the 'Company') for the period to 30 June 2014. The Board welcomes its new shareholders and thanks them for their investment.

The Company was incorporated and launched its Prospectus in October 2013. The offer closed in May 2014, raising £27.8 million, the largest fund-raising by a planned exit VCT in the 2013/2014 tax year. The Investment Manager, Puma Investments, now has approximately £85 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.

**Net Asset Value ('NAV')**

The NAV per share was 96.04p at 30 June 2014. This initial NAV per share primarily reflects the initial funds raised less the costs of flotation.

**Investments**

The period under review includes only a short time following completion of the fundraising. However, I am pleased to report that the Company completed three investments during the period and a further five since the period end. As a result over half the assets, just over £14.5 million, have been profitably deployed in a short space of time in investments generating attractive returns.

In April, the Company extended a £881,000 loan which (through a subsidiary, Buckhorn Lending Limited), together with other Puma VCTs, provides an innovative £4 million revolving credit facility to Ennovor Trading 1 Limited. The facility provides working capital for the purchase of used cooking oil for conversion into bio-diesel. The ultimate borrower owns a large oil refining plant near Birkenhead and is processing cooking oil to sell to petrol and diesel retailers who are obligated to include bio-fuels in their offerings. The facility is structured to mitigate risks by being capable of being drawn only once back-to-back purchase and sale contracts have been entered into with approved counterparties. The facility bears interest at a substantial rate for utilised funds and a lower rate for non-utilised funds. The facility has been performing well over the period.

In April, the Company subscribed £500,000 in the initial public offering of Nextenergy Solar Fund, an investment company focusing on operational solar photovoltaic assets located in the United Kingdom. The Company's investment expects to yield a sustainable and attractive dividend which increases in line with RPI over the long term.

In June, the Company advanced a £1.2 million loan (which, through a subsidiary, Palmer Lending Limited, provides a loan) to Saggart Silverstream Limited towards the development of a new 65 bed high-end nursing home in Saggart Village, County Dublin. The team behind the project have successfully developed, operated and sold previous nursing homes in the Republic of Ireland, and it is expected that this home will open in early 2015. The loan was extended on a sub-50% loan-to-stabilised-value basis, is secured on the two acre site, and is earning an attractive rate of interest.

Since the period end, the Company has made five further investments, including its first two VCT qualifying investments (the Company is required to have at least 70% of its assets in VCT qualifying investments by the end of its third accounting period).

Before the passing of the Finance Act 2014, the Company completed a £1.875 million qualifying investment (as part of a £5 million investment alongside other Puma VCTs) in Urban Mining Limited, a member of the Chinook Urban Mining group of companies. Chinook Urban Mining is a well-funded energy-from-waste business which is developing a flagship plant in East London to generate electricity through the gasification of municipal solid waste and will benefit from Renewable Obligations Certificates. The management team have a track record delivering similar projects in other jurisdictions and are a preferred partner of Chinook Sciences, the Nottingham based leading technology company which has developed the award-winning "non-incineration ultra clean synthetic gas technology" which will be used in the East London plant. Chinook Sciences also holds a minority stake in the business. The investment is secured with a first charge over the Chinook Urban Mining business and the eight acre site of the East London plant and is expected to produce an attractive return to the Company over three years.

Earlier this month, the Company made a £2 million qualifying investment (as part of a £8 million investment alongside other entities managed and advised by your Investment Manager) in Opes Industries Limited. Opes is developing a materials recycling facility at an established landfill and aggregates business on a 76 hectare site in Oxfordshire. The investment is secured with a first charge over the site and the Opes business and is expected to produce an attractive return to the Company over four years.

Shortly after the period end, various entities managed and advised by your Investment Manager provided several tranches of a £7.1 million bridging facility to companies within the Connolly and Callaghan group. The Company participated in this through a £3.4 million non-qualifying loan (advanced through another subsidiary, Latimer Lending Limited). The Connolly and Callaghan group is a provider of emergency overnight accommodation in Bristol with over 20 years' experience in the sector. The overall facility is secured on a portfolio of over 20 properties, was extended on a sub-50% loan-to-value basis and is earning an attractive rate of interest.

In July, the Company extended a £1.3 million non-qualifying loan which (through a subsidiary, Lothian Lending Limited) provides a facility, together with another Puma VCT, of £2.6 million to RPE FL1 Limited, a member of the Renewable Power Exchange group. The facility provides funding towards the construction of a 1.5MW wind farm in East Lothian, Scotland, with the electricity once generated, used to supply those on low incomes in the local community. The project has planning consent, a grid connection offer and an EPC contract with Enercon GmbH, one of the largest manufacturers of wind turbines in the world. The loan was made on a 65% loan-to-cost basis, is secured on the site in East Lothian, and is earning an attractive rate of interest.

The Company has made available £3.45 million of a £5 million revolving credit facility, together with other vehicles managed and advised by your Investment Manager, to Citrus PX LLP, part of the Citrus Group. Citrus PX operates a property part exchange service facilitating the rapid purchase of properties for developers and homeowners. The Company’s facility will provide a series of loans to Citrus PX on conservative terms, with the benefit of a first charge over each of the geographically diversified portfolio of residential properties.

We are pleased that over half of the Company’s available cash has already been invested in a diverse portfolio of qualifying and non-qualifying investments, generating an attractive return. The balance of the net proceeds of the Offer have been placed on cash deposit whilst other opportunities (both qualifying and non-qualifying) are identified.

The Investment Manager has transactions in legal process for a number of further qualifying investment opportunities and expects to begin making such investments in the second half of the year, discussed further in the Outlook section.

**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. The consequences of this for the Company's investment portfolio constitute the principal risk and uncertainty for the Company in the second half of 2014.

**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.

**David Vaughan**
**Chairman**
**29 August 2014**

# Income Statement (unaudited)
## For the period ended 30 June 2014

| | | Period ended 30 June 2014 | | |
|---|---|---|---|---|
| | **Note** | **Revenue £'000** | **Capital £'000** | **Total £'000** |
| (Loss)/gain on investments | | - | 14 | 14 |
| Income | | 78 | - | 78 |
| | | 78 | 14 | 92 |
| Investment management fees | 4 | (40) | (120) | (160) |
| Performance fees | | - | - | - |
| Other expenses | | (115) | - | (115) |
| | | (155) | (120) | (275) |
| Return/(loss) on ordinary activities before taxation | | (77) | (106) | (183) |
| Tax on return on ordinary activities | | - | - | - |
| Return/(loss) on ordinary activities after tax attributable to equity shareholders | | (77) | (106) | (183) |
| Basic and diluted Return/(loss) per Ordinary Share (pence) | 2 | (0.28p) | (0.38p) | (0.66p) |

The revenue 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 30 June 2014

| | Note | As at 30 June 2014 £'000 |
|---|---|---|
| **Fixed Assets** | | |
| Investments | 7 | 5,995 |
| **Current Assets** | | |
| Debtors | | 64 |
| Cash | | 21,009 |
| | | 21,073 |
| **Creditors - amounts falling due within one year** | | (528) |
| **Net Current Assets** | | 20,545 |
| **Total Assets less Current Liabilities** | | 26,540 |
| **Creditors - amounts falling due after more than one year (including convertible debt)** | | - |
| **Net Assets** | | 26,540 |
| **Capital and Reserves** | | |
| Called up share capital | | 14 |
| Share premium account | | 15,620 |
| Capital reserve – realised | | (120) |
| Capital reserve – unrealised | | 14 |
| Other reserve | | - |
| Revenue reserve | | 11,012 |
| **Equity Shareholders' Funds** | | 26,540 |
| **Net Asset Value per Ordinary Share** | 3 | 96.04p |
| **Diluted Net Asset Value per Ordinary Share** | 3 | 96.04p |

# Cash Flow Statement (unaudited)
## For the period ended 30 June 2014

| | Period ended 30 June 2014 £'000 |
|---|---|
| **Operating activities** | |
| Return/(loss) on ordinary activities before tax | (183) |
| (Gains)/losses on investments | - |
| Decrease/(increase) in debtors | (64) |
| Increase/(decrease) in creditors | 528 |
| **Net cash inflow/(outflow) from operating activities** | 281 |
| **Corporation tax paid** | - |
| **Capital expenditure and financial investment** | |
| Purchase of investments | (5,995) |
| Proceeds from sale of investments | - |
| **Net cash outflow from capital expenditure and financial investment** | (5,995) |
| **Equity dividend paid** | |
| **Financing** | |
| Proceeds received from issue of ordinary share capital | 27,633 |
| Expenses paid for issue of share capital | (910) |
| Proceeds received from issue of redeemable preference shares | 13 |
| Redemption of redeemable preference shares | (13) |
| **Net cash outflow from financing** | 26,723 |
| **Decrease in cash** | 21,009 |
| Net cash at start of the period | - |
| **Net funds at the period end** | 21,009 |

# Reconciliation of Movements in Shareholders' Funds (unaudited)
**For the period ended 30 June 2014**

| | 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 | 14 | 27,619 | - | - | - | 27,633 |
| Expense of share issue | - | (910) | - | - | - | (910) |
| Total recognised (losses)/gains for the period | | | (120) | 14 | (77) | (183) |
| Share reorganisation | - | (11,089) | - | - | 11,089 | - |
| Balance as at 30 June 2014 | 14 | 15,620 | (120) | 14 | 11,012 | 26,540 |

# Notes to the Interim Report
## For the period ended 30 June 2014

**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").

**2. Return per Ordinary Share**

The total loss per share of 0.66p is based on the loss for the period of £183,000 and the weighted average number of shares in issue as at 30 June 2013 of 27,633,222 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 30 June 2014** |
|---|---|
| Net assets | 26,540,000 |
| Shares in issue | 27,633,222 |
| | |
| **Net asset value per share** | |
| Basic | 96.04p |
| Diluted | 96.04p |

**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. Related Party Transactions**

The Company has appointed Puma Investment Management Limited to provide investment management services.

The Company has appointed Puma Investment Advisory Services Limited, a related company to Puma Investment Management Limited, to provide accounting, secretarial and administrative services.

**6.** The financial information for the period ended 30 June 2014 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 30 June 2014

**7. Investment portfolio summary**

| | Valuation £'000 | Cost £'000 | Gain/(loss) £'000 | Valuation as a % of Net Assets |
|---|---|---|---|---|
| **As at 30 June 2014** | | | | |
| **Qualifying Investment - Unquoted** | | | | |
| **Total Qualifying Investments** | - | - | - | - |
| **Non-Qualifying Investments** | | | | |
| Palmer lending Limited | 1,200 | 1,200 | - | 5% |
| Buckhorn Lending Limited | 881 | 881 | - | 3% |
| Latimer Lending Limited | 3,400 | 3,400 | - | 13% |
| Nextenergy Solar | 514 | 500 | 14 | 2% |
| **Total Non-Qualifying investments** | 5,995 | 5,981 | 14 | 23% |
| **Total Investments** | 5,995 | 5,981 | | 23% |
| **Balance of Portfolio** | 20,545 | 20,545 | | 77% |
| **Net Assets** | **26,540** | **26,526** | **-** | 100% |

Copies of this Interim Statement will be posted to shareholders in due course and made available on the website: http://www.shorecap.gg/alternative-asset-management/puma-vcts/information