

This document which comprises a prospectus dated 11 November 2009 relating to Puma High Income VCT plc (“the Fund” or “the Company”) in accordance with the Prospectus Rules made by the Financial Services Authority pursuant to Part VI of the Financial Services and Markets Act 2000 (“FSMA”) has been approved for publication under section 87A of that Act. This document has also been approved by the Financial Services Authority as a prospectus under the Prospectus Rules on 11 November 2009.

The Directors of the Company, whose names appear on page 30 of this document, together with the Company, accept responsibility for the information contained herein. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for all the Ordinary Shares in the Company to be issued pursuant to the offer for subscription (“Offer”) to be admitted to the Official List of the UK Listing Authority. Application will also be made to the London Stock Exchange for the Ordinary Shares to be traded on its main market for Listed Securities. It is expected that admission will become effective and that dealings in the Ordinary Shares will commence on 31 May 2010. Applications for Ordinary Shares may be made at any time after the date of publication of this document and on or prior to the Closing Date. **Your attention is drawn to the section entitled ‘Risk Factors’ set out on pages 6 to 9 of this document.**

Howard Kennedy is acting as sponsor and Shore Capital and Corporate Limited as promoter in connection with the Offer. They are not advising any other person or treating any other person as a customer or client in relation to the Offer, nor, subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder, will they be responsible to any such person for providing the protections afforded to their respective customers or clients or for providing advice in connection with the Offer.

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**Puma High Income VCT plc**  
(incorporated in England and Wales with registered number 7036487)

**Offer for Subscription of up to 30,000,000 Ordinary Shares of 1p at an issue price of 100p, payable in full in cash on application**

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Share capital of the Company assuming full subscription under the Offer

<i>Authorised Ordinary Shares of 1p each</i>		<i>Issued and maximum number to be issued, fully paid Ordinary Shares of 1p each</i>	
<i>Nominal Value</i>	<i>Number</i>	<i>Nominal Value</i>	<i>Number</i>
£500,000	50,000,000	£300,000.02	30,000,002

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The subscription list for the Offer will open on 11 November 2009 and may close at any time thereafter but in any event not later than 3.00 pm on the Initial Closing Date, unless previously extended by the Promoter. The procedure for, and the terms and conditions of, applications under the Offer are set out at the end of this document and an Application Form is attached. The minimum subscription per investor is £5,000. Completed Application Forms should be sent by post or delivered by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

The Offer will be open from 11 November 2009 until the earlier of 3.00 p.m. on the Closing Date and the date on which the maximum subscription is reached. The Promoter may extend the closing date of the Offer at its discretion. The Offer is not underwritten.

Copies of this document relating to the Company are available for inspection until the Offer closes only during normal business hours on any weekday (Saturday and public holidays excepted) at the Document Viewing Facility at the Financial Services Authority, 25 The North Colonnade, London, E14 5HS and may be obtained, free of charge, from the Company’s registered office and Shore Capital and Corporate Limited, Bond Street House, 14 Clifford Street, London, W1S 4JU.

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# SUMMARY

This summary should be read as an introduction to the prospectus. Any decisions to invest in shares in the Company should be based on consideration of the prospectus as a whole. Where a claim by an investor related to the information contained in a prospectus is brought before a court, the investor might, under national legislation of the EEA States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this Summary, including any translation of the same, but only if the Summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus.

## **The Opportunity**

- Puma High Income VCT is a new Venture Capital Trust providing Investors with an opportunity to invest, with significant tax benefits, in a growth capital, high income fund managed by Shore Capital

## **Investment Strategy of the Fund**

- to invest in relatively lower risk VCT qualifying companies and non-VCT qualifying assets with a particular emphasis on income-yielding investments. This is to facilitate the Company's aim of paying out dividends of up to 7p per annum
- to create a diversified portfolio of investments in smaller UK based companies, largely unquoted but possibly including stocks quoted on AIM or PLUS
- to make extensive use of loans (including convertible loans) to investee companies and seek to take security over their assets
- to take advantage of the tighter market in credit resulting from the banking crisis of 2007-2009
- the non-VCT qualifying portion of the portfolio is to be invested in a range of investments intended to generate a positive return and attractive running yield, including corporate bonds and corporate bond funds, funds of hedge funds and other products which aim to achieve an absolute return
- endeavour to achieve high tax free dividend distributions to Shareholders

## **Substantial Tax Reliefs**

Investors will receive the following tax benefits:

- **Income tax relief at 30 per cent.** on the amount invested, up to a maximum investment of £200,000 per tax year (£400,000 for a married couple provided that each spouse invests up to the £200,000 individual limit)
- **Tax free dividends and capital distributions** received by an Investor from a VCT are tax free
- **Capital gains tax exemption** on the disposal of VCT shares

Income tax relief means that a 70p net cost of investment "purchases" 98p of net assets.

The benefit of the income tax reliefs will be lost where there is any disposal (except on death) of the shares within five years.

### **Experienced Investment Manager**

- the Company will be managed by experienced unquoted companies fund manager Shore Capital

### **The Board**

- the Board of the Fund consists of four Directors, namely Raymond Pierce, Harold Paisner, Jonathan Morton-Smith and Graham Shore (who is a director of Shore Capital)

### **Further features of the Fund**

- very low issue costs of 2 per cent. (normally 5-5½ per cent.)
- the Board intends to review the investment portfolio after five years with a view to distributing the capital back to Shareholders

### **Performance Incentive**

Shore Capital and members of the investment management team will be entitled to receive 20 per cent. of all cash paid or other distributions made by the Company once the Company has paid to Shareholders after the Closing Date (whether by way of dividend, distribution or otherwise) the original £1 invested. Thus, the Investment Manager has a strong incentive to make distributions as high and as soon as possible.

### **Risk Factors**

The attention of the Investors is drawn to the following summary of the material risk factors:

- Tax Reliefs – If the Company does not maintain VCT qualifying status Investors could lose the tax reliefs associated with this investment.
- Liquidity – Although the Company's shares will be listed it is unlikely there will be a liquid market in the Shares and it may prove difficult for Investors to sell their Shares.
- Performance – There are risks associated with the investments that the Fund will undertake. Investments are likely to be primarily in private companies or those whose shares are not traded or readily marketable or, where they are, the markets may be illiquid. The Non-Qualifying Investments Portfolio may be invested in funds which directly or indirectly invest in derivative or other potentially volatile instruments which may be difficult to value and illiquid. These factors could cause the Company to be subject to substantial losses and Investors may lose some or all of their investment. Under VCT rules, at the point of investment investee companies must not have gross assets in excess of £7 million and must have fewer than 50 employees. Such companies generally have a higher risk profile than larger companies.
- If materially less than the intended £30 million is raised under the Offer, the investment portfolios may be less diversified.
- The Company intends to maintain a regular dividend payout of up to 7p per annum. In the early years of the Fund, when the Company is not fully invested in qualifying investments, this dividend may exceed the income received from its investment

portfolio. Moreover, the income when fully invested may not meet the Investment Manager's current expectations. As a result, paying out such a dividend may erode the capital value of the Company. The ability to pay the intended dividends may also be constrained by, amongst other things, the available cash reserves of the Company.

## Risk Factors

Prospective Investors should be aware that the value of Ordinary Shares can fluctuate and that they may not get back the full amount they invest. In addition, there is no certainty that the market price of Ordinary Shares will fully reflect the underlying net asset value, that Shareholders will be able to realise their shareholding or that any dividends will be paid. An investment in the Company should be viewed as a higher risk, longer-term investment. The attention of prospective Investors is drawn to the following risk factors:

- The past performance of the Investment Manager is no indication of its future performance.
- An investment in a Venture Capital Trust is only suitable for those Investors who are capable of evaluating the risks and merits of such an investment. If Investors have any doubts, they should seek advice from their independent financial adviser.
- Investments made by the Fund may be in companies, including private companies, whose shares are not publicly traded or readily marketable and, therefore, may be difficult to realise. The fact that a share is traded on AIM or PLUS does not guarantee its liquidity. There may also be constraints imposed on the realisation of investments to maintain the VCT tax status of the Fund.
- The market price of the Ordinary Shares will not usually reflect their underlying net asset value. The value of an investment in the Company depends on the performance of its underlying assets and that value and the income derived from the investment may go down as well as up and an Investor may lose some or all of the investment.
- The Non-Qualifying Investments Portfolio may be invested in investment funds which may themselves invest in a diversified portfolio of derivative instruments, commodity contracts and other funds which utilise leverage and the Company may construct for itself a diversified portfolio of such investment funds. These underlying investments in the portfolio may be highly volatile. Some of these funds may not be regularly traded on an exchange which may impact upon the accuracy of the determination of the net asset value of these investments. These funds may also be illiquid and, therefore, difficult to realise. As a result the Fund may be subject to substantial losses in relation to these investments.
- Corporate or UK Government bonds are loans to a company or Government (“counterparty”). Should the counterparty to a loan become bankrupt or be unable to pay back the loan, the Company may lose some or all of such an investment.
- Investments in private companies, usually with limited trading records, require specific deal structuring and detailed due diligence, the conclusions of which may subsequently be shown to be incorrect. Standards of corporate governance in

private companies are generally lower than in quoted investments and often dependent on minority investor protections which the fund is able to negotiate in advance. While investments in private companies can offer opportunities for above average capital appreciation, these investments involve a higher degree of risk than would investments in a larger or longer-established businesses and can result in substantial losses.

- It is possible for Investors to lose their tax reliefs by themselves taking or not taking certain steps, and Investors are advised to take their own independent financial advice on the tax aspects of their investment.
- Levels, bases of, and relief from, taxation are subject to change. Such changes could be retrospective. Those shown in this document are based upon legislation, practice and interpretation current at the date of this document and upon the individual circumstances of Shareholders.
- Although it is anticipated that the Ordinary Shares will be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, there is likely to be an illiquid market in the shares primarily because the initial tax relief is only available to those subscribing for newly issued shares and in such circumstances Investors will find it difficult to realise their investment.
- The Fund will invest in companies with gross assets of not more than £7 million prior to investment and with fewer than 50 employees at the point of investment. Such companies generally have a higher risk profile than larger "blue chip" companies.
- Whilst it is the intention of the Directors that the Fund will be managed so as to qualify as a VCT, there can be no guarantee that it will qualify or that such status will be maintained. A failure to meet the qualifying requirements could result in the Company losing the tax reliefs previously obtained, resulting in adverse tax consequences for Investors.
- Investors who sell their Shares within 5 years of allotment will have to repay some or all of their initial income tax relief depending on the sale proceeds and it is therefore probable that the market in the Shares will be illiquid for at least 5 years.
- The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. Levels, bases of, and relief from taxation are subject to change. Such change could be retrospective. The value of tax reliefs depends on the personal circumstances of holders of Shares, who should consult their own tax advisers before making any investment.
- The Directors will seek to ensure that the Company maintains its VCT status but there can be no guarantee that the Company will find sufficient Qualifying Investments by the end of its third year or fulfil the other criteria to enable it to qualify as a VCT or to maintain full VCT status thereafter. If the Company loses its

approval as a VCT before Investors have held their shares for five years, the 30 per cent income tax relief obtained will have to be repaid by such Investors. Following a loss of VCT status, an Investor will be taxed on dividends paid by the Company, and in addition, a liability to capital gains tax may arise on any subsequent disposal of Shares.

- Where full approval as a VCT is not obtained and subsequently maintained, any dividends previously paid to holders of Shares will be liable to be assessed to income tax in the year in which they were paid. Interest may also be due. The Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost, dealings in the shares will normally be suspended until such time as the Company has published proposals to continue as a VCT or be wound up. Further information concerning the loss of VCT status is set out in Part IV of this document.
- The Company is seeking to raise up to £30 million by the Offer. To the extent that a relatively small level of funds is raised by the Company, there can be no guarantee that all the Company's investment objectives and management costs structures will be achieved or that suitable investment opportunities will be identified in order to create a diversified portfolio. A smaller amount of funds raised will result in the fixed costs of running the Company to be proportionately higher and may make it more difficult to find smaller unquoted companies to invest in.
- The Company's hedge fund investments can carry a greater risk than the Non-Qualifying Investments traditionally made by VCTs.
- The performance of the Company's hedge fund investments is affected by the selection of funds and portfolio managers by Shore Capital and by investment decisions of such portfolio managers. There is no guarantee that the Company will meet its investment objectives.
- The Company's hedge fund portfolio and exposure is subject to market fluctuations. There can be no assurance that appreciation will occur or that losses will not be incurred. Asset allocation will vary during market cycles.
- To the extent that hedging techniques are used, there is no guarantee that these will have their intended effect.
- Corporate bonds and corporate bond funds are exposed to the risks of corporate default and of changes in bond yields, particularly for medium and longer-dated securities. Capital values may fall as a result of rises in comparative bond yields after an investment is made or as a result of the worsening of the perceived credit-worthiness of bond issuers.
- The Company intends to maintain a regular dividend payout of up to 7p per annum. In the early years of the Fund, when the Company is not fully invested in qualifying investments, this dividend may exceed the income received from its investment portfolio. Moreover, the income when fully invested may not meet the Investment



Manager's current expectations. As a result, paying out such a dividend may erode the capital value of the Company. The ability to pay the intended dividends may also be constrained by, amongst other things, the available cash reserves of the Company.

- Higher income yielding investments do not always return the initial capital intact. Companies which offer higher yield usually carry higher risk than lower yielding companies and may offer higher yields only to compensate for these greater risks.

## Details, Timetable and Statistics of the Offer

### Timetable of the Offer

Offer opens	11 November 2009
First allotment	as soon as the minimum Offer size of £1 million is reached
Share and tax certificates expected to be despatched	within ten business days of each allotment
Initial closing date <sup>1</sup>	26 February 2010
Dealings expected to commence	31 May 2010

### Statistics of the Offer

Offer Price per Ordinary Share	100p
Initial net asset value per Ordinary Share *	98p
Maximum number of Ordinary Shares in issue following the Offer, assuming full subscription	30,000,002
Estimated maximum net proceeds of the Offer	£29,400,000
Minimum aggregate number of Ordinary Shares in issue following the Offer	1,000,002
Minimum individual investment	£5,000

\*assuming no additional shares are issued by the Company as detailed in the paragraph below

Investors will receive additional Shares equivalent to 1% of the amount they subscribe in respect of their valid Application Forms received and accepted by Friday 8 January 2010.

1. The closing date is subject to the Offer not being fully subscribed at an earlier date. Closing and dealings dates may be extended at the Promoter's discretion.

## Letter from the Chairman

Puma High Income VCT plc  
14 Clifford Street  
London W1S 4JU

11 November 2009

Dear Investor

Puma High Income VCT is a new Venture Capital Trust which will be managed by Shore Capital's successful fund management team. Its structure and investment strategy have been based on the attractive model developed for the Puma VCTs which together raised over £67m in 2005, 2006 and 2008.

The investment objective will be to maximise distributions to Shareholders by investing in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or PLUS, which Shore Capital believes will have the potential for value appreciation, but with a relatively lower risk profile. There will be a particular emphasis on making income-yielding investments. This is to facilitate the Company's aim of paying out dividends of up to 7p per annum. The Company expects to be in a position to make such annual payments from income received from its investments, failing which it will utilise its available distributable reserves to assist in paying a consistent level of dividends. We believe that this Fund should be attractive to Investors seeking a tax-efficient, higher income investment with defensive qualities.

Initially, whilst suitable Qualifying Companies are being identified, the Investment Manager will invest the net proceeds of the Offer in a range of investments intended to generate a positive return and attractive running yield, including corporate bonds and corporate bond funds, hedge funds and funds of hedge funds, and other products which aim to achieve an absolute return. The Company will continue to hold a proportion of its assets in such products after three years.

The Company has been structured as a VCT to take advantage of the substantial tax reliefs available for VCTs, including 30 per cent. income tax relief on the amount invested which results in an investment having an effective cost of 70p acquiring 98p of net assets (after issue costs of 2 per cent.).

The Investment Manager has a strong track record, built up over the past 13 years, of investing in smaller growing companies. In periods of strong performance of smaller companies Shore Capital has generally delivered excellent returns, whilst in more difficult conditions it has protected capital and delivered a satisfactory growth in net assets. The Company has been structured to achieve the objectives which, we believe, make sense for Investors in this changed fiscal environment. The Investment Manager will endeavour to deliver strong returns to Investors without incurring undue risks.

The Investment Manager will manage the Company's assets proactively with an

emphasis on realising gains in the medium term. It will seek to select Qualifying Investments with a strong emphasis on reducing downside risks as well as gaining upside. The aim will be to avoid higher risk investments, whilst solid and well managed growth companies, whether unquoted or AIM/PLUS-traded, will be selected. The Investment Manager will seek to make extensive use of loans (including convertible loans) to investee companies and seek to take security over their assets, intending to take advantage of the tighter market in credit that started with the “credit crunch” of August 2007, worsened in 2008 with the banking crisis and is still highly problematic in 2009.

The Company may co-invest on a *pro rata* basis with other Puma VCTs allowing a greater investment size in each investee company and enhanced deal flow.

A further feature which differentiates the Company from other VCTs in the marketplace is its low issue costs. Issue costs of between 5-5½ per cent. of funds raised are typical in the VCT sector. The consequence is that the initial funds which an investment manager has to put to work are materially less than those the shareholder invested. The issue costs of the Company, like the Puma VCTs, are 2 per cent. of the funds raised, which should improve the prospects of attractive returns to Investors.

It is intended that the Ordinary Shares will be listed on the Official List of the UK Listing Authority and will be admitted to trading on the London Stock Exchange’s main market for listed securities. It is envisaged that the Company should not have a fixed life but, after 5 years, the Directors will propose an ordinary resolution for Shareholders to vote on whether or not to commence the process of winding up. If such a vote is passed, the Company will cease to make new investments and the Directors will commence a process of an orderly liquidation of the Company’s assets and the distribution of capital and income to the Shareholders. Any such distributions are expected to be free of tax to UK taxpayers.

The Directors have committed to invest £283,000 under the Offer on the same terms as Investors.

We very much look forward to welcoming you as a Shareholder.

Yours sincerely

Raymond Pierce  
Chairman

# Part I

## 1.1 The Offer

### *Introduction to the Offer*

The Company is a new VCT which will be managed by Shore Capital's successful fund management team. Its structure and investment strategy have been based on the attractive model developed for the Puma VCTs which together raised over £67m in aggregate in 2005, 2006 and 2008.

The objective will be to achieve high distributions to Shareholders. The Company will invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or PLUS, selecting companies which Shore Capital believes will have a relatively lower risk profile than is typical for their size whilst having the opportunity for value appreciation.

There will be a particular emphasis on making income-yielding investments (both Qualifying Investments and Non-Qualifying Investments which will allow the payment of annual dividends). The Company expects to be in a position to make such annual payments from income received from its investments, failing which it will utilise its available distributable reserves to assist in paying a consistent level of dividends. This is to facilitate the Company's aim of paying out dividends of up to 7p per annum, a key feature of the Fund. Initially, whilst suitable Qualifying Companies are being identified, the Investment Manager will invest the net proceeds of the Offer in a range of investments intended to generate a positive return and an attractive running yield, including corporate bonds and corporate bond funds, hedge funds and funds of hedge funds, and other products which aim to achieve an absolute return. The Company will continue to hold a proportion of such products after building up the desired holdings of Qualifying Companies.

The Company has been structured as a VCT to take advantage of the substantial tax reliefs available for investing in VCTs including 30 per cent. income tax relief on the amount invested, which results in an investment costing 70p acquiring 100p of assets, less issue costs of only 2p in the £1, compared to the 5-5½p in the £1 more typically charged in the industry.

Shore Capital has a strong track record built up over the past 13 years of investing in smaller growing companies. In periods of strong performance of smaller companies, Shore Capital has generally delivered excellent returns, whilst in more difficult conditions it has protected capital and delivered a satisfactory growth in net assets.

The Investment Manager will manage the Company's assets proactively with an emphasis on realising gains in the medium term. Shore Capital will select Qualifying Investments with a strong emphasis on reducing downside risks as well as gaining upside. The aim will be to avoid higher risk investments, whilst solid and well managed growth

companies, whether unquoted or AIM/PLUS-traded, will be selected.

The Board consists of individuals who have significant commercial, banking, investing and VCT experience. Details of the directors are set out on pages 23 to 24.

A further feature which will differentiate the Company from other VCTs is its issue costs. Normally these are between 5-5½ per cent. of the funds raised, the consequence being that the initial funds which an investment manager has to put to work are less than the amount investors provided. The issue costs of the Company are limited to 2 per cent. of the funds raised, thereby improving the prospects of attractive returns to Investors.

It is proposed to raise up to an aggregate of £30 million by means of the Offer. It is expected that the Ordinary Shares will be listed on the Official List and will be admitted to trading on the London Stock Exchange's main market for listed securities.

### ***The investment opportunity***

For its Qualifying Investments, the Fund is expected to invest primarily in companies whose shares are not traded on any exchange, although it may also invest in companies whose shares are traded on AIM or PLUS. The objective will be to identify established companies which seek expansion capital or are subject to a buy-out or buy-in or where, on a selective basis, there is an opportunity to provide liquidity for other shareholders. It is expected that a substantial proportion of the Qualifying Investments will be in the form of mezzanine or fully secured loans, offered together with ordinary equity.

The much tighter market in credit for companies which started with the "credit crunch" of August 2007, worsened in 2008 with the banking crisis and is still highly problematic in 2009 has created and, the Directors believe, is likely to continue to create, a strong demand for this type of offering. The Investment Manager has substantial expertise in structuring and executing these types of financing for Qualifying Companies.

Until suitable Qualifying Investments are identified, the net proceeds of the Offer will be invested in a range of investments intended to generate a positive return and attractive running yield, including corporate bonds and corporate bond funds, hedge funds and other products which aim to achieve an absolute return. The Company will continue to hold a proportion of its assets in such products after three years.

### ***The Investment Manager and its track record***

Shore Capital is a specialist in managing funds investing in smaller companies and alternative assets. The team at Shore Capital has many years of experience and currently manages approximately £1.37 billion (\$2.20 billion) in a combination of alternative assets and private client portfolios.

Shore Capital has a strong track record of 13 years of investing in smaller quoted and unquoted companies and delivering consistent returns, both in periods of strong performance of smaller companies generally and where market conditions have been more challenging. Puma I, a growth capital fund managed by Shore Capital, delivered net returns to investors after all costs of 76.1 per cent. per annum over the period from May 1996 to August 2000 (when the fund was liquidated and wound up). Puma II, the second fund launched by Shore Capital in the growth capital area in October 1999, notwithstanding very challenging market conditions, achieved an overall growth in net assets per share (after all expenses but prior to founders' carried interest) of 68.1 per cent. to 31 July 2008 (when the last distribution was paid and the liquidation process began), outperforming the FTSE AIM Index by 100.6 per cent. over the same period (Source: London Stock Exchange: AIM market statistics September 2009). Puma II is almost entirely liquidated. Both these funds have invested in companies of a size and type in which the Company will invest.

The Puma Absolute Return Fund ("PARF"), was launched in May 2003 as a fund of hedge funds, and listed on the Irish Stock Exchange, and has achieved an annualised return of 6.59 per cent. Shore Capital launched Puma Sphera, in December 2006. This is an equity long/short hedge fund drawing on the long established and proven expertise of Sphera Fund Management of Tel Aviv. It replicates a proven, fundamentally driven strategy managed by Sphera since 2001, focussed mainly on Israeli and Israeli-related companies listed on the Tel Aviv, NASDAQ and other international exchanges. It earned 40.4 per cent. to 30 September 2009 and its IRR since inception is 12.7 per cent. Relative to the CS Tremont investible index which lost 13 per cent. in the period (Source: 1999 – 2009 Credit Suisse Tremont Index LLC), the fund profited from the manager taking a defensive stance and clever implementation of its long/short strategy.

Shore Capital also jointly managed a property fund, the Puma Property (DD) Fund LLP, which was launched in 2002 and begun its liquidation process in April 2006. Including rents received during the life of the fund the limited partners have made a gain of 133 per cent on their total original investment, representing an internal rate of return of over 39 per cent. per annum.

Shore Capital established Puma Hotels plc (formerly Dawnay Shore Hotels plc) ("Puma Hotels") in July 2004, a specialist vehicle to acquire portfolios of UK hotels. The idea was to create a tax efficient, cash generative investment vehicle to acquire a portfolio of four star regional hotels. Puma Hotels plc now owns 20 major hotel properties, which have been let on a long term lease to Barceló, the leading Spanish hotel operator. This lease provides for a pre-set rental growth over the first four years which is inflation-indexed thereafter and can also increase if hotel EBITDA performs well. The hotel portfolio was valued at £483.5m as at 31 December 2008 allowing the fund to generate an internal rate of return of 17.9 per cent.

In March 2006 Shore Capital raised £185m in equity for Puma Brandenburg Limited ("PBL"), a new property fund managed by a subsidiary of Shore Capital Group, Puma Property Advisors Limited. The fund's strategy is to invest in a diversified portfolio of real estate in Germany both residential, retail and/or commercial space. PBL holds Euro assets and reports its results in Euros. On this basis, it reported in its final results on 11

June 2009 that the value of its portfolio as at 31 March 2009 was €1.17/share, which equated at that time to £1.03/share. NAV was down 24.0 per cent. in euro terms since 31 March 2008. This was a result of fair value reductions on investments of €48.8m, reflecting the changed state of the property market. Nonetheless, annualised net rental income held steady at €46.8m (2008: €45.9m) and the company generated significant cash as a result of implementing active asset management initiatives which improved the vacancy rate across the portfolio and reducing costs.

In April 2007, Shore Capital raised £75m in equity for St Peter Port Capital Limited (“St Peter Port”), a new fund focussed on investing in pre-IPO companies around the world (primarily non-UK businesses) where the company is expected by the fund manager to achieve an IPO or trade sale within six to 12 months. Since its launch, the fund has widened its investment mandate to include providing bridging finance ahead of trade sales and other opportunistic investing in development capital situations. Its NAV at the year end was 105.6p per share, up 3.1 per cent. over the year and 8.2 per cent. since flotation.

Shore Capital believes that St Peter Port has weathered the tough conditions well by maintaining the net asset value of the portfolio. Many of its holdings have considerable upside potential in a portfolio of high risk/high reward companies. As at the 14 July 2009, the fund had £16.6m to invest in new opportunities and follow-on investments. Competition is limited for new deals and these are therefore being offered on attractive terms.

### ***Puma VCTs – Examples of Investments to Date***

Shore Capital launched Puma VCT and Puma VCT II in early 2005, Puma VCT III and Puma VCT IV in 2006 and Puma VCT V in 2008. As with the Company, the strategy of the Puma VCTs had an absolute return focus. Qualifying Investments to date include:

*Cadbury House Hotel & Country Club.* A major venue for weddings, conferences and banqueting in the Bristol area with a well-established fitness centre on 14 acres of freehold grounds.

*Patsystems plc.* An AIM-quoted company involved in the development, distribution and support of software enabling the electronic trading of financial products on global trading exchanges.

*Sport Media Group plc.* An AIM-quoted, integrated multi-media group that publishes the Sunday and Daily Sport newspapers and digital content for internet and mobile channels.

*Stocklight Limited.* Trading under the name Bernard J Shapero Rare Books, this private business is an internationally recognised dealer in antiquarian and rare books, based in the UK. It is also the parent of Bloomsbury Auctions Limited, an auctioneer of rare books, manuscripts and fine art.

*Vertu Motors plc.* An AIM-quoted company which operates motor dealerships.

*Universe Group Plc.* An AIM-quoted provider of EPOS hardware and software to the



petrol forecourt market.

*Invu Plc.* An AIM-quoted provider of document management software to the SME market.

*Mount Engineering plc.* An AIM-quoted provider of engineering equipment, principally to the oil and gas sector.

*Bond Contracting Limited.* A contracting company which has entered into a master contract to build a 141 room Holiday Inn hotel on the outskirts of Winchester.

*Clifford Contracting Limited.* A contracting business supplying services to residential developers which has been acquired by Telford Homes plc (“Telford”), the AIM listed residential property developer in East London noted for regeneration projects within public sector partnerships, for a mixture of new Telford shares and loan notes, attracting a combined annual running yield of approximately 8%.

As at the end of 30 September 2009, the estimated fully diluted net asset value per share, including cash distributions, of Puma VCT was 104.7p, Puma VCT II was 104.8p, Puma VCT III was 95.7, Puma VCT IV was 94.2p and Puma VCT V was 103.3p (source: Shore Capital). The small difference between Puma VCT and Puma VCT II, and Puma VCT III and Puma VCT IV reflects the timing of their hedge fund investments as Puma VCT II and Puma VCT IV were funded later.

Shore Capital, therefore, has substantial fund management experience of investing in smaller companies and alternative assets.

### ***Substantial tax reliefs for Investors***

VCTs offer significant tax advantages over most investment products. Income tax relief available on an investment is 30 per cent., up to a maximum of £200,000 invested per tax year, subject to holding the shares for a minimum of 5 years. There is also no tax to be paid on dividend payments nor on any capital gains on sale of the shares.

In summary, the main tax reliefs for Investors are:

- income tax relief of 30 per cent. on the amount invested up to £200,000 per tax year (£400,000 per married couple, provided that each spouse invests up to their £200,000 limit);
- dividends received by an Investor from the VCT are tax free; and
- capital gains on the disposal of the VCT shares are tax free.

### **The effective cost of a £1 Share in the Company is therefore only 70p.**

Maximum effect of initial tax relief (assuming maximum £200,000 is invested)

Initial investment

**VCT tax relief**  
£200,000

30 per cent. income tax relief	(£60,000)
Effective current cost of the investment	£140,000

Investors are encouraged to seek their own independent tax advice. Further general information on the tax reliefs available for investing in a VCT is given in the “Tax Considerations for Shareholders” section in Part IV of this document.

## **1.2 Investment objective**

The investment objective will be to achieve high distributions to Shareholders from income and capital gains generated by the Company’s assets. There will be a particular emphasis on making income-yielding investments. This is to facilitate the Company’s aim of paying out dividends of up to 7p per annum

## **1.3 Investment policy**

The Company will seek to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or PLUS, selecting companies which Shore Capital believes will have a relatively lower risk profile than is typical for their size whilst having the opportunity for value appreciation. Initially, whilst suitable Qualifying Companies are being identified, the Investment Manager will invest in a range of investments intended to generate a positive return and attractive running yield, including corporate bonds and corporate bond funds, funds of hedge funds and other products which aim to achieve an absolute return. The Company will continue to hold a proportion of such products after building up the desired holdings of Qualifying Companies. In order to limit the risk of the portfolio that is derived from any particular investment, no single investment by the Company will represent more than 15 per cent of the aggregate net asset value of the Company.

The Investment Manager will manage the Company’s assets proactively with an emphasis on realising gains in the medium term. Shore Capital will select Qualifying Investments with a strong emphasis on reducing downside risks as well as gaining upside. High risk investments will be avoided, whilst solid and well managed growth companies, whether unquoted or AIM/PLUS-traded, will be selected.

Prior to an investment being made, each potential investee company will be subject to a due diligence process, with the key selection criteria being: an experienced and proven management team; a credible, sound business plan; and strong financial controls. The Company will seek to select Qualifying Investments with a strong emphasis on reducing downside risks but with upside potential, avoiding high risk, high reward investments and focussing on solid well-managed growth companies.

The Company has no present intention of utilising gearing itself as a strategy for improving or enhancing returns although the portfolios of some of the hedge funds in which the Company may invest may utilise gearing. To the extent that borrowing is required, the articles of association of the Company shall restrict the borrowings of both it and any subsidiaries so that such borrowings shall not, without the previous sanction of the Company in general meeting, exceed 25 per cent. of the aggregate total amount received from time to time on the subscription of shares of the Company.

The Company will not vary its investment policy to any material extent without the approval of Shareholders.

#### *The Qualifying Investments Portfolio*

For its Qualifying Investments, the Company intends, subject to the prevailing economic conditions at the time, to invest primarily in companies whose shares are not traded on any exchange, although it may also invest in companies whose shares are traded on AIM or PLUS, and will invest up to a maximum of £1,000,000 in any single Qualifying Investment. The Investment Manager will seek to construct a portfolio diversified by sector. The objective will be to identify established companies which seek expansion capital or are subject to a buy-out or buy-in or, on a selective basis, there is an opportunity to provide liquidity for other shareholders. It is intended, again, subject to the prevailing economic conditions at the time, that a substantial proportion of the Qualifying Investments will be in the form of mezzanine or fully secured loans, together with ordinary equity.

The much tighter market in credit for companies which has followed the “credit crunch” of August 2007 has engendered and, it is believed, is likely to continue to engender a strong demand for this type of offering. The Investment Manager has substantial expertise in structuring and executing these types of financing for Qualifying Companies.

Under current VCT legislation, the Company must have at least 70 per cent. of its investments in Qualifying Companies within 3 years, and the Company intends to invest at least 75 per cent. of its investments (as permitted in this legislation) in Qualifying Companies by that date. However, this programme of investment in Qualifying Companies will take time to complete; thus in the first three years a considerable proportion of the Company’s funds (initially all of its funds) will need to be invested in Non-Qualifying Investments. After the end of the three years of initial investment in Qualifying Investments, the Company will continue to hold a proportion of its funds in Non-Qualifying Investments.

#### *The Non-Qualifying Investments Portfolio*

Until suitable Qualifying Investments are identified, the net proceeds of the Offer will be invested in a portfolio of corporate bonds and corporate bond funds, hedge funds and other investments, with a focus on providing absolute returns to Investors, or on cash deposit. The Company will continue to hold a proportion of its assets in such products after three years.

The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return whilst maintaining liquidity. Subject to the Investment Manager’s view from time to time of desirable asset allocation it will comprise quoted and unquoted investments (direct or indirect) in cash or cash equivalents, mezzanine loans, bonds, equities, vehicles investing in property, funds of funds and a portfolio of hedge funds.

The Company may invest directly in hedge funds and may also invest indirectly through a holding in the Puma Absolute Return Fund or in independently managed funds of funds. The intention will be to achieve, overall, a diversified portfolio of hedge fund interests.

The Investment Manager will only select “absolute return” investments with limited liability and the Company will not have any principal involvement in hedge fund activities or act as a hedge fund.

The Investment Manager has been managing a portfolio of specialist funds (including hedge funds) since July 2001 and currently manages the Puma Absolute Return Fund, a fund of funds, structured as an open ended investment company with its shares being listed on the Irish Stock Exchange. Shore Capital believes that a portfolio of specialist funds provides an opportunity to diversify away from difficult equity markets and other traditional asset classes. The aim is to achieve consistent and competitive capital appreciation by investing in a diversified portfolio of specialist funds that use alternative asset management strategies.

#### **1.4 Deal flow**

Shore Capital has many years experience of investing in smaller companies to produce above average returns for investors. This has enabled it to establish a good network of contacts, including other fund managers, stockbrokers and professional advisers, which should ensure a good deal flow. In addition, members of the investment management team have regular meetings with smaller companies, a number of which may be suitable for investment by the Fund, which should increase the opportunities to participate in secondary fund raisings.

In 1995 AIM was launched by the London Stock Exchange specifically to meet the needs of smaller and growing companies. Since its launch, the AIM market has become an attractive source of new capital for dynamic growth companies capable of significant value appreciation. The less onerous admission requirements, lower costs and ability to attract VCT monies continue to make AIM a highly attractive market for growing smaller companies. The Directors expect this growth in the AIM market to continue and that there will be a satisfactory number of eligible new issues by companies quoted on AIM, which will provide investment opportunities for the Fund. As at September 2009, there were 1,353 companies on AIM with a combined market capitalisation of over £56 billion (Source: London Stock Exchange: AIM market statistics September 2009).

#### **1.5 Co-Investment Policy**

The Company expects to co-invest with the other Puma VCTs managed by the Investment Manager and the Company should benefit from the enhanced deal flow and greater ability to co-invest in larger deals. The Puma VCTs are either two, four or five years older than the Fund and are likely to be wound up during the life of the Fund, which may create further opportunities for the Fund to supply new capital to replace funding made by the Puma VCTs. The Puma VCTs also operate under different HM Revenue & Customs rules for establishing whether an investment is a Qualifying Investment. Where the Investment Manager identifies suitable opportunities for investment by the Company or the Puma VCTs, it will in general offer such opportunities pro rata to the initial size of the net funds raised by the Company and the Puma VCTs, other than where the investment is a follow-on to a pre-existing investment. However, the Investment Manager, in consultation with the Board (the majority of which are independent of the Investment Manager), will have

the discretion to allocate the opportunity differently to reflect considerations such as the remaining life of a company, the requirement to achieve or maintain a minimum of 70 per cent. of a VCT's portfolio in Qualifying Investments or the availability of funds.

Shore Capital also manages other funds which can invest in the same types of companies as the Company or the Puma VCTs. Where the Company and/or the Puma VCTs are co-investing in deals with other Shore Capital managed funds then the Investment Manager will take into account such factors as the risk profile and investment strategy of the participating funds when deciding how much a Company will invest.

If situations arise where the Company proposes to invest in the same companies as other funds managed by Shore Capital, but at a different time or on different terms, any such proposed investment will require approval from the Board, the majority of which are independent of the Investment Manager.

The Board will be responsible for determining the Company's investment policy and will have overall responsibility for the Company's activities.

## **1.6 Post-Investment Management**

The Investment Manager will monitor each investment closely and will expect to meet with the management of investee companies on a regular basis.

As the values of underlying investments increase, Shore Capital will monitor opportunities for the Fund to realise gains, and make tax free distributions to Shareholders.

Where possible, underperforming investments will be disposed of if the Investment Manager believes that there is unlikely to be any capital appreciation in the short to medium term.

## **1.7 Valuation Policy**

Investments in AIM and PLUS-traded shares will be valued at prevailing bid prices in the market, unless it is thought necessary to make any adjustment for illiquidity.

Investments in hedge funds and funds of hedge funds will be valued on the basis of net asset value per share as reported by the administrator of each fund held. These funds typically permit investors to redeem their shares at net asset value per share using the next valuation published after the redemption notice period (typically 30 days).

All other investments will be valued by the Directors on the recommendation of the Investment Manager in accordance with International Private Equity and Venture Capital Valuation ("IPEVC") guidelines. IPEVC guidelines have replaced BVCA guidelines for investment companies investing in unquoted investments and reporting under IFRS.

The underlying principle of IFRS is that investments should be reported at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable,

willing parties in an arm's length transaction.

In estimating fair value for an investment, the methodology applied must be appropriate to the nature, facts and circumstances of the investment and its materiality based on reasonable assumptions and estimates. Such methodology, including earnings multiple, cost, cost less a provision or net assets, should be applied consistently.

Shore Capital Fund Administration Services Limited will be responsible for determination and calculation of the net asset value of the Company in accordance with the policies set out above.

In addition to the Company's interim statements and annual reports, there will be quarterly announcements of these values to Shareholders.

## **1.8 The investment management team and Board**

### ***The investment management team***

Shore Capital will manage both the portfolio of Qualifying Investments and Non-Qualifying Investments.

A summary CV for each of the principal members of the Investment Manager is shown below.

#### ***Howard Shore***

Howard Shore is Executive Chairman of Shore Capital Group, which was founded in 1985. Howard began his career in private client discretionary fund management with Grieveson Grant & Co (until recently part of Dresdner Kleinwort Wasserstein). In 1996, after more than ten years of investing in smaller growth companies, Howard established Puma I of which he was also lead manager. In 1999, Puma II was launched, of which he is also the lead manager. In August 2000 Shore Capital acquired Jellyworks plc, an AIM listed investment company which held a portfolio of quoted and unquoted companies. Howard has been involved in the management of this portfolio.

#### ***Graham Shore***

Graham was previously a partner in Touche Ross (now Deloitte & Touche) and was responsible for the London practice advising the telecommunications and new media industries. At Touche Ross he undertook strategic and economic assignments for a wide range of clients including appraisals of venture capital opportunities. In 1990 he joined the Shore Capital Group as managing director, and has been involved in managing the Puma VCTs and the JellyWorks portfolio, including evaluation of new deals for the funds and representing the funds with investee companies. Graham has been involved with AIM since its inception as both a corporate financier and investor and with private equity for more than 20 years. He is a director of the other Puma VCTs and St Peter Port Capital Limited.

#### ***Alexandre Abadie***

Alex is CEO of the Investment Manager and has more than 20 years financial experience

in New York, Paris, London and Zurich. Prior to joining Shore Capital, he was Managing Director, Global Head of Products, Investment Solutions and Marketing, in the Asset Management Division of Credit Suisse, where he was responsible globally for structuring all new investment products and providing customised solutions to insurance and pensions clients. He was also a Board Member of Credit Suisse Asset Management Ltd and a Management Committee member of the Asset Management Division. Prior to Credit Suisse, Alex was Managing Director, Head of Financial Institutions Global Capital Markets, at Morgan Stanley in London. Alex has a Master of Science (MS) from Stanford University, a Master in Business Administration (MBA) from The University of Chicago and a Senior Management Programme (SMG) certificate from the Kennedy School at Harvard University.

### ***Craig Cowan***

Craig qualified as a chartered accountant with Deloitte & Touche Johannesburg in 1994 and is a Chartered Financial Analyst. After working for the Johannesburg Stock Exchange, he co-founded Consilium Capital in South Africa, a specialist stock broking and asset management firm before heading up equity capital markets at Global Capital Securities. He moved to London at the beginning of 2001 and joined Brown Shipley Securities where he managed the corporate broking team, specialising in smaller UK listed (largely AIM) and unlisted companies. Craig joined Shore Capital in 2005 where his responsibilities include the appraisal and implementation of investment opportunities for various funds managed by Shore Capital and discretionary portfolio management.

### ***Eliot Kaye***

Eliot joined Shore Capital in 2006 following seven years at leading city law firm Berwin Leighton Paisner LLP, as a trainee solicitor and then as an associate in the corporate finance group. He advised on a substantial number of M&A and private equity deals, and was short-listed as a nominee for the Associate of the Year Award at the Legal Week Awards 2004. Eliot has been involved in managing the Puma VCTs, The Puma (II) Fund and St Peter Port Capital Limited, including the structuring and execution of new deals for the funds and representing the funds with investee companies.

### ***The Board***

The Board comprises four Directors, all of whom are non-executive. Raymond Pierce, Harold Paisner and Jon Morton-Smith are independent of the Investment Manager and the fourth director, Graham Shore, is a director of the Investment Manager. Although the management of the Company's portfolio has been delegated to the Investment Manager, the Directors retain overall responsibility for the Company's affairs.

### ***Raymond Pierce***

Ray, aged 63, has substantial non-executive experience with private and quoted companies, both FTSE and AIM, as well as with mutuals and charities, together with expertise in corporate governance issues. His early career was in economic and management consulting, and has since spent nearly 20 years in the financial services industry and related sectors. He was formerly the managing director of Guardian Insurance and a main board director of Guardian Royal Exchange Plc, then a FTSE 100 company, and also held senior positions at American Express Europe and Robson Rhodes,

where he was chief executive. Ray was Chairman of Crown Sports Plc from 2003 until its sale in early 2006 and chairman of Engage Mutual Assurance until May 2009. He is currently chairman of Parasol Limited and Credit Solutions Holdings Limited. Ray is also Chairman of Ortus VCT plc (formerly known as Guinness Flight Venture Capital Trust Plc) and has recently been appointed to the board of Tesco Bank. He is also Chairman of the Board of Trustees of the National Motor Museum at Beaulieu.

### ***Jonathan Morton-Smith***

Jon, aged 58, is a banking and finance consultant specialising in private debt investment and mid-sized corporate real estate businesses. Having worked for Midland Bank since 1969 he moved to London in 1982 to focus on real estate lending where he was Corporate Banking Director in 1991 and Area Manager/Property Industry Advisor in 1994. Jon left this role to start his own consultancy business in 1998. He then joined AXA Investment Managers with a £1 billion mandate to start a new private debt investment portfolio. Having successfully invested £650 million, changing investment attitudes within AXA resulted in Jon resigning to continue his private consultancy in 2004. AXA remain one of his major clients and Jon represents them in their UK private equity infrastructure investments. He also works closely with Saur SAS where he is PFI Consultant and banking and finance consultant to a small retail investment and development company based in Yorkshire.

### ***Harold Paisner***

Harold, aged 70, is the Senior Partner of Berwin Leighton Paisner LLP, a leading city law firm. He is a member of his firm's corporate finance group, with a portfolio of international clients particularly in the retail, manufacturing and insurance sectors, and is involved generally with the firm's international strategy. He is UK National President of the Union Internationale des Avocats and is a member of the International Issues Committee of the Law Society. He is also a member of the International Bar Association, the British Baltic Lawyers Association and various other organisations. Harold is a non-executive director of FIBI Bank (UK) Plc, Think London (London's official inward investment agency) and Interface Inc., the world's largest manufacturer of modular carpet, and is involved with a number of charitable organisations.

### ***Graham Shore***

See biography above.

The Directors have committed to invest an aggregate of £283,000 under the Offer on the same terms as Investors.

## **1.9 The management arrangements**

### ***Investment Manager***

Shore Capital has been appointed as the investment manager of the Company on a discretionary basis for an initial period of five years, which can be terminated by not less than twelve months' notice, given at any time by either party, on or after the fifth anniversary. Under the terms of this agreement Shore Capital will be paid an annual fee of



2.0 per cent. of the Net Asset Value of the Company payable quarterly in arrears.

### ***Performance Incentive***

Shore Capital and members of the investment management team will be entitled to a performance related incentive of 20 per cent. of the aggregate excess on any amounts realised by the Company in excess of £1 per Ordinary Share, and Shareholders will be entitled to the balance. This incentive will only be payable once the Ordinary Shares have received distributions of £1 (whether capital or income). The performance incentive structure provides a strong incentive for the Investment Manager to make distributions as high and as soon as possible.

This will be effected through the issue of Loan Notes to a nominee on behalf of the Investment Manager's group and employees of and persons related to the investment management team. In the event that distributions attributable to the Ordinary Shares of £1 per share have been made the Loan Notes will convert into sufficient Ordinary Shares to represent 20 per cent. of the enlarged number of Ordinary Shares.

## **1.10 Capital Structure**

In line with the practice of the other Puma VCTs, the Directors intend to reorganise the Company's share capital after Admission to facilitate the payment of dividends and repurchase of Ordinary Shares.

## **1.11 Dividend policy**

Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15 per cent. of its income from shares and securities. The Directors aim to maximise tax free distributions to Shareholders by way of dividends paid out of income received from investments and capital gains received following successful realisations.

There will be a particular emphasis on making income-yielding investments. This is to facilitate the Company's aim of paying out dividends of up to 7p per annum. The Company expects to be in a position to make such annual payments from income received from its investments, failing which it will utilise its available distributable reserve to assist in paying a consistent level of dividends. Upon liquidation of the Company, the balance of the funds will be distributed to Shareholders. All such distributions are expected to be free of tax to UK taxpayers.

Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, should complete the dividend mandate form printed on the reverse of the Application Form. Further dividend mandate forms can be obtained upon request from the Company's registered office.

## **1.12 Purchase of Ordinary Shares**

Although it is anticipated that the Ordinary Shares will be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, there is likely to be an illiquid market and in such circumstances Shareholders may find it difficult to sell their Ordinary Shares in the market. In order to try to improve the liquidity in the Ordinary Shares, the Board will consider whether to establish a buy back policy whereby the Company will purchase Ordinary Shares for cancellation. Consequently, the Company may consider buying back Ordinary Shares. It is expected that the NAV will be announced on a quarterly basis. Shareholders are reminded that if they hold their Ordinary Shares for less than five years they are likely to lose their income tax relief.

## **1.13 Reporting to Shareholders**

The Directors believe that communication with Shareholders is important. In addition to quarterly announcements of the NAV being released to the London Stock Exchange, Shareholders will receive a copy of the Company's annual report and accounts (expected to be published each April) and a copy of the Company's interim results (expected to be published each September).

The Company's first report and accounts are expected to be published in May 2010 and will be in respect of the period from incorporation to 31 December 2009.

All Qualifying Subscribers will automatically be provided with certificates enabling them to claim income tax relief.

## **1.14 Corporate Governance**

The Directors agree with the preamble to the Combined Code on Corporate Governance (the "Code") published by the UKLA in 2006 which acknowledges that some provisions may have less relevance for investment companies and, in particular, consider some areas inappropriate to the size and nature of the business of the Company. Accordingly, all the provisions of the Code are complied with save that (i) new directors do not receive a full, formal and tailored induction on joining the Board (such matters are addressed on an individual basis as they arise), (ii) the Company does not have a senior independent director, (iii) the Company does not conduct a formal review as to whether there is a need for an internal audit function as the Directors do not consider that an internal audit would be an appropriate control for a venture capital trust and (iv) as all the Directors are non-executive, it is not considered appropriate to appoint a nomination or remuneration committee.

## **1.15 Status of the Company and the Investment Manager**

The Company is unregulated although VCTs need to meet a number of conditions set out in tax legislation in order for tax reliefs to apply.

The Investment Manager is authorised to conduct investment business by the Financial

Services Authority.

## **1.16 Taxation and HM Revenue & Customs approval**

The Directors intend to manage the Company's affairs in order that it complies with the legislation applicable to VCTs. In this regard PricewaterhouseCoopers has been appointed to advise on tax matters generally and, in particular, on VCT status. HM Revenue & Customs has granted the Company provisional approval as a VCT, effective from the date of Admission. Full approval will be sought as soon as possible, but will only be granted by HM Revenue & Customs once 70 per cent. of the Company's investments are represented by Qualifying Investments and the Company has complied with the other requirements relating to VCT qualification. PricewaterhouseCoopers will assist Shore Capital (but report directly to the Board) in seeking confirmation of the status of each investment as a Qualifying Investment and will monitor progress towards achieving full VCT approval. Once full approval has been given, the Company must continue to satisfy the requirements of HM Revenue & Customs in relation to VCTs, or it is likely to lose full approval.

## **1.17 Life of the Fund**

It is intended that the Company should not have a fixed life but not later than three months after the fifth anniversary of the Closing Date the Directors will propose an ordinary resolution whereby holders of Ordinary Shares can elect to commence the process of winding up, in accordance with applicable VCT legislation. If such vote is passed, the Company will cease to make new investments and the Directors will commence a process of an orderly liquidation of the Company's assets and the distribution of capital and income to the Shareholders. Any such distributions are expected to be free of tax to UK taxpayers.

## **1.18 Costs of the Offer and annual fees and expenses**

### *Costs of the Offer*

The issue costs of the Offer (including irrecoverable VAT) will be 2 per cent. of the gross proceeds raised. This cost structure differentiates the Company from other VCTs where issue costs of between 5 per cent. and 5½ per cent. of the funds raised are more typical. The lower issue costs of the Company should contribute to the prospects of attractive returns to Investors. The Directors believe that this lower issue cost structure is lower than for any non Puma VCT to date.

### *Annual fees and expenses*

Shore Capital will be paid an annual investment management fee of 2 per cent. (plus VAT if applicable) of the Net Asset Value. The fee will be payable quarterly in arrears.

Shore Capital Fund Administration Services Limited will provide administrative services to the Company for an aggregate annual fee of 0.35 per cent. of the Net Asset Value (plus VAT if applicable), payable quarterly in arrears.

The Directors estimate that, in the period from incorporation until 31 December 2010, fees payable to them will not exceed £56,000 in respect of arrangements currently in force.

Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FSA number will, provided they continue to act for their client and the client continues to hold Shares, usually be paid an annual trail commission of 0.35 per cent. of the Net Asset Value (as determined from the audited annual accounts of the Company) for each such Share for a period of 5 years from the Closing Date.

The Company will also be responsible for its normal third party costs including listing fees, audit and taxation services, legal fees, registrars' fees, directors' fees and other incidental costs. Excluding the Investment Manager's annual fee, it is expected that the running costs of the Company per year will be about 1 per cent. of the Net Asset Value. The Directors expect that the annual costs will be around 3 per cent. of the Net Asset Value per annum (as has been the case for the current Puma VCTs). In any event the Investment Manager has agreed to reduce its fee (if necessary to nothing) to contain total annual costs to within 3.5 per cent. of Net Asset Value.

A maximum of 75 per cent. of the Company's management expenses will be capable of being charged against capital reserves with the balance charged against revenues.

## **1.19 Details of the Offer**

It is proposed to raise an aggregate of up to £30 million by means of the Offer, payable in full, by cheque or banker's draft, on subscription. The Offer will open on 11 November 2009 until the earlier of 3.00 p.m. on 26 February 2010 and the date on which the maximum subscription is reached. The Promoter may extend the closing date of the Offer at its discretion. The Offer is not underwritten. The maximum net proceeds of the Offer, assuming full subscription, will be approximately £29,400. The minimum subscription level under the Offer is £1,000,000.

Irrevocable commitments to invest £283,000 under the Offer, on the same terms as other Investors, have been received from the Directors.

The profile of a typical Investor is an individual with substantial income, capital available to commit for 3 to 5 years and who is attracted by the income tax relief available for a VCT investment.

Applications will be accepted on a first come, first served basis (provided cheques are not post dated), subject always to the discretion of the Directors. Investors are encouraged to submit their Application Forms early in order to be confident that their subscriptions will be successful. Investors will receive additional Shares equivalent to 1% of the amount they subscribe in respect of their valid Application Forms received and accepted by Friday 8 January 2010. Multiple applications are permitted.

The minimum application level under the Offer is £5,000.

The full terms and conditions of application are set out in Part VI of this document and an Application Form, together with details of the application procedure, is set out at the end of this document.

## **1.20 Allotment, dealings and settlement**

Application has been made to the UK Listing Authority for the Ordinary Shares issued pursuant to the Offer to be admitted to the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on its main market for listed securities.

It is intended that an initial allotment of Ordinary Shares will be made as soon as the minimum subscription level of £1 million is reached. Successful applicants will be notified by post.

Dealings are expected to commence on 31 May 2010.

Ordinary Shares will be issued in registered form and will be freely transferable in both certificated and uncertificated form and it is anticipated that definitive share certificates will be issued within 10 business days of each allotment.

Ordinary Shares will be capable of being transferred by means of the CREST system. Investors who wish to take account of the ability to trade their Ordinary Shares in uncertificated form (and who have access to a CREST account) may arrange through their professional adviser to convert their holding into dematerialised form.

## Part II

### Directors and Advisers

**Directors** (all non-executive)

Raymond Francis Pierce (Chairman)  
Harold Michael Paisner  
Jonathan Morton-Smith  
Graham Barry Shore

**Sponsor and Solicitors**

Howard Kennedy  
19 Cavendish Square  
London  
W1A 2AW

**Secretary**

Eliot Kaye

all of:

**Registered Office**

Bond Street House  
14 Clifford Street  
London W1S 4JU

**VCT Tax Adviser**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

**Investment Manager**

Shore Capital Limited  
Bond Street House  
14 Clifford Street  
London W1S 4JU

**Bankers**

The Royal Bank of Scotland plc  
Western Branch  
60 Conduit Street  
London W1R 9FD

**Promoter**

Shore Capital and Corporate Limited  
Bond Street House  
14 Clifford Street  
London W1S 4JU

**Registrars**

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Administrator**

Shore Capital Fund Administration  
Services Limited  
Bond Street House  
14 Clifford Street  
London W1S 4JU

**Auditor**

Baker Tilly UK Audit LLP  
2 Bloomsbury Street  
London WC1B 3ST

**Receiving Agent**

Capita Registrars  
Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

# Part III

## Definitions

The following definitions are used throughout this document and, except where the context requires otherwise, have the following meanings.

<b>Act</b> Companies Act 1985 (as amended)	<b>the Company, Puma High Income VCT or the Fund</b> Puma High Income VCT plc
<b>2006 Act</b> Companies Act 2006 (as amended)	<b>London Stock Exchange</b> London Stock Exchange plc
<b>Administrator</b> Shore Capital Fund Administration Services Limited	<b>Loan Notes</b> £1,000 nominal 5% convertible loan notes issued by the Company
<b>Admission</b> admission of the Ordinary Shares to the Official List and to trading on the London Stock Exchange's market for listed securities	<b>Net Asset Value or NAV</b> the aggregate of the gross assets of the Company less its gross liabilities
<b>AIM</b> the AIM Market of the London Stock Exchange	<b>Non-Qualifying Investments Portfolio or Non-Qualifying Investments</b> that part of the net proceeds of the Offer that will be invested in short term deposits, and a portfolio of hedge funds, structured products and other investments with a focus on absolute return
<b>Application Form</b> the application form for use in respect of the Offer set out at the end of this document	<b>Offer</b> the Offer for subscription of up to 30,000,000 Shares described in this document
<b>BVCA</b> British Venture Capital Association	<b>Offer Agreement</b> the agreement dated 11 November 2009 between the Company, the Directors, the Promoter, the Investment Manager and the Sponsor relating to the Offer, a summary of which is set out in Part V of this document
<b>Closing Date</b> The Initial Closing Date or if later such date as the Promoter has at its discretion selected as the Closing Date	<b>Offer Price</b> 100p per Share
<b>Directors, Board of Directors or Board</b> the directors of the Company whose names appear on page 30 of this document	<b>Official List</b> the Official List of the UK Listing Authority
<b>Howard Kennedy or Sponsor</b> Howard Kennedy, which is authorised and regulated by the Financial Services Authority	<b>Ordinary Shares or Shares</b> ordinary shares of 1p each in the capital of the Company
<b>ITA</b> Income Tax Act 2007 (as amended)	<b>Qualifying Limit</b> a total amount of £200,000 per individual investor
<b>Initial Closing Date</b> 26 February 2010	
<b>Investment Manager or Shore Capital</b> Shore Capital Limited, authorised and regulated by the Financial Services Authority, the manager of the Qualifying Investments Portfolio and the Non-Qualifying Investments Portfolio	
<b>Investor(s)</b>	

an individual(s) aged 18 or over who subscribes for Shares under the Offer

### **PLUS**

a trading facility operated by Plus Markets plc to facilitate trading in securities neither quoted nor dealt in on the London Stock Exchange

### **Performance Incentive**

An incentive derived from holdings of Loan Notes whereby in the event that distributions (whether capital or income), attributable to the Ordinary Shares of £1 per Share have been made the Loan Notes will convert into sufficient Ordinary Shares to represent 20 per cent. of the enlarged number of issued Ordinary Shares.

### **Promoter**

Shore Capital and Corporate Limited

### **Puma VCT**

Puma VCT plc

### **Puma VCTs**

Puma VCT, Puma VCT II, Puma VCT III, Puma VCT IV and Puma VCT V

### **Puma VCT II**

Puma VCT II plc

### **Puma VCT III**

Puma VCT III plc

### **Puma VCT IV**

Puma VCT IV plc

### **Puma VCT V**

Puma VCT V plc

### **Qualifying Company**

a company satisfying the conditions in Chapter 4 of Part 6 ITA as described in Part IV of this document

### **Qualifying Holding**

shares in, or securities of, a Qualifying Company, which satisfy the conditions in Chapter 4 of Part 6 ITA as described in Part IV of this document

### **Qualifying Investment**

an investment in an unquoted company or stocks which are AIM/PLUS-traded which satisfies the requirements of Chapter 4 of Part 6 ITA, as described in Part IV of this document

### **Qualifying Investments Portfolio**

That part of the net proceeds of the Offer that will be invested in Qualifying Investments in VCTs in any one income tax year

### **Qualifying Purchaser**

an individual who purchases Shares from an existing Shareholder and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT

### **Qualifying Subscriber**

an individual who subscribes for Shares under the Offer and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT

### **Qualifying Subsidiary**

a subsidiary company which falls within the definition of Qualifying Subsidiary contained in Section 298 ITA, as described in Part IV of this document

### **Qualifying Trade**

a trade complying with the requirements of Section 300 ITA

### **Redeemable Preference Shares**

redeemable preference shares of £1 each in the capital of the Company

### **Shore Capital Group**

Shore Capital Group plc and/or its subsidiary companies including Shore Capital and Corporate Limited and the Investment Manager

### **Shareholders**

holders of Ordinary Shares

### **UK Listing Authority**

the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

### **Venture Capital Trust or VCT**

a company approved as a venture capital trust under Section 274 ITA by the Board of HM Revenue & Customs



## **Part IV**

### **1. Tax Position of the Fund**

#### **1.1 Qualifying as a VCT**

In order to qualify as a VCT, a company must satisfy the following conditions in each accounting period:

- 1.1.1 it must be approved as a VCT by HM Revenue & Customs;
- 1.1.2. it must not be a close company;
- 1.1.3 throughout the period, each class of its ordinary share capital must be quoted on the Official List;
- 1.1.4 it must derive its income in the period wholly or mainly from shares or securities;
- 1.1.5 it must have at least 70 per cent. by value of its investments throughout the period in newly issued shares or securities (where the securities are not redeemable within 5 years of issue) comprised in Qualifying Holdings, of which at least 30 per cent. by value must be ordinary shares which carry no preferential rights;
- 1.1.6 it must have at least 10 per cent. by value of its investments in any Qualifying Company in ordinary shares which carry no preferential rights;
- 1.1.7 it must have not more than 15 per cent. by value of its investments throughout the period in a single company or group (other than a VCT, or other similar company);
- 1.1.8 it must generally not retain more than 15 per cent. of the income which it derives from shares and securities in the period; and
- 1.1.9 for funds raised after 5 April 2010 at least 70 per cent by value of Qualifying Investments must be in “equity”. Legislation defining “equity” is due to be introduced in the Finance Bill 2010.

In order, however, to facilitate the launch of VCTs, there is a relaxation of some of these tests during the Company's first and, in the case of test 1.1.5, up to the third accounting period (see below under the heading, "Approval as a VCT").

#### **1.2 Qualifying Holdings**

A Qualifying Holding consists of shares in, or securities of, a Qualifying Company (see below under heading “Qualifying Companies” for further details). A Qualifying Company must:

- 1.2.1 be unquoted (which will, in the case of a company which was unquoted at the time of the VCT’s investment, be deemed to be the case for a further five years after the company ceases to be unquoted). Companies whose shares are traded on AIM or PLUS are treated as unquoted.
- 1.2.2 have gross assets of £7 million or less immediately pre-investment and £8 million or less immediately post investment (in the case of companies which have Qualifying Subsidiaries (see below), the test is applied on a group basis);
- 1.2.3(or a relevant Qualifying Subsidiary of the company must) apply the money invested for the purposes of a Qualifying Trade, which is carried out wholly or mainly in the UK, (see below under the heading, “Qualifying Companies”) within certain time periods;
- 1.2.4 not be able to control (whether on its own or together with a connected person) any company which is not a Qualifying Subsidiary;
- 1.2.5 not be controlled by another company (on its own or together with a connected person);
- 1.2.6 have fewer than 50 employees immediately pre-investment; and

1.2.7 not have any property managing subsidiaries which do not fall into the definition of relevant Qualifying Subsidiaries (see below).

Qualifying Investments are limited to investments of £1 million per tax year, or a six month period which straddles two tax years, per investee company. In addition, a Qualifying Company can receive no more than £2 million in any twelve month period from Venture Capital Trusts which raised funds after 5 April 2007, the Enterprise Investment Scheme or the Corporate Venturing Scheme. In certain circumstances, a holding can be split into part-Qualifying Holdings and part-non-Qualifying Holdings.

### **1.3 Qualifying Companies**

A Qualifying Company is a company which exists to carry on one or more Qualifying Trades (see below) or is the parent of a trading group, where each of its subsidiaries is a Qualifying Subsidiary and the group as a whole is not engaged in non-qualifying activities (see below).

For the purposes of the Qualifying Holdings test in paragraph 1.2.3 above, a subsidiary will be a relevant Qualifying Subsidiary if at least 90 per cent. of its issued share capital and its voting power is directly owned by the Qualifying Company or by a wholly owned Qualifying Subsidiary. A relevant Qualifying Subsidiary can also be a wholly owned subsidiary of a 90 per cent. owned subsidiary. Certain other tests as to the distribution of the subsidiary's profits and assets on a winding-up must also be satisfied.

In the case of the Qualifying Holdings test in paragraph 1.2.4 above, a subsidiary will be a Qualifying Subsidiary if the majority of its issued share capital is owned by the Qualifying Company and the other tests are also satisfied.

A trade will be a Qualifying Trade only if it does not to a substantial extent include non-qualifying activities (non-qualifying activities include dealing in land or shares, providing financial services or activities which are largely land-based, such as farming, hotels and nursing homes). In the case of a company which is preparing to carry on a Qualifying Trade, the Qualifying Trade must begin within two years of the issue to the VCT of the shares or securities, and must continue thereafter.

### **1.4 Approval as a VCT**

A VCT must be approved as such at all times by HM Revenue & Customs. Approval has effect from the time specified in the approval, which cannot be earlier than the time at which the application for approval is made.

A VCT cannot be approved until the relevant tests (see above under the heading, "Qualifying as a VCT") have been satisfied throughout the most recent complete accounting period of the VCT and HM Revenue & Customs is satisfied that the tests will be satisfied in relation to the accounting period of the VCT which is current at the time the application is made.

However, in order to facilitate the launch of VCTs, HM Revenue & Customs may grant provisional approval to a VCT, notwithstanding that not all the relevant tests are satisfied at the time of the application, provided that HM Revenue & Customs is satisfied that the tests will be satisfied within a certain period. In particular, HM Revenue & Customs may grant provisional approval if it is satisfied that:

- 1.4.1 the relevant tests in paragraphs 1.1.3, 1.1.4, 1.1.7 and 1.1.8 under the heading, “Qualifying as a VCT” above will either be satisfied in the accounting period current when the application for approval is made or the following accounting period;
- 1.4.2 the relevant test in paragraphs 1.1.5 under the heading, “Qualifying as a VCT” above, will be satisfied in relation to any accounting period beginning not more than three years after the time when approval is given, or if earlier, when it has effect; and
- 1.4.3 the relevant tests in paragraphs 1.1.3, 1.1.4, 1.1.5, 1.1.7 and 1.1.8 under the heading, “Qualifying as a VCT” above, will continue to be satisfied in all subsequent accounting periods.

The Company has been granted provisional approval as a VCT effective from Admission.

## **1.5 Withdrawal of approval**

Approval as a VCT may be withdrawn by HM Revenue & Customs if the relevant tests (see above under the heading, “Approval as a VCT”) are not satisfied. Withdrawal of approval generally has effect from the time when notice of withdrawal is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all the tests were satisfied. The actions proposed to be taken by the Company in the case of a withdrawal of approval will be announced through a regulatory information service.

Where provisional approval is withdrawn, approval is deemed to have never been given. The taxation consequences of approval being deemed to have never been given are set out below under the heading “Loss of VCT status”.

## 2. Tax Considerations for Shareholders

### 2.1 Individual Shareholders

The following is a summary of the tax benefits available to VCTs and their individual shareholders who are either Qualifying Subscribers or Qualifying Purchasers. It assumes that the VCT has one class of shares only.

**Investors who are in any doubt as to their tax position are recommended to take professional advice.**

A number of tax benefits are available to individuals, aged 18 or over, who invest in shares in a VCT. The tax benefits available to those individuals are different, depending on whether the individual subscribes for shares or acquires shares otherwise than by way of subscription. There is also a limit (the Qualifying Limit) on the amount which, in any tax year, an individual may invest in VCTs which will qualify for any tax benefits. The current limit is £200,000. **Investments in ordinary shares in VCTs in excess of the Qualifying Limit will not be eligible for any tax benefits.**

Set out below is a summary of the tax benefits available to Qualifying Subscribers and Qualifying Purchasers.

### 2.2 Qualifying Subscribers (not Qualifying Purchasers)

The tax relief is available on aggregate investments in VCTs of up to £200,000 in any one tax year. Where advantage is taken of this relief, a Qualifying Subscriber will be able to obtain total initial tax relief of up to 30 per cent. of the amount of his investment, as shown in the table below.

Maximum effect of initial tax relief

	No VCT tax relief	30 per cent. income tax relief
Initial investment	£100,000	£100,000
30 per cent. income tax relief	-	(£30,000)
Effective current cost of the investment	£100,000	£70,000

Relief from income tax up to 30 per cent. will be available on subscriptions for shares in a VCT, subject to the Qualifying Limit (currently £200,000 in each tax year). The relief, which will be available in the year of subscription, cannot exceed the amount which reduces the income tax liability of the Qualifying Subscriber in that year to nil. Relief may not be available if there is a loan linked with the investment.

Relief will not be available, or, where given, will be withdrawn, either in whole or in part, where there is any disposal (except on death) of the shares (or of an interest in them or right over them) before the end of the period of five years beginning with the date on which the shares were issued to the Qualifying Subscriber.

## 2.3 Qualifying Subscribers and Qualifying Purchasers

The reliefs below are only available on investments up to a maximum of £200,000 in VCTs in any one tax year.

### 2.3.1 Exemption from capital gains tax

Any gain or loss accruing to Qualifying Subscribers or Qualifying Purchasers on a disposal of shares in a company which was a VCT at the time he, or she, acquired the shares, and remained a VCT throughout his, or her, period of ownership, will neither be a chargeable gain, nor an allowable loss, for the purposes of capital gains tax.

### 2.3.2 Exempt dividend income

Dividend income will be exempt from tax. No tax credits will be repayable in respect of dividends paid.

### 2.3.3 Procedure for obtaining income tax reliefs available to Qualifying Subscribers

All Qualifying Subscribers will automatically be provided with certificates enabling them to claim income tax relief. The certificate will specify details of the shareholder, the date on which the shares were issued and the amount paid for the shares, and also will certify that the shares have been issued to a Qualifying Subscriber, and that certain other conditions are met to the best of the VCT's knowledge and belief. The relief may not be available unless the Qualifying Subscriber holds such a certificate.

The investor may use the certificate to claim income tax relief either by obtaining from HM Revenue & Customs an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using a Self Assessment Tax Return to claim the relief.

Dividends received on shares acquired in VCTs up to the qualifying maximum value of £200,000 per tax year need not be shown in the investor's Self Assessment Tax Return.

## 2.4 Loss of VCT status

The following is a summary of the tax consequences for VCTs and their shareholders resulting from a loss of VCT status.

### 2.4.1 VCTs

Exemption from corporation tax on chargeable gains will not be available in relation to any gain realised after the VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).

### 2.4.2 Qualifying Subscribers

#### Income tax relief on investment

Where VCT approval is treated as never having been given, or where it is withdrawn before the shares have been held for five years, the relief will be withdrawn in full, and the Qualifying Subscriber will be assessed to tax in the tax year in which the relief was given on an amount equal to that relief. Interest on overdue tax may arise.

### 2.4.3 **Qualifying Subscribers and Qualifying Purchasers**

#### 1. Exempt dividend income

Dividend income will not be exempt from tax if the dividend is paid in respect of profits or gains arising or accruing in any accounting period in which the VCT is not approved as such.

#### 2. Exemption from capital gains

Where VCT approval is treated as never having been given, any gains and losses arising on a disposal of shares in the VCT will be taxable and allowable in the ordinary way. Where VCT approval is withdrawn at any time (whether or not the shares have been held for five years), the Qualifying Subscriber or the Qualifying Purchaser will be treated as having disposed of his shares immediately before the VCT ceased to be approved, for an amount equal to their market value at that time, and as having immediately reacquired them at that value. Thus, any capital gain up to that date will be exempt from tax, but any gains arising after that date will be taxable in the ordinary way.

# Part V

## Additional Information

### 1. The Company

- 1.1 The Company was incorporated and registered in England and Wales on 7 October 2009 under the name Puma High Income Protected VCT plc with registered number 7036487 as a public company limited by shares under the Act. The name of the Company was changed on 5 November 2009 to Puma High Income VCT plc. The principal legislation under which the Company operates is the Act.
- 1.2 On 6 November 2009 the Registrar of Company issued the Company with a certificate under section 761 of the 2006 Act. On 6 November 2009 the Company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 833 of the 2006 Act.
- 1.3 The Company has not traded since incorporation.

### 2. Share capital

- 2.1 The Company was incorporated with an authorised share capital of £500,000 divided into 45,000,000 ordinary shares of 1p each and 50,000 redeemable preference shares of £1 each of which two ordinary shares were issued fully paid to the subscribers to the memorandum of the Company (“the Subscriber Shares”). The Subscriber Shares were transferred at par to HK Nominees Limited and HK Registrars Limited.
- 2.2 By ordinary and special resolutions passed on 23 October 2009:
- 2.2.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company. This power is limited to the allotment of relevant securities up to an aggregate nominal amount of £500,000;
- Such authority is to expire on the later of 15 months from the date of the resolution or the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting);
- 2.2.2 the Directors were empowered (pursuant to section 571(1) of the 2006 Act) to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority referred to in paragraph 2.2.1 above as if section 561 of the 2006 Act did not apply to any such allotment, such power to expire at the conclusion of the Company’s next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously renewed or extended by the Company in general meeting). This power was limited to the allotment of equity securities in connection with:

- 2.2.2.1 the issue of 50,000 Redeemable Preference Shares to Shore Capital;
  - 2.2.2.2 the Offer;
  - 2.2.2.3 an offer of equity securities by way of rights; and
  - 2.2.2.4 otherwise than pursuant to paragraphs 2.2.2.1 to 2.2.2.3, an offer of equity securities up to an aggregate nominal amount of 10 per cent. of the issued ordinary share capital of the Company immediately following closing of the Offer;
- 2.2.3 subject to approval by the High Court of Justice, the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the Offer will be cancelled;
- 2.2.4 the Company was authorised to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of Shares provided that:
- 2.2.4.1 the maximum aggregate number of Ordinary Shares authorised to be purchased is an amount equal to 15 per cent. of the issued ordinary share capital of the Company following the Offer;
  - 2.2.4.2 the minimum price which may be paid for a Share is 1 pence;
  - 2.2.4.3 the maximum price which may be paid for a Share is an amount, exclusive of expenses, equal to 105 per cent. of the average of the middle market prices shown in the quotations for a Share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased; and
  - 2.2.4.4 unless renewed, the authority thereby conferred shall expire either at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of this resolution, whichever is the later to occur, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.
- 2.2.5 the Company adopted new articles of association, details of which are set out in paragraph 3 below.



- 2.3 On 5 November 2009, the 50,000 Redeemable Preference Shares in the Company were allotted and issued to Shore Capital and paid up as to one quarter so as to enable the Company to obtain a certificate under section 761 of the 2006 Act. Once fully paid up, the Redeemable Preference Shares will be redeemed by the Company out of the proceeds of the Offer. Each of the Redeemable Preference Shares which is redeemed shall automatically be re-designated on redemption as, and sub-divided into, 100 Ordinary Shares in the authorised, but unissued, capital of the Company without any further resolution or consent.
- 2.4 Save as disclosed in this paragraph 2 and paragraph 4 below, since the date of its incorporation, no share or loan capital of the Company or any subsidiary has been issued or agreed to be issued, or (except pursuant to the Offer) is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages, or other special terms have been granted by either Company or any subsidiary, in connection with the issue or sale of any such capital.
- 2.5 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.6 Save as disclosed in this document, no material issue of Shares (other than to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- 2.7 The Shares will be in registered form and temporary documents of title will not be issued. The ISIN of Puma High Income VCT's shares is GB00B53Y1331 and the SEDOL code is B53Y133.
- 2.8 Following admission of the Shares to the Official List and the redemption of the Redeemable Preference Shares, the authorised and issued share capital of the Company, assuming full subscription under the Offer, will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>Nominal Value</i>	<i>Number</i>	<i>Nominal Value</i>
Ordinary Shares	50,000,000	£500,000	30,000,002	£300,000.02
of 1p each				

Of the above Shares which will be in issue if the Offer is fully subscribed, 30,000,002 Ordinary Shares will have been issued and fully paid in cash in the Company. The unissued share capital will be at least £199,999.98 comprising 19,999,998 Shares (equivalent to approximately 40 per cent. of the authorised share capital).

2.9 The Company will be subject to the continuing obligations of the UK Listing Authority and the London Stock Exchange with regard to the issue of securities for cash and the provisions of section 89 of the Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the authorised but unissued share capital of the Company which is not subject to the dis-application referred to in sub-paragraph 2.2.2 above.

#### 2.10 Convertible Loan Notes

On 11 November 2009 £1,000 nominal convertible Loan Notes were issued for cash to Puma Nominees Limited as nominee on behalf of the Investment Manager's group and employees and persons related to the members of the investment management team. The main terms and conditions attaching to the Loan Notes and contained in a loan note instrument of the same date are as follows:-

- Principal amount: £1,000
- Interest is payable at a cumulative rate of 5% per annum payable on conversion or redemption
- Convertible (once distributions attributable to the Ordinary Shares of £1 per Share have been made) into sufficient Ordinary Shares to represent 20 per cent. of the enlarged number of issued Ordinary Shares
- Redeemable by the holders of Loan Notes (i) after the fifth anniversary of the date of issue of the Loan Notes at par or (ii) upon the termination of the appointment of Shore Capital as the investment manager to the Company, at a value to be determined by the auditors of the Company having regard to the provisions relating to fair value as set out in the loan note instrument.

### **3 Articles of Association**

3.1 The articles of association of the Company provide that its principal object is to carry on the business of a Venture Capital Trust and that the liability of members is limited.

3.2 The articles of association of the Company which were adopted on 23 October 2009 contain, *inter alia*, provisions to the following effect:

#### 3.2.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 3.2.5 below and subject to any special terms as to voting on which any Shares may be issued, on a show of hands every member present in person (or being a corporation, present by authorised representative) shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every Share of which he is the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

### 3.2.2 Rights Attaching to the Redeemable Preference Shares

Each of the Redeemable Preference Shares carries the right to a fixed dividend of 0.1 per cent. per annum (exclusive of any imputed tax credit available to shareholders) on the nominal amount thereof, but confers no right to vote except as otherwise agreed by the holders of a majority of the Shares. On a winding-up the Redeemable Preference Shares confer the right to be paid the nominal amount paid on such shares. The Redeemable Preference Shares are redeemable at any time by the Company and by the holder at any time after the minimum aggregate subscription level is raised under the Offer. Each Redeemable Preference Share which is redeemed, shall, thereafter, be re-designated as and sub-divided into 100 Shares in the authorised, but unissued capital of the Company, without further resolution or consent.

### 3.2.3 Transfer of Shares

The Ordinary Shares are in registered form and will be freely transferable. All transfers of Ordinary Shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of an Ordinary Share shall be executed by or on behalf of the transferor and, in the case of a partly paid share by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid Share, provided that such refusal does not prevent dealings taking place on an open and proper basis and may also refuse to register any instrument of transfer unless:

- 3.2.3.1 it is duly stamped (if so required), is lodged at the Company's registered office or with its registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- 3.2.3.2 it is in respect of only one class of share; and
- 3.2.3.3 the transferees do not exceed four in number.

### 3.2.4 Dividends

The Company may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of an Ordinary Share shall bear interest as against the Company. There are no fixed dates on which entitlement to a dividend arises.

All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

### 3.2.5 Disclosure of Interest in Ordinary Shares

If any member or other person appearing to be interested in shares of the Company is in default in supplying within 42 days (or 28 days where the shares represent at least 0.25 per cent. of the share capital) after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in section 793 of the 2006 Act, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares.

The restrictions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and additionally in the case of a shareholder representing at least 0.25 per cent. by nominal value of any class of shares of the Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

### 3.2.6 Distribution of Assets on Liquidation

On a winding-up any surplus assets of the Company will be divided amongst the holders of its Shares according to the respective numbers of Shares held by them in the Company and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges. The articles of association provide that the liquidator may, with the sanction of a resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

### 3.2.7 Changes in Share Capital

3.2.7.1 Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine. Subject to the Act, the Company may issue shares, which are, or at the option of the Company or the holder are, liable to be redeemed.

3.2.7.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide its shares or any of them into shares of smaller amounts, or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.

3.2.7.3 Subject to the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the Act (and by resolution of the holders of the shares repurchased where such shares are convertible shares), purchase its own shares.

### 3.2.8 Variation of Rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths of the nominal amount of the issued shares of the class or with the sanction of a resolution passed at a separate meeting of such holders.

### 3.2.9 Directors

Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than two nor more than ten. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors be less than the prescribed minimum the remaining Director or Directors shall forthwith appoint an additional Director or additional Directors to make up such minimum or shall convene a General Meeting of the Company for the purpose of making such appointment.

Any Director may in writing under his hand appoint (a) any other Director, or (b) any other person who is approved by the Board of Directors as hereinafter provided to be his alternate. A Director may at any time revoke the appointment of an alternate appointed by him. Every person acting as an alternate Director shall be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be the agent of or for the Director appointing him.

Subject to the provisions of the Act, the Directors may from time to time appoint one or more of their body to be Managing Director or Joint Managing Directors of the Company or to hold such other executive office in relation to the management of the business of the Company as they may decide.

A Director of the Company may continue or become a Director or other officer, servant or member or any company promoted by the Company or in which it may be interested as a vendor shareholder, or otherwise, and no such Director shall be accountable for any remuneration or other benefits derived as director or other officer, servant or member of such company.

The Directors may from time to time appoint a president of the Company (who need not be a Director of the Company) and may determine his duties and remuneration and the period for which he is to

hold office.

The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality, whether at home or abroad, in such manner as they think fit.

### 3.2.10 Directors' Interests

3.2.10.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the Act, the nature of his interest.

3.2.10.2 Provided that he has declared his interest in accordance with paragraph 3.2.10.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.

3.2.10.3 A Director shall not vote nor be counted in the quorum at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through the Company, unless his interest arises only because the case falls within one or more of the following paragraphs:

3.2.10.3.1 the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

3.2.10.3.2 the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

3.2.10.3.3 any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an

offer of such shares, debentures or other securities;

3.2.10.3.4 any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of the company;

3.2.10.3.5 any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and

3.2.10.3.6 any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a director, officer or auditor.

3.2.10.4 When proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

### 3.2.11 Remuneration of Directors

3.2.11.1 The ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees from the Company, shall not exceed £100,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the

Directors or general meetings or otherwise in connection with the discharge of their duties.

3.2.11.2 Any Director who, by request of the Directors, performs special services for any purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.

3.2.11.3 The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

### 3.2.12 Retirement of Director

A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. A Director shall be capable of being appointed or re-appointed a Director despite having attained any particular age.

### 3.2.13 Borrowing Powers

Subject as provided below, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control over its subsidiary undertakings (if any) so as to secure that the aggregate amount at any time outstanding in respect of money borrowed by the group, being the Company and its subsidiary undertakings for the time being (excluding intra-group borrowings), shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 25 per cent. of the aggregate total amount received from time to time on the subscription of shares of the Company.

### 3.2.14 Distribution of Realised Capital Profits

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the Registrar of Company of its intention to carry on business as an investment company ("a Relevant Period") the distribution of the Company's capital profits shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to



capital shall be credited to the capital reserve. Subject to the Act, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or payment or other dealing with investments, or other capital losses, and, subject to the Act, any expenses, loss or liability (subscription therefore) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution except for the purpose of redeeming or purchasing its own shares in accordance with sections 687 and 692 of the 2006 Act or applied in paying dividends on any shares in the Company. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or applied in paying dividends on any shares in the Company.

#### 3.2.15 Uncertificated Shares

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996. The articles of association are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Uncertificated Securities Regulations 1995.

The Company anticipates that it will enter the CREST system on admission of the Shares to the London Stock Exchange.

#### 3.2.16 General Meetings

Annual general meetings shall be held at such time and place as may be determined by the Directors and not more than fifteen months shall elapse between the date of one general meeting and that of the next.

The Directors may, whenever they think fit, convene a general meeting of the Company, and general meetings shall also be convened on such requisition or in default may be convened by such requisitionists as are provided by the Act. Any meeting convened under this Article by requisitionists shall be convened in the same manner as near to as possible as that in which meetings are to be convened by the Directors.

An annual general meeting shall be called by not less than twenty-one days notice in writing, and all other general meetings of the Company shall be called by not less than fourteen days notice in writing. The

notice shall be exclusive of the day on which it is given and of the day of the meeting and shall specify the place, the day and hour of meeting, and in case of special business the general nature of such business. The notice shall be given to the members, other than those who, under the provisions of the articles or the terms of issue of the shares they hold, are not entitled to receive notice from the Company, to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an ordinary resolution as the case may be shall specify the intention to propose the resolution as such.

In every notice calling a meeting of the Company or any class of the members of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him, and that a proxy need not also be a member.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such time (being not less than fourteen days and not more than twenty-eight days hence) and at such place as the Chairman shall appoint. At any such adjourned meeting the member or members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. The Company shall give not less than seven clear days notice of any meeting adjourned for the want of a quorum and the notice shall state that the member or members present as aforesaid shall form a quorum.

The Chairman may, with the consent of the meeting (and shall, if so directed by the meeting) adjourn any meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **4 Directors and Other Interests in the Company**

- 4.1 Neither the Company nor the Directors are aware of any person who, immediately after the Offer (assuming full subscription), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or who is interested directly or indirectly in 3 per cent. or more of the issued share capital of the Company.

- 4.2 The interests of the Directors, employees of the Investment Manager and their immediate families in the share capital of the Company, all of which are beneficial, as they are expected to be following the Offer, and of persons connected to the Directors, employees of the Investment Manager and their immediate families and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director or employees of the Investment Manager will be as set out below together with the percentages which such interests represent of the Shares in issue if the Offer is fully subscribed:

<i>Name</i>	<i>Number of Shares Ordinary Shares</i>	<i>Percentage</i>
Raymond Pierce	18,000	0.06%
Harold Paisner	60,000	0.2%
Jon Morton-Smith	5,000	0.02%
Graham Shore	200,000	0.67%

There are no different rights attaching to those shares.

- 4.3 Save as disclosed above, no Director, employees of the Investment Manager nor any person connected with any Director or employees of the Investment Manager has any interest in the share capital or loan capital of the Company or any of its subsidiaries whether beneficial or non-beneficial and save as disclosed in paragraph 4.2 above, no shares in the capital of Company are being reserved for allocation to existing shareholders, Directors or employees of the Company.
- 4.4 The Company's major shareholders do not have different voting rights.
- 4.5 No Director is or has since the period from the Company's incorporation been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 4.6 No loans made or guarantees granted or provided by the Company to or for the benefit of any director are outstanding.
- 4.7 There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to the Company pursuant to letters of appointment dated 11 November 2009 each of which is terminable upon 3 months' notice given by the Company at any time after their first anniversary. All the Directors are non-executive. Save in respect of these letters of appointment, no member of any administrative, management or supervisory body has a service contract with the Company.

- 4.8 Save with regards to Howard Shore and Graham Shore, who are brothers, and to Harold Paisner who is the father of Jonathan Paisner, a director of Shore Capital, there are no family relationships between any of the Directors or members of the Investment Manager or between any of the Directors and the members of the Investment Manager.
- 4.9 During the five years immediately prior to the date of this document the directors have been members of the administrative, management or supervising bodies or parties of the companies and partnerships specified below (excluding subsidiaries of any company of which he is also a member of the administrative, management or supervisory body):

<b>Name</b>	<b>Current Directorships</b>	<b>Past Directorships</b>	<b>Membership of Partnerships</b>	<b>Past Membership of Partnerships</b>
Raymond Pierce	National Motor Museum Trading Limited National Motor Museum Trust Limited Ortus VCT plc Paragroup Limited Paragroup Management Limited Parasol Limited Parasol Management Limited Credit Solutions Holdings Limited The Crucible Debt Purchase Company Limited Purely Accountancy (Holdings) Services Limited New Quay (Holdings) Limited New Quay Limited Quay Dynamics Limited Cityscape Holdings Ltd Tesco Personal Finance Compare Limited Tesco Personal Finance Group Limited Tesco Personal Finance Plc TPF ATM Services Limited	Sparks Charity Engage Mutual Funds Limited Crown Sports Limited Engage Mutual Administration Limited Engage Mutual Services Limited Elevation Events Group Plc The Virtual Car Superstore Ltd Sense International Thinc Entities Limited Thinc Group Holdings Limited Homeowners Membership Services Limited The Winning Line (Sport & Leisure) Limited Bluefin Advisory Services Limited Bluefin Group Limited	Nil	Nil
Harold Paisner	Family Trustee Company Limited Ben Gurion University Foundation The Instistute for Jewish Policy Research Think London FIBI Bank (UK) Plc Interface, Inc.	Nil	Berwin Leighton Paisner LLP	Nil

Jon Morton- Smith	SITA Northumberland Holdings Limited SITA Northumberland Limited SITA Cornwall Holdings Limited; SITA Cornwall Limited Morton-Smith Associates Limited Meridians (East Grinstead) Limited	Mezzanine Capital Finance Plc Hibernial Limited Piccadilly Plaza Limited	Nil	Morton-Smith Associates
Graham Shore	Jubilee Residential Properties Limited Shore Capital Group plc Shore Capital and Corporate Limited Shore Capital Stockbrokers Limited Shore Capital Finance Limited Puma Nominees Limited Shore Capital (GP) Limited Shore Capital Limited Shore Capital Investments Limited Shore Capital Trading Limited Charterhouse Stockbrokers Limited Shore Capital Fund Administration Services Limited Shore Capital International Limited Shore Capital Markets Limited Bond Contracting Limited Shore Capital (Japan) Limited	Lawgra (No. 615) Limited Headgold Limited Posada Limited Dawnay Shore Hotels plc Almoraima Limited Clifford Contracting Limited	Nil	Nil

4.10 None of the Directors or members of the Investment Manager in the five years prior to the date of this Prospectus:-:

4.10.1 save as set out in paragraph 4.9 above, is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the 5 years immediately preceding the date of this document;

4.10.2 has any unspent convictions in relation to fraudulent offences;

- 4.10.3 has had any bankruptcies, receiverships or liquidations through acting in the capacity of a member of any administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; and
- 4.10.4 has had any official public recriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a Court from acting as a member of the administrative management or supervisory bodies of any company or firm acting, or in the management or conduct of the affairs of, any company.
- 4.11 Save as noted in paragraph 4.2 above, no Shares are being reserved for allocation to existing Shareholders, Directors or employees.
- 4.12 The Company will take out directors' and officers' liability insurance for the benefit of the Directors.
- 4.13 The estimated aggregate remuneration for each VCT, including benefits in kind, to be paid to the Directors in the financial period ending 31 December 2010, based on the arrangements currently in place with each Director, will not exceed £56,000.
- 4.14 No Director or member of the investment management team has any conflict of interest between his duties to the Company and their private interests or other duties.
- 4.15 There are no restrictions agreed by any Director or member of the Investment Manager on the disposal within a certain time period of their holdings in the Company's securities.
- 4.16 From incorporation of the Company until the date of this Prospectus no remuneration (including any contingent or deferred compensation and benefits in kind) has been paid or granted to any of the Directors of the companies or any member of the Investment Manager by the Company for services in all capacities to the Company.
- 4.17 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors or members of the Investment Manager.
- 4.18 None of the directors or members of the Investment Manager have any service contract with the Company providing for benefits upon termination of employment. See paragraph 5.3 below which refers to the Directors' Letters of Appointment.
- 4.19 The audit committee of the Company comprises the Board of Directors and shall meet at least twice a year. The Company's auditors may be required to attend such meetings. The Committee shall prepare a report each year addressed to the shareholders for inclusion in the Company's annual report and accounts. The duties of the Committee are, inter alia:

- 4.19.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;
- 4.19.2 to review management accounts;
- 4.19.3 to consider the appointment of the external auditor, the level of audit fees and to discuss with the external auditor the nature and scope of the audit; and
- 4.19.4 to consider matters of corporate governance as may generally be applicable to the Company and make recommendations to the Board in connection therewith as appropriate.

The Company does not have a remuneration committee.

## **5 Material Contracts**

The following constitutes a summary of the principal contents of each material contract entered into by the Company, otherwise than in the ordinary course of business, during the 2 years preceding the date of this document. There are no other contracts, not being contracts entered into in the ordinary course of business, entered into by the Company which contain any provision under which the Company have an obligation or entitlement which is material to the Company as at the date of this document:

### **5.1 Offer Agreement**

Under the Offer Agreement dated 11 November 2009 and made between the Company (1), the Directors (2), the Sponsor (3), the Investment Manager (4) and the Promoter (5), the Sponsor has agreed to act as sponsor to the Offer and the Promoter has undertaken as agent of the Company to use its reasonable endeavours to procure subscribers under the Offer for up to 30,000,000 Ordinary Shares in the Company. The Promoter will be entitled to any interest earned on subscription monies prior to the allotment of Ordinary Shares which will be applied to defray the costs of the Offer. Under the Offer Agreement, the Company will pay the Promoter a commission of 2 per cent. of the aggregate value of accepted applications for Ordinary Shares received pursuant to the Offer.

Out of this fee, the Promoter will pay all other costs and expenses of or incidental to the Offer and Admission. Total initial costs payable by the Company under the Offer Agreement will therefore be limited to 2 per cent. of the gross proceeds of the Offer.

Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Investment Manager, the Promoter, the Company and the Directors have given certain warranties and indemnities. Warranty claims must be made by no later than three months after the second annual general meeting of the Company following the closing date of the Offer at which Shareholders approve the Company's accounts or by the date the Company is subject to a takeover. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of the greater of £1,000,000 or 5% of the proceeds of the Offer for the Promoter and the Investment Manager, and one year's director fees for each Director. The Company has also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

## 5.2 Investment Management Agreement

An agreement (the "Investment Management Agreement") dated 11 November 2009 and made between the Company and the Investment Manager whereby the Investment Manager will provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments.

The Investment Manager will receive an annual fee equal to 2.0 per cent. of the Net Asset Value payable quarterly in arrears until the termination of the Investment Management Agreement. The Investment Manager is also entitled to reimbursement of expenses incurred in performing its obligations. In respect of investments made in companies that are not listed on AIM, the Investment Manager is entitled to charge investee companies fees for arrangement and structuring and, to the extent that other services are provided, additional fees as may be agreed. Unless the Board agrees otherwise, fees payable to the Investment Manager by investee companies for arranging and structuring investments (but not syndication or other services) will not exceed 3 per cent of the value of the total invested by the Company (and any other investor to whom the Investment Manager syndicates any part of the investment) and in the case of periodical fees up to £30,000 per annum (index-linked) (plus VAT, if applicable).

The appointment will continue for a period of 5 years from Admission and thereafter terminate on 12 calendar months' notice by either party given at any time on or after the fifth anniversary of the agreement, provided that in the event of such notice being given by the Company, it shall have been approved beforehand by special resolution of the Shareholders at an Annual General Meeting of the Company. The Investment Management Agreement is subject to earlier termination by either party in certain circumstances.



Any investment or other asset of any description of the Company (other than dematerialised securities which will be registered in the name of a nominee, Pershing Securities Limited, or such other dematerialised custodian as the Company may appoint from time to time) will be held in the Company's name although in exceptional circumstances the Investment Manager may hold such investments or assets in the name of the Investment Manager or other suitable person acting as custodian where, due to the nature of the law or market practice of an overseas jurisdiction, it is in the best interests of the Company to do so or it is not feasible to do otherwise.

When conflicts occur between the Investment Manager and the Company because of other activities and relationships of the Investment Manager, the Investment Manager will ensure that the Company receives fair treatment or will rely on "Chinese Wall" arrangements restricting the flow of information within the Investment Manager's organisation. Alternatively such conflicts will be disclosed to the Company.

The Investment Manager may make investments on behalf of the Company in collective investment vehicles of which it is manager or in companies where the Investment Manager has been involved in the provision of services to those companies and may receive commissions, benefits, charges or advantage from so acting.

### 5.3 Directors' Letters of Appointment

Each of the Directors has entered into an agreement with the Company dated 11 November 2009 as referred to in paragraph 4.7 above whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as a non-executive Director. The Chairman of the Company is entitled to receive an annual fee of £18,000 and each of the other Directors an annual fee of £15,000 (which, in the case of Graham Shore has been waived). Either party can terminate the agreement by giving to the others at least three months' notice in writing to expire at any time after the date 15 months from the respective commencement dates.

### 5.4 Administration Agreement

An agreement dated 11 November 2009 and made between the Company and Shore Capital Fund Administration Services Limited ("SCFASL"), whereby SCFASL will provide certain administration services and company secretarial services to the Company in respect of the period from Admission until the termination of the Administration Agreement with regard to all the investments of the Company, for an annual fee of 0.35 per cent. of the Net Asset Value.

The Administration Agreement will continue for a period of 5 years from the date on which the minimum subscription is raised under the Offer and thereafter is terminable by either party giving 12 months' written notice, on or after the fifth anniversary of the agreement, but subject to early termination in certain circumstances.

### 5.5 Trade Name License Agreement for Puma High Income VCT

An agreement (“the Trade Name License Agreement”) dated 11 November 2009 and made between Shore Capital and the Company, whereby Shore Capital grants to the Company a non-exclusive license, at no cost, to use the “Puma” name in connection with the Company’s activities.

The Trade Name License Agreement commences from the date of the agreement and is terminable by either party if the other party suffers certain events of insolvency and is terminable by Shore Capital Limited if any person or persons acting in concert (as defined in the City Code on Takeovers and Mergers) obtains control of the Company or if the Investment Management Agreement is terminated for any reason.

#### 5.6 Custodian Agreement

A Custody Agreement dated 11 November 2009 between the Company and Howard Kennedy under which Howard Kennedy agrees to hold securities in certificated form on behalf of the Company as custodian for an annual fee of £1,000 plus VAT, terminable by either party on one month’s notice.

#### 5.7 Convertible Loan Notes

On 11 November 2009 £1,000 nominal convertible Loan Notes were issued for cash to Puma Nominees Limited as nominee on behalf of the Investment Manager’s group and employees and persons related to the members of the investment management team. The main terms and conditions attaching to the Loan Notes are set out at paragraph 2.10 above.

### **6 General**

6.1 The principal place of business and registered office of the Company is at Bond Street House, 14 Clifford Street, London, W1S 4JU. The telephone number of the Company is 020 7408 4050. The Company has no subsidiaries or associated companies.

6.2 As at the date of this document, the Company is not nor has been engaged in any governmental legal or arbitration proceedings (and it is not aware of any such proceedings which are pending or threatened) which may have, or has had during the period since the Company’s incorporation, a significant effect on the Company’s financial position or profitability.

6.3 The Company has not nor has it had since incorporation any employees and it neither owns nor occupies any premises.

6.4 The Sponsor will be entitled to receive a fee from the Company in connection with the Offer as stated in paragraph 5.1 above. The Investment Manager is or may be a promoter of the Company and will receive management fees and other payments from the Company as described in paragraph 5 above.

Save as disclosed in this paragraph and in paragraph 4 above, no amount or benefit has been paid or given to any promoters and none is intended to be paid or given.

- 6.5 The Company's accounting reference date is 31 December in each year.
- 6.6 The Investment Manager is Shore Capital Limited, a private limited company registered in England and Wales and incorporated pursuant to the Act on 9 September 1999 under number 3841076, which is regulated by the Financial Services Authority and whose principal place of business is at Bond Street House, 14 Clifford Street, London, W1S 4JU. The principal legislation under which it operates is the Act.
- 6.7 The initial issue price of 100 pence per Share represents a premium of 99 pence per Share over the nominal value of such Shares and is payable in full on application.
- 6.8 The Offer is not underwritten. The expenses of and incidental to the Offer and the listing of the Shares including registration and listing fees, printing, advertising and distribution costs, legal and accounting fees and expenses will amount to 2 per cent. of the gross proceeds of the Offer (including irrecoverable VAT) and are payable by the Promoter, on the terms set out in the Offer Agreement. If the maximum of £30,000,000 is raised under the Offer the net proceeds will amount to approximately £29,400,000. If the minimum of £1,000,000 is raised the net proceeds will be £980,000.
- 6.9 Save in connection with the Offer, Ordinary Shares have not been marketed to and are not available to the public. Independent market makers will be offered the opportunity to subscribe for Ordinary Shares under the Offer.
- 6.10 Baker Tilly UK Audit LLP has been the only auditor of the Company since its incorporation. They are registered by the Institute of Chartered Accountants in Scotland as auditors. The Company shall take all reasonable steps to ensure that its auditor is independent of it and has obtained written confirmation from its auditor that it complies with guidelines on independence issued by its national accountancy and auditing body.
- 6.11 The Company has given notice to the Registrar of Company, pursuant to section 833 of the 2006 Act, of its intention to carry on business as an investment company, which will enhance its ability to pay dividends out of income. Whilst it is an investment company, its articles of association are required to preclude it from distributing capital profits (see paragraph 3.2.14 above). If and when capital profits are realised which the Directors consider it appropriate to distribute by way of dividend (for example on the disposal of a successful investment), the Directors would anticipate revoking this status, whereupon the prohibition in the Company's articles of association against distributing capital profits will automatically terminate.
- 6.12 There have been no related party transactions since the incorporation of the Company.
- 6.13 Since the date of its incorporation the Company has not commenced operations. No financial statements have been made up as the date of this document.

- 6.14 The Company is of the opinion that it has sufficient working capital for its present requirements, that is, for at least the next twelve months following the publication of this document.
- 6.15 The Offer will not proceed if the minimum Offer size of £1,000,000 is not reached and the minimum Offer size may only be waived or varied through the production of a supplemental prospectus.
- 6.16 The capitalisation of the Company as at the date of this document is shareholders equity of £12,500.02.
- 6.17 As at the date of this Prospectus, save as described in paragraph 2.10 of this Part V, the Company did not have loan capital outstanding, any other borrowings nor guaranteed, unguaranteed, secured and unsecured indebtedness, including indirect and contingent indebtedness.
- 6.18 The Company does not assume responsibility for the withholding of tax at source.
- 6.19 Securities in certificated form belonging to the Company will be held as custodian on their behalf by Howard Kennedy, Solicitors, of 19 Cavendish Square, London, W1A 2AW (telephone 0207 636 1616) a partnership resident in England, regulated by the Law Society and governed by English law. The terms upon which the securities are to be held are summarised in paragraph 5.6 of this Part V.
- 6.20 The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT, as set out under the heading “Tax Position of the Fund” in Part IV of this document. In addition, the following restrictions are imposed upon the Company under the rules relating to admission to the Official List:
- 6.20.1 it, or any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole;
- 6.20.2 it must not invest more than 10 per cent. in aggregate, of the value of its total assets (at the time the investment is made) in other listed closed-ended investment funds except listed closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment funds; and
- 6.20.3 it must manage and invest its assets in accordance with the investment policy set out on pages 18 to 20 which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes maximum exposure.

- 6.21 Shore Capital has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in this document in the form and context in which they are included. The Investment Manager has authorised the inclusion of such consent for the purposes of Regulation 6(3) of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.
- 6.22 The Offer has been sponsored by Howard Kennedy whose offices are at 19 Cavendish Square, London, W1A 2AW and which is authorised and regulated by the Financial Services Authority. The Sponsor has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.23 The Offer is being promoted by Shore Capital and Corporate Limited whose registered office is at Bond Street House, 14 Clifford Street, London, W1S 4JU and which is authorised and regulated by the Financial Services Authority. The Promoter has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.24 There have been no significant changes in the financial or trading position of the Company since it was incorporated.
- 6.25 The information contained in this document sourced from third parties has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render such information inaccurate or misleading.
- 6.26 The results of the Offer will be announced through a regulatory information service within 3 business days of the closing of the Offer.
- 6.27 The Directors believe that the Offer has the potential to constitute a significant gross change in the Company including an increase in the net assets of the Company of an amount that is equal to the net proceeds it receives under the Offer. If the Offer is fully subscribed, an increase in net assets would have certain consequences, including a reduction in the annual expenses ratio of the Company, increasing the Company's earnings, increasing the size and range of investments which the Company could undertake and increasing the number of investments the Company would be required to make in order to meet the VCT eligibility rules.

## **7 Documents for Inspection**

Copies of the following documents are available for inspection at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AW, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until closing of the Offer:

- 7.1 the memorandum and articles of association of the Company;
- 7.2 the material contracts referred to in paragraph 5 above;

7.3 the documents referred to in paragraph 2.10 above;

7.4 this document.

Dated: 11 November 2009

# Part VI

## Terms and Conditions of Application

1. In these terms and conditions which apply to the Offer, "Applicant" means a person whose name appears in an Application Form, "Application" means the offer by an Applicant completing an Application Form and posting (or delivering by hand (during normal business hours only)) it to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or as otherwise indicated in this document or the Prospectus; and "Prospectus" means this document dated 11 November 2009 issued in connection with the Offer. Save where the context otherwise requires, words and expressions defined in this document have the same meanings when used in the Application Form and explanatory notes in relation thereto.  
The section headed "Application Procedure" in this Part VI forms part of these terms and conditions of Application.
2. The contract created by the acceptance of an Application under the Offer will be conditional on:
  - 2.1 Admission becoming effective; and
  - 2.2 the conditions set out in the Offer Agreement between the Company, the Directors, the Promoter, the Sponsor and the Investment Manager being fulfilled and the Agreement not being terminated in accordance with its terms before Admission becomes effective.
3. The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt and to retain share certificates and application monies pending clearance of successful Applicants' cheques and bankers' drafts. The Company may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant's cheque or bankers' draft or by crossed cheque in favour of the Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account. The Offer will not be withdrawn after dealings in the Ordinary Shares have commenced.
4. By completing and delivering an Application Form, you:
  - 4.1 offer to subscribe for the number of Shares specified in your Application Form (or such lesser number for which your Application is accepted) at the Offer Price on the terms of and subject to this document, including these terms and conditions, and subject to the memorandum and articles of association of the Company;
  - 4.2 agree that, in consideration of the Company agreeing that it will not on or prior to the Offer closing issue or allot any Shares the subject of the Offer to any person other than by means of the procedures referred to in this document, your Application may not be revoked and that this paragraph shall constitute a

collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Application Form;

- 4.3 agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the Ordinary Shares until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Sponsor, and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such Ordinary Shares and may issue or allot such Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of such Ordinary Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
- 4.4 agree that, in respect of those Ordinary Shares for which your Application has been received and is not rejected, your Application may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Receiving Agent;
- 4.5 agree that any monies refundable to you may be retained by the Receiving Agent pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2007 (as amended) and that such monies will not bear interest;
- 4.6 authorise the Receiving Agent to send share certificate(s) in respect of the number of Ordinary Shares for which your Application is made (or any lesser number for which your Application is accepted) and/or a crossed cheque for any monies returnable, by post, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Company in respect of such Ordinary Shares;
- 4.7 agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed by English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or the Sponsor to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
- 4.8 confirm that, in making such Application, you are not relying on any information or representation in relation to the Company other than the information contained in this document or the Prospectus and accordingly you agree that no person responsible solely or jointly for this document, or any part thereof or involved in the preparation thereof shall have any liability for such information or representation;



- 4.9 irrevocably authorise the Receiving Agent and/or the Sponsor or any person authorised by either of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent or of the Sponsor to execute any document required therefore;
- 4.10 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and statements concerning the Company and the Shares contained therein;
- 4.11 confirm that you have reviewed the restrictions contained in paragraph 6 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933 ("Securities Act") (as amended), nor a resident of Canada and that you are not applying for any Shares with a view to their offer, sale or delivery to or for the benefit of any US Person or a resident of Canada;
- 4.12 declare that you are an individual aged 18 or over;
- 4.13 agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent will be sent at the risk of the person entitled thereto;
- 4.14 agree, on request by the Company, or the Sponsor on behalf of the Company, to disclose promptly in writing to the Company, any information which the Company or the Sponsor may reasonably request in connection with your Application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations 2007, VCT legislation or other legislation (as the same may be amended from time to time) and authorise the Company and the Sponsor to disclose any information relating to your Application as it considers appropriate;
- 4.15 agree that neither the Sponsor nor the Promoter will treat you as its customer by virtue of your Application being accepted or owe you any duties or responsibilities concerning the price of the Shares or the suitability for you of Shares or be responsible to you for providing the protections afforded to its customers;
- 4.16 where applicable, authorise the Company to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Company;
- 4.17 declare that the Application Form has been completed to the best of your knowledge;
- 4.18 undertake that you will notify the Company if you are not or cease to be either a Qualifying Subscriber or beneficially entitled to the Shares; and
- 4.19 declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring, Shares and that the Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax.

5. No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the UK wishing to make an Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid by such territory.
6. The Ordinary Shares have not been and will not be registered under the Securities Act, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction ("the USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Manager will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.
7. The basis of allocation will be determined by the Directors of the Company in their absolute discretion after consultation with the Promoter. The right is reserved to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof including, without limitation, Applications in respect of which any verification of identity which the Company or the Receiving Agent consider may be required for the purposes of the Money Laundering Regulations 2007 has not been satisfactorily supplied. Dealings prior to the issue of certificates for Ordinary Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an Application may not have been accepted to the extent anticipated or at all.
8. Money Laundering Regulations 2007

Investors should be aware of the following requirements in respect of the above law.

Money Laundering Regulations 2007 - Please supply either an Identity Verification Certificate from your financial intermediary or, if you do not have an adviser, one of the following:

- 8.1 a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; *and*
- 8.2 a recent bank or building society statement or utility bill showing your name and address.

Your cheque or bankers' draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, a member of the Scottish Clearing Banks Committee or the Belfast Clearing Committee or which has arranged for its cheques or bankers' drafts to be cleared through facilities provided for members of any of those companies or associations and must bear the appropriate sorting code in the top right hand corner. Cheques should be drawn on the personal account to which you have sole or joint title to such funds. Third party

cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Registrars (the "Registrar") to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. Payments via CHAPS, BACS or electronic transfer will not be accepted. The right is reserved to reject any Application Form in respect of which the cheque or bankers' draft has not been cleared on first presentation. In the event that the Offer does not reach the minimum subscription any monies returned will be sent by cheque crossed "A/C Payee only" in favour of the person named in Section 1 of the application form ("the Applicant").

To ensure compliance with the Money Laundering Regulations, the Registrar may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment. If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Offer in respect of such number of Offer Shares as is referred to therein (for the purposes of this paragraph the "relevant Offer Shares") shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Registrar determines that the verification of identity requirements apply to any acceptor or application, the relevant Offer Shares (notwithstanding any other term of the Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Registrar nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Registrar from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:

- if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
- if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £12,500).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Capita Registrars Limited re: Puma High Income VCT Plc — Offer for Subscription A/C" in respect of an application by a Qualifying Shareholder and crossed "NC Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. However, third party cheques will be subject to the Money Laundering Regulations which would delay Shareholders receiving their Offer Shares. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact the Shareholder Helpline on 0871 664 0321 calls to this number are charged at 10 pence per minute from a BT Landline. Other network providers costs may vary, or +44 208 639 3399 if calling from outside the United Kingdom. Calls to the helpline from outside the UK will be charged at applicable

international rates. Lines are open 9.00 am to 5.00 pm (London time) Monday to Friday (except UK public holidays). Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

If the Application Form(s) is/are in respect of Offer Shares with an aggregate subscription price of €15,000 (approximately £12,500) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address. If, within a reasonable period of time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

# Application Procedure

Please send the completed Application Form together with your cheque or bankers draft to: Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TUJ.

If you have any questions on how to complete the Application Form please contact Melanie Sharpe at Shore Capital Stockbrokers Limited on 020 7468 7949.

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## Section 1

Please insert your full name, permanent address, daytime telephone number, date of birth and national insurance number in Section 1. Your national insurance number is required to ensure you obtain your income tax relief. Joint applications are not permitted, but husbands and wives may apply separately.

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## Section 2

Please note that the minimum investment is £5,000 and thereafter in multiples of £1,000. The maximum investment on which tax reliefs on investments in VCTs are available is £200,000 per individual. Attach your cheque or bankers' draft to the Application Form for the total amount of your investment.

**Make cheques or bankers' drafts payable to "Capita Registrars Limited Re: Puma High Income VCT Plc – offer for subscription A/C" and crossed "A/C Payee only".** Cheques must be from a recognised UK bank account and your payment must relate solely to this application. No receipt will be issued.

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## Section 3

Read the declaration below and sign and date the Application Form.

### **If this form is completed and signed by the investor named in Section 1:**

By signing this form I HEREBY DECLARE THAT:

- (i) I have received the Prospectus dated 11 November 2009 and have read the risk factors and terms and conditions of application therein and agree to be bound by them;
- (ii) I will be the beneficial owner of the Shares in Puma High Income VCT plc issued to me under the Offer; and
- (iii) to the best of my knowledge and belief, the personal details I have given to Puma High Income VCT plc are correct.

### **If this form is completed and signed by an authorised financial intermediary or any other person apart from the Investor:**

By signing this form on behalf of the individual whose details are shown above, I make a declaration (on behalf of such individual) on the terms of sub-paragraphs (i) to (iii) above.

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## Section 4

Please complete the mandate instruction if you wish to have dividends paid directly into your bank or building society account.

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## Section 5

Authorised financial intermediaries are requested to complete the Regulatory Introducer Certificate set out in Section 5.

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## Frequently Asked Questions

- Q: What is the investment strategy of the Company going to be?  
A: The investment strategy of the Company will be to invest in relatively lower risk Qualifying Companies to create a diversified portfolio of smaller UK based companies, largely unquoted companies but possibly including stocks quoted on AIM or PLUS, and a portfolio of Non-Qualifying Investments, with a particular emphasis on income yielding investments (both VCT qualifying and non-qualifying) to facilitate the Company's aim of paying out dividends of up to 7p per annum.
- Q: What type of companies will the Company invest in?  
A: The Company will seek to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or PLUS, selecting companies which Shore Capital believes will have a relatively lower risk profile than is typical for their size whilst having the opportunity for value appreciation.
- Q: What experience does Shore Capital have in managing funds?  
A: The team at Shore Capital has many years of experience in managing funds and currently manages around £1.39 billion in a combination of alternative assets and private client portfolios. Shore Capital managed the Puma I fund which delivered returns of 76.1% per annum from May 1996 to August 2000 and the Puma II fund from October 1999 to July 2008, which has achieved an overall growth in net assets of 67.4%. Shore Capital also manages the Puma Absolute Return Fund, a fund of funds, St Peter Port Capital Limited, a pre-IPO fund, and several property related funds.
- Q: What is the track record of Shore Capital?  
A: Shore Capital has a strong track record of over 13 years of investing in smaller quoted and unquoted companies and delivering consistent returns, both in periods of strong performance of smaller companies generally and where market conditions have been more challenging.
- Q: What is the Company's dividend policy going to be?  
A: The Directors aim to maximise tax free distributions to Shareholders by way of dividends paid out of income received from investments and capital gains received following successful realisations. The investment strategy of this new VCT will be along the lines of the previous Puma VCTs but with a particular emphasis on income-yielding investments (both qualifying and non-qualifying). This is to facilitate the Company's aim of paying out dividends of up to 7p per annum. The Company expects to be in a position to make such annual payments from income received from its investments, failing which, it will utilise its available distributable reserve to assist in paying a consistent level of dividends.
- Q: Will there be a dividend re-investment scheme?  
A: No.
- Q: What size is the Company likely to be?  
A: The Company is seeking to raise £30 million.
- Q: What are the costs involved in establishing the Company?  
A: Shore Capital and Corporate Limited has undertaken to limit the issue costs of the Company to 2% of the funds raised.
- Q: What are the ongoing costs of the Company going to be?  
A: The Investment Manager will be paid an annual management fee of 2% of the Company's net asset value per annum and it is anticipated that the other annual running costs of the Company will be about 1% per annum.
- Q: Will the Company have a regular share buy-back policy?  
A: In order to improve the liquidity of the Ordinary Shares on the market, the Directors will consider whether to establish a buy back policy whereby the Company will purchase Ordinary Shares for cancellation.
- Q: Where will the money be invested once it has been raised?

- A: The Investment Manager will be seeking to invest the money in a combination of Qualifying Investments and non- Qualifying Investments to create a diversified portfolio of smaller UK based companies.
- Q: How much can I invest in the Company?
- A: There is no upper limit to the amount that you can invest in the Company; however, the maximum income tax relief is limited to investments of £200,000 per individual investor.
- Q: What is the minimum level of investment?
- A: The minimum investment level is £5,000 per application.
- Q: What income tax relief will be given on my investment?
- A: Investors can get a maximum of £60,000 income tax relief, being 30 per cent. on an investment of £200,000 provided that the Investor has a potential tax liability of at least that amount for the 2009-2010 tax year.
- Q: How long do I need to hold the shares in the Company to retain my tax relief?
- A: Investors need to hold their shares for a minimum of five years to retain their tax relief.
- Q: To whom should I make the cheque payable?
- A: Cheques should be made payable to "Capita Registrars Limited Re: Puma High Income VCT Plc – offer for subscription A/C".
- Q: Where should I send my application?
- A: Your application form and cheque should be sent to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- Q: What happens after I invest?
- A: You should expect to receive your share certificate and tax certificate within a few weeks of the shares being allotted.

Please call Melanie Sharpe on 020 7468 7949 at Shore Capital Stockbrokers Limited if you have any further questions.

No investment advice can or will be given.



# Application Form

Before completing this Application Form you should read the Terms and Conditions of Application and Application Procedure. The Offer opens on 11 November 2009 and the initial closing date will be [ ] 2010 (or earlier if the maximum subscription has been reached before then). The final closing date will be determined by the Promoter at its absolute discretion.

**Please complete in block capitals**

<b>Section 1</b>			
Title (Mr/Mrs/Miss/Ms/Other)		Surname	
Forename(s) in full			
Date of Birth	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	National Insurance Number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

(You should be able to find your NI number on a payslip, form P45 or P60, a letter from the Inland Revenue, a letter from the DSS, or pension order book)

Permanent residential address			
		Postcode	
E-mail			
Telephone (work)		Telephone (home)	

<b>Section 2</b>
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I offer to subscribe for the following number of Ordinary Shares on the Terms and Conditions of Application set out in the Prospectus dated 11 November 2009. Applications must be for a minimum of £5,000 and must thereafter be in multiples of £1,000.

I ENCLOSE A CHEQUE(S) OR DULY ENDORSED BANKERS' DRAFT(S) DRAWN ON A UK CLEARING BANK, MADE PAYABLE TO "Capita Registrars Limited Re: Puma High Income VCT Plc – offer for subscription A/C".

Number of shares		At 100p per share	£
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<b>Section 3</b>
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Signature		Date	
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## Section 4

All dividends on Ordinary Shares held in Puma High Income VCT plc may be paid directly into bank and building society accounts. In order to facilitate this, please complete the mandate instruction form below.

Dividends paid directly to your account will be paid in cleared funds on the dividend payment dates. Your bank or building society statement will identify details of the dividend as well as the dates and amounts paid.

Please forward until further notice, all dividends that may from time to time become due on any Ordinary Shares now standing, or which may hereafter stand, in my name in the register of members of Puma High Income VCT plc to:

Bank or Building Society reference number and details:

(1) Sort Code Number

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(2) Name of Bank/Building Society

---

Title of Branch

---

Address of Branch

---

---

(3) Account Number

---

(4) Signature

---

Date

---

## Section 5

<b>Regulatory Introducer Certificate</b> For Financial Adviser completion	
Date of commencement of business relationship <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
I certify that (please tick as appropriate)	
1. I have verified the identify of the Applicant in accordance with the Money Laundering Regulations 2007 and confirm that documentary evidence has been obtained and identity checks have been undertaken to confirm that the Applicant name and address as shown on the Application form is correct: <b>AND</b> the details of the underlying records of identity are as described below (document name + detail + date, e.g. Driving licence SMITH625082JT4EG, Gas bill 30.11.01 cus ref 12345678) and copies are available for inspection if required:	
proof(s) of identity:	
<input type="text"/> <input type="text"/>	
proof(s) of residency:	
<input type="text"/> <input type="text"/>	
any additional check(s) or relevant customer information:	
<input type="text"/> <input type="text"/>	
OR	
2. I have not verified the identify of the Applicant for the following reason:	
<input type="text"/> <input type="text"/>	
<input type="text"/> <input type="text"/>	
<input type="text"/> <input type="text"/>	
<input type="text"/> <input type="text"/>	
3. I confirm the Applicant is applying on his/her own behalf and not as nominee, Trustee or in a fiduciary capacity for any other person.	
Signature	<input checked="" type="checkbox"/>
Date	<input checked="" type="checkbox"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Financial Adviser details	
<input type="text"/> <input type="text"/>	
Any additional instructions	
<input type="text"/> <input type="text"/>	

**Money Laundering Regulations 2007**

Investors should be aware of the following requirements in respect of the above law.

Money Laundering Regulations 2007 – Please tick the box below if you are a Shareholder in Puma VCT or Puma VCT II or Puma VCT III or Puma VCT IV or Puma VCT V OR, supply either an Identity Verification Certificate from your financial intermediary or, if you do not have an adviser, one of the following:

- a) a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; *and*
- b) a recent bank or building society statement or utility bill showing your name and address.

I am a shareholder in Puma VCT or Puma VCT II or Puma VCT III or Puma VCT IV or Puma VCT V and have previously provided the above documents	<input type="checkbox"/>
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Your cheque or bankers' draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, a member of the Scottish Clearing Banks Committee or the Belfast Clearing Committee or which has arranged for its cheques or bankers' drafts to be cleared through facilities provided for members of any of those companies or associations and must bear the appropriate sorting code in the top right hand corner. Cheques should be drawn on the personal account to which you have sole or joint title to such funds. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and

endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. Payments via CHAPS, BACS or electronic transfer will not be accepted. The right is reserved to reject any Application Form in respect of which the cheque or bankers' draft has not been cleared on first presentation. In the event that the Offer does not reach the minimum subscription any monies returned will be sent by cheque crossed "A/C Payee only" in favour of the person named in Section 1 ("the Applicant").

PUMA HIGH INCOME VCT plc cannot accept responsibility if any details quoted by you are incorrect.

If you require additional forms please call Melanie Sharpe on 020 7468 7949.