



SHORE CAPITAL



PUMA VCT VII PLC

Investment Summary

PUMA VCT VII HIGHLIGHTS

- **5p per share annual dividend**
- **Equivalent to a 7.14% tax free running yield**
- **Same investment strategy as market leading Puma VCTs***
- **Five year investment horizon**

- **High annual dividend** – aiming to pay an annual dividend of 5p per share, equivalent to a **7.14% tax-free running yield** on the net investment cost of 70p per share
- **Strong track record of existing Puma VCTs** – the existing stable of Puma VCTs have all displayed impressive track records compared to their peers
- **Five year exit plan** for VCT investors – avoids having to sell the VCT shares at a discount in the secondary market
- **Generous tax relief** – on each £1 invested, UK taxpayers receive 30p back from the Inland Revenue
- **Experienced investment management team** – with particular expertise in absolute return and preserving capital for shareholders
- **Use of secured loans** – limiting equity risk for shareholders and providing a predetermined exit point
- **Excellent deal flow** – leveraging off the extensive network of Shore Capital Group
- **Over £80m has been raised** for Puma VCTs to date
- **£1 target return to shareholders** – after five years on top of the 30p tax back and 25p in dividends

* Puma VCT I, II and V are best of its class based on IRR without the initial tax breaks
(6 December 2010) Martin Churchill Tax Efficient Review – www.taxefficientreview.com

INVESTMENT STRATEGY

Qualifying

- **Emphasis on risk mitigation**
- **Secured loans to investee companies**
- **Structured exit after five years**
- **Strong deal flow from Shore Capital's extensive network**

There are a series of rules set out by the HMRC that qualifying investments must abide by.

The VCT must hold at least 70% of its assets in qualifying investments by the end of the third year of its trading. Since the launch of our first VCT in 2004, the Puma VCTs have all been managed under the same successful investment strategy, which has been implemented by the Investment Committee.

We pay as much attention to the non-qualifying part of the VCT portfolio as we do the to qualifying. The non-qualifying investments have been a substantial contributor to the performance of the Puma VCTs.

Non Qualifying

- **Focus on liquid, income yielding investments to generate absolute returns**
- **Absolute return track record rated 5 star by Morningstar**
- **Significant contributor to Puma VCT returns**

Qualifying

- Typically taking the form of a blend of secured debt and equity
- Secured debt generates annual interest to help fund the annual 5p per share dividend
- The type of companies we consider must be able to display:
 - ▷ an experienced and proven management team
 - ▷ a credible business plan
 - ▷ strong financial controls

Non-Qualifying

- The Investment Committee select a range of investments to generate a positive return and an attractive running yield
- Typical investments include corporate bonds, corporate bond funds, fund of hedge funds and other products which aim to achieve an absolute return
- Investments are selected and reviewed by the Absolute Return Team who manage Puma Absolute Return Fund which have received top ratings* from Financial Express and Morningstar.



*Five star Morningstar rating, three crown Financial Express rating awarded to the Puma Absolute Return fund as of 6 December 2010.

PUMA VCT TRACK RECORD

- Puma VCT I & II top performing planned exit VCTs launched in the 2004/2005 tax year*
- Puma V top performing planned exit VCT launched in the 2007/2008 tax year*
- Puma VCT I & II gained successful vote for wind up in Q4 2010

Puma VCT & Puma VCT II

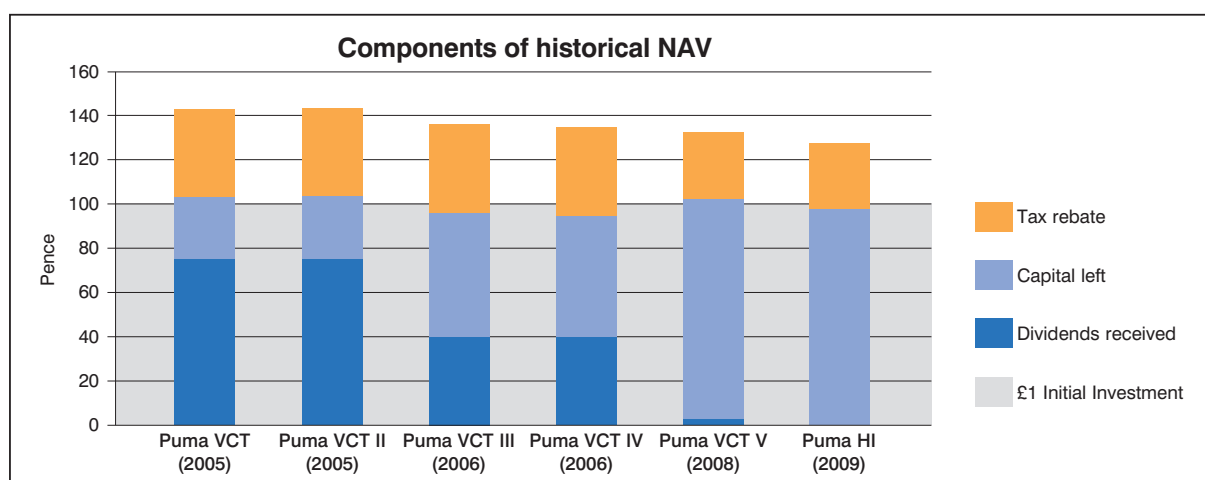
- 75p per share of dividends paid as of 30 November 2010
- NAV c.29p per share
- 20p per share further distribution in January 2011
- Final distributions to be made in the following six months

Puma VCT III & Puma VCT IV

- 28p per share of dividends paid as of 30 November 2010
- NAV c.68p per share
- 12p dividend to be paid on 31 December 2010
- Start winding up process in Q3 2011

Puma VCT V

- 2p per share of dividends paid to date
- Current NAV c.103p per share
- Start winding up process in Q3 2013



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(6 December 2010) Martin Churchill Tax Efficient Review – www.taxefficientreview.com

TAX RELIEF

- **30% income tax rebate**
- **Tax-free dividends**
- **Tax free growth**

- Puma VCT VII investors receive 30% income tax rebate on their investment
- Shares in Puma VCT VII need to be held for a minimum of five years in order to retain the initial income tax rebate
- All returns are tax free, both income and capital gains
- Tax rebate is limited to Income Tax payable for the tax year in which you invest

CURRENT INVESTMENT ENVIRONMENT

- **Historically low interest rates**
- **Volatile and uncertain equity markets**
- **Pension contribution restrictions**
- **Increasingly punitive personal taxation**

The last few years have been a difficult period for active investors, with turbulent equity, currency and bond markets, along with exceptionally low interest rates. Although the UK has now returned to growth, a considerable amount of volatility and uncertainty remain. Individual taxation has also become even more onerous, with further negative fiscal developments looking increasingly likely in the future.

Including the Puma VCT VII in your investment portfolio helps to address each of these points.

Puma VCTs invest predominantly through secured loans, preserving capital and delivering stable income streams; the annual 5p dividend gives a healthy yield of 7.14% on net investment; all returns are tax free, and the 30% upfront tax rebate provides a generous buffer against any downside. The worked examples on the following page illustrate these points.

WORKED EXAMPLES

- These worked examples illustrate the type of returns investors may expect from the Puma VCT VII
- These figures are for illustrative purposes only

Investor A

- Initial investment of £10,000
 - ▷ Net investment cost of **£7,000**
 - ▷ Tax rebate of **£3,000**
- Annual dividend on investment of £500 over the life of the investment. ($10,000 \times 5\text{p per share} = £500 \times 5 \text{ year} = £2,500$):
 - ▷ If after five years 80p is returned, total capital returns are £8,000. Total returns (dividends + tax rebate + capital returns) equal **£13,500**
 - ▷ If after five years 100p is returned, total capital returns are £10,000. Total returns (dividends + tax rebate + capital returns) equal **£15,500**

Investor B

- Initial investment of £200,000
 - ▷ Net investment cost of **£140,000**
 - ▷ Tax rebate of **£60,000**
- Annual dividend on investment of £10,000 over the life of the investment. ($50,000 \times 5\text{p per share} = £10,000 \times 5 \text{ year} = £50,000$):
 - ▷ If after five years 80p is returned, total capital returns are £160,000. Total returns (dividends + tax rebate + capital returns) equal **£270,000**
 - ▷ If after five years 100p is returned, total capital returns are £200,000. Total returns (dividends + tax rebate + capital returns) equal **£310,000**

KEY RISK FACTORS

- **Minimum five year time scale**
- **Invests into smaller companies**
- **VCT shares are illiquid**

Potential investors should be aware of the following:

- VCTs invest into smaller companies which generally have a higher risk profile compared to larger companies
- There can be no guarantees that the Puma VCT VII will maintain its VCT qualifying status
- Tax reliefs and rates of taxation are based on current legislation and are subject to change at any time
- Investors need to be comfortable investing over a five year time horizon
- If shares are sold within the five year holding period, the initial tax rebate will have to be repaid and the price received may not reflect the net asset value of the VCT
- Puma VCT VII shares are traded on the London Stock Exchange, however, there will be limited liquidity reflecting the nature of the underlying companies the VCT invests into

Past performance is no guide to future performance and the value of your investment may fall as well as rise. Before investing in the Puma VCT VII, investors must have read and understood the Prospectus.

TERMS OF INVESTMENT

Investment Manager	Shore Capital Limited
Launch Date	December 2010
Fund Raising	Up to £30m
Minimum Investment	£5,000
Maximum Investment	£200,000 (per person)
Offer Price Per Share	100p
Life of Company	Five years plus orderly winding up period
Expected Annual Dividend	5p per share
Issue Cost	5%
Commission	3% up front commission or 2.25% up front and 0.35% trail
Annual Management Fee	2%
Performance Fee	20% of any cash distribution over 100p

SHORE CAPITAL GROUP

- **Established in 1985**
- **Offices in London, Berlin, Edinburgh, Liverpool and Guernsey**
- **Assets under management of £1.3bn**
- **14 year track record of investing in smaller quoted and unquoted companies**

Investment banking and specialist fund management

- AIM quoted company (SGR LN)
- 25-year track record
- Over 100 employees in London, Liverpool, Edinburgh, Berlin and Guernsey
- History of consistent profitability (total return to shareholders is 40.7% p.a. over 10 years, highest of peer group)

Highlights – 2010 Interims (six months)

- Profit before tax of £4.7m, up from £2.3m in 2009
- Resilient performance despite volatile markets; operating revenue up 2.2%
- Revenue increased 23% to £18.2m
- Strong balance sheet and good liquidity: cash balance of £42.5m

Capital Markets

- Corporate finance, research-led stockbroking and market making
- 3rd largest LSE market maker by number of stocks
- Research on 250 companies distributed to over 500 institutions
- Over 50 retained corporate clients
- Over £1.1bn raised in equity capital markets

Asset Management

- £1.3bn assets under management in alternative investment funds
- First VCT launched in 2004/2005 tax year
- Expertise in development capital and absolute return strategies
- Sophisticated wealth management services

IMPORTANT NOTICE

This Brochure sets out a brief overview relating to the proposed launch of Puma VCT VII plc (“Puma VCT”). This Brochure is an advertisement, not a prospectus. Definitive investment decisions should be based solely on the Investment Details and Prospectus for the Puma VCT (“the Offering Documents”) and not on this Brochure. This Brochure is preliminary and is subject to material updating and amendment.

This Brochure, which is a financial promotion in accordance with section 21 of the Financial Services and Markets Act 2000, and an “advertisement” as described in the Prospectus rules made pursuant to section 73A of that Act, is issued by Shore Capital Stockbrokers Limited (“Shore Capital”) of Bond Street House, 14 Clifford Street, London W1S 4JU to suitable retail and professional clients of Shore Capital and to other eligible counterparties for the sole purpose of providing preliminary information about an investment in the proposed Puma VCT. This Brochure should not be distributed, published or reproduced, in whole or in part, nor should its contents be disclosed to any other person (other than the recipient’s professional advisers). By accepting delivery of this Brochure, recipients agree not to reproduce or distribute it in whole or in part, nor to disclose its contents without the prior written consent of Shore Capital.

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Shore Capital Limited, a member of the Shore Capital group of companies, will be Puma VCT’s Investment Manager, Puma VCT will have a Board the majority of whom are independent of Shore Capital.

No reliance should be placed on any information contained or referred to in this Brochure. The detailed provisions of the documents relating to Puma VCT will be finalised prior to the investment deadline. Neither Shore Capital nor any member of the Shore Capital group of companies, their respective directors, employees associates or agents make any representation or warranty as to the accuracy or completeness of the information contained in this Brochure, the reasonableness of any opinions which may form part of this Brochure, or the financial performance of Puma VCT. None of Shore Capital nor any member of the Shore Capital group of companies, nor any of their respective directors, officers, employees, associates and agents accept any responsibility or liability whatsoever, whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, for any loss however arising from any use of or reliance placed upon the information contained in this Brochure or otherwise arising in connection therewith. This Brochure is for information only and does not contain, and should not be construed as containing, an offer to sell or subscribe for, or a public solicitation to invest in, shares in Puma VCT.

There can be no guarantee that the investment objectives of Puma VCT can be met. Any examples of how the tax reliefs may work are illustrative only and are not intended to be a projection. The returns illustrated may not be achieved; in any event there is no guarantee that any returns can be achieved. The shares in Puma VCT are likely to be illiquid and hence their underlying value may be difficult to realise.

Past performance is not necessarily a guide to the future. Market movements may cause the value of an investment in Puma VCT to go down as well as up, and you may not get back the amount invested. Levels and bases of taxation and reliefs may change. The suitability of Puma VCT for private investors will depend upon their circumstances; potential investors should not treat the contents of this Brochure as constituting legal, taxation or investment advice and should consult their own professional advisers before contemplating any investment. Potential investors are referred to the risk factors relating to an investment in Puma VCT which will be set out in the Offering Documents. The tax reliefs referred to in this Brochure are those currently available and their value depends on individual circumstances. Investments in Qualifying Companies (as defined in the Offering Documents) carry a higher degree of risk than many other forms of investment.

We would like to point out that prior to making any investment into a VCT, investors should consult with their independent financial adviser.

Puma VCT VII plc
Bond Street House
14 Clifford Street
London W1S 4JU
www.shorecap.co.uk
www.shorecap.co.uk/puma-vct-vii/

Tel: 020 7408 4050

Fax: 020 7408 4051

Email: investorrelations@shorecap.co.uk