

This document which comprises a prospectus relating to Puma VCT III plc and Puma VCT IV plc (“Puma VCTs” or “the Companies”) has been prepared in accordance with the Prospectus Rules made by the Financial Services Authority pursuant to Part VI of the Financial Services and Markets Act 2000.

The Directors of each of the Companies, whose names appear on page 26 of this Prospectus together with each of the Companies, accept responsibility for the information contained herein. To the best of the knowledge and belief of the Directors and the Companies (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 each of the Companies to be issued pursuant to the offers for subscription (“Offers”) to be admitted to the Official List of the London Stock Exchange. Application will also be made to the London Stock Exchange for the Ordinary Shares to be traded on its market for Listed Securities. It is expected that such admission will become effective and that dealings in the Ordinary Shares will commence on 31 May 2006. Applications for Ordinary Shares may be made at any time after the date of publication of this Prospectus and on or prior to the Initial Closing Date. Your attention is drawn to the risk factors set out on pages 7 and 8 of this Prospectus.

Howard Kennedy is acting as sponsor and Shore Capital and Corporate Limited as promoter in connection with the Offers. They are not advising any other person or treating any other person as a customer or client in relation to the Offers, nor 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 Offers.

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## **Puma VCT III plc**

(incorporated in England and Wales with registered number 5594989)

## **Puma VCT IV plc**

(incorporated in England and Wales with registered number 5594948)

### **Offers for Subscription of up to, in aggregate, 20,000,000 Ordinary Shares of 1p each in each Company at an issue price of 100p each, payable in full in cash on application**

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Share capital of each Company assuming full subscription under the Offers

<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>
£350,000	35,000,000 Ordinary	£200,002	Ordinary Shares 20,000,200

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The subscription lists for the Offers will open at 10.00 am on 6 December 2005 and may close at any time thereafter but in any event not later than 5.00 pm on the Initial Closing Date, unless previously extended by the Promoter.

The procedure for and the terms and conditions of, applications under the Offers are set out at the end of this document and an Application Form is attached. The minimum subscription per investor is £10,000.

Completed Application Forms should be sent by post or delivered by hand (during normal business hours only) to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

The Offers will be open from 6 December 2005 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 Offers at its discretion. The Offers are not underwritten.

Copies of the Prospectus relating to the Companies are available for inspection until the Offers close 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 Companies' 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 Companies 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 VCT III and IV are new Venture Capital Trusts providing Investors with an opportunity to invest, with significant tax benefits, in a growth capital fund managed by Shore Capital

### **Investment Strategy of the Fund**

- to invest in relatively lower risk, VCT qualifying companies and non-VCT qualifying assets
- to create a diversified portfolio of smaller UK based companies, including both AIM/OFEX-traded and unquoted
- the non-VCT qualifying portion of the portfolio is to be invested in hedge funds, structured products and other investments with a focus on absolute return
- endeavour to achieve high tax free dividend distributions to shareholders

### **Two Parallel VCTs**

- the Fund may consist of two VCTs each raising up to £20 million which will have the same Boards, investment policies and strategies and will generally invest or divest *pro rata* to their respective sizes. Each VCT will be able to invest up to £1 million in any Qualifying Investment

### **Experienced Investment Manager**

- the Companies will be managed by experienced AIM fund manager Shore Capital which will receive an annual fee of 2% of the net asset value of the Companies and a performance incentive described below.

### **The Board**

- the Board consists of three Directors, all of whom are currently the directors of Puma VCT and Puma VCT II, being Sir Aubrey Brocklebank Bt (who is a director of four other VCTs), David Brock (who is a director of one other VCT) and Christopher Ring (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 Boards intend to review the invested 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 Companies once the Companies have paid to shareholders at 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.

### **Substantial Tax Reliefs**

- Investors will receive the following tax benefits:
  - income tax relief of 40 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)
  - dividends received by an Investor from a VCT are tax free
  - capital gains on the disposal of VCT shares are tax free
- increased income tax relief recently introduced means that a 60p net cost of investment “purchases” 98p of net assets

Benefit of the tax reliefs will be lost where there is any disposal (except on death) of the shares (or an interest in them or right over them) before the end of three years beginning with the date of issue of the shares.

### **Risk Factors**

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

- Tax Reliefs – If the Companies do not maintain VCT qualifying status Investors could lose tax reliefs associated with this investment.
- Liquidity – Although the Companies’ shares will be listed and it is intended to operate a buy-back policy in appropriate circumstances 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 may be 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 Companies to be subject to substantial losses.
  - Investee companies may not, under VCT rules, have gross assets in excess of £15 million. Such companies generally have a higher risk profile than larger companies.
  - If materially less than the intended £40 million is raised, the investment portfolio may be less diversified.

## **Risk Factors**

Prospective Investors should be aware that the value of Ordinary Shares can fluctuate and that they may not get back the 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 Ordinary Shareholders will be able to realise their shareholding or that any dividends will be paid. An investment in the Companies should be viewed as a 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.
- There can be no guarantee that the Companies will meet their objectives or that suitable investment opportunities will be identified.
- An investment in a Venture Capital Trust may not be suitable for all Investors. 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 OFEX 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 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 it 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.
- Investments in private companies 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 and can result in substantial losses.
- OFEX is not regulated by either the UK Listing Authority or the London Stock Exchange.

- 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 and 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 Companies 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 Investors will find it difficult to realise their investment.
- The Companies are seeking to raise up to £40 million in aggregate by the Offers. To the extent that a lower and relatively small level of funds is raised the Companies' portfolio may be less diversified than it otherwise would be.
- The Fund will invest in companies with gross assets of not more than £15 million prior to 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 Companies losing the tax reliefs previously obtained, resulting in adverse tax consequences for Investors, including a requirement to repay the 40 per cent. income tax relief.
- Since investors who sell their shares within 3 years of allotment will lose their initial income tax relief, it is probable that the market in the Companies' shares will be illiquid for at least 3 years.

## Details, Timetable and Statistics of the Offers

### Timetable of the Offers

Offers open	6 December 2005
First allotment	as soon as the minimum Offers 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>	16 January 2006
Dealings expected to commence	31 May 2006

1. The closing date is subject to the Offers not being fully subscribed at an earlier date. Note also that the closing date may be extended at the Promoter's discretion.

### Statistics of the Offers

Offer Price per Ordinary Share	100p
Initial net asset value per Ordinary Share	98p
Maximum number of Ordinary Shares in issue in each Company following the Offers assuming full subscription and equal allocation	20,000,200
Estimated maximum net proceeds of the Offers	£39,251,686
Minimum aggregate number of Ordinary Shares in issue in both Puma VCT III plc and Puma VCT IV plc following the Offers	1,000,200
Minimum number of Ordinary Shares in issue for Puma VCT III plc following the Offers	1,000,200
Minimum number of Ordinary Shares in issue for Puma VCT IV plc following the Offers	nil*
Minimum individual investment	£10,000

\* Note: The utilisation of Puma VCT IV is at the discretion of the Promoter.



## Letter from the Chairman

Puma VCT III plc  
Puma VCT IV plc  
14 Clifford Street  
London  
W1S 4JU

5 December 2005

Dear Investor

Puma VCT III and IV are new Venture Capital Trusts which will be managed by Shore Capital's successful fund management team. Their structure and investment strategy have been based on the attractive model developed for Puma VCT and Puma VCT II which together raised over £20m earlier in 2005.

The investment objective will be to maximise distributions to Shareholders by investing in a diversified portfolio of smaller companies, including both AIM/OFEX-traded and unquoted companies, which Shore Capital believes will have the potential for value appreciation, but with a relatively lower risk profile. Initially, whilst suitable VCT Qualifying Companies are being identified, the Investment Manager will invest the net proceeds of the Offers in a range of investments intended to generate a positive return, including funds of hedge funds and other products which aim to achieve an absolute return. The VCT will continue to hold a proportion of such products after three years.

Each of the Companies has been structured as a VCT to take advantage of the substantial tax changes announced by the Chancellor in the March 2004 Budget, including 40 per cent. income tax relief on the amount invested which results in an investment having an effective cost of 60p acquiring 98p of net assets (after issue costs of 2 per cent.). These changes make investing in a well-run VCT substantially more attractive than at any time prior to the 2004 tax year.

The Investment Manager has a strong track record, built up over the past 9 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 Companies have been structured to achieve the objectives which, I 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 Companies' assets proactively with an emphasis on realising gains in the medium term. They will seek to select VCT 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 AIM/OFEX-traded or unquoted, will be selected.

Each of the Companies will have the same investment objectives and will generally co-invest on a *pro rata* basis with Puma VCT and Puma VCT II allowing a greater

investment size in each investee company and enhanced deal flow.

A further feature which differentiates the Companies from other VCTs in the marketplace are their 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 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 of each Company will be listed on the Official List of the UK Listing Authority and will be admitted to trading on the London Stock Exchange's market for listed securities. It is envisaged that each Company should not have a fixed life but the Directors will review the portfolio after the first 5 years of trading with a view to an orderly liquidation of its assets and the distribution of capital and income to the shareholders. Any such distributions are expected to be free of tax to UK taxpayers.

Investors will be able to claim income tax relief on 40 per cent. of the value of shares purchased under the Offers. This means that for taxpayers every share in Puma VCT with a subscription cost of £1 will actually cost only 60p. Investors will also continue to benefit from tax free dividends and capital gains tax exemption on the disposal of VCT shares.

The Directors have committed to invest £70,000 under the Offers on the same terms as Investors. Our experience as directors of Puma VCT and Puma VCT II has further demonstrated to us the expertise, care and diligence with which Shore Capital approaches its investment management task.

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

Yours sincerely

Sir Aubrey Brocklebank Bt  
Chairman

# Part I

## 1.1 The Offers

### *Introduction to the Offers*

The Companies are new VCTs which will be managed by Shore Capital's successful fund management team. Their structure and investment strategy have been based on the attractive model developed for Puma VCT and Puma VCT II which together raised over £20m earlier in 2005.

The investment objective will be to achieve high distributions to Shareholders. The Puma VCTs will invest in a diversified portfolio of smaller companies, including both AIM/OFEX-traded and unquoted companies, 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 VCT Qualifying Companies are being identified, the Investment Manager will invest the net proceeds of the Offers in a range of investments intended to generate a positive return, including funds of hedge funds and other products which aim to achieve an absolute return. The Companies will continue to hold a proportion of such products after building up the desired holdings of VCT Qualifying Companies.

The Companies have been structured as VCTs to take advantage of the substantial tax changes announced by the Chancellor in the March 2004 Budget, including 40 per cent. income tax relief on the amount invested, which results in an investment costing 60p 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. These changes make investing in a well-run VCT substantially more attractive than in the years prior to the 2004/5 tax year.

Shore Capital has a strong track record built up over the past 9 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 Companies' assets proactively with an emphasis on realising gains in the medium term. Shore Capital will select VCT 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 AIM/OFEX-traded or unquoted, will be selected.

Each of the Companies will have the same investment objectives and policies. The Directors believe that launching two VCTs which will co-invest together will allow a greater investment size in an investee company than would be possible for a single VCT investing alone. This should permit the more efficient deployment of Investors' capital in fewer, larger investments with a view to reducing the overall investment risk.

The Boards of each Company are the same. It is the intention that Puma VCT III and

Puma VCT IV will invest and divest together pro rata to their size and will therefore hold identical portfolios except that Puma VCT III may close its fundraising earlier and hence begin investing earlier. To the extent that Puma VCT III makes a qualifying investment prior to the close of the fund-raising of Puma VCT IV, the portfolios may be different.

A further feature which will differentiate the Puma VCTs 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 Puma VCT 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 £40 million by means of offers for subscription at 100p per Ordinary Share. It is expected that the Ordinary Shares of the Companies will be listed on the Official List of the UK Listing Authority and will be admitted to trading on the London Stock Exchange's market for listed securities.

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

The Fund will invest primarily in companies trading on AIM, which is a market for young and growing smaller companies, OFEX traded companies and in other unquoted pre-IPO companies. In recent years, the FTSE AIM Index has outperformed the FTSE 100 Index, demonstrating that investments in these types of smaller companies has been better than investments in larger companies and blue chip stocks.

The Directors are of the opinion that investments in smaller companies will continue to outperform those of larger and blue chip companies.

An investment in a VCT has the advantage of providing Investors with exposure to a portfolio of smaller companies which might not otherwise be readily accessible to private investors. Greater emphasis is placed on the experience and ability of the Investment Manager to be able to select investments successfully.

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

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

Shore Capital is a smaller companies fund management specialist. The team at Shore Capital, led by executive chairman Howard Shore, has many years of experience and currently manages approximately US\$1.2 billion in a combination of alternative assets and private client portfolios.

Shore Capital has a strong track record of over 9 years of investing in smaller quoted and unquoted companies and delivering consistent returns, both in periods of strong performance of smaller companies generally, and in tough periods. 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), whilst Puma II, the second growth capital fund launched by Shore Capital in the growth capital area in October 1999, and hence operating in very difficult conditions, has achieved an overall growth in net assets per share (after all expenses but prior to founders' carried interest) of 49.8 per cent. to September 2005, outperforming the FTSE AIM Index by over 50 per cent over the same period. Both these Puma funds have invested in companies of a size and type in which the Companies will invest.

Over the 58 months to September 2005, Shore Capital's portfolio of hedge fund holdings has achieved a 11.8 per cent. per annum internal rate of return. Over the 12 months to 30 September 2005, the Puma Absolute Return Fund ("PARF"), launched in May 2003 as a fund of hedge funds, and listed on the Irish Stock Exchange, delivered a net gain to investors of 13.0 per cent.. Shore Capital also jointly manages a property fund, the Puma Property (DD) Fund LLP, which has achieved a net internal rate of return to investors of 43.0 per cent. per annum in its first 32 months to 5 April 2005, based on external professional valuations.

### ***Puma VCT and Puma VCT II – Progress to Date***

Puma VCT and Puma VCT II were launched by Shore Capital in January 2005, with essentially the same structure and investment strategy as the new Puma VCTs. Between them they raised £20.4 million, making the overall fundraising one of the more successful VCT fundraisings in 2004/5. Puma VCT began investing in March 2005 and Puma VCT II in May 2005.

Since beginning to invest these VCTs have made three Qualifying Investments which are described below. Shore Capital has a strong deal flow of other potential Qualifying Investments.

The first Qualifying Investment made was in an unquoted company, Cadbury House Hotel and Country Club plc, by way of loan stock and ordinary shares. The funds invested were £1.2 million, being approximately 6% of funds raised by Puma VCT and Puma VCT II. Cadbury House is a major venue for weddings, conferences and banqueting in the Bristol area with a well-established fitness centre on 14 acres of freehold grounds. Situated 10 minutes from Bristol International Airport it is undergoing a major refurbishment to construct a new deluxe leisure and fitness centre and hotel wing and to upgrade the existing banqueting facilities. Recently, a leading independent hotel valuer has indicated that the value of the property is higher than the value on which the investment was made as a result of subsequent positive trading (in particular leisure club memberships). The valuer has also substantially increased its estimate of the value on completion of the refurbishment to reflect proposed improvements in the internal layout of the scheme.

In August 2005, £525,000 was invested in an AIM listed Qualifying Company, PatSystems Plc, a leading developer and provider of software enabling the electronic trading of derivatives and in particular futures and options on global trading exchanges.

In October 2005, Puma VCT and Puma VCT II made their third investment in a

Qualifying Company, a pre-IPO investment of £700,000 in @UK plc, a software business which has established a leading position in the UK for its platform which enables public sector bodies and their suppliers to conduct business together electronically. For example, tendering, ordering, invoicing and purchase administration can all be done using established and proven technology in a managed electronic environment, cutting out the need for the exchange of paper and re-keying into systems. The Government has set targets for local authorities, central government and the National Health Service to adopt this so-called “e-procurement”, part of a cost saving drive in the public sector. @UK plc plans to float on AIM and the investment will convert into ordinary shares at a discount to the IPO price.

It is noteworthy that the Investment Manager sourced, conducted due diligence, structured and led two of these deals (Cadbury House and @UK) with nine other VCTs electing to participate in the syndication of these transactions.

Of the remaining portfolio, as at 30 September 2005, approximately 45% was invested in a portfolio of hedge funds (both directly and through PARF) and most of the remainder in cash. The hedge fund portfolio has begun to perform strongly and is showing gains of 10 per cent on an annualised basis.

As at the end of September 2005, the net asset value per share of Puma VCT was 99.77p and Puma VCT II was 99.95p. The small difference reflects the timing of their hedge fund investments as Puma VCT II was funded later.

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

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

VCTs offer significant tax advantages over other investment products. The March 2004 Budget brought improved tax benefits, for two years from 6 April 2004, with the income tax relief available on an investment increased to 40 per cent. (previously 20 per cent.), up to a maximum of £200,000 invested per tax year (previously £100,000), subject to holding the shares for a minimum of 3 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 40 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 Puma VCTs is therefore only 60p.**

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

	<b>VCT tax relief</b>
Initial investment	£200,000
40 per cent. income tax relief	(£80,000)
Effective current cost of the investment	£120,000

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 policy, objective and strategy**

The objective of the Puma VCTs is to maximise distributions from capital gains and income generated by the Fund’s assets. It is intended that the assets of the Fund will be managed pro-actively with an emphasis on realising gains in the medium term. The Companies will seek to build a diversified portfolio of growth oriented Qualifying Companies seeking to raise new capital on flotation or by way of a secondary issue. The Non-Qualifying Investments Portfolio will comprise cash deposits, bonds, hedge funds and other investments with a focus on absolute return. Shore Capital will manage both the Qualifying Investments and the Non-Qualifying Investments.

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

Under current VCT legislation, the Companies must have at least 70 per cent. of their investments in Qualifying Companies within 3 years, and the Companies intend to invest at least 75 per cent. of their 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 Companies’ funds (initially all of their funds) will need to be invested elsewhere, in Non-Qualifying Investments. After the end of the three years of initial investment in Qualifying Investments, the VCTs will continue to hold a proportion of its funds in Non-Qualifying Investments.

The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. 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, bonds, equities, vehicles investing in property, funds of funds and a portfolio of hedge funds.

The Companies may invest directly in hedge funds and may also invest indirectly through a holding in the Puma Absolute Return Fund, described below, or in independently managed funds of funds. The intention will be to achieve, overall, a diversified portfolio of hedge fund interests. It is not intended that (even in the period prior to significant investment in Qualifying Holdings) hedge fund interests should constitute more than two-thirds by value (as at the time of acquisition) of the total holdings of the Puma VCTs. The Investment Manager will only select “absolute return”

investments with limited liability and the Companies will not have any principal involvement in hedge fund activities or act as a hedge fund. Risk will be spread as the Companies will hold less than 15% of their assets in any individual hedge fund, fund of funds or other collective investment undertaking.

The Investment Manager has been managing a portfolio of hedge funds since July 2001 and currently manages the Puma Absolute Return Fund, a US \$70 million fund of hedge funds, structured as an open ended investment company with its shares being listed on the Irish Stock Exchange. PARF currently has 19 holdings of underlying hedge funds which have been selected on the basis that their returns have been and are likely in future (given their respective investment strategies) to be relatively uncorrelated with each other. PARF was launched in April 2003 and had produced a return of 24.4 per cent from inception to the end of September 2005. Shore Capital believes that a portfolio of hedge 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 hedge funds that use alternative asset management strategies.

### ***VCT – Qualifying Portfolio***

Both companies whose shares are quoted on AIM or OFEX and unquoted companies will be considered as Qualifying Holdings and the Investment Manager will seek to construct a portfolio diversified by sector. Subject to market conditions, it is expected that a significant proportion of the Qualifying Holdings will be AIM-traded stocks. The Fund will benefit from the research expertise of the Investment Manager in AIM companies, further details of which are set out in the section headed “The Investment management team and Board” in this Part I.

### ***Investment criteria for Qualifying Investments***

Prior to an investment being made, it is expected that each potential investee company will be subject to a rigorous 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 Fund will 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.

### ***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 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. At 31 August 2005, there were 1,292 companies on AIM with a combined market capitalisation of over £48.2 billion. In the first 8 months of 2005, 356 new companies floated on AIM raising approximately £3 billion, while an additional £1.48 billion has been raised by AIM companies in secondary fundraisings.

### ***Co-investment policy***

The Companies expect to co-invest with the other VCT funds managed by the Investment Manager and all the VCTs should benefit from the enhanced deal flow and greater ability to co-invest in larger deals. Where the Investment Manager identifies suitable opportunities for investment by a VCT, it will in general offer such opportunities to each VCT it manages pro rata to the initial size of the net funds raised by that VCT, 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 is independent), will have the discretion to allocate the opportunity differently to reflect considerations such as the remaining life of the respective VCT, 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 Puma VCTs. Where 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 Companies propose 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 is independent of the Investment Manager.

The Board of each of Puma VCT III plc and Puma VCT IV plc will be responsible for determining that Company's investment policy and will have overall responsibility for that Company's activities.

### ***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.

### ***Valuation policy***

Investments in AIM and OFEX 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 BVCA guidelines. A brief summary of the BVCA guidelines is as follows:

Investments should be reported at fair value where this can be reliably measured. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. If fair value cannot be measured, the carrying value at the previous reporting date will be used unless there is evidence of impairment, when the value will be reduced to reflect the estimated extent of the impairment.

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 for 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 Puma VCTs in accordance with the policies set out above.

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

## **1.3 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 management team

is shown below:

***Howard Shore (45)***

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 (now 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 (49)***

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 Puma I, the JellyWorks portfolio and Puma II, including evaluation of new deals for both 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.

***Adam Teeger (40)***

Adam qualified as a lawyer with Clifford Chance in 1991, specialising in asset financing and banking law. He then co-founded a media group focused on specialist newspapers and trade directories, which was then sold to a leading regional media group. He joined Shore Capital in 2000 and served as manager of the Jellyworks portfolio and investment director for Puma II and in this capacity as non-executive director on the board of various investee companies. Adam has extensive experience of working with investee companies in a wide range of sectors which have raised development capital funding from Puma II.

***Christopher John Ring, ACA (51)***

Chris joined Shore Capital in 2002 from NatWest Stockbrokers Limited of which he was managing director between 1999 and 2001. After qualifying as an accountant with Coopers & Lybrand (now part of PricewaterhouseCoopers), he held senior positions at various stockbrokers firms, including Scrimgeour Kemp Gee (now Citicorp) between 1980 and 1988 and Wise Speke between 1988 and 1996. Throughout this time his focus was on managing private client funds, including the appraisal and investment of a wide range of new issues many of which were AIM quoted. Within the Shore Capital Group, Chris is responsible for both the private client portfolio and hedge fund management activities.

***Craig Cowan (37)***

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 at the beginning of 2005 and is involved in the management of Puma VCT and Puma VCT II and the Puma II Fund.

***Stephen Hazell-Smith (51)***

Stephen has considerable experience in investment management, having previously worked for GT Management plc as a UK equity fund manager, Mercury Asset Management plc as assistant director on their UK specialist equity team, and Rutherford Asset Management Limited where he spent 5 years to June 1997, eventually becoming managing director. From June 1997 Stephen was managing director of Close Investments Limited where he launched the Close Brothers AIM VCT plc, including its top up issue in October 2001, which raised approximately £30 million. Since then he has been involved in a variety of corporate finance activities, whilst remaining a director of Close Brothers AIM VCT plc and Phoenix VCT plc, in each case as a non-executive director. Stephen has previously worked as a consultant for Shore Capital's investment management function, principally in relation to the management of Puma II. On 31 December 2004, Stephen was appointed non-executive chairman of PLUS Markets Group plc, the operator of OFEX.

***The Boards***

The Boards of each Company comprise three Directors, all of whom are non-executive: Sir Aubrey Thomas Brocklebank Bt and David Brock, who are independent of the Investment Manager and Christopher Ring who is a director of the Investment Manager. Although the management of each Company's portfolio has been delegated to the Investment Manager, the Directors retain overall responsibility for the Companies' affairs.

The Directors of each Company are:

***Sir Aubrey Thomas Brocklebank Bt, ACA (53)***

Sir Aubrey worked for Guinness Mahon from 1981 to 1986, initially in its corporate finance department before assisting in the establishment of a specialist development capital department. From 1986 to 1990 he was a director of Venture Founders Limited, managing a £12 million venture capital fund, which had been raised to invest in early stage ventures. He managed the Avon Enterprise Fund (a venture capital fund of circa £4.5 million investing in approximately 20 companies) from 1990 until all investments had been realised in 1997. He is on the board of four other VCTs, the AIM Distribution Trust PLC (as chairman), Keydata AIM VCT plc (as chairman) and Close Second AIM VCT PLC and Pennine AIM VCT 6 plc (as a non-executive director). He is and has also been a director of a number of companies, some of which are, or have been, quoted on AIM.

***David Michael Brock (55)***

David was, until July 1997, a main board director of MFI Furniture Group plc and managing director of MFI International Limited having been involved at a senior level in both MFI's management buy out and its subsequent flotation. He started his career at

Marks and Spencer Group PLC. He is currently chairman of JN Group Limited, Episys Limited, Actif Group plc, Elderstreet VCT plc and Americana International Limited and a non-executive director of Illuminator plc.. He has had interests in venture capital both as a private investor and as an adviser to various funds.

***Christopher John Ring, ACA (50)***

See biography above.

The Directors have committed to invest an aggregate of £70,000 under the Offers on the same terms as Investors.

## **1.4 The management arrangements**

### ***Investment Manager***

Shore Capital has been appointed as the investment manager of each Company 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 (exclusive of VAT) of the Net Asset Value of the relevant 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 each 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.

## **1.5 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. Upon liquidation of the Companies, 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 Companies' registered office.

## **1.6 Repurchase 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 intends to establish a buy back policy whereby each Company will purchase Ordinary Shares for cancellation. Consequently, the Companies may consider buying back 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 three years they are likely to lose their income tax relief.

## **1.7 Reporting to Shareholders**

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

The Companies' first report and accounts are expected to be published in June 2007 and will be in respect of the period from incorporation to 31 December 2006.

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

## **1.8 Corporate Governance**

The Board is committed to the principle and application of sound corporate governance and confirms that the Companies have taken appropriate steps, relevant to their size and operation complexity, to comply with the Combined Code on Corporate Governance (July 2003). The audit committee of each Company is comprised of its Board of Directors. The Companies do not have a remuneration committee.

## **1.9 Status of the Companies and the Investment Manager**

The Companies are 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.

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

The Directors intend to manage the Companies' affairs in order that they comply 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 and Customs has granted the Companies provisional approval as VCTs, 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 Companies' investments are represented by Qualifying Investments and the Companies have complied with the other requirements relating to VCT qualification. PricewaterhouseCoopers will assist Shore Capital (but report directly to the Board) in establishing 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 Companies must continue to satisfy the requirements of HM Revenue & Customs in relation to VCTs, or they are likely to lose full approval.

## **1.11 Life of the Fund**

It is intended that the Companies should not have a fixed life but the Directors will review the portfolio after the first 5 years of trading with a view to an orderly liquidation of the Companies' assets and the distribution of capital and income to the shareholders. Any such distributions are expected to be free of tax to UK taxpayers.

## **1.12 Costs of the Offers and annual fees and expenses**

### *Costs of the Offers*

The issue costs of the Offers (including irrecoverable VAT) will be 2 per cent of the gross proceeds raised. This cost structure differentiates the Companies from other VCTs where issue costs of between 5 per cent and 5½ per cent of the funds raised are more typical. The consequence is that the initial funds an investment manager has to put to work are less than shareholders' investment. The lower issue costs of the Companies should contribute to the prospects of attractive returns to Investors. Shore Capital believes that this lower issue cost structure is the lowest for any VCT to date.

### *Annual fees and expenses*

Shore Capital will be paid an annual investment management fee of 2 per cent (plus VAT) of the net assets of each Company. The fee will be payable quarterly in arrears. XV

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

The Directors estimate that in the period from incorporation until 31 December 2006, fees payable to them will be nil.

The Puma VCTs will also be responsible for their normal third party costs including listing fees, audit and taxation services, registrars' fees, directors' fees and other incidental costs. Excluding the Investment Manager's annual fee, it is expected that the running costs of each 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 Puma VCT and Puma VCT II). 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 Companies' management expenses will be capable of being charged against capital reserves with the balance charged against revenues.

### **1.13 Details of the Offers**

It is proposed to raise an aggregate of up to £40 million by means of offers for subscription in each Company at 100p per Share, payable in full, by cheque or banker's draft, on subscription. The Offers will be open from 9.00 a.m. on 6 December 2005 until the earlier of 3.00 p.m. on 16 January 2006 and the date on which the maximum subscription is reached. The Promoter may extend the closing date of the Offers at its discretion. The Offers are not underwritten. The maximum net proceeds of the Offers, assuming full subscription, will be approximately £39.2 million. The minimum subscription level under the Offer for Puma VCT III plc is £1,000,000. There is no minimum subscription level for Puma VCT IV plc, but note should be taken of the discretion of the Promoter in relation to allocations of subscriptions to Puma VCT IV plc.

The subscriptions for the Offers will, subject always to the Promoter's absolute discretion, be applied as follows:

- The first £10 million of the subscription proceeds will be applied in capitalising Puma VCT III plc only;
- The next £10 million of the subscription proceeds will be applied in capitalising Puma VCT IV plc only; and
- After subscriptions of £20 million have been received they will, so far as is possible, be divided evenly between the Companies.

However, the Promoter will have absolute discretion to allot Ordinary Shares in whichever Company it considers to be appropriate. This discretion could result in no Ordinary Shares being allotted in Puma VCT IV plc.

Irrevocable commitments to invest £70,000 under the Offers, on the same terms as other Investors, have been received from the Directors.

The profile of a typical investor in the Companies 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.

The minimum application level under the Offers is £10,000.

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.

### **1.14 Allotment, dealings and settlement**

Application has been made to the UK Listing Authority for the Ordinary Shares in each of Puma VCT III plc and Puma VCT IV plc issued pursuant to the Offers to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on its 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 for Puma VCT III plc is reached. Thereafter, subscriptions up to a further £9million will be allocated to Puma VCT III plc and thereafter as described under “Details of the Offers”. Successful applicants will be notified by post.

In all cases however, the Directors reserve the right to make allotments of Ordinary Shares at their discretion. Dealings are expected to commence on 31 May 2006..

Ordinary Shares will be issued in registered 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)

Sir Aubrey Brocklebank Bt,  
ACA(Chairman)  
David Brock  
Christopher Ring, ACA

**Sponsor and Solicitors**

Howard Kennedy  
19 Cavendish Square  
London  
W1A 2AW

**Secretary**

Jonathan Paisner

all of:

**Registered Office**

Bond Street House  
14 Clifford Street  
London W1S 4JU

**VCT Tax Adviser**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

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**Investment Manager**

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

**Bankers**

Bank of Scotland  
New Uberior House  
11 Earl Grey Street  
Edinburgh EH3 9BN

**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 4TH

**Administrator**

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

**Auditors**

Baker Tilly  
2 Bloomsbury Street  
London WC1B 3ST

**Receiving Agent**

Capita Registrars  
Corporate Actions,  
PO Box 166,  
The Registry  
34 Beckenham Road  
Beckenham,  
Kent BR3 4TH

# 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> the Companies Act 1985 (as amended)	<b>the Company or Companies or the Fund</b> Puma VCT III plc and Puma VCT IV plc
<b>Administrator</b> Shore Capital Fund Administration Services Limited	<b>London Stock Exchange</b> London Stock Exchange plc
<b>Admission</b> admission of the Ordinary Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities	<b>Loan Notes</b> £1,000 nominal 5% Convertible Loan Notes issued by each Company
<b>AIM</b> the AIM Market of the London Stock Exchange	<b>Net Asset Value or NAV</b> the aggregate of the gross assets of each Company less its gross liabilities
<b>Application Form</b> the application form for use in respect of the Offers set out at the end of this document	<b>Non-Qualifying Investments Portfolio or Non-Qualifying Investments</b> that part of the net proceeds of the Offers that will be invested in short term deposits, and a portfolio of hedge funds, structured products and other suitable investments with a focus on absolute return.
<b>BVCA</b> British Venture Capital Association	<b>OFEX</b> a trading facility operated by Plus Markets plc to facilitate trading in securities neither quoted nor dealt in on the London Stock Exchange
<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>Offers</b> the Offers for subscription of up to 40,000,000 Shares described in this document
<b>Directors, Board of Directors or Board</b> the directors of each Company whose names appear on page 27 of this document	<b>Offer Agreement</b> the agreements dated 5 December 2005 between each Company, the Directors, the Promoter, the Investment Manager and the Sponsor relating to the Offers, a summary of which is set out in Part V of this document
<b>ICTA</b> Income and Corporation Taxes Act 1988 (as amended)	<b>Offer Price</b> 100p per Share
<b>Initial Closing Date</b> 16 January 2006	<b>Official List</b> the Official List of the UK Listing Authority
<b>Investment Manager or Shore Capital</b> Shore Capital Limited, authorised and regulated by the Financial Services Authority, the manager of the Qualifying Investments and the Non-Qualifying Investments Portfolio	<b>Ordinary Shares or Shares</b> ordinary shares of 1p each in the capital of the Companies
<b>Investor</b> an individual aged 18 or over who subscribes for Shares under the Offers	

**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 VCT II**

Puma VCT II plc

**Qualifying Company**

a company satisfying the conditions of Schedule 28B ICTA as described in Part IV of this document

**Qualifying Holding**

shares in, or securities of, a Qualifying Company, which satisfy the conditions of Schedule 28B ICTA as described in Part IV of this document

**Qualifying Investment**

an investment in an AIM/OFEX listed or unquoted company which satisfies the requirements of Schedule 28B ICTA, as described in Part IV of this document

**Qualifying Limit**

a total amount of £200,000 per individual invested 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 Offers 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 paragraph 10 of Schedule 28B ICTA, as described in Part IV of this document

**Qualifying Trade**

a trade complying with the requirements of Schedule 28B ICTA

**Shore Capital**

the Investment Manager

**Shore Capital Group**

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

**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 842AA ICTA by the Board of HM Revenue & Customs

**Howard Kennedy or Sponsor**

Howard Kennedy, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange

## 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 total 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); and
- 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.

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

In order for an investment to qualify as an investment in a Qualifying Holding, not more than £1 million may be invested in the same company in any tax year. Where investments are made in two consecutive tax years up to this limit, there must be at least a 6 month gap between them. The £1 million limit is restricted further if the trade in which the money invested is applied is carried on through a partnership or joint venture.

The company in which the VCT makes its investment must satisfy the following tests:

- 1.2.1 it must 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 OFEX are treated as unquoted;
- 1.2.2 it must be a Qualifying Company (see below under the heading "Qualifying Companies");
- 1.2.3 it must have gross assets of £15 million or less immediately pre-investment and £16 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);

- 1.2.4 it (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;
- 1.2.5 it must not be able to control (whether on its own or together with a connected person) any company which is not a Qualifying Subsidiary;
- 1.2.6 it must not be controlled by another company (on its own or together with a connected person); and
- 1.2.7 it must not have any property managing subsidiaries which do not fall into the definition of relevant Qualifying Subsidiaries (see below).

In certain circumstances, a holding can be split into part-Qualifying Holdings and part-non-Qualifying Holdings.

- 1.3** 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 1.1.4 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 owned by the Qualifying Company. 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 1.1.5 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

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 Companies have been granted provisional approval as VCTs 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.

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.**

For each accounting period in respect of which a company is approved by the HM Revenue & Customs as a VCT, the company is exempt from corporation tax on chargeable gains. The company continues to be liable to corporation tax on income in the usual way.

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 40 per cent. of the amount of his investment providing the subscription is made pre 6 April 2006, as shown in the table below.

Maximum effect of initial tax relief

	<b>No VCT tax relief</b>	<b>40 per Cent. income tax relief</b>
Initial investment	£100,000	£100,000
40 per Cent. income tax relief	-	(£40,000)
Effective current cost of the investment	£100,000	£60,000



Whereas the above relief is only available on subscription, for Qualifying Subscribers and Qualifying Purchasers on investments up to a maximum of £200,000 in VCTs in any one tax year, dividends will be exempt from income tax; and any profits on the disposal of the shares will be exempt from capital gains tax.

Relief from income tax up to the higher rate (40 per cent.) will be available on subscriptions for shares in a VCT made before 6 April 2006, 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 three years beginning with the date on which the shares were issued to the Qualifying Subscriber.

## **2.3 Qualifying Subscribers and Qualifying Purchasers**

### **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 three 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 three 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 Companies

- 1.1 Puma VCT III plc and Puma VCT IV plc were incorporated and registered in England and Wales on 17 October 2005 with registered numbers 5594989 and 5594948 respectively as public companies limited by shares under the Act. The principal legislation under which the Companies operate is the Act.
- 1.2 On 1 December 2005 the Registrar of Companies issued each of the Companies with a certificate under section 117 of the Act. On 29 November 2005 each of the Companies gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 266 of the Act.
- 1.3 Neither Company has traded since incorporation.

### 2. Share capital

- 2.1 Each Company was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary 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 in Puma VCT III plc and in Puma VCT IV plc were transferred on 17 October 2005, at par to Michael Harris and Richard Honeybourne
- 2.2 By ordinary and special resolutions passed on 23 November 2005:
  - 2.2.1 each of the existing authorised and issued ordinary shares of £1 each in the capital of each Company was subdivided into one hundred Ordinary Shares; and  
  
the 49,998 existing authorised and unissued ordinary shares of £1 each in the capital of each Company was subdivided into 4,999,800 Ordinary Shares;
  - 2.2.2 the authorised share capital of each Company was increased by £300,000 by the creation of 25,000,000 new Ordinary Shares and 50,000 redeemable preference shares of £1 each (the “Redeemable Preference Shares”);
  - 2.2.3 the Directors were generally and unconditionally authorised in accordance with section 80 of the Act to exercise all the powers of each Company to allot relevant securities (as defined in that section). This power is limited to the allotment of relevant securities up to an aggregate nominal amount of £349,998.00;

Such authority is to expire on the later of five years from the date hereof (unless previously revoked, varied or extended by the relevant Company in general meeting);

- 2.2.4 the Directors were empowered (pursuant to section 95(1) of the Act) to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 2.2.3 above as if section 89(1) of the Act did not apply to any such allotment, such power to expire at the conclusion of each Company's next annual general meeting, or on the expiry of five years following the passing of the resolution, whichever is the later (unless previously renewed or extended by the relevant Company in general meeting). This power was limited to the allotment of equity securities in connection with:
- 2.2.4.1 the issue of 50,000 Redeemable Preference Shares to Shore Capital Trading Limited;
  - 2.2.4.2 the Offers;
  - 2.2.4.3 an offer of equity securities by way of rights; and
  - 2.2.4.4 otherwise than pursuant to paragraphs 2.2.4.1 and 2.2.4.2, 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 Offers;
- 2.2.5 subject to approval by the High Court of Justice, the amount standing to the credit of the share premium account of each Company immediately after the final closing date of the Offers will be cancelled;
- 2.2.6 each Company was authorised to make one or more market purchases (within the meaning of section 163(3) of the Act) of Shares provided that:
- 2.2.6.1 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 that Company following the Offers;
  - 2.2.6.2 the minimum price which may be paid for a Share is 1 pence;
  - 2.2.6.3 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
  - 2.2.6.4 unless renewed, the authority thereby conferred shall expire either at the conclusion of the next annual general meeting of the relevant Company or on the expiry of 15 months from the passing of this resolution, whichever is the later to occur, save that such 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.

- 2.2.7 each Company adopted new Articles of Association, details of which are set out in paragraph 3 below.
- 2.3 On 30 November 2005, the 50,000 Redeemable Preference Shares in each Company were allotted and issued to Shore Capital Trading Limited and paid up as to one quarter so as to enable each Company to obtain a certificate under section 117 of the Act. Once fully paid up, the Redeemable Preference Shares will be redeemed by the relevant Company out of the proceeds of the Offers. 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 either Company or any subsidiary has been issued or agreed to be issued, or (except pursuant to the Offers) 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 either Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 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.
- 2.6 The Shares will be in registered form and temporary documents of title will not be issued.
- 2.7 Following admission of the Shares to the Official List and the redemption of the Redeemable Preference Shares, the authorised and issued share capital of each Company, assuming full subscription under the Offers, 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 of 1p each	35,000,000	£350,000	20,000,200	£200,002

Of the above Shares which will be in issue if the Offers are fully subscribed, 20,000,200 Ordinary Shares will have been issued and fully paid in cash in each Company. The unissued share capital will be at least £99,998 comprising 9,999,800 Shares (equivalent to 33.3 per cent. of the authorised share capital).

2.8 Each 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 each Company which is not subject to the dis-application referred to in sub-paragraph 2.2.4 above.

2.9 Convertible Loan Notes

On 2 December 2005 £1000 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: £1000
- 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 after the fifth anniversary of the date of issue of the Loan Notes

### **3 Memorandum and Articles of Association**

3.1 The memorandum of association of each Company provides that its principal object is to carry on the business of a Venture Capital Trust. The objects of the Companies are set out in full in Clause 4 of the memorandum of association, which is available for inspection at the address specified in paragraph 7 below.

3.2 Articles of Association

The articles of association of each Company which were adopted on 23 November 2005 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 relevant 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 relevant Company and by the holder at any time after the minimum aggregate subscription level is raised under the Offers. 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 relevant 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 relevant 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

Each 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 relevant 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 relevant Company.

### 3.2.5 Disclosure of Interest in Ordinary Shares

If any member or other person appearing to be interested in Shares of either of the Companies 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 relevant Company in writing all or any such information as is referred to in section 212 of the 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 Companies 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 relevant 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 each Company respectively will be divided amongst the holders of its Shares according to the respective numbers of Shares held by them in the relevant 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 provide that the liquidator may, with the sanction of an extraordinary 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 relevant 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 each Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine. Subject to the Act, each Company may issue shares, which are, or at the option of the relevant Company or the holder are, liable to be redeemed.



3.2.7.2 Each 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, each 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 extraordinary 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 either 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 an extraordinary resolution passed at a separate meeting of such holders.

### 3.2.9 Directors

Unless and until otherwise determined by either Company in General Meeting pursuant to Article 122 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 that 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 either Company or to hold such other executive office in relation to the management of the business of that Company as they may decide.

A Director of a Company may continue or become a Director or other officer, servant or member or any company promoted by that 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 a 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 either 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 relevant Company or in which that 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 either 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 relevant 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 relevant 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 relevant 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 relevant company;

3.2.10.3.5 any proposal relating to an arrangement for the benefit of the employees of the relevant 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 relevant 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 relevant 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 either Company or any company in which that 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 relevant Company in general meeting the aggregate ordinary remuneration of such Directors, including fees from both Companies, 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 that 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 either 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 the age of 70 or any other age.

#### 3.2.13 Borrowing Powers

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

The Directors shall restrict the borrowings of each 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 that 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 that Company.

#### 3.2.14 Distribution of Realised Capital Profits

At any time when either Company has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company (“a Relevant Period”) the distribution of that Company’s capital profits (within the meaning of section 266(2)(c) of the Act) 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 relevant 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 relevant Company or be regarded or treated as profits of that Company available for distribution (as defined in section 263(2) of the Act) except for the purpose of redeeming or purchasing its own shares in accordance with sections 160 and 162 of the Act or applied in paying dividends on any shares in that 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 relevant Company or be regarded or treated as profits of the Company available for distribution (as defined by section 263(2) of the Act) 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 Companies anticipate that they 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, may whenever they think fit, convene an extraordinary general meeting of a Company, and extraordinary 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 and an extraordinary general meeting called for the passing of a special resolution shall be called by not less than twenty-one days notice in writing, and all other extraordinary general meetings of a 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 extraordinary resolution as the case may be shall specify the intention to propose the resolution as such.

In every notice calling a meeting of a Company or any class of the members of a 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. A 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 Companies**

- 4.1 Neither Company nor its Directors are aware of any person who, immediately after the Offers (assuming full subscription), directly or indirectly, jointly or severally, exercises or could exercise control over the relevant Company or who is interested directly or indirectly in 3 per cent. or more of the issued share capital of the relevant Company.
- 4.2 The interests of the Directors and their immediate families in the share capital of each Company, all of which are beneficial as they are expected to be following the Offers, and of connected persons within the meaning of section 346 of the Act, which have been notified to the Companies pursuant to section 324 or 328 of the Act or are required to be entered into the register of directors' interests maintained under the provisions of section 325 of the Act, or are interests of a person connected with a Director which would, if the connected person were a Director, be required to be disclosed under this paragraph and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director will be as set out below together with the percentages which such interests represent of the Shares in issue if the Offers are fully subscribed:

<i>Name</i>	<i>Number of Shares Ordinary Shares</i>	<i>Percentage</i>
Sir Aubrey Thomas Brocklebank, Bt	10,000	0.0005%
David Michael Brock	10,000	0.0005%
Christopher John Ring	50,000	0.002%

There are no different rights attaching to those shares.

- 4.3 Save as disclosed above, no Director, member of the Investment Manager nor any person connected with any Director or member of the Investment Manager (within the meaning of Section 346 of the Act) has any interest in the share capital or loan capital of either Company or any of its subsidiaries whether beneficial or non-beneficial which is required to be notified pursuant to Section 324 or Section 328 of the Act or which is required pursuant to Section 325 of the Act to be entered in the register maintained.
- 4.4 The Companies' major shareholders do not have different voting rights.
- 4.5 No Director is or has since the period from either Company's incorporation been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of that Company and which was effected by that Company and remains in any respect outstanding or unperformed.
- 4.6 No loans made or guarantees granted or provided by either Company to or for the benefit of any director are outstanding.

- 4.7 There are no service contracts in existence between either Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to each Company pursuant to letters of appointment dated 5 December 2005 each of which is terminable upon 3 months' notice given by that 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 either Company.
- 4.8 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 and the members of the Investment Manager 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) are set out below:

<b>Name</b>	<b>Current Directorships</b>	<b>Past Directorships</b>
Sir Aubrey Thomas Brocklebank Bt	<ul style="list-style-type: none"> <li>• Top Ten Holdings Plc</li> <li>• Top Ten Bingo Limited</li> <li>• The AIM Distribution Trust Plc</li> <li>• The Media Vehicle Group Plc</li> <li>• Close Second AIM VCT Plc</li> <li>• Innvotec Limited</li> <li>• ReInVenture LLP</li> <li>• Keydata AIM VCT plc</li> <li>• Puma VCT plc</li> <li>• Puma VCT II plc</li> <li>• Brocklebank &amp; Co. Limited</li> <li>• Vetcell Bioscience Limited</li> <li>• Pennine AIM VCT 6 plc</li> </ul>	<ul style="list-style-type: none"> <li>• Venture Technologies Academic Research Partners VCT Limited (Dissolved June 2003)</li> <li>• The Designer Room Limited (Liquidation, September 2001)</li> <li>• Transcomm Plc</li> <li>• Hearing Enhancement Plc (Administration June 2003)</li> <li>• Walker Holdings (UK) Limited</li> <li>• Walker Leisure (UK) Limited</li> <li>• Walker Property Management Company Limited</li> <li>• Walker Group Limited</li> <li>• Westvale Leisure Limited</li> <li>• Lloyds British Testing Plc</li> </ul>
David Michael Brock	<ul style="list-style-type: none"> <li>• Elderstreet VCT plc</li> <li>• Illuminator plc</li> <li>• Actif Group plc</li> <li>• Episys Limited</li> <li>• JN Group Limited</li> <li>• Americana International Limited</li> <li>• Puma VCT plc</li> <li>• Puma VCT II plc</li> <li>• Inhoco 3237 Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Jane Norman Holdings Limited</li> <li>• Webb Global Limited</li> <li>• Card Warehouse Limited</li> <li>• Card Warehouse EBT Limited</li> <li>• Chasseral Limited</li> <li>• BB's Coffee &amp; Muffins Holdings Limited</li> <li>• Plymouth &amp; Cornwall Convenience Stores Limited</li> <li>• Devon &amp; Cornwall Convenience Stores Limited</li> <li>• Somerset &amp; Bristol Convenience Stores Limited</li> <li>• Conveco Limited</li> </ul>



- |                       |  |  |
|-----------------------|--|--|
| Christopher John Ring | <ul style="list-style-type: none"> <li>• Association of Private Client Investment Managers and Stockbrokers</li> <li>• Shore Capital Stockbrokers Limited</li> <li>• Puma VCT plc</li> <li>• Puma VCT II plc</li> <li>• Shore Capital Limited</li> <li>• Puma Theta</li> </ul> | <ul style="list-style-type: none"> <li>• HomeSstyle Group plc</li> <li>• Pel plc</li> <li>• Ockham Northern Limited</li> <li>• Wise Speke Financial Services Limited</li> <li>• Stocktrade Broking Limited</li> <li>• Fielding Nominees Limited</li> <li>• Natwest Stockbrokers Financial Services Limited</li> <li>• Natwest Limited</li> <li>• Natwest Stockbrokers Nominees Limited</li> <li>• NWS Corporate Nominees Limited</li> <li>• Crestco Limited</li> </ul> |
|-----------------------|--|--|

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 Each Company will take out directors' and officers' liability insurance for the benefit of the Directors.

4.13 The estimated aggregate remuneration, including benefits in kind, to be paid to the Directors in the financial period ending 31 December 2005 based on the arrangements currently in place with each Director is nil.

4.14 No Director or member of the investment management team has any conflict of interest between his duties to the Companies 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 Companies' securities.
- 4.16 From incorporation of the Companies 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 Companies for services in all capacities to the Companies.
- 4.17 There are no amounts set aside or accrued by the Companies 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 Companies providing for benefits upon termination of employment. See paragraph 5.3 below which refers to the Directors' Letters of Appointment.
- 4.19 The audit committees of the Companies comprise the Board of Directors and shall meet at least twice a year. The Companies auditors may be required to attend such meetings. The Committee shall prepare a report each year addressed to the shareholders for inclusion in the Companies' 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 Companies 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 Companies and make recommendations to the Board in connection therewith as appropriate.

The Companies do 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 Companies, 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 Companies which contain any provision under which the Companies have an obligation or entitlement which is material to the Companies as at the date of this document:

### **5.1 Offer Agreement**

Under the Offer Agreement dated 5 December 2005 and made between each 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 Offers and the Promoter has undertaken as agent of the Companies to use its reasonable endeavours to procure subscribers under the Offers for up to 20,000,000 Ordinary Shares in each 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 Offers. Under the Offer Agreement, the Companies will pay the Promoter a commission of 2 per cent. of the aggregate value of accepted applications for Ordinary Shares received pursuant to the Offers.

Out of this fee, the Promoter will pay all other costs and expenses of or incidental to the Offers and Admission including paying the Sponsor's fee of £25,000 (plus VAT). Total initial costs payable by the Companies under the Offer Agreement will therefore be limited to 2 per cent. of the gross proceeds of the Offers.

Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Investment Manager, the Promoter, the relevant Company and the Directors have given certain warranties and indemnities. Warranty claims must be made by no later than three months after the first annual general meeting of the relevant Company following the closing date of the Offers at which Shareholders approve the Company's accounts or by the date either 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 £625,000 or 10% of the proceeds of the Offers for the Promoter and the Investment Manager, and one year's director fees for each Director. The Companies have 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 5 December 2005 and made between the Companies and the Investment Manager whereby the Investment Manager will provide discretionary investment management and advisory services to the Companies in respect of their portfolios of Qualifying and Non-Qualifying Investments.

The Investment Manager will receive an annual fee (exclusive of VAT) equal to 2.0 per cent. of the Net Asset Value of the Companies 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 Boards agree otherwise, fees payable to the Investment Manager by investee companies for arranging and structuring investments (but not syndication or other services) will not exceed 2.5 per cent of the value of the total invested by each 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 £15,000 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 a Company, it shall have been approved beforehand by special resolution of the Shareholders at an Annual General Meeting of that 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 Companies (other than dematerialised securities which will be registered in the name of a nominee Pershing Securities Limited or such other dematerialised custodian as the Companies may appoint from time to time) will be held in the Companies' 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 Companies because of other activities and relationships of the Investment Manager, the Investment Manager will ensure that the Companies receive 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 Companies

The Investment Manager may make investments on behalf of the Companies 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' Letter of Appointment

Each of the Directors has entered into an agreement with each Company dated 5 December 2005 as referred to in paragraph 4.7 above whereby he is required to devote such time to the affairs of each Company as the Board reasonably requires consistent with his role as a non-executive Director. The Chairman is entitled to receive an annual fee of £15,000 and each of the other Directors an annual fee of £12,000 (which, in the case of Christopher John Ring, 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 5 December 2005 and made between the Companies and Shore Capital Fund Administration Services Limited ("SCFASL"), whereby SCFASL will provide certain administration services and company secretarial services to the Companies in respect of the period from Admission until the termination of the Administration Agreement with regard to all the investments of the Companies, for an annual fee of 0.35 per cent. from each Company of its the Net Asset Value (plus VAT).

The Administration Agreement will continue for a period of 5 years from the date on which the minimum subscription is raised under the Offers 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 VCT III plc

An agreement ("the Puma VCT III plc Trade Name License Agreement") dated 5 December 2005 and made between Shore Capital Limited (a wholly owned subsidiary of Shore Capital Group plc) and Puma VCT III plc, whereby Shore Capital Limited grants to Puma VCT III plc 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 either Company or if the Investment Management Agreement is terminated for any reason.

#### 5.6 Trade Name License Agreement for Puma VCT IV plc

An agreement ("the Puma VCT IV plc Trade Name License Agreement") dated 5 December 2005 and made between Shore Capital Limited and Puma VCT IV plc, whereby Shore Capital Limited grants to Puma VCT IV plc 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 either Company or if the Investment Management Agreement is terminated for any reason.

- 5.7 A Custody Agreement dated 5 December 2005 between the Companies and Howard Kennedy under which Howard Kennedy agrees to hold securities in certificated form on behalf of the respective Companies as custodian for an annual fee of £1000 plus VAT, terminable by any of the parties on one month's notice.

## **6 General**

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

- 6.2 As at the date of this document, neither Company is nor has been engaged in any governmental legal or arbitration proceedings (and they are not aware of any such proceedings which are pending or threatened) which may have, or has had during the period since the Companies' incorporation, a significant effect on either Company's financial position or profitability.

- 6.3 Neither Company has 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 Companies in connection with the Offers as stated in paragraph 5.1 above. The Investment Manager is or may be a promoter of the Companies and will receive management fees and other payments from the Companies under the Offer Agreement, Investment Management Agreement and Administration Agreement described in paragraphs 5.1, 5.2 and 5.4 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 Companies' 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 Offers are not underwritten. The expenses of and incidental to the Offers 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 Offers (including irrecoverable VAT) and are payable by the Promoter, on the terms set out in the Offer Agreement. If the maximum of £40 million is raised under the Offers the net proceeds will amount to approximately £39.2 million. If the minimum of £1,000,000 is raised the net proceeds will be £980,392.
- 6.9 Save in connection with the Offers, 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 Offers.
- 6.10 Baker Tilly have been the only auditors of the Companies since their incorporation. They are registered by the Institute of Chartered Accountants in England and Wales as auditors.
- 6.11 The Companies have given notice to the Registrar of Companies, pursuant to section 266 of the Act, of their intention to carry on business as an investment company, which will enhance its ability to pay dividends out of income. Whilst they are investment companies, their articles of association are required to preclude them 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 Companies' articles of association against distributing capital profits will automatically terminate.
- 6.12 There have been no related party transactions.
- 6.13 Since the date of its incorporation neither Company has commenced operations. No financial statements have been made up as the date of this Prospectus.
- 6.14 Each 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 Prospectus.
- 6.15 The capitalisation of each Company as at 5 December 2005 is shareholders equity of £12,502.
- 6.16 As at the date of this Prospectus save as described in paragraph 2.9 of this Part V neither Company had loan capital outstanding, any other borrowings nor guaranteed, unguaranteed, secured and unsecured indebtedness, including indirect and contingent indebtedness.
- 6.17 The Companies do not assume responsibility for the withholding of tax at source.

6.18 Securities in certificated form belonging to the Companies will be held as custodian on their behalf by Howard Kennedy, Solicitors, of 19 Cavendish Square, London, W1A 2 AW (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 5.7 of this Part V.

6.19 The following Venture Capital Trust requirements will be met and will continue to be met in respect of each Company:

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

6.19.1 until such time as it has obtained approval as a Venture Capital Trust from the HM Revenue and Customs, it must not control the companies in which it invests in such a way as to render them subsidiary undertakings;

6.19.2 the Directors and Investment Manager have sufficient and satisfactory experience in the management of a portfolio of investments of the size and type in which the Companies propose to invest;

6.19.3 the Board of Directors will act independently of the Manager. No majority of the Board will be directors or employees, or former directors or employees, or professional advisers to the Investment Manager or any other company in the same group as the Investment Manager;

6.19.4 none of the Companies' investments other than in a venture capital trust or a company which would qualify as a venture capital trust if it were listed, will represent more than 15 per cent. by value of its investments at the time of investment; and

6.19.5 not more than 20 per cent. of the gross assets will be invested in the securities of property companies as defined in the Listing Rules of the UK Listing Authority.

6.20 Shore Capital has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in Parts I and II 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.

6.21 The Offers have 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.



- 6.22 The Offers are 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.
- 6.23 There have been no significant changes in the financial or trading position of the Companies since they were incorporated.
- 6.24 The information contained in paragraph 1.2 as to Valuation has been reproduced from the current BVCA guidelines and, as far as the directors are aware and are able to ascertain from information published by the BVCA no facts have been omitted which would render the information reproduced inaccurate or misleading.

## **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 Offers.

- 7.1 the Memorandum and Articles of Association of the Companies;
- 7.2 the material contracts referred to in paragraph 5 above;
- 7.3 this document.

Dated: 5 December 2005

# Part VI

## Terms and Conditions of Application

1. In these terms and conditions which apply to the Offers, "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) it to Capita Registrars, Corporate Actions, PO Box 166, 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 5 December 2005 issued in connection with the Offers. 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 Offers will be conditional on:
  - 2.1 Admission becoming effective; and
  - 2.2 the conditions set out in the Offer Agreement between the Companies, 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 Companies 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 Companies may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Companies may, at their discretion, accept an Application in respect of which payment is not received by the Companies prior to the closing of the Offers. 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.
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 Companies;
  - 4.2 agree that, in consideration of the Companies agreeing that they will not on or prior to the Offers closing issue or allot any Shares the subject of the Offers 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 each 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 Companies in their 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 either of the Companies of such late payment, the Companies may (without prejudice to their 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 Companies 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 Companies or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2003 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 one or both the Companies 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 Companies 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 Companies 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 the Prospectus, you shall be deemed to have had notice of all information and statements concerning the Companies 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 Companies or the Receiving Agent will be sent at the risk of the person entitled thereto;
- 4.14 agree, on request by the Companies, or the Sponsor on behalf of the Companies, to disclose promptly in writing to the Companies, any information which the Companies 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 2003, VCT legislation or other legislation (as the same may be amended from time to time) and authorise the Companies 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 Companies to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Companies;
- 4.17 declare that the Application Form has been completed to the best of your knowledge;
- 4.18 undertake that you will notify the Companies 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 Companies have 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 each 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 Companies or the Receiving Agent consider may be required for the purposes of the Money Laundering Regulations 2003 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 2003

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

Money Laundering Regulations 2003 - 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. 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 its 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").

# Application Procedure

Please send the completed Application Form together with your cheque or bankers draft to: Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH.

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 £10,000. 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 payable to "Capita IRG Plc Re:- Puma VCT" 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 5 December 2005 and have read the 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 VCT III plc or Puma VCT IV plc issued to me under the Offers; and
- (iii) to the best of my knowledge and belief, the personal details I have given to Puma VCT III plc or Puma VCT IV 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 Puma VCTs going to be?  
A: The investment strategy of the Puma VCTs will be to invest in relatively lower risk VCT Qualifying Companies to create a diversified portfolio of smaller UK based companies, including both AIM/OFEX-traded and unquoted companies, and a portfolio of non-VCT qualifying assets.
- Q: What type of companies will the Puma VCTs invest in?  
A: The Puma VCTs will invest in a portfolio of smaller companies, including both AIM/OFEX-traded and unquoted companies. The investment strategy will be devised so as to maximise distributions to Shareholders.
- 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 US\$1 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 cent per annum from May 1996 to August 2000 and the Puma II fund (launched in October 1999), which has produced growth in net assets of 49.8 per cent to September 2005. Shore Capital also manages the Puma Absolute Return Fund, a fund of hedge funds, and a property fund.
- Q: What is the track record of Shore Capital?  
A: Shore Capital has a strong track record built up over the past 9 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.
- Q: What is the Puma VCTs' 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.
- Q: Will there be a dividend re-investment scheme?  
A: No.
- Q: What size are the Puma VCTs likely to be?  
A: The Companies are seeking to raise £40 million.
- Q: What are the costs involved in establishing the Puma VCTs?  
A: Shore Capital has undertaken to limit the issue costs of the Puma VCTs to 2 per cent. of the funds raised.
- Q: What are the ongoing costs of the Puma VCTs going to be?  
A: The Investment Manager will be paid an annual management commission of 2 per cent. per annum and it is anticipated that the other annual running costs of each Company will be about 1 per cent. per annum.
- Q: Will Puma VCTs have a regular share buy-back policy?  
A: In order to improve the liquidity of the Ordinary Shares on the market, the Directors intend to establish a buy back policy whereby the Companies 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 VCT qualifying and VCT non-qualifying investments to create a diversified portfolio of smaller UK based companies.
- Q: How much can I invest in Puma VCT?  
A: There is no upper limit to the amount that you can invest in Puma VCT; 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 £10,000 per application.
- Q: What income tax relief will be given on my investment?



A: Investors can get a maximum of £80,000 income tax relief, being 40 per cent. on an investment of £200,000 provided that the Investor has a potential tax liability of at least that amount for the 2005-2006 tax year.

Q: How long do I need to hold the shares in the Puma VCTs to retain my tax relief?

A: Investors need to hold their shares for a minimum of three years to retain their tax relief.

Q: To whom should I make the cheque payable?

A: Cheques should be made payable to "Capita IRG PlcRe:- Puma VCT ".

Q: Where should I send my application?

A: Your application form and cheque should be sent to Capita Registrars, Corporate Actions, PO Box 166, IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH.

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 Offers open on 6 December 2005 and the closing date will be 16 January 2006 (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

## Section 1

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"/>	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"/>

(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)	

## Section 2

I offer to subscribe for the following number of Ordinary Shares on the Terms and Conditions of Application set out in the Prospectus dated 5 December 2005. Applications must be for a minimum of £10,000 (or such lesser number for which this application may be accepted and must thereafter be in multiples of £1,000).

I ENCLOSE A CHEQUE(S) OR BANKERS' DRAFT(S) DRAWN ON A UK CLEARING BANK, MADE PAYABLE TO "CAPITA IRGPLC RE:- PUMA VCT".

Number of shares		At 100p per share	£
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## Section 3

Signature	Date
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## Section 4

All dividends on Ordinary Shares held in Puma VCT III plc or Puma VCT IV 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 VCTIII plc/Puma VCT IV plc to:

Bank or Building Society reference number and details:

- (1) Sort Code Number \_\_\_\_\_
- (2) Name of Bank/Building Society \_\_\_\_\_
- Title of Branch \_\_\_\_\_
- Address of Branch \_\_\_\_\_
- \_\_\_\_\_
- (3) Account Number \_\_\_\_\_
- (4) Signature \_\_\_\_\_
- Date \_\_\_\_\_

## Section 5

### Regulatory Introducer Certificate

For Financial Adviser completion

Date of commencement of business relationship  
I certify that (please tick as appropriate)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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1. I have verified the identity of the Applicant in accordance with the Money Laundering Regulations 2003 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:

**AND** 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:

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proof(s) of residency:

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any additional check(s) or relevant customer information:


OR

2. I have not verified the identity of the Applicant for the following reason:


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

X

--

Date

X

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Financial Adviser details

FSA No.

Any additional instructions


### Money Laundering Regulations 2003

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

Money Laundering Regulations 2003 –Please tick the box below if you are a Shareholder in Puma VCT or Puma VCT II 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 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. 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 its 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").

Neither PUMA VCT III plc nor PUMA VCT IV plc can accept responsibility if any details quoted by you are incorrect.

If you require additional forms please call 020 7468 7949.