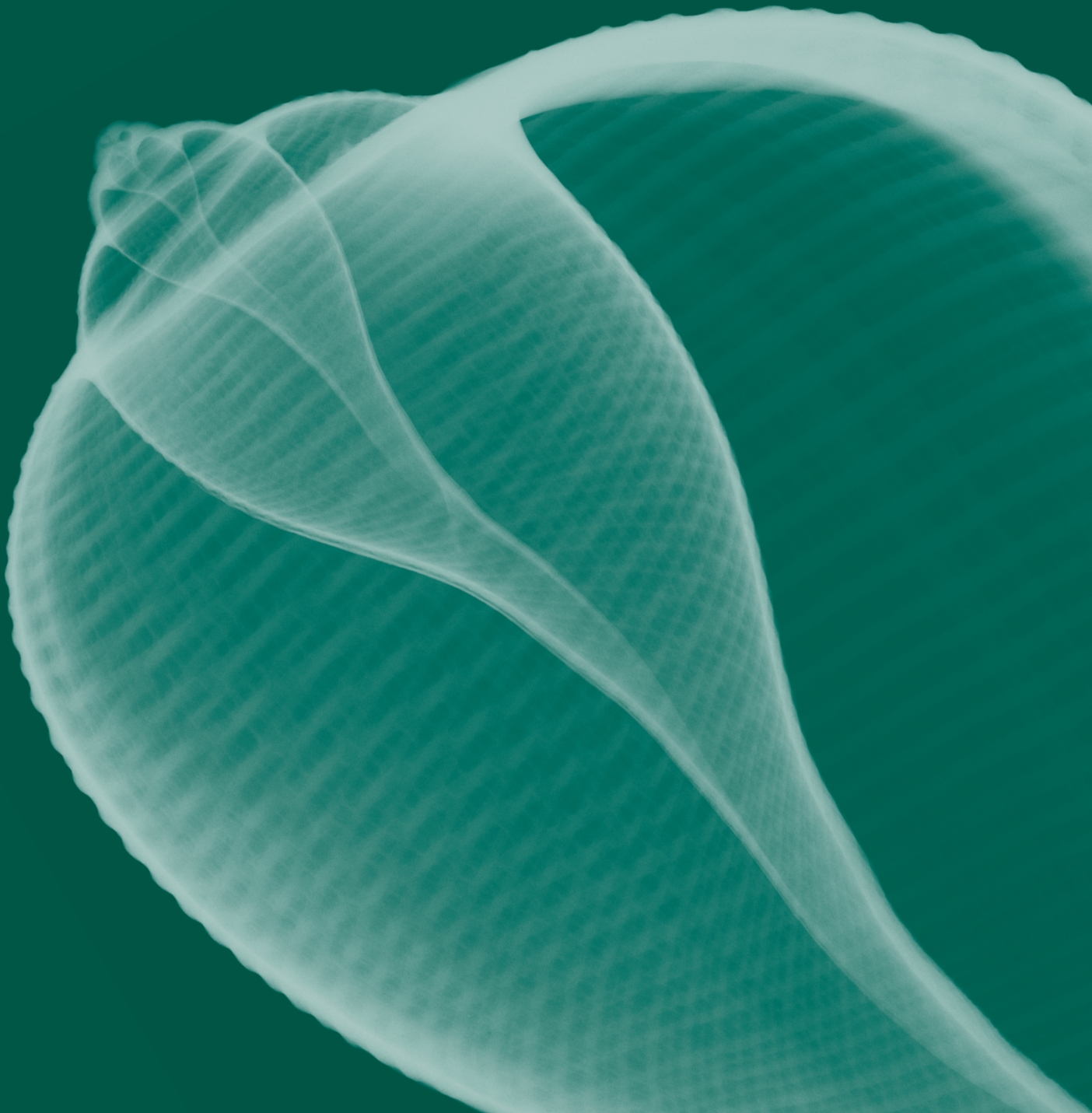




**PUMA EIS**  
Calculated Excellence

**INVESTOR UPDATE**  
BI-ANNUAL REPORT

Figures as at 28 February 2022





# Risk Factors

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These are the key risks:

- **GENERAL**

Past performance is no indication of future results and share prices and their values can go down as well as up. The forecasts in this document are not a reliable guide to future performance.

- **CAPITAL AT RISK**

An investment in Puma EIS can be viewed as high risk. Investors' capital may be at risk and investors may get back less than their original investment.

- **PRIVATE COMPANIES**

Puma EIS may invest in unlisted shares. Such investments can be more risky than investments in listed shares. Unlisted shares may be subject to transfer restrictions and may be difficult to sell. It may be difficult to obtain information as to how much an investment is worth or how risky it is at any given time.

- **TAX RELIEFS**

Tax reliefs depend on individuals' circumstances, minimum holding periods and may be subject to change.

- **LIQUIDITY**

It is unlikely there will be a liquid market in the shares of the EIS Qualifying Companies and it may prove difficult for investors to realise their investment immediately or in full.

# Puma EIS Fund Update

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## INVESTMENT MANAGER'S REPORT

I'm delighted to see so much progress and value creation within the EIS portfolio over the last 12 months, and believe this is further validation of our extremely hands-on approach to portfolio management. There is no doubt that working to help our portfolio companies as much as possible, contributes towards more powerful and consistent results and exits.

I do, however, need to add a note of caution when considering the current investment horizon, as we remain in a particularly uncertain and challenging investment environment. As I cautioned last year, the Covid era was "not a 'conventional' recession", and the levels of government support we saw, left several companies alive, but weak, with very stretched working capital positions. Much of the economy remains far from robust, and it is now also being exposed to several additional interrelated shocks, including inflation, supply-chain disruption and conflict.

The economic ramifications of the current geopolitical conflict are, and will be, profound. In deciding to weaponise the privilege of running the global reserve currency and freeze Russian dollar assets, the US has made a very material move on the world stage. Surprisingly this has not been discussed widely in the mainstream press, but in taking such action, the US has effectively denied Russia access to Russian dollar holdings, thereby signalling that they were the US's dollars all along.

We believe that such a move will dissuade China from depositing spare funds in US Treasuries, and subsidising consumers in the West through a depressed exchange rate (and correspondingly cheap exports). In the medium term that might boost the reshoring of manufacturing in the West, but in the near term is going to further exacerbate inflationary pressures and the squeeze on lower-income consumers.

Such a clear signal from the US, may also hasten attempts by China to develop a rival international settlement currency. This risks accelerating a split between a Western economic sphere and a Chinese economic sphere – the implications of which would be felt across global trade, supply chain management, logistics and tech. We believe it would also have permanent cost implications for Western producers and consumers.

Increased fuel prices, caused generally by co-ordinated global energy demand post-Covid, and specifically by the response to the war in Ukraine, seem to have finally driven widespread focus on the conversion to renewable energy sources. While this may have multiple benefits in the medium to long term, in the near term it will yet again exacerbate inflationary pressures from increased demand coupled with supply-chain disruption; as a simple example, carbon fibre – typically used for lightweighting manufactured consumer goods – is being diverted for military use, just as it is being called on for wind turbine manufacture.

And while much of our society has now appeared to have "moved on" from the Covid pandemic, sadly it remains very much with us. While the UK has had a fairly successful vaccination-and-exposure policy, we are seeing friction between surging demand and labour force shortages. Hospitality, travel, logistics and construction have all experienced operational challenges in recent months, and this will not improve for some time.



The current economic environment and uncertain outlook will make some exit processes more challenging. However, as interest rates rise (and are expected to continue rising), the consequential falls in valuation of fast growth tech businesses will drive interest in more stable, cash generative businesses such as those contained in the Puma EIS portfolio. Further, the real estate backing in several of these businesses will be seen to offer some inflation protection. As such we are confident that valuations will be less volatile for this portfolio than for the wider market, and that the exit strategies we are pursuing will not be unduly delayed.



**Rupert West**

Managing Director,  
Puma Private Equity



# About Puma Investments

Puma Investments is a member of the Shore Capital Group ("Group"), an independent investment group specialising in asset management, principal finance and capital market activities.

£1.6bn+

ASSETS UNDER MANAGEMENT

c200

GROUP EMPLOYEES

36

YEAR GROUP HISTORY

5

OFFICES:

GUERNSEY, LONDON, LIVERPOOL, EDINBURGH AND BERLIN

# Tax Efficient Investments

Puma Investments is responsible for the Group's tax efficient investment strategies, including Inheritance Tax Services, the Enterprise Investment Scheme and Venture Capital Trusts.

£686m

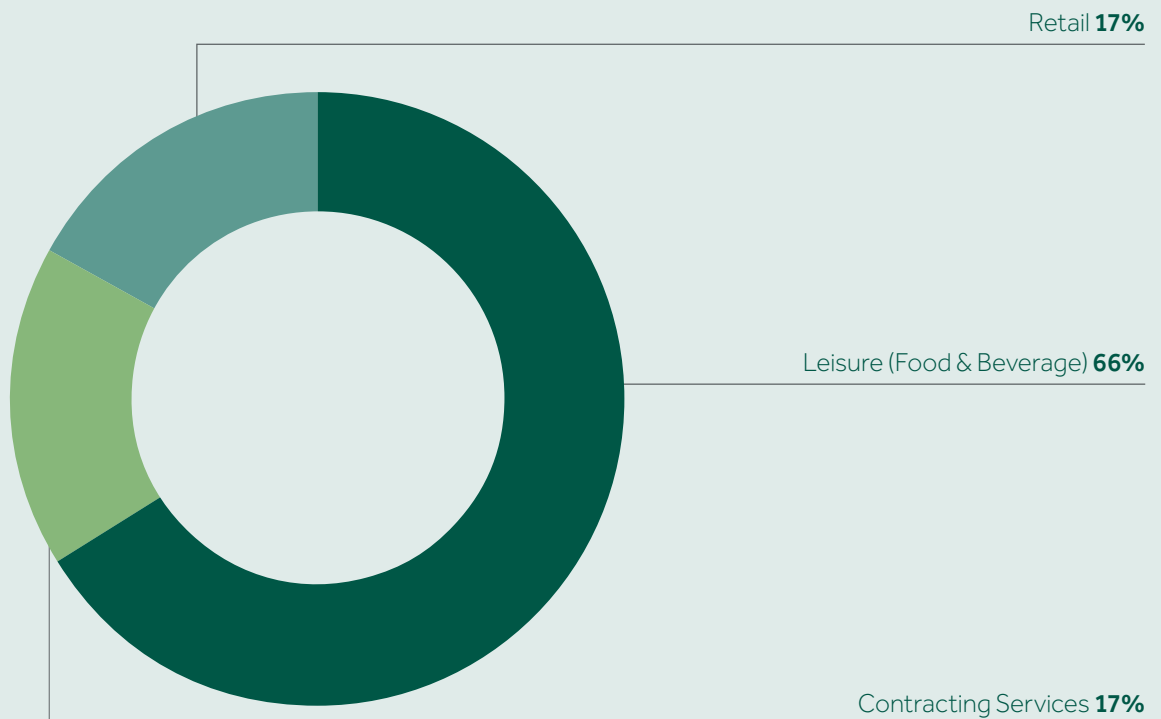
RAISED IN TAX EFFICIENT INVESTMENTS

£89m

RAISED UNDER THE ENTERPRISE INVESTMENT SCHEME

As at 31 May 2022

## SECTOR BREAKDOWN OF PUMA EIS DEPLOYMENT TO DATE



Source: Puma Investments

## DERBY PUB COMPANY LIMITED

### INVESTMENT UPDATE

#### DERBY PUB COMPANY LIMITED

**A pub company delivering 'great local pubs for great local people'.**

As previously reported, it has been an extremely challenging few years of trading for the small independent pub sector. During the pandemic, various operating restrictions (such as reduced numbers of tables, table service only or outdoor service only) were particularly challenging for smaller pubs relying on food trade, due to the disproportionate impact they had on the ratio of potential sales to number of staff needed. Since the pandemic restrictions were lifted, the pressure has continued, with substantial increases in staff, utility and stock costs.

As reported in the last update, Derby Pub Company entered into an agreement to sell its full estate in an asset transaction, which was completed late in December 2021. Since then, the directors have been winding down the corporate affairs of the company, in preparation for appointing an administrator to run the process of a voluntary liquidation and returning funds to shareholders.



Puma EIS Participation  
£6.26m

INVESTMENT AMOUNT  
£6.26m



SUB-SECTOR  
Pubs



LOCATION  
Midlands-  
focused



YEAR OF INVESTMENT  
2014



## CAPITAL KARTS HOLDING LIMITED

### INVESTMENT UPDATE

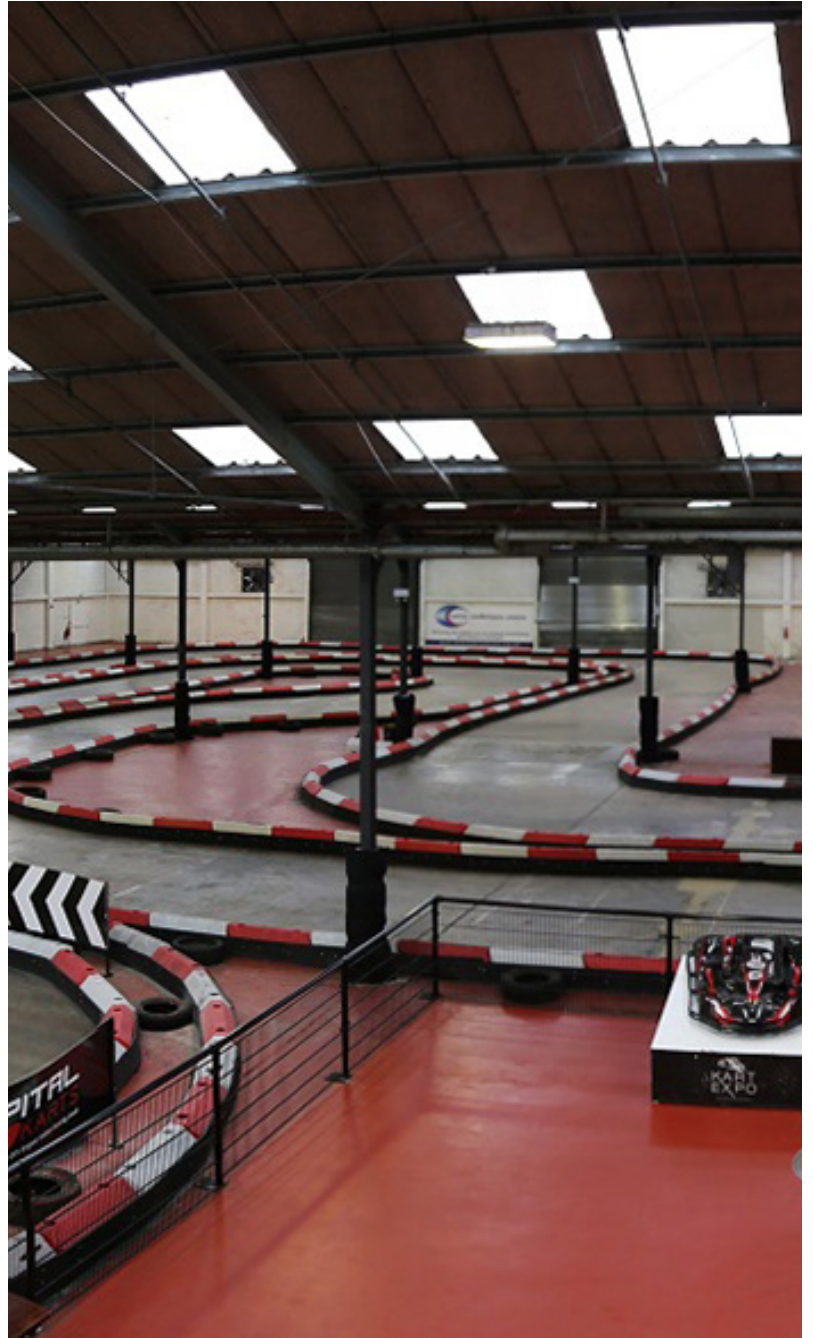
#### CAPITAL KARTS HOLDINGS LIMITED

**Capital Karts is an indoor leisure business in East London offering the largest indoor go karting track in the UK and a high quality trampoline park.**

As reported in the last update, Capital Karts managed to secure terms for a new site in Canary Wharf (London), with the target of opening in spring 2022. In what is a very substantial step forwards for the company, this transaction did go ahead, and the new site opened on target, in April of this year. The new site is centrally located within Canary Wharf in Cabot Square, and trading has commenced very positively.

Part of the strategy of opening the new site, was an organised withdrawal from the original site, which would have needed substantial capital expenditure and was being run under a licence to operate, rather than under the security of an institutional lease. The withdrawal has now been completed, leaving management to focus on the significantly higher-potential site at Canary Wharf. The opening of the new site has also attracted interest from some of the leading institutional landlords in the UK, who are now in early-stage discussions with Capital Karts about expanding to other locations.

While trading has opened well and the new site has a lot of promise, we are not yet adjusting the holding valuation of Capital Karts upwards. This is because the site is still early in its trading history. If it continues to perform well, there is a good chance of the holding value of this position recovering.



Puma EIS Participation  
£1.19m

INVESTMENT AMOUNT  
£1.19m



SUB-SECTOR  
Indoor  
Go Karting



LOCATION  
London



YEAR OF INVESTMENT  
2018



## SA FITNESS HOLDINGS LIMITED (NRG)

### INVESTMENT UPDATE

#### SA FITNESS HOLDINGS LIMITED (NRG)

**NRG Gym is a gym business aimed at price-sensitive Millennials with a keen interest in sports and fitness. The business operated sites in Gravesend and Watford when we invested, and has since added gyms in Walsall, Lewisham and Stretford.**

The gym sector in general faced a challenging trading environment brought on by the pandemic, which resulted in a number of gym companies having to either restructure or enter into administration. NRG Gym's management team did an impressive job of navigating this challenging period to come out of the pandemic with a higher membership base than they had before.

In January 2022, the company opened its new flagship site in Stretford, Manchester, its largest site to date. This site is significantly ahead of forecasts and enjoyed the quickest growth for any NRG Gym site – to over 4,000 members.

NRG Gym is undertaking a third-party analysis of its existing customer base, to gain a deeper understanding of its target market. The results of this will ultimately be used by management to determine optimal site locations going forward.

The company is currently profitable, and although it will not be immune to current inflationary challenges in the market, it is in a good position to navigate these.



Puma EIS Participation  
**£3.58m**

INVESTMENT AMOUNT  
£5.00m



SUB-SECTOR  
**Gyms**



LOCATION  
**Nationwide**



YEAR OF INVESTMENT  
**2018**

## HOT COPPER (GROUP)

### INVESTMENT UPDATE

#### HOT COPPER (GROUP)

The Hot Copper Pub Company merged with two Brewhouse & Kitchen franchisee companies, which were backed by Puma managed funds, in December 2020. Brewhouse & Kitchen is the largest brewpub brand in the UK, distinctive for brewing its own unique craft beers onsite, and running a participatory experience with beer tasting and brewing masterclasses.

The company owns the freehold on a number of its sites, so the overall value of the organisation is underpinned by assets. The management team are highly experienced, and despite the challenges of Covid-19, they were successful in managing their cash resources effectively. Revenues during May-November 2021 were up 2.5% compared to the same period pre-pandemic.

Hot Copper is well capitalised to navigate a demanding trading environment, and the current focus is on managing rising utility and supplier prices, to ensure any price rises are as low as possible.

The company has made significant investments to improve its sustainability and environmental impact, and is on a journey of continuous improvement. It has made real inroads into reductions in energy usage, including the launch of MinuteView – an energy performance portal – for immediate real-time tracking of energy use data within the business, and it has recycled more than 66,000 litres of oil during the last 12 months.



Puma EIS Participation  
£7.91m

INVESTMENT AMOUNT  
£7.91m



SUB-SECTOR

Pubs &  
Microbreweries



LOCATION

Nationwide



YEAR OF INVESTMENT

2015



## ROSEBOURNE LIMITED

### INVESTMENT UPDATE

#### ROSEBOURNE LIMITED

**Rosebourne is an expanding garden centre business operating from three sites in the UK: two large purpose-built sites in the South of England, and a further smaller site that it has not yet fully developed, near Solihull.**

Puma Funds invested a total of £6.7m to allow Rosebourne to establish the three sites. The business model is centred on a high-quality food and beverage offering in the onsite restaurants, allowing consumers a quality dining experience. This helps to drive affluent consumers to the centres and increase customer dwell time on site.

Rosebourne has had a good trading year, supported by a strong retail environment in the UK for horticulture. The pandemic and post-pandemic recovery have provided a positive mix of factors: people spending more time at home, limitations on other discretionary spending such as holidays and eating out, and consumers accumulating larger-than-normal savings balances.

The company continues to expand its online offering, to allow a greater omnichannel retail experience for many customers who have transitioned to online purchasing during the pandemic. Ongoing supply-chain management has been a notable success throughout the year, with the company successfully navigating very tricky supply chain conditions.



Puma EIS Participation  
£6.70m

INVESTMENT AMOUNT  
£6.70m



SUB-SECTOR

Garden Centres  
& Homeware



LOCATION

Nationwide



YEAR OF INVESTMENT

2016

## FREDERICA TRADING LIMITED

### INVESTMENT UPDATE

#### FREDERICA TRADING LIMITED

As you will know from our previous investor updates, Frederica Trading had been operating as a contracting services company, providing turnkey solutions to construction projects to clients across a range of sectors.

The board of Frederica made the decision, following the completion of the company's final project, to cease operating as a contracting services company and use its balance sheet to undertake secured lending. Frederica implemented this by becoming a member of Oasis Lending LLP ("Oasis") and deploying its funds alongside the existing members of Oasis.

#### About Oasis

Oasis aims to deliver reliable and stable returns to investors having undertaken secured lending activity for more than five years. Oasis is advised by Puma Property Finance, part of Puma Investments, which has arranged over £1 billion of loans and construction projects with no capital losses to date. Oasis itself has participated in over £50 million of loans with no capital losses to date. Oasis lends only on a first charge basis and diversifies its loan book across several sectors and geographically across the UK.

## EXAMPLE OASIS TRANSACTION

### CARE HOME IN BICKERSHAW, WIGAN



#### Overview of the Loan

Oasis participated in a £5.7m million development loan to fund the development of a new 66 bed care home in Bickershaw, Wigan.

#### Key Features

**Experienced developer:**

The developer has successfully delivered multiple projects over the last ten years throughout the UK.

**Strong demand:**

An independent body conducted research and identified strong demand for care home beds in the immediate areas surrounding the property.

**High quality:**

The quality of accommodation and facilities will be superior to other provisions in the surrounding areas.



Puma EIS Participation  
**£9.7m**

INVESTMENT AMOUNT  
£9.7m



SUB-SECTOR

**Secured Lending**



LOCATION

**Nationwide**



YEAR OF INVESTMENT

**2015**



## MIRFIELD CONTRACTING LIMITED

### INVESTMENT UPDATE MIRFIELD CONTRACTING LIMITED

As you will know from our previous investor updates, Mirfield Contracting had been operating as a contracting services company, providing turnkey solutions to construction projects to clients across a range of sectors.

The board of Mirfield made the decision, following the completion of the company's final project, to cease operating as a contracting services company and use its balance sheet to undertake secured lending. Mirfield implemented this by becoming a member of Oasis Lending LLP ("Oasis") and deploying its funds alongside the existing members of Oasis.

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##### High quality:

The quality of accommodation and facilities will be superior to other provisions in the surrounding areas.



Puma EIS Participation  
**£8.4m**

INVESTMENT AMOUNT  
£8.4m



SUB-SECTOR

**Secured  
Lending**



LOCATION

**Nationwide**



YEAR OF INVESTMENT

**2016**

## SIGNAL BUILDING SERVICES LIMITED

### INVESTMENT UPDATE

#### SIGNAL BUILDING SERVICES LIMITED

A contracting services company.

Signal Building Services successfully completed a project to provide contracting services in relation to the construction of 41 residential units comprising six detached houses, eight semi-detached houses and 27 apartments in Bushey, Hertfordshire.

The company is currently engaged in a project to provide a turnkey solution for the construction of a 60-bed care home in Wilmslow, Greater Manchester. The client is an experienced operator of development-led care homes, having successfully developed and operated nine care homes, totalling over 650 beds.



Puma EIS Participation  
£0.8m

INVESTMENT AMOUNT  
£2.0m



SUB-SECTOR

Contracting  
Services



LOCATION

Nationwide



YEAR OF INVESTMENT

2017





## PUMA INVESTMENTS

Investment Manager

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57 St James's Street  
London SW1A 1LD

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Investor Enquiries: 020 7408 4100

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The information in this document was captured in 28 February 2022, unless stated otherwise, and therefore may not be current.

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