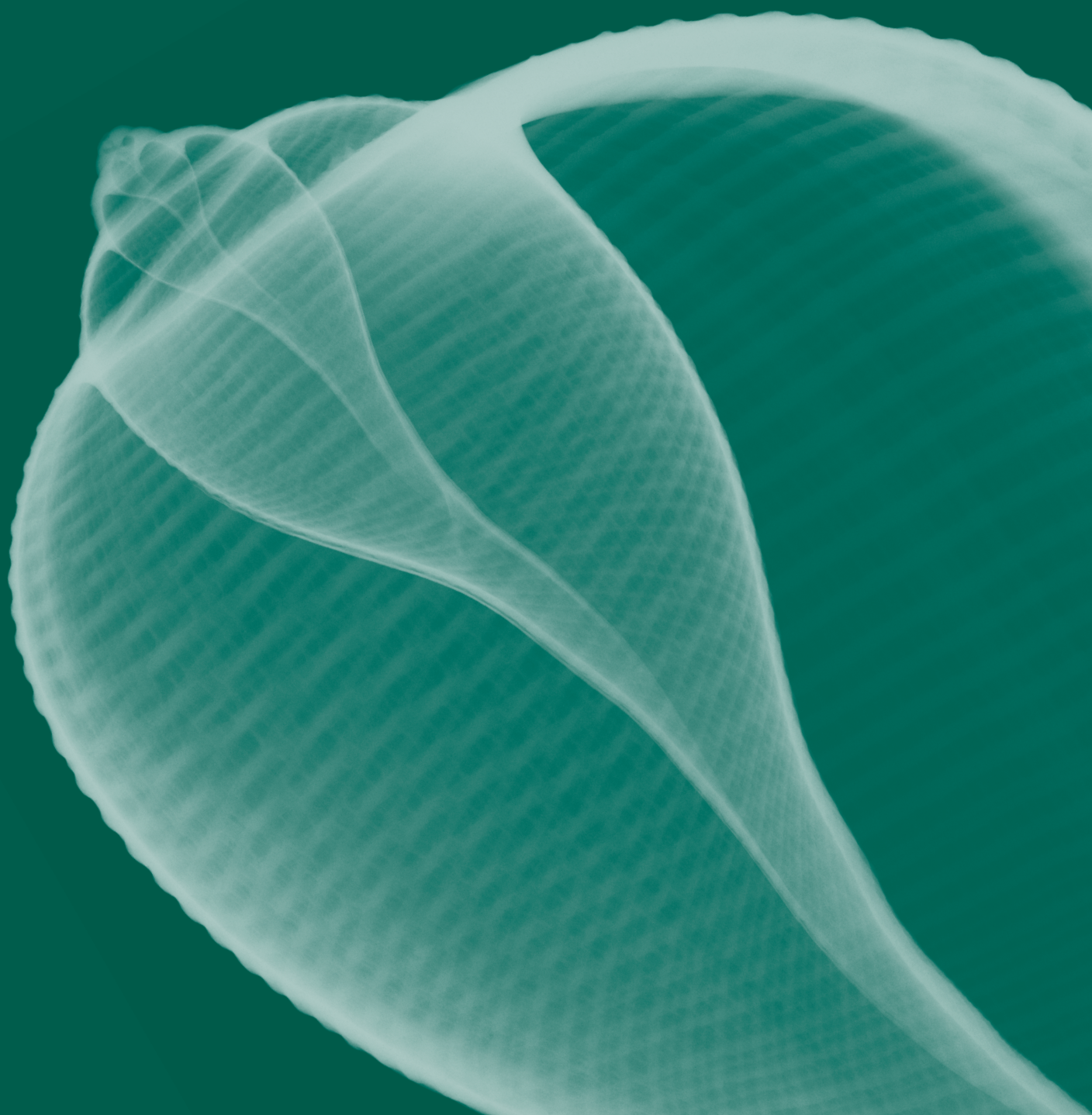




PUMA EIS
Calculated Excellence

INVESTOR UPDATE
AUGUST 2021





Puma EIS Fund update

INVESTMENT MANAGER'S UPDATE

The year was of course dominated by the Covid-19 pandemic, which has continued to impact business and consumer trends. Puma EIS has several holdings in businesses characterised by operational real estate (physical trading spaces open to the public) such as pubs, gyms and garden centres. These businesses were, unfortunately, particularly exposed to the crisis, and were instructed to close for a prolonged period. However, losses have been minimised across the portfolio during this period by way of a combination of factors, including the freehold-bias in our portfolio keeping property costs low, Government support schemes, and increased interaction between management teams with our internal and external advisory resources.

Some major macroeconomic trends have also been accelerated. As the UK entered the pandemic at the beginning of 2020, the core outlook was of a high debt, low interest rate, low inflation model. In such an environment, innovative, fast growing companies tend to attract high values as it is easier to buy growth than to create it organically. Overall, such an environment is supportive of small company investing, as it is stimulative of exits at good valuations.

Now, as the country begins to emerge from the Covid dislocation, it is evident that the economy has been thrust forwards on that trajectory by several years. National debt levels are very much higher while interest rates remain very low. In fact, we risk being in a position where governments and Central Banks (now more entwined than they have been for probably 30 years) cannot afford to raise interest rates. That raises material concerns about inflation.

Further, this has not been a 'conventional' recession. There has been considerable uncertainty throughout this period but the scale of Government support has been unprecedented. Of particularly relevance to businesses backed by Puma EIS were the Furlough Scheme, Rates relief and VAT relief. The majority of this support still needs to be unwound, and in our view, it would be unwise to assume that we are now in an early cycle recovery phase like any other.

On that basis we are working with management teams to remain cautious with cash and retain a tight focus on efficiency. Puma has a highly involved and hands-on approach to portfolio management. This keeps us close to the management teams that Puma EIS has backed and allows us to help them deal with challenges that arise.



Rupert West
 Managing Director,
 Puma Private Equity

Risk Factors

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.

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.

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.

£1.6bn+

ASSETS UNDER MANAGEMENT

c200

GROUP EMPLOYEES

£580m

RAISED IN TAX EFFICIENT INVESTMENTS

£88m

RAISED UNDER THE ENTERPRISE INVESTMENT SCHEME

36

YEAR GROUP HISTORY

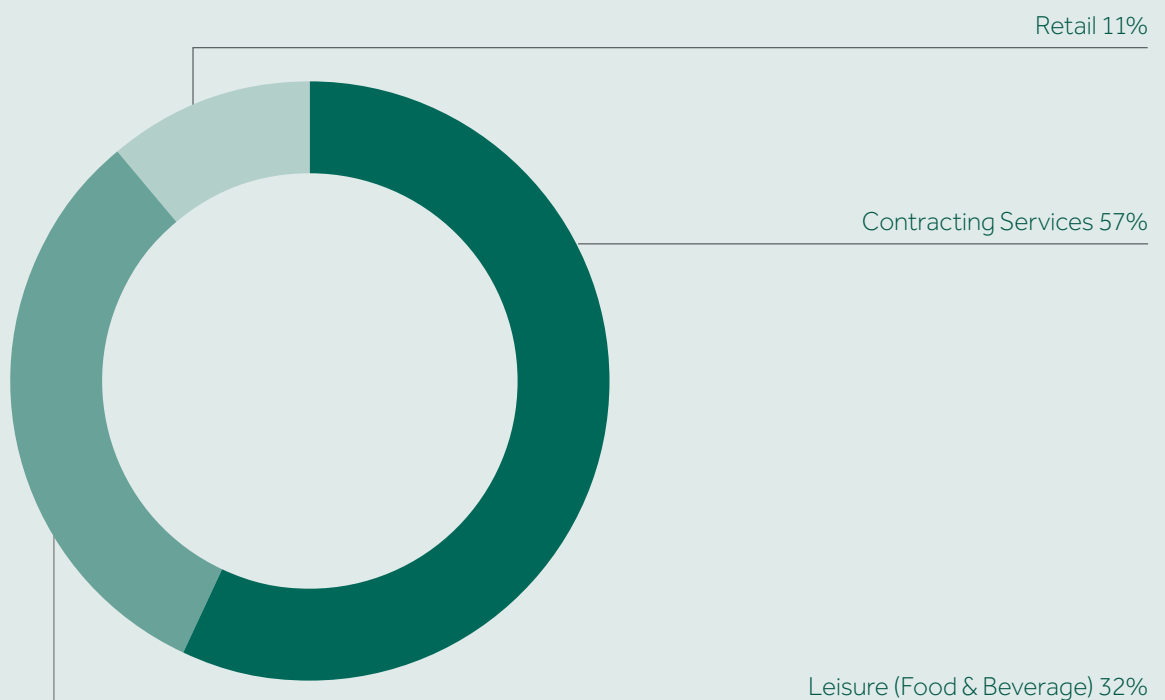
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OFFICES

GUERNSEY, LONDON, LIVERPOOL, EDINBURGH AND BERLIN

As at 31 August 2021

SECTOR BREAKDOWN OF PUMA EIS DEPLOYMENT TO DATE



DERBY PUB COMPANY LIMITED

INVESTMENT UPDATE

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

- Following a period of closure over the first lockdown, the sites were able to open in summer 2020, and traded above expectation up until closure for the winter lockdown.
- All Derby sites reopened on 17th May of this year in line with government regulation.
- The company is exploring options for portfolio disposal, aiming for, but not guaranteeing, full realisation this year.
- This will require a strong recovery during the summer to support buyers coming into the market.
- These pubs usually trade as 'wet-led' (pubs that derive less than 50% of their income from sales of food) therefore the current requirement for table-only service is a severe restriction.
- Puma continues to work closely with management during this challenging period for the pub sector, on the basis that it is likely that it will take some time for the market in 'wet-led' pub assets to normalise.



INVESTMENT AMOUNT

£6.26m
Total Investment



SUB-SECTOR

Pubs



LOCATION

Midlands-
focussed



DATE OF INVESTMENT

2014

MIRFIELD CONTRACTING LIMITED

INVESTMENT UPDATE

A contracting services company developing a strong track record in the residential and care sectors.

- Mirfield continues to undertake a project to provide a turnkey solution for construction of purpose-built student accommodation of up to 245 bedrooms in Portswood, Southampton.
- The scheme is due to be completed in time for the 2021/22 academic year. The site will feature two separate buildings each with unique character.
- The property is located on Portswood Road, approximately 10 minutes' walk from the University of Southampton Highfield Campus.
- The site is also approximately two miles from the City Centre and is well linked to the local transport network including both bus and rail services.
- The company is delighted to be working with an experienced client on this project.



INVESTMENT AMOUNT

£8.4m
Total Investment



SUB-SECTOR

**Contracting
Services**



LOCATION

Nationwide



DATE OF INVESTMENT

2016

CAPITAL KARTS HOLDING LIMITED

INVESTMENT UPDATE

An indoor leisure business in East London offering the largest indoor go karting track in the UK and a high-quality trampoline park.

- As previously reported, Capital Karts experienced trading challenges in the lead-up to the pandemic, as the demand for its trampoline park remained below expected levels for some time. This was further impacted by the pandemic and the closure of its site in line with government regulation.
- During this period of closure, time was used for maintenance of its track and carts.
- In early summer 2020, the site was able to reopen and had some record months with material growth rates versus the prior year.
- This improved performance, although brief as the site was closed again over the winter lockdown, is indicative of potential value gain over time.
- The site was able to open on 17th May of this year. In the lead-up to this, the company had built up cash reserves during lockdown and prepared resources to support a well-planned reopening.
- Trade since this most recent reopening has been very encouraging.



INVESTMENT AMOUNT

£1.2m
Total Investment



SUB-SECTOR

Indoor
Go Karting



LOCATION

East London



DATE OF INVESTMENT

2018

FREDERICA TRADING LIMITED

INVESTMENT UPDATE

A contracting services company developing a strong track record in residential and commercial construction.

- Frederica recently completed a project to provide contracting services for the construction of a Build-To-Rent scheme of 206 apartments in Cardiff city centre.
- The client had good experience of Build- to-Rent schemes having delivered over 600 bedrooms across five assets over the last five years in the UK.
- Frederica has recently written to its investors about the decision to change its trade and become a member of Oasis Lending LLP.



INVESTMENT AMOUNT

£9.7m
Total Investment



SUB-SECTOR

Contracting
Services



LOCATION

Nationwide



DATE OF INVESTMENT

2015

SA FITNESS HOLDINGS LIMITED (NRG)

INVESTMENT UPDATE

NRG 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 and Lewisham.

- Having closed during the first lockdown, NRG gyms reopened in July 2020 in line with government regulations. Upon reopening, the company was soon trading at membership levels higher than before the first lockdown, following its focus on marketing during lockdown.
- The sites closed due to lockdown in November 2020 during which the company utilised government grant schemes, including the job retention scheme, the restart grant and the local restrictions support grant.
- The company is exploring options for digital offerings after success streaming instructional videos from its trainers over lockdown. These efforts rest on its growing membership base and ability to engage customers via social media, particularly Instagram.
- The business continues to evolve its sales messaging, supported by the physical sites, media use and its website, to resonate with target customers and drive up yield.
- Post period end, the gyms reopened in April 2021 in line with government regulations, with indoor classes from May. Encouragingly, membership numbers have reached and, in some cases, eclipsed pre-pandemic levels.



INVESTMENT AMOUNT

£5.0m

Participation
£3.6m



SUB-SECTOR

Gyms



LOCATION

Nationwide



DATE OF INVESTMENT

2018

HOT COPPER (GROUP)

INVESTMENT UPDATE

In December 2020, Hot Copper acquired two other Brewhouse & Kitchen franchisee companies on a share-for-share basis, resulting in a nine-pub operating group. Shareholders are now exposed to a pub group with a diverse, mostly freehold estate, a solid financial position, and sufficient free cash to exploit acquisition opportunities which may arise from the current challenging climate.

- Naturally, this has been a difficult time for pub businesses due to the extreme restrictions on trade over the last year and a half. Although there have been some very encouraging trading figures from the pubs when open, Hot Copper has had to focus primarily on managing cash.
- The Brewhouse & Kitchen brand has been well supported during this time, with investment into their "B&K On Tap" app, which has digitised the customer journey, This will support labour efficiencies and create better understanding of customer-bases.
- When hospitality reopened in April, trade for Hot Copper began well, with several units posting gains on 2019 trading levels despite operating with significant restrictions. This trade benefits from ongoing government support, including rates relief, flexi-furlough and the reduction of VAT on food sales from 20% to 5%.
- In April, Brewhouse & Kitchen won 'Best Pub Employer' at the 2021 Publican Awards and was shortlisted as 'Best Managed Pub Company'. The reputational benefits of these awards will help Hot Copper as a franchisee.



INVESTMENT AMOUNT

£20.2m

Participation
£7.9m



SUB-SECTOR

Pubs &
Microbreweries



LOCATION

Nationwide



DATE OF INVESTMENT

2015

SIGNAL BUILDING SERVICES LIMITED

INVESTMENT UPDATE

A contracting services company.

- Signal continues to provide contracting services in relation to a project for the construction of 41 residential units comprising six detached houses, eight semi-detached houses and 27 apartments in Bushey, Hertfordshire. The site is well located being a 10 minute walk to Bushey Heath High Street where there are numerous amenities and across from Stanmore Common, a public open space which forms part of the attractive landscape with abundant tree cover for privacy. The road itself is one of the most exclusive roads in Bushey Heath with local agents viewing it as particularly sought after. The client is a highly experienced residential developer.
- The company has recently commenced 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.



INVESTMENT AMOUNT

£0.8m
Total Investment



SUB-SECTOR

Contracting
Services



LOCATION

Nationwide



DATE OF INVESTMENT

2017

ROSEBOURNE LIMITED

INVESTMENT UPDATE

An expanding garden centre business in England operating from three sites including its most recent opening in Solihull.

- Rosebourne sales continue to remain strong in 2021. As with the first lockdown, gardening in the UK was very popular during the winter lockdown, and subsequently Rosebourne saw growing demand from customers for garden supplies and garden furniture.
- Throughout the pandemic, large physical retail stores with an upper-middle economic customer demographic have proved very resilient.
- The centres' restaurants were closed in line with government regulation at the outbreak of the pandemic and remained closed throughout the early months of 2021. During this period, excellent sales figures from other departments compensated for this loss of revenue.
- The restaurants are now operating, although at reduced capacity, under current government restrictions.



INVESTMENT AMOUNT

£6.7m
Total Investment



SUB-SECTOR

Garden Centres
& Homeware



LOCATION

Nationwide



DATE OF INVESTMENT

2016



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The information in this document was captured in August 2021 and therefore may not be current.

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