

Downing ONE VCT plc

Ordinary share

Top-up

Investor guide

Key points

- Generalist investment strategy with a focus on growth and income investments.
- 30% income tax relief subject to personal circumstances and a five-year holding period.
- Target dividend of 4% p.a. - equivalent to a 5.7% tax-free yield on the current offer price after 30% income tax relief (please note, this is not guaranteed).

Please see key risk factors overleaf.

Downing ONE is one of the larger, more diversified VCTs in the UK with net assets of approximately £90 million. It is now seeking to raise £20 million to support the growth of existing portfolio companies and take advantage of a strong pipeline of new opportunities.

Investment strategy

Downing ONE aims to provide attractive returns from a blend of income-focused and growth investments.

Existing income-focused investments are mostly in unquoted companies that own assets or have predictable revenue streams (e.g. pubs, children's nurseries and health clubs).

Growth investments are typically high risk with the potential for high capital growth, such as unquoted companies in the e-commerce and technology sectors and companies quoted on AIM or the NEX Exchange Growth Market.

As at 31 August 2017, Downing ONE's portfolio comprised 61% income investments and 39% growth investments.

Investors in Downing ONE will benefit from access to a mature portfolio of approximately 80 investments, including renewable energy and care home businesses.

Attractive VCT tax reliefs

- **30% income tax relief** of the amount subscribed provided the VCT shares are held for at least five years.
- **Tax-free distributions and capital gains.**

Please note that this is a very brief summary of the current UK tax reliefs on VCTs. All tax reliefs are subject to change in the future and personal circumstances. In addition, the availability of tax reliefs depends on the companies maintaining their qualifying status. Please refer to the HMRC website for further guidance on the tax reliefs available on VCT investments or consult your adviser.

The benefits of investing in a larger VCT

In comparison to smaller VCTs, investors in Downing ONE can benefit from:

- **Lower running costs:** the annual running costs are capped at 2.75% of net assets - one of the lowest expense caps in the VCT sector.
- **Increased liquidity:** this should help to facilitate the Company's intention to offer regular share buybacks at 5% discount to the latest published NAV (subject to VCT regulations, market conditions, and liquidity).
- **Greater diversification:** currently, no single investment accounts for more than 7% of the portfolio by value.

Tax-free dividends

Downing ONE intends to pay an annual dividend of at least 4% p.a. based on its latest published net asset value (NAV) - equivalent to a tax-free yield of 5.7% p.a. on the current offer price (after 30% income tax relief). Please note that this is a target and is not guaranteed, and is subject to liquidity and VCT regulations.

Dividend reinvestment scheme

Investors can reinvest dividend payments in new shares, which should qualify for the usual VCT tax benefits.

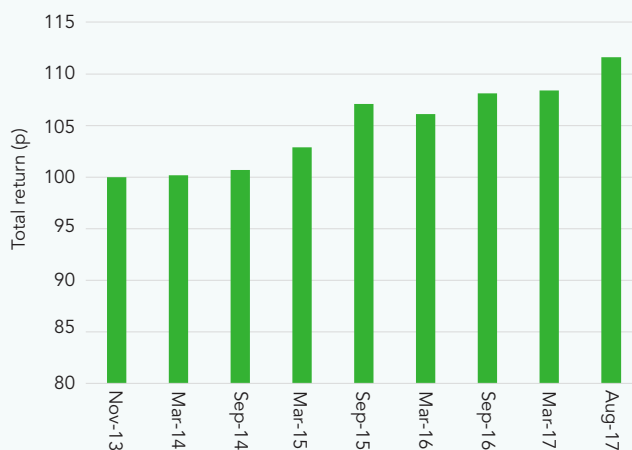
Monthly subscription option

The maximum individual subscription per tax year remains at £200,000 (£16,666 per month), and the minimum monthly subscription will be £500 per month.

Track record of Downing ONE

Downing's first VCT, Downing Absolute Income VCT 1, launched in 1997 at a price of 100p per share. By November 2013, its total return was 153.7p per share. At that point, it merged with five other VCTs to form Downing ONE VCT, whose shares were rebased to a price of 100p per share.

The track record of Downing ONE VCT since the merger is set out below. Please remember, past performance is not a reliable indicator of future results.



Please note the NAV for 31 August 2017 is unaudited. Source: Downing LLP.

Example investment

Empiribox

Empiribox provides UK primary school teachers with the equipment, lesson plans and CPD-accredited support to deliver engaging and practical science lessons.

Empiribox was founded in 2014 by former science teacher Dan Sullivan to help improve the standard of science teaching in primary schools and encourage more students to take the subject at A-Level.

Since then, the company has seen strong growth and now supplies more than 20,000 pupils across 150 UK schools.



Offer details

- **Offer size:** £20 million top-up
- **Minimum investment:** £5,000 lump sum or £500 per month
- **Maximum investment:** £200,000 per tax year lump sum or £16,666 per month

Charges

- **Initial charge:** 2% (advised retail or direct investors)
4% (execution-only or professional clients)
- **Management charge:** 1.8% p.a. of net assets

Other charges apply. Please see the Prospectus for full details of the offer and charges.

Special offer for early applications

- **Applications received by 3pm on 31 October 2017:** 1% reduction in offer costs.
- **Applications received between 1 November 2017 and 3pm on 28 February 2018:** 0.5% reduction in offer costs.

Find out more

You can find out more about this offer by visiting our website at www.downing.co.uk/vct or by calling our Investor Hotline on 020 3578 9299.

Risk factors

The key risks associated with an investment in Downing ONE are listed below. Please refer to the Prospectus for a full list of risk factors.

- **Capital is at risk:** the value of shares in the VCT can fluctuate. There is no guarantee that the valuation of shares will fully reflect their underlying net asset value, or that you will be able to buy and sell at that valuation or at all.
- **You may lose money:** Downing ONE invests in small unlisted companies which are higher risk than larger “blue-chip” companies. The value of shares may go down as well as up and you may not receive back the full amount invested. In addition, there is no certainty as to the level of dividends.
- **Tax reliefs are not guaranteed:** the availability of the tax reliefs depends on the companies invested in maintaining their qualifying status. If Downing ONE does not maintain VCT qualifying status investors could lose the upfront 30% income tax relief and all other tax reliefs. All tax reliefs are subject to change in the future and personal circumstances. Please refer to HM Revenue & Customs’ website for further guidance on the tax reliefs available on VCT investments.
- **This is a long-term investment:** you should be prepared to hold your shares for a minimum of five years to qualify for the VCT tax reliefs available.
- **You cannot rely on past performance:** Past performance is not a reliable indicator of future performance.
- **VCT rules are restrictive:** Downing ONE’s ability to obtain maximum value from its investments may be limited by the VCT rules. Changes in the VCT rules may be applied retrospectively and may reduce the level of returns for investors.

11 September 2017

Downing



Downing LLP, Ergon House,
Horseferry Road, London SW1P 2AL
020 7416 7780 / www.downing.co.uk

Important notice

This document has been prepared for retail investors and their advisers and has been approved and issued as a financial promotion under the Financial Services and Markets Act 2000 by Downing LLP. This document is for information only and does not form part of a direct offer or invitation to purchase, subscribe for or dispose of securities, or to enter into any investment service, and no reliance should be placed on it. Investors should only subscribe on the basis of the Prospectus only after taking appropriate advice. Downing LLP does not offer investment or tax advice or make recommendations regarding investments. Downing LLP is authorised and regulated by the Financial Conduct Authority.