



Downing THREE VCT plc

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Securities Note

Downing



This document, the Registration Document and the Summary, which together comprise the Prospectus dated 11 December 2014 relating to the Company, have been prepared in accordance with the Prospectus Rules made under section 73A and in accordance with section 84 of FSMA and have been approved by, and filed with, the FCA.

Application has been made to the UK Listing Authority for all the J Shares, issued and to be issued in the capital of the Company, to be admitted to the premium segment of the Official List. Application will also be made to the London Stock Exchange for all the J Shares, issued and to be issued in the capital of the Company, to be admitted to trading on its main market for listed securities. Subject to the Minimum Subscription being received by 3.00 p.m. on 2 April 2015, it is expected that Admission of the first allotment of J Shares will become effective, and that dealings in these shares will commence, by 10 April 2015 and, in respect of subsequent allotments thereafter, within 20 Business Days of allotment.

The Company and its Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Howard Kennedy Corporate Services LLP is acting as sponsor and Downing LLP is acting as promoter of the Company in connection with the Offers, and neither of them is advising any other person or treating any other person as a customer or client in relation to the Offers or (subject to the responsibilities and liabilities imposed by the FSMA or the regulatory regime established thereunder) will 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.

The Company and the Directors consent to the use of the Prospectus and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offers. The Offers are expected to close on 30 April 2015, unless previously extended by the Directors, but may not extend beyond 10 December 2015. There are no conditions attaching to this consent. Financial intermediaries may only use the Prospectus in the UK.

Information on the terms and conditions of the Offers will be given to Investors by financial intermediaries at the time that the Offers are introduced to Investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with this consent.

Downing THREE VCT plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 05334413)

Offers for Subscription for the 2014/15 and 2015/16 tax years of up to 25,000,000 J Shares in the capital of the Company

Sponsor

Howard Kennedy Corporate Services LLP

Promoter

Downing LLP

Share capital of the Company immediately following the Offers, assuming Full Subscription and ignoring the over-allotment facility:

Share class	Issued and to be issued fully paid	
	No. of Shares	Nominal value
A Shares (ISIN: GB00B3D74T59)	10,750,064	£10,750.06
C Shares (ISIN: GB00B3D75146)	7,158,326	£7,158.33
D Shares (ISIN: GB00B4V7FP75)	9,979,109	£9,979.11
E Shares (ISIN: GB00B4VZ1D11)	14,994,862	£14,994.86
F Shares (ISIN: GB00B6ZS1P26)	10,821,660	£10,821.66
H Shares (ISIN: GB00BH7Y7B35)	12,090,960	£12,090.96
J Shares (ISIN: GB00BSTK6426)	25,000,000	£25,000.00

The subscription list for the Offers will open on 11 December 2014 and may close at any time thereafter but, in any event, not later than 3.00 p.m. on 2 April 2015 in the case of the 2014/15 Offer and not later than 3.00 p.m. on 30 April 2015 in the case of the 2015/16 Offer, unless previously extended by the Directors (but to no later than 10 December 2015). The terms and conditions of the Offers are set out on pages 17 to 18 of this document and are followed by Application Forms for use in connection with the Offers. If the Minimum Subscription is not received by 3.00 p.m. on 2 April 2015, the Offers will be withdrawn and application monies will be returned to applicants within seven business days of such date, at their own risk, without interest. The Offers are not underwritten.

Assuming Full Subscription, the net proceeds of the Offers will be £25 million. If the Offers are over-subscribed, they may be increased at the discretion of the Board to no more than £35 million in total (35,000,000 J Shares in total).

Your attention is drawn to the risk factors set out on page 1 of this document. An investment in the Company is only suitable for Investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise. This document should be read in conjunction with the Summary and Registration Document, which may be obtained from the Promoter of the Offers:

Downing LLP
Ergon House, Horseferry Road
London SW1P 2AL

telephone: 020 7416 7780
download: www.downing.co.uk
email: vct@downing.co.uk

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Offer Statistics

Initial NAV per J Share at the close of the Offers	100.00p
Net proceeds of the Offers, at Full Subscription, ignoring the over-allotment facility	£25,000,000
Number of J Shares in issue, following the Offers, at Full Subscription, ignoring the over-allotment facility	25,000,000

If the Minimum Subscription is not received by 3.00 p.m. on 2 April 2015, the Offers will be withdrawn. In the event that the Minimum Subscription is not received, subscription monies will be returned to Investors within seven business days of 2 April 2015, at their own risk, without interest.

Early Applications

Accepted valid applications which are received by certain dates will benefit from the offer costs (as a percentage of the amount subscribed) being reduced by the amounts set out below:

Applications received	Reduction in offer costs
by 28 January 2015	1.5%
29 January 2015 – 6 March 2015	1.0%
on or after 7 March 2015	nil

These reduced offer costs will be met by Downing through an equivalent reduction in its Promoter's Fee.

Risk Factors

Your capital is at risk if you invest in the Company and you may lose some or all of your investment.

The Company's business, financial condition or results could be materially and adversely affected by any of the risks described below, in no particular order of priority. In such cases, the market price of the J Shares may decline as a result of any of these risks and Investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company. The Directors consider the following to be all the material risks for potential Investors in the Company:

- Although it is intended that the Company will be managed so as to continue to qualify as a VCT, there is no guarantee that such status will be maintained. Failure to do so could result in adverse tax consequences for Investors, including being required to repay the 30% VCT income tax relief.
- The levels and bases of reliefs from taxation may change and changes could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors. The Company's objectives have been set on the basis that all Investors obtain 30% VCT income tax relief on their subscriptions. Therefore, this investment may not be suitable for Investors who do not qualify for the full 30% VCT income tax relief.
- If any of the Company's investments do not perform to plan, then there could be a shortfall or delay in receipt of the Shareholder Proceeds and hence a reduction in the return to J Shareholders. In addition, if there is a change in VCT legislation, or the interpretation of existing VCT legislation, such that the payment of Shareholder Proceeds has an adverse effect on the Company's VCT status or J Shareholders' VCT status, then such payments may not be made.
- Although the J Shares will be Listed, it is highly unlikely that a liquid market in the J Shares will develop as the initial VCT income tax relief is only available to those subscribing for new shares and there may never be two competitive market makers. It may, therefore, prove difficult for J Shareholders to sell their J Shares. In addition, there is no guarantee that the market price of the J Shares will fully reflect their underlying NAV or the ability to buy and sell at that price. It should be noted that shares held in VCTs usually trade at a discount to the VCT's net asset value.
- The ability of the Company to dispose of its investments after five years may be limited at that time in the event of poor prevailing economic conditions and, in particular, where there is limited availability of finance to potential purchasers. In such circumstances, the payment of Shareholder Proceeds could be delayed and the amount reduced.
- J Shareholders should be aware that the sale of J Shares within five years of their subscription will require the repayment of some or all of the 30% VCT income tax relief obtained upon investment. Accordingly, an investment in the Company is not suitable as a short or medium term investment.
- Shareholders should note that if they have sold, or if they sell, any shares in the Company within 6 months either side of the subscription for the Offer Shares, then for the purposes of calculating the tax relief on the Offer Shares the subscribed amount must be reduced by the amount received from the sale. This restriction applies in relation to claims to tax relief on shares issued after 5 April 2014, following changes introduced in Finance Act 2014.
- Most of the Company's investments are likely to be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. This may affect the availability of Shareholder Proceeds.
- In order to comply with VCT legislation, the Qualifying Companies, in which the Company will invest at least 70% of its capital within three years, will generally be small companies that have a higher risk profile than larger companies and may not produce the hoped for returns. Accordingly, Investors could get back less than the full amount they invested. Additionally, the Qualifying Companies may also have limited trading records, and therefore, may not produce the anticipated returns.
- There is no guarantee that the Company's objectives will be met or that suitable investment opportunities will be identified.
- The Company's ability to obtain maximum value from its investments (for example, through their sale) may be limited by the requirements of the relevant VCT legislation in order to maintain the VCT status of the Company (such as the obligation to have at least 70% by value of each VCT's investments in Qualifying Investments).
- The past performance of investments made by the Company, Downing VCTs or Management should not be regarded as an indication of the performance of investments to be made by the Company.
- Changes in legislation in respect of VCTs and Qualifying Investments in general and qualifying trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives and/or reduce the level of returns which would otherwise have been achievable.
- The value of J Shares is dependent on the performance of the Company's underlying investments. The value of the investments and the dividend stream from them can rise and fall.

Letter from the Chairman of the Company

Downing THREE VCT plc
Ergon House, Horseferry Road
London SW1P 2AL
11 December 2014

Dear Investor

Subscriptions to VCTs currently attract income tax relief at the rate of 30%. This means that for every £1 invested the net cost to Investors should be 70p. Set out below is a table illustrating the hypothetical returns to Investors at five different levels of Shareholder Proceeds, paid out during the period approximately six years from investment.

Illustrative returns based on an investment of £1 ¹				TARGET	
Shareholder Proceeds	80p	90p	100p	110p	120p
Less: net cost of investment (assuming 30% income tax relief)	(70p)	(70p)	(70p)	(70p)	(70p)
Tax-free cash profit	10p	20p	30p	40p	50p
Tax-free profit (as a % of net cost of investment)	+14%	+29%	+43%	+57%	+71%
Net Return (tax-free) ²	2.2% p.a.	4.1% p.a.	5.9% p.a.	7.6% p.a.	9.1% p.a.
Gross equivalent return ³ to 40% taxpayers	3.6% p.a.	6.9% p.a.	9.9% p.a.	12.6% p.a.	15.1% p.a.

The returns set out above are for illustrative purposes only and no forecast or projection is implied or should be inferred.

¹ The calculations above are based on an investment of 100p, and an Offer Price of 104.17p. ² The Net Return is the internal rate of return based on an investment of 100p deemed to be made on 2 April 2015, 30p VCT income tax relief deemed to be received six months later on 3 October 2015 and either 80p, 90p, 100p, 110p or 120p of Shareholder Proceeds; 50% receivable on 31 December 2020 and 50% on 30 June 2021. It should be noted that if dividends are paid during the period of the investment, then the returns to Investors will be higher than stated above, all other things being equal. ³ The gross equivalent return is compared to a source of income that is subject to income tax at an Investor's marginal tax rate of 40%. It has been calculated by dividing the Net Return by 0.6.

The key points for Investors are:

- Investment strategy** – It is intended that the focus will be on investee companies that: (i) trade from freehold premises (e.g. health clubs, children's nurseries, pubs, etc.) because these types of businesses provide a level of protection compared to companies with no tangible assets; and those that (ii) have predictable revenue streams.
- Exit opportunities** – The Company is a "planned exit" VCT, with a strategy designed to pay exit proceeds at full value (no discount to NAV), in contrast to most "generalist" VCTs. The Directors intend to give Investors the opportunity to exit their investments in the Company in approximately six years, subject to liquidity and market conditions. The Directors are targeting a minimum Net Return (inclusive of 30% income tax relief) to J Shareholders of at least 7.6% p.a. (12.6% p.a. gross equivalent to a 40% taxpayer) over the life of the J Shares. The return and exit date are only targets, not projections or forecasts, and there is no guarantee that they will be achieved.
- Key tax benefits**
 - 30% VCT income tax relief** is available on the amount subscribed up to £200,000 per tax year, provided the J Shares are held for at least five years.
 - Tax-free distributions and capital gains.**

The levels and bases of tax reliefs are subject to change and their value depends on individual circumstances.

In order to invest please read the Prospectus and complete the Application Form set out at the end of this document. If Investors have any questions regarding this investment they should contact their financial adviser. For questions relating to an application, please telephone Downing on 020 7416 7780. **Investors should note that no investment advice can be provided by Downing and their attention is drawn to the risk factors set out on page 1 of this document.**

Yours sincerely



Michael Robinson, Chairman

Part I – The Offers

Introduction

VCTs were introduced in 1995 to encourage individuals to invest indirectly in a range of small higher risk UK trading companies. VCTs are investment companies whose shares are listed on the Official List and traded on the London Stock Exchange. To date, over £5 billion has been raised by over 100 VCTs (*source: Downing*).

VCTs were created so that their investors could benefit from a spread of Qualifying Investments under the supervision of professional managers who contribute valuable experience, contacts and advice to the businesses in which they invest. For the tax benefits to be available, VCTs are required to be approved by HM Revenue & Customs for the purposes of the venture capital trust legislation. VCTs are entitled to exemption from corporation tax on any gains arising on the disposal of their investments and such gains may be distributed tax-free to investors. Dividends and capital distributions from VCTs are currently tax-free, subject to a maximum investment of £200,000 per individual per tax year and no change in VCT regulations.

The Company's initial public share offer raised gross aggregate proceeds of £10.15 million during 2005. Ordinary Shareholders who invested in 2005 had a net cost of 60p per share following the receipt of income tax relief of 40p per Ordinary Share. The investments in the Ordinary Share pool were all sold and the net proceeds distributed to Ordinary Shareholders, with the majority of funds returned during 2008 and 2009. Ordinary Shareholders received total distributions of 90.4p per Ordinary Share, equating to a tax-free return, calculated as an IRR, of 11.2% per annum (18.7% per annum gross equivalent to a 40% taxpayer).

Four further share offers have since been undertaken, none of which have yet reached their wind-up phase, during which they will return funds to investors, although the 2008 pool is expecting to begin realising investments in the coming months. As at 30 November 2014, the 2008, 2009, 2011 and 2013 Share pools of the Company held investments in 59 companies with a total unaudited value of £29.5 million.

The Company's objectives are to continue investing in VCT Qualifying Investments and maintain VCT status. The Directors are targeting a tax free return (inclusive of 30% income tax relief) to Investors of at least 7.6% per annum (12.6% per annum gross equivalent to a 40% taxpayer) over the life of the J Shares (expected to be approximately six years). These targets should not be construed as forecasts or predictions and there is no guarantee that they will be achieved.

Reasons for the Offers

The Offers have been designed for Investors seeking a portfolio of unquoted investments, whilst taking advantage of the VCT tax reliefs. The Offers will also allow the running costs for all Shareholders to be spread over a larger asset base. The Company is seeking to raise additional net proceeds of £25 million under the Offers, together with an over-allotment facility of up to a further £10 million.

The J Shares

The existing investments and cash attributable to the Existing Shares will be kept separate from the proceeds of the issue of the J Shares, which will be administered as a separate investment pool. The holders of J Shares will have the right to participate (by way of dividends and return of capital) in those assets attributable to the J Shares but not in those assets attributable to the Existing Shares. Conversely, the holders of Existing Shares will have the right to participate (by way of dividends and return of capital) in the assets attributable to the Existing Shares (as applicable) but not in those assets attributable to the J Shares.

Dividends

The Board does not intend to set an annual dividend target for the J Shares. Dividends may be paid during the lifetime of the shares (if required to maintain VCT status for example), but will be subject to the VCT regulations introduced in 2014 which place restrictions on dividends payable by VCTs in the three year period beginning at the end of the accounting period in which the shares are issued.

Taxation Benefits to Investors (see Part II for further details)

The principal VCT tax reliefs, which are available on a maximum investment of £200,000 per individual in each of the 2014/15 and 2015/16 tax years, are set out below:

- **Income tax relief at 30%** of the amount subscribed provided the VCT shares are held for at least five years. Relief is restricted to the amount which reduces the Investor's income tax liability to nil. Shareholders should note that if they have sold, or if they sell, any shares in the Company within 6 months either side of their subscription for Offer Shares, then for the purposes of calculating tax relief on the Offer Shares, the subscribed amount must be reduced by the amount received from the sale. This restriction applies in relation to claims to tax relief on shares issued after 5 April 2014, following changes introduced in Finance Act 2014.
- **Tax-free dividends and capital distributions** from a VCT.
- **Capital gains tax exemption** on any gains arising on the disposal of VCT shares.

The table below shows the effect of the initial income tax relief using an assumed gross issue price of 104.17p per J Share (based on an initial NAV of 100p and issue costs of 4%). The actual issue price will be determined by the Pricing Formula (see page 19).

Effect of initial 30% income tax relief	
Cost of investment	Per J Share
Gross subscription by Investor	104.17p
30% income tax relief	(31.25p)
Net of tax cost of investment	72.92p
Initial value of investment	
Gross subscription by Investor	104.17p
Assumed issue costs of 4%	(4.17p)
Initial Net Asset Value	100.00p
Initial "uplift" (pence)	+27.08p
Initial "uplift" (%)	+37.14%
The above table shows that, assuming income tax relief is received at 30%, the Investor's net of tax cost of investment is 72.92p per J Share and the initial NAV is 100p, an "uplift" of 27.08p per J Share or +37.14%. Investors should note that they are required to hold the J Shares for at least five years in order to retain the full amount of income tax relief and, as such, this initial uplift cannot be immediately realised.	

Should the target exit date of six years be met, Investors would have the opportunity to reinvest the proceeds of the exit into another VCT offer and benefit from further income tax relief (subject to meeting the VCT requirements on the new investment over the life of that investment), at the prevailing VCT income tax relief rate at the time of investment. Assuming VCT income tax relief stays at current levels and the target return of 110p is achieved this would give investors another 33p of income tax relief, and a total of 64.25p income tax relief in 6 years (61.7% of the initial cost of 104.17p). Neither the exit date nor the target return are projections or forecasts and should not be construed as such. VCT reliefs at the time of exit cannot be guaranteed and are only assumptions.

This is only a very brief summary of the UK tax position of investors in VCTs, based on the Company's understanding of current law and practice. Further details are set out in Part II of this document. Potential Investors are recommended to consult their own appropriate professional advisers as to the taxation consequences of their investing in a VCT. In addition, the availability of tax reliefs depends on the Company maintaining its VCT qualifying status.

Investment Policy

The investment policy for the Company is as follows:

Qualifying Investments

Qualifying Investments comprise investments in UK trading companies that own substantial assets or have predictable revenue streams from financially sound customers.

Non-qualifying investments

The funds not employed in Qualifying Investments will be predominantly invested in:

- secured loans; and/or
- Fixed Income Securities.

Secured loans will be secured on property or other assets. Fixed Income Securities will consist of bonds issued by the UK Government, major companies and institutions and will have credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated). Both Standard & Poor's and Moody's are independent rating agencies not registered in the EU.

Borrowing policy

It is not the Company's intention to have any borrowings. Under its Articles, the Company does, however, have the ability to borrow a maximum amount equal to 50% of the funds raised under its offers for subscription of the aggregate amount paid on any shares issued by the Company (together with any share premium thereon).

As a condition of each of its investments, it is intended that the Company will have the ability to restrict the investee company's ability to borrow. Typically, the Downing VCTs' investee companies have no external borrowings ranking ahead (for security purposes) of the VCTs' investments. However, certain investee companies may be permitted to borrow limited sums (up to 25% of the value of their assets) where the Manager believes it is prudent to do so.

In accordance with the Listing Rules, the Board will not make a material change to the Company's investment policy without Shareholder approval.

Target allocation

Initially, the majority of funds will be invested in non-qualifying investments. The level of funds invested in non-qualifying investments will then be reduced to provide funds for Qualifying Investments such that within three years of the close of the Offers the approximate allocation will be:

Investment split	
	Portfolio split
Qualifying Investments	75%
Non-qualifying investments	25%
Total	100%
Note: The above table represents the approximate split of the Company's portfolio. The Board may increase the proportion of Qualifying Investments above 75% to allow for the possibility of early realisations without breaching the VCT Regulations.	

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the ITA. How the main regulations apply to the Company is summarised as follows: (i) the Company holds at least 70% by value of its investments in Qualifying Companies; (ii) at least 30% of the Company's Qualifying Investments (by value) are held in "eligible shares" for funds raised before 6 April 2011 and at least 70% in "eligible shares" for funds raised on or after 6 April 2011; (iii) at least 10% of each investment in a Qualifying Company is held in "eligible shares" (by cost at time of investment); (iv) no investment constitutes more than 15% of the Company's portfolio (by value at the time of investment); (v) the Company's income for each financial year is derived wholly or mainly from shares and securities; (vi) the Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; (vii) no investment made by the Company causes an investee company to receive more than £5 million of state aided investments (including from VCTs) in the year ending on the date of the investment and (viii) for shares issued after 5 April 2014, the Company may not return the capital raised by that issue to its investors for a period of three years from the end of the accounting period in which the shares were issued.

Listing Rules

In accordance with the Listing Rules: (i) the Company may not invest more than 10%, in aggregate, of the value of its total assets at the time an investment is made in other listed closed-ended investment funds except listed closed-ended investment funds that have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy as set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 of the ITA.

Share Buyback Policy

Subject to no change in VCT regulations the Company intends to make market purchases of its own J Shares, up to a maximum annual number of J Shares equivalent to 14.9% of the total number of issued J Shares from time to time. The Board intends to operate a policy of purchasing J Shares that become available as detailed below (subject to liquidity and regulations). The proceeds received by J Shareholders on the sale of their J Shares to the Company will be reduced by costs such as the market-maker's margin and stockbroker's commission.

Share buyback policy	Discount to NAV
From launch to 31 December 2019	Nil
1 January 2020 onwards	Board discretion

From launch to 31 December 2019

The Company intends to buy back J Shares in the first five years from launch (to 31 December 2019), at nil discount to Net Asset Value, subject to regulations and having sufficient liquidity within the Company. Investors should note that income tax relief of 30% will be repayable if the J Shares are not held for the minimum holding period of five years; however, there is no clawback of the 30% income tax relief following the death of a Shareholder. The Board anticipates that there will be limited share buybacks of J Shares within five years because the only sellers are likely to be deceased J Shareholders' estates and those J Shareholders whose circumstances have changed (to such an extent that they are willing to repay the 30% income tax relief in order to gain access to the net proceeds of sale).

From 1 January 2020 onwards

As stated below, in the section headed "Realisation Plans", after five years the Company will seek to exit from sufficient investments in the J Share pool in order to return funds to J Shareholders. During this period the Board will reserve the right as to whether it will undertake any J Share buybacks and the level of discount to Net Asset Value at they are undertaken should any take place.

Realisation Plans

It is intended that J Shareholders will be given the option to exit their investments in the Company within approximately six years from the close of the Offers. The funds will be provided primarily from the sale of investments and it is intended that Shareholders will exit at full value (no discount to NAV).

Exit mechanism

It is intended that tax-free cash proceeds will be paid to J Shareholders who wish to exit (net of the Performance Incentive, if applicable) by way of tax-free dividends and/or share buybacks (including tender offers) and/or by way of a liquidation of the Company. Investors would then have the opportunity to reinvest these proceeds into another VCT offer to benefit from further income tax relief, as described on page 4. This is a distinct difference to 'generalist' VCTs which are often held after 5 years for the continued dividend flow, and can usually only be exited at a discount to NAV.

Management

Manager

The Company is managed by the Manager, whose executives are provided by Downing LLP, all of whom have considerable experience in making and managing VCT qualifying investments.

Downing LLP

Downing LLP is authorised and regulated by the Financial Conduct Authority and specialises in structuring, promoting, managing and administering tax efficient products. Downing LLP took over the business and employees of Downing Corporate Finance Limited (which was incorporated in 1986) on 1 June 2011. Downing LLP is responsible for the management of over £230 million across its VCTs.

Track Record of the Company

Track record of the Ordinary Shares

All investments held in the Ordinary Share pool (share offers launched in the 2004/05 tax year) were sold and the proceeds paid to Ordinary Shareholders, mainly in 2008 and 2009, which totalled 90.4p per Ordinary Share and represented an increase of 51% on the net of tax cost of 60p per Ordinary Share. The compound return (calculated as an IRR after tax reliefs) was 11.2% per annum tax-free, which is equivalent to 18.7% per annum to a 40% taxpayer. The Ordinary Shares' listing on the London Stock Exchange was cancelled in August 2012.

Track record of subsequent share issues

The track record of the Company's share issues in 2008/09, 2009/10, 2011/12 and 2012/13 are set out below.

Track record of the 2008 Shares, 2009 Shares and 2011 Shares				
	Tax year of launch	Net cost ¹	Total Return to date ²	Increase over net cost (%)
2008 Shares	08/09	70.00p	117.9p	+68%
2009 Shares	09/10	70.00p	97.2p	+39%
2011 Shares	11/12	70.00p	90.4p	+29%
2013 Shares	13/14	74.07p	99.6p	+34%

¹ Net cost is the initial offer price of 100p per share (105.92p per 2013 Share) less income tax relief of 30% available to investors in each of the Company's share classes.

² Total Return is cumulative dividends paid to date plus the most recently announced (unaudited) net asset value (being at 30 November 2014) for each share class in pence per share (adjusted for dividends paid subsequently).

Investors should note that they are required to hold shares for a minimum period (currently five years) to retain the initial income tax relief of 30%. In any case, past performance is not a guide to future performance.

Co-Investment Policy

The Company's only formal co-investment relationships are with the other Downing VCTs, Downing's IHT and EIS funds (together the "Funds"). It has been agreed that allocations will be offered to each party in proportion to their respective funds available for investment, subject to: (i) a priority being given to any of the Funds in order to maintain their tax status; (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each Fund; and (iii) the risk/reward profile of the investment opportunity being compatible with the target return for each Fund. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors, designated members and committees of the relevant Funds.

Directors

The Company has a Board, comprising three Directors, all of whom are non-executive and independent of the Manager.

Michael Robinson (Chairman) has over 25 years' experience in the private equity industry. He spent 25 years at 3i plc, where he was latterly a director managing a large portfolio of equity investments. He qualified as a chartered accountant with Deloitte Haskins & Sells in 1979 and is also the non-executive chairman of Limbs & Things Limited.

Dennis Hale was previously an investment director of Financial Management Bureau Limited ("FMB"), a firm of independent financial advisers based in Cumbria. He was responsible for VCT research within FMB, whose clients have invested in VCTs since 1997. Prior to founding FMB in 1987, he worked for several life assurance companies. He is also a director of a number of other Downing VCTs.

Roger Jeynes is chairman of AIM-quoted Zoo Digital Group plc, Professor of Management Practice in the Lord Ashcroft International Business School of Anglia Ruskin University and a director of mxData Holdings Limited, Keycom plc and Charborough Capital Limited. He was formerly chief operating officer of Interregnum plc and a non-executive director of Downing Distribution VCT 1 plc and his early career included a number of senior technical, marketing and general management roles for IBM, EMC and Pyramid Technology.

The Directors will be investing at least £20,000 under the Offers on the same terms as Investors. The total invested by the partners and employees of Downing LLP in the Downing VCTs is over £2 million.

Charges

Initial Costs

The initial costs to Investors are made up of the Promoter's Fee plus Adviser Charges (where applicable).

Downing will charge the Company a Promoter's Fee of 4% of the monies subscribed, where it is required to pay commission to an Intermediary (2% where no commission is payable). Out of its Promoter's Fees, Downing will be responsible for paying all the costs of the Offers. Adviser Charges are the fees agreed between Intermediaries and Investors for advice and related services.

The number of J Shares issued under the Offers will be determined by the "blended" issue cost. Applicants will have a different issue cost attributable to their application for J Shares under the Offers depending on the level of Promoter's Fee and Adviser Charges agreed with their Intermediary, adjusted for any early discount. Further details are provided in Part VII.

Annual management and administration fees

The Manager will receive annual investment management fees of 2% of the Net Assets attributable to the J Shares. It also receives an annual fee of £55,000 (plus VAT, if applicable, and RPI) for administration services, which will be allocated across all share pools. The Annual Running Costs of the J Share pool are capped at 3.0% (including irrecoverable VAT) of the Company's Net Assets attributable to the J Shares and any excess will be paid by the Manager, or refunded by way of a reduction in its fees. Annual Running Costs include, *inter alia*, Directors' fees, fees for audit and taxation advice, registrar's fees, costs of communicating with Shareholders and investment management fees, but not the Performance Incentive. General running costs not specific to either the Existing Share or J Share pools will be allocated based on the weighted average pro-rata net assets of each pool, subject to the discretion of the Board. It is anticipated that the Annual Running Costs (assuming Full Subscription) will be approximately 2.4% per annum of the Company's Net Assets attributable to the J Shares.

Costs payable by investee companies

Downing will receive arrangement fees (capped at 2% of the sums invested by the Company, with any excess paid to the Company) and monitoring fees (capped at £10,000 per annum in respect of each of the Company's investments) from investee companies. Costs incurred on abortive investment proposals will be the responsibility of Downing.

Performance Incentive

As is customary in the venture capital industry, the Manager will be entitled to receive a performance-related management fee based upon returns to Shareholders.

The Performance Incentive in respect of the J Shares will have no impact on Existing Shareholders. The Performance Incentive is designed to encourage significant and the timely repayment of capital after five years. The Performance Incentive will only become payable if J Shareholders: (i) have the opportunity to receive Shareholder Proceeds of at least 104.17p per J Share (excluding initial income tax relief) and (ii) achieve a tax-free Compound Return of at least 6% per annum (after allowing for income tax relief on investment) (together the "Hurdles"). 104.17p is the assumed gross issue price per J Share based on an initial NAV of 100p and issue costs of 4%.

If the Hurdles are met, the Performance Incentive will be 3p per J Share plus 20% of the funds available above 104.17p per J Share (before distribution to J Shareholders and the payment of the Performance Incentive). The Performance Incentive will only be paid to the extent that the Hurdles continue to be met and will be subject to a maximum amount (over the period to when an exit is provided in approximately six years) equivalent to 7p per J Share (based on the number of J Shares in issue at the close of the Offers). Investors choosing to retain rather than exit their investment after five years will be deemed to have received Shareholder Proceeds for the purposes of the calculation of the Performance Incentive.

For example, if the total funds available for distribution over six years were 114.17p per J Share, the Performance Incentive would be 5p per J Share (3p plus 20% x 10p), leaving Shareholder Proceeds of 109.17p per J Share (assuming the Hurdles have been met and ignoring any benefit from corporation tax relief on the Performance Incentive). If the total funds available for distribution were instead 135p per J Share, the Performance Incentive would be capped at 7p per J Share, leaving Shareholder Proceeds of 128p per J Share.

Other Information

Taxation and HM Revenue & Customs approval

The Directors intend to conduct the affairs of the Company so it continues to satisfy the conditions for approval as a VCT and that such approval will be maintained. HM Revenue & Customs has granted the Company provisional approval under the ITA. The Company intends to continue complying with the ITA and has retained Robertson Hare LLP to advise it on VCT taxation matters.

The Offers and minimum and maximum subscription

Assuming Full Subscription maximum net proceeds (after costs of the Offers) of £25 million will be raised under the Offers. The maximum amount payable by the Company in respect of the costs of the Offers will be 4% (assuming a commission is payable on all applications). If the Offers are over-subscribed, they may be increased at the discretion of the Board to no more than £35 million. This facility may be utilised whilst the Offers remain open. In the event that applications are received in excess of the full subscription, the Directors and the Sponsor reserve the right to use their absolute discretion in the allocation of successful applications. Applicants are encouraged to submit their Application Form early in order to be confident that their applications will be successful.

The minimum investment per Applicant is £5,000 (or such lower amount at the Board's discretion). The maximum investment, on which tax reliefs in VCTs are available, is £200,000 per Applicant in each of the 2014/15 and 2015/16 tax years. Spouses can each invest up to £200,000 in each tax year. The subscription list for the Offers will open at 9.00 a.m. on 11 December 2014 and may close at any time thereafter, but in any event, not later than 3.00 p.m. on 2 April 2015 in respect of the 2014/15 Offer and 3.00 p.m. on 30 April 2015 in respect of the 2015/16 Offer, unless fully subscribed earlier or previously extended by the Directors (but to no later than 10 December 2015).

If the Minimum Subscription is not received by 3.00 p.m. on 2 April 2015, the Offers will be withdrawn and application monies will be returned to applicants within seven days of such date, at their own risk, without interest. The Offers are not underwritten.

J Shares will be allotted and issued in respect of valid applications on 2 April 2015, 30 April 2015 and on any other dates on which the Directors decide. Application has been made to the UK Listing Authority on behalf of the Company for the Admission of all of the J Shares. The J Shares will be issued in registered form and be transferable in both certificated and uncertificated form and will rank for all dividends and other distributions declared, paid or made by the Company in respect of the J Shares thereafter. Subject to the Minimum Subscription being received by then, it is anticipated that dealings in the first allotment of J Shares will commence by 10 April 2015 and subsequent allotments thereafter within 20 Business Days of allotment. Dealings may not begin before notification of allotments is made. Revocation of the Offers cannot occur after dealings in the J Shares have commenced. The Company has applied for its J Shares to be admitted to CREST and it is expected that the J Shares will be so admitted and, accordingly, enabled for settlement in CREST, as soon as practicable after Admission has occurred. Accordingly, settlement of transactions in the J Shares following Admission may take place within the CREST system if J Shareholders wish. CREST is a voluntary system and J Shareholders who wish to receive and retain share certificates will be able to do so. Share certificates (where applicable) and certificates to enable a claim for income tax relief to be made in respect of J Shares will be posted to J Shareholders within 30 days of each allotment. No notification will be made to successful applicants prior to despatch of definitive share certificates.

Prior to despatch of definitive share certificates (where applicable), transfers (if any) will be certified against the register. No temporary documents of title will be issued. The Offers are not underwritten.

The result of the Offers will be announced through a regulatory information service provider authorised by the FCA.

Availability of the Prospectus

Copies of the Prospectus relating to the Offers and any related supplementary prospectus published by the Company are available for download at the National Storage Mechanism (www.morningstar.co.uk/uk/NSM) and may be obtained, free of charge, from the Company's registered office, where they are also on display, and from Downing LLP.

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Financial calendar

Financial year end	31 December
Final results announcement	April
Annual general meeting	June
Half-yearly results announcement	August
Target for the payment of the final distribution	2021

Forward-Looking Statements

You should not place undue reliance on forward-looking statements. This Securities Note includes statements that are (or may be deemed to be) "forward-looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Securities Note or based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. Any such statements do not, nor are intended to qualify the Company's working capital statement.

The information contained in this document will be updated if required by the Prospectus Rules, the Listing Rules and the DTR, as appropriate.

Part II – Taxation

VCTs: Summary of the applicable legislation in respect of Investors

1. Taxation of a VCT

VCTs are exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. The Company will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of attributable expenses.

2. Tax reliefs for individual investors

Individuals who subscribe for J Shares must be aged 18 or over to qualify for the tax reliefs outlined below.

Relief from income tax

An investor subscribing up to £200,000 in the 2014/15 and/or 2015/16 tax years for eligible shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. Relief is restricted to the amount which reduces the investor's income tax liability to nil. However, tax credits on dividends are notional and cannot be repaid and, therefore, investors should take this into account when calculating the value of the income tax relief. Shareholders should note that if they have sold, or if they sell, any shares in the Company within 6 months either side of the subscription for the Offer Shares, then for the purposes of calculating tax relief on the Offer Shares the subscribed amount must be reduced by the amount received from the sale. This restriction applies in relation to claims to tax relief on shares issued after 5 April 2014, following changes introduced in Finance Act 2014.

Dividend relief

An investor who subscribes for or acquires eligible shares in a VCT (up to a maximum of £200,000 in each of the 2014/15 and 2015/16 tax years) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for the withholding of tax at source. Dividends carry a tax credit at the rate of one-ninth of the net dividend which is not repayable and which cannot be utilised in any other way.

Capital gains tax relief

A disposal by an individual investor of his/her shares in a VCT will neither give rise to a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is also limited to disposals of shares acquired within the £200,000 limit described above.

Loss of tax reliefs

- (i) If a company which has been granted approval or provisional approval as a VCT subsequently fails to comply with the conditions for approval, VCT status may be withdrawn or treated as never having been given. The exemptions from corporation tax on capital gains will not apply to any gain realised after VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).
- (ii) For investors, the withdrawal of VCT status may (depending upon the timing of such withdrawal) result in:
 - repayment of the 30% income tax relief on subscription for new VCT shares;
 - income tax becoming payable on subsequent payments of dividends by the company; and
 - a liability to tax on capital gains being suffered in the normal way on the disposal of shares in the company, except that any part of the gain attributable to the period for which the VCT was approved would be exempt.
- (iii) The consequences for investors in a company which never obtains full unconditional approval as a VCT are as follows:
 - repayment of the 30% income tax relief on subscriptions for new VCT shares and interest on overdue tax may arise;

- income tax becoming payable on all payments of dividends by the company; and
- any gain arising on a disposal of the shares would be liable to capital gains tax and losses on the shares would be allowable losses for capital gains tax purposes.

The J Shares are eligible VCT shares for the purposes of this section.

3. Consequences of an investor dying or a transfer of shares between spouses

- (i) *Initial income tax*
If an investor dies at any time after making an investment in a VCT, the transfer of shares on death is not treated as a disposal and, therefore, the initial income tax relief is not withdrawn. However, the shares will become part of the deceased's estate for inheritance tax purposes.
- (ii) *Tax implications for the beneficiary*
Provided a number of conditions are met, the beneficiary of any VCT shares will be entitled to tax-free dividends and will not pay capital gains tax on any disposal, but will not be entitled to any initial income tax relief.
- (iii) *Transfer of shares between spouses*
Transfers of shares in a VCT between spouses is not deemed to be a disposal and, therefore, all tax reliefs will be retained.

4. General

- (i) *Investors who are not resident in the UK*
Non-resident investors, or investors who may become non-resident, should seek their own professional advice as to the consequences of making an investment in the Company, because they may be subject to tax in other jurisdictions.
- (ii) *Stamp duty and stamp duty reserve tax*
No stamp duty or (unless shares in a VCT are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax will be payable on the issue of such shares. The transfer on the sale of shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within two months) stamp duty reserve tax generally, in each case at the rate of 50p for every £100 or part of £100 of the consideration paid where the total consideration exceeds £1,000 or if it forms part of a series of transactions where the total consideration exceeds £1,000. Such duties would be payable by a person who purchases such shares from the original subscriber.
- (iii) *Purchases in the market after listing*
Any subsequent purchaser of existing VCT shares, as opposed to a subscriber for new VCT shares, will not qualify for income tax relief on investment but may benefit from dividend relief and from capital gains tax relief on the disposal of his/her VCT shares.
- (iv) *The VCT Regulations 2004*
The VCT Regulations came into force on 17 October 2004. Under the VCT Regulations, monies raised by any further issue of shares by an existing VCT must be applied by that VCT for qualifying purposes. If any of the money raised (except for amounts which HM Revenue & Customs agrees are insignificant in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares then the funds may be deemed to not have been used for a qualifying purpose.

The above is only a summary of the tax position of individual investors in VCTs and is based on the Company's understanding of current law and practice. Investors are recommended to consult a professional adviser as to the taxation consequences of their investing in a VCT. All tax reliefs referred to in this document are UK tax reliefs and are dependent on the Company maintaining its VCT qualifying status.

Part III – Financial Information

A summary of the Company's investment portfolio as at the date of this document is set out below.

2008 SHARE POOL

	Debt (D)/ Equity (E)	Cost £'000	Valuation* £'000	% of portfolio	Sector
Atlantic Dogstar Limited	D/E	663	986	14.9%	Pubs
Future Biogas (SF) Limited	D/E	697	786	11.8%	Renewable Energy
East Dulwich Tavern Limited	D/E	644	709	10.7%	Pubs
Westow House Limited	D/E	429	602	9.1%	Pubs
Hoole Hall Country Club Holdings Limited	D	581	581	8.8%	Leisure, Entertainment & Hotels
Domestic Solar Limited	D/E	500	560	8.5%	Renewable Energy
The Thames Club Limited	D/E	500	500	7.5%	Leisure, Entertainment & Hotels
Redmed Limited	D/E	350	451	6.8%	Leisure, Entertainment & Hotels
Quadrat Spa Limited	D/E	363	363	5.5%	Leisure, Entertainment & Hotels
Quadrat Catering Limited	D/E	330	359	5.4%	Leisure, Entertainment & Hotels
The 3D Pub Co Limited	D/E	267	227	3.4%	Pubs
Ecossol Limited	D/E	250	213	3.2%	Renewable Energy
Mosaic Spa and Health Clubs Limited	D/E	125	106	1.6%	Leisure, Entertainment & Hotels
Honeycombe Pubs VCT Limited	D/E	188	65	1.0%	Pubs
Vermont Developments Ltd	D/E	25	38	0.6%	Development and Construction
Chapel Street Food and Beverage Limited	E	50	13	0.2%	Leisure, Entertainment & Hotels
Chapel Street Services Limited	E	50	13	0.2%	Leisure, Entertainment & Hotels
Chapel Street Hotel Limited	E	2	-	0%	Leisure, Entertainment & Hotels
		<u>6,014</u>	<u>6,572</u>	<u>99.2%</u>	
Cash at bank and in hand			<u>53</u>	<u>0.8%</u>	
			<u>6,625</u>	<u>100.0%</u>	

2009 SHARE POOL

	Debt (D)/ Equity (E)	Cost £'000	Valuation* £'000	% of Portfolio	Sector
Aminghurst Limited	D	1,650	1,650	21.4%	Development and Construction
Future Biogas (Reepham Road) Limited	D/E	842	842	10.9%	Renewable Energy
Quadrat Spa Limited	D/E	496	496	6.4%	Leisure, Entertainment & Hotels
Quadrat Catering Limited	D/E	441	481	6.2%	Leisure, Entertainment & Hotels
Kidspace Adventures Holdings Limited	D/E	375	448	5.8%	Leisure, Entertainment & Hotels
Domestic Solar Limited	D/E	400	448	5.8%	Renewable Energy
Alpha Schools Holdings Limited	D/E	367	402	5.2%	Education
Mosaic Spa and Health Clubs Limited	D/E	475	387	5.0%	Leisure, Entertainment & Hotels
Liverpool Nurseries (Holdings) Limited	D/E	435	386	5.0%	Education
Green Electricity Generation Limited	D/E	250	303	3.9%	Renewable Energy
Westcountry Solar Solutions Limited	D/E	250	250	3.3%	Renewable Energy
West Tower Property Limited	D/E	250	250	3.3%	Development and Construction
Slopingtactic Limited	D/E	196	225	2.9%	Pubs
Ecossol Limited	D/E	250	213	2.8%	Renewable Energy
Avon Solar Energy Limited	D/E	210	210	2.7%	Renewable Energy
Progressive Energies Limited	D/E	170	180	2.3%	Renewable Energy
Ridgeway Pub Company Limited	D/E	137	126	1.6%	Pubs
Fenkle Street LLP	D	122	122	1.6%	Development and Construction
Commercial Street Hotel Limited	D/E	100	100	1.3%	Leisure, Entertainment & Hotels
Camandale Limited	D/E	516	46	0.6%	Pubs
Kilmarnock Monkey Bar Limited	D/E	42	42	0.5%	Pubs
		<u>7,974</u>	<u>7,607</u>	<u>98.5%</u>	
Cash at bank and in hand			<u>115</u>	<u>1.5%</u>	
			<u>7,722</u>	<u>100.0%</u>	

2011 SHARE POOL

	Debt (D)/ Equity (E)	Cost £'000	Valuation* £'000	% of portfolio	Sector
Aminghurst Limited	D	1,110	1,110	13.1%	Development and Construction
Goonhilly Earth Station Limited	D/E	760	760	9.0%	Telecommunications
Tor Solar PV Limited	D/E	680	680	8.0%	Renewable Energy
Pearce and Saunders Limited	D/E	644	644	7.6%	Pubs
Vulcan Renewables Limited	D/E	588	588	6.9%	Renewable Energy
Lambridge Solar Limited	E	500	500	5.9%	Renewable Energy
Merlin Renewables Limited	E	500	500	5.9%	Renewable Energy
Pub People Limited	D	500	500	5.9%	Pubs
Baron House Developments LLP	D	481	481	5.7%	Development and Construction
Grasshopper 2007 Limited	D/E	378	378	4.5%	Pubs
Kidspace Adventures Holdings Limited	D/E	250	299	3.5%	Leisure, Entertainment & Hotels
Augusta Pub Company Limited	E	290	290	3.4%	Pubs
Fubar Stirling Limited	D/E	268	268	3.2%	Leisure, Entertainment & Hotels
Hoole Hall Hotel Limited	D	265	265	3.1%	Leisure, Entertainment & Hotels
Redmed Limited	D/E	250	250	3.0%	Leisure, Entertainment & Hotels
City Falkirk Limited	D	422	207	2.4%	Leisure, Entertainment & Hotels
Fresh Green Power Limited	D/E	200	200	2.4%	Renewable Energy
Pabulum Pubs Limited	E	200	200	2.4%	Pubs
Green Energy Production UK Limited	D/E	100	100	1.2%	Renewable Energy
Dominions House Limited	D/E	59	59	0.7%	Development and Construction
The 3D Pub Co Limited	D	55	55	0.6%	Pubs
London City Shopping Centre	D/E	43	43	0.5%	Development and Construction
Cheers Dumbarton Limited	D/E	48	17	0.2%	Leisure, Entertainment & Hotels
Lochrise Limited	D/E	13	-	0.0%	Pubs
Southampton Hotel Developments Limited	D/E	298	-	0.0%	Development and Construction
		<u>8,902</u>	<u>8,394</u>	<u>99.1%</u>	
Cash at bank and in hand			<u>79</u>	<u>0.9%</u>	
			<u>8,473</u>	<u>100.0%</u>	

2013 SHARE POOL

	Debt (D)/ Equity (E)	Cost £'000	Valuation* £'000	% of Portfolio	Sector
Deeside Solar Farm Limited	D	2,250	2,250	16.9%	Renewable Energy
Woodbridge Solar Limited	D	1,800	1,800	13.5%	Renewable Energy
Vulcan Renewables Limited	D	1,410	1,410	10.6%	Renewable Energy
Future Biogas (SF) Limited	D	525	525	3.9%	Renewable Energy
Ludlow Taverns Limited	D	420	420	3.1%	Pubs
		<u>6,405</u>	<u>6,405</u>	<u>48.0%</u>	
Cash at bank and in hand			<u>6,944</u>	<u>52.0%</u>	
			<u>13,349</u>	<u>100.00%</u>	

* Valuation as at 30 November 2014 – extracted from the unaudited management accounts of the Company for the period ended 30 November 2014.

All valuations are denominated in UK Sterling. All portfolio companies are UK based businesses. Investors should note that the net proceeds of the Offers will be invested in accordance with the Company's investment policy, as set out on pages 4 and 5 of this document. As general economic circumstances and prospects may vary over time there can be no guarantee that future investments will be made in the same sectors or types of company as the present portfolio.

Part IV – Definitions

Where used in this document the following words and expressions will, unless the context otherwise requires, have the following meanings:

"2006 Act"	Companies Act 2006, as amended from time to time
"2008 Offer"	offer for subscription of up to 15,000,000 C Shares and 15,000,000 A Shares on the terms set out in the securities note issued by the Company on 25 September 2008
"2008 Shares"	one or more A Shares and one or more C Shares, as the context so permits
"2009 Offer"	offer for subscription of up to 10,000,000 D Shares and 15,000,000 E Shares on the terms set out in the securities note issued by the Company on 6 November 2009
"2009 Shares"	one or more D Shares and one or more E Shares, as the context so permits
"2011 Offer"	offer for subscription of up to 10,000,000 F Shares on the terms set out in the securities note issued by the Company on 12 October 2011
"2011 Shares"	one or more F Shares
"2013 Offer"	offer for subscription of up to 25,000,000 H Shares on the terms set out in the securities note issued by the company on 18 December 2013
"2013 Shares"	one or more H Shares
"2014/15 Offer"	offer for subscription of J Shares in respect of the 2014/15 tax year, being made on the terms set out in the Prospectus
"2015/16 Offer"	offer for subscription of J Shares in respect of the 2015/16 tax year, being made on the terms set out in the Prospectus
"A Shares"	A shares of 0.1p each in the capital of the Company (ISIN: GB00B3D74T59)
"Admission"	admission of the J Shares to the premium segment of the Official List and to trading on the London Stock Exchange
"Adviser Charge"	fee, payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in J Shares, and detailed on the Application Form
"Annual Running Costs"	annual running costs incurred by the Company in the ordinary course of its business (including irrecoverable VAT but excluding any amount payable in respect of the Performance Incentive)
"Applicant"	Investor who subscribes for J Shares pursuant to the Prospectus
"Application Form(s)"	form of application for J Shares under the Offers set out at the end of this document
"Articles"	articles of association of the Company as at the date of this document
"Business Days"	any day, other than a Saturday or Sunday, on which clearing banks in London are open for all normal banking business
"C Shares"	C shares of 0.1p each in the capital of the Company (ISIN: GB00B3D75146)
"Closing Date"	30 April 2015, unless previously extended by the Directors (but to no later than 10 December 2015)
"Company"	Downing THREE VCT plc (registered number 05334413, formerly Downing Planned Exit VCT 3 plc)
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of Shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 02878738)
"CREST Regulations"	Uncertificated Securities Regulations 1995 (SI 1995/3272)
"D Shares"	D shares of 0.1p each in the capital of the Company (ISIN: GB00B4V7FP75)
"Directors" or "Board"	directors of the Company
"Downing"	Downing LLP, which is authorised and regulated by the Financial Conduct Authority (registered number OC341575; FCA number 545025)
"Downing VCTs"	all VCTs managed or advised by Downing LLP or its executives
"DTR"	the Disclosure and Transparency Rules, made by the FCA under part VI of FSMA and relating to the disclosure of information in respect of financial instruments
"E Shares"	E shares of 0.1p each in the capital of the Company (ISIN: GB00 B4VZ1D11)
"Execution-only Transaction"	transaction executed by an FCA authorised firm upon the specific instructions of a client where the firm does not give advice or make a personal recommendation
"Existing Shareholders"	holders of Existing Shares
"Existing Shares"	A Shares and/or C Shares and/or D Shares and/or E Shares and/or F Shares and/or H Shares
"F Shares"	F shares of 0.1p each in the capital of the Company (ISIN: GB00B6ZS1P26)
"FCA"	Financial Conduct Authority
"Fixed Income Securities"	investments made by the Company which do not comprise Qualifying Investments, such as bank deposits, loan stock, bonds, preference shares and other debt instruments
"FSMA"	Financial Services and Markets Act 2000, as amended from time to time
"Full Subscription"	£25 million raised under the Offers, ignoring the over-allotment facility
"General Meeting"	general meeting of the Company to be held on or about 8 January 2015 at which the resolutions described in paragraph 3.4 of Part IV of the Registration Document will be proposed
"Group"	Downing THREE VCT plc and its wholly owned subsidiary Downing Managers 3 Limited
"H Shares"	H Shares of 0.1p each in the capital of the Company (ISIN: GB00BH7Y7B35)
"Hurdle"	achievement calculated on a per J Share basis of (a) a Compound Return of at least 7% per annum and (b) the payment or deemed payment of Shareholder Proceeds of at least 104.17p per J Share
"Intermediary"	firm who signs the Application Form and whose details are set out in Box 7 of the Application Form
"Investor"	subscriber for J Shares under the Offers
"IRR"	internal rate of return, which, when applied to the relevant cash flows, produces a net present value of zero (expressed as a percentage)
"ITA"	Income Tax Act 2007, as amended from time to time
"J Shareholders"	holders of J Shares
"J Shares"	J shares of 0.1p each in the capital of the Company (ISIN: GB GB00BSTK6426)
"Listed"	admitted to the premium segment of the Official List and to trading on the London Stock Exchange
"Listing Rules"	listing rules issued by the FCA, acting as the UK Listing Authority, pursuant to Part VI of the FSMA

"London Stock Exchange"	main market for listed securities of the London Stock Exchange plc (registered number 02075721)
"Management"	individuals engaged in the business of the Company, the Manager and/or Downing
"Management A Shares"	3,587,523 A Shares in the Company issued to Management in connection with the 2008 Offer
"Management E Shares"	5,000,000 E Shares in the Company issued to Management in connection with the 2009 Offer
"Manager"	Downing Managers 3 Limited, a wholly owned subsidiary of the Company (registered number 05330622)
"Minimum Subscription"	minimum net proceeds required to be raised under the Offers, being £1,000,000 or such other amount as the Directors determine
"ML Regulations"	Money Laundering Regulations 2007
"NAV" or "Net Asset Value"	net asset value per Share
"Net Assets"	gross assets less all liabilities (excluding contingent liabilities) of the Company
"Net Return" or	internal rate of return, calculated from the date of the last allotment of J Shares under the Offers, on
"Compound Return"	the cash flows arising in respect of the gross amount subscribed for J Shares based on an Offer Price of 104.17p per J Share, the deemed receipt of 30% of such amounts (representing income tax relief thereon) six months later and the receipt of any Shareholder Proceeds. These cash flows will be calculated on a daily basis and annualised and are in respect of J Shares issued in the Company
"Notice"	notice of the General Meeting of the Company as set out in the circular to holders of C Shares and/or D Shares and/or F Shares and/or H Shares to be dated 11 December 2014
"Offer Agreement"	agreement dated 11 December 2014 between the Company (1), the Directors (2), the Sponsor (3) and Downing (4), a summary of which is set out in paragraph 6(a) of Part IV of the Registration Document
"Offer Price"	price per J Share under the Offers as determined by the Pricing Formula from time to time
"Offers"	together, the 2014/15 Offer and the 2015/16 Offer, being offers for subscription of up to 35,000,000 J Shares
"Official List"	official list of the UK Listing Authority
"Ordinary Shareholders"	holders of Ordinary Shares
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Performance Incentive"	performance-related management fee payable in the event that the Hurdles are achieved, as described in this document under the section headed "Charges"
"Pricing Formula"	mechanism by which the pricing of the Offers may be adjusted according to the latest published NAV, the level of the Promoter's Fee and Adviser Charge, as described on page 19 of this document
"Promoter"	Downing
"Promoter's Fee"	fee payable by the Company to Downing, calculated as a percentage of each Applicant's gross subscription in the Offers in return for which Downing will pay the launch costs of the Offers
"Prospectus"	the Securities Note, the Registration Document and the Summary which together describe the Offers in full
"Prospectus Rules"	prospectus rules issued by the FCA pursuant to Part VI of the FSMA
"Qualifying Company/ies"	unquoted company carrying on qualifying trades wholly or mainly in the United Kingdom and which satisfy certain other conditions as defined in Chapter 4, Part 6, of the ITA
"Qualifying Investment"	investment in an unquoted trading company, which comprises a qualifying holding for a VCT as defined in Chapter 4, Part 6, of the ITA
"Registrar"	Capita Registrars Limited (registered number 02605568)
"Registration Document"	document which has been prepared in accordance with the Prospectus Rules in connection with the Offers
"RPI"	inflation measured by the Retail Price Index
"Securities Note"	this document which has been prepared in accordance with the Prospectus Rules in connection with the Offers
"Shareholder Proceeds"	amounts paid by way of dividends or other distributions, share buybacks, proceeds on a sale or liquidation of the Company and any other proceeds or value received, or deemed to be received, by J Shareholders in the Company, excluding any income tax relief on subscription
"Shareholders"	holders of Shares
"Share(s)"	A Shares and/or C Shares and/or D Shares and/or E Shares and/or F Shares and/or H Shares and/or J Shares (excluding Management A Shares and Management E Shares), as applicable
"Sponsor"	Howard Kennedy Corporate Services LLP
"Spouse"	spouse or civil partner
"Summary"	summary of the Offers which has been prepared in accordance with the Prospectus Rules in connection with the Offers
"Total Return"	NAV, together with cumulative dividends paid or proposed, including tax credits where reclaimable
"UK Listing Authority"	FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
"VCT" or "Venture Capital Trust"	venture capital trust as defined in Section 259 of the ITA
"VCT Regulations"	the Venture Capital Trust (Winding Up and Mergers) (Tax) Regulations 2004, as amended from time to time

Part V – Additional Information

1. The Company

1.1 Incorporation

Downing THREE VCT plc was incorporated in England and Wales as a public limited company on 17 January 2005 with registered number 05334413. The principle legislation under which the Company operates and under which the A Shares, C Shares, D Shares, E Shares, F Shares, H Shares and J Shares have been created is the 2006 Act (together with statutory instruments created pursuant thereto). On 16 December 2013 the Company changed its name from Downing Planned Exit VCT 3 plc to Downing THREE VCT plc.

1.2 Borrowing policy

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital. The Directors shall restrict the borrowings of the Company and, by the exercise of the Company's voting and other rights or powers of control over its subsidiary undertakings (if any), secure that they restrict their borrowings, so that the aggregate amount at any time outstanding in respect of money borrowed by the Group, being the 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 50% of the aggregate amount paid on any shares issued by the Company (together with any premium paid thereon).

1.3 Cancellation of the share premium account

The Directors are aware of the possibility that the Company's Shares may trade at a discount to their net asset value at some point. The Directors consider that the Company should have the ability to purchase its Shares in the market (such Shares to be automatically cancelled) with the aim of reducing any discount and increasing the net asset value per Share of the remaining Shares. In the view of the Directors, the awareness of Investors that the Company has such a capability may tend to moderate the scale of any discount which may emerge and the action of buying in shares should enable any such discount to be narrowed.

The 2006 Act provides that a public company may only purchase its own shares out of distributable profits or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase. Subject to confirmation from HM Revenue & Customs that such proposals will not adversely affect the Company's VCT status and Court approval, the Company may decide to reduce and/or cancel the share premium account (created on the issue of the J Shares pursuant to the Offers) and to transfer the balance of the special reserve, which is established by the cancellation of a previous share premium account, which may be treated as a distributable profit, out of which purchases of Shares can be made, subject to regulations, VCT Rules and company legislation.

Following changes in Finance Act 2014 for shares issued after 5 April 2014, the Company may not return the capital raised by a share issue to its investors for a period of three years from the end of the accounting period in which the shares were issued. There is no restriction on dividends funded out of income received attributable to the J Shares

1.4 Stamp duty and close company status

The Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the J Shares under the Offers. On the issue of the J Shares pursuant to the Offers, the Company will not be a close company for tax purposes.

1.5 Material interests

The Manager will be paid an annual investment management fee of 2.0% of the Net Assets attributable to the J Shares. In line with normal VCT practice, the Manager will be entitled to receive a Performance Incentive. Further details of these arrangements are set out in Part I of this document.

1.6 Investor profile

A typical Investor will be a retail client (not a corporate), who is aged 18 or over and pays UK income tax, who already has a portfolio of non-VCT investments such as unit trusts/OEICs, investment trusts and direct shareholdings in listed companies and has sufficient income and capital so that his/her investment in the Company can be held for over five years. The individual's income tax liability should be more than sufficient to utilise all the initial income tax relief available on the investment. The individual should be willing to invest over the medium to long term and be comfortable with higher risk investments.

1.7 Results of the Offers

The results of the Offers will be announced through a regulatory information service provider.

2. Taxation and HM Revenue & Customs approval

The Directors intend to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as a VCT and that such approval will be maintained. HM Revenue & Customs has granted the Company provisional approval as a VCT under Part 6 of the ITA. The Company intends to comply with section 274 of the ITA and has retained Robertson Hare LLP to advise it on VCT taxation matters.

3. Working capital and capitalisation and indebtedness statements

3.1 Working capital

In the opinion of the Company, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document.

3.2 Statement of capitalisation and indebtedness

The table below shows the capitalisation of the Company as at 30 November 2014 (extracted from the unaudited management accounts of the Company for the period ended 30 November 2014).

	£'000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	67
Other reserves	36,106
	<u>36,173</u>

There has been no material change in the capitalisation of the Company, total debt or shareholder equity since 30 November 2014.

The following table shows the Company's net indebtedness as at 30 November 2014 (extracted from the unaudited management accounts of the Company for the period ended 30 November 2014).

	£'000
A Cash	7,191
B Cash equivalent	-
C Trading Securities	-
D Liquidity (A+B+C)	7,191
E Current financial receivables	466
F Current bank debt	-
G Current position of non current debt	-
H Other current financial debt	-
I Current financial debt (F+G+H)	-
J Net current financial indebtedness (I-E-D)	(7,657)
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
N Non-current financial indebtedness (K+L+M)	-
O Net financial indebtedness (J+N)	(7,657)

The Company does not have any contingent or indirect indebtedness.

4. Issued Share Capital and dilution

The issued share capital of the Company as at the date of this document is 67,150,993. If the Offers are fully subscribed (assuming costs of the Offers of 2%), the existing 67,150,993 Shares would represent 73.3% of the enlarged issued share capital of the Company.

5. Creation of the J Shares

The Company will be issuing a circular dated 11 December 2014 to holders of C Shares and/or D Shares and/or F Shares and/or H Shares convening a general meeting on or about 8 January 2015. The following resolutions will be proposed:

Ordinary Resolutions:

- 1) to create J Shares having the rights and being subject to the restrictions set out in the Articles, to be altered pursuant to resolution (5) described below;
- 2) to authorise the Directors to allot up to an aggregate nominal amount of £38,500. The allotments referred to represent, in aggregate, approximately 57.4 per cent of the issued share capital of the Company as at the date of this document. Such authority will expire on the later of 15 months from the date the resolution is passed and the end of the Company's next annual general meeting;
- 3) to approve the Offer Agreement;

Special resolutions:

- 4) to authorise the Directors to allot the shares referred to in resolution (2) as if section 561(1) of the 2006 Act did not apply. This dis-application represents approximately 71.7 per cent of the Company's current issued share capital. This authority will expire on the later of 15 months from the date the resolution is passed and the end of the Company's next annual general meeting;
- 5) to alter the Articles to, *inter alia*, provide for the rights attaching to the J Shares;
- 6) to authorise the Board to make market purchases of J Shares; and
- 7) to authorise the cancellation of the share premium account arising on the issue of the J Shares.

6. Details of the J Shares

6.1 Distributions of income and capital

J Shareholders shall be entitled to receive, in that capacity, dividends and any other distributions or a return of capital (otherwise than on a market purchase by the Company of any of its shares) out of the assets attributable to the J Shares, pro-rata to their respective holdings of J Shares.

6.2 Distributions of assets on a winding-up

The capital and assets attributable to the J Shares shall on a winding-up be distributed on the same basis as set out under the heading "Distributions of income and capital".

6.3 Voting rights

J Shareholders will be entitled to receive notice of, to attend, speak and vote at any general meeting, *pari passu* in such respects with the holders of C Shares, D Shares, F Shares and H Shares. Every J Shareholder present in person or by proxy shall upon a show of hands or upon a poll, have one vote for every J Share held by him/her.

7. NAV per Share

As at 30 November 2014, the date to which the most recent unaudited financial information on the Company has been drawn up, the net asset value per A Share, C Share, D Share E Share F Share and H Share was 0.1p, 92.8p, 77.1p, 0.1p, 77.9p and 99.6p respectively.

8. Overseas Investors

- (a) 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 offer or invitation to him/her to subscribe for or purchase J Shares unless, in such territory, such offer or invitation could lawfully be made.
- (b) No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. All Applicants will be required to warrant that they are not a US person as defined in paragraph 5(x) of Part VI of this document or a resident of Canada.

9. Information sourced from third parties

Where information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10. General Information

The Company and its Shareholders are subject to the provisions of the Takeover Code and 2006 Act, which require shares to be acquired/transferred in certain circumstances.

11 December 2014

Part VI – Terms and Conditions of Application

1. In these Terms and Conditions of Application, the expression "Prospectus" means this document, the Registration Document and the Summary, each dated 11 December 2014. The expression "Application Form" means the application form for use in accordance with these Terms and Conditions of Application. Save where the content otherwise requires, the terms used in the Application Form bear the same meaning as in the Prospectus.
2. The right is reserved to reject any application or to accept any application in part only. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer J Shares than the number applied for, or if in any other circumstances there is an excess payment in relation to an application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the Applicant. In the meantime application monies will be retained in the Company's bank account.
3. You may pay for your application for J Shares by cheque or banker's draft submitted with the Application Form.
4. The contract created by the acceptance of applications in respect of the first allotment of J Shares under the Offers will be conditional on:
 - (a) the Minimum Subscription being received by 3.00 p.m. on 2 April 2015;
 - (b) resolutions 1-4 being passed at the Company's General Meeting to be held on or about 8 January 2015 or at a subsequent meeting, if adjourned; and
 - (c) admission of the J Shares (in respect of such first allotment of Shares) being granted not later than 5:00 p.m. on 7 May 2015. If the conditions are not met, the Offers will be withdrawn and subscription monies will be returned to Investors within seven days of 7 May 2015, at their own risk, without interest. The Offers are not underwritten.
5. By completing and delivering an Application Form, you:
 - (a) offer to subscribe for the amount specified on your Application Form plus any commission waived for extra shares or any smaller sum for which such application is accepted at the Offer Price, the Prospectus, these Terms and Conditions of Application, the memorandum of association of the Company and its Articles;
 - (b) acknowledge that, if your subscription is accepted, you will be allocated such number of J Shares as determined by the Pricing Formula;
 - (c) authorise your financial adviser, or whoever he or she may direct, the Registrar or the Company to send a document of title for, or credit your CREST account in respect of, the number of J Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - (d) agree that your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery of your duly completed Application Form to the Company or to your financial adviser;
 - (e) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive share certificates for the J Shares applied for or to enjoy or receive any rights or distributions in respect of such J Shares unless and until you make payment in cleared funds for such J Shares and such payment is accepted by the Company (such acceptance shall be in its absolute discretion and may be on the basis that you indemnify it 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 that at any time prior to unconditional acceptance by the Company of such late payment in respect of such J Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such J Shares as void and may allot such J Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such J Shares (other than return of such late payment at your risk and without interest);
 - (f) agree that all cheques and banker's drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;
 - (g) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Sponsor) to ensure compliance with the ML Regulations;
 - (h) agree that, in respect of those J Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by the Company instructing Downing or the Registrar to enter your name on the share register;
 - (i) agree that all documents in connection with the Offers and any returned monies will be sent at your risk and may be sent to you at your address as set out in the Application Form;
 - (j) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations including the risk factors contained therein;
 - (k) confirm that (save for advice received from your financial adviser) in making such application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
 - (l) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offers shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (m) irrevocably authorise the Company, the Registrar or Downing or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any J Shares subscribed by or issued to you into your name and authorise any representatives of the Company, the Registrar or Downing to execute any documents required therefore and to enter your name on the register of members of the Company;
 - (n) agree to provide the Company with any information which it may request in connection with your application or to comply with the VCT Regulations or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
 - (o) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Downing or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
 - (p) confirm that you have read and complied with paragraph 6 below;
 - (q) confirm that you have reviewed the restrictions contained in paragraph 7 below;
 - (r) warrant that you are not under the age of 18 years;
 - (s) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Company, Downing or the Sponsor or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;

- (t) agree that Downing and the Sponsor are acting for the Company in connection with the Offer and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of J Shares or concerning the suitability of J Shares for you or be responsible to you for the protections afforded to their customers;
- (u) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (v) warrant that you are not subscribing for the J Shares using a loan which would not have been given to you or any associate, or not given to you on such favourable terms, if you had not been proposing to subscribe for the J Shares;
- (w) warrant that the J Shares are being acquired by you for *bona fide* investment purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT legislation is not of itself tax avoidance;
- (x) warrant that you are not a "US person" as defined in the United States Securities Act of 1933 (as amended) nor a resident of Canada and that you are not applying for any J Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US person or resident of Canada; and
- (y) warrant that the information contained in the Application Form is accurate.
6. No person receiving a copy of the Prospectus, or an Application Form, in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any of the formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
7. The J Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States, 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 Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Manager will not be registered under the United States Investment Adviser Act of 1940 (as amended). No application will be accepted if it bears an address in the USA.
8. This application is addressed to the Company and the Sponsor. The rights and remedies of the Company and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
9. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company with the agreement of the Sponsor.
10. The Company has taken advantage of the provisions of the Companies Act 2006 to allow annual reports and other statutory shareholder communications to be made available in electronic form on its website as the default means of publication. This will have a positive environmental impact and save the Company some costs compared to providing all communications in hard copy form by post. By default, applicants who provide an email address on the application form and do not complete select any alternative notification methods, will receive notification of shareholder communications by email. Investors can elect to receive notifications by post by ticking Box 4A on the application form. Investors can also elect to receive all shareholder communications in paper form by ticking Box 4B. Should you subsequently wish to change your election, you can do so at any time by contacting the Registrar, Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Notwithstanding any election, the Company may in its sole discretion send any notification or information to Shareholders in paper form.
11. Intermediaries who have not provided personal recommendations or advice to UK retail clients on the Offer Shares and who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FCA number may be entitled to commission on the amount payable in respect of the Offer Shares allocated for each such Application Form at the rates specified in the paragraph headed "Commission" in Part VII of this document. Intermediaries may agree to waive part or all of their initial commission in respect of an application for Shares under the Offers. If this is the case, then the offer charges will be adjusted, in accordance with the Pricing Formula. Intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.
12. The section headed "Notes on Application Form" forms part of these Terms and Conditions of Application.
13. It is a condition of the Offers to ensure compliance with the ML Regulations. Downing is therefore entitled to require, at its absolute discretion, verification of identity from any Applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the Applicant or (ii) appears to Downing to be acting on behalf of some other person. Pending the provision of evidence satisfactory to Downing as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, Downing may, in its absolute discretion, retain an Application Form lodged by an Applicant and/or the cheque or other remittance relating thereto and/or the Registrar may not enter the Applicant on the register of members or issue any share certificates in respect of such application. If verification of identity is required, this may result in delay in dealing with an application and in rejection of the application. The Company reserves the right, in its absolute discretion, for it or Downing to reject any application in respect of which Downing considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the H Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the Applicant to provide promptly to Downing such information as may be specified by it as being required for the purpose of the ML Regulations.
14. The right is also reserved to treat as valid and binding any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Notes on Application Form. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed in some other manner acceptable to the Company to apply in accordance with these Terms and Conditions of Application.
15. The Company and/or Downing may use the information you give for administration, research and/or statistical purposes. Your details may be used by the Company and/or Downing (but will not be sold to third parties) to send you information on other potential investment opportunities (maximum six communications per annum). If you would prefer not to receive such information, please write to Downing.
16. The minimum subscription is £5,000 subject to the Board's discretion.
17. The application of the subscription proceeds is subject to the absolute discretion of the Directors.

Part VII – Pricing of the Offers, Adviser Charges and Commission

Pricing of the Offers

The number of J Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole J Share):

$$\text{Number of Offer Shares} = \left[\begin{array}{l} \text{Amount subscribed, less:} \\ \text{(i) initial Promoter's Fee}^1 \text{ and} \\ \text{(ii) Adviser Charge (if any)} \end{array} \right] \div \left[\begin{array}{l} \text{Latest published NAV} \\ \text{per Offer Share}^2 \end{array} \right]$$

¹ less any reduction for early applications and/or commission waived by Intermediaries (where applicable)

² adjusted for any dividends declared that are ex-dividend but not yet paid, as appropriate.

Illustrative examples (based on a subscription under the Offers of £10,000 and a NAV per J Share of £1)

(i) Promoter's Fee (Execution-only Transaction 4% less 2% Intermediary commission waived) of 2% = £200
Number of J Shares = $(10,000 - 200 - 0) \div 1 = 9,800$

(ii) Promoter's Fee (advised) of 2% = £200
Example Adviser Charge = £225
Number of J Shares = $(10,000 - 200 - 225) \div 1 = 9,575$

(iii) Promoter's Fee (advised) of 2% = £200
Example Adviser Charge = £400
Number of J Shares = $(10,000 - 200 - 400) \div 1 = 9,400$

(iv) Promoter's Fee (advised or direct investment and application received by 28 January 2015*) of 0.5% = £50
Example Adviser Charge = nil (fee being paid directly by client to Intermediary or direct application)
Number of J Shares = $(10,000 - 50 - 0) \div 1 = 9,950$

*Applications received and accepted by 28 January 2015 will benefit from a reduction in the Promoter's Fee of 1.5% of the amount subscribed (1.0% reduction if received and accepted between 29 January 2015 and 6 March 2015, or 0% otherwise).

It should be noted that the example Adviser Charges set out above have been provided to illustrate the pricing of the Offers and should not be considered as a recommendation as to the appropriate levels of Adviser Charges.

Income tax relief should be available on the total amount subscribed, subject to VCT regulations and personal circumstances, which in each of the above examples would be £3,000 (£10,000 at 30%).

Adviser Charges

Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients on investments in VCTs after 30 December 2012. Instead of commission being paid by the Company, a fee will usually be agreed between the Intermediary and Investor for the advice and related services ("Adviser Charge"). This fee can either be paid directly by the Investor to the Intermediary or, if it is an initial one-off fee, the payment of such fee may be facilitated from the Investor's funds received by the Company. Ongoing fees to Intermediaries will not be facilitated by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge on the Application Form (see Box 3). The Investor will be issued fewer J Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out above. The Adviser Charge is inclusive of VAT, if applicable.

Commission

Commission may be payable where there is an Execution-only Transaction and no advice has been provided by the Intermediary to the Investor or where the Intermediary has demonstrated to Downing that the Investor is a professional client of the Intermediary. Commission is payable by Downing out of its Promoter's Fee. Those Intermediaries who are permitted to receive commission will usually receive an initial commission of 2% of the amount invested by their clients under the Offers. Additionally, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the J Shares, and subject to applicable laws, regulations and FCA rules, the Intermediary will usually be paid an annual trail commission of 0.25% of the Net Asset Value of their clients' holdings for five years from the date of allotment. Trail commission will be paid annually in June (commencing June 2016 based on the audited Net Asset Value at the preceding 31 December). Both the initial and annual trail commission will be payable by Downing out of its fees.

DOWNING THREE VCT PLC

Application Form

Make your cheque or banker's draft out to "Downing THREE VCT plc" and return this form as soon as possible to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. The closing date for the 2014/15 Offer will be 3.00 p.m. on 2 April 2015 and for the 2015/16 Offer will be 3.00 p.m. on 30 April 2015 (unless extended or fully subscribed earlier).

1	Title and name in full		Existing Downing VCT shareholder? Y/N	
	Permanent address			
	Postcode		Daytime tel	
	Email address			
Date of birth			National Insurance no	

Investors and their Intermediaries should provide an email address if they require the receipt of the Application Form to be acknowledged.

2	I am applying for J Shares as follows:	
	2014/15 tax year £ <input type="text"/> 2A	2015/16 tax year £ <input type="text"/> 2B
	Total (A + B) £ <input type="text"/> 2C <small>Min £5,000</small>	

or such lesser sum for which this application may be accepted on the Terms and Conditions of Application set out in Part VI of this document. Please send me a certificate(s) confirming my entitlement to VCT tax reliefs.

3	Adviser Charge
	If you have agreed an Adviser Charge with your Intermediary and request that the Company pays that fee, please insert the fee in this box. Please note that the number of J Shares issued to you will be reduced by the amount of the Adviser Charge. This payment is inclusive of VAT, if applicable. <div style="display: flex; align-items: center;"> <div style="flex: 1;"> £ <input type="text"/> </div> <div style="flex: 1;"> Please state as a sum of money </div> </div>

4	Shareholder communications (PLEASE TICK ONE BOX ONLY)		
	The Company offers Shareholders the option to receive annual reports and other shareholder communications in electronic form. Please select the option you prefer below.		
	Option A: Notifications by email If you wish to receive notifications by email when accounts and other shareholder communications are available for download from the Company's website, please tick this box. NB. You must supply your email address in Box 1. 4A <input type="checkbox"/>	Option B: Notification by post If you wish to receive notifications by post when accounts and other shareholder communications are available for download from the Company's website, please tick this box. 4B <input type="checkbox"/>	Option C: Hard copy by post If you wish to receive hard copies of accounts and other shareholder communications (i.e. in paper form), please tick this box. 4C <input type="checkbox"/>

5	BY SIGNING THIS FORM I HEREBY DECLARE THAT: (i) I have had an opportunity to receive the Prospectus dated 11 December 2014 and to read the terms and conditions of application therein; (ii) I will be the beneficial owner of the J Shares in Downing THREE VCT plc issued to me pursuant to the Offers; and (iii) to the best of my knowledge and belief, the particulars I have given to Downing THREE VCT plc are correct.
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HM Revenue & Customs may inspect this Application Form. It is a serious offence to make a false declaration.

Signature	<input type="text"/>	Date	/ /
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Continued over



6

DIVIDEND MANDATE

Dividends may be paid directly into Shareholders' bank or building society accounts. In order to facilitate this, please complete the mandate instruction form below. Please note that if you are an Existing Shareholder this instruction applies to all of your shareholdings in the Company and completing the form below will direct the Company to send all dividend payments due on all your shareholdings in the Company to this bank account. 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. By completing the details below I am instructing the Company to forward, until further notice, all dividends that may from time to time become due on any Shares now standing, or which may hereafter stand, in my name in the register of members of Downing THREE VCT plc to the bank or building society account listed below.

Name of bank or building society:	
Branch:	
Branch address:	
Account name:	

Sort code:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Account 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"/>	<input type="text"/>	(please quote all digits and zeros)
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Signed by Applicant:	
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The Company and Downing LLP do not accept responsibility if any details provided by you are incorrect.

7

TO BE COMPLETED BY INTERMEDIARIES ONLY

Contact name: (for administration)		Email:	
Intermediary name:		Email:	

Firm name:	Hargreaves Lansdown Asset Management
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Address:	One College Square South, Anchor Road, Bristol
----------	--

Postcode:	BS1 5HL	Tel:	
-----------	---------	------	--

FCA No:	115248	Email:	
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Tick this box if you are permitted to receive commission in respect of this application in compliance with COBS 6.1A of the FCA Handbook.	<input type="checkbox"/>	Reason:	
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Tick this box if the Adviser Charge stated in Section 3 has been agreed with your client and complies with COBS 6.1A of the FCA Handbook.	<input checked="" type="checkbox"/>
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Please provide details of your bank or building society account so that commission or the Adviser Charge (as applicable) can be paid to you via BACS.

Name of bank or building society:	
Branch:	
Account name:	

Sort code:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Account 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"/>	<input type="text"/>	(please quote all digits and zeros)
------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	-----------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	-------------------------------------

Email address for commission statements:	
--	--

The Company and Downing LLP do not accept responsibility if any details provided by you are incorrect.

I confirm that the information show in Section 7 is complete and accurate and that any Adviser Charge shown in Section 3 has been agreed by the applicant.

Signed:		Position:	
Name:		Date:	

DOWNING THREE VCT PLC

Application Form

Make your cheque or banker's draft out to "Downing THREE VCT plc" and return this form as soon as possible to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. The closing date for the 2014/15 Offer will be 3.00 p.m. on 2 April 2015 and for the 2015/16 Offer will be 3.00 p.m. on 30 April 2015 (unless extended or fully subscribed earlier).

1	Title and name in full		Existing Downing VCT shareholder? Y/N	
	Permanent address			
	Postcode		Daytime tel	
	Email address			
Date of birth			National Insurance no	

Investors and their Intermediaries should provide an email address if they require the receipt of the Application Form to be acknowledged.

2	I am applying for J Shares as follows:	
	2014/15 tax year £ <input type="text"/> 2A	2015/16 tax year £ <input type="text"/> 2B
	Total (A + B) £ <input type="text"/> 2C <small>Min £5,000</small>	

or such lesser sum for which this application may be accepted on the Terms and Conditions of Application set out in Part VI of this document. Please send me a certificate(s) confirming my entitlement to VCT tax reliefs.

3	Adviser Charge
	If you have agreed an Adviser Charge with your Intermediary and request that the Company pays that fee, please insert the fee in this box. Please note that the number of J Shares issued to you will be reduced by the amount of the Adviser Charge. This payment is inclusive of VAT, if applicable. <div style="display: flex; align-items: center;"> <div style="flex: 1;"> £ <input type="text"/> </div> <div style="flex: 1;"> Please state as a sum of money </div> </div>

4	Shareholder communications (PLEASE TICK ONE BOX ONLY)		
	The Company offers Shareholders the option to receive annual reports and other shareholder communications in electronic form. Please select the option you prefer below.		
	Option A: Notifications by email If you wish to receive notifications by email when accounts and other shareholder communications are available for download from the Company's website, please tick this box. NB. You must supply your email address in Box 1. 4A <input type="checkbox"/>	Option B: Notification by post If you wish to receive notifications by post when accounts and other shareholder communications are available for download from the Company's website, please tick this box. 4B <input type="checkbox"/>	Option C: Hard copy by post If you wish to receive hard copies of accounts and other shareholder communications (i.e. in paper form), please tick this box. 4C <input type="checkbox"/>

5	BY SIGNING THIS FORM I HEREBY DECLARE THAT: (i) I have had an opportunity to receive the Prospectus dated 11 December 2014 and to read the terms and conditions of application therein; (ii) I will be the beneficial owner of the J Shares in Downing THREE VCT plc issued to me pursuant to the Offers; and (iii) to the best of my knowledge and belief, the particulars I have given to Downing THREE VCT plc are correct.
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HM Revenue & Customs may inspect this Application Form. It is a serious offence to make a false declaration.

Signature	<input type="text"/>	Date	/ /
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Continued over



6

DIVIDEND MANDATE

Dividends may be paid directly into Shareholders' bank or building society accounts. In order to facilitate this, please complete the mandate instruction form below. Please note that if you are an Existing Shareholder this instruction applies to all of your shareholdings in the Company and completing the form below will direct the Company to send all dividend payments due on all your shareholdings in the Company to this bank account. 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. By completing the details below I am instructing the Company to forward, until further notice, all dividends that may from time to time become due on any Shares now standing, or which may hereafter stand, in my name in the register of members of Downing THREE VCT plc to the bank or building society account listed below.

Name of bank or building society:																
Branch:																
Branch address:																
Account name:																
Sort code:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Account 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"/>	<input type="text"/>
(please quote all digits and zeros)																
Signed by Applicant:																
The Company and Downing LLP do not accept responsibility if any details provided by you are incorrect.																

7

TO BE COMPLETED BY INTERMEDIARIES ONLY

Contact name: (for administration)					Email:											
Intermediary name:					Email:											
Firm name:	Hargreaves Lansdown Asset Management															
Address:	One College Square South, Anchor Road, Bristol															
Postcode:	BS1 5HL				Tel:											
FCA No:	115248				Email:											
Tick this box if you are permitted to receive commission in respect of this application in compliance with COBS 6.1A of the FCA Handbook.					<input type="checkbox"/>	Reason:										
Tick this box if the Adviser Charge stated in Section 3 has been agreed with your client and complies with COBS 6.1A of the FCA Handbook.									(✓)							
Please provide details of your bank or building society account so that commission or the Adviser Charge (as applicable) can be paid to you via BACS.																
Name of bank or building society:																
Branch:																
Account name:																
Sort code:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Account 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"/>	<input type="text"/>
(please quote all digits and zeros)																
Email address for commission statements:																
The Company and Downing LLP do not accept responsibility if any details provided by you are incorrect.																
I confirm that the information show in Section 7 is complete and accurate and that any Adviser Charge shown in Section 3 has been agreed by the applicant.																
Signed:									Position:							
Name:									Date:							

Notes on Application Form

Before making an application to acquire J Shares you are strongly recommended to consult and obtain advice from an appropriate financial intermediary authorised under the Financial Services and Markets Act 2000. It is essential that you complete all parts of the Application Form in accordance with the instructions in these notes. Please send the completed Application Form, together with your cheque or banker's draft, by post, or deliver it by hand, to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. If you have any questions on how to complete the Application Form please contact Downing LLP on 020 7416 7780 or your financial intermediary. Since the Finance Act 2014, investors are able to subscribe for Shares via a nominee. If you wish to subscribe via a nominee, please contact Downing LLP. **Investors and their Intermediaries should provide an email address if they require the receipt of the Application Form to be acknowledged.**

The following notes should be read in conjunction with the Application Form and the Terms and Conditions of Application.

1

Insert in Box 1 in BLOCK CAPITALS your full name, permanent address, daytime telephone number, date of birth, National Insurance number and, if you have one, your email address. Joint applications are not permitted.

2

Insert (in figures) in Box 2A the total amount you wish to invest under the Offers in respect of the 2014/15 tax year (state nil if appropriate). Insert (in figures) in Box 2B the amount you wish to invest under the Offers in respect of the 2015/16 tax year (state nil appropriate). Insert (in figures) the total of Boxes 2A and 2B in Box 2C. This is the total amount you are subscribing under the Offers. Share subscriptions will be adjusted to reflect any commission waived (by agents) as extra J Shares.

Please note that the minimum investment is £5,000 (or such lower amount at the Board's discretion). The maximum investment, on which tax reliefs on investments in VCTs are available, is £200,000 in each of the 2014/15 and 2015/16 tax years.

Attach your cheque or banker's draft to the Application Form for the exact amount shown in Box 2C. Your cheque or banker's draft must be made payable to "Downing THREE VCT plc". Your payment must relate solely to this application.

Money Laundering Regulations 2007 – Important note for applications of £12,000 or more

If the value of the shares applied for is £12,000 or more (or is one of a series of linked applications, the value of which exceeds that amount) payment should be made by means of a cheque drawn on an account in the name of the Applicant. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should write the name, address and date of birth of the Applicant on the back of the cheque or banker's draft and:

- (a) if a building society cheque or banker's draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited; or
- (b) if a cheque is drawn by a third party, you must ensure that one item from each of List A and List B (see below) is enclosed with the form.

Alternatively, verification of the Applicant's identity may be provided by means of a "Letter of Introduction" or "Identity Verification Certificate" in the prescribed form from a UK or European Economic Area financial institution (such as a bank or stockbroker) or other regulated person (such as a solicitor, accountant or appropriate financial intermediary) who is required to comply with the ML Regulations. The relevant financial institution or regulated person will be familiar with the requirements and the relevant form.

For applications of £12,000 or more and subscription by way of a cheque drawn by a third party (one item from List A AND one item from List B)

List A (Verification of Identity)

Current signed passport
Current UK Driving Licence
HM Revenue and Customs Tax Notification
Firearms Certificate

List B (Verification of Address)

Recent* utility bill (but not a mobile telephone bill)
Recent* local authority tax bill
Recent* bank or building society statement
Recent* mortgage statement from a recognised lender

Please send original (not passport or driving licence) or certified copies of the documents. Certified as a true copy of the original by a UK lawyer, banker, authorised financial intermediary (e.g. financial adviser or an FCA authorised mortgage broker), accountant, teacher, doctor, minister of religion, postmaster or sub-postmaster. The person certifying the document should state that the copy is a true copy of the original, print their name, address, telephone number and profession and sign and date the copy. *Recent" means dated within the last three months.

No money laundering verification is required to be enclosed if the application is for less than £12,000 or if payment is by means of a cheque drawn on an account in the name of the Applicant (provided that (a) the cheque includes details of the Applicant's bank account or building society account (as applicable) and (b) the cheque is drawn on a UK or European Union authorised bank or credit institution). Please note, however, that Downing may, in its absolute discretion, require Money Laundering verification and that Money Laundering verification will be required by introducing financial advisers.

3

If you have agreed an upfront Adviser Charge for personal advice provided in respect of this investment and would like the Company to facilitate the payment of such fee, please set out the amount in pounds (e.g. "£500") in Box 3. Please note, the Company does not facilitate ongoing Adviser Charges. The Adviser Charge is inclusive of VAT, if applicable.

4

The Company now offers Shareholders the opportunity of receiving annual reports and other shareholder communications in electronic form. Please select the method by which you would like to receive communications by ticking one of the boxes 4A – 4C. If you do not tick any box and provide an email address in Box 1, Option A will be applied to your shareholding by default. If you do not provide an email address, Option B will be applied by default.

5

Read the declaration and sign and date the Application Form in Box 5. If someone other than the Applicant named in Box 1 signs on such Applicant's behalf, such signatory must ensure that the declaration given on behalf of such Applicant is correct.

6

If you wish to have dividends paid into your nominated bank or building society account, please complete the mandate instruction form.

7

To be completed by Intermediaries only. Intermediaries who are entitled to receive commission or have agreed an Adviser Charge with their client should complete this box, giving their full name and address, telephone number and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold payment if the Company is not, at its sole discretion, satisfied that the agent is so authorised, or that any payment is or may be in breach of any applicable rules or regulations. In order for commission or an Adviser Charge to be paid by BACS, please complete the relevant boxes.



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London SW1P 2AL

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contact@downing.co.uk
www.downing.co.uk



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