

Downing FOUR VCT plc

—
Prospectus

Generalist and Healthcare
Share Classes

Offer for Subscription
2016/17 & 2017/18 tax years

Downing



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This document, which comprises a prospectus dated 8 December 2016 issued by Downing FOUR VCT plc (the “**Company**”) (the “**Prospectus**”), has been prepared in accordance with the Prospectus Rules made under section 73A and in accordance with section 84 of Financial Services and Markets Act 2000 (“**FSMA**”) and has been approved by, and filed with, the Financial Conduct Authority (“**FCA**”).

Application has been made to the UK Listing Authority for all the Generalist Shares and Healthcare 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 Generalist Shares and Healthcare 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 5 April 2017, it is expected that Admission of the first allotment of Generalist Shares and Healthcare Shares will become effective, and that dealings in these shares will commence by 25 April 2017 and, in respect of subsequent allotments thereafter, within 20 Business Days of allotment.

The Company and its Directors, whose names appear on page 13 of this document, accept responsibility for the information contained in the Prospectus. To the best 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.

Panmure Gordon (UK) Limited (“**Panmure**”), which is authorised and regulated in the UK by the FCA, is acting as sponsor of the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of Panmure or for providing advice (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder).

RW Blears LLP, which is regulated in the UK by the Solicitors Regulation Authority, is acting as arranger and legal adviser to the Company and Downing LLP and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

In connection with the Offers, Downing LLP (“**Downing**”), the promoter of the Offers and investment and administration manager to the Company, is acting for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Downing or for providing advice in relation to the Offers (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder). Downing is authorised and regulated in the UK by the FCA.

Downing FOUR VCT plc
(Incorporated in England and Wales under the Companies Act 1985 with registered number 06789187)
Offers for Subscription
for the 2016/17 and 2017/18 tax years
of up to 20,000,000 Generalist Shares and
10,000,000 Healthcare Shares in the capital of the Company
Investment Manager and Promoter
Downing LLP

Following the Offers, assuming Full Subscription and a base Offer Price of £1 and ignoring the over-allotment facility, the Company’s issued and to be issued share capital will be as follows:

Share class	No. of Shares	Issued and to be issued fully paid Nominal value
DSO B Shares (ISIN: GB00B4MGR241)	19,911,070	£19,911.07
DSO C Shares (ISIN: GB00B4MCHT95)	29,926,070	£29,926.07
DSO D Shares (ISIN: GB00B6QPQ463)	7,867,247	£7,867.25
DP67 Shares (ISIN: GB00BWX53D91)	11,320,258	£11,320.26
DP2011 General Ordinary Shares (ISIN: GB00BWX53847)	15,644,066	£15,644.06
DP2011 General A Shares (ISIN: GB00BWX53730)	18,418,614	£18,418.61
DP2011 Structured Ordinary Shares (ISIN: GB00BWX53B77)	10,678,725	£10,678.73
DP2011 Structured A Shares (ISIN: GB00BWX53C84)	12,572,817	£12,572.82
DP2011 Low Carbon Shares (ISIN: GB00BWX53953)	7,575,419	£7,575.42
Generalist Shares (ISIN: GB00BDHF5B49)	25,000,000	£25,000.00
Healthcare Shares (ISIN: GB00BDHF5D62)	12,500,000	£12,500.00

The subscription list for the Offers will open on 8 December 2016 and may close at any time thereafter but, in any event, not later than 3.00 p.m. on 5 April 2017 in the case of the 2016/17 Offer and not later than 3.00 p.m. on 30 September 2017 in the case of the 2017/18 Offer, unless previously extended by the Directors (but to no later than 30 November 2017). The terms and conditions of the Offers are set out on pages 64 to 67 of this document. If the Minimum Subscription is not received by 3.00 p.m. on 5 April 2017, 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 gross proceeds of the Offers will be £30 million. If the Offers are over-subscribed, they may be increased at the discretion of the Board to no more than £50 million in total (37,500,000 Generalist Shares and 25,000,000 Healthcare Shares in total including Management Shares).

Your attention is drawn to the risk factors set out on page 11 to 12 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.

Offer Statistics for the Company

Initial NAV per Generalist Share and Healthcare Share at the close of the Offers*	100.00p
Proceeds of the Offers (assuming Full Subscription, including Management Shares but ignoring the over-allotment facility)	£30,619,745
Number of Generalist Shares in issue	25,000,000
Number of Healthcare Shares in issue (following the Offers, at Full Subscription, ignoring the over-allotment facility)	12,500,000

If the Minimum Subscription is not received by 3.00 p.m. on 5 April 2017, 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 5 April 2017, at their own risk, without interest.

*Initial NAV per Generalist Share and Healthcare Share is calculated by dividing the net assets of each class, by the number of shares in issue less the Management Shares.

Financial Calendar

Financial year end	31 March
Final results announcement	July
Annual general meeting	September
Half yearly results announcement	November/December

Offer costs

Promoter's Fee – Advisor commission payable	4.0%
Promoter's Fee – No Advisor commission payable	2.0%

Early Applications (for one off investments only)

Accepted valid applications (for one off investments) 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 20 January 2017	1.0%
21 January 2017 – 3 March 2017	0.5%
on or after 4 March 2017	nil

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

SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. The Elements are numbered in Sections A—E.

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

A		Introduction and warnings
A1	Warning	This summary should be read as an introduction to the Prospectus published by Downing FOUR VCT plc (the “Company”) and dated 8 December 2016 (the “Prospectus”). Any decision to invest in the securities of the Company should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the claimant investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities of the Company.
A2	Use of Prospectus by financial intermediaries	The Company and the Directors consent to the use of the Prospectus and accept responsibility for the content of the Prospectus for subsequent resale or final placement of the securities in the Company by financial intermediaries in the UK. The period in which such consent to use the Prospectus is given begins with the date of the Prospectus and ends on the close of the Offers, for the purpose of introducing subscribers for Generalist Shares and Healthcare Shares. The Offers are expected to close on or before 30 September 2017, unless previously extended by the Directors to a date not being later than 30 November 2017.
		Financial intermediaries must give Investors information on the terms and conditions of the Offers at the time the Offers are introduced to them by the financial intermediary.
B		Issuer
B1	Legal and commercial name.	Downing FOUR VCT plc (the “Company”)
B2	Domicile/ Legal form/ Legislation/ Country on incorporation	The Company is a public limited liability company which is registered in England and Wales with registered number 06789187. The principal legislation under which the Company operates is the Companies Act 2006 (the “Act”) and the regulations made thereunder.
B5	Group description	Not applicable. The Company is not part of a group.
B6	Major shareholders	The Company is not aware of any person who has, as at the date of this document, or who immediately following the issue of the Generalist Shares and/or Healthcare Shares under the Offers (assuming Full Subscription, a Promoter’s fee of 2% paid by all Investors, and no Adviser Charges), will or could have, directly or indirectly, voting rights

representing 3% or more of the issued share capital of the Company or who can, or could following the Offers, directly or indirectly, exercise control over the Company.

B7 Selected financial information and statement of any significant changes

Certain selected financial information of the Company, which has been extracted without material adjustment from its audited and unaudited financial statements, is set out below:

	Unaudited interims to 30 September 2016	Audited year end to 31 March 2016	Audited year end to 31 March 2015	Audited year end to 31 March 2014
<i>DSO Ordinary Share Pool</i>				
Net Assets	n/a	£3,000	£5,555,000	£9,499,000
Net asset value per DSO Ordinary Share	n/a	-	53.8p	92.2p
Dividends paid per DSO Ordinary Share	n/a	116.2p	80.0p	5.0p
Net asset value per DSO A Share	n/a	-	0.1p	0.1p
Dividends paid per DSO A Share	n/a	15.5p	-	-
<i>DSO B Share Pool</i>				
Net Assets	£4,014,000	£3,528,000	£14,009,000	£16,415,000
Net asset value per DSO B Share	20.0p	17.6p	70.2p	82.3p
Dividends paid per DSO B Share	91.5p	91.5p	32.5p	12.5p
Net asset value per DSO C Share	0.1p	0.1p	0.1p	0.1p
Dividends paid per DSO C Share	-	-	-	-
<i>DSO D Share Pool</i>				
Net Assets	£5,936,000	£5,945,000	£6,351,000	£6,540,000
Net asset value per DSO D Share	75.5p	75.6p	80.7p	83.0p
Dividends paid per DSO D Share	22.5p	20.0p	15.0p	5p
<i>DP67 Share Pool</i>				
Net Assets	£7,181,000	£6,837,000	-	-
Net asset value per DP67 Share	63.9p	60.4p	-	-
Dividends paid per DP67 Share	25.8p	23.8p	-	-
<i>DP2011 General Share Pool</i>				
Net Assets	£9,498,000	£12,826,000	-	-
Net asset value per DP2011 General Ordinary Share	25.0p	75.1p	-	-
Dividends paid per DP2011 General Ordinary Share	45.0p	22.5p	-	-
Net asset value per DP2011 General A Share	30.3p	5.9p	-	-

Dividends paid per DP2011 General A Share	-	-	-	-
<i>DP2011 Structured Share Pool</i>				
Net Assets	£5,591,000	£9,001,000	-	-
Net asset value per DP2011 Structured Ordinary Share	14.9p	77.1p	-	-
Dividends paid per DP2011 Structured Ordinary Share	55.0p	22.5p	-	-
Net asset value per DP2011 Structured A Share	31.8p	6.1p	-	-
Dividends paid per DP2011 Structured A Share	-	-	-	-
<i>DP2011 Low Carbon Share Pool</i>				
Net Assets	£3,159,000	£6,942,000	-	-
Net asset value per DP2011 Low Carbon Ordinary Share	41.7p	41.6p	-	-
Dividends paid per DP2011 Low Carbon Ordinary Share	73.9p	73.9p	-	-

On 25 August 2016 the DSO Ordinary Shares and the DSO A Shares were converted into deferred shares and cancelled.

B8	Selected key pro forma financial information	Not Applicable. There is no pro forma financial information in the Prospectus.
B9	Profit forecast	Not applicable. No profit forecast or estimate is made in the Prospectus.
B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There is no historical financial information contained within the Prospectus which is subject to any such qualification.
B11	Insufficient Working capital	Not applicable. The Company is of the opinion that the working capital available is sufficient for the Company's present requirements, being at least twelve months from the date of this document.
B34	Investment policy	<p>Proposed investment policy as set out in the circular dated 8 December 2016</p> <p>Asset allocation</p> <p>It is intended that at least 70% of each share pools' funds are invested in VCT Qualifying Investments within 3 years of the close of the relevant share offer. The remainder of the funds will be held in Non-Qualifying Investments.</p>

For share pools designated as having a “planned exit” strategy, following the fifth anniversary of the last share allotment, the Company will seek realisations of its investments such that funds can be returned to Shareholders.

VCT Qualifying Investments

New VCT Qualifying Investments will normally comprise investments in businesses that are less than 7 years old and require funding to support the growth of the business. Investments may be in a range of sectors which are allowable under the VCT Regulations.

The Company will focus on development and expansion funding for unquoted businesses and will not usually undertake very early stage or start up investments.

Specific share pools may have a generalist focus or may focus on certain sectors according to the strategy of that specific share pool.

VCT Qualifying Investments made in 2015 and earlier were made under previous VCT Regulations and focused on investments in UK businesses that own substantial assets (over which a charge could be taken by the Company) or have predictable revenue streams from financially sound customers.

Non-Qualifying Investments

The funds not employed in VCT Qualifying Investments will be invested in Non Qualifying Investments as allowed by the VCT Regulations. These will typically be cash deposits and investments in quoted securities, investment trusts or OEICs.

Non-Qualifying Investments made prior to 5 April 2016 were typically made in structured products and secured loans.

Risk diversification

The Directors control the overall risk of the Company. Downing ensures that, for each share pool, the Company has exposure to a diversified range of VCT Investments from different sectors and adheres to the holding limit that no investment in a company may represent more than 15% by value of the Company’s total investments at the time of investment

Listing Rules

As a company whose shares have been admitted to the Official List, the Company conducts its business in accordance with the Listing Rules.

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 Income Tax Act 2007.

Borrowing policy

It is not the Company’s intention to have any borrowings, but it reserves the right to should the need arise. The Company does, however, have the ability to borrow a maximum amount equal to 15% of the aggregate amount paid on any shares issued by the Company (together with any share premium thereon).

Trading Activity

The Company does not carry out any trading activity which is significant in the context of the Company.

B35	Borrowing limits	The Company’s Articles permit borrowing up to a sum equal to no more than 15% of the amount paid up on the Company’s issued shares. Based on the latest audited accounts for the year ended 31 March 2016, this figure would be £6.8 million. The Board currently has no intention to use borrowing, but reserves the right to should the need arise. The
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Company has had no borrowings to date.

B36	Regulatory status	The Company is subject to the Act and the regulations made thereunder and UK law generally; its shares are listed on the premium segment of the Official List and, as a qualifying VCT, it is subject to regulation by HMRC in order to retain such status.
B37	Typical investor	A typical investor in the Company will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £3,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
B38	Investment of 20% or more in a single company	Not applicable. The Company does not and will not hold any investments which represent more than 20% of its gross assets in a single company or group.
B39	Investment of 40% or more in a single company	Not applicable. The Company does not and will not hold any investments which represent more than 40% of its gross assets in a single company or group.
B40	Service providers	<p>Downing acts as the investment manager to the Company and receives an annual fee of 1.5% of the net assets of the DSO B Shares and DSO D Shares per annum, 1.8% of the net assets of the DP2011 General Shares, DP2011 Structured and DP2011 Low Carbon Shares per annum, 1.35% of the net assets of the DP67 Shares per annum, 2.5% of the net assets of the Healthcare Shares and 2.0% of the Generalist Shares.</p> <p>In respect of administration fees, Downing is paid a formula based fee comprising three elements: (i) a basic fee of £40,000; (ii) a fee of 0.1% per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool.</p> <p>Performance incentives for the DSO Ordinary, DSO B Share, DP2011 General and DP2011 Structured shares pools are payable to management under a mechanism triggered by the A and C Share classes. In the year to 31 March 2016 DSO A Share dividends totalling £804,000 were payable to management following the DSO Ordinary Share dividends reaching the necessary hurdles. A performance incentive fee is payable in respect of the DSO D Shares. No performance incentive scheme is in place in respect of the DP67 Share pool.</p> <p>In respect of the Generalist Shares and Healthcare Shares, a performance incentive scheme will be in place utilising the Management Shares, which will represent 20% of the total number of Generalist and Healthcare Shares in issue. As part of the arrangement, in order to prevent dilution to the shareholders of the Generalist and Healthcare Shares, the management team will waive their voting rights granted by these Management Shares at any general meeting of the Company and income or capital distributions otherwise payable on these Management Shares will be waived unless the share class has achieved a Total Return (based on audited year end results) in excess of £1 per share for the years ended 31 March 2018, 31 March 2019 and 31 March 2020. For subsequent years the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2021 the hurdle is £1.03, for the year ended 31 March 2022 the hurdle is £1.06 etc.</p> <p>If the Hurdle is met, the Management Shares will receive dividends equal to 20% of the total dividends paid for the relevant year on that share class.</p>
B41	Regulatory status of Downing	Downing LLP is registered in England and Wales as a limited liability partnership with registered number OC341575. Downing is authorised and regulated by the Financial Conduct Authority, with registration number 545025.

B42	Calculation of Net Asset Value	The Company's net asset value is calculated every six months and published on an appropriate regulatory information service. If for any reason valuations are suspended, shareholders will be notified in a similar manner.
B43	Umbrella collective investment scheme	Not applicable. The Company is not part of an umbrella collective investment scheme.
B44	Absence of financial statements	Not applicable. The Company has commenced operations and published financial statements.
B45	Portfolio	The Company's Qualifying Investment portfolio comprises unquoted UK trading companies focused on business that own substantial assets or have predictable revenue streams. Funds not employed in Qualifying Investments are predominately invested in secured loans and fixed income securities.

	NAV per Share at 30 Sept 2016 (p)	Number of investments as at 30 Sept 2016	Carrying value of investments as at 30 Sept 2016 (£'000)
DSO B Shares	20.0	8	1,743
DSO C Shares	0.1	-	-
DSO D Shares	75.5	15	4,373
DP67 Shares	63.9	10	5,515
DP2011 General Ordinary Shares	30.3	19	7,284
DP 2011 General A Shares	14.9	-	-
DP2011 Structured Ordinary Shares	31.8	11	4,254
DP2011 Structured A Shares	31.8	-	-
DP2011 Low Carbon Shares	41.7	4	2,998

B46	Most recent Net Asset Value	As at 30 September 2016, the unaudited NAV was 20.0p per DSO B Share, 0.1p per DSO C Share, 75.5p per DSO D Share, 63.9p per DP67 Share, 25.0 p per DP2011 General Ordinary Share, 30.3p per DP2011 General A Share, 14.9p DP2011 Structured Ordinary Share, 31.8p per DP2011 Structured A Share and 41.7p per DP2011 Low Carbon Share.
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C Securities

C1	Types and class of securities	The Company will issue Generalist Shares and Healthcare Shares under the Offers: -
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	Generalist Shares	Healthcare Shares
ISIN	GB00BDHF5B49	GB00BDHF5D62
SEDOL	BDHF5B4	BDHF5D6

C2	Currency	Sterling.
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C3	Number of securities to be issued	Under the Offers, up to a maximum of 62,500,000 Shares in the Company will be issued.
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C4	Description of the rights attaching to the securities	The Generalist and Healthcare Shares will have the following rights:
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	Income & capital	Voting	Redemption
Generalist Shares	<p>Holder of Generalist Shares will have the right to receive a portion of the distributed income and capital of the</p>	<p>1,146 Base Votes* per share</p>	<p>Non - redeemable</p>

assets of the Generalist Share pool pro rata to the number of such shares which they hold.

Healthcare Shares	Holders of Healthcare Shares will have the right to receive a portion of the distributed income and capital of the assets of the Healthcare Share pool pro rata to the number of such shares which they hold	1,146 Base Votes* per share	Non - redeemable
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* The number of Base Votes per share is determined by reference to the relative net assets attributable to each class of shares and is subject to adjustment if the net asset value increases or decreases in steps of 25%.

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| C5 | Restrictions on the free transferability of the securities | There are no restrictions on the free transferability of the Generalist Shares and Healthcare Shares. |
| C6 | Admission | Application will be made to the UKLA for the Generalist Shares and Healthcare Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is anticipated that dealings in the Generalist Shares and Healthcare Shares will commence three Business Days following allotment. |
| C7 | Dividend policy | The Board's policy is to whenever possible maintain a steady flow of tax-free dividends, generated from income or capital profits realised on the sale of investments. The level of dividends is not guaranteed. The Company intends to adopt a strong dividend policy, where possible distributing between 4% and 5% of its net assets each year as dividends. In practice, it is unlikely that any dividends will be paid within the first three years of the Offer. In accordance with the VCT rules, such distributions will not be made out of capital or cancelled share premium which is less than three years old. |

D

D2 Key information on the risks specific to the issuer

Risks

The Company

- There can be no assurances that the Company will meet its objectives, identify suitable investment opportunities or be able to diversify its portfolio. The past performance of Downing and other funds managed or advised by Downing is no guide to future performance and the value of an investment in the Company. The Shares may fall as well as rise and an investor may not receive back the full amount invested.
- There can be no guarantee that the Company will retain its status as a VCT, the loss of which could lead to adverse tax consequences for investors, including a requirement to repay the 30% income tax relief.
- The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which could affect tax reliefs obtained by Shareholders and the VCT status of the Company.
- Investments made by the Company will be in companies which have a higher risk profile than larger "blue chip" companies and whose securities are not readily marketable and therefore may be difficult to realise.
- Although the Company may receive customary venture capital rights in connection with its investments, as a minority investor it may not be in a position to protect its interests fully.
- The Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments

		in order to maintain the VCT tax status of the Company which may restrict the Company's ability to obtain maximum value from its investments.
D3	Key information on the risks specific to the securities	<ul style="list-style-type: none"> • The value of Generalist Shares and/or Healthcare Shares may fall below the original amount invested, its market price may not fully reflect the underlying Net Asset Value and dividends may not be paid. Investment in the Company should be viewed as a long-term investment. • If a qualifying investor disposes of his or her shares within five years of issue, he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed. • Although the Company's Existing Shares have been (and it is anticipated that the Offer Shares will be) admitted to the Official List of the UKLA and to trading on the London Stock exchange's market for listed securities, there may not be a liquid market and investors may find it difficult to realise their investments.

E Offers

E1	Net proceeds and costs of the issue	The maximum costs and expenses relating to the Offers, assuming full subscription by Execution-only Investors, are 4% or £1,200,000. The total net proceeds of the Offers, on the above assumptions and after all fees and including the Management Shares, are expected to be £28,800,000.
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E2a	Reason for the Offers and use of proceeds	The Board believes that the current economic climate will continue to create opportunities for those investors able to take a medium to long term view to invest in well managed UK businesses that need capital to expand but are facing a shortage of finance, resulting in higher portfolio returns. The additional funds raised under the Offers will enable the Company to increase the pace of its investment activity and both the number and size of its investments in the future and will finance running costs. By raising more capital the running costs per Share in the Company will be reduced as the fixed costs are spread over a larger asset base.
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The Company will use the net proceeds of the Offers, expected to be £28,800,000 on the above assumptions, to invest predominantly in unquoted companies, in line with the Company's investment policy.

E3	Terms and conditions of the Offer	Up to 20,000,000 Generalist Shares and 10,000,000 Healthcare Shares in the Company are offered at the Offer Price under the Offers, payable in full upon application. If the Offers are oversubscribed, they may be increased at the discretion of the Board up to a maximum of 30,000,000 Generalist Shares and 20,000,000 Healthcare Shares, in aggregate.
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Adviser Charges, Pricing of the Offers and Commission

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 VCT, a fee will usually be agreed between the Intermediaries and Investor for the advice ("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 by the Company. Ongoing fees 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 4). The Investor will be issued fewer Generalist Shares and/or Healthcare Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out below.

Commission is permitted to be paid to Intermediaries in certain limited situations, such as in respect of execution only clients (where no advice or personal recommendation has been provided). The level of the Promoter's Fee

reflects whether or not commission is payable.

Promoter's Fee (no Adviser commission payable)

Downing will charge a Promoter's Fee of 2% of the monies subscribed, where it is not required to pay commission to an Intermediary.

Promoter's Fee (Adviser commission payable)

Downing will charge a Promoter's Fee of 4% of the monies subscribed, where it is required to pay commission to an Intermediary.

Out of its Promoter's Fees, Downing (not the Investor) will be responsible for paying all the costs of the Offers, including initial commission to Intermediaries (where applicable).

Pricing of the Offers

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

Number of Generalist/Healthcare Shares = Amount subscribed less
(i) Promoter's Fee and (ii) Adviser Charge ÷ Latest NAV per
Generalist/Healthcare Share

E4	Material interests	Not applicable. No interest is material to the Offers.
E5	Name of person selling securities	Not applicable. No entity is selling securities in the Company.
E6	Dilution	Not Applicable. New share classes.
E7	Expenses charged to the investor	<p>Applications received through execution only brokers and intermediaries</p> <p>The expenses charged to the Investor under the Offers are 4% of gross funds raised for the Company in respect of applications received through execution only brokers or intermediaries not offering financial advice (save for permissible trail commission which the Company will be responsible for).</p> <p>Applications received directly from Applicants and through intermediaries offering financial advice</p> <p>The expenses charged to the Investor under the Offers are 2% of gross funds raised for the Company in respect of applications received directly from Applicants and through intermediaries offering financial advice.</p>

Copies of the Prospectus 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.

Dated: 8 December 2016

Risk Factors

Investors should consider carefully the following risk factors in addition to the other information presented in the Prospectus. If any of the risks described below were to occur, it could have a material effect on the Company's businesses, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or current and prospective Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's businesses, financial condition and results of operations. The value of Shares could decline due to any of these risk factors, and investors could lose part or all of their investment. Investors who are in any doubt about what to do should consult their independent financial adviser. The attention of prospective investors is drawn to the following risks:

Valuation and sale of Shares

The value of the Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying Net Asset Value or that Shareholders will be able to realise their shareholding or that dividends will be paid. Generalist Shareholders and/or Healthcare Shareholders should be aware that the sale of Generalist and/or Healthcare 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. The past performance of the Company or of other funds managed or advised by Downing, the investment manager to the Company, is not necessarily an indication of the future performance of the Company.

6 month rule

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 Generalist Shares and/or Healthcare Shares, then for the purposes of calculating the tax relief on the Generalist and/or Healthcare Shares the subscribed amount must be reduced by the amount received from the sale.

Value of underlying assets

The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. Realisation of investments in small unquoted companies can be difficult and may take considerable time.

VCT Rules and the impact on the portfolio

There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of investee companies which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. To be qualifying holdings, VCT funds must be invested in smaller companies with gross assets of not more than £15 million prior to the investment and £16 million post investment. In addition, to be qualifying holdings, VCT funds must be invested in companies which have no more than 250 full time (equivalent) employees and do not receive more than £5 million of investment from state aided risk capital sources in the 12 months ending on the date of the VCT's investment.

Investment opportunities

There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.

Minority interest

Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor they may not be in a position fully to protect its interests.

Nature of smaller companies

Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.

Liquidity

Although the Generalist and Healthcare Shares will be Listed, it is highly unlikely that a liquid market in the 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 Generalist Shareholders and/or Healthcare Shareholders to sell their Shares. In addition, there is no guarantee that the market price of the 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. If the Company lacks sufficient cash reserves to purchase its own Shares and during prohibited periods when the Company is unable to purchase its own Shares, the market price of Shares may not fully reflect, and will tend to be at a discount to, their underlying NAV. However, the Board intends to buyback Generalist and Healthcare Shares in the Company at a nil discount to NAV, subject to liquidity and cash resources, which should help to reduce the share discount price.

VCT legislation

The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective.

Whilst it is the intention of the Directors that the Company will be managed so as to continue to qualify as a venture capital trust, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause a Company to lose its exemption from corporation tax on capital gains.

Recent changes to VCT legislation

The Finance Act 2014 amended the VCT rules, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

The Finance (No.2) Act 2015 introduced changes to the VCT Rules which have placed greater restrictions on the range of investments into which the Company can deploy funds. As a result the Company is required to invest in businesses which are less than seven years old (less than 10 years for 'knowledge intensive' companies) and VCT funds cannot be used to finance acquisitions by investee companies. The penalty for breaching these new rules is the loss of VCT status, so the Company and its investors may face a higher risk of the loss of tax benefits than under the previous rules. Qualifying investee companies are also now subject to a lifetime risk finance investment limit of £12 million (£20 million for 'knowledge intensive' companies), which may restrict the Company's ability to make follow on investments.

Where the European Commission believes that state aid has been provided which is not in accordance with the risk finance guidelines, it may require the UK government to recover that state aid. There is currently no mechanism in place for this, but recovery may be from the investee company, the VCT or the VCT's investors.

Forward-Looking Statements

You should not place undue reliance on forward-looking statements. This Prospectus 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 Prospectus 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 Disclosure and Transparency Rules, as appropriate.

The Company

Directors and advisers

Directors (all non-executive)	Lord Flight (Chairman) Sir Aubrey Brocklebank (Senior Independent Director) Russell Catley all of Ergon House, Horseferry Road London SW1P 2AL
Secretary and Registered Office	Grant Leslie Whitehouse Ergon House, Horseferry Road London SW1P 2AL
Investment Manager and Administrator	Downing LLP Ergon House, Horseferry Road London SW1P 2AL
Arrangers and Solicitors to the Offer and the Company	RW Blears LLP 29 Lincoln's Inn Fields London WC2A 3EE
Sponsor	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Promoter and Receiving Agent	Downing LLP Ergon House, Horseferry Road London SW1P 2AL
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Bank of Scotland 33 Old Broad Street London EC2N 1HZ Royal Bank of Scotland London Victoria Branch 119/121 Victoria Street London SW1E 6RA
Registrar	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
VCT Taxation Advisers	Philip Hare & Associates LLP 4 – 6 Staple Inn London WC1V 7QH

There is no family relationship between any of the Directors, the Company Secretary or any member of Management.

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: HM Revenue & Customs*).

The Company, Downing FOUR VCT plc, was created by the merger of four VCTs managed or advised by Downing in July 2015. It is a large VCT which at that time had net assets of approximately £60 million. It now has an existing portfolio of approximately 45 investments. The Company's Board has a considerable number of years of experience in private equity and venture capital.

The Company's initial public share offer raised gross aggregate proceeds of £10.5 million during 2009. The investments in the DSO Ordinary Share pool were all sold and the net proceeds distributed to DSO Ordinary Shareholders, with the majority of funds returned during 2015 and 2016. DSO Ordinary Shareholders received total distributions of 131.66p for a pair of one DSO Ordinary Share and one DSO A Share, equating to a tax-free return, calculated as an IRR, of 12% per annum. Having returned all funds to shareholders, the Company has now cancelled the DSO Ordinary and DSO A Shares.

Two further share offers have since been undertaken, followed by the Merger in 2015, which brought an additional four share pools into the Company; the DSO B, DSO D, DP2011 and DP67. The DSO B Share pool has begun to realise its investments and return funds to investors. The DP2011 pools (General, Structured and Low Carbon) have now also passed their five year anniversaries and commenced the process of realising their respective portfolios. As at 30 September 2016, the DSO B, DSO D, DP67, DP2011 General, DP2011 Structured and DP2011 Low Carbon Share pools of the Company held investments in 35 companies with a total unaudited value of £26.8 million.

Reasons for the Offers

As each of the Company's existing share pools operates a 'planned exit' strategy, over time the Company is currently expected to reduce in size. The Offers will increase the size of the Company, allowing all Shareholders to benefit from being able to spread the burden of fixed VCT running costs over a greater asset base.

The Offers have been designed for Investors seeking a portfolio of unquoted investments, whilst taking advantage of the VCT tax reliefs. The Company is seeking to raise additional gross proceeds of approximately £30 million across the two new share class under the Offers, together with an over-allotment facility in each class of up to approximately a further net £10 million.

The Generalist Shares and Healthcare Shares

In contrast to the existing share classes which operate under a planned exit strategy, the Generalist Shares and Healthcare Shares will be 'evergreen' with a focus on longer term returns to shareholders and ongoing tax-free dividends.

The existing investments and cash attributable to the Existing Shares will be kept separate from the proceeds of the issue of the Generalist Shares and Healthcare Shares, which will be administered as separate investment pools.

The holders of Generalist Shares or Healthcare Shares will have the right to participate (by way of dividends and return of capital) in those assets attributable to the Generalist Shares or Healthcare Shares (as applicable), 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 Generalist Shares or Healthcare Shares.

No convertible securities, exchangeable securities or securities with warrants will be issued with this Offer.

Dividends

The Board has a stated objective for the Generalist and Healthcare Share pools of paying an annual tax-free dividend from the fourth year onwards of at least 4% of each pool’s respective NAV, subject to the availability of sufficient distributable profits, capital resources and compliance with the VCT regulations. There is no guarantee that this objective will be met.

Dividends that are paid during the lifetime of the shares 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. The level of any dividends will be dependent on the performance of the investments in the Generalist Share pool/Healthcare Share pool. In practice, it is unlikely that any dividends will be paid in respect of the Generalist Shares or Healthcare Shares in the first three years of their life.

There are currently no plans to offer a dividend reinvestment scheme, however, the Directors will review this policy from time to time, and consider introducing such a scheme if appropriate.

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

The principal VCT tax reliefs, which are available on a maximum investment of £200,000 per individual in each of the 2016/17 and 2017/18 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 and provided the Investor has not sold any shares in the Company six months either side of the issue of the new shares. Relief is restricted to the amount which reduces the Investor’s income tax liability to nil.
- **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 investment of £10,000.

Effect of initial 30% income tax relief	
Cost of investment	£
Gross subscription by Investor	10,000
30% income tax relief	(3,000)
Net of tax cost of investment	7,000
Initial value of investment	
Gross subscription by Investor	10,000
Assumed issue costs of 2%	(200)
Initial Net Asset Value (“NAV”)	9,800
Initial “uplift” (£)	+£2,800
Initial “uplift” (%)	+40.00%

The above table shows that, based on an illustrative investment of £10,000 and income tax relief at 30%, an Investor’s net of tax cost of investment is £7,000 and the net assets initially attributable to the investment are £9,800, an “uplift” of £2,800 or +40.0%. The table ignores the effect of Adviser Charges paid or early application discounts received. **Investors should note that they are required to hold the 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.**

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 IV of this document. Prospective 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

A new investment policy has been drawn up in order to accommodate the new share classes and changes to the VCT legislation. As these changes, taken together, are considered by the Company to be material, the new policy will be proposed for approval by Shareholders at the General Meeting to take place on 16 January 2017, and, if approved, will be as set out below. If the resolution to amend the policy is not approved, the Company will continue with its existing investment policy, as most recently published in the Company's annual report and accounts for the year ended 31 March 2016, but will only make investments which remain nonetheless consistent with the VCT Regulations.

Asset allocation

It is intended that at least 70% of each share pools' funds are invested in VCT Qualifying Investments within 3 years of the close of the relevant share offer. The remainder of the funds will be held in Non-Qualifying Investments.

For share pools designated as having a "planned exit" strategy, following the fifth anniversary of the last share allotment, the Company will seek realisations of its investments such that funds can be returned to Shareholders.

VCT Qualifying Investments

New VCT Qualifying Investments will normally comprise investments in businesses that are less than 7 years old and require funding to support the growth of the business. Investments may be in a range of sectors which are allowable under the VCT Regulations.

The Company will focus on development and expansion funding for unquoted businesses and will not usually undertake very early stage or start up investments.

Specific share pools may have a generalist focus or may focus on certain sectors according to the strategy of that specific share pool.

VCT Qualifying Investments made in 2015 and earlier were made under previous VCT Regulations and focused on investments in UK businesses that own substantial assets (over which a charge could be taken by the Company) or have predictable revenue streams from financially sound customers.

Non-Qualifying Investments

The funds not employed in VCT Qualifying Investments will be invested in Non Qualifying Investments as allowed by the VCT Regulations. These will typically be cash deposits and investments in quoted securities, investment trusts or OEICs.

Non-Qualifying Investments made prior to 5 April 2016 were typically made in structured products and secured loans.

Risk diversification

The Directors control the overall risk of the Company. Downing ensures that, for each share pool, the Company has exposure to a diversified range of VCT Investments from different sectors and adheres to the holding limit that no investment in a company may represent more than 15% by value of the Company's total investments at the time of investment

Listing Rules

As a company whose shares have been admitted to the Official List, the Company conducts its business in accordance with the Listing Rules.

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 Income Tax Act 2007.

Borrowing policy

It is not the Company's intention to have any borrowings, but it reserves the right to should the need arise. The Company does, however, have the ability to borrow a maximum amount equal to 15% of the aggregate amount paid on any shares issued by the Company (together with any share premium thereon).

Trading Activity

The Company does not carry out any trading activity which is significant in the context of the Company.

Share Buyback Policy

The Board will seek to ensure that there is liquidity in the Company's Generalist Shares and Healthcare Shares and, accordingly, it intends to pursue an active Share buyback policy. Throughout its life, the Company will seek to buy back in the market those Generalist and Healthcare Shares that Shareholders wish to sell, at no discount to the latest published Net Asset Value, subject to applicable regulations, market conditions at the time and the Company having both the necessary funds and distributable reserves available for the purpose. This buyback policy aims to provide liquidity and limit the discount to Net Asset Value at which Shares trade. The making and timing of any share buybacks will remain at the absolute discretion of the Board.

Under the current Listing Rules, the price paid for the Shares cannot be more than the higher of: (i) the amount equal to 105% of the average of the middle market quotations for the five Business Days immediately preceding the date on which the Shares are purchased; (ii) the price of the last independent trade; and (iii) the highest then current independent bid on the London Stock Exchange.

Management

Downing LLP

The investment and administration manager of the Company is Downing LLP which is authorised and regulated by the Financial Conduct Authority. Downing specialises in structuring, promoting, managing and administering tax efficient products. In 2011 Downing LLP took over the business and employees of Downing Corporate Finance Limited (which was incorporated in 1986). Downing LLP advises or manages VCTs with over £210 million of net assets.

The total invested by the partners and employees of Downing LLP in the Downing VCTs is over £2 million.

AIFM

The Company is registered with the FCA as a Small Registered Alternative Investment Fund Manager.

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 Downing. Additionally none of the Directors are related to Downing or other funds managed by Downing.

Lord Flight (Chairman) has worked in the financial services industry for over 40 years and co-founded Guinness Flight Global Asset Management. In 1998, upon Guinness Flight's acquisition by Investec, he became joint chairman of Investec Asset Management Limited. He was MP for Arundel and South Downs from 1997 to 2005 and Shadow Chief Secretary to the Treasury between 2000 and 2004. He was appointed to the House of Lords in January 2011. He is chairman of the EIS Association and CIM Investment Management Limited; and is a director of Metro Bank plc, Investec Asset Management Limited and a number of other companies in the financial services sector. He is also a Commissioner of the Guernsey Financial Services Commission.

Sir Aubrey Brocklebank (Senior Independent Director) assumed his first role within the VCT industry in 1997, following a career in accountancy, corporate finance and venture capital. Since then he has gone on to become one of the most experienced directors. Sir Aubrey maintains a wide range of business interests and has been a director of six AIM listed companies. He is chairman of Puma VCT 8 plc and Hargreave Hale AIM VCT 1 plc.

Russell Catley has over 30 years' experience in the financial sector and is currently chief executive of both Catley Lakeman Securities, the UK's leading provider of institutional structured products and its subsidiary asset manager, Atlantic House Fund Management LLP. Its long-standing clients include JP Morgan, HSBC, Credit Suisse, UBS and Royal Bank of Canada. He was previously a Director at Citigroup Global Markets and AXA Investment Managers UK Limited and was on the Board of AXA World Funds (Luxembourg), one of Europe's largest fund companies from 2001 to 2004.

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 (excluding trail commission). Adviser Charges are the fees agreed between Intermediaries and Investors for advice and related services.

The number of Generalist and Healthcare 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 Offer Shares depending on the level of Promoter's Fee and Adviser Charges agreed with their Intermediary, adjusted for any early subscription discount. Further information is set out in Part XI on page 68. The total initial expenses of each Offer (assuming full subscription by Execution-Only Investors and/or Professional Client Investors only) will be 4.0% of the gross proceeds and the total net proceeds of each Offer are therefore estimated to be £19.2 million for the Generalist Shares and £9.6 million for the Healthcare Shares.

Annual management and administration fees

Downing receives annual investment management fee of 1.5% of the net assets of the DSO Ordinary Shares, DSO B Shares and DSO D Shares per annum (discounted to 1.3% until 20 July 2016), 1.8% of the net assets of the DP2011 General Shares, DP2011 Structured and DP2011 Low Carbon Shares per annum (discounted to 1.6% until 20 July 2016) and 1.35% of the net assets of the DP67 Shares per annum.

In respect of the new Share classes, Downing will receive an investment management fee of 2.0% of net assets per annum in respect of the Generalist Shares and 2.5% per annum in respect of the Healthcare Shares.

In respect of administration fees, Downing is paid a formula based fee comprising three elements: (i) a basic fee of £40,000; (ii) a fee of 0.1% per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool. Assuming full subscription of £30,000,000, the total funds under management will be approximately £65 million resulting in an annual administration fee of around £130,000.

The Annual Running Costs of each share pool are capped at 3.0% (including irrecoverable VAT) of Net Assets in the relevant pool except for the DP67 Share pool which is capped at 2.9% and the new Healthcare Share pool which will be capped at 3.5%. Any excess will be paid by Downing, 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.

Where the fund is invested in other Downing managed funds, the Manager will arrange for one of the fees to be rebated to the Company to ensure that there is no "double charging".

Downing will receive no carried interest or other performance-related fees, save pursuant to the holding of Management Shares described below.

The Company shall also be responsible for paying 0.25% per annum of the Net Asset Value of those Offer Shares in respect of which adviser commission is payable to Downing for a maximum of five years, from which Downing will pay annual trail commission to the independent financial intermediaries of Professional Client Investors and Execution-Only Investors.

Costs payable by investee companies

Downing will receive arrangement fees (capped at 3% of the sums invested by the Company, with any excess paid to the Company) and monitoring fees (capped at the higher of £10,000 pa or 0.5% pa of the cost of the investment, including any director's fees for sitting on the companies' boards) 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, members of the management team will be entitled, subject to Shareholder approval, to receive a performance incentive fee in the event that returns to Generalist and Healthcare Shareholders respectively exceed a hurdle. This fee is being set at 20% of dividends paid when total returns are above the Hurdle, with effect from 2021 onwards.

The Performance Incentive in respect of the Generalist and Healthcare Shares will have no impact on Existing Shareholders.

For the Hurdle to be met, the Generalist Shares and/or Healthcare Shares must have a Total Return (based on audited year end results) in excess of £1 for the years ended 31 March 2018, 31 March 2019 and 31 March 2020. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2021 the Total Return hurdle will be £1.03, for the year ended 31 March 2022 the hurdle will be £1.06, for the year ended 31 March 2023 the hurdle will be £1.09 etc.

The Company proposes to give effect to the performance incentive through management shares ("**Management Shares**") in the Company. When the precise number of shares to be issued to investors under the Offer is known, it is proposed that 20% of such number of shares be issued to certain employees/partners of management at a lower price of 0.1p per share and immediately thereafter transferred to a nominee company, Downing Nominees Limited (the "**Nominee**"). Accordingly, if the Offer is fully subscribed, 5 million Generalist Share and 2.5 million Healthcare Shares will be issued to Management at 0.1p per share and transferred to the Nominee to hold on behalf of Management.

Whilst these Management Shares will rank *pari passu* with the other issued shares, the Nominee will agree with the Company that, so long as the Management Shares are in issue, it will (a) neither exercise any voting rights attaching to the shares, nor transfer or dispose of any of the shares, and (b) waive any of their entitlement to distributions payable on the shares unless, and to the extent that, the performance hurdle is met. The effect of this arrangement will be to allow the individuals concerned to receive dividends on the shares of 20% of the aggregate dividends payable; this dividend will represent their performance incentive payment. The Nominee will also agree that, should the management agreement be terminated, the Management Shares will be sold at the Company's direction.

Accordingly, if the Hurdle is not met, any distributions otherwise payable in respect of the relevant financial year on the Management Shares will be waived by the Nominee. If the Hurdle is met, the Nominee as holder of the Management Shares will receive any distributions as normal in respect of their holding of 20% of the Generalist and/or Healthcare Shares in issue. In effect, Management will receive a performance incentive fee of 20% of the aggregate dividend paid after the Hurdle is met. If the payment of the full dividend on the Management Shares would result in the Hurdle no longer being met, the Nominee as holder of the Management Shares will waive dividends to the extent to ensure that the Hurdle continues to be met.

For example, the Total Return per share might stand at 103.5p as at 31 March 2021, at which time the Hurdle will be 103.0p. Based on 20 million shares in issue, if a dividend of £1 million (5p per share) is declared in respect of the year ended 31 March 2021, Management would normally be entitled to dividends equivalent to £200,000 (equivalent to 1p per share in issue). However, as this would result in the Hurdle not being met, the management team will waive 50% of their dividend, which will result in net dividends of £100,000 (equivalent to 0.5p per share in issue) being paid on the Management Shares. The Hurdle for the following year end 31 March 2022 will then stand at 106p.

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 Philip Hare & Associates LLP to advise it on VCT taxation matters.

The Offers and minimum and maximum subscription

Assuming Full Subscription, maximum net proceeds (after the costs of the Offers) of £28.8 million (£19.2 million for the Generalist class and £9.6 million for the Healthcare class) 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 gross proceeds of £50 million (£30 million from the Generalist share class and £20 million from the Healthcare share class). 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 Subscription is £1 million in each class of Offer Shares.

The minimum investment per Applicant is £5,000 (or such lower amount at the Board's discretion) or £500 per month by standing order. The maximum investment, on which tax reliefs in VCTs are available, is £200,000 per Applicant in each of the 2016/17 and 2017/18 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 9 December 2016 and may close at any time thereafter, but in any event, not later than 3.00 p.m. on 5 April 2017 in respect of the 2016/17 Offer and 3.00 p.m. on 30 September 2017 in respect of the 2017/18 Offer, unless fully subscribed earlier or previously extended by the Directors (but to no later than 30 November 2017).

If the Minimum Subscription is not received by 3.00 p.m. on 5 April 2017, 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.

Generalist and Healthcare Shares will be allotted and issued in respect of valid applications on 5 April 2017, 30 September and on any other dates on which the Directors decide, but at least quarterly thereafter. Application has been made to the UK Listing Authority on behalf of the Company for the Admission of all of the Generalist Shares and Healthcare Shares. Subject to the Minimum Subscription being received by then, it is anticipated that dealings in the first allotment of Generalist Shares and Healthcare Shares will commence by 25 April 2017 and in respect of subsequent allotments within 20 Business Days of allotment. Dealings may begin before notification of allotments is made. Revocation of the Offers cannot occur after dealings in the Generalist and Healthcare Shares have commenced. The Company has applied for its Generalist and Healthcare Shares to be admitted to CREST and it is expected that the Generalist and Healthcare 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 Generalist and Healthcare Shares following Admission may take place within the CREST system if Generalist and Healthcare Shareholders wish. CREST is a voluntary system and Generalist and Healthcare 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 Generalist and Healthcare Shares will be posted to Generalist and/or Healthcare Shareholders as applicable 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 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 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.

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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Operation of the Company and Board Practices

(a) Board of Directors

The Company complies with the provisions of the UK Corporate Governance Code, with the exception of the following, for the reasons set out below:

- (i) new Directors do not receive a full, formal and tailored induction on joining the Board and such matters are addressed on an individual basis as they arise. In addition, as the Company does not have any major shareholders, shareholders are not given an opportunity to meet any new non-executive directors at specific meetings other than at the Annual General Meetings;
- (ii) the Board consider that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the UK Corporate Governance Code;
- (iii) as the Company has no staff, other than Directors, there are no procedures in place relating to whistleblowing;
- (iv) due to the size of the Board, there are no formal performance evaluations of the Board, their committees, the individual Directors or the Chairman. Specific performance issues are dealt with as they arise; and
- (v) the Directors do not have fixed term renewable service contracts as recommended in the UK Corporate Governance Code. Instead they have letters of appointment, further details of which are set out in paragraph 6(c) of Part VIII of this document.

The Board comprises three members, all of whom are non-executive directors and considered to be independent of Downing.

The Board meets regularly throughout the year (normally at least quarterly) and all necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively including, but not limited to, monitoring and managing the performance of key service providers including Downing. Additionally, special meetings take place or other arrangements are made when Board decisions are required in advance of regular meetings. The Board is responsible for controlling the Company. The Board is responsible for the determination and calculation of the Company's Net Asset Value, which will be undertaken in accordance with the Company's accounting policies and published on an appropriate regulatory information service provider (including in the announcement of annual and half yearly results of the Company). The Board does not envisage any circumstances in which such calculations would be suspended but, were this to occur, such suspension would be communicated to shareholders in a similar manner.

The Board delegates specific responsibilities to the committees described below.

(b) Audit Committee

All directors sit on the audit committee which is chaired by Sir Aubrey Brocklebank. The audit committee meets not less than once a year. The Company's auditors and the senior executives of Downing may attend and speak at audit committee meetings.

A summary of the terms of reference of the audit committee is as follows: the committee has responsibility for, among other things, the planning and reviewing of the Company's annual and half yearly reports and the supervision of its auditors in the review of such financial statements. The audit committee focuses particularly on the Company's compliance with legal requirements, accounting standards, financial and regulatory reporting requirements, the Listing Rules and the Prospectus Rules and ensuring that effective systems for internal financial control and for reporting non-financial operating data are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and half yearly financial reports remain with the Board.

(c) Remuneration Committee

All directors sit on the remuneration committee, which meets as and when required, and is chaired by Lord Flight.

A summary of the terms of reference of the remuneration committee is as follows: this committee has responsibility for determining the Company's policy on the remuneration of the Directors, and the committee refers to standard industry practice as well as comparative remuneration levels and structures prevalent in companies of a similar profile and size, and in similar industry sectors to the Company, taking account of any special circumstances that may be relevant in terms of the Directors' responsibilities and duties. The maximum Directors' remuneration will also be determined by reference to the Company's Articles and/or ordinary resolutions of Shareholders from time to time.

(d) **Nomination Committee**

All Directors sit on the nomination committee, which meets as and when required, and is chaired by Lord Flight. The committee has responsibility for considering the size, structure and composition of the Board, the retirement and appointment of Directors, and will make appropriate recommendations to the Board in relation to these matters.

As at the date of this document, the Company currently complies with the UK Corporate Governance Code in all respects other than those mentioned above.

Part II – Generalist Shares

Introduction

The Generalist Share pool will seek to invest in a broad range of businesses which are eligible for investment under the latest VCT regulations. This will typically be young developing unquoted businesses.

Downing's Track Record

Downing manages or advises a number of VCTs, EIS schemes and other funds. Several of the Downing VCTs have a planned exit strategy, however Downing ONE VCT, which was formed by the merger of six other VCTs in November 2013, is the only VCT managed or advised by Downing which has a similar "evergreen" strategy to that of the Generalist Share pool.

The track record of Downing ONE is summarised as follows:

	From	To	Size of fund	Initial NAV	Total Return	Uplift
Downing Healthcare Protected VCT plc (original name of fund)	May 1997	Nov 2013*	£7.1m	100.0p	154.5p	54.5%
Downing ONE VCT plc	Nov 2013	Aug 2016	£93.7m	100.0p	107.5p	7.5%

**November 2013 was the date Downing Healthcare Protected VCT plc and a number of other VCTs were merged into Downing ONE*

Source: Downing ONE VCT plc NAV announcement 21 September 2016 and Downing Absolute Income VCT 1 plc (formerly Downing Healthcare Protected VCT) half years' report to 31 December 2012

Strategy and Approach

The Generalist Share pool will invest in businesses that are less than 7 years old and are seeking funds to finance their growth. Some of these businesses may own substantial assets such as pubs, wedding venues or datacentres where the Company can take a charge over the assets and may benefit from some downside protection. The share pool will also invest in businesses which do not have any asset-backing. These will often be higher risk but potentially offer greater rewards. There is no pre-determined allocation of funds between these two types of investments. The allocation will be determined by Downing's dealflow during the period when funds are being invested.

Funds not invested in qualifying investments will be invested in OEICs, Investment Trusts and other securities in line with the investment policy. It is expected that a significant proportion of these funds will be invested in such funds also managed by Downing such as the MI Downing UK Micro-Cap Growth Fund. Whenever the Company invests in another fund managed by Downing, it will only do so on the basis that Downing agrees to waive all of the management fees charged to the other fund in respect of that investment in order to prevent double recovery and ensure fair treatment of investors. Any conflicts of interest that may arise in this regard shall be dealt with under Downing's co-investment policy set out on page 17 and will be managed by the independent boards of the respective funds or, in the case of an OEIC, by the ACD operating within the framework of the UCITS regulations.

Downing's Management Team

Downing has a team of over 20 executives involved in the management of unquoted investments. Key members of the team that will have responsibility for investing the funds of the Generalist Share pool are as follows:

Chris Allner – Head of Investment

Chris has over 30 years of venture capital and private equity experience, most recently as head of private equity at Octopus Investments. Prior to that, he was a director at Beringea and Bridgepoint with previous experience at 3i and Charterhouse.

Chris has transacted over 50 investments and has sat on the boards of a number of unquoted and quoted portfolio companies across a variety of commercial sectors. Chris joined Downing in March 2012. Current board seats include Claresys Ltd and Curo Ltd. He is also on the board of trustees for Vital Regeneration, a Westminster based charity.

Kostas Manolis

Kostas has more than 11 years' private equity experience as investor, board director, portfolio manager, adviser and business angel. Kostas worked as a corporate finance adviser at PwC, where he advised institutions and management teams on private equity deals, and later joined the private equity team of Bank of Scotland in 2006. He was a member of the Caird Capital team that led a successful spin out of a £0.5bn private equity portfolio from Lloyds Banking Group in 2010.

Kostas joined Downing as a partner in 2015. As a director or observer in numerous businesses, he has worked with management teams through operational improvement, growth, turnaround and successful exits. Kostas holds a degree in Biochemistry and a PhD in Molecular Genetics and is a Chartered Accountant.

Colin Corbally

Colin qualified as a solicitor with Linklaters in 1996. He spent six years at 3i Group in corporate finance and venture capital where he was a senior manager. He then spent four years at The Royal Bank of Scotland where he was a director, structuring debt and equity investments, before joining Downing in 2006. Colin leads Downing's renewable energy investments department.

Jonathan Boss

Jonathan is a chartered accountant and has spent the past 20 years working with the owners of private companies and has led 100 transactions, comprising growth investments, management buy-outs, acquisitions, company sales and refinancings. Sitting on the boards of many of the companies in which he invests, Jonathan builds relationships with management teams based on agreeing shared goals and working hard together to achieve them. At Downing, Jonathan invests in a range of growing businesses, but has a particular interest in data centres, children's nurseries and wedding venues.

Steven Kenee

Steven qualified as a chartered accountant in 2004 with Baker Tilly, where he worked for over six years in corporate finance, corporate restructuring and audit with a specific focus on small and medium sized businesses. He joined Downing in 2008 since which time he has led a number of VCT, EIS and IHT investments. He currently manages a portfolio in excess of £56 million and heads up the licensed sector team.

Generalist Pool Management fees

An annual management fee of 2.0% of net assets per annum will be charged by Downing to the Generalist Share pool. An administration fee and monitoring fees will also be charged as set out on page 18.

A performance incentive will be payable to Downing in the event that a performance hurdle is met. The hurdle will be set at a Total Return of at least £1 per share for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 and increasing by 3% per annum thereafter. If the Hurdle is met, the Performance Incentive will be a sum equivalent to 20% of the total dividends paid in respect of the relevant financial year on the Generalist Shares.

Part III – Healthcare Shares

Introduction

Recent changes to the VCT rules have re-focused VCTs towards investing in younger developing businesses. The healthcare sector has traditionally provided significant opportunities for investments in innovative companies which have delivered excellent rewards to investors. With an ageing population and national health expenditure increasing, the UK healthcare market is likely to continue to grow.

Downing has partnered with the management team at BioScience Managers Pty Ltd to provide VCT investors with an opportunity to gain exposure to this sector through an experienced adviser with a strong track record.

Healthcare Investment Adviser

In investing funds in the Healthcare Share pool, Downing will be advised by BioScience Managers Pty Limited. BioScience Managers Pty Limited (“BioScience”) is based in Melbourne, Australia and manage life sciences investments across the globe. The BioScience Group is headed by Jeremy Curnock Cook, who has been an active investor in the life sciences sector since the 1970s, including an extensive period at Rothschild Asset Management where he launched and managed the International Biotechnology Trust plc.

BioScience will be responsible for investment origination, due diligence (in conjunction with Downing), assistance with management, monitoring of the investments and identifying exit opportunities.

Investment Adviser’s Track Record

BioScience have launched two funds since their formation in 2008; IB Australian Bioscience Fund I and Asia Pacific Healthcare Fund II. Both funds were launched as limited life funds, the first of which has now wound up achieving 22.5% net IRR p.a. and was ranked in the top decile of Global PE/VC funds. The Asia Pacific Healthcare Fund II launched in September 2012 and is a 10 year fund so it is too early to judge performance.

In 1994, while at Rothschild Asset Management, Jeremy Curnock Cook launched and managed the International Biotechnology Trust plc. He managed this fund until August 2000 when he left Rothschild. The fund began with committed capital of £77 million and grew to £349 million by the end of his period in charge.

The relevant performance of each of these funds is summarised as follows:

	Launch	End	No. of core investments	Size of fund	IRR
The International Biotechnology Trust plc	May-94	Aug-00 *	30	£349.3m	40.0%
IB Australian Bioscience Fund I	Jul-08	Nov-14	12	AUS\$42m	22.5%
Asia Pacific Healthcare Fund II	Sep-12	Mar-16**	7	AUS\$56m	N/A

* End date of August 2000 being the date when Jeremy Curnock Cook ceased to manage the fund.

** This is a 10 year fund and so it is too early to meaningfully judge performance.

AUS\$ - Australian dollars

Sources: Annual Reports of The International Biotechnology Trust plc, Fact Sheet to November 2014 for IB Australian Bioscience Fund I and Fact Sheet to May 2016 for Asia Pacific Healthcare Fund II.

This information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Strategy and Approach

The Healthcare Share pool will focus its VCT Qualifying Investments on early and mid-stage healthcare investments including life sciences and bioscience companies. Each of the investments will have a permanent base in the UK to ensure that they are qualifying investments under the VCT regulations.

BioScience understands that investee companies typically require much more than financial support, as they face unique challenges when navigating each stage towards commercialisation. These challenges can range from needing assistance with management evolution and development, to regulatory and clinical trial expertise, to introduction to capital and international networks.

Bioscience's investment approach involves working closely with the management of each investee company, applying their considerable experience to meet the challenges and achieve the best possible outcome.

This 'hands on' approach is optimised by holding a relatively small number of investments in the portfolio and, where possible, taking a large stake in each, to ensure the shareholding carries significant influence.

Funds not invested in qualifying investments will be invested in OEICs, Investment Trusts and other securities in line with the investment policy. It is expected that a significant proportion of these funds will be invested in such funds also managed by Downing such as the MI Downing UK Micro-Cap Growth Fund. Whenever the Company invests in another fund managed by Downing, it will only do so on the basis that Downing agrees to waive all of the management fees charged to the other fund in respect of that investment in order to prevent double recovery and ensure fair treatment of investors. Any conflicts of interest that may arise in this regard shall be dealt with under Downing's co-investment policy set out on page 17 and will be managed by the independent boards of the respective funds or, in the case of an OEIC, by the ACD operating within the framework of the UCITS regulations.

Investment Adviser's Management Team

Key members of the BioScience management team and the constituents of Bioscience's investment committee.

Jeremy Curnock Cook – Managing Director

Jeremy Curnock Cook is the former head of the life science private equity team at Rothschild Asset Management and an active investor in the Australian life science sector.

At Rothschild, Jeremy was responsible for the launch of the first dedicated biotechnology fund for the Australian market and the launch of a joint venture with Johnson & Johnson Development Corporation for the creation of Healthcare Ventures, an investment vehicle dedicated to seed stage investments in Europe, as well as the conception and launch of the International Biotechnology Trust (IBT). IBT was launched in 1994 as a publicly listed investment trust focused internationally on mid stage investments in life sciences.

Prior to joining Rothschild, Jeremy founded the International Biochemicals Group (IBG) in 1975, and built an 80-person company focused on the development and commercialisation of products containing tailored microbial strains for application in industrial pollution control and agriculture. IBG's clients included multinationals McDonalds and Royal Dutch Shell. Following the successful sale of IBG to Royal Dutch Shell in 1985, he managed the integration process into Shell operations prior to being invited to join Rothschild in 1987.

Matt McNamara - Chief Investment Officer

Matt is responsible for deal flow management and evaluation, leading all investment recommendations and due diligence at BioScience. He has over 25 years' experience in the healthcare & medical sciences sector. After initially being a Molecular Biology Research Assistant, Matt spent 11 years in Sales & Marketing, and General Management with Merck & Co. and Johnson and Johnson Medical Pty Ltd respectively. He has served as SVP Business Development for eBioinformatics Inc and was CEO of a Life Sciences Venture Capital fund, SciCapital Pty Ltd.

Matt founded BioBridge Australia, a biotechnology commercialisation advisory company, in 2004 and advised a number of private and public biotechnology/investment companies. Matt joined BioScience Managers in 2005 and has been Chief Investment Officer since 2008.

David Phillips

David has spent over 30 years in the healthcare industry, including 14 years in sales and marketing with Glaxo Wellcome, Cephalon Inc, Oxford Molecular Group Plc, and latterly 8 years with SR One (GSK's Corporate Venture Fund). In between these two periods with GSK, David spent 12 years at Board level as Chief Business Officer of Argenta Discovery, The Automation Partnership and BioFocus Plc (prior to the divestment to Galapagos NV where he stayed with the business).

David rejoined GSK's SR One in 2008 to pioneer a new function to incubate and spin-out technologies from GSK and in parallel investing in early stage life science companies. He has divested a number of R&D operations and drug delivery technologies and led the team that divested GSK's Opiates business in Australia in 2015. David joined BioScience in 2016.

Healthcare Pool Management Fees

Downing will have overall responsibility for the management of the funds in the Healthcare Share pool but will be closely advised by BioScience. BioScience will be responsible for sourcing and carrying out due diligence on investment opportunities, and Downing approve investments and be responsible for the ongoing monitoring of investments, with assistance from BioScience where required.

An annual management fee of 2.5% of net assets per annum will be charged by Downing to the Healthcare pool. Downing will be responsible for paying BioScience from their fees.

A performance incentive will be payable to Downing in the event that a performance hurdle is met. The Hurdle will be set at a Total Return of at least £1 per share for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 and increasing by 3% per annum thereafter. If the Hurdle is met, the Performance Incentive will be a sum equivalent to 20% of the total dividends paid in respect of the relevant financial year on the Healthcare Shares. A sum equivalent to 50% of the performance incentive payment will be paid to BioScience by Downing.

Part IV – 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 Offer Shares must be aged 18 or over to qualify for the tax reliefs outlined below.

Relief from income tax

A qualifying investor subscribing up to £200,000 in the 2016/17 and/or 2017/18 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. 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.

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 2016/17 and 2017/18 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. Until 5 April 2016, 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 remain 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 Offer 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 VCT 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 four 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.

VCT approval

To obtain VCT status a company must be approved by HM Revenue & Customs as a VCT. HM Revenue & Customs has granted the Company approval under Section 274 ITA as a VCT and the Company intends to continue complying with the requirements of such section.

For a VCT to obtain full unconditional approval, the conditions summarised below must be satisfied in relation to the accounting period of the company which is current when the application for approval is made, or in any event must be satisfied by no later than the beginning of the VCT's next accounting period and must continue to be satisfied throughout the life of the VCT:

- (i) the VCT's income must have been derived wholly or mainly from shares and securities (in the case of securities issued by a company, meaning loans with a five-year or greater maturity period);
- (ii) no holding in a company (other than a VCT or a company which would, if its shares were listed, qualify as a VCT) by the VCT may represent more than 15% by value of the VCT's total investments at the time of investment; and
- (iii) the VCT must not have retained more than 15% of the income derived from shares or securities in any accounting period; and
- (iv) the VCT must not make an investment into a company which causes that company to have received more than £5 million of state aided risk finance in a rolling 12 month period, or more than £12 million in total (£20 million for a 'knowledge intensive' company); and
- (v) no investment can be made by the VCT in a company whose first commercial sale was more than 7 years prior to the date of investment, except where previous State aid Risk Finance was received by the company within 7 years (10 years for a 'knowledge intensive' company) or where a turnover test is satisfied and the investment is used to enter a new product or geographical market;
- (vi) no funds received from an investment by the VCT into a company can be used to acquire another existing business or trade; and
- (vii) the VCT must not make any investments other than qualifying investments or certain non-qualifying investment specified in section 274 Income Tax Act 2007.

The VCT must not be a close company. Its ordinary share capital must be quoted on any regulated market in the EU or European Economic Area.

The VCT must not in respect of any share capital created on or after 6 April 2014, and any reserves created from the cancellation thereof, make any payment or distribution out of such share capital and reserves to shareholders within three years from the end of the accounting period in which that share capital was created.

The following conditions also have to be satisfied by no later than the beginning of the VCT's accounting period which commences no later than three years after provisional approval takes effect and must continue to be satisfied throughout the life of the VCT:

- (i) at least 70% by value of its investments is represented by shares or securities comprising qualifying investments; and
- (ii) for funds raised before 6 April 2011, at least 30% by value of its qualifying investments is represented by holdings of ordinary shares which carry no present or future preferential rights to dividends, return of capital on a winding up or any redemption rights. For funds raised on or after 6 April 2011, at least 70% by value of its qualifying investments is represented by "eligible shares" which are ordinary shares which carry no present or future preferential rights to a return or capital on a winding up or any redemption rights, but may have certain preferential rights to dividends.

Disposals of qualifying holdings (which have been so qualifying throughout the six months prior to disposal) are disregarded for the purposes of the 70% test for a period of six months.

"Qualifying investments" comprise shares or securities (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) issued by unquoted trading companies which exist wholly or mainly for the purpose of carrying on one or more qualifying trades. The trade must be carried on by, or be intended to be carried on by, the investee company or a 90% held qualifying subsidiary (directly held or in the third tier within the group) at the time of the issue of the shares or securities to the VCT and at all times thereafter. The Qualifying Company must have a permanent establishment in the UK.

A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter. The definition of a qualifying trade excludes certain activities, including dealing in property, shares, securities, commodities or futures. It also excludes banking, insurance, receiving royalties or licence fees in certain circumstances, leasing, the provision of legal and accounting services, farming and market gardening, forestry and timber production, property development and operating or managing hotels, guest houses, nursing and residential care homes, coal production, steel production, ship building or the generation of electricity. The funds raised by the investment must be used for the purposes of the qualifying trade within certain time limits.

A qualifying investment can be made in a company which is a parent company of a trading group where the activities of the group, taken as a whole, consist of carrying on one or more qualifying trades. The subsidiary carrying on the qualifying trade in question must be at least 90% owned by the parent company. The investee company's gross assets, or those of the group if it is a parent company, must not exceed £15 million immediately prior to the investment and £16 million thereafter. Neither the VCT nor any other company may control the investee company. At least 10% of the VCT's total investment in the investee company must be in "eligible shares" as defined above. Qualifying Companies or groups must have fewer than 250 employees. Companies are permitted to receive a maximum of £5 million from investments made under the European Commission's Risk Finance Guidelines in the 12 months ending on the date of the VCT's investment, and a total maximum of £12 million of such investment (£20 million for a "knowledge intensive company"). The company's first commercial sale must be no more than 7 years before the date of the VCT's investment (10 years for a "knowledge intensive company"), except where previous State Aided risk finance investment was received by the company in that 7 or 10 year period, or where a turnover test is satisfied. There is also a disqualifying purpose test designed to exclude companies set up for the purpose of accessing the tax reliefs. There is an exclusion on the use of VCT funds for the acquisition of a trade, business, or of shares in another company.

Companies whose shares are traded on AIM, are PLUS quoted or PLUS traded are treated as unquoted companies for the purposes of calculating qualifying investments. Shares in an unquoted company which subsequently become listed may still be regarded as a qualifying investment for a further five years following listing, provided all other conditions are met.

VCTs may only use the non-qualifying portion of their portfolio to make a limited range of investments for the purposes of liquidity management, specifically in listed shares, shares or units in alternative investments funds and UCITS (each of which must be redeemable on seven days' notice by the investor) and short term cash deposits.

The Company will notify through a Regulatory Information Service provider any action that Downing will take in the event of a breach of any of the conditions to remaining a VCT.

Part V – Financial Information

1. Introduction

Audited statutory accounts of the Company for the periods ended 31 March 2014, 31 March 2015 and 31 March 2016, in respect of which the Company's auditors, BDO LLP, 55 Baker Street, London W1U 7EU, registered auditors under the Statutory Audit Directive (2006/43/EC) and members of the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts are available at Ergon House, Horseferry Road, London SW1P 2AL.

The audited statutory accounts of the Company are drawn up under the Financial Reporting Standard 102 ("FRS 102"), and previously under UK Generally Accepted Accounting Practice (UK GAAP). The Company and the Directors confirm that the Company's most recent financial information for the six months ended 30 September 2016 (prepared under Financial Reporting Standard 102) and prior to that the audited results for the year to 31 March 2016 and 31 March 2015, have been presented and prepared in a form which is consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards, policies and legislation applicable to such annual financial statements in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

These financial statements also contain a description of the Company's financial condition, changes in financial condition and results of operations for each financial period.

The most recent announced unaudited NAV was 20.0p per DSO B Share, 0.1p per DSO C Share, 75.5p per DSO D Share, 63.9p per DP67 Share, 25.0p per DP2011 General Ordinary Share, 30.3p per DP2011 General A Share, 14.9p per DP2011 Structured Ordinary Share, 31.8p per DP2011 Structured A Share and 41.7p per DP2011 Low Carbon Share as at 30 September 2016. Whilst the Offers may result in the net assets of the Company being increased by up to £30,007,500 (being the maximum proceeds of the Offers gross of issue costs and ignoring the over allotment facility), as the Generalist Shares and Healthcare Shares will each form a separate pool there will be no impact as a result of the Offers on the net asset value and earnings attributable to the holders of the Existing Shares save that the running costs per Existing Share are expected to reduce over time as the fixed costs of the Company, i.e. costs which are not incurred as a proportion of net assets, are spread over a larger net assets base.

2. Historical Financial Information

Historical financial information relating to the Company (and to those other VCTs with which the Company was merged on 20 July 2015) on the matters referred to below is included in the published annual report and audited statutory accounts and published unaudited half yearly accounts of the Company (and to those other VCTs whose assets the Company acquired on 20 July 2015) for the periods stated (which are hereby incorporated by reference) as follows:

The Company

Description	2016 Interim Report	2016 Annual Report	2015 Annual Report	2014 Annual Report	2013 Annual Report
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Balance sheet	26	93	58	58	50
Income statement (or equivalent)	22	88	55	55	47
Statement showing all changes in equity (or equivalent)	27	98	55	55	47
Cash flow statement	28	99	59	59	51
Accounting policies and notes	30-33	101-121	60-74	60-75	52-66
Auditors' report	N/A	84	51	52	46

Downing Planned Exit VCT 2011 plc

Description	2014 Unaudited	2014 Unaudited	2013 Annual	2012 Annual
	Interim Report	Interim Report	Report	Report
	(2)	(1)		
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Balance sheet	13	13	42	39
Income statement (or equivalent)	14-16	14-16	40	37
Statement showing all changes in equity (or equivalent)	16	16	40	37
Cash flow statement	17	17	43	40
Accounting policies and notes	18-20	18-20	44-58	41-54
Auditors' report	n/a	n/a	37-39	36

Downing Planned Exit VCT 6 plc

Description	2015	2014	2014 Annual	2013 Annual	2012 Annual
	Unaudited	Unaudited	Report	Report	Report
	Interim	Interim			
	Report	Report (1)			
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Balance sheet	3	3	26	25	23
Income statement (or equivalent)	4	4	25	24	22
Statement showing all changes in equity (or equivalent)	5	5	25	24	22
Cash flow statement	5	5	27	26	24
Accounting policies and notes	9-12	9-12	28-39	27-38	25-34
Auditors' report	n/a	n/a	37-39	23	21

Downing Planned Exit VCT 7 plc

Description	2015	2014	2014 Annual	2013 Annual	2012 Annual
	Unaudited	Unaudited	Report	Report	Report
	Interim	Interim			
	Report	Report (1)			
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Balance sheet	3	3	26	25	23
Income statement (or equivalent)	4	4	25	24	22
Statement showing all changes in equity (or equivalent)	5	5	25	24	22
Cash flow statement	5	5	27	26	24
Accounting policies and notes	9-12	9-12	28-39	27-38	25-34
Auditors' report	n/a	n/a	37-39	23	21

3. Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Manager's Report" and "Investment Portfolio" in the published audited statutory accounts of the Company for the periods stated.

The Company

	2016 Interim Report	2016 Annual Report	2015 Annual Report	2014 Annual Report	2013 Annual Report
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	2	4	3	3	3
Investment Manager's report	5, 8, 11, 14, 17, 20	7,10,19,29, 38,48,58	6, 16, 27	6, 17, 28	6, 15, 25
Investment portfolio	6, 9, 12, 15, 18, 21	8,11,20,30, 39,49,59	7, 18, 28	5, 16, 27	5, 14, 24

Downing Planned Exit VCT 2011 plc

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	2014 Unaudited Interim Report (2)	2014 Unaudited Interim Report (1)	2013 Annual Report	2012 Annual Report	2011 Annual Report
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	1	1	3	3	3
Investment Manager's report	3, 7, 11	3, 7, 11	5, 12, 20	5, 12, 20	5, 11, 17
Investment portfolio	5, ,9, 12	5, ,9, 12	7, 18, 28	5, 16, 27	5, 14, 24

Downing Planned Exit VCT 6 plc

	2015 Unaudited Interim Report	2014 Unaudited Interim Report	2013 Annual Report	2012 Annual Report	2011 Annual Report
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	1	1	3	3	3
Investment Manager's report	-	-	4	5	5
Investment portfolio	7	7	5	6	6

Downing Planned Exit VCT 7 plc

	2015 Unaudited Interim Report	2014 Unaudited Interim Report	2013 Annual Report	2012 Annual Report	2011 Annual Report
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	1	1	3	3	3
Investment Manager's report	-	-	4	5	5
Investment portfolio	7	7	5	6	6

4. Significant Change

Since 30 September 2016, being the date of the last published financial information of the Company (unaudited half yearly report), there have been no significant changes in the financial or trading position of the Company.

5. Historical Financial Information Incorporated by Reference

The unaudited half yearly report to 30 September 2016, and the audited statutory accounts for the Company for the periods ended 31 March 2014, 31 March 2015 and 31 March 2016 are being incorporated by reference in this Prospectus and are available at the address set out in paragraph 11 of Part VIII. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

6. Comparable dividend per share

The Company has declared and paid the following amount of dividend per share for each financial year from 31 March 2014 until 30 September 2016. Please note that this information has been extracted from the Company's audited and unaudited financial statements without material adjustment

	Interim 6 months to 30 September 2016	Audited year end to 31 March 2016	Audited year end to 31 March 2015	Audited year end to 31 March 2014
<i>DSO Ordinary Share Pool</i>				
Net Assets	n/a	£3,000	£5,555,000	£9,499,000
Net asset value per DSO Ordinary Share	n/a	-	53.8p	92.2p
Dividends paid per DSO Ordinary Share	n/a	116.2p	80.0p	5.0p
Net asset value per DSO A Share	n/a	-	0.1p	0.1p
Dividends paid per DSO A Share	n/a	15.5p	-	-
<i>DSO B Share Pool</i>				
Net Assets	£4,014,000	£3,528,000	£14,009,000	£16,415,000
Net asset value per DSO B Share	20.0p	17.6p	70.2p	82.3p
Dividends paid per DSO B Share	91.5p	91.5p	32.5p	12.5p
Net asset value per DSO C Share	0.1p	0.1p	0.1p	0.1p
Dividends paid per DSO C Share	-	-	-	-
<i>DSO D Share Pool</i>				
Net Assets	£5,936,000	£5,945,000	£6,351,000	£6,540,000
Net asset value per DSO D Share	75.5p	75.6p	80.7p	83.0p
Dividends paid per DSO D Share	22.5p	20.0p	15.0p	5p
<i>DP67 Share Pool</i>				
Net Assets	£7,181,000	£6,837,000	-	-
Net asset value per DP67 Share	63.9p	60.4p	-	-
Dividends paid per DP67 Share	25.8p	23.8p	-	-
<i>DP2011 General Share Pool</i>				
Net Assets	£9,498,000	£12,826,000	-	-
Net asset value per DP2011 General Ordinary Share	25.0p	75.1p	-	-
Dividends paid per DP2011 General Ordinary Share	45.0p	22.5p	-	-
Net asset value per DP2011 General A Share	30.3p	5.9p	-	-
Dividends paid per DP2011 General A Share	-	-	-	-
<i>DP2011 Structured Share Pool</i>				
Net Assets	£5,591,000	£9,001,000	-	-
Net asset value per DP2011 Structured Ordinary Share	14.9p	77.1p	-	-
Dividends paid per DP2011 Structured Ordinary Share	55.0p	22.5p	-	-
Net asset value per DP2011 Structured A Share	31.8p	6.1p	-	-
Dividends paid per DP2011 Structured A Share	-	-	-	-
<i>DP2011 Low Carbon Share Pool</i>				
Net Assets	3,159,00	£6,942,000	-	-
Net asset value per DP2011 Low Carbon Ordinary Share	41.7p	41.6p	-	-
Dividends paid per DP2011 Low Carbon Ordinary Share	73.9p	73.9p	-	-

Part VI – Investment Portfolio of the Company

The following table of unaudited information is a summary of the main investments of the Company as at the date of this document. Information as to costs and valuations has been sourced from the Company's unaudited half yearly reports to 30 September 2016. There have been no significant transactions since 30 September 2016.

DSO B Share Pool	Cost £'000	Valuation £'000	% of portfolio
Venture Capital investments			
Westcountry Solar Solutions Limited	500	500	12.1%
Mosaic Spa and Health Clubs Limited*	692	441	10.7%
Avon Solar Energy Limited	420	435	10.6%
Fenkle Street LLP**	154	340	8.2%
Redmed Limited	37	27	0.7%
Future Biogas (Reephram Road) Limited	633	-	0.0%
Quadrat Spa Limited*	276	-	0.0%
Camandale Limited*	587	-	0.0%
Total investments	4,518	1,743	42.3%
Cash at bank and in hand		2,379	57.7%
Total		4,122	100.0%
DSO D Share Pool	Cost £'000	Valuation £'000	% of portfolio
Structured Product investments			
HSBC 5.4% Dual Index Synthetic Zero	501	593	10.2%
Venture Capital investments			
Vulcan Renewables Limited	653	779	13.4%
Merlin Renewables Limited	500	575	9.9%
Goonhilly Earth Station Limited	570	570	9.8%
Lambridge Solar Limited	500	569	9.8%
Nightjar Sustainable Power Limited	485	485	8.3%
Apex Energy Limited	400	400	6.9%
City Falkirk Limited	562	236	4.1%
Fubar Stirling Limited	358	225	3.9%
Fresh Green Power Limited	200	200	3.4%
Pearce and Saunders Limited*	300	192	3.3%
Green Energy Production UK Limited	100	100	1.7%
Cheers Dumbarton Limited	64	22	0.4%
Pearce and Saunders DevCo Limited	20	20	0.3%
Lochrise Limited	17	-	0.0%
	4,729	4,373	75.1%
Total investments	5,230	4,966	85.3%
Cash at bank and in hand		860	14.7%
Total		5,826	100.0%

	Original Cost £'000	Cost £'000	Valuation £'000	% of portfolio
DP67 Share Pool				
Venture Capital investments				
Cadbury House Holdings Limited	1,206	1,409	1,613	22.1%
Gatewales Limited*	1,194	564	1,123	15.4%
Snow Hill Developments LLP**	500	526	1,168	11.1%
Fenkle Street LLP**	77	405	810	8.7%
Oak Grove Renewables Limited	820	820	533	7.3%
Yamuna Energy Limited	-	400	400	5.5%
Brownfields Limited	-	300	300	4.1%
London City Shopping Center Limited**	-	99	99	1.4%
Coast Constructors Limited	1,866	-	-	0.0%
Gara Rock Resort Limited**	415	-	-	0.0%
Total investments		4,523	5,515	75.6%
Cash at bank and in hand			1,775	24.4%
Total			7,290	100.0%

	Original Cost £'000	Cost £'000	Valuation £'000	% of portfolio
DP2011 General Share Pool				
Venture Capital investments				
Vulcan Renewables Limited	1,845	2,199	2,199	23.9%
Mosaic Spa and Health Clubs Limited*	1,500	1,147	825	9.0%
Snow Hill Developments LLP**	750	750	881	9.6%
Westcountry Solar Solutions Limited	600	600	600	6.5%
Odysian (Holdings) Limited	857	873	591	6.4%
Wickham Solar Limited	473	550	575	6.2%
Avon Solar Energy Limited	505	505	523	5.7%
City Falkirk Limited	674	330	283	3.1%
Oak Grove Renewable Limited	400	400	275	3.0%
Fubar Stirling Limited	429	410	270	3.1%
London City Shopping Centre Limited**	50	88	88	1.0%
Clean Electricity Limited**	70	70	70	0.8%
UK Renewable Power Limited**	55	55	55	0.6%
Cheers Dumbarton Limited	76	27	27	0.3%
21st Century Energy**	22	22	22	0.2%
Lochrise Limited	20	-	-	0.0%
Total investments		11,103	10,446	79.2%
Cash at bank and in hand			1,925	20.8%
Total			9,209	100.0%

DP2011 Structured Share Pool	Original Cost £'000	Cost £'000	Valuation £'000	% of portfolio
Venture Capital investments				
Vulcan Renewables Limited	1,091	1,305	1,305	24.1%
Wickham Solar Limited	473	550	575	10.6%
Mosaic Spa and Health Clubs Limited*	920	685	470	8.7%
Westcountry Solar Solutions Limited	400	400	400	7.4%
Odysian (Holdings) Limited	571	582	394	7.3%
Oak Grove Renewables Limited	545	545	375	6.9%
Avon Solar Energy Limited	336	336	348	6.4%
City Falkirk Limited	450	220	189	3.5%
Fubar Stirling Limited	286	273	180	3.3%
Cheers Dumbarton Limited	51	18	18	0.3%
Lochrise Limited	13	-	-	0.0%
Total investments		4,914	4,254	78.6%
Cash at bank and in hand			1,155	21.4%
Total			5,409	100.0%

DP2011 Low Carbon Share Pool	Original cost £'000	Cost £'000	Valuation £'000	% of portfolio
Venture Capital investments				
Progressive Power Generation Ltd	800	800	800	25.5%
UK Renewable Power Limited	780	780	780	24.8%
Clean Electricity Limited	780	710	710	22.6%
21st Century Energy Limited	600	708	708	22.5%
Total investments		2,998	2,998	95.4%
Cash at bank and in hand			142	4.6%
Total investments			3,140	100.0%

* partially qualifying investment

** non-qualifying investment

The Company's Ten Largest Holdings

As at the date of this document, the ten largest investments, representing in total approximately 48.5% of the net assets of the Company, are as follows:

Company	Sector	Location	Date of first investment	Share Pool*	Equity £'000	Cost		Total £'000	Valuation
						Loan Stock £'000	at 30 Sept 2016 £'000		
Vulcan Renewables Limited	Renewable Energy	Doncaster	Apr 12	D, G, S	3,358	924	4,282	4,282	
Mosaic Spa & Health Clubs Limited*	Leisure, Entertainment & Hotels	West Midlands	Feb 11	B, G, S	196	2,328	2,524	1,736	
Snow Hill Developments LLP**	Construction	West Midlands	Oct 11	67, G	1,084	750	1,834	1,691	
Westcountry Solar Solutions Limited	Renewable Energy	South West	Aug 11	B, G	450	1,050	1,500	1,500	
Avon Solar Energy Limited	Renewable Energy	Bristol	Sep 11	B, G, S	450	811	1,261	1,306	
Oak Grove Renewable Limited	Renewable Energy	Norfolk	Oct 12	67, G, S	1,765	-	1,765	1,183	
Wickham Solar Limited	Renewable Energy	Lincolnshire	Mar 13	G, S	1,100	-	1,100	1,150	
Gatewales Limited	Construction	West Midlands	Mar 07	67	-	563	563	1,123	
Odysian (Holdings) Limited	nightclubs	Chester	Mar 12	G, S	469	985	1,454	985	
Fenkle Street LLP	Construction	West Midlands	Jun 10	B, 67	-	350	350	976	

***Share Pools: -**

B – DSO B Share Pool

D – DSO Share Pool

67 – DP67 Share Pool

G – DP2011 General Share Pool

S – DP2011 Structured Share Pool

Part VII – Definitions

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

1985 Act	Companies Act 1985, as amended from time to time
2006 Act, Act or CA 2006	Companies Act 2006, as amended from time to time
2016/17 Offer	offer for subscription of Generalist Shares and Healthcare Shares in respect of the 2016/17 tax year, being made on the terms set out in the Prospectus
2017/18 Offer	offer for subscription of Generalist Shares and Healthcare Shares in respect of the 2017/18 tax year, being made on the terms set out in the Prospectus
Admission	admission of the Generalist Shares and Healthcare Shares to the premium segment of the Official List and to trading on the London Stock Exchange
Advisers	financial advisers and Intermediaries
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 Generalist Shares and/or Healthcare 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	a person who completes and submits an Application Form
Application Form(s)	form of application for Generalist Shares or Healthcare Shares under the Offers
Articles	articles of association of the Company as at the date of this document
BioScience(s)	BioScience Managers Pty Limited
Board or Directors	board of directors of the Company
Business Days	any day, other than a Saturday, Sunday or public holiday, on which clearing banks in London are open for all normal banking business
Close Period	as defined in paragraph 1(a) of the Model Code
Closing Date	5 April 2017 for the 2016/17 Offer and 30 September 2017 for the 2017/18 Offer, unless previously extended by the Directors (but to no later than 30 November 2017)
Company or Downing FOUR	Downing FOUR VCT plc (registered number 06789187, formerly Downing Structured Opportunities VCT 1 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)
Directors or Board	directors of the Company
Direct Investors	Investors who are not introduced by Advisers
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
DP2011	Downing Planned Exit VCT 2011 plc (whose assets and liabilities were acquired by the Company on 20 July 2015)
DP2011 General A Shares	DP2011 General A shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53730)
DP2011 General Ordinary Shares	DP2011 General Ordinary shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53847)
DP2011 General Share Pool	assets and liabilities attributable to the DP2011 General Ordinary Shares and DP2011 General A Shares
DP2011 Low Carbon Shares	DP2011 Low Carbon Ordinary shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53953)
DP2011 Low Carbon Share Pool	assets and liabilities attributable to the DP2011 Low Carbon Shares

DP2011 Structured A Shares	DP2011 Structured A shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53C84)
DP2011 Structured Ordinary Shares	DP2011 Structured Ordinary shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53B77)
DP2011 Structured Share Pool	assets and liabilities attributable to the DP2011 Structured Ordinary Shares and DP2011 Structured A Shares
DP6	Downing Planned Exit 6 (whose assets and liabilities were acquired by the Company on 20 July 2015)
DP7	Downing Planned Exit 7 (whose assets and liabilities were acquired by the Company on 20 July 2015)
DP67 Shares	DP67 shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53D91)
DP67 Share Pool	assets and liabilities attributable to the DP67 Shares
DSO A Shares	formerly issued DSO A shares of 0.1p each in the capital of the Company (ISIN: GB00B3L2G186)
DSO B Shares	DSO B shares of 0.1p each in the capital of the Company (ISIN: GB00B4MGR241)
DSO B Share Pool	assets and liabilities attributable to the DSO B Shares and DSO C Shares
DSO C Shares	DSO C shares of 0.1p each in the capital of the Company (ISIN: GB00B4MCHT95)
DSO D Shares	DSO D shares of 0.1p each in the capital of the Company (ISIN: GB00B6QPQ463)
DSO D Share Pool	assets and liabilities attributable to the DSO D Shares
DSO Ordinary Shares	formerly issued DSO Ordinary shares of 0.1p each in the capital of the Company (ISIN: GB00B3L2G079)
DSO Ordinary Share Pool	assets and liabilities attributable to the DSO Ordinary Shares and DSO A Shares
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
Execution-Only Investor	an investor who subscribes pursuant to an order 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	DSO Ordinary Shares and/or DSO A Shares and/or DSO B Shares and/or DSO C Shares and/or DSO D Shares and/or DP67 Shares and/or DP2011 General Ordinary Shares and/or DP2011 General A Shares and/or DP2011 Structured Ordinary Shares and/or DP2011 Structured A Shares and/or DP2011 Low Carbon Shares
FCA	Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000, as amended from time to time
Full Subscription	£30 million being £20 million raised from Applicants under the Generalist Offer and £10 million raised from Applicants under the Healthcare Offer, ignoring the over-allotment facility
General Meeting	general meeting of the Company to be held on 16 January (or at any adjournment thereof) at which the resolutions described in paragraph 4.1 of Part VIII of the Prospectus will be proposed
Generalist Share(s)	Generalist Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GB00BDHF5B49)
Generalist Shareholders	holders of Generalist Shares
Healthcare Share(s)	Healthcare Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GB00BDHF5D62)
Healthcare Shareholders	holders of Healthcare Shares
Hurdle	achievement, calculated on a per Generalist/Healthcare Share basis, of (a) a Total Return in excess of £1 per share for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 (b) subsequent annual Total Returns increasing by 3p per annum
Initial Adviser Charge	a one-off Adviser Charge to be paid at the time of or shortly after the investment being made
Intermediary	firm who signs the Application Form and whose details are set out in Box 5 of

	the Application Form
Investment adviser	Downing or BioScience
Investor	subscriber for Generalist Shares or Healthcare 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
Life sciences/bioscience	the sciences concerned with the study of living organisms, including biology, microbiology, physiology, biochemistry, and related subjects.
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 or LSE	main market for listed securities of the London Stock Exchange plc (registered number 02075721)
Management	individuals engaged in the business of the Company and/or Downing and/or BioScience
Management DSO A Shares	5,185,613 DSO A Shares in the Company issued to Management in connection with the DSO Ordinary Share Offer
Management DSO C Shares	10,000,000 DSO C Shares in the Company issued to Management in connection with the DSO B Share Offer
Management DP2011 General A Shares	2,763,773 DP2011 General A Shares in the Company issued to Management in connection with the DP2011 General Ordinary Share Offer
Management DP2011 Structured A Shares	1,883,094 DP2011 Structured A Shares in the Company issued to Management in connection with the DP2011 Structured Ordinary Share Offer
Management Shares	5,000,000 Generalist and 2,500,000 Healthcare Shares (7,500,000 Generalist Shares and 5,000,000 Healthcare Shares if the full over-allotment facility is utilised) subscribed for by members of the Management team
Merger	the transaction pursuant to section 110 of the Insolvency Act 1986 which took place on 20 July 2015 under which Downing FOUR acquired the assets and liabilities of DP2011, DP6 and DP7
Minimum Subscription	minimum net proceeds required to be raised under the Offers, being £1,000,000 for each Offer or such other amount as the Directors determine
ML Regulations	Money Laundering Regulations 2007
NAV or Net Asset Value	net asset value per Share (in the case of the Generalist and Healthcare Shares, calculated without including the Management Shares)
Net Assets	gross assets less all liabilities (excluding contingent liabilities) of the Company
Offer Price	price per Generalist Share or Healthcare Share under the Offers as determined by the Pricing Formula from time to time
Offer Shares	Generalist Shares and/or Healthcare Shares (as the context dictates) subscribed for under the Offer
Offers	together, the 2016/17 Offer and the 2017/18 Offer, being public offers for subscription of up to 30,000,000 Generalist Shares and 20,000,000 Healthcare Shares (and each an "Offer") (including the over allotment facility)
Official List	official list of the UK Listing Authority
Performance Incentive	performance-related benefits accruing to the Management through their holdings of Management Shares 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 70 of this document
Professional Client Investor	an investor as defined in the FCA's Conduct of Business Source Book Section 3.5
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	this document which describes 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)
Retail Client Investor	Investors who apply for Offer Shares through their Intermediary where the Intermediary has classified the Investor as a retail client for the purposes of the FCA rules
RPI	inflation measured by the Retail Price Index
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 Generalist Shareholders or Healthcare Shareholders in the Company, excluding any income tax relief on subscription
Shareholders	holders of Shares
Share(s)	DSO Ordinary Shares and/or DSO A Shares and/or DSO B Shares and/or DSO C Shares and/or DSO D Shares and/or DP67 Shares and/or DP2011 General Ordinary Shares and/or DP2011 General A Shares and/or DP2011 Structured Ordinary Shares and/or DP2011 Structured A Shares and/or DP2011 Low Carbon Shares and/or Generalist Shares and/or Healthcare Shares (excluding Management DSO A Shares, Management DSO C Shares, Management DP2011 General A Shares, Management DP2011 Structured A Shares and Management Shares), as applicable
Sponsor	Panmure Gordon (UK) Limited
Sponsor and Promotion Agreement	agreement dated 8 December 2016 between the Company (1), the Directors (2), the Sponsor (3) and Downing (4), a summary of which is set out in paragraph 7(a) of Part VIII of the Prospectus
Spouse	spouse or civil partner
Summer Finance Act	The Finance (No.2) Act 2015 which received Royal Assent on 18 November 2015
Total Return	NAV, together with cumulative dividends paid or proposed
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	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs as amended from time to time

Part VIII – General Information on the Company

1. LISTING

This document comprises a prospectus relating to the Company and has been prepared in accordance with the Prospectus Rules made under section 73A and in accordance with section 84 of FSMA. Copies of the Prospectus are available from Downing at Ergon House, Horseferry Road, London SW1P 2AL.

2. INCORPORATION AND ADMINISTRATION

The Company was incorporated and registered in England and Wales as a public company with limited liability on 12 January 2009 with registered number 06789187, under the name Downing Protected Opportunities VCT 1 plc. The Company's name was changed to Downing Structured Opportunities VCT 1 plc on 12 November 2009 and was changed again to Downing FOUR VCT plc on 20 July 2015. The Company was issued with a trading certificate under section 117 of the CA 1985 on 23 January 2009 and, on the same date, gave notice of its intention to carry on business as an investment company.

The principal legislation under which the Company operates is the CA 2006 and regulations made thereunder. The Company's principal object, as set out in its articles of association, is to carry on the business of a venture capital trust.

The Company's registered office and principal place of business is at Ergon House, Horseferry Road, London SW1P 2AL. The Company is domiciled in England. The Company does not have, nor has it had since incorporation, any subsidiaries or employees (other than its directors).

HM Revenue & Customs has granted approval of the Company as a VCT under section 274 of the Tax Act. The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.

The Company revoked its status as an investment company under section 266 of the CA 1985 (now section 833 of CA 2006) on 27 July 2009 and does not intend to re-apply for such status. The Company is not authorised and/or regulated by the FCA or an equivalent overseas regulator. The Company is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the UK Listing Authority from time to time. The Company is not otherwise regulated.

3. SHARE CAPITAL

- 3.1 As at 8 December 2016, being the date of the most recent practicable date prior to publication of this document, the issued fully paid share capital of the Company was as follows:

Share Class	Issued	
	No. of Shares	Nominal Value
DSO B Shares	19,911,070	£19,911.07
DSO C Shares	29,926,070	£29,926.07
DSO D Shares	7,867,247	£7,867.25
DP67 Shares	11,239,785	£11,320.26
DP2011 General Ordinary Shares	15,644,066	£15,644.06
DP2011 General A Shares	18,418,614	£18,418.61
DP2011 Structured Ordinary Shares	10,678,725	£10,678.73
DP2011 Structured A Shares	12,572,817	£12,572.82
DP2011 Low Carbon Shares	7,575,419	£7,575.42

- 3.2 The entire issued share capital of the Company is admitted to the premium segment of the Official List and are freely transferable. Each share issued has been fully paid and is free from all liens and from any restriction on the right of transfer (except to the extent that any restriction is imposed for failure to comply with a notice under section 793 of the Companies Act 2006.)

- 3.3 The Company launched its first fundraising in January 2009 and, at the close of the offer on 2 September 2009, issued 10.4 million Ordinary Shares and 15.6 million A Shares.

3.4 The Company launched a further fundraising in October 2009 and by 26 April 2010 had issued 20 million B Shares and 30 million C Shares.

3.5 The Company launched a third fundraising in August 2011 and by 28 August 2012 had issued 7,887,527 D Shares.

3.6 On 9 July 2015, the following resolutions, inter alia, were passed at a general meeting: -

(a) That, subject to the corresponding Schemes (as defined in the circular to Shareholders dated 15 June 2015) in each case becoming unconditional:

(i) the acquisition of the assets and liabilities of Downing Planned Exit 2011 VCT plc, Downing Planned Exit VCT 6 plc and Downing Planned Exit VCT 7 plc on the terms set out in the Circular be and hereby is approved; and

(ii) the directors of the Company be and hereby are generally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all of the powers of the Company to allot up to 77,000,000 Shares in the capital of the Company in connection with the Schemes provided that the authority conferred by this paragraph shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in a general meeting.

(b) That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) its own shares (either for cancellation or for their retention as treasury shares for future re-issue or transfer) provided that:

(i) the aggregate number of shares which may be purchased shall not exceed a number equal to a number of shares representing 14.9% of the number of each class of shares in the capital of the Company which are in issue at any time following the completion of the Merger;

(ii) the minimum price which may be paid per share is the nominal value thereof;

(iii) the maximum price which may be paid per share is an amount equal to the higher of (i) 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003; and

(iv) the Company may make a contract to purchase shares under the authority conferred by this paragraph 4.3 of this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares pursuant to such a contract,

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or on the expiry of 15 months from the passing of the resolution, whichever is the earlier.

(c) That in accordance with Section 641 of the Companies Act 2006, the Company be generally authorised, in respect of any of its share classes which are now in issue or which are created pursuant to the Merger or otherwise, to reduce its share premium account by up to 100% of the amount standing to the credit thereof provided that any reduction pursuant to this resolution is confirmed by order of the Court.

Such cancellation of the share premium of the DSO Ordinary Share pool, the DP67 Share Pool, the DP2011 General Share pool, the DP2011 Structured Share pool and DP2011 Low Carbon Share pools being subsequently confirmed by the High Court on 23 March 2016 and registered at Companies House on 22 April 2016).

3.6 To the best of the Company's knowledge the Company's share capital has been issued in accordance with its Articles and in compliance with the CA 2006 and all other relevant legislation. The Company holds all necessary consents, statutory or otherwise which it is required to hold.

4. THE COMPANY

4.1 The Company issued a circular dated 8 December 2016 to its Shareholders convening a General Meeting on 16 January 2017. The following resolutions will be proposed at the General Meeting:

Ordinary Resolutions:

- 1) to create Generalist Shares and Healthcare Shares having the rights and being subject to the restrictions set out in the Articles, to be altered pursuant to resolution (4) described below;
- 2) to authorise the directors to allot Generalist Shares and Healthcare Shares with an aggregate nominal amount of £68,750. The allotments referred to represent, in aggregate, approximately 21.9% 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;

Special Resolutions:

- 3) 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 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;
- 4) to alter the Articles to, inter alia, provide for the rights attaching to the Generalist Shares and Healthcare Shares;
- 5) to authorise the Board to make market purchases of Generalist Shares and Healthcare Shares; and
- 6) to authorise the cancellation of the share premium account arising on the issue of the Generalist Shares and Healthcare Shares.
- 7) to amend the Company's Investment Policy.

4.2 Share buybacks by the Company for the period from 1 April 2013 to the date of publication of this document, are summarised below.

Date	Share Class	Number of Shares	Price per Share
23 Aug 13	DSO Ord	33,920	90.0p
23 Aug 13	DSO A	20,400	0.1p
11 Dec 13	DSO Ord	38,950	91.0p
13 Feb 14	DSO A	20,200	0.1p
13 Feb 14	DSO B	25,300	81.5p
13 Feb 14	DSO D	10,000	82.5p
7 Dec 15	DSO D	10,280	76.0p
7 Dec 15	DP2011 Gen Ords	35,175	78.5p
7 Dec 15	DP2011 Gen A	35,175	0.1p
4 Aug 16	DP67	56,473	60.0p
15 Aug 16	DP67	24,000	60.0p

- (a) There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months prior to the date of this Prospectus which may have or have had in the recent past significant effects on the Company's or the Company's financial position or profitability.
- (c) The Company is not regulated to conduct investment business under the Financial Services and Markets Act 2000.
- (d) Downing FOUR VCT plc was registered with the FCA as a Small Registered UK AIFM with effect from 9 July 2014.
- (e) Save as disclosed in paragraph 4.2 above, since 1 April 2013, no share or loan capital of the Company has been issued or (except pursuant to or in connection with the Offers) agreed to be issued or is now proposed to be issued for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. The Company has no contingent liabilities.
- (f) No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. Other than pursuant to the Offers and the authorities referred to in sub-paragraph 4.1 above, no material issue of shares (other than where offered to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- (g) The Generalist Shares and Healthcare Shares will be in registered form. The Company's share register will be kept by Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Evidence of title to Shares will be through possession of a share certificate in the Shareholder's name; alternatively, Shares may be held in an account through the CREST system.

- (h) The Company is subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the 2006 Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of any unissued share capital of the Company which is not subject to the disapplication referred to in sub-paragraph 4.1 above.

5. MEMORANDUM OF ASSOCIATION AND ARTICLES

The Company's principal object is to carry on the business of an investment company and a VCT. The Memorandum of Association and the Articles of Association (existing and proposed) are available for inspection at the address specified in paragraph 11 below.

The Company's Articles, including certain changes to be proposed at the General Meeting, are summarised below:

(a) *Voting rights*

Every Shareholder shall have the right to receive notice of, to attend, speak and vote at any General Meeting of the Company.

Shareholders who are present at a General Meeting and duly appointed proxies present at a General Meeting can vote on a show of hands. They will have one vote each.

On a poll each Shareholder present in person or by proxy shall be entitled to the number of votes per share of which he is the registered holder which is attributed to shares of that class as set out in the second column opposite each class of share named in the table below, as this number may be adjusted from time to time.

Class of share	Number of votes per share ("Base Votes")	Original net asset value per share at the date of the Merger ("Base Value")	Net Asset Value as at date of adoption of these Articles
Generalist Share	1,146	N/A	100.0p
Healthcare Share	1,146	N/A	100.0p
DSO B Share	206	70.2p	12.8p
DSO C Share	1	0.1p	0.1p
DSO D Share	925	80.7p	75.6p
DP 2011 General Ord Share	850	73.3p	73.1p
DP 2011 General A Share	75	6.0p	5.9p
DP 2011 Low Carbon Ord Share	500	86.2p*	41.6p
DP 2011 Structured Ord Share	875	75.7p	77.1p
DP 2011 Structured A Share	75	6.2p	6.1p
DP 67 Ord Share	750	63.8p (DP6), 63.5p (DP7)	60.4p

*Rebased from 80.6p at completion of the merger of the Company with DP2011 in July 2015

If the net asset value of any class of share, as announced prior to a General Meeting of the Company, adjusted by the deduction of the amount of any dividends declared in or since the announcement or paid since the announcement, is less than or greater than the Base Value in the third column set opposite that class of share in the table above by at least 25% or more of its Base Value then the number of Base Votes

per share which each holder of shares of that class may cast upon a poll as set out in the second column of the table above shall correspondingly increase or decrease as set out in the table below:

Net Asset Value, adjusted as required, expressed as a % of the Base Value of a Class of Share	Adjusted Base Votes per share
Up to 25%	0.25 x Base Votes
Over 25% and less than 50%	0.50 x Base Votes
Over 50% and up to 75%	0.75 x Base Votes
Over 75% and up to 125%	Base Votes
Over 125% and up to 150%	1.25 x Base Votes

(b) *Transfer of shares*

The instrument of transfer of any share in the Company shall be in usual form or in such other form as shall be approved by the Directors, and shall be signed by or on behalf of the transferor (and in the case of a transfer of a partly paid share by the transferee) and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof, and when registered the instrument of transfer shall be retained by the Company.

Title to any share in the Company in issue or to be issued (not including any shares referred to in Regulation 17 of the Regulations), may be transferred by means of a relevant system (as defined in the Regulations) such system to include CREST; any provision of these Articles shall accordingly not apply to the extent that it is inconsistent with the holding of any shares in the capital of the Company in uncertificated form, or the requirements of CREST and the provisions of the Regulations.

subject to the Statutes, the Directors may, in their absolute discretion and without assigning any further reason therefor, refuse to register any share transfer unless: -

- it is in respect of a fully paid share;
- it is in respect of a share on which the Company does not have a lien;
- it is in respect of only one class of shares;
- it is in favour of not more than four joint holders as transferees; and
- the conditions referred to in the next succeeding Article have been satisfied in respect thereof.

(c) *Distributions of income and capital*

The share capital of the Company comprises DSO B Shares, DSO C Shares, DSO D Shares, DP2011 General Ord Shares, DP2011 General A Shares, DP2011 Structured A Shares, DP2011 Structured Ord Shares, DP2011 Low Carbon Ord Shares and DP67 Ord Shares and will, provided the Minimum Subscription is raised under the Offers and all other conditions for allotment of such Shares is met, include Generalist Shares and Healthcare Shares.

DP2011 Low Carbon Ord Shares, DSO D Shares, DP67 Ord Shares, Generalist Shares and Healthcare Shares

The holders of DP2011 Low Carbon Ord Shares, DSO D Shares, DP67 Ord Shares, Generalist Shares and Healthcare Shares shall be entitled, in their respective capacities, to receive dividends and any other distributions or a return of capital (otherwise than on a market purchase by the Company of any of its shares) only out of the assets attributable to those respective share classes and pro-rata between such Shareholders to the respective number of shares they hold in the relevant share class.

DP2011 Structured Ord Shares and DP2011 Structured A Shares

The holders of DP2011 Structured Ord Shares and the DP2011 Structured A Shares shall be entitled to 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 combined assets attributable to the DP2011 Structured Ord Shares and the DP2011 Structured A Shares, divided between them on the basis of a formula and subject to the

achievement of a series of hurdles whereby the DP2011 Structured A Shares are entitled to a greater percentage where the total proceeds attributable to both classes is (a) up to including 70p per share (b) greater than 70p but less than 120p per share or (c) 120p per share or greater.

DP2011 General Ord Shares and DP2011 General A Shares

The holders of DP2011 General Ord Shares and the DP2011 General A Shares shall be entitled to 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 combined assets attributable to the DP2011 General Ord Shares and the DP2011 General A Shares, divided between them on the basis of a formula and subject to the achievement of a series of hurdles whereby the DP2011 General A Shares are entitled to a greater percentage where the total proceeds attributable to both classes is (a) up to including 70p per share (b) greater than 70p but less than 120p per share or (c) 120p per share or greater.

DSO B Shares and DSO C Shares

The holders of DSO B Shares and the DSO C Shares shall be entitled to dividends and any other distributions or a return of capital (otherwise than on a purchase by the Company of any of its shares) made only out of the assets attributable to the DSO B Shares and the DSO C Shares. Provided that £1 per Share has been returned to Shareholders of B/C Shares and a compound return of 7% has been achieved (the "DSO B/C Hurdle") is met, proceeds will be distributed as follows:

(i) 91% to DSO B Shareholders pro rata to the nominal capital paid up on their holdings of DSO B Shares and 9% amongst the DSO C Shareholders pro rata according to the nominal capital paid up on their DSO C Shares, until all such Shareholders have received, in aggregate, an amount equivalent to the amount subscribed for the shares under the DSO B/C Offers (based on a subscription price of 99.9p per DSO B Share and 0.1p per DSO C Share); and

(ii) thereafter, the balance of any such surplus shall be applied amongst the DSO B Shareholders and the DSO C Shareholders pro rata to their respective holdings of such Shares.

If the DSO B/C Hurdle is not met at any given time then DSO B/C Share Proceeds will be distributed to the DSO B Shareholders and the DSO C Shareholders pro rata according to the amount subscribed for the shares under the DSO B/C Offers (based on a subscription price of 99.9p per DSO B Share and 0.1p per DSO C Share), until the DSO B/C Hurdle is met. Once the DSO B/C Hurdle is met all DSO B/C Share Proceeds will thereafter be distributed to the DSO C Shareholders until the DSO C Shareholders have received the same as they would have received if the DSO B/C Hurdle had always been met.

Payments to holders of management DSO C Shares pursuant to these arrangements are capped at 1.25% of the NAV of the combined DSO B Shares and the DSO C Shares per annum.

(d) *Disclosure of interests in shares*

If any member or other person appearing to be interested in shares of the Company is in default in supplying within 14 days after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in section 793 of the 2006 Act, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares. The restrictions available are the suspension of voting and rights of attendance at meetings of the Company in respect of the relevant shares and, additionally, in the case of a Shareholder representing at least 0.25% by nominal value of any class of shares of the Company then in issue the withholding of payment of any dividends on and the restriction of transfer of, the relevant shares.

(e) *Changes in share capital*

(i) Without prejudice to any rights attached to any existing shares, any share may be issued with such rights or conditions as the Company may by ordinary resolution determine or, in the absence of such determination, as the Directors may determine. Subject to the Acts, the Company may issue shares which are, or at the option of the Company or the holder are, liable to be redeemed.

(ii) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, sub-divide its shares or any of them into shares of smaller amounts, cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.

(iii) Subject to the Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account and may also, subject to the Acts, purchase its own shares.

(f) *Class consents and variation of rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders.

Inter alia, the Company shall not without the previous sanction of a Special Resolution passed at a separate General Meeting:

(A) create or issue any further shares or securities which would lead to NAV dilution on issue, conversion or exchange carry; or

(B) pass a future resolution to reduce the capital or share premium account of the Company attributable to the relevant class of shares save where such redemption is at a premium to the prevailing NAV of that class; or

(C) alter any objects set out in the Articles of Association of the Company;

(D) Increase the borrowing limit stated in these Articles or permit such limit to be exceeded; or

(E) Pass any resolution to vary, modify or abrogate any of the special rights or privileges attached to the relevant class of shares.

(g) *Directors' interests*

(i) Subject to the provisions of the Acts and save as set out in the Articles no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established subject to the nature and extent of the Director's direct or indirect interest having been disclosed by him to the other Directors and authorisation being obtained from the Directors for the above in accordance with the provisions of the Acts.

(ii) Save as set out in the Articles, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has any direct or indirect interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company unless the Director has made a declaration disclosing the nature and extent of such interests and has obtained from the other Directors their authorisation for the above in accordance with the provisions of the Acts. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(iii) A Director shall (in the absence of some other material interest than is as indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning, inter alia, the following matters:

(a) the giving of any security or indemnity to him or to a third party in respect of monies lent or obligations incurred at the request of or for the benefit of the Company;

(b) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company (or of a third company through which his interest is derived) or of the voting rights available to members of the company;

(c) any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a director, officer or auditor.

(iv) A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested including fixing or varying the terms of his appointment or the termination thereof.

(v) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(h) *Remuneration of Directors*

(i) The ordinary remuneration of the Directors (other than an executive director appointed under the Articles) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting, the aggregate of the ordinary remuneration of the Directors of the Company shall not exceed £150,000 per year (excluding any performance incentive fees), to be divided among them in such proportion and manner as the Directors may determine). The Directors shall also be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

(ii) Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purpose may be paid such extra remuneration as the Directors may determine.

(iii) The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependant on or after retirement or death.

(i) *Retirement of Directors*

At the next annual general meeting of the Company following the first appointment of a Director he shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. At all times a retiring Director shall be eligible for re-election.

(j) *Borrowing powers*

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 15% of the aggregate total amount received from time to time on the subscription of shares to the Company.

(k) *Uncertificated Shares*

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996. The Articles are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Regulations.

(l) *Calling of General Meetings*

- (i) The Company shall within 6 months of the financial year end hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice convening it. The Annual General Meeting shall be held at such time and place as the Directors may appoint.
- (ii) An Annual General Meeting shall be called by not less than twenty-one days' notice and all other General Meetings of the Company, shall, subject to the statutes, be called by not less than twenty-one days' notice unless it is proposed to pass a resolution of which special notice is required by the Statutes, in which case 28 days' notice is required. The notice shall be exclusive of the day on which it is given and of the day of the meeting and shall, inter alia, specify the place, the day and hour of the meeting, and in case of special business the general nature of such business.

The business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and reports of the Directors and of the Auditors, and the documents required by law to be annexed to the balance sheet, to elect Directors and officers in the place of those retiring or ceasing to hold office pursuant to the Articles and to fix their remuneration if required, to declare dividends, to appoint the Auditors and to fix, or determine the manner of the fixing of, their remuneration. All other business transacted at an Annual General Meeting and all business transacted at a General Meeting shall be deemed special.

6. DIRECTORS' AND OTHERS' INTERESTS IN THE COMPANY

- (a) The Company is not aware of any person, not being a member of its administrative, management or supervisory bodies, who, as at the date of this document, is directly or indirectly interested in 3% or more of the issued share capital of the Company and is required to notify such interest in accordance with the DTR.
- (b) As at 8 December 2016 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which: (i) have been notified by each Director to the Company; (ii) are required pursuant to section 809 of the 2006 Act to be entered in the register referred to therein; or (iii) are interests of a connected person of the Director which would, if the connected person, within the meaning of section 252 of the 2006 Act, were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

Director	Number of Shares								
	DSO B Shares	DSO C Shares	DSO D Shares	DP67 Shares	DP2011 Gen Ord Shares	DP2011 Gen A Shares	DP2011 Struc Ord Shares	DP2011 Struc A Shares	DP2011 LC Shares
Lord Flight	62,550	62,550	20,800	-	-	-	-	-	-
Aubrey Brocklebank	-	-	-	-	-	-	-	-	5,535
Russell Catley	-	-	-	-	-	-	10,200	10,200	-

Director	Percentage of Issued Share Capital									
	DSO B Shares	DSO C Shares	DSO D Shares	DP67 Shares	DP2011 Gen Ord Shares	DP2011 Gen A Shares	DP2011 Struc Ord Shares	DP2011 Struc A Shares	DP2011 LC Shares	DP2011 LC Shares
Lord Flight	0.31%	0.20%	0.30%	-	-	-	-	-	-	-
Aubrey Brocklebank	-	-	-	-	-	-	-	-	-	0.07%
Russell Catley	-	-	-	-	-	-	0.10%	0.08%	-	-

The interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company and (so far as is known or could with reasonable diligence be ascertained by the relevant Director) the interests of a person connected (within the meaning of section 252 of the 2006 Act) with a Director and which would be disclosed if they were interests of that Director following the close of the Offers (assuming full subscription under the Offers) are expected to be as follows:

Director	Number of Shares											
	DSO B Shares	DSO C Shares	DSO D Shares	DP67 Shares	DP2011 Gen Ord Shares	DP2011 Gen A Shares	DP2011 Struc Ord Shares	DP2011 Struc A Shares	DP2011 LC Shares	Generalist Shares	Healthcare Shares	
Lord Flight	62,550	62,550	20,800	-	-	-	-	-	-	-	-	
Aubrey Brocklebank	-	-	-	-	-	-	-	-	5,535	-	-	
Russell Catley	-	-	-	-	-	-	10,200	10,200	-	-	-	

Director	Percentage of Issued Share Capital											
	DSO B Shares	DSO C Shares	DSO D Shares	DP67 Shares	DP2011 Gen Ord Shares	DP2011 Gen A Shares	DP2011 Struc Ord Shares	DP2011 Struc A Shares	DP2011 LC Shares	Generalist Shares	Healthcare Shares	
Lord Flight	0.31%	0.20%	0.30%	-	-	-	-	-	-	-	-	
Aubrey Brocklebank	-	-	-	-	-	-	-	-	0.07%	-	-	
Russell Catley	-	-	-	-	-	-	0.10%	0.08%	-	-	-	

Save as disclosed in this paragraph, no Director nor any person (to the extent the same is known to, or could with reasonable diligence be ascertained by, that Director) connected with any Director (within the meaning of the DTR) has any interest in the share capital of the Company which is required to be notified pursuant to the DTR or which is required to be entered in the register maintained under section 809 of the 2006 Act.

- (c) Each of the Directors has entered into an agreement with the Company, whereby they are required to devote such time to the Company as the Board reasonably requires consistent with their respective roles as non-executive directors. The agreements are terminable on three months' notice by either party. Each Director is currently entitled to receive and, during the period to 31 March 2016, was paid, the fees listed below.

Name	Annual remuneration (excluding VAT, if applicable)		
	Annual remuneration	Year ended March 2016	Year ended March 2015
	£	£	£
	Lord Flight	20,000	19,000
Sir Aubrey Brocklebank (SID)	20,000	14,000	n/a
Russell Catley	18,000	12,500	n/a

No benefits are payable on termination of these agreements. None of the Directors has entered into any service contract with the Company.

- (d) No loan or guarantee has been granted or provided by the Company to any Director.

Save as disclosed in paragraph (c) above, this paragraph and paragraph (i) below, no Director has an interest in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or significant to the business of the Company.

The Company has taken out directors' and officers' liability insurance for the benefit of its Directors and the Company Secretary.

The following are directorships (unless otherwise stated) and partnerships held by the Directors in the five years prior to the date of this document and the principal activities of the Directors outside the Company where these are significant with respect to the Company:

DIRECTORSHIPS

CURRENT DIRECTORS

Lord Flight

Current

Flight & Barr Limited
 The Monarchist Movement Trust Limited
 Investec Asset Management Limited
 The EIS Association Limited
 Marechale Capital plc
 Flight & Partners Limited
 Metro Bank plc
 AIT Trading Limited
 Aurora Investment Trust plc
 Edge Performance VCT plc
 R5FX Limited
 Guernsey Financial Services Commission
 Investec Asset Management Pension Scheme
 Mercantile Ports and Logistics Limited
 Gulf Overseas Investment Fund Limited
 CIM Investment Management Limited
 The Monarchist Movement Trust Limited

Past 5 Years

Arden Partners plc
 Arden Partners EBT Limited
 Loudwater Trust Limited

Sir Aubrey Brocklebank

Current

Hargreave Hale AIM VCT 1 plc
 Epiquest Live Inc (USA)
 Aubrey Brocklebank & Associates Limited
 The Classic 2CV Racing Club Limited
 Puma VCT 8 plc
 Mast Investment Holdings Ltd (Guernsey)
 Salt International Ltd (In liquidation)
 Nationwide Gritting Services Limited
 Downing Planned Exit VCT 2011 plc (in liquidation)
 NGS Corporation plc

Past 5 Years

Continental Shelf 547 Limited
 Continental Shelf 548 Limited
 AB and A Investments Limited
 Puma VCT IV plc (in liquidation)
 Epiquestlive UK Limited
 Epiquest Live Inc
 Urban and Country Leisure Limited
 Premier FireServe Ltd (in administration)
 Premier FireServe Engineering Ltd (in administration)
 The Media Vehicle Group Limited
 Innventive Property Holdings Limited
 AB and A Investments Limited

Russell Catley	Current	Past 5 Years
	Catley Lakeman May Limited Catley Lakeman LLP Herefordshire Golf Academy LLP Downing Planned Exit VCT 2011 plc (in liquidation)	HGA 2011 Ltd A H Securities London Limited CLM Securities Limited

Save as disclosed in this paragraph none of the Directors nor any member of Downing has for at least the previous five years:

- (i) had any convictions in relation to fraudulent offences; or
- (ii) been associated with bankruptcies, receiverships or liquidations in relation to an entity for which they have been acting as members of the administrative, management or supervisory bodies or senior management who was relevant to establishing that the entity had the appropriate expertise and experience for the management of its business; or
- (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or been disqualified by a Court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issuer.

Aubrey Brocklebank was a director of Premier FireServe Ltd and Premier FireServe Engineering Ltd, each of which went into administration in November 2012, with KPMG LLP appointed as administrator. The final administration report was delivered in March 2014 and the two companies were dissolved in September 2014. The major secured creditor of the companies was owed £45m at the point at which the administrators were appointed and received approximately £4.3m in distributions from the administrator.

- (e) The Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company and the Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- (f) There are no potential conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have. All of the Company's Directors will be independent of Downing throughout its life.
- (g) None of the Company's major holders of Shares, under the Articles, have voting rights different from other holders of Shares. Under the Performance Incentive Agreement, the Nominee has agreed to waive its right to vote under the Management Shares.
- (h) No amounts have been set aside by the Company or Downing for pensions, retirement or similar benefits.
- (i) Other than with respect to the shareholdings in the Company held by the Directors as set out in paragraph 6(b) of this Part VIII and the agreements referred to at (a) – (c) of paragraph 7 below the Company has not entered into any related party transactions since the date of its respective incorporation and up to the date of this document.
- (j) There are no service contracts with the Company or the Company's subsidiary providing for benefits upon termination of employment.
- (k) DTR5 requires a Shareholder to notify the Company of the percentage of its Shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds.

7. MATERIAL CONTRACTS

The following are the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company within the two years immediately preceding publication of this document and which are or may be material to the Company which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- (a) Under the Sponsor and Promotion Agreement dated 8 December 2016 between the Company (1), the Directors (2), the Sponsor (3) and Downing (4), the Sponsor has agreed to act as sponsor in relation to the Offers and Downing has undertaken as agent of the Company to use its reasonable endeavours to procure subscribers under the Offers for up to 30,000,000 Generalist Shares and up to 20,000,000 Healthcare Shares for the Company. Neither the Sponsor nor Downing is obliged to subscribe for Offer Shares.

Under the Sponsor and Promotion Agreement, subject to shareholder approval, the Company will pay Downing a fee of 4% of the monies subscribed under the Offers where Adviser commission is payable or 2% of the monies subscribed under the Offers where no Adviser commission is payable. The Company shall also be responsible for paying 0.25% per annum of the Net Asset Value of those Offer Shares in respect of which adviser commission is payable to Downing for a maximum of five years, from which Downing will pay annual trail commission to the independent financial intermediaries of Professional Client Investors and Execution-Only Investors. At Downing's discretion the trail commission may be waived in favour of an additional upfront commission of 0.75%. Advisers will be paid commission, where permissible, by Downing, in respect of all applications accepted which bear their stamp. Downing will also pay all other costs and expenses of, or incidental to, the Offers and the application for Admission of the Shares to the Official List.

Under the Sponsor and Promotion Agreement, which may be terminated by the Sponsor and Downing in certain circumstances, certain warranties have been given by the Company and the Directors to the Sponsor and Downing. The Company has also agreed to indemnify the Sponsor and Promoter in respect of their role as Sponsor and Promoter under the Sponsor and Promotion Agreement. The warranties and indemnity are in usual form for a contract of this type. The Sponsor and Promotion Agreement may be terminated by the Sponsor if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

- (b) A performance incentive agreement, conditional on shareholder approval, between the Company and Downing Nominees Limited (the "Nominee") dated 8 December 2016 pursuant to which the Nominee will undertake not to vote under the Management Shares at any general meeting of the Company and to waive any entitlement to distributions otherwise payable in respect of Management Shares held by the Nominee on behalf of certain members of the Downing Management team until the relevant Total Return hurdle has been achieved by the Company.
- (c) An investment manager and administration agreement dated 27 January 2009 (as amended from time to time and, most recently, subject to shareholder approval, on 8 December 2016 to take account of the proposed issue of Generalist Shares and Healthcare Shares) between the Company (1) and Downing pursuant to which Downing has been appointed as the investment manager to the Company.

The appointment may be terminated by either side giving not less than 12 months' notice in writing. Downing receives an annual fee and pays the Company's running costs above a cost-cap calculated in relation to the Company's NAV in its various share classes, each as set out in the following table:

Assets	Investment Management Fee	Running Cost Cap
DSO Assets	1.5%	3.0%
DP2011 Assets	1.8%	3.0%
DP67 Assets	1.35%	2.9%
Generalist Assets	2.0%	3.0%
Healthcare Assets	2.5%	3.5%

In respect of administration fees, Downings are paid a formula based fee comprising three elements: (i) a basic fee of £40,000; (ii) a fee of 0.1% of NAV per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool.

- (d) A structured product management agreement dated 20 July 2015 between the Company (1), Brewin Dolphin Limited (2) and Downing (3) (as varied from time to time) pursuant to which Brewin Dolphin Limited provides discretionary investment management, dealing, cash management and custody and is responsible for settlement and related administrative services to the Company in respect of its institutional structured products.
- (e) A letter of engagement between the Company and Panmure Gordon (UK) Limited (“**Panmure**”) pursuant to which Panmure were appointed as sponsor to the Company in connection with the Merger. The Company agreed to indemnify Panmure for any loss suffered in respect of its role as sponsor to the Merger (save for when such loss has arisen out of Panmure’s breach, wilful default, misconduct or gross negligence). The Company’s liability under this indemnity is unlimited.
- (f) A transfer agreement between the Company and DP2011, acting through Kim Rayment and Ian Gould of BDO LLP (“the Liquidators”), pursuant to which all of the assets and liabilities of DP2011 were transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for Shares being issued to DP2011 Shareholders. The Liquidators further agreed under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of DP2011 were transferred on receipt to the Company as part of a scheme for the merger of DP2011 and the Company.
- (g) A limited indemnity from the Company to the Liquidators pursuant to which the Company indemnified the Liquidators for expenses and costs incurred by them in connection with the DP2011 Scheme, subject to a cap of £1 million. A liquidation fee has been agreed and taken into account in the merger calculations. This agreement was entered into as part of the DP2011 scheme.
- (h) A transfer agreement between the Company and DP6, acting through Kim Rayment and Ian Gould of BDO LLP (“the Liquidators”), pursuant to which all of the assets and liabilities of DP6 were transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for Shares being issued to DP6 Shareholders. The Liquidators further agreed under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of DP6 were transferred on receipt to the Company as part of a scheme for the merger of the DP6 with the Company.
- (i) A limited indemnity from the Company to the Liquidators pursuant to which the Company indemnified the Liquidators for expenses and costs incurred by them in connection with the DP6 Scheme, subject to a cap of £1 million. A liquidation fee has been agreed and taken into account in the merger calculations. This agreement was entered into as part of the DP6 scheme.
- (j) A transfer agreement between the Company and DP7, acting through Kim Rayment and Ian Gould of BDO LLP (“the Liquidators”), pursuant to which all of the assets and liabilities of DP7 were transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for Shares being issued to DP7 Shareholders. The Liquidators further agreed under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of DP7 were transferred on receipt to the Company as part of a scheme for the merger of the Company with DP7. This agreement was entered into as part of the DP7 scheme.
- (k) A limited indemnity from the Company to the Liquidators pursuant to which the Company indemnified the Liquidators for expenses and costs incurred by them in connection with the DP7 Scheme, subject to a cap of £1 million. A liquidation fee has been agreed and taken into account in the merger calculations. This agreement was entered into as part of the DP7 Scheme.

8. GENERAL

- (a) The principal place of business and registered office of the Company is at Ergon House, Horseferry Road, London SW1P 2AL (telephone no: 020 7416 7780). The Company has not, nor has had since incorporation, any employees other than its Directors. The Company does not have any subsidiaries or associated companies. The Company is not authorised or regulated by the FCA. The Company is domiciled in the United Kingdom.
- (b) The principal place of business and registered office of Downing is at Ergon House, Horseferry Road, London SW1P 2AL (telephone no: 020 7416 7780). Downing LLP has approximately 110 staff and partners. Downing is UK domiciled and was incorporated in England and Wales under the 2000 Limited Liability Partnerships Act on 20 November 2008 with registered number OC341575. Downing is authorised and regulated by the Financial Conduct Authority with registered number 545025.
- (c) The Board is responsible for the determination and calculation of the Company's net asset value and announces it at least half yearly, through a regulatory information service.
- (d) The Company does not intend to appoint an external custodian. The Company's assets will be held by the Company in certificated form.
- (e) Valuation of investments
All investments are designated as "fair value through profit or loss" assets and are measured at fair value.

Listed fixed income investments are measured using bid prices in accordance with the IPEV Guidelines.

In respect of unquoted instruments, fair value is established by using the IPEV Guidelines. The valuation methodologies used by the Company to ascertain the fair value of an investment in an unquoted entity are as follows: Price of recent investment; Earnings multiple; Net assets; Discounted cash flows or earnings (of underlying business); and Discounted cash flows (from the investment).

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment expensed.

- (f) Reporting to Shareholders - the Company's annual report and accounts are made up to 31 March in each year and are normally sent to Shareholders in July. The Company's next accounting period will end on 31 March 2017. The Company's unaudited half yearly reports are made up to 30 September each year and are normally sent to Shareholders in November.
- (g) All material contracts of the Company will be in English and the Company and/or Downing will communicate with Investors and/or Shareholders in English.
- (h) Complaints about the Company or Downing should be referred to the chairman of the Board of Directors of the Company at Ergon House, Horseferry Road, London SW1P 2AL or the chairman of Downing at Ergon House, Horseferry Road, London SW1P 2AL. Any such complaint may subsequently be referred to the Financial Ombudsman Service. Compensation will not be available from the Financial Services Compensation Scheme in the event of default by Downing.
- (i) A typical investor in the Company will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £3,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
- (j) As at the date of this document, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect the Company's operations.
- (k) The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT, as set out under in Part IV of this document ("Taxation"). In addition, under the rules relating to Admission, the Company must manage and invest its assets in accordance with the investment policy set out in the section headed "Investment Policy" on

pages 16, which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes a maximum exposure. Investors will be informed through a regulatory information service of the action that the Board proposes to take in the event that any of these investment restrictions is breached. The Company was registered with the FCA as a Small Registered UK AIFM with effect from 9 July 2014.

9. STAMP DUTY, STAMPY DUTY RESERVE TAX AND CLOSE COMPANY STATUS

The Company has been advised that no stamp duty or stamp duty reserve tax (“SDRT”) will be payable on the issue of the Shares issued under the Offers.

The transfer or sale of any Shares will be liable to ad valorem stamp duty normally at the rate of 0.5% of the amount or value of the consideration (rounded up to the nearest £5). An unconditional agreement to transfer Shares also gives rise to an obligation to account for SDRT, which is payable within seven days of the start of the month following that in which the agreement was entered into. The payment of stamp duty gives rise to a right to repayment of any SDRT paid. There will be no stamp duty or SDRT on the transfer of the Shares into CREST unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5%. A transfer of Shares effected on a paperless basis through CREST will generally be subject to SDRT at a rate of 0.5% of the value of the consideration. Following the issue of the Shares pursuant to the Offers, the Company is not likely to be a close company for tax purposes.

10. CONSENTS

The Sponsor and Downing have each given and have not withdrawn their written consent to the publication of this document including their respective names in the forms and contexts in which they appear.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the offices of RW Blears LLP at 29 Lincoln’s Inn Fields, London WC2A 3EE and at the registered office of the Company at Ergon House, Horseferry Road, London SW1P 2AL during normal business hours on any weekday (public holidays excepted) from the date of this document until the closing date of the Offers:

- (a) the Memorandum of Association and Articles of the Company;
- (b) the consent letters referred to in paragraph 10 above;
- (c) the Prospectus; and
- (d) the Company's audited annual accounts for the periods ended 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 and the unaudited half year results to 30 September 2016.

8 December 2016

Part IX– Additional Information

1. The Company

1.1 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 liquidity in the Company's 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 Generalist Shares and Healthcare 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 Generalist Shares or Healthcare Shares.

1.2 Material interests

Downing will be paid an annual investment management fee of 2.0% of the Net Assets attributable to the Generalist Shares and 2.5% of the Net Assets attributable to the Healthcare Shares. In line with normal VCT practice, Downing will be entitled to receive a Performance Incentive. Further details of these arrangements are set out in Part I of this document.

1.3 Results of the Offers

The results of the Offers together with the relevant information regarding the offer price will be announced through a Regulatory Information Service provider.

2. Working capital and capitalisation and indebtedness statements

2.1 Working capital

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

2.2 Statement of capitalisation and indebtedness

The table below shows the capitalisation of the Company as at 30 September 2016 (extracted from the Half Year Report of the Company for the period ended 30 September 2016).

	£'000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	135
Other reserves	35,244
	<u>35,379</u>

There has been no material change in the capitalisation of the Company, total debt or shareholder equity since 30 September 2016.

The following table shows the Company's net indebtedness as at 30 September 2016 (extracted from the Half Year Results of the Company for the year ended 30 September 2016).

	£'000
A Cash	8,236
B Cash equivalent	-
C Trading Securities	-
D Liquidity (A+B+C)	8,236
<hr/>	
E Current financial receivables	1,114
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
I Current financial debt (F+G+H)	-
<hr/>	
J Net current financial indebtedness (I-E-D)	(9,350)
<hr/>	
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
N Non-current financial indebtedness (K+L+M)	-
<hr/>	
O Net financial indebtedness (J+N)	-

The Company does not have any contingent or indirect indebtedness.

There has been no material change in the capitalisation or indebtedness of the Company since 30 September 2016.

3. Issued Share Capital and dilution

The Shareholders of the Company as at the date of this document hold the rights to a total of 48,592,056,015 votes. If the maximum of 37,500,000 Offer Shares are issued pursuant to the Offer (ignoring the overallotment facility), then the existing Shares would represent 53.1% of the voting rights of the enlarged Company. There will be no dilution in terms of net asset value for any Existing Shareholder as a result of the Offers.

4. 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 Generalist Shares or Healthcare 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 X of this document or a resident of Canada.

5. 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.

6. 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.

7. Maximum number of Generalist Shares to be issued

The maximum number of Generalist Shares that may be issued under this Prospectus pursuant to the Offers is 37,500,000 Generalist Shares.

8. Maximum number of Healthcare Shares to be issued

The maximum number of Healthcare Shares that may be issued under this Prospectus pursuant to the Offers is 25,000,000 Healthcare Shares.

9. Use of the Prospectus by financial intermediaries

The Company and the Directors consent to the use of the Prospectus and accept responsibility for the content of the Prospectus for subsequent resale or final placement of the securities in the Company by financial intermediaries in the UK. The period in which such consent to use the Prospectus is given begins with the date of the Prospectus and ends on the close of the Offers, for the purpose of introducing subscribers for Generalist Shares and Healthcare Shares. The Offers are expected to close on or before 30 September 2017, unless previously extended by the Directors to a date not being later than 30 November 2017.

Financial intermediaries must give Investors information on the terms and conditions of the Offers at the time the Offers are introduced to them by the financial intermediary. Any financial intermediary using the Prospectus must state on its website that it uses the Prospectus in accordance with the above consent and the conditions attached thereto.

8 December 2016

Part X – Terms and Conditions of Application

1. In these Terms and Conditions of Application, the expression “Prospectus” means this document. 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 Offer 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 Offer Shares by cheque or banker's draft submitted with the Application Form or direct bank transfer (CHAPS/BACS) .
4. The contract created by the acceptance of applications in respect of the first allotment of Offer Shares will be conditional on:
 - (a) the Minimum Subscription under the relevant offer being received by 3.00 p.m. on 5 April 2017;
 - (b) resolutions 1-9 being passed at the Company's General Meeting to be held on 16 January 2017 or at a subsequent meeting, if adjourned; and
 - (c) admission of the Offer Shares (in respect of such first allotment of Shares) being granted not later than 3:00 p.m. on 30 April 2017. If the conditions are not met, the Offers will be withdrawn and subscription monies will be returned to Investors within seven days of 30 April 2017, 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;
 - (b) acknowledge that, if your subscription is accepted, you will be allocated such number of Offer 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 Offer 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) in consideration of the Company agreeing that it will not, prior to the closing date of the Offers, offer any Offer Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked once made 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 Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares unless and until you make payment in cleared funds for such Offer 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 Offer Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such Offer Shares as void and may allot such Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Offer 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 Receiving Agent) to ensure compliance with the ML Regulations;
 - (h) agree that, in respect of those Offer 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 Offer 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 Offers 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 Offers 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 Offer Shares or concerning the suitability of Offer 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 Offer 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 Offer Shares;
 - (w) warrant that the Offer 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 Offer 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 Offer 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. Downing 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, the Receiving Agent 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 2006 Act 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 and to receive all shareholder communications in paper form by ticking the appropriate box on the Application Form. 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 in respect of 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 XI of this document. Intermediaries may agree to waive part or all of their initial commission in respect of an application for Offer Shares. 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 Offer 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 XI – Pricing of the Offers, Adviser Charges and Commission

Pricing of the Offers

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

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

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 Generalist/Healthcare Share of £1)

- (i) Promoter's Fee (Execution-only Transaction: 4% less 2% Intermediary commission waived) of 2% = £200
Number of Generalist/Healthcare Shares = $(10,000 - 200 - 0) \div 1 = \mathbf{9,800}$ Offer Price = 102.0p
- (ii) Promoter's Fee (advised) of 2% = £200
Example Adviser Charge = £225
Number of Generalist/Healthcare Shares = $(10,000 - 200 - 225) \div 1 = \mathbf{9,575}$ Offer Price = 104.4p
- (iii) Promoter's Fee (advised) of 2% = £200
Example Adviser Charge = £400
Number of Generalist/Healthcare Shares = $(10,000 - 200 - 400) \div 1 = \mathbf{9,400}$ Offer Price = 106.4p
- (iv) Promoter's Fee (advised or direct investment and application received by 20 January 2017*) of 1.0% = £100
Example Adviser Charge = nil (fee being paid directly by client to Intermediary or direct application)
Number of K Shares = $(10,000 - 100 - 0) \div 1 = \mathbf{9,900}$ Offer Price = 101.0p

*Applications received and accepted by 20 January 2017 will benefit from a reduction in the Promoter's Fee of 1.0% of the amount subscribed (0.5% reduction if received and accepted between 21 January 2017 and 3 March 2017).

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. 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 4). The Investor will be issued fewer Generalist and/or Healthcare 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 Generalist Shares and/or Healthcare 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 may be waived, at Downing's discretion, in favour of an additional upfront commission of 0.75%. Trail commission will be paid by Downing annually in August (commencing August 2018 based on the audited Net Asset Value at the preceding 31 March). Both the initial and annual trail commission will be payable by Downing out of its fees.