



Downing THREE VCT plc (in Liquidation)

Shareholder update
September 2022

Downing 

Shareholder Information

Performance summary

| F Share pool | 30 Jun 2022 Pence | 30 Jun 2021 Pence | 31 Dec 2020 Pence |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Net asset value per F Share | 20.5 | 18.7 | 17.7 |
| Cumulative distributions per F Share | 72.0 | 72.0 | 72.0 |
| Total return per F Share | 92.5 | 90.7 | 89.7 |

| H Share pool | 30 Jun 2022 Pence | 30 Jun 2021 Pence | 31 Dec 2020 Pence |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Net asset value per H Share | 20.2 | 18.7 | 17.1 |
| Cumulative distributions per H Share | 39.5 | 39.5 | 39.5 |
| Total return per H Share | 59.7 | 58.2 | 56.6 |

| J Share pool | 30 Jun 2022 Pence | 30 Jun 2021 Pence | 31 Dec 2020 Pence |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Net asset value per J Share | 21.1 | 22.2 | 23.8 |
| Cumulative distributions per J Share | 17.5 | 17.5 | 17.5 |
| Total return per J Share | 38.6 | 39.7 | 41.3 |

Distributions

Distributions in liquidation are paid by the registrar on behalf of the Company. Shareholders who wish to have distributions paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose (forms can be downloaded from the Company's registrar, The City Partnership).

Queries relating to distributions and requests for mandate forms should be directed to the Company's registrar, The City Partnership, whose details are on the back cover of this document.

Share scam warning

We are aware that a significant number of shareholders of VCTs managed by both Downing and other VCT managers have received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website at www.downing.co.uk/vctboilerroomscam

If you have any concerns, please contact Downing on 020 7416 7780.

Letter from the Supervisory Committee Chairman

Introduction

It is now some 18 months since the voluntary liquidation of the Company was approved by Shareholders at the General Meeting on 30 March 2021. Our last report was published in September 2021 covering the period to 30 June 2021. This report covers the year to 30 June 2022.

Overview

The Company still has three share pools. Progress has been made in the period under review in realising investments in the two oldest share pools (F Share and H Share). In respect of the J Share pool, the Manager is working with each of the investee companies to get them in a position to provide an exit for the Company in the near future.

As we have noted previously, many of the sectors in which the Company has invested are those which were heavily impacted by the coronavirus pandemic e.g. hospitality and children's nurseries. The Manager has had to be patient with such businesses while they gradually recover, which in turn presents options for how exits might now be achieved at appropriate valuations.

Share pool overview

F Share pool

The F Share pool launched in 2012 and currently holds a portfolio of six investments with a total value of £1.5 million at the period end.

At 30 June 2022, the remaining net asset value ("NAV") was 20.5p per F Share, an increase of 1.8p (9.6%) over the period. Total Return (NAV plus dividends paid to date) is now 92.5p, compared to the original cost, net of income tax relief, of 70.0p per share.

A distribution of 5.0 p per F Share will be paid on 21 October 2022 to shareholders on the register at 30 September 2022. This equates to £541,000 of cash.

H Share pool

The H Share pool launched in 2014 and now has three remaining active investments with a total value of £528,000.

At 30 June 2022, the net asset value ("NAV") was 20.2p per H Share, which represents a net increase of 1.5p (8.0%) over the period. Total Return (NAV plus dividends paid to date) is now 59.7p, compared to the initial NAV, before income tax relief, of 100.0p (or original cost, net of income tax relief, which was typically between 70.0p and 75.0p, depending on costs).

A distribution of 18.5p per H Share will be paid on 21 October 2022 to shareholders on the register at 30 September 2022. This equates to £2.5 million of cash.

There was one full exit during the period, and two partial exits, generating total proceeds of £1.6 million, including the successful partial exit of one of the hospitality companies, Atlantic Dogstar Limited, which generated a gain over cost of £601,000. After the period end, further proceeds were received from Atlantic Dogstar Limited and Pearce and Saunders Limited.

Focus for the remaining investments continues to be on seeking exits at optimal values within a reasonable time frame.

J Share pool

The overall performance of the J Share pool remains very disappointing.

Letter from the Supervisory Committee Chairman (continued)

The J Share pool raised the majority of its funds in the 2014/15 tax year and has passed the five-year anniversary of the close of the original offer at the end of 2020.

At 30 June 2022, the share pool held four active investments with a total value of £1.2 million and the net asset value ("NAV") was 21.1p per J Share, a decrease of 1.1p (5.0%) over the period. Total Return (NAV plus dividends paid to date) is now 38.6p per J Share, compared to the initial NAV before income tax relief, of 100.0p (or original cost, net of income tax relief, which was typically between 70.0p and 75.0p, depending on costs).

A distribution of 2.0p per J Share will be paid on 21 October 2022 to shareholders on the register at 30 September 2022.

This equates to £213,000 of cash.

The Investment Manager's Reports on pages 4 to 10 provide further details on each share pool.

Outlook

Over the remainder of 2022, we hope to see the Manager achieve a number of further exits from investments in the F and H Share pools and close in on completing the task of returning funds to investors. The horizon is expected to be longer for the J Share pool, although we believe it is reasonable to expect that this share pool can be drawn to a close in 2023.

Michael Robinson

Chairman - Supervisory Committee
23 September 2022

Investment Manager's Report

F Share pool

As at 30 June 2022, the F Share pool held six investments. Focus for the F Share pool remains on the realisation of its investments and maximising Shareholder returns.

Net asset value and results

At 30 June 2022, the net asset value ("NAV") for a holding of one F Share was 20.5p, an increase of 1.8p (9.6%) over the period. Total Return (NAV plus dividends paid to date) is now 92.5p.

The profit on ordinary activities for the F Shares, after taxation was 1.8p per F share for the period, comprising a revenue profit of 0.4p and a capital gain of 1.4p.

F Share pool – Portfolio valuation and realisations

Two full exits and one partial realisation were achieved in the period.

Investments in Fresh Green Power and Green Energy Production were sold for a small net loss against the previous carrying value of £4,000.

Atlantic Dogstar Limited owned a number of London pubs. Following the easing of the pandemic restrictions the management team was able to re-establish trading records and complete the sale of the company's last two pubs in November 2021. The process of unwinding the Atlantic Dogstar group is now underway. £153,000 of proceeds had been received by 30 June 2022, along with £134,000 of loan stock interest. In September 2022, following the period end, further proceeds were received by the VCT and are being distributed to F Shareholders as part of the forthcoming distribution.

The carrying value of the remaining holding has been reduced by £41,000 to £58,000, in line with the anticipated exit proceeds.

Of the remaining investments, there have been a number of valuation adjustments. Baron House Developments LLP is an entity created to fund the purchase of a site and development of a hotel in Newcastle. The hotel is now being marketed for sale, with early indications suggesting proceeds of £745,000 are achievable, being an uplift of £168,000.

The pubs owned by Downing Pub EIS One Limited were recently sold and, as with Atlantic Dogstar, the company is now in the process of being wound up. We are targeting final proceeds of £668,000.

Pearce and Saunders Limited and the related Pearce and Saunders DevCo Limited are also now in the process of being wound up. Our combined current valuation estimate is £37,000.

Outlook

We hope to see positive realisations for the majority of the remaining investments by the end of 2022, although are mindful that there could possibly be delays to some of these, as we look at bringing the task of returning funds to Shareholders to a close.

Downing LLP

23 September 2022

Summary of Investment Portfolio

F Share pool

as at 30 June 2022

| | Cost £'000 | Valuation £'000 | Unrealised (loss)/gain in period £'000 | % of portfolio by value |
|--|---------------|--------------------|---|-------------------------------|
| VCT qualifying and partially qualifying investments | | | | |
| Downing Pubs EIS One Limited | 490 | 668 | (18) | 30.9% |
| Atlantic Dogstar Limited | 166 | 58 | (41) | 2.7% |
| Pearce and Saunders Limited | 497 | - | (40) | - |
| Non-qualifying investments | | | | |
| Baron House Developments LLP | 481 | 745 | 168 | 34.4% |
| Pearce and Saunders DevCo Limited | 44 | 37 | 37 | 1.7% |
| London City Shopping Centre Limited | 66 | - | - | - |
| | 1,744 | 1,508 | 106 | 69.7% |
| Cash at bank and in hand | | 655 | | 30.3% |
| Total | | 2,163 | | 100.0% |

Summary of Investment Movements

F Share pool

as at 30 June 2022

| Disposals | Cost £'000 | Market value at 01/07/21 £'000 | Disposal proceeds £'000 | Gain/(loss) against cost £'000 | Total realised (loss)/gain £'000 |
|------------------------------------|---------------|---|-------------------------------|---|---|
| Fresh Green Power Limited | 189 | 279 | 278 | 89 | (1) |
| Green Energy Production UK Limited | 100 | 66 | 63 | (37) | (3) |
| Atlantic Dogstar Limited | 33 | 100 | 153 | 120 | 53 |
| | 322 | 445 | 494 | 172 | 49 |

Investment Manager's Report

H Share pool

The H Share pool raised funds in 2014 and we continue to seek realisations from investments in order to return funds to Shareholders. This task was significantly delayed as a result of the COVID-19 pandemic but has picked up during the period and the Company has managed to make a full exit from one investment and a partial exit of two more. At the period end, the H Share pool held three investments with value.

Net asset value and results

At 30 June 2022, the net asset value per H Share was 20.2p, an increase of 1.5p (8.0%) over the period. Total Return (NAV plus dividends paid to date) is now 59.7p.

The gain on ordinary activities for the H Shares, after taxation, for the period was 1.6p per share, comprising a revenue loss of 0.2p per share and a capital gain of 1.8p per share.

H Share pool – Portfolio valuation and realisation plans

The portfolio showed a net unrealised loss in the period to 30 June 2022 of £366,000.

The most significant loss in valuation in the period related to Atlantic Dogstar Limited, a holding company that owned a number of pubs at various sites based in London. The company's final two pubs were sold in November 2021 and a distribution was made to the VCT, of which £768,000 was received in the H Share pool as a repayment of the loan, as well as £670,000 of accrued interest. In September 2022, following the period end, further proceeds were received by the VCT and are being distributed to H Shareholders as part of the forthcoming distribution

Pearce and Saunders Limited, a freehold pub company, is expected to make a return to the VCT shortly. The company has sold its one remaining pub and has paid £184,000 to the VCT in the period and a further amount in the region of £61,000 is expected to be returned in the coming months as the company is wound up.

A small unrealised loss of £27,000 was recognised during the period in SF Renewables (Solar) Limited, an Indian solar plant. The solar plant is performing well but the reduction in value reflects electricity prices in India, which are currently relatively low. We expect to commence a process that we hope will see the plant being sold around the end of the current calendar year.

There is less positive news about another Indian Solar investment, Rockhopper Renewables Limited. A political risk insurance claim is being progressed to protect shareholder value, but unfortunately it is unclear if it will be successful and so the investment has been fully provided against at this time.

Outlook

Our focus remains on the realisation of the share pool's investments at optimal values, although the timing of when exits can be achieved is uncertain as these processes involve third parties.

Downing LLP

23 September 2022

Summary of Investment Portfolio

H Share pool

as at 30 June 2022

| | Cost £'000 | Valuation £'000 | Unrealised loss in period £'000 | % of portfolio by value |
|-----------------------------------|---------------|--------------------|--|-------------------------------|
| VCT qualifying investments | | | | |
| Atlantic Dogstar Limited | 833 | 292 | (206) | 10.8% |
| SF Renewables (Solar) Limited | 281 | 175 | (27) | 6.4% |
| Pearce and Saunders Limited | 90 | 61 | (29) | 2.2% |
| Quadrate Catering Limited | 850 | - | - | - |
| Rockhopper Renewables Limited | 492 | - | (104) | - |
| Non-qualifying investments | | | | |
| Quadrate Spa Limited | 850 | - | - | - |
| | 3,396 | 528 | (366) | 19.4% |
| Cash at bank and in hand | | 2,189 | | 80.6% |
| Total | | 2,717 | | 100.0% |

Summary of Investment Movements

H Share pool

as at 30 June 2022

| Disposals | Cost £'000 | Market value at 01/07/21 £'000 | Disposal proceeds £'000 | (Loss)/gain against cost £'000 | Total realised gain £'000 |
|-----------------------------|---------------|---|-------------------------------|---|------------------------------------|
| Hermes Wood Pellets Limited | 1,500 | 451 | 649 | (851) | 198 |
| Atlantic Dogstar Limited | 167 | 502 | 768 | 601 | 266 |
| Pearce and Saunders Limited | 46 | 46 | 184 | 138 | 138 |
| | 1,713 | 999 | 1,601 | (112) | 602 |

Investment Manager's Report

J Share pool

At the period end, the J Share pool held nine investments, primarily in the hospitality and renewable energy sectors.

Net asset value and results

At 30 June 2022, the net asset value per J Share was 21.1p, a net decrease of 1.1p (5.0%) over the period. Total return (NAV plus dividends paid to date) is 38.6p.

The loss on ordinary activities for the J Share pool, after taxation, was £119,000 for the period, comprising a revenue gain of £642,000 and a capital loss of £761,000.

J Share pool – Portfolio valuation and realisation plans

During the period to 30 June 2022 the majority of the portfolio companies have been stable, and their value has remained the same as previously reported.

However, there has been one major valuation movement and a few minor ones, which resulted in a total unrealised loss at the period end of £761,000.

The main cause of the unrealised loss was the share pool's largest investment, Pilgrim Trading Limited, the owner of two children's day nurseries. The company is slowly recovering after it was heavily impacted by the COVID-19 pandemic. After a marketing process that took place last year, a sale is now being progressed. The business has been valued at a modest discount to the anticipated selling price in view of the risk of the deal not completing and possible selling costs. This process has led to a reallocation of value due to the ranking of the investment instruments. An unrealised loss of £666,000 was recognised in respect of the equity shares held but much of this value was instead reallocated to loan interest receivable.

Overall, including interest, the total amount expected to be received is now £1.1 million, which is a small uplift to the previously reported position at 30 June 2021.

Exclusive Events Venues Limited, the operator of a wedding venue in Chester, England, also suffered heavily from its forced closure during the pandemic. Since reopening, business has been picking up which has led to a small uplift in valuation, recognising an unrealised gain of £22,000 for the period. It is hoped that the company will further improve performance over the summer months. With this in mind, we feel it is currently too early to begin the process of marketing the business for sale and will wait until a more solid trading record has been re-established in order to secure the optimal return for shareholders.

A small unrealised loss of £27,000 was recognised during the period in SF Renewables (Solar) Limited, an Indian solar plant. The solar plant is performing well but the reduction in value reflects the electricity prices in India, which are currently relatively low. We expect to commence a process that we hope will see the plant being sold around the end of the current calendar year.

Fenkle Street LLP holds an interest in a hotel in central Newcastle that was renovated under the Business Premises Renovation Allowance (BPRA) scheme. The hotel is currently being marketed for sale and first round offers are expected to be received shortly. Based on the target selling price, we are optimistic that the loan from the J Share pool will be repaid in full towards the end of 2022 along with a small premium. This has led to an uplift of £14,000 for the period.

Investment Manager's Report

J Share pool (continued)

J Share pool – Portfolio valuation and realisation plans (continued)

Unfortunately, there is less positive news about another Indian Solar investment, Rockhopper Renewables Limited. A political risk insurance claim is being progressed to protect shareholder value, but unfortunately it is unclear if it will be successful and so the investment has been fully provided against at this time.

One small realisation was achieved towards the end of the period. £51,000 was received as part from the wind up of Garthcliff Shipping Limited, equal to the previous carrying value.

Outlook

We are working on plans to exit from all investments. Unfortunately, any significant improvement in overall performance is unlikely at this stage, however we will seek to exit at optimal values, even where this might mean exits take a little longer to achieve than might otherwise be the case.

Downing LLP

23 September 2022

Summary of Investment Portfolio

J Share pool

as at 30 June 2022

| | Cost £'000 | Valuation £'000 | Unrealised (loss)/gain in period £'000 | % of portfolio by value |
|-------------------------------------|---------------|--------------------|---|-------------------------------|
| VCT qualifying investments | | | | |
| Pilgrim Trading Limited | 1,297 | 389 | (666) | 24.2% |
| Exclusive Events Venues Limited | 500 | 314 | 22 | 19.5% |
| SF Renewables (Solar) Limited | 281 | 175 | (27) | 10.9% |
| Ormsborough Limited | 1,000 | - | - | - |
| Jito Trading Limited Limited | 1,000 | - | - | - |
| Yamuna Renewables Limited | 800 | - | - | - |
| Rockhopper Renewables Limited | 492 | - | (104) | - |
| Non-qualifying investments | | | | |
| Fenkle Street LLP | 287 | 321 | 14 | 20.0% |
| London City Shopping Centre Limited | 15 | - | - | - |
| | 5,672 | 1,199 | (761) | 74.6% |
| Cash at bank and in hand | | 408 | | 25.4% |
| Total | | 1,607 | | 100.0% |

Summary of Investment Movements

J Share pool

as at 30 June 2022

| Disposals | Cost £'000 | Market value at 01/07/21 £'000 | Disposal proceeds £'000 | Loss against cost £'000 | Realised gain £'000 |
|-----------------------------|---------------|---|-------------------------------|----------------------------------|---------------------------|
| Garthcliff Shipping Limited | 400 | 51 | 51 | (349) | - |

Unaudited Summarised Balance Sheet

as at 30 June 2022

| | 30 June 2022 | | | | 30 June 2021 |
|--|-----------------|-----------------|-----------------|---------|--------------|
| | F | H | J | Total | Total |
| | Shares £'000 | Shares £'000 | Shares £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Unquoted investments | 1,508 | 528 | 1,199 | 3,235 | 5,751 |
| Current assets | | | | | |
| Debtors | 134 | 1 | 804 | 939 | 810 |
| Cash at bank and in hand | 655 | 2,189 | 408 | 3,252 | 437 |
| | 789 | 2,190 | 1,212 | 4,191 | 1,247 |
| Creditors: amounts falling due within one year | (75) | (13) | (157) | (245) | (105) |
| Net current assets | 714 | 2,177 | 1,055 | 3,946 | 1,142 |
| Net assets | 2,222 | 2,705 | 2,254 | 7,181 | 6,893 |
| Capital and reserves | | | | | |
| Called up share capital | 11 | 13 | 11 | 35 | 35 |
| Capital redemption reserve | 148 | - | - | 148 | 149 |
| Special reserve | 3,084 | 4,880 | 7,823 | 15,787 | 16,075 |
| Share premium account | - | - | - | - | - |
| Revaluation reserve | (379) | (2,869) | (1,657) | (4,905) | (4,824) |
| Capital reserve – realised | (1,099) | - | (3,349) | (4,448) | (4,447) |
| Revenue reserve | 457 | 681 | (574) | 564 | (95) |
| Total equity shareholders' funds | 2,222 | 2,705 | 2,254 | 7,181 | 6,893 |
| Basic and diluted net asset value per: | | | | | |
| F Share | 20.5p | | | | 18.7p |
| H Share | | 20.2p | | | 18.7p |
| J Share | | | 21.1p | | 22.2p |

Income Statement

for the year ended 30 June 2022

Company Total

| | Year ended 30 June 2022 | | | Six months ended 30 June 2021 | | |
|---|----------------------------|------------------|----------------|----------------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Income | 944 | - | 944 | (5) | - | (5) |
| Gains/(losses) on investments | | | | | | |
| - realised | - | 651 | 651 | - | 12 | 12 |
| - unrealised | - | (1,021) | (1,021) | - | 225 | 225 |
| | 944 | (370) | 574 | (5) | 237 | 232 |
| Investment management fees | (28) | - | (28) | (16) | - | (16) |
| Other expenses | (119) | - | (119) | (68) | - | (68) |
| Return/(loss) on ordinary activities before taxation | 797 | (370) | 427 | (89) | 237 | 148 |
| Tax on total comprehensive income and ordinary activities | (139) | - | (139) | - | - | - |
| Return/(loss) attributable to equity shareholders | 658 | (370) | 288 | (89) | 237 | 148 |
| Return per F Share | 0.4p | 1.4p | 1.8p | (0.4p) | 1.3p | (0.9p) |
| Return per H Share | (0.2p) | 1.8p | 1.6p | (0.2p) | 1.7p | 1.5p |
| Return per J Share | 6.0p | (7.1p) | (1.1p) | (0.3p) | (1.3p) | (1.6p) |

Income Statement (analysed by Share pool)

for the year ended 30 June 2022

| F Shares | Year ended 30 June 2022 | | | Six months ended 30 June 2021 | | |
|---|----------------------------|------------------|----------------|----------------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Income | 134 | - | 134 | - | - | - |
| Gains on investments | | | | | | |
| - realised | - | 49 | 49 | - | - | - |
| - unrealised | - | 106 | 106 | - | 141 | 141 |
| | 134 | 155 | 289 | - | 141 | 141 |
| Investment management fees | (28) | - | (28) | (16) | - | (16) |
| Other expenses | (43) | - | (43) | (22) | - | (22) |
| Return/(loss) on ordinary activities before taxation | 63 | 155 | 218 | (38) | 141 | 103 |
| Tax on total comprehensive income and ordinary activities | (17) | - | (17) | - | - | - |
| Return/(loss) attributable to equity shareholders | 46 | 155 | 201 | (38) | 141 | 103 |

Income Statement (analysed by Share pool)

for the year ended 30 June 2022

| H Shares | Year ended 30 June 2022 | | | Six months ended 30 June 2021 | | |
|---|----------------------------|------------------|----------------|----------------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Income | - | - | - | - | - | - |
| Gains/(losses) on investments | | | | | | |
| - realised | - | 602 | 602 | - | 6 | 6 |
| - unrealised | - | (366) | (366) | - | 224 | 224 |
| | - | 236 | 236 | - | 230 | 230 |
| Investment management fees | - | - | - | - | - | - |
| Other expenses | (40) | - | (40) | (21) | - | (21) |
| Return/(loss) on ordinary activities before taxation | (40) | 236 | 196 | (21) | 230 | 209 |
| Tax on total comprehensive income and ordinary activities | 10 | - | 10 | - | - | - |
| Return/(loss) attributable to equity shareholders | (30) | 236 | 206 | (21) | 230 | 209 |

Income Statement (analysed by Share pool)

for the year ended 30 June 2022

| J Shares | Year ended 30 June 2022 | | | Six months ended 30 June 2021 | | |
|---|----------------------------|------------------|----------------|----------------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Income | 810 | - | 810 | (5) | - | (5) |
| (Losses)/gains on investments | | | | | | |
| - realised | - | - | - | - | 6 | 6 |
| - unrealised | - | (761) | (761) | - | (140) | (140) |
| | 810 | (761) | 49 | (5) | (134) | (139) |
| Investment management fees | - | - | - | - | - | - |
| Other expenses | (36) | - | (36) | (25) | - | (25) |
| Return/(loss) on ordinary activities before taxation | 774 | (761) | 13 | (30) | (134) | (164) |
| Tax on total comprehensive income and ordinary activities | (132) | - | (132) | - | - | - |
| (Loss)/return attributable to equity shareholders | 642 | (761) | (119) | (30) | (134) | (164) |

Notes to the Unaudited Financial Statements

1. Forthcoming Distributions

| Share class | Date payable | Per share pence |
|-------------|--------------|-----------------|
| F Shares | 21 Oct 2022 | 5.0 |
| H Shares | 21 Oct 2022 | 18.5 |
| J Shares | 21 Oct 2022 | 2.0 |

The above distributions will be paid to Shareholders on the register at 30 September 2022

- The unaudited condensed financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies.

Shareholder Information (continued)

Shareholder Communications

Shareholders now have the opportunity to be notified when financial reports are available to view on Downing's website by email or letter; alternatively, you can elect to receive full hard copies via post. By default, notifications will be communicated by letter. If you wish to change your communications election at any time, please contact the registrar, The City Partnership, whose details are on the back cover of this document.

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address, or other amendment, this should be notified to the Company's registrar, The City Partnership, under the signature of the registered holder.

Other information for Shareholders

Up to date Company information (including company announcements, share prices and dividend and distribution history) may be obtained from Downing's website at:

www.downing.co.uk/d3

If you have any queries regarding your shareholding in Downing THREE VCT plc, please contact the registrar on 01484 240 910 or access your information on City Partnership's website via The Hub at:

www.downing-vct.cityhub.uk.com

Liquidators

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Supervisory Committee

Michael Robinson (Chairman)
Roger Jeynes
Dennis Hale

Company Secretary

Grant Whitehouse

Investment and Administration Manager

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Registrar

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