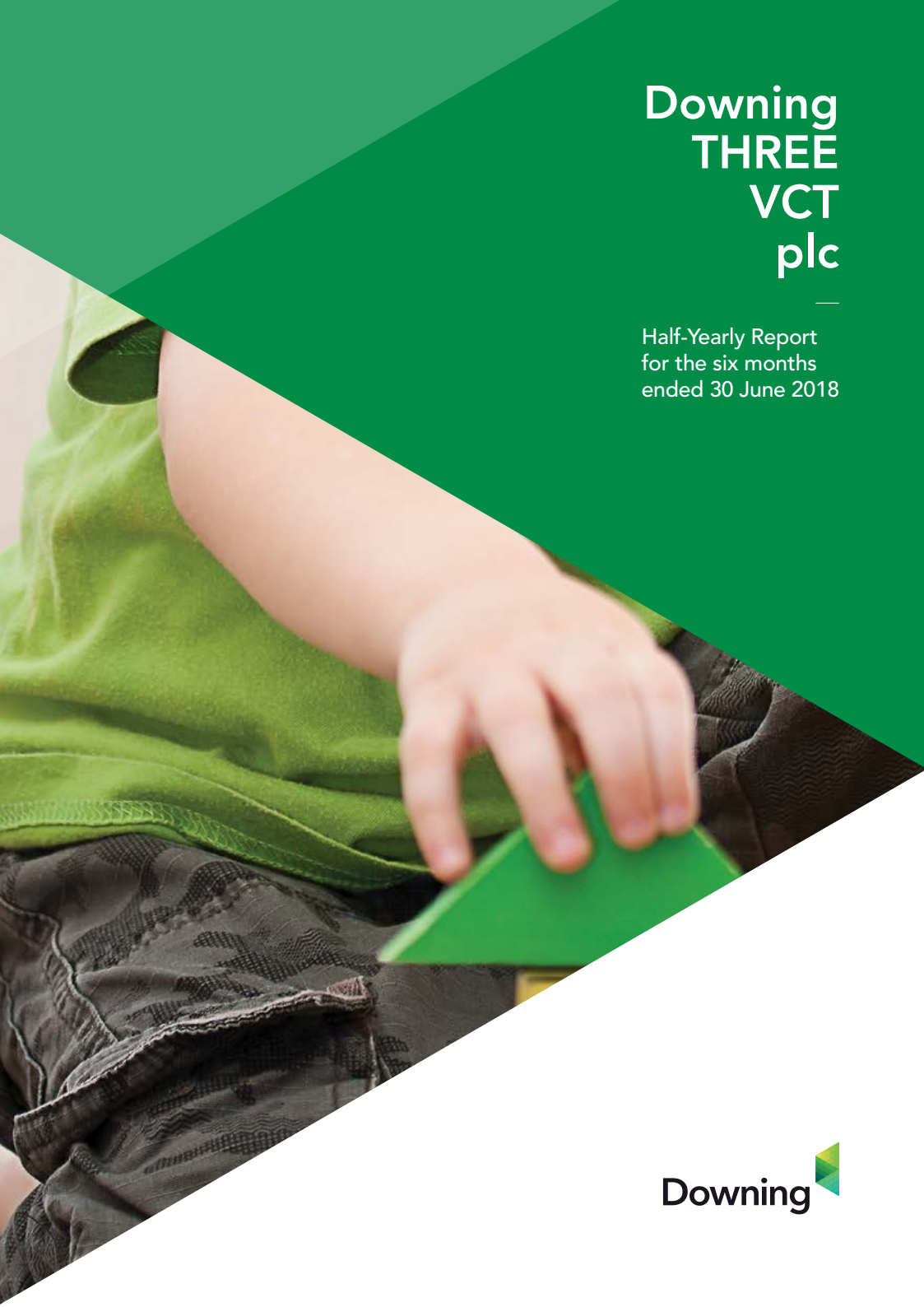


# Downing THREE VCT plc

Half-Yearly Report  
for the six months  
ended 30 June 2018



# CHAIRMAN'S STATEMENT

## Introduction

I am pleased to present the Half-Yearly Report for the six months ended 30 June 2018. The Company has a number of share pools, each of which is in a different stage in its planned exit life. Generally progress has been satisfactory over the period for the share pools that have recently passed or are approaching their planned exit date.

## Net asset values and overview

### 'F' Share pool

The 'F' Share pool launched in 2012 and began exiting from its investments earlier this year. In April the share class paid its first dividends in its realisation phase of 19.0p per share.

At 30 June 2018 the net asset value ("NAV") for a holding of one 'F' Share was 53.6p, an increase of 3.0p (4.3%) over the period. Total Return (NAV plus dividends paid to date) is now 102.6p, compared to the original cost, net of income tax relief, of 70p per share.

The pool still holds 12 investments, but plans are being progressed for exits from each of them.

Since the period end one further exit has been achieved. As a result, the Share pool will pay a further dividend of 18.0p per 'F' Share on 9 November 2018. This will bring total distributions to 67.0p and leave a remaining NAV of 35.6p.

The task of exiting the remaining investments is likely to take some time to complete, although we expect significant progress to be made over the remainder of the year. The Manager does not, however, expect to be in a position to make the final distribution until 2019.

### 'H' Share pool

The 'H' Share pool raised funds in 2014 and has now completed its initial investment phase. The target date to start realising investments is 2019.

At 30 June 2018, the net asset value ("NAV") for a holding of one 'H' Share was 78.7p which represents a net decrease of 1.1p (1.3%) over the period after adjusting for the dividends paid out. Total Return (NAV plus dividends paid to date) is now 101.2p, compared to the initial NAV, before income tax relief, of 100.0p.

### 'J' Share pool

The 'J' Share pool raised funds in 2015 and is continuing to build its initial investment portfolio. The target date to start realising investments is 2020.

At 30 June 2018, the net asset value ("NAV") and total return for a holding of one 'J' Share was 91.2p, which represents a net decrease of 3.5p (3.7%) over the period, compared to the initial NAV, before income tax relief, of 100.0p. This deficit has arisen partly due to a provision that has been required against one investment.

Due to the VCT regulations, the 'J' Share pool is effectively prohibited from paying dividends in its first three years. The Share pool will therefore commence paying dividends to shareholders in 2019.

The Investment Manager's Report on pages 3 to 8 will provide more detail on each of the share pools.

## Dividends

In line with the Company's stated policies, interim dividends will be paid as follows:

|            |                 |
|------------|-----------------|
| 'F' Shares | 18.0p per share |
| 'H' Shares | 2.5p per share  |

The 'F' Share dividend will be paid on 9 November 2018 to Shareholders on the register at 19 October 2018. The 'H' Share dividend will be paid on 14 December 2018 to Shareholders on the register at 23 November 2018.

## CHAIRMAN'S STATEMENT (continued)

### Share buybacks

The Company has a general policy in the first five years after the launch of a share class, of buying in its own shares that become available in the market for cancellation. As a result, the Company will currently buy 'H' Shares and 'J' Shares that become available in the market and will, subject to liquidity and regulatory constraints, buy at prices approximately equal to net asset value (i.e. with no discount).

During the period to 30 June 2018, the Company repurchased and subsequently cancelled 19,400 'H' Shares and 19,725 'J' Shares for an aggregate consideration of £15,940 and £18,677 respectively, being an average price of 82.0p per 'H' Share and 94.5p per 'J' Share.

No share buybacks in respect of any other share classes were undertaken during the period.

### Outlook

Over the remainder of the year we expect to see significant headway made in realising most of the remaining investments in the 'F' Share pool. As the process of realising investments usually includes transactions with third parties, timings can be unpredictable, and Shareholders should note that the exit process will take some time to complete. While the Manager is focusing on delivering exits in a timely manner, the Board is keen to see that full value is achieved for all investments, even if this may sometimes take longer to deliver.

In respect of the 'H' Share pool and 'J' Share pool, we expect this to be a stable period with the Manager focusing on nurturing the investments such that they will be well positioned to deliver successful exits when the time comes.

I look forward to updating Shareholders on progress in my statement with the Annual Report to 31 December 2018 but will also communicate additionally with 'F' Shareholders as and when there is news of further distributions.



Michael Robinson  
Chairman

27 September 2018

# INVESTMENT MANAGER'S REPORT

## 'F' SHARE POOL

As at 30 June 2018, the 'F' Share pool holds 12 investments and focus has now shifted to the process of realising its investments in order to return funds to 'F' Shareholders.

### Investment activity

During the period, the full exit of Goonhilly Earth Station Limited completed and resulted in a good outcome for 'F' Shareholders, generating proceeds of £1.2 million and an uplift over cost of £216,000.

Partial disposals also completed in two of the smaller portfolio companies. There was a partial loan note redemption in the Scottish licensed leisure company, Fubar Stirling Limited, which generated a total gain over carrying value of £4,000.

There was also a partial loan note redemption in Fresh Green Power Limited, the domestic rooftop solar company, which was redeemed at par.

The majority of the portfolio investments remain valued at or above cost, with there being several valuation movements in the period which generated an uplift over opening value of £104,000.

The most significant increase in valuation was in Merlin Renewables Limited, the anaerobic digestion plant in Norfolk. In August 2018, the plant was exited and the carrying value was uplifted to reflect the sale price at the period end.

An uplift of £20,000 was recognised in Atlantic Dogstar Limited, which owns a group of London pubs, following a revaluation of the sites.

Downing Pub EIS One Limited, which acquired the holdings of Pabulum Pubs Limited and Augusta Pub Company Limited in the prior year, was uplifted by £18,000 supported by independent sales valuations from industry specialists.

Other smaller movements in the portfolio included an uplift of £10,000 in Lambridge Solar Limited and £3,000 in Fresh Green Power Limited.

One valuation write down took place in the period. Green Energy Production UK Limited, the operator of rooftop solar assets in Lincolnshire, had a reduction in value of £24,000, following a period of recurring operational issues.

### Realisation plans

The pool's second most significant investment holding is Merlin Renewables Limited, the anaerobic digestion plant in Norfolk. Following the period end, an exit was achieved which delivered a significant return to the pool.

Plans are in place for the successful exit of the remaining portfolio companies, however we anticipate that the exercise will take some time to complete in full.

### Net asset value, results and dividend

At 30 June 2018, the net asset value ("NAV") for a holding of one 'F' Share was 53.6p, an increase of 3.0p (4.3%) over the period. Total Return (NAV plus dividends paid to date) is now 102.6p.

The gain on ordinary activities for the 'F' Shares, after taxation was £333,000 for the period, comprising a revenue profit of £9,000 and a capital gain of £324,000.

The Company will pay an interim dividend of 18.0p per 'F' Share on 9 November 2018 to 'F' Shareholders on the register at 19 October 2018.

### Outlook

The focus for the 'F' Share portfolio remains on exiting from its remaining investments. Progress continues to be made however exact timing of the final exits is dependent on transactions involving third parties.

Downing LLP

27 September 2018

## SUMMARY OF INVESTMENT PORTFOLIO 'F' SHARE POOL

as at 30 June 2018

|  | Cost<br>£'000 | Valuation<br>£'000 | Unrealised<br>gain/(loss)<br>in period<br>£'000 | % of<br>portfolio<br>by value |
|--|---------------|--------------------|---|-------------------------------|
| <b>VCT qualifying and partially qualifying investments</b> |               |                    |   |                               |
| Apex Energy Limited  | 1,000         | 1,000              | -   | 17.2%                         |
| Merlin Renewables Limited                                  | 500           | 718                | 77  | 12.3%                         |
| Downing Pub EIS One Limited                                | 490           | 607                | 18  | 10.4%                         |
| Lambridge Solar Limited                                    | 500           | 605                | 10  | 10.4%                         |
| Pearce and Saunders Limited                                | 497           | 497                | -   | 8.5%                          |
| Atlantic Dogstar Limited                                   | 200           | 255                | 20  | 4.4%                          |
| Fresh Green Power Limited                                  | 189           | 231                | 3   | 4.0%                          |
| Green Energy Production UK Limited                         | 100           | 76                 | (24)  | 1.3%                          |
| Fubar Stirling Limited                                     | 95            | 5                  | -   | 0.1%                          |
| <b>Non-qualifying investments</b>                          |               |                    |   |                               |
| Baron House Developments LLP                               | 481           | 481                | -   | 8.3%                          |
| London City Shopping Centre Limited                        | 66            | 66                 | -   | 1.1%                          |
| Pearce and Saunders DevCo Limited                          | 46            | 46                 | -   | 0.8%                          |
|  | <u>4,164</u>  | <u>4,587</u>       | <u>104</u>                                      | 78.8%                         |
| <b>Cash at bank and in hand</b>                            |               | <u>1,234</u>       |   | <u>21.2%</u>                  |
| <b>Total</b>   |               | <u>5,821</u>       |   | <u>100.0%</u>                 |

## SUMMARY OF INVESTMENT MOVEMENTS 'F' SHARE POOL

as at 30 June 2018

| Disposals  | Cost<br>£'000 | Market<br>value at<br>01/01/18<br>£'000 | Disposal<br>proceeds<br>£'000 | Gain<br>against<br>cost<br>£'000 | Total<br>realised<br>gain<br>£'000 |
|--|---------------|---|-------------------------------|----------------------------------|------------------------------------|
| <b>VCT qualifying and partially qualifying investments</b> |               |   |                               |                                  |                                    |
| Goonhilly Earth Station Limited                            | 955           | 955                                     | 1,171                         | 216                              | 216                                |
| Fubar Stirling Limited                                     | 6             | 2                                       | 6                             | -                                | 4                                  |
| Fresh Green Power Limited                                  | 11            | 11                                      | 11                            | -                                | -                                  |
|  | <u>972</u>    | <u>968</u>                              | <u>1,188</u>                  | <u>216</u>                       | <u>220</u>                         |

## INVESTMENT MANAGER'S REPORT 'H' SHARE POOL

The 'H' Share pool raised funds in 2014 and has made good progress in building its VCT qualifying portfolio and is now fully qualifying.

### **Investment activity**

With the pool being fully invested, no new investments were made in the period.

Valuations movements during the period resulted in a total unrealised loss of £318,000, mainly due to the significant write down in value in Quadrate Spa Limited. The non qualifying investment owns and operates a health club business in The Cube complex in Birmingham and has been written down by £458,000 at the period end as a result of poor performance.

This movement has been partially offset by the valuation uplifts in the period that totalled £140,000.

Atlantic Dogstar Limited, which owns a group of London Pubs, was uplifted by £102,000 following a revaluation of the sites.

Oak Grove Renewables Limited, which operates an anaerobic digestion plant in Norwich, was exited during the period, however is awaiting the receipt of deferred consideration from the sale. The carrying value was uplifted by £21,000 to reflect this deferred consideration.

### **Net asset value and results**

At 30 June 2018, the net asset value per 'H' Share was 78.7p, a net decrease of 1.1p (1.3%) over the period. Total Return (NAV plus dividends paid to date) is now 101.2p.

### **Results and dividend**

The loss on ordinary activities for the 'H' Shares, after taxation, for the period was £146,000, comprising a revenue profit of £172,000 and a capital loss of £318,000.

The Company will pay an interim dividend of 2.5p per 'H' Share, on 14 December 2018 to Shareholders on the register at 23 November 2018.

### **Outlook**

The 'H' Share pool is now fully invested and our focus is now on close monitoring and support of the portfolio companies in order to nurture growth before reaching its five year anniversary at the end of 2019.

**Downing LLP**

27 September 2018

## SUMMARY OF INVESTMENT PORTFOLIO 'H' SHARE POOL

as at 30 June 2018

|                                   | Cost<br>£'000 | Valuation<br>£'000 | Unrealised<br>gain/(loss)<br>in period<br>£'000 | % of<br>portfolio<br>by value |
|-----------------------------------|---------------|--------------------|---|-------------------------------|
| <b>VCT qualifying investments</b> |               |                    |   |                               |
| Hermes Wood Pellets Limited       | 1,500         | 1,500              | -   | 14.2%                         |
| Apex Energy Limited               | 1,300         | 1,300              | -   | 12.3%                         |
| Atlantic Dogstar Limited          | 1,000         | 1,279              | 102   | 12.1%                         |
| Zora Energy Renewables Limited    | 1,000         | 1,000              | -   | 9.4%                          |
| Quadrate Catering Limited         | 850           | 850                | -   | 8.0%                          |
| Ironhide Generation Limited       | 613           | 613                | -   | 5.8%                          |
| Indigo Generation Limited         | 613           | 613                | -   | 5.8%                          |
| Antelope Pub Limited              | 500           | 500                | -   | 4.7%                          |
| Rockhopper Renewables Limited     | 492           | 492                | -   | 4.6%                          |
| SF Renewables (Solar) Limited     | 281           | 281                | -   | 2.6%                          |
| Oak Grove Renewables Limited      | 420           | 252                | 21  | 2.4%                          |
| Pearce and Saunders Limited       | 193           | 193                | -   | 1.8%                          |
| <b>Non-qualifying investments</b> |               |                    |   |                               |
| Hedderwick Limited                | 1,250         | 1,320              | 17  | 12.5%                         |
| Quadrate Spa Limited              | 850           | 392                | (458)   | 3.7%                          |
|                                   | <u>10,862</u> | <u>10,585</u>      | <u>(318)</u>                                    | 99.9%                         |
| <b>Cash at bank and in hand</b>   |               | <u>11</u>          |   | <u>0.1%</u>                   |
| <b>Total</b>                      |               | <u>10,596</u>      |   | <u>100%</u>                   |



## INVESTMENT MANAGER'S REPORT 'J' SHARE POOL

The fundraising for the 'J' Share pool was launched in December 2014 and raised £11 million prior to closing in 2015. The majority of these funds have now been invested and the focus is now on the close monitoring of the investee companies.

### **Investment activity**

During the period, three adjustments were made to the valuations, resulting in a total unrealised loss of £288,000.

Oak Grove Renewables Limited, which operates an anaerobic digestion plant in Norwich, was exited during the period, however is awaiting the receipt of deferred consideration from the sale. The carrying value was uplifted by £22,000 to reflect this deferred consideration.

Ormsborough Limited, which own several pubs and restaurants across Yorkshire, was reduced in value by £312,000 due to overspend on recent developments.

### **Net asset value and results**

At 30 June 2018, the net asset value per 'J' Share was 91.2p, a net decrease of 3.5p (3.7%) over the period.

The loss on ordinary activities for the 'J' Shares, after taxation, was £369,000 for the period, comprising a revenue loss of £81,000 and a capital loss of £288,000.

### **Outlook**

The emphasis for the 'J' share pool now gradually shifts to the close monitoring of the Share pool's investments as we seek to optimise growth over the planned exit life, however we also expect there to be a small number of further additions to utilise the remaining cash of the pool.

**Downing LLP**

27 September 2018

## SUMMARY OF INVESTMENT PORTFOLIO 'J' SHARE POOL

as at 30 June 2018

|                                      | Cost<br>£'000 | Valuation<br>£'000 | Unrealised<br>(loss)/gain<br>in period<br>£'000 | % of<br>portfolio<br>by value |
|--------------------------------------|---------------|--------------------|---|-------------------------------|
| <b>VCT qualifying investments</b>    |               |                    |   |                               |
| Pilgrim Trading Limited              | 1,297         | 1,297              | -   | 13.9%                         |
| Jito Trading Limited                 | 1,000         | 1,000              | -   | 10.7%                         |
| Yamuna Renewables Limited            | 800           | 800                | -   | 8.5%                          |
| Ormsborough Limited                  | 1,000         | 735                | (312)   | 7.8%                          |
| Indigo Generation Limited            | 613           | 613                | -   | 6.5%                          |
| Ironhide Generation Limited          | 613           | 613                | -   | 6.5%                          |
| Exclusive Events Venues Limited      | 500           | 500                | -   | 5.3%                          |
| Rockhopper Renewables Limited        | 492           | 492                | -   | 5.3%                          |
| Garthcliff Shipping Limited          | 400           | 400                | -   | 4.3%                          |
| Managed Storage Services (1) Limited | 400           | 400                | -   | 4.3%                          |
| Zora Energy Renewables Limited       | 300           | 300                | -   | 3.2%                          |
| SF Renewables (Solar) Limited        | 281           | 281                | -   | 3.0%                          |
| Oak Grove Renewables Limited         | 420           | 252                | 22  | 2.7%                          |
| Mosaic Spa and Healthclubs Limited   | 27            | 29                 | 2   | 0.3%                          |
| <b>Non-qualifying investments</b>    |               |                    |   |                               |
| Fenkle Street LLP                    | 287           | 287                | -   | 3.1%                          |
| Snow Hill Developments LLP           | 43            | 43                 | -   | 0.5%                          |
| London City Shopping Centre Limited  | 15            | 15                 | -   | 0.2%                          |
|                                      | <u>8,488</u>  | <u>8,057</u>       | <u>(288)</u>                                    | 86.1%                         |
| <b>Cash at bank and in hand</b>      |               | <u>1,299</u>       |   | <u>13.9%</u>                  |
| <b>Total</b>                         |               | <u>9,356</u>       |   | <u>100%</u>                   |

## UNAUDITED SUMMARISED BALANCE SHEET

as at 30 June 2018

|   | 30 Jun 2018            |                        |                        |                        |                | 30 Jun<br>2017 | 31 Dec<br>2017 |
|---|------------------------|------------------------|------------------------|------------------------|----------------|----------------|----------------|
|   | 'D'<br>Shares<br>£'000 | 'F'<br>Shares<br>£'000 | 'H'<br>Shares<br>£'000 | 'J'<br>Shares<br>£'000 | Total<br>£'000 | Total<br>£'000 | Total<br>£'000 |
| <b>Fixed assets</b>                               |                        |                        |                        |                        |                |                |                |
| Unquoted investments                              | -                      | 4,587                  | 10,585                 | 8,057                  | 23,229         | 29,026         | 24,699         |
| <b>Current assets</b>                             |                        |                        |                        |                        |                |                |                |
| Debtors   | -                      | 39                     | 35                     | 445                    | 519            | 324            | 322            |
| Cash at bank and in hand                          | 7                      | 1,234                  | 11                     | 1,299                  | 2,551          | 2,486          | 3,933          |
|   | 7                      | 1,273                  | 46                     | 1,744                  | 3,070          | 2,810          | 4,255          |
| Creditors: amounts falling<br>due within one year | (7)                    | (56)                   | (89)                   | (63)                   | (215)          | (312)          | (262)          |
| <b>Net current assets</b>                         | -                      | 1,217                  | (43)                   | 1,681                  | 2,855          | 2,498          | 3,993          |
| <b>Net assets</b>                                 | -                      | 5,804                  | 10,542                 | 9,738                  | 26,084         | 31,524         | 28,692         |
| <b>Capital and reserves</b>                       |                        |                        |                        |                        |                |                |                |
| Called up share capital                           | 25                     | 11                     | 13                     | 11                     | 60             | 60             | 60             |
| Capital redemption reserve                        | 124                    | -                      | -                      | -                      | 124            | 124            | 124            |
| Special reserve                                   | -                      | 5,995                  | (3,024)                | -                      | 2,971          | 8,017          | 5,146          |
| Share premium account                             | -                      | -                      | 13,608                 | 11,031                 | 24,639         | 24,639         | 24,639         |
| Revaluation reserve                               | (249)                  | 463                    | (279)                  | (432)                  | (497)          | (481)          | 1              |
| Capital reserve – realised                        | -                      | (1,033)                | -                      | (6)                    | (1,039)        | (1,039)        | (1,039)        |
| Revenue reserve                                   | 100                    | 368                    | 224                    | (866)                  | (174)          | 204            | (239)          |
| <b>Total equity shareholders' funds</b>           | -                      | 5,804                  | 10,542                 | 9,738                  | 26,084         | 31,524         | 28,692         |
| <b>Basic and diluted net asset value per:</b>     |                        |                        |                        |                        |                |                |                |
| 'D' Share   | -                      |                        |                        |                        |                | 23.7p          | -              |
| 'E' Share   | -                      |                        |                        |                        |                | 0.1p           | -              |
| 'F' Share   |                        | 53.6p                  |                        |                        |                | 69.6p          | 69.6p          |
| 'H' Share   |                        |                        | 78.7p                  |                        |                | 84.6p          | 82.3p          |
| 'J' Share   |                        |                        |                        | 91.2p                  |                | 95.7p          | 94.7p          |

## STATEMENT OF CHANGES IN EQUITY

### for the period ended 30 June 2018

|                                     | Called up<br>share<br>capital<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Special<br>reserve<br>£'000 | Share<br>premium<br>reserve<br>£'000 | Revaluation<br>reserve<br>£'000 | Capital<br>reserve<br>- realised<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|-------------------------------------|--|---|-----------------------------|--------------------------------------|---------------------------------|---|-----------------------------|----------------|
| <b>At 1 January 2017</b>            | 78                                     | 106                                       | 9,888                       | 24,639                               | (790)                           | (1,033)                                   | 132                         | 33,020         |
| Total comprehensive<br>income       | -                                      | -   | -                           | -                                    | 268                             | 301                                       | 108                         | 677            |
| <i>Transactions with<br/>owners</i> |  |   |                             |                                      |                                 |   |                             |                |
| Purchase of own<br>shares           | -                                      | -   | -                           | -                                    | -                               | -   | (66)                        | (66)           |
| Transfer between<br>reserves        | -                                      | -   | (4,742)                     | -                                    | 523                             | 4,632                                     | (413)                       | -              |
| Cancellation of<br>shares           | (18)                                   | 18  | -                           | -                                    | -                               | -   | -                           | -              |
| Dividend paid                       | -                                      | -   | -                           | -                                    | -                               | (4,939)                                   | -                           | (4,939)        |
| <b>At 31 December 2017</b>          | 60                                     | 124                                       | 5,146                       | 24,639                               | 1                               | (1,039)                                   | (239)                       | 28,692         |
| Total comprehensive<br>income       | -                                      | -   | -                           | -                                    | (502)                           | 220                                       | 100                         | (182)          |
| <i>Transactions with<br/>owners</i> |  |   |                             |                                      |                                 |   |                             |                |
| Purchase of own<br>shares           | -                                      | -   | -                           | -                                    | -                               | -   | (35)                        | (35)           |
| Transfer between<br>reserves        | -                                      | -   | (2,175)                     | -                                    | 4                               | 2,171                                     | -                           | -              |
| Dividend paid                       | -                                      | -   | -                           | -                                    | -                               | (2,391)                                   | -                           | (2,391)        |
| <b>At 30 June 2018</b>              | 60                                     | 124                                       | 2,971                       | 24,639                               | (497)                           | (1,039)                                   | (174)                       | 26,084         |

## INCOME STATEMENT

for the six months ended 30 June 2018

### Company Total

|   | Six months ended<br>30 Jun 2018 |                  |                | Six months ended<br>30 Jun 2017 |                  |                | Year<br>ended<br>31 Dec<br>2017 |
|---|---------------------------------|------------------|----------------|---------------------------------|------------------|----------------|---------------------------------|
|   | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Total<br>£'000                  |
| Income  | 514                             | -                | 514            | 556                             | 34               | 590            | 1,027                           |
| Gains/(losses) on investments                                   |                                 |                  |                |                                 |                  |                |                                 |
| - realised  | -                               | 220              | 220            | -                               | 62               | 62             | 267                             |
| - unrealised  | -                               | (502)            | (502)          | -                               | 290              | 290            | 268                             |
|   | 514                             | (282)            | 232            | 556                             | 386              | 942            | 1,562                           |
| Investment management fees                                      | (239)                           | -                | (239)          | (303)                           | -                | (303)          | (594)                           |
| Other expenses  | (137)                           | -                | (137)          | (146)                           | -                | (146)          | (264)                           |
| <b>Return/(loss) on ordinary<br/>activities before taxation</b> | 138                             | (282)            | (144)          | 107                             | 386              | 493            | 704                             |
| Tax on total comprehensive<br>income and ordinary<br>activities | (38)                            | -                | (38)           | (21)                            | -                | (21)           | (27)                            |
| <b>Return/(loss) attributable to<br/>equity shareholders</b>    | 100                             | (282)            | (182)          | 86                              | 386              | 472            | 677                             |
| <b>Return per 'D' Share</b>                                     | -                               | -                | -              | (0.2p)                          | 1.0p             | 0.8p           | 0.9p                            |
| <b>Return per 'E' Share</b>                                     | -                               | -                | -              | -                               | -                | -              | -                               |
| <b>Return per 'F' Share</b>                                     | 0.1p                            | 3.0p             | 3.1p           | 0.8p                            | 1.9p             | 2.7p           | 5.2p                            |
| <b>Return per 'H' Share</b>                                     | 1.3p                            | (2.4p)           | (1.1p)         | 0.4p                            | 0.5p             | 0.9p           | 1.1p                            |
| <b>Return per 'J' Share</b>                                     | (0.8p)                          | (2.7p)           | (3.5p)         | (0.3p)                          | 0.2p             | (0.1p)         | (1.1p)                          |

## INCOME STATEMENT (analysed by Share pool)

for the six months ended 30 June 2018

| 'D' Shares  | Six months ended<br>30 Jun 2018 |         |       | Six months ended<br>30 Jun 2017 |         |       | Year<br>ended<br>31 Dec<br>2017 |
|---|---------------------------------|---------|-------|---------------------------------|---------|-------|---------------------------------|
|   | Revenue                         | Capital | Total | Revenue                         | Capital | Total | Total                           |
|   | £'000                           | £'000   | £'000 | £'000                           | £'000   | £'000 | £'000                           |
|   |                                 |         |       |                                 |         |       |                                 |
| Income  | -                               | -       | -     | 9                               | 34      | 43    | 46                              |
| Gains/(losses) on investments                                   |                                 |         |       |                                 |         |       |                                 |
| - realised  | -                               | -       | -     | -                               | 68      | 68    | 59                              |
| - unrealised  | -                               | -       | -     | -                               | (4)     | (4)   | -                               |
|   | -                               | -       | -     | 9                               | 98      | 107   | 105                             |
| Investment management fees                                      | -                               | -       | -     | (19)                            | -       | (19)  | (32)                            |
| Other expenses  | -                               | -       | -     | (17)                            | -       | (17)  | (17)                            |
| <b>(Loss)/return on ordinary<br/>activities before taxation</b> | -                               | -       | -     | (27)                            | 98      | 71    | 56                              |
| Tax on total comprehensive<br>income and ordinary<br>activities | -                               | -       | -     | 5                               | -       | 5     | 31                              |
| <b>(Loss)/return attributable to<br/>equity shareholders</b>    | -                               | -       | -     | (22)                            | 98      | 76    | 87                              |

## INCOME STATEMENT (analysed by Share pool)

for the six months ended 30 June 2018

| 'F' Shares  | Six months ended<br>30 Jun 2018 |                  |                | Six months ended<br>30 Jun 2017 |                  |                | Year<br>ended<br>31 Dec<br>2017 |
|---|---------------------------------|------------------|----------------|---------------------------------|------------------|----------------|---------------------------------|
|   | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Total<br>£'000                  |
| Income  | 113                             | -                | 113            | 222                             | -                | 222            | 449                             |
| Gains on investments  |                                 |                  |                |                                 |                  |                |                                 |
| - realised  | -                               | 220              | 220            | -                               | -                | -              | 215                             |
| - unrealised  | -                               | 104              | 104            | -                               | 205              | 205            | 131                             |
|   | <u>113</u>                      | <u>324</u>       | <u>437</u>     | <u>222</u>                      | <u>205</u>       | <u>427</u>     | <u>795</u>                      |
| Investment management fees                                      | (58)                            | -                | (58)           | (68)                            | -                | (68)           | (136)                           |
| Other expenses  | (46)                            | -                | (46)           | (47)                            | -                | (47)           | (91)                            |
| <b>Return on ordinary activities<br/>before taxation</b>        | <u>9</u>                        | <u>324</u>       | <u>333</u>     | <u>107</u>                      | <u>205</u>       | <u>312</u>     | <u>568</u>                      |
| Tax on total comprehensive<br>income and ordinary<br>activities | -                               | -                | -              | (21)                            | -                | (21)           | (7)                             |
| <b>Return attributable to equity<br/>shareholders</b>           | <u>9</u>                        | <u>324</u>       | <u>333</u>     | <u>86</u>                       | <u>205</u>       | <u>291</u>     | <u>561</u>                      |

## INCOME STATEMENT (analysed by Share pool)

for the six months ended 30 June 2018

| 'H' Shares   | Six months ended<br>30 Jun 2018 |                  |                | Six months ended<br>30 Jun 2017 |                  |                | Year<br>ended<br>31 Dec<br>2017 |
|--|---------------------------------|------------------|----------------|---------------------------------|------------------|----------------|---------------------------------|
|  | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Total<br>£'000                  |
| Income   | 332                             | -                | 332            | 226                             | -                | 226            | 364                             |
| Gains/(losses) on investments<br>- unrealised                        | -                               | (318)            | (318)          | -                               | 61               | 61             | 90                              |
|  | 332                             | (318)            | 14             | 226                             | 61               | 287            | 454                             |
| Investment management fees   | (102)                           | -                | (102)          | (116)                           | -                | (116)          | (229)                           |
| Other expenses   | (49)                            | -                | (49)           | (43)                            | -                | (43)           | (82)                            |
| <b>Return/(loss) on ordinary<br/>activities before taxation</b>      | 181                             | (318)            | (137)          | 67                              | 61               | 128            | 143                             |
| Taxation on total<br>comprehensive income and<br>ordinary activities | (9)                             | -                | (9)            | (13)                            | -                | (13)           | 5                               |
| <b>Return/(loss) attributable to<br/>equity shareholders</b>         | 172                             | (318)            | (146)          | 54                              | 61               | 115            | 148                             |



## INCOME STATEMENT (analysed by Share pool)

for the six months ended 30 June 2018

| 'J' Shares  | Six months ended<br>30 Jun 2018 |                  |                | Six months ended<br>30 Jun 2017 |                  |                | Year<br>ended<br>31 Dec<br>2017 |
|---|---------------------------------|------------------|----------------|---------------------------------|------------------|----------------|---------------------------------|
|   | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                | Capital<br>£'000 | Total<br>£'000 | Total<br>£'000                  |
| Income  | 69                              | -                | 69             | 99                              | -                | 99             | 168                             |
| (Losses)/gains on investments                                   |                                 |                  |                |                                 |                  |                |                                 |
| - realised  | -                               | -                | -              | -                               | (6)              | (6)            | (6)                             |
| - unrealised  | -                               | (288)            | (288)          | -                               | 28               | 28             | 46                              |
|   | 69                              | (288)            | (219)          | 99                              | 22               | 121            | 208                             |
| Investment management fees                                      | (79)                            | -                | (79)           | (100)                           | -                | (100)          | (197)                           |
| Other expenses  | (42)                            | -                | (42)           | (39)                            | -                | (39)           | (74)                            |
| <b>(Loss)/return on ordinary<br/>activities before taxation</b> | <b>(52)</b>                     | <b>(288)</b>     | <b>(340)</b>   | <b>(40)</b>                     | <b>22</b>        | <b>(18)</b>    | <b>(63)</b>                     |
| Tax on total comprehensive<br>income and ordinary<br>activities | (29)                            | -                | (29)           | 8                               | -                | 8              | (56)                            |
| <b>(Loss)/return attributable to<br/>equity shareholders</b>    | <b>(81)</b>                     | <b>(288)</b>     | <b>(369)</b>   | <b>(32)</b>                     | <b>22</b>        | <b>(10)</b>    | <b>(119)</b>                    |

## UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 June 2018

|  | Note | 30 Jun 2018     |                 |                 |                 | 30 Jun         | 31 Dec         |         |
|--|------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|---------|
|  |      | 'D'             | 'F'             | 'H'             | 'J'             | 2017           | 2017           |         |
|  |      | Shares<br>£'000 | Shares<br>£'000 | Shares<br>£'000 | Shares<br>£'000 | Total<br>£'000 | Total<br>£'000 |         |
| <b>Net cash (outflow)/inflow from operating activities</b>   | 1    | (13)            | 60              | 234             | (425)           | (144)          | (41)           | (71)    |
| <b>Cash flows from investing activities</b>                  |      |                 |                 |                 |                 |                |                |         |
| Purchase of investments                                      |      | -               | -               | -               | -               | -              | (1,501)        | (3,653) |
| Sale of investments  |      | -               | 1,188           | -               | -               | 1,188          | 3,659          | 10,325  |
| <b>Net cash inflow from investing activities</b>             |      | -               | 1,188           | -               | -               | 1,188          | 2,158          | 6,672   |
| <b>Net cash (outflow)/inflow before financing activities</b> |      | (13)            | 1,248           | 234             | (425)           | 1,044          | 2,117          | 6,601   |
| <b>Cash flows from financing activities</b>                  |      |                 |                 |                 |                 |                |                |         |
| Purchase of own shares                                       |      | -               | -               | (16)            | (19)            | (35)           | (14)           | (66)    |
| Equity dividends paid  |      | -               | (2,056)         | (335)           | -               | (2,391)        | (1,954)        | (4,939) |
| <b>Net cash outflow from financing</b>                       |      | -               | (2,056)         | (351)           | (19)            | (2,426)        | (1,968)        | (5,005) |
| <b>(Decrease)/increase in cash</b>                           | 2    | (13)            | (808)           | (117)           | (444)           | (1,382)        | 149            | 1,596   |

## NOTES TO THE UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 June 2018

|   | 30 Jun 2018            |                        |                        |                        |                | 30 Jun<br>2017 | 31 Dec<br>2017 |
|---|------------------------|------------------------|------------------------|------------------------|----------------|----------------|----------------|
|   | 'D'<br>Shares<br>£'000 | 'F'<br>Shares<br>£'000 | 'H'<br>Shares<br>£'000 | 'J'<br>Shares<br>£'000 | Total<br>£'000 | Total<br>£'000 | Total<br>£'000 |
| <b>1 Cash (outflow)/inflow from operating activities and returns on investments</b> |                        |                        |                        |                        |                |                |                |
| Return/(loss) on ordinary activities before taxation                                | -                      | 333                    | (137)                  | (340)                  | (144)          | 493            | 704            |
| Corporation tax paid  | -                      | -                      | -                      | (38)                   | (38)           | -              | (18)           |
| (Gains)/losses on investments   | -                      | (324)                  | 318                    | 288                    | 282            | (352)          | (535)          |
| Decrease/(increase) in other debtors  | -                      | 85                     | 54                     | (336)                  | (197)          | (191)          | (191)          |
| (Decrease)/increase in other creditors  | (13)                   | (34)                   | (1)                    | 1                      | (47)           | 9              | (31)           |
| Net cash (outflow)/inflow from operating activities                                 | (13)                   | 60                     | 234                    | (425)                  | (144)          | (41)           | (71)           |
| <b>2 Analysis of net funds</b>  |                        |                        |                        |                        |                |                |                |
| Beginning of period   | 20                     | 2,042                  | 128                    | 1,743                  | 3,933          | 2,337          | 2,337          |
| Net cash (outflow)/inflow   | (13)                   | (808)                  | (117)                  | (444)                  | (1,382)        | 149            | 1,596          |
| End of period   | 7                      | 1,234                  | 11                     | 1,299                  | 2,551          | 2,486          | 3,933          |

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

### 1. General information

Downing THREE VCT plc (“the Company”) is a venture capital trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales.

### 2. Accounting policies - Basis of accounting

The unaudited half-yearly results cover the six months to 30 June 2018 and have been prepared in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” issued in February 2018 (“AIC SORP”) and in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2017, which were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland (“FRS 102”).

3. All revenue and capital items in the Income Statement derive from continuing operations.

4. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

5. The comparative figures are in respect of the six month period ended 30 June 2017 and the year ended 31 December 2017 respectively.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### 6. Dividends

| Paid in period       | Per share<br>pence | Six months ended<br>30 June 2018 |                  |                | Year<br>ended<br>31 Dec<br>2017 |
|----------------------|--------------------|----------------------------------|------------------|----------------|---------------------------------|
|                      |                    | Revenue<br>£'000                 | Capital<br>£'000 | Total<br>£'000 | Total<br>£'000                  |
| <b>'D' Shares</b>    |                    |                                  |                  |                |                                 |
| Special 'D' 2017     | 23.69p             | -                                | -                | -              | 2,361                           |
| Special 'E' 2017     | 0.1p               | -                                | -                | -              | 15                              |
| Y/E Dec 2016 Final   | 13.5p              | -                                | -                | -              | 1,350                           |
|                      |                    | -                                | -                | -              | 3,726                           |
| <b>'F' Shares</b>    |                    |                                  |                  |                |                                 |
| Y/E Dec 2017 Final   | 19.0p              | -                                | (2,056)          | (2,056)        | -                               |
| Y/E Dec 2016 Final   | 2.5p               | -                                | -                | -              | 271                             |
| Y/E Dec 2016 Interim | 2.5p               | -                                | -                | -              | 270                             |
|                      |                    | -                                | (2,056)          | (2,056)        | 541                             |
| <b>'H' Shares</b>    |                    |                                  |                  |                |                                 |
| Y/E Dec 2017 Final   | 2.5p               | -                                | (335)            | (335)          | -                               |
| Y/E Dec 2016 Final   | 2.5p               | -                                | -                | -              | 336                             |
| Y/E Dec 2016 Interim | 2.5p               | -                                | -                | -              | 336                             |
|                      |                    | -                                | (335)            | (335)          | 672                             |

No dividends have been paid or declared in respect of the 'J' Shares.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### 7. Basic and diluted return per share

|            | Weighted<br>average number<br>of shares in issue | Revenue<br>return/(loss) |              | Capital<br>return/(loss) |              |
|------------|--|--------------------------|--------------|--------------------------|--------------|
|            |  | £'000                    | Per<br>share | £'000                    | Per<br>share |
| 'D' Shares | 9,979,109  | -                        | -            | -                        | -            |
| 'E' Shares | 14,994,862                                       | -                        | -            | -                        | -            |
| 'F' Shares | 10,821,660                                       | 9                        | 0.1p         | 324                      | 3.0p         |
| 'H' Shares | 13,379,978                                       | 172                      | 1.3p         | (318)                    | (2.4p)       |
| 'J' Shares | 10,674,386                                       | (81)                     | (0.8p)       | (288)                    | (2.7p)       |
|            |  | <u>100</u>               |              | <u>(282)</u>             |              |

### 8. Net asset value per share

|            | Shares in issue | Net asset value |              |
|------------|-----------------|-----------------|--------------|
|            |                 | £'000           | Per<br>Share |
| 'D' Shares | 9,979,109       | -               | -            |
| 'E' Shares | 14,994,862      | -               | -            |
| 'F' Shares | 10,821,660      | 5,804           | 53.6p        |
| 'H' Shares | 13,389,758      | 10,542          | 78.7p        |
| 'J' Shares | 10,675,533      | <u>9,738</u>    | <u>91.2p</u> |
|            |                 | <u>26,084</u>   |              |

### 9. Reserves

|                            | Period ended             | Year ended              |
|----------------------------|--------------------------|-------------------------|
|                            | 30 June<br>2018<br>£'000 | 31 Dec<br>2017<br>£'000 |
| Capital redemption reserve | 124                      | 124                     |
| Special reserve            | 2,971                    | 5,146                   |
| Share premium reserve      | 24,639                   | 24,639                  |
| Revaluation reserve        | (497)                    | 1                       |
| Capital reserve - realised | (1,039)                  | (1,039)                 |
| Revenue reserve            | <u>(174)</u>             | <u>(239)</u>            |
|                            | <u>26,024</u>            | <u>28,632</u>           |

The Special reserve, Capital reserve - realised and Revenue reserve are all distributable reserves. The Revaluation reserve includes losses of £1,423,000 which are included in the calculation of distributable reserves. Total distributable reserves are £335,000 (31 Dec 2017: £3,148,000).

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

10. The fair value of investments is determined using the detailed accounting policy set out in the statutory accounts for the year ended 31 December 2017.

The Company has categorised its financial instruments using the fair value hierarchy as follows:

- Level 1 Reflects financial instruments quoted in an active market;  
 Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly; and  
 Level 3 Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

|                 |         |         |         | Period ended |         |         |         | Year ended  |
|-----------------|---------|---------|---------|--------------|---------|---------|---------|-------------|
|                 | Level 1 | Level 2 | Level 3 | 30 June 2018 | Level 1 | Level 2 | Level 3 | 31 Dec 2017 |
|                 | £'000   | £'000   | £'000   | £'000        | £'000   | £'000   | £'000   | £'000       |
| Loan notes      | -       | -       | 2,985   | 2,985        | -       | -       | 3,283   | 3,283       |
| Unquoted equity | -       | -       | 20,244  | 20,244       | -       | -       | 21,416  | 21,416      |
|                 | -       | -       | 23,229  | 23,229       | -       | -       | 24,699  | 24,699      |

11. 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. The figures for the year ended 31 December 2017 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.
12. The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with the "Statement: Half-Yearly Financial Reports" issued by the UK Accounting Standards Board as well as in accordance with FRS 104 Interim Financial Reporting and the half-yearly financial report includes a fair review of the information required by:
- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### 13. Risks and uncertainties

Under the Disclosure and Transparency Directive, the Board is required, in the Company's half-yearly results, to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board concluded that the key risks facing the Company over the remainder of the financial period are as follows:

- (i) Compliance risk of failure to maintain approval as a VCT; and
- (ii) Investment risk associated with investing in small and immature businesses.

The Company's compliance with the VCT regulations is continually monitored by the Manager, who reports regularly to the Board on the current position. The Company has also reappointed Philip Hare & Associates LLP to provide regular reviews and advice in this area. In order to make VCT qualifying investments, the Company has to invest in small businesses which are often immature. It also has a limited period in which it must invest the majority of its funds. The Manager follows a rigorous process in vetting and carefully structuring new investments, including taking a charge over the assets of the business wherever possible and, after an investment is made, closely monitoring the business. The Board is satisfied that these approaches provide satisfactory management of the key risks.

### 14. Going concern

The Directors have reviewed the Company's financial resources at the period end and conclude that the Company is well placed to manage its business risks.

The Board confirms that it is satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the Board believes that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

15. Copies of the unaudited half-yearly report will be sent to Shareholders shortly. Further copies can be obtained from the Company's registered office or will be available for download from [www.downing.co.uk](http://www.downing.co.uk).



## SHAREHOLDER INFORMATION

### Performance summary

| <b>'D' Share pool</b>                          | <b>30 Jun<br/>2018<br/>Pence</b> | <b>31 Dec<br/>2017<br/>Pence</b> | <b>30 Jun<br/>2017<br/>Pence</b> |
|--|----------------------------------|----------------------------------|----------------------------------|
| Net asset value per 'D' Share                  | -                                | -                                | 23.7                             |
| Net asset value per 'E' Share                  | -                                | -                                | 0.1                              |
| Cumulative distributions per 'D' Share         | 103.79                           | 103.79                           | 80.0                             |
| Total return per 'D' Share and 'E' Share       | <u>103.79</u>                    | <u>103.79</u>                    | <u>103.8</u>                     |
| <b>'F' Share pool</b>                          | <b>30 Jun<br/>2018<br/>Pence</b> | <b>31 Dec<br/>2017<br/>Pence</b> | <b>30 Jun<br/>2017<br/>Pence</b> |
| Net asset value per 'F' Share                  | 53.6                             | 69.6                             | 69.6                             |
| Cumulative distributions per 'F' Share         | 49.0                             | 30.0                             | 27.5                             |
| Total return per 'F' Share                     | <u>102.6</u>                     | <u>99.6</u>                      | <u>97.1</u>                      |
| <b>'H' Share pool</b>                          | <b>30 Jun<br/>2018<br/>Pence</b> | <b>31 Dec<br/>2017<br/>Pence</b> | <b>30 Jun<br/>2017<br/>Pence</b> |
| Net asset value per 'H' Share                  | 78.7                             | 82.3                             | 84.6                             |
| Cumulative distributions per 'H' Share         | 22.5                             | 20.0                             | 17.5                             |
| Total return per 'H' Share                     | <u>101.2</u>                     | <u>102.3</u>                     | <u>102.1</u>                     |
| <b>'J' Share pool</b>                          | <b>30 Jun<br/>2018<br/>Pence</b> | <b>31 Dec<br/>2017<br/>Pence</b> | <b>30 Jun<br/>2017<br/>Pence</b> |
| Net asset value and Total Return per 'J' Share | <u>91.2</u>                      | <u>94.7</u>                      | <u>95.7</u>                      |

## SHAREHOLDER INFORMATION (continued)

### Forthcoming dividends

|   | 'F'<br>Shares | 'H'<br>Shares |
|---|---------------|---------------|
| Interim 2018 – Payable 9 November 2018  | 18.0p         |               |
| Interim 2018 – Payable 14 December 2018 |               | 2.5p          |

### Dividends

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends 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 [www.linkassetservices.com/shareholders/information](http://www.linkassetservices.com/shareholders/information)).

Queries relating to dividends and requests for mandate forms should be directed to the Company's registrar, Link Asset Services, whose details are on the back cover of this document.

### Terminology

Throughout this report, the term "D' Share(s)" has been used to refer to the pool of assets allocated to the 'D' Shares and 'E' Shares combined.

### Share scam warning

We are aware that a significant number of shareholders of VCTs managed by both Downing and other VCT houses have recently 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. If you have any concerns, please contact Downing on 020 7416 7780.

## 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 letter or by email; 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, Link Asset Services, whose details are on the back cover of this document.

### Share prices

The Company's share prices can be found on various financial websites. The share prices are also available on Downing's website ([www.downing.co.uk](http://www.downing.co.uk)).

|   | 'F'<br>Shares<br>DP3F | 'H'<br>Shares<br>DP3H | 'J'<br>Shares<br>DP3J |
|---|-----------------------|-----------------------|-----------------------|
| TIDM/EPIC codes                                     |                       |                       |                       |
| Latest share price (per share) (25 September 2018): | 20.0p                 | 70.0p                 | 95.0p                 |

### Trading shares

Any Shareholders who are considering selling some or all of their shares should ensure they are fully aware of any tax consequences. If you are in any doubt, please contact your financial adviser.

The Company operates a policy of buying its shares in for cancellation as they become available. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. Downing is able to provide details of closed periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares. Contact details are shown 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, Link Asset Services, under the signature of the registered holder.

### Other information for Shareholders

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

**[www.downing.co.uk](http://www.downing.co.uk)**

If you have any queries regarding your shareholding in Downing THREE VCT plc, please contact the registrar on 0871 664 0324 or visit Link's website at [www.linkassetservices.com](http://www.linkassetservices.com) and click on "Products and Services" and then "Shareholders".

**Directors**

Michael Robinson (Chairman)  
Roger Jeynes  
Dennis Hale

**Company Secretary and Registered Office**

Grant Whitehouse  
St. Magnus House  
3 Lower Thames Street  
London EC3R 6HD

Registered No. 5334413

**Investment and Administration Manager**

Downing LLP  
St. Magnus House  
3 Lower Thames Street  
London EC3R 6HD

[www.downing.co.uk](http://www.downing.co.uk)  
Tel: 020 7416 7780

**Registrar**

Link Asset Services  
The Registry  
34 Beckenham Road  
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