

Downing FOUR VCT plc

Report & Accounts
for the year ended
31 March 2017



SHAREHOLDER INFORMATION

Selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange, using a stockbroker. Disposing of shares may have tax implications, so Shareholders are urged to contact their independent financial adviser before making a decision.

The Company has stated that it will, from time to time, consider making market purchases of its own shares, in accordance with the policy set out in the Chairman's Statement. Shareholders who wish to sell should contact Downing LLP who will be able to provide up-to-date details. Downing LLP can be contacted on 020 7416 7780. The Company is only purchasing DP67, Generalist and Healthcare Shares at present as the other classes have commenced the process of returning funds to Shareholders through dividends.

Financial calendar

5 September 2017	Annual General Meeting
29 September 2017	Payment of final dividends
November 2017	Announcement of half yearly financial results

Dividends

Dividends will be 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. Queries relating to dividends, shareholdings, and requests for mandate forms should be directed to the Company's registrar, Capita Asset Services, on 0871 664 0300 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Mandate forms can also be downloaded from Capita's website (see below).

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 amendments this should be notified to the Company's registrar, Capita Asset Services under the signature of the registered holder.

Share scam warning

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

Other information for Shareholders

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

www.downing.co.uk

If you have any queries regarding your shareholding in Downing FOUR VCT plc, please contact the registrar on the above number or visit Capita's website at www.capitaassetservices.com and click on "Shareholders".

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COMPANY INFORMATION

Registered number	6789187
Directors	Lord Flight (Chairman) Sir Aubrey Brocklebank Bt. (Senior Independent Director) Russell Catley
Secretary and registered office	Grant Whitehouse Ergon House Horseferry Road London SW1P 2AL
Investment and Administration Manager	Downing LLP Ergon House Horseferry Road London SW1P 2AL www.downing.co.uk
Structured Product Manager	Brewin Dolphin Limited 9 Colmore Row Birmingham B3 2BJ
Auditor	BDO LLP 55 Baker Street London W1U 7EU
VCT status advisers	Philip Hare & Associates LLP Suite C – First Floor 4-6 Staple Inn London WC1V 7QH
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday) www.capitaassetservices.com
Bankers	Bank of Scotland plc 33 Old Broad Street London EC2N 1HZ Royal Bank of Scotland plc London Victoria Branch 119/121 Victoria Street London SW1E 6RA

FINANCIAL HIGHLIGHTS

	31 March 2017 pence	31 March 2016 pence
DSO B Share pool		
Net asset value per DSO B Share	20.7	17.6
Net asset value per DSO C Share	0.1	0.1
Cumulative distributions	91.5	91.5
Adjusted for performance estimate	<u>(5.5)</u>	<u>(4.8)</u>
Total return per DSO B Share and DSO C Share	<u>106.8</u> ¹	<u>104.4</u>
DSO D Share pool		
Net asset value per DSO D Share	76.1	75.6
Cumulative distributions	<u>25.0</u>	<u>20.0</u>
Total return per DSO D Share	<u>101.1</u> ²	<u>95.6</u>
DP67 Share pool		
Net asset value per DP67 Share	66.1	60.4
Cumulative distributions (since original launch)	<u>27.8</u>	<u>23.8</u>
Total return per DP67 Share	<u>93.9</u>	<u>84.2</u>
DP2011 General Share pool		
Net asset value per DP2011 General Ordinary Share	15.0	75.1
Net asset value per DP2011 General A Share	31.2	5.9
Cumulative distributions (since original launch)	<u>55.0</u>	<u>22.5</u>
Total return per DP2011 General Ordinary Share and DP2011 General A Share	<u>101.2</u> ³	<u>103.5</u>
DP2011 Structured Share pool		
Net asset value per DP2011 Structured Ordinary Share	4.8	77.1
Net asset value per DP2011 Structured A Share	31.9	6.1
Cumulative distributions (since original launch)	<u>65.0</u>	<u>22.5</u>
Total return per DP2011 Structured Ordinary Share and DP2011 Structured A Share	<u>101.7</u> ⁴	<u>105.7</u>
DP2011 Low Carbon Share pool		
Net asset value per DP2011 Low Carbon Share	43.0	41.6
Cumulative distributions (since original launch)	73.9	73.9
Adjusted for performance estimate	<u>(2.5)</u>	<u>-</u>
Total return per DP2011 Low Carbon Share	<u>114.4</u> ⁵	<u>115.5</u>
Generalist Share pool		
Net asset value and total return per Generalist Share	<u>99.9</u>	<u>N/A</u>
Healthcare Share pool		
Net asset value and total return per Healthcare Share	<u>99.7</u>	<u>N/A</u>

¹ Based on Total Return levels at 31 March 2017, performance fees are expected to become due to management. These are estimated to be 5.5p per DSO B/DSO C Share.

² At this stage in the life of the share pool, there is no estimate for performance fees.

³ The total return to shareholders at 31 March 2017 is shown net of performance fees which are expected to become due to management. These are estimated to be 4.7p per DP2011 General Ordinary share.

⁴ The total return to shareholders at 31 March 2017 is shown net of performance fees which are expected to become due to management. These are estimated to be 4.8p per DP2011 Structured Ordinary share.

⁵ Based on Total Return levels at 31 March 2017, performance fees are expected to become due to management. These are estimated to be 2.5p per DP2011 Low Carbon Share.

A full explanation of the performance incentive fee arrangements for each share pool is given on pages 73 to 74.

INVESTMENT OBJECTIVES

Downing FOUR VCT plc is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. The Company's principal objectives are to:

- invest in a portfolio of Venture Capital investments and Structured Products;
- reduce the risks normally associated with Venture Capital investments;
- provide a full exit for Shareholders in approximately six years at no discount to NAV;
- maintain VCT status to enable Shareholders to retain their 30% income tax relief on investment; and
- target an annual dividend of at least 5p per DSO D Share and 4p per DP67 share.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on pages 69 to 70.

DIRECTORS

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

Sir Aubrey Brocklebank Bt. qualified as a chartered accountant prior to working for Guinness Mahon from 1981 to 1986, initially in its corporate finance department before helping to establish a specialist development capital department. From 1986 to 1990 he was a director of Venture Founders Limited, managing a £12 million venture capital fund and subsequently managed the Avon Enterprise Fund Limited. He is chairman of Hargreave Hale AIM VCT 1 plc and Puma VCT VIII plc and five other VCTs. He has spent the last twenty years helping companies through periods of change, usually helping them raise money, including a number of AIM-quoted companies.

Russell Catley has over 25 years' experience in the financial sector and is a founding partner at Catley Lakeman LLP, which specialises in structuring, advising on and selling structured products. Its clients include J.P. Morgan, Citigroup, Nomura and HSBC. He was previously with Citigroup Global Markets Limited and AXA Investment Managers UK Limited, also specialising in structured products.

All the Directors are non-executive and are independent of the Investment Manager.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the Company's Annual Report for the year ended 31 March 2017.

It has been a busy year for your Company as a number of the planned exit share pools continue to make progress in returning funds to investors as they move toward the end of their life. At the same time, the Company also launched fundraisings for two new "evergreen" share classes, which have raised a significant level of new funds for investment.

Share pool review

As at 31 March 2017 the Company has eight active share pools. A brief review of each is given below.

DSO B Share pool

The DSO B Shares and C Shares were originally issued in 2010. The process of realising the portfolio is now approaching completion.

At the year end, the Net Asset Value ("NAV") of a combined holding of one DSO B Share and one DSO C Share stood at 20.8p, an increase of 3.1p (17.5%) over the year. Based on these values, it is estimated that there will be a performance incentive payable to members of the management team equivalent to 5.5p per B Share.

After providing for this incentive, the Total Return to Shareholders (NAV plus dividends paid to date less performance incentive) is estimated to be 106.8p for a holding of one DSO B Share and one DSO C Share (split 96.0p per DSO B Share and 10.8p per DSO C Share), compared to the cost for Shareholders who invested in the DSO B Share offer of 100.0p or 70.0p net of income tax relief.

The share pool now has four remaining investments with attributable value, each of which is in an active sales process. The Manager is optimistic that these sales will complete in the coming months and that the share pool will then be able to make a final distribution to B Shareholders.

A detailed review of the DSO B Share pool is presented in the Investment Manager's report on page 8.

DSO D Share pool

The DSO D Shares were originally issued in 2012. The fifth anniversary of the close of the offer falls later this year, at which time the process of starting to unwind the investment portfolio will commence.

The DSO D Share NAV stood at 76.1p at the year end, an increase of 5.5p per share or 7.3% over the year after adjusting for the dividends of 5.0p per share paid in the year. Total Return now stands at 101.1p per share, compared to the cost for Shareholders who invested in the DSO D Share offer of 100.0p or 70.0p net of income tax relief.

The performance of the DSO D Share pool was held back in the initial years by disappointing performance from a small number of investments. Over the year, the share pool has been able to make some progress and the Manager believes that there are prospects for some further growth before the portfolio is realised and funds returned to investors.

A more detailed review of the DSO D Share pool is presented in the Investment Manager's Report on page 16.

DP67 Share pool

The DP67 shares were originally issued in 2007, although many shareholders took advantage of the opportunity to participate in a Share Realisation and Reinvestment Scheme in 2013, which started a new 5-year holding period for those investors. The task of seeking to realise the DP67 share pool investments will therefore commence in 2018.

The DP67 Share NAV stood at 66.1p at the year end, an increase of 9.7p per share or 16.1% over the year after adjusting for the dividends paid of 4.0p per share. Total Return now stands at 93.9p per share, compared to the original cost for Shareholders who invested in 2007 of 100.0p or 70.0p net of income tax relief.

A more detailed review of the DP67 Share pool is presented in the Investment Manager's report on page 26.

DP2011 General Share pool

The DP2011 General Shares were originally issued in 2011 and so the process of seeking to realise the investments has now commenced.

The NAV of a combined holding of one DP2011 General Ordinary Share and one DP2011 General A Share stood at 46.2p at the year end, a decrease of 2.3p per share or 2.8% for the year, after adjusting for the dividends paid of 32.5p per share. Total Return now stands at 101.2p per share, compared to the cost for Shareholders of 100.0p or 70.0p net of income tax relief.

The share pool has a significant number of remaining investments, however most now have a path to exit. We expect to see a number of disposals in the coming months and anticipate that the task of realising the whole portfolio might be completed by the end of the year.

A more detailed review of the DP2011 General Share pool is presented in the Investment Manager's report on page 35.

CHAIRMAN'S STATEMENT (continued)

DP2011 Structured Share pool

The DP2011 Structured Shares were originally issued in 2011 and so the process of seeking to realise the investments has also now commenced.

The NAV of a combined holding of one DP2011 Structured Ordinary Share and one DP2011 Structured A Share stood at 36.7p at the year end, a decrease of 4.0p per share or 4.8% for the year, after adjusting for the dividends of 42.5p per share. Total Return now stands at 101.7p per share, compared to the cost for Shareholders of 100.0p or 70.0p net of income tax relief.

As with the DP2011 General Share pool, there are still a significant number of remaining investments, but most are progressing plans for a sale. We anticipate that there will be several disposals in the coming months and believe that it is a realistic target for the Share pool to realise all the investments by the end of the year.

A more detailed review of the DP2011 Structured Share pool is presented in the Investment Manager's Report on page 45.

DP2011 Low Carbon Share pool

The DP2011 Low Carbon Shares were originally issued in 2011. The process of realising the investments is now nearing completion.

The DP2011 Low Carbon Share pool NAV stood at 43.0p at the year end, an increase of 1.4p per share or 3.4% for the year. Based on the above values, total Shareholder proceeds are projected to trigger the hurdle levels at which a performance fee is paid to management. The performance fee is estimated to be 2.5p per DP2011 Low Carbon Share. After providing for such a fee, it is estimated that the final Total Return to Shareholders will be 114.4p, compared to the cost for Shareholders who invested in the DP2011 Low Carbon Share offer of 100.0p or 70.0p net of income tax relief.

The Share pool has four remaining investments, all of which are part of sales processes. The Manager is hopeful that these transactions can be completed in the next two to three months, after which the share pool will make a final distribution.

A more detailed review of the DP2011 Low Carbon Share pool is presented in the Investment Manager's report on page 55.

Generalist and Healthcare Share pools

In December 2016, the Company launched offers for subscription seeking to raise new funds for two new "evergreen" share classes. The Generalist Share pool will invest in general growth opportunities, which is a good fit with the new VCT regulations introduced over the last two years. The Healthcare Share pool will invest in the life sciences sector. The Manager, Downing LLP, is being supported by Bioscience Managers Limited, an experienced investment manager in this sector, in investing these funds.

The Generalist and Healthcare offers have raised £30.0m and £7.7m respectively to date. As at 31 March 2017, £225,000 and £25,000 had been invested by the Generalist and Healthcare Share pools respectively. The task of investing the remaining funds is now underway and further investments will be covered in the next Half Yearly Report.

Dividends

In the initial 5-year period of each planned exit share pool, the Company's usual policy is to pay annual dividends totalling at least 5.0p per share (on a twice-yearly basis). The target is at least 4.0p per annum for the DP67 Share pool.

In line with this policy, subject to approval at the forthcoming AGM, a dividend of 2.5p per DSO D Share and 2.0p per DP67 Share will be paid on 29 September 2017 to DSO D Shareholders and DP67 Shareholders respectively on the register at 1 September 2017.

Dividends from the other planned exit share pools will be declared as and when sufficient disposals have completed for a further payment to be made to Shareholders.

Board

As I reported in the last Half Yearly Report, there were some Board changes during the year. In view of the fact that some of the original planned exit share pools have wound up and others are in the process, Mark Mathias and Robin Chamberlayne decided to retire as directors in December 2016.

I would like to personally thank both Mark and Robin for their insightful and valuable contributions since the Company's launch as Downing Protected Opportunities VCT1 plc in 2009 and wish them every success in their other ventures.

Their departure leaves the Company with a Board comprising three non-executive directors, which the Directors have agreed is satisfactory for a Company of this size at the current time.

CHAIRMAN'S STATEMENT (continued)

Share buybacks

In the initial 5-year period of each share class, the Company operates a policy of buying in its own shares that become available in the market subject to regulatory restrictions and other factors such as availability of liquid funds. Any such purchases are undertaken at a price approximately equal to NAV i.e. at a nil discount. 80,473 DP67 Shares were purchased in the year to 31 March 2017.

Now that the DSO B Share pool and all of the DP2011 Share pools have commenced realisations to return funds to Shareholders, the Company no longer undertakes any further share buybacks in respect of the DSO B Shares, DSO C Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares, DP2011 Structured A Shares and DP2011 Low Carbon Shares. The Board believes it is fairer to all Shareholders to distribute proceeds from the investment realisations to all the above Shareholders by way of dividends, rather than setting aside sums to fund share buybacks.

The policy for buying in shares is still in operation for the DP67, Generalist and Healthcare Shares.

Annual General Meeting ("AGM")

The Company's seventh AGM will be held at Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL at 11:15 a.m. on 5 September 2017.

Three items of special business are proposed. The Board may, in due course, give consideration to a further offer for subscription for both the Generalist and Healthcare Shares. To give the Board flexibility and eliminate the costs of issuing a separate Shareholder circular, the Board is seeking Shareholder approval to give the Directors power to allot up to approximately £40m worth of Generalist Shares and £30m of Healthcare Shares and is also seeking to waive pre-emption right on those shares. The Directors will only proceed with such an offer if they consider that market conditions are supportive and it to be in the best interest of Shareholders. Resolutions 7 and 8 to be proposed at the AGM deal with these approvals.

Resolution 9 is a special resolution seeking to renew the authority to allow the Company to make market purchases of its shares.

Outlook

I expect the coming year to be as busy as the last. A number of the planned exit share pools are expected to complete the return of funds to investors in the next 12 months.

The focus of the Manager will also be on investing the new funds in the new Generalist and Healthcare Share pools, which launched during the year. We expect to see a significant level of new investments made as these portfolios are created.

As these two processes progress, the Company will gradually transform from being a collection of planned exit offerings to a more mainstream generalist VCT. I look forward to reporting developments in the Half Yearly Report to 30 September 2017.



Lord Flight
Chairman
31 July 2017

DSO B SHARE POOL SUMMARY

Financial highlights

	31 March 2017 pence	31 March 2016 pence
Net asset value per DSO B Share	20.7	17.6
Net asset value per DSO C Share	0.1	0.1
Cumulative distributions	91.5	91.5
Adjusted for performance fee estimate	(5.5)	(4.8)
Total return per DSO B Share and DSO C Share	<u>106.8</u> *	<u>104.4</u>

* Based on Total Return levels at 31 March 2017, performance fees are expected to become due to management. These are estimated to be 5.5p per DSO B/DSO C Share.

Dividend history

Period end	Date paid	Pence per share
2010 Final	30 September 2010	2.5
2011 Interim	28 January 2011	2.5
2011 Final	30 September 2011	2.5
2012 Interim	27 January 2012	2.5
2012 Final	28 September 2012	2.5
2013 Interim	25 January 2013	2.5
2013 Final	13 September 2013	2.5
2014 Interim	24 January 2014	2.5
2014 Final	30 September 2014	10.0
2015 Interim	30 January 2015	2.5
2015 Capital	23 December 2015	40.0
2016 Capital	24 March 2016	19.0
		<u>91.5</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	DSO B Shares	DSO C Shares
TIDM/EPIC codes	DO1B	DO1C
Latest share price (28 July 2017)	12.505p per share	5.005p per share

Structure of shareholdings

The Company's DSO B Share offer for subscription was open between 15 October 2009 and 26 April 2010. For every £1 invested, Shareholders received one DSO B Share and one DSO C Share.

Performance incentive arrangements

The DSO C Shares are designed to facilitate the payment of a performance incentive to the management team should any such incentive become payable in the future. The DSO C Shares initially had a net asset value of 0.1p per share which is only expected to increase when, and if, a performance incentive becomes payable. Any performance incentive due will be paid by declaring dividends in respect of the DSO C Shares, of which approximately one third are held by management.

When total proceeds paid to DSO B/DSO C Shareholders exceed 100p, the management team will receive a sum equal to 3% of the initial 100p of proceeds plus 20% of the proceeds in excess of 100p, by virtue of the holding of DSO C Shares. This is subject to a cap equivalent to 1.25% of net assets per annum over the life of the share pool, such that the maximum total management fee charge that can be borne by Shareholders is 2.75% of net assets per annum.

Target exit date

The fifth anniversary of the close of the DSO B Share offer was April 2015, and so the process of realising the DSO B Share pool investments commenced during 2016. Shareholders should note that the process of realising the share pool's investments may take some time to complete; however, a further distribution is expected later in 2017.

INVESTMENT MANAGER'S REPORT- DSO B SHARE POOL

Introduction

The DSO B Share pool has made good progress during the year in realising investments with six full exits completed. We are in the process of fulfilling realisation plans for the four live investments remaining in the portfolio, which had a value of £1.8m as at 31 March 2017.

Net asset value and results

The NAV per DSO B Share at 31 March 2017 stood at 20.7p and per DSO C Share at 0.1p, an increase of 3.1p for a combined holding of one DSO B Share and one DSO C Share over the year, after adjusting for dividends paid. Total Return (combined NAV plus cumulative dividends) stood at 106.8p for a combined holding, after taking account of the estimated performance incentive fee of 5.5p.

The return on ordinary activities after taxation for the year was £619,000 (2016: £1.3 million), comprising a revenue return of £59,000 (2016: £736,000) and a capital return of £560,000 (2016: £559,000).

Venture Capital investments

Portfolio activity

Six investments were fully exited during the year generating proceeds of £1.8m and a realised gain on opening valuations of £474,000.

The remaining investments have been revalued to reflect the expected proceeds from their respective exit processes, resulting in an overall gain of £20,000 in the year.

Realisation Plans

There are exit plans in place for the remaining investments and the holdings in Westcountry Solar Solutions Limited, Avon Solar Energy Limited and Mosaic Spa and Health Clubs Limited are all in exit processes and we expect them to complete in the summer.

Outlook

The timing of the remaining exits is difficult to estimate due to our reliance on third parties, however we envisage that the final DSO B Share pool dividend will be paid later in the year.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS - DSO B SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio
Venture Capital investments				
Avon Solar Energy Limited	420	515	80	12.2%
Mosaic Spa & Health Clubs Limited*	692	441	(79)	10.5%
Westcountry Solar Solutions Limited	500	434	(66)	10.3%
Fenkle Street LLP**	154	362	85	8.6%
Future Biogas (Reepham Road) Limited	632	-	-	0.0%
Quadrat Spa Limited*	276	-	-	0.0%
	<u>2,674</u>	<u>1,752</u>	<u>20</u>	<u>41.6%</u>
Cash at bank and in hand		<u>2,475</u>		<u>58.4%</u>
Total investments		<u><u>4,227</u></u>		<u><u>100.0%</u></u>

* partially qualifying investment

** non-qualifying investment

All Venture Capital investments are incorporated in England and Wales.

REVIEW OF INVESTMENTS - DSO B SHARE POOL (continued)

Investment movements for the year ended 31 March 2017

DISPOSALS

	Cost £'000	Valuation at 01/04/16~ £'000	Proceeds £'000	Profit vs. cost £'000	Realised gain £'000
Sales					
Quadrat Catering Limited	56	-	313	257	313
Camandale Limited	592	-	5	(587)	5
Redmed Limited**	66	57	57	(9)	-
Future Biogas (SF) Limited	122	122	147	25	25
Kidspace Adventures Holdings Limited	750	930	939	189	9
Future Biogas (Reepham Road) Limited	258	193	257	(1)	64
Deferred consideration					
Kilmarnock Monkey Bar Limited	-	-	12	12	12
Liverpool Nurseries (Holdings) Limited	-	-	46	46	46
	1,844	1,302	1,776	(68)	474

~ adjusted for purchases during the year

** non-qualifying investment

REVIEW OF INVESTMENTS - DSO B SHARE POOL (continued)

Further details of the largest Venture Capital investments held by the DSO B Share pool:

Avon Solar Energy Limited



Cost at 31/03/17:	£420,000	Valuation at 31/03/17:	£515,000
Cost at 31/03/16:	£420,000	Valuation at 31/03/16:	£435,000
Date of first investment:	Mar 11	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary Shares:	£150,000	Proportion of equity held:	12%
Loan stock:	£270,000	Proportion of loan stock held:	25%

Summary financial information from statutory accounts to 31 July

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.3m	£0.3m

Avon Solar Energy Limited has developed a portfolio of 190 residential rooftop solar PV assets in the UK. The sites were commissioned in 2011 and 2012 and have locked into the FiTs scheme for the 25 year life of the assets. The solar assets provide free power to the homeowners and any surplus is exported into the National Grid.

Mosaic Spa and Health Clubs Limited

www.mosaicspaandhealth.co.uk



Cost at 31/03/17:	£692,000	Valuation at 31/03/17:	£441,000
Cost at 31/03/16:	£692,000	Valuation at 31/03/16:	£520,000
Date of first investment:	Feb 11	Valuation method:	Multiples

Investment comprises:

Ordinary Shares:	£165,000	Proportion of equity held:	7%
Loan stock:	£527,000	Proportion of loan stock held:	10%

Summary financial information from statutory accounts to 31 December

	2015	2014
Turnover:	£8.0m	£7.6m
Operating (loss)/profit:	(£0.1m)	£0.1m
Net assets:	£1.3m	£1.6m

Mosaic Spa and Health Clubs Limited owns two health clubs and operates a spa and health club management company. The company currently has 30 management contracts to provide gyms and spa services to hotels, educational establishments, university and corporate clients.

Westcountry Solar Solutions Limited



Cost at 31/03/17:	£500,000	Valuation at 31/03/17:	£434,000
Cost at 31/03/16:	£500,000	Valuation at 31/03/16:	£500,000
Date of first investment:	Aug 11	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary Shares:	£150,000	Proportion of equity held:	12%
Loan stock:	£350,000	Proportion of loan stock held:	25%

Summary financial information from statutory accounts to 31 March

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.9m	£0.1m

Westcountry Solar Solutions Limited has developed a portfolio of rooftop solar PV assets across the UK. The solar PV assets have been installed on school rooftops. The schools benefit from free electricity whilst the company benefits from the Feed in Tariffs (FiTs) scheme for the 25 year life of the assets. Any surplus electricity is sold to third party power off-takers.

REVIEW OF INVESTMENTS - DSO B SHARE POOL (continued)

Fenkle Street LLP



Cost at 31/03/17:	£154,000	Valuation at 31/03/17:	£362,000
Cost at 31/03/16:	£154,000	Valuation at 31/03/16:	£277,000
Date of first investment:	Jun 10	Valuation method:	Discounted cash flow - investment

Investment comprises:			
Loan stock:	£154,000	Proportion of loan stock held:	13%

Summary financial information from statutory accounts to 30 June

	2016	2015
Turnover:	-	£2.7m
Operating (loss)/profit:	(£0.7m)	£2.8m
Net assets:	£3.6m	£4.9m

Fenkle Street LLP was created to fund the purchase of a property in central Newcastle and carry out its subsequent refurbishment under the Business Premises Renovation Allowance (BPRA) scheme. The refurbishment has now been completed and the property has been sold, with the remaining loan being secured on the car park.

* Turnover and operating profit figures not publicly available as abbreviated small company accounts filed.

REVIEW OF INVESTMENTS - DSO B SHARE POOL (continued)

Summary of loan stock interest income

	£'000
Loan stock interest receivable in the year	
Mosaic Spa and Health Clubs Limited	-
Westcountry Solar Solutions Limited	48
Avon Solar Energy Limited	64
Fenkle Street LLP	14
Future Biogas (Reepham Road) Limited	-
	<u>126</u>
Receivable from other investments	34
	<u>160</u>

Analysis of investments by type

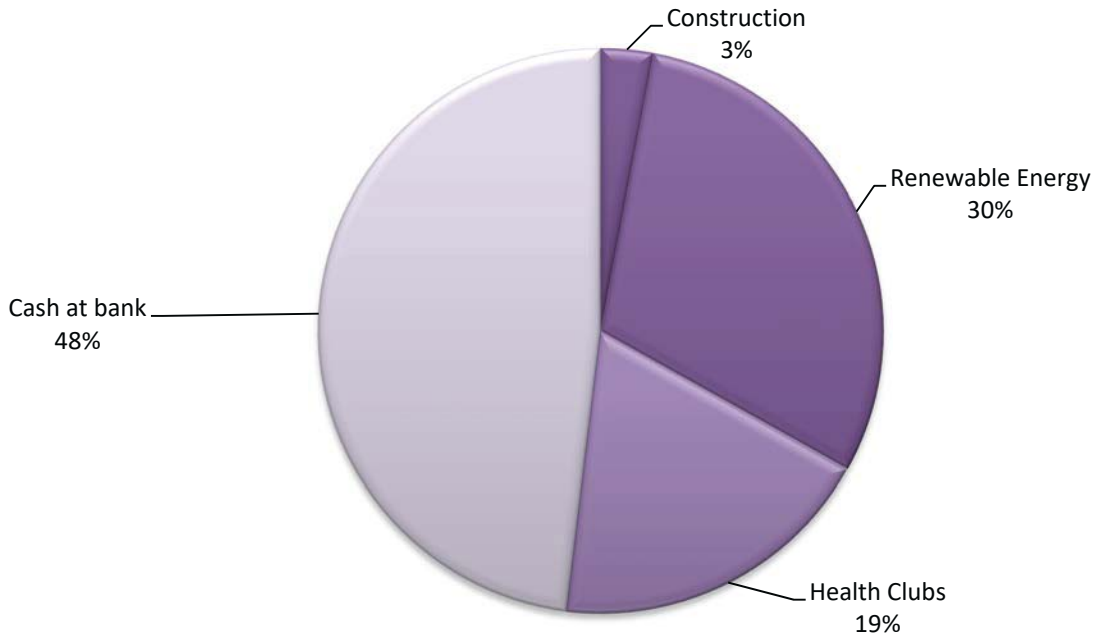
The allocation of the DSO B Share funds compared to the target split based on cost is summarised as follows:

	Actual portfolio split at 31 March 2017	Target portfolio split at 31 March 2017
VCT Qualifying Investments		
Qualifying loan stock	21%	50%
Ordinary shares	14%	25%
Total	<u>35%</u>	<u>75%</u>
Non-Qualifying Investments		
Non-qualifying loan stock	4%	-
Ordinary shares	12%	-
Structured Products	-	25%
Total	<u>16%</u>	<u>25%</u>
Cash	49%	-
	<u>100%</u>	<u>100%</u>

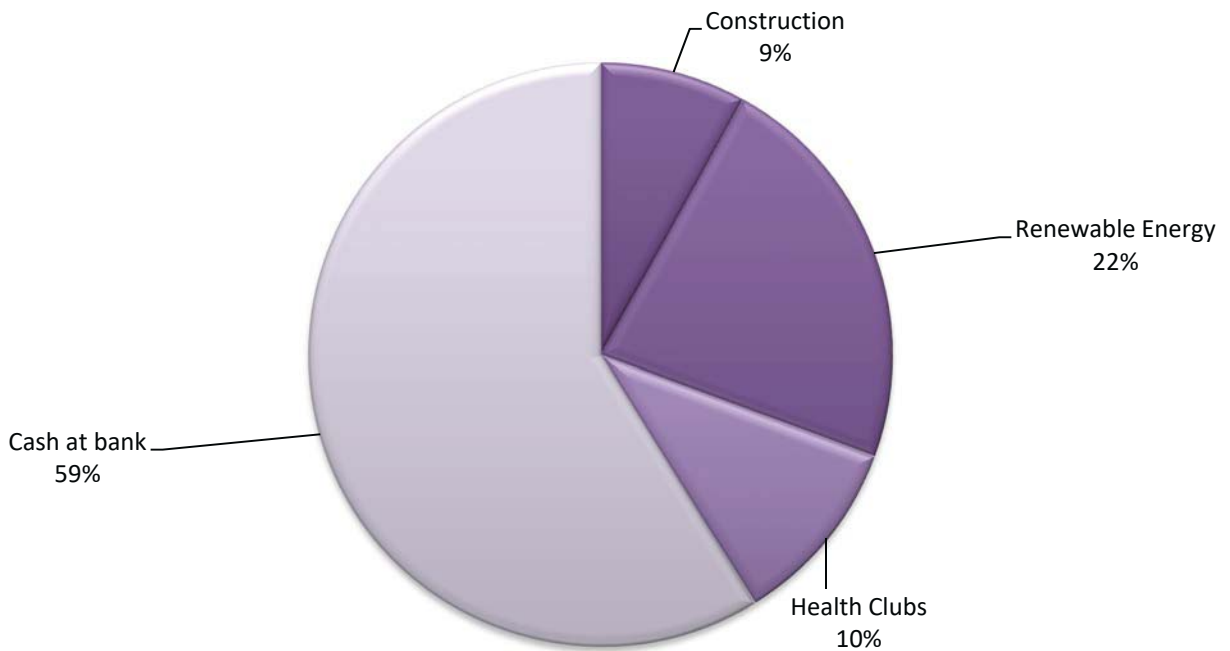
REVIEW OF INVESTMENTS - DSO B SHARE POOL (continued)

The split of the DSO B Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2017) is as follows:

DSO B Share Pool
Analysis of investments by sector based on cost



DSO B Share Pool
Analysis of investments by sector based on value



DSO D SHARE POOL SUMMARY

Financial highlights

	31 March 2017 pence	31 March 2016 pence
Net asset value per DSO D Share	76.1	75.6
Cumulative distributions	25.0	20.0
Total return per DSO D Share	<u>101.1</u>	<u>95.6</u>

Dividend history

Period end	Date paid/payable	Pence per share
2012 Final	28 September 2012	2.5
2013 Interim	25 January 2013	2.5
2013 Final	13 September 2013	2.5
2014 Interim	24 January 2014	2.5
2014 Final	30 September 2014	2.5
2015 Interim	30 January 2015	2.5
2015 Second interim	30 September 2015	2.5
2016 Interim	23 December 2015	2.5
2016 Final	30 September 2016	2.5
2017 Interim	6 January 2017	2.5
		<u>25.0</u>
Proposed 2017	29 September 2017	<u>2.5</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	DSO D Shares
TIDM/EPIC codes	DO1D
Latest share price (28 July 2017)	64.0p per share

Structure of shareholdings

The Company's DSO D Share offer for subscription was open between 31 August 2011 and 17 August 2012. For every £1 invested Shareholders received one DSO D Share.

Performance incentive arrangements

When total proceeds to DSO D Shareholders exceeds 100p and the IRR on the Shareholders' investment exceeds 7% per annum, a performance fee accrues to the Manager. The fee is calculated at 3% on the first 100p of shareholder proceeds plus 20% of the excess above 100p. The fee is capped at a maximum of 7p per DSO D Share.

Target exit date

It is intended that the DSO D Share pool will start the process of realising its investments in September 2017, ahead of returning funds to shareholders. Shareholders should note that the process of realising the share pool's investments may take some time to complete.

INVESTMENT MANAGER'S REPORT- DSO D SHARE POOL

Introduction

At 31st March 2017, the DSO D Share pool was fully invested and held investments in 14 Venture Capital investments with a value of £4.8 million and 1 Structured Product investment with a value of £598,000.

Net asset value and results

The net asset value ("NAV") per DSO D Share at 31 March 2017 stood at 76.1p, an increase of 5.5p or 7.3% over the year after adjusting for dividends paid. Total Return stands at 101.1p per share compared to initial cost to Shareholders, net of income tax relief, of 70.0p per share.

The profit on ordinary activities after taxation for the year was £437,000 (2016: £48,000), comprising a revenue profit of £49,000 (2016: £129,000) and a capital gain of £388,000 (2016: loss of £81,000).

Venture Capital investments

Portfolio activity

No new investments were made in the period and one follow on investment of £145,000 was made into Goonhilly Earth Station Limited, the satellite station in Cornwall, which takes the total investment cost to £715,000.

Grasshopper 2007 Limited, the owner of the Grasshopper Inn in Kent, was the only full exit in the period and generated proceeds equal to the original cost of £294,000.

Portfolio valuation

Four value uplifts were recognised in the period totalling £376,000.

Nightjar Sustainable Power Limited, an operational run-of-river hydroelectric scheme in Argyll, Scotland, was uplifted by £115,000 due to the project performing ahead of budget.

Pearce & Saunders Limited, the owner of three pubs in south east London, which was previously written down, was uplifted by £108,000 to a value equivalent to cost following a significant increase in property prices in the area.

Lambridge Solar Limited, the owner of a solar farm in Lincolnshire, has increased in value by £78,000 following good performance of the solar arrays.

Merlin Renewables Limited is a 2MW gas injection anaerobic digestion plant in Norfolk. The plant continues to perform to expectations and an uplift of £75,000 has been recognised in the year.

Structured Product Portfolio

Two Structured Product investments matured in the period and returned £606,000 to the Share pool. The one remaining Structured Product increased in value by £26,000 during the year and matured in April 2017.

Outlook

The focus for the DSO D Share portfolio is now on close monitoring and support of the portfolio companies in order to maximise growth opportunities until the realisation process commences later in the year.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS - DSO D SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio
Structured Product investments				
HSBC 5.4% Dual Index Synthetic Zero	501	598	26	10.3%
Venture Capital investments				
Vulcan Renewables Limited	653	779	-	13.4%
Goonhilly Earth Station Limited	715	715	-	12.3%
Nightjar Sustainable Power Limited	485	600	115	10.3%
Lambridge Solar Limited	500	595	78	10.3%
Merlin Renewables Limited	500	575	75	9.9%
Apex Energy Limited	400	400	-	6.9%
Pearce and Saunders Limited*	300	300	108	5.2%
City Falkirk Limited	562	236	-	4.1%
Fubar Stirling Limited	357	225	-	3.9%
Fresh Green Power Limited	200	200	-	3.4%
Green Energy Production UK Limited	100	100	-	1.7%
Cheers Dumbarton Limited	64	22	-	0.4%
Pearce and Saunders DevCo Limited**	20	20	-	0.3%
Lochrise Limited	17	-	-	0.0%
	<u>4,873</u>	<u>4,767</u>	<u>376</u>	<u>82.1%</u>
	<u>5,374</u>	<u>5,365</u>	<u>402</u>	<u>92.4%</u>
Cash at bank and in hand		<u>435</u>		<u>7.6%</u>
Total investments		<u>5,800</u>		<u>100.0%</u>

* partially qualifying investment, previously written down

** non-qualifying investment

All Venture Capital investments are incorporated in England and Wales.

REVIEW OF INVESTMENTS - DSO D SHARE POOL (continued)

Investment movements for the year ended 31 March 2017

ADDITIONS

	£'000
Venture Capital investments	
Goonhilly Earth Station Limited	145
	<u>145</u>

DISPOSALS

	Cost £'000	Valuation ~ at 01/04/16 £'000	Proceeds £'000	Profit vs. cost £'000	Realised gain £'000
Structured Product investments					
Credit Suisse 7% Defensive Worst Of Auto-Call	251	291	303	52	12
HSBC 7.1% Defensive Worst-Of-Auto-Call	251	286	303	52	17
Venture Capital investments					
Grasshopper 2007 Limited	294	294	294	-	-
	<u>796</u>	<u>871</u>	<u>900</u>	<u>104</u>	<u>29</u>

~ adjusted for purchases during the year

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

Further details of the ten largest Venture Capital investments held by the DSO D Share pool:

Vulcan Renewables Limited



Cost at 31/03/17:	£653,000	Valuation at 31/03/17:	£779,000
Cost at 31/03/16:	£653,000	Valuation at 31/03/16:	£779,000
Date of first investment:	Apr 12	Valuation method:	Discounted cash flow - business
Investment comprises:			
A ordinary shares:	£485,000	Proportion of A equity held:	5%
A loan stock:	£168,000	Proportion of A loan stock held:	4%

Summary financial information from statutory accounts to

	31 May 2016	30 Nov 2014
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£3.4m	£3.6m

Vulcan Renewables Limited is developing a 2.0MW maize fed biogas plant near Doncaster. Through an anaerobic digestion process biogas is produced which is used to generate gas. The company benefits from the receipt of FiTs and payments for gas exported to the National Gas Grid.

Goonhilly Earth Station Limited

www.goonhilly.org



Cost at 31/03/17:	£715,000	Valuation at 31/03/17:	£715,000
Cost at 31/03/16:	£570,000	Valuation at 31/03/16:	£570,000
Date of first investment:	Jan 14	Valuation method:	Price of recent investment
Investment comprises:			
C ordinary shares:	£7,000	Proportion of C equity held:	19%
D ordinary shares:	£494,000	Proportion of D equity held:	19%
Loan stock:	£214,000	Proportion of loan stock held:	15%

Summary financial information from statutory accounts to 31 May

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£1.2m	£1.9m

Goonhilly Earth Station Limited (“GES”) owns and operates the iconic Goonhilly Satellite Earth Station on the Lizard Peninsula in Cornwall, UK.

Nightjar Sustainable Power Limited



Cost at 31/03/17:	£485,000	Valuation at 31/03/17:	£600,000
Cost at 31/03/16:	£485,000	Valuation at 31/03/16:	£485,000
Date of first investment:	Mar 15	Valuation method:	Price of recent investment
Investment comprises:			
Ordinary shares:	£485,000	Proportion of equity held:	19%

Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£5.5m	£5.6m

Nightjar is an operational 2MWe run-of-river hydroelectric scheme in Argyll, Scotland. The project was completed on time and budget in July 2016.

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

Lambridge Solar Limited



Cost at 31/03/17:	£500,000	Valuation at 31/03/17:	£595,000
Cost at 31/03/16:	£500,000	Valuation at 31/03/16:	£517,000
Date of first investment:	Jul 14	Valuation method:	Discounted cash flow - business

Investment comprises:

B Ordinary shares:	£500,000	Proportion of B equity held:	4%
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Summary financial information from statutory accounts to 31 December

	2015	2014
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£7.6m	£7.3m

Lambridge Solar Limited owns a 9MW ground mounted photovoltaic system in Burton Pedwardine, Lincolnshire. The system was constructed by Lark Energy and, following some delays, was commissioned in February 2014. The system is managed by Armstrong Energy Limited and qualifies for Renewable Obligations Certificates (ROCs), receiving 1.6 ROCs for every megawatt hour produced.

Merlin Renewables Limited



Cost at 31/03/17:	£500,000	Valuation at 31/03/17:	£575,000
Cost at 31/03/16:	£500,000	Valuation at 31/03/16:	£500,000
Date of first investment:	Oct 14	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary shares:	£500,000	Proportion of equity held:	6%
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Summary financial information from statutory accounts to

	31 May 2016	30 Nov 2014
Turnover:	n/a*	£0.5m
Operating loss:	n/a*	(£0.6m)
Net assets:	£7.9m	£6.6m

Merlin Renewables Limited has developed a 2MW gas injection anaerobic digestion plant in Norfolk with Future Biogas. The construction of the project commenced in July 2013 and concluded in September 2014. The plant will be fed on maize which is being grown on nearby land and sold to the company for use in the plant. The anaerobic digestion plant qualifies to receive payments under the Renewable Heat Incentive for injecting bio-methane into the gas grid.

Apex Energy Limited



Cost at 31/03/17:	£400,000	Valuation at 31/03/17:	£400,000
Cost at 31/03/16:	£400,000	Valuation at 31/03/16:	£400,000
Date of first investment:	Nov 15	Valuation method:	Price of recent investment

Investment comprises:

Ordinary shares:	£400,000	Proportion of equity held:	8%
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Summary financial information from statutory accounts: None filed

Apex Energy Limited is seeking to own and operate a standby electricity generation plant up to 20MW in capacity. The diesel plant, once operational, will provide electricity to the grid during periods of peak demand under the Capacity Markets Mechanism, a 15-year contract whereby the plant will receive contractual revenue for being available, in addition to payments for the electricity supplied to the grid.

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

Pearce & Saunders Limited



Cost at 31/03/17:	£300,000	Valuation at 31/03/17:	£300,000
Cost at 31/03/16:	£300,000	Valuation at 31/03/16:	£192,000
Date of first investment:	Apr 14	Valuation method:	Multiples

Investment comprises:

Ordinary shares:	£216,000	Proportion of equity held:	8%
A loan stock:	£84,000	Proportion of A loan stock held:	10%

Summary financial information from statutory accounts to 31 December

	2015	2014
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.9m	£0.4m

Pearce and Saunders Limited is a freehold pub company that is managed by the Antic London team and is funded by the Downing VCTs. It was incorporated to acquire the freehold pubs of three South East London sites; Jam Circus in Brockley, The Old Post Office in Eltham and The John Jackson in Wallington.

City Falkirk Limited

www.cityfalkirk.co.uk



Cost at 31/03/17:	£562,000	Valuation at 31/03/17:	£236,000
Cost at 31/03/16:	£562,000	Valuation at 31/03/16:	£236,000
Date of first investment:	Feb 12	Valuation method:	Multiples

Investment comprises:

A ordinary shares:	£nil	Proportion of A equity held:	18%
B ordinary shares:	£169,000	Proportion of B equity held:	18%
B loan stock:	£393,000	Proportion of B loan stock held:	21%

Summary financial information from statutory accounts to 29 (2015: 28) February

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net liabilities:	(£0.2m)	(£0.1m)

City Falkirk Limited owns and operates the City & Sportsters sports bar and nightclub in Falkirk. This freehold asset was purchased out of administration and is being run on a management contract by Lochrise Limited.

Fubar Stirling Limited

www.fubarclub.info



Cost at 31/03/17:	£357,000	Valuation at 31/03/17:	£225,000
Cost at 31/03/16:	£357,000	Valuation at 31/03/16:	£225,000
Date of first investment:	Feb 12	Valuation method:	Multiples

Investment comprises:

A ordinary shares:	£nil	Proportion of A equity held:	18%
B ordinary shares:	£107,000	Proportion of B equity held:	18%
B loan stock:	£250,000	Proportion of B loan stock held:	18%

Summary financial information from statutory accounts to 29 (2015: 28) February

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.4m	£0.5m

Fubar Stirling Limited owns and operates the Fubar nightclub in Stirling, Scotland. This freehold asset was purchased out of administration and is being run on a management contract by Lochrise Limited.

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

Fresh Green Power Limited



Cost at 31/03/17:	£200,000	Valuation at 31/03/17:	£200,000
Cost at 31/03/16:	£200,000	Valuation at 31/03/16:	£200,000
Date of first investment:	Apr 12	Valuation method:	Discounted cash flow - business

Investment comprises:

A ordinary shares:	£nil	Proportion of A equity held:	3%
Preference C shares:	£140,000	Proportion of C equity held:	20%
A loan stock:	£60,000	Proportion of A loan stock held:	20%

Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.7m	£0.7m

Fresh Green Power Limited owns solar panels on the rooftops of domestic properties in the UK. The households benefit from free electricity whilst Fresh Green receive Feed-in Tariffs and payments for the surplus electricity produced and exported to the National Grid.

Note: the proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

* Turnover and operating profit figures not publicly available as abbreviated small company accounts filed.

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

Summary of loan stock interest income and interest on advances

	£'000
Loan stock interest and interest on advances receivable in the year	
Vulcan Renewables Limited	47
Goonhilly Earth Station Limited	44
Lambridge Solar Limited	-
Merlin Renewables Limited	-
Nightjar Sustainable Power Limited	-
Apex Energy Limited	-
City Falkirk Limited	35
Fubar Stirling Limited	23
Fresh Green Power Limited	13
	<u>162</u>
Receivable from other investments	2
	<u><u>164</u></u>

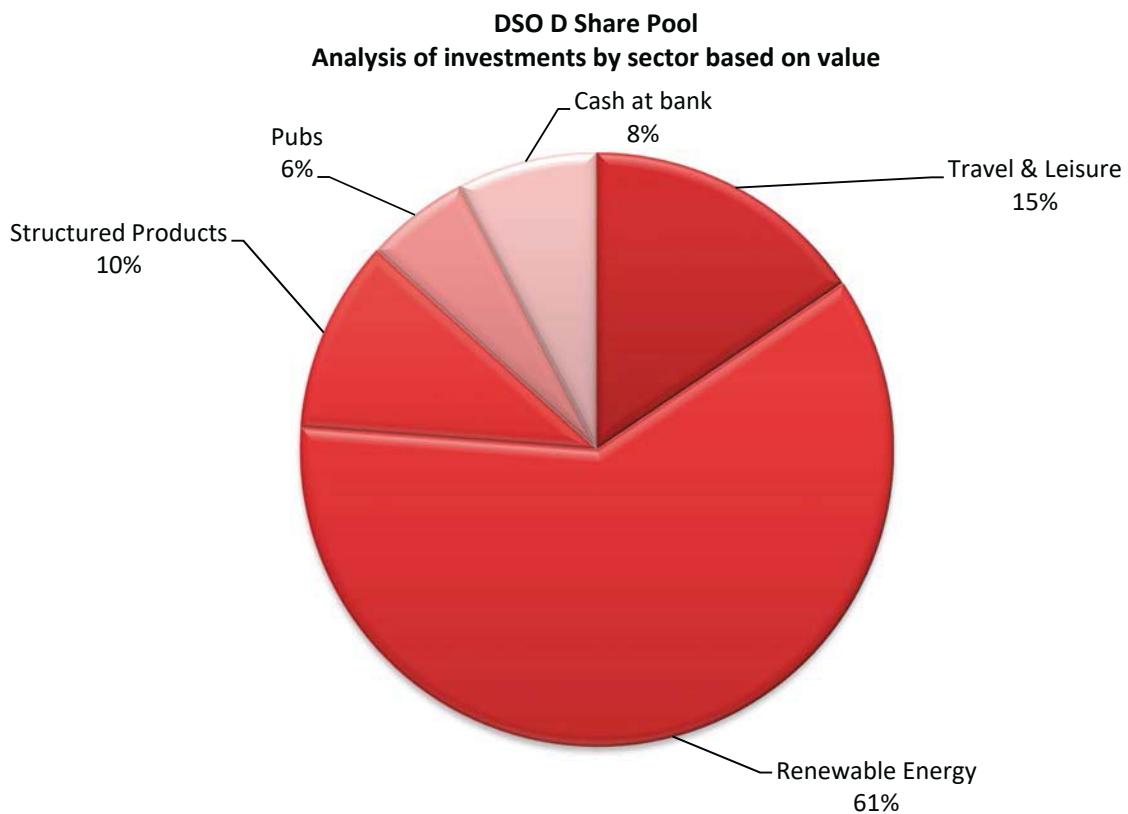
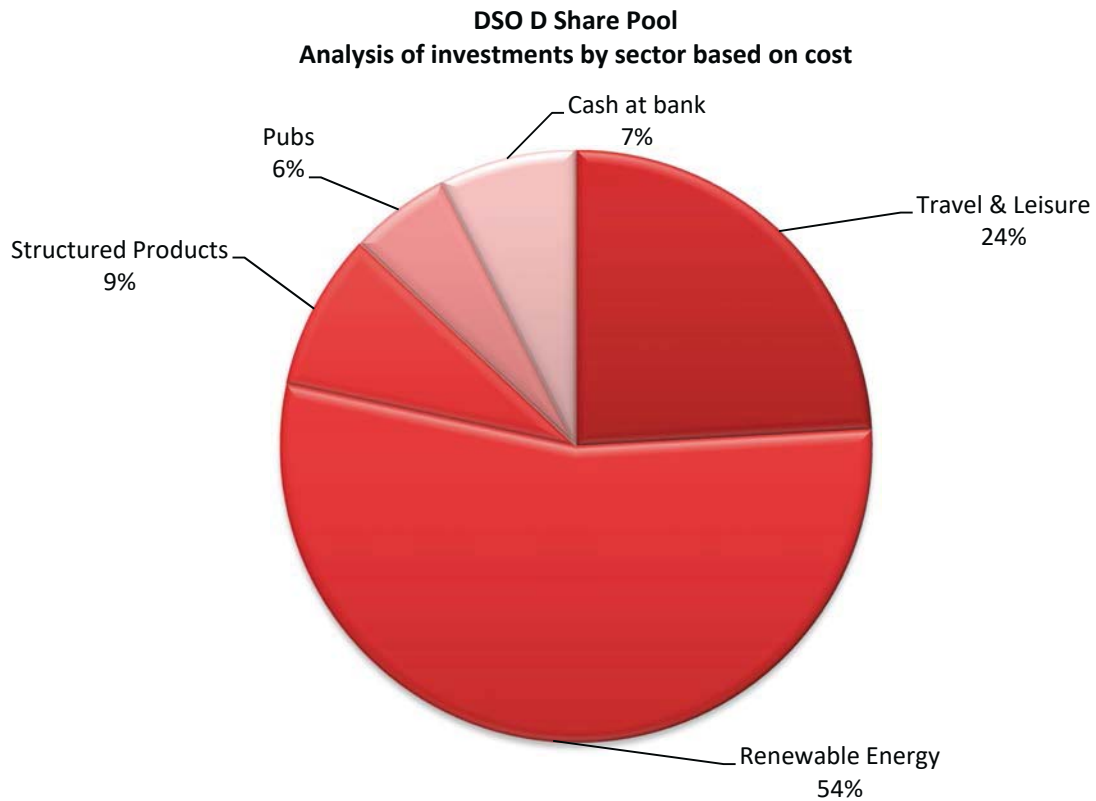
Analysis of investments by type

The allocation of the DSO D Share funds compared to the target split is summarised as follows:

	Actual portfolio split at 31 March 2017	Target portfolio split at 31 March 2017
VCT Qualifying Investments		
Qualifying loan stock	22%	50%
Ordinary shares	60%	25%
Total	<u>82%</u>	<u>75%</u>
Non-Qualifying Investments		
Non-qualifying loan stock and advances	-	-
Ordinary shares	2%	-
Structured Products	9%	25%
Total	<u>11%</u>	<u>25%</u>
Cash	7%	-
	<u>100%</u>	<u>100%</u>

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

The split of the DSO D Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2017) is as follows:



DP67 SHARE POOL SUMMARY

Financial highlights

	31 March 2017 pence	31 March 2016 pence
Net asset value per DP67 Share	66.1	60.4
Cumulative distributions	27.8	23.8
Total return per DP67 Share	<u>93.9</u>	<u>84.2</u>

Dividend history

Period end	Date paid/payable	Pence per share
Pre-merger dividends		21.8
2016 Interim	23 December 2015	2.0
2016 final	30 September 2016	2.0
2017 Interim	6 January 2017	<u>2.0</u>
		<u>27.8</u>
Proposed 2017 Final	29 September 2017	<u>2.0</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

TIDM/EPIC codes	DP67 Shares D467
Latest share price (28 July 2017)	50.0p per share

Structure of shareholdings

The original Share offers under Downing Planned Exit VCT 6 plc and Downing Planned Exit VCT 7 plc were launched in July 2007 followed by a Share Realisation and Reinvestment Programme ("SRRP") offered in 2013, under which many investors committed for a further five years. For every £1 invested, Shareholders received one Downing Planned Exit VCT 6 Share or one Downing Planned Exit VCT 7 Share. Each Share was converted to a Downing FOUR DP67 share as part of the merger in July 2015.

Performance incentive arrangements

There are no performance incentive arrangements in place in respect of this share pool.

Target exit date

It is intended that the DP67 Share pool will seek to realise its investments and start returning proceeds to investors around 2018. Shareholders should note that the process of realising the share pool's investments may take some time to complete.

INVESTMENT MANAGER'S REPORT - DP67 SHARE POOL

Introduction

The DP67 Share pool was formed as part of the merger in July 2015 and includes the portfolios of Downing Planned Exit VCT 6 plc and Downing Planned Exit VCT 7 plc. These companies were sister companies which held identical investment portfolios.

Net asset value and results

The net asset value ("NAV") per DP67 Share at 31 March 2017 stood at 66.1p an increase of 9.7p or 16.1% over the year after adjusting for dividends paid. Total Return stands at 93.9p per share compared to initial cost to Shareholders, net of income tax relief, of 70.0p per share.

The profit on ordinary activities after taxation for the year (2016: period) was £1,090,000 (2016: £259,000), comprising a revenue profit of £79,000 (2016: £93,000) and a capital gain of £1,011,000 (2016: £166,000).

Venture Capital investments

Portfolio activity

The DP67 pool holds eight investments, of which Cadbury House and Snow Hill represent a significant proportion of the pool's net assets.

There were two qualifying additions to the portfolio during the period: £300,000 in Brownfields Trading Limited, which was subsequently disposed of at cost during June 2017; and £400,000 in Yamuna Renewables Limited, which is working on an opportunity in the wood refinery sector.

Divestment proceeds totalling £2.4 million were received in the period, generating realised gains over opening value of £715,000. This included £849,000 of proceeds on Gatewales Limited, £550,000 on Snow Hill Developments Limited, and the redemption (at par) of £965,000 of loan notes in Kidspace Adventures Holdings Limited and Hobbler's Heath Limited.

Portfolio valuation

The DP67 portfolio continues to perform well, and produced unrealised gains of £168,000 for the year. The most significant of these was on Snow Hill Developments LLP, the developer of a Holiday Inn Express in Birmingham, where performance continues to be on target and cash flows from the business back to the fund continue to be strong. As such the value was increased by £213,000.

Fenkle Street LLP and Gatewales Limited generated an uplift of £159,000 and a write down of £40,000 respectively.

Unfortunately, a value write down has also been taken on Oak Grove Renewables Limited, the owner of an anaerobic digestion plant in Norfolk, which is performing below our expectations.

Outlook

We are pleased with the overall performance of the DP67 Share pool portfolio, as is reflected in the recent uplifts in value. The portfolio is now fully invested and our attention is focussed on monitoring performance to ensure that opportunities for growth are maximised.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS – DP67 SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Pre-merger Cost (Memo only) £'000	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments					
Cadbury House Holdings Limited	1,206	1,409	1,613	-	21.7%
Snow Hill Developments LLP**	750	809	1,060	213	14.2%
Fenkle Street LLP**	77	405	678	159	9.1%
Oak Grove Renewables Limited	820	820	451	(164)	6.1%
Gatewales Limited*	876	408	446	(40)	6.0%
Yamuna Energy Limited	-	400	400	-	5.4%
Brownfields Trading Limited	-	300	300	-	4.0%
London City Shopping Centre Limited**	-	99	99	-	1.3%
		<u>4,650</u>	<u>5,047</u>	<u>168</u>	<u>67.8%</u>
Cash at bank and in hand			<u>2,396</u>		<u>32.2%</u>
Total investments			<u>7,443</u>		<u>100.0%</u>

* partially qualifying investment

** non-qualifying investment

All Venture Capital investments are incorporated in England and Wales.

The figures shown in the “Pre-merger Cost” column are the original costs of the investments to Downing Planned Exit VCT 6 and 7, prior to the merger in July 2015.

REVIEW OF INVESTMENTS – DP67 SHARE POOL (continued)

Investment movements for the year ended 31 March 2017

ADDITIONS

	£'000
Yamuna Energy Limited	400
Brownfields Trading Limited	300
	<u>700</u>

DISPOSALS

	Cost £'000	Valuation at 01/04/16 [~] £'000	Proceeds £'000	Profit/ vs. cost £'000	Realised gain £'000
Gatewales Limited*	156	363	849	693	486
Snow Hill Developments LLP**	275	321	550	275	229
Kidspace Adventures Holdings Limited	578	578	578	-	-
Hobblers Heath Limited	387	387	387	-	-
	<u>1,396</u>	<u>1,649</u>	<u>2,364</u>	<u>968</u>	<u>715</u>

[~] adjusted for purchases during the year

* partially qualifying investment

** non-qualifying investment

REVIEW OF INVESTMENTS – DP67 SHARE POOL (continued)

Further details of the Venture Capital investments held by the DP67 Share pool:

Cadbury House Holdings Limited



Cost at 31/03/17:	£1,409,000	Valuation at 31/03/17:	£1,613,000
Cost at 31/03/16:	£1,409,000	Valuation at 31/03/16:	£1,613,000
Original cost pre-merger:	£1,206,000		
Date of first investment:	Oct 06	Valuation method:	Multiples

Investment comprises:

B ordinary shares:	£882,000	Proportion of B equity held:	28%
Loan stock:	£527,000	Proportion of loan stock held:	15%

Summary financial information from consolidated statutory accounts to 31 March

	2016	2015
Turnover:	£8.8m	£8.6m
Operating profit:	£1.8m	£1.7m
Net assets:	£7.6m	£7.6m

Cadbury House Holdings Limited owns and operates a health club, restaurant and conference centre at Cadbury House, near Bristol. The restaurant trades as a Marco Pierre-White Steakhouse Bar and Grill.

Snow Hill Developments LLP



Cost at 31/03/17:	£809,000	Valuation at 31/03/17:	£1,060,000
Cost at 31/03/16:	£1,084,000	Valuation at 31/03/16:	£1,168,000
Original cost pre-merger:	£750,000		
Date of first investment:	Oct 11	Valuation method:	Discounted cash flow - investment

Investment comprises:

Partnership equity:	£809,000	Proportion of equity held:	50%
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Summary financial information from statutory accounts to 30 June

	2016	2015
Turnover:	-	£1.6m
Operating (loss)/profit:	(£0.1m)	£1.6m
Net assets:	£2.4m	£2.3m

Snow Hill Developments LLP has converted an office building in Birmingham into a 224 bedroom Holiday Inn Express. The hotel has been open since June 2013 and the investment is due to be paid over time as bank debt is reduced.

Fenkle Street LLP



Cost at 31/03/17:	£405,000	Valuation at 31/03/17:	£678,000
Cost at 31/03/16:	£405,000	Valuation at 31/03/16:	£519,000
Original cost pre-merger:	£77,000		
Date of first investment:	Jun 10	Valuation method:	Discounted cash flow - investment

Investment comprises:

Partnership equity:	£nil	Proportion of equity held:	10%
Secured loan stock:	£405,000	Proportion of loan stock held:	35%

Summary financial information from statutory accounts to 30 June

	2016	2015
Turnover:	-	£2.7m
Operating profit:	(£0.7m)	£2.8m
Net assets:	£3.6m	£4.9m

Fenkle Street LLP was created to fund the purchase of a property in central Newcastle and carry out its subsequent refurbishment under the Business Premises Renovation Allowance (BPRA) scheme. The refurbishment has now been completed and the property has been sold, with the remaining loan being secured on the car park.

REVIEW OF INVESTMENTS – DP67 SHARE POOL (continued)

Oak Grove Renewables Limited



Cost at 31/03/17:	£820,000	Valuation at 31/03/17:	£451,000
Cost at 31/03/16:	£820,000	Valuation at 31/03/16:	£615,000
Original cost pre-merger:	£820,000		
Date of first investment:	Oct 12	Valuation method:	Discounted cash flow - business

Investment comprises:			
A ordinary shares:	£820,000	Proportion of equity held:	10%

Summary financial information from statutory accounts to

	31 May 2016	30 Nov 2014
Turnover:	n/a*	£2.6m
Operating loss:	n/a*	(£0.3m)
Net assets:	£5.2m	£3.8m

Oak Grove Renewables Limited funded the development of a 2MW anaerobic digestion plant at Scottow in Norfolk. The company sources maize and rye silage from a local farming co-operative under a long term feedstock agreement. The silage is fed into the biogas plant and the biomethane produced, through the anaerobic digestion process, is converted into electricity and fed into the National Grid.

Gatewales Limited



Cost at 31/03/17:	£408,000	Valuation at 31/03/17:	£446,000
Cost at 31/03/16:	£564,000	Valuation at 31/03/16:	£849,000
Original cost pre-merger:	£876,000		
Date of first investment:	Mar 07	Valuation method:	Discounted cash flow - investment

Investment comprises:			
Ordinary Shares:	£nil	Proportion of equity held:	7%
B Loan stock:	£408,000	Proportion of B loan stock held:	88%

Summary financial information from statutory accounts to 31 March

	2016	2015
Turnover:	£0.1m	£0.1m
Operating profit:	£0.3m	£0.1m
Net assets:	£0.4m	£0.1m

Gatewales Limited is a member of Fenkle Street LLP, which undertook a refurbishment contract on a hotel in Newcastle during 2011 and 2012. Payment for this contract depends on the performance of the hotel, and is being paid over time as the bank debt is reduced.

Yamuna Renewables Limited



Cost at 31/03/17:	£400,000	Valuation at 31/03/17:	£400,000
Cost at 31/03/16:	n/a	Valuation at 31/03/16:	n/a
Date of first investment:	Apr 16	Valuation method:	Price of recent investment

Investment comprises:			
B ordinary shares:	£400,000	Proportion of equity held:	8%

Summary financial information from statutory accounts: None filed

In April 2016 £400,000 was invested into Yamuna Renewables Limited alongside other Downing VCTs, for the construction and development of a 40kt per annum wood pelleting plant in Gars am Kamp, Austria. The company is working with ARC Applied Sciences to use their patented design and technology to deliver the plant.

REVIEW OF INVESTMENTS – DP67 SHARE POOL (continued)

Brownfields Trading Limited



Cost at 31/03/17:	£300,000	Valuation at 31/03/17:	£300,000
Cost at 31/03/16:	n/a	Valuation at 31/03/16:	n/a
Date of first investment:	Apr 16	Valuation method:	Price of recent investment
Investment comprises:			
Ordinary shares:	£300,000	Proportion of equity held:	6%

Summary financial information from statutory accounts: None filed

£300,000 was invested in Brownfields Trading Limited in April 2016, alongside other Downing VCTs. The company is seeking to build and develop small scale gasification projects for waste disposal.

London City Shopping Centre Limited



Cost at 31/03/17:	£99,000	Valuation at 31/03/17:	£99,000
Cost at 31/03/16:	£99,000	Valuation at 31/03/16:	£99,000
Date of first investment:	Oct 15	Valuation method:	Price of recent investment

Investment comprises:

Loan stock:	£99,000	Proportion of loan stock held:	18%
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Summary financial information from statutory accounts to 30 November

	2015	2014
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net liabilities:	(£1.3m)	(£1.5m)

London City Shopping Centre Limited owns a development site near the Barbican in London, on which it is seeking planning permission to build a hotel.

Note: the proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

* Turnover and operating profit figures not publicly available as abbreviated small company accounts filed.

REVIEW OF INVESTMENTS – DP67 SHARE POOL (continued)

Summary of loan stock interest income and interest on advances

	£'000
Loan stock interest and interest on advances receivable in the year	
Cadbury House Holdings Limited	288
Snow Hill Developments LLP	-
Gatewales Limited	-
Oak Grove Renewables Limited	-
Fenkle Street LLP	8
Kidspace Adventures Holdings Limited	-
Hobblers Heath Limited	-
Yamuna Renewables Limited	-
Brownfields Trading Limited	-
London and City Shopping Centre Limited	-
	<u>296</u>
Receivable from other investments	-
	<u>296</u>

Analysis of investments by type

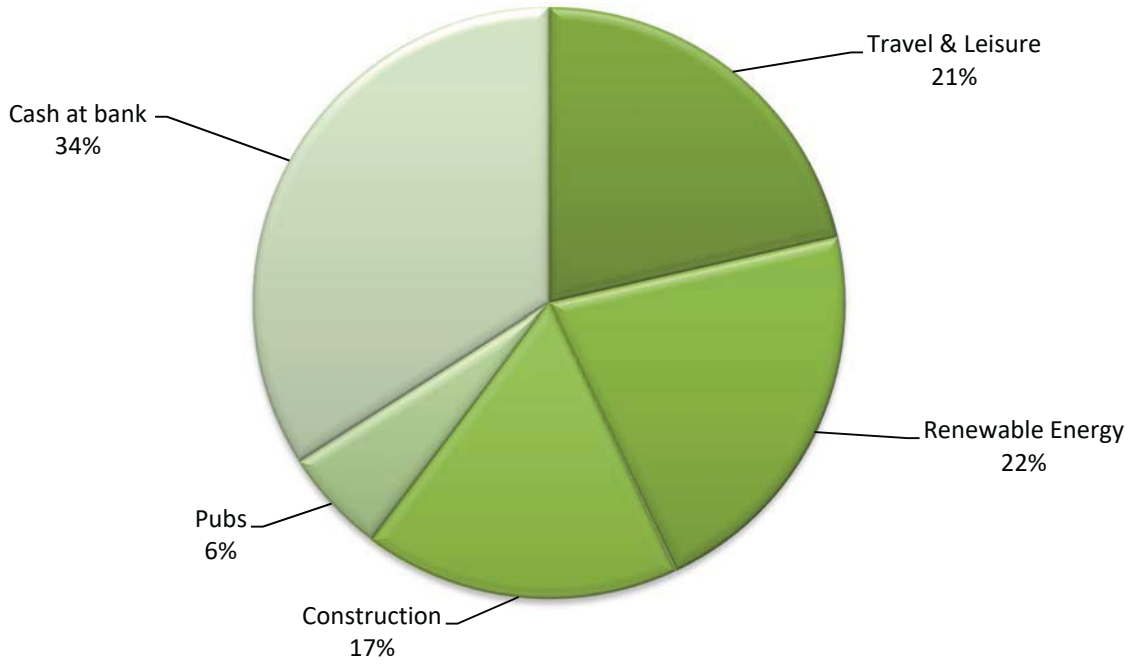
The allocation of the DP67 Share funds compared to the target split is summarised as follows:

	Actual portfolio split at 31 March 2017	Target portfolio split at 31 March 2017
VCT Qualifying Investments		
Qualifying loan stock	8%	50%
Ordinary shares	34%	25%
Total	<u>42%</u>	<u>75%</u>
Non-Qualifying Investments		
Ordinary shares	11%	-
Non-qualifying loan stock and advances	12%	25%
Total	<u>23%</u>	<u>25%</u>
Cash	35%	-
	<u>100%</u>	<u>100%</u>

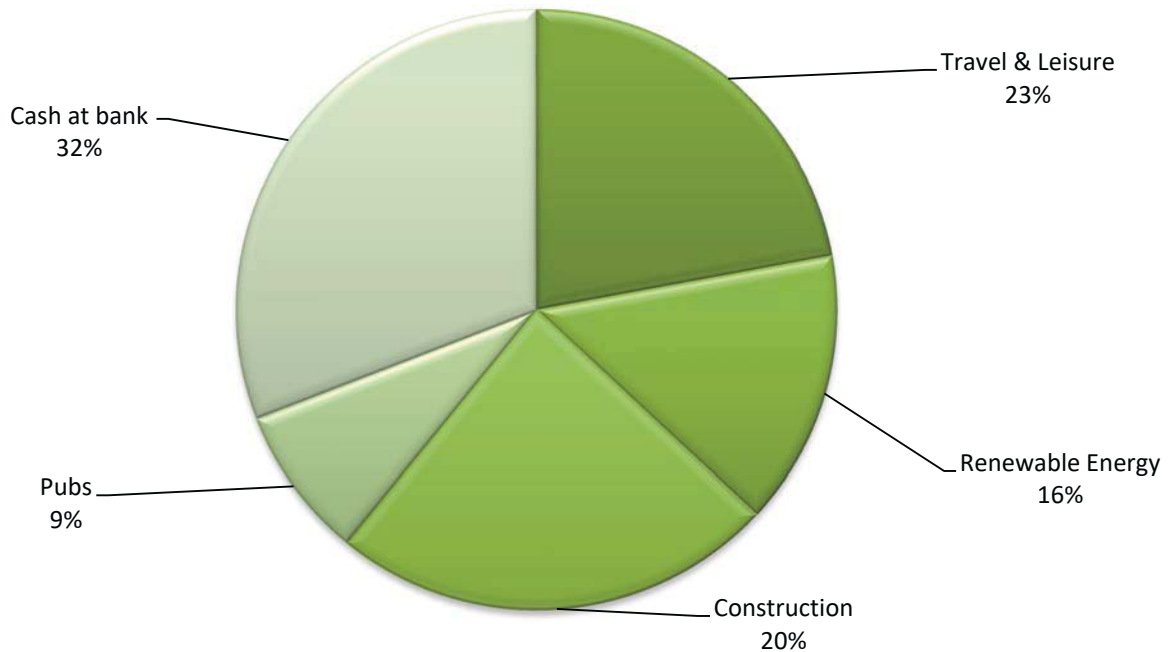
REVIEW OF INVESTMENTS – DP67 SHARE POOL (continued)

The split of the DP67 Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2017) is as follows:

DP67 Share Pool
Analysis of investments by sector based on cost



DP67 Share Pool
Analysis of investments by sector based on value



DP2011 GENERAL SHARE POOL SUMMARY

Financial highlights

	31 Mar 2017 pence	31 Mar 2016 pence
Net asset value per DP2011 General Ordinary Share	15.0	75.1
Net asset value per DP2011 General A Share	31.2	5.9
Cumulative distributions	<u>55.0</u>	<u>22.5</u>
Total return per DP2011 General Ordinary Share and DP2011 General A Share	<u>101.2</u>	<u>103.5</u>

Dividend history

Period end	Date paid/payable	Pence per share
Pre-merger dividends		20.0
2016 Interim	23 December 2015	2.5
2016 Special	2 September 2016	22.5
2017 Special	14 February 2017	<u>10.0</u>
		<u>55.0</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	DP2011 Gen A Shares	DP2011 Gen Ord Shares
TIDM/EPIC codes	D4OA	D4OO
Latest share price (28 July 2017)	15.005p per share	18.5p per share

Structure of shareholdings

The original Share offer under Downing Planned Exit VCT 2011 plc was launched in March 2011. For every £1 invested, Shareholders received one Downing Planned Exit 2011 General Share and one Downing Planned Exit 2011 General A Share (together a "Combined Share"). These were converted to one Downing FOUR DP2011 General Ordinary share and one Downing FOUR DP2011 General A share as part of the merger in July 2015.

Performance incentive arrangements

The DP2011 General A Shares are designed to facilitate the payment of a performance incentive to the management team, should any such incentive become payable in the future. The DP2011 General A Shares were initially issued at a price of 6.5p per share and the management team subscribed for 15% of the DP2011 General A Shares issued. Any performance incentive due will be paid by virtue of dividends being declared on the DP2011 General A Shares.

Once total Shareholder proceeds exceed 70p per Combined Share, the management team will receive 15% of the surplus by virtue of their DP2011 General A Shareholdings. When total Shareholder proceeds exceed 120p per Combined Share, no further incentive will be paid.

Target exit date

The fifth anniversary of the close of the DP2011 General Share offer was April 2016, and so the process of realising the DP2011 General Share pool investments is currently underway. Shareholders should note that the process of realising the share pool's investments may take some time to complete.

INVESTMENT MANAGER'S REPORT - DP2011 GENERAL SHARE POOL

Introduction

At 31 March 2017 the DP2011 General Share pool was fully invested with a portfolio value of £7.4 million, comprising 10 fully or partly qualifying investments and a further 5 non-qualifying investments.

Now that the five year anniversary has passed, we will look to seek appropriate exit strategies to maximise returns to Shareholders.

Net asset value and results

The combined net asset value ("NAV") of one DP2011 General Ordinary Share and one DP2011 General A Share at 31 March 2017 stood at 46.2p, a decrease of 2.3p or 2.8% over the year after adjusting for dividends paid. Total Return stands at 101.2p per share compared to an initial cost to Shareholders, net of income tax relief, of 70.0p per share.

The profit on ordinary activities after taxation for the year (2016: period) was £347,000 (2016: £32,000) comprising a revenue profit of £280,000 (2016: £383,000) and a capital gain of £67,000 (2016: loss of 351,000).

Venture Capital investments

Investment activity

The DP2011 General Share pool began the period with £10.4 million of investments and ended with £7.4 million spread across a portfolio of 15 Venture Capital investments. No new or follow on investments were made in the year.

The process of exiting investments in the portfolio has begun in order to return funds to Shareholders. As such, three exits occurred in the year generating proceeds of £3.2 million and a gain over opening value of £80,000.

Portfolio valuation

Valuation movements in the year resulted in an overall unrealised gain of £84,000. The most significant of these was on Snow Hill Developments LLP, the developer of a Holiday Inn Express in Birmingham, where performance continues to be on target and cash flows from the business back to the fund continue to be strong. As such the value was increased by £233,000.

Two small uplifts were made on Avon Solar Energy Limited and Wickham Solar Limited of £95,000 and £50,000 respectively.

Unfortunately, these gains were partially offset by unrealised losses totalling £294,000. The most significant of these was on Mosaic Spa and Health Clubs Limited, which is in an exit process, and the £130,000 value reduction was made in order to reflect the anticipated proceeds.

Smaller write downs were also made in respect of Oak Grove Renewables Limited and Westcountry Solar Limited, of £85,000 and £79,000 respectively.

Outlook

The focus for the Share pool is on realisations and monitoring performance in order to maximise growth opportunities. Several companies are currently in exit processes and we hope to see further progress in this regard over the next few months.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Pre- merger cost £'000	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments					
Vulcan Renewables Limited	1,845	2,199	2,199	-	28.7%
Snow Hill Developments LLP**	750	750	983	233	12.8%
Mosaic Spa and Health Clubs Limited*	1,500	1,147	825	(130)	10.8%
Avon Solar Energy Limited	505	505	618	95	8.1%
Wickham Solar Limited	473	550	600	50	7.8%
Odysian (Holdings) Limited	857	873	591	-	7.7%
Westcountry Solar Solutions Limited	600	600	521	(79)	6.8%
City Falkirk Limited	674	330	283	-	3.7%
Fubar Stirling Limited	429	410	270	-	3.5%
Oak Grove Renewable Limited	400	400	233	(85)	3.0%
London City Shopping Centre Limited**	50	88	88	-	1.2%
Clean Electricity Limited**	70	70	70	-	0.9%
UK Renewable Power Limited**	55	55	55	-	0.7%
Cheers Dumbarton Limited	76	27	27	-	0.3%
21st Century Energy Limited**	22	22	22	-	0.3%
		<u>8,026</u>	<u>7,385</u>	<u>84</u>	<u>96.3%</u>
Cash at bank and in hand			<u>266</u>		<u>3.7%</u>
Total investments			<u>7,651</u>		<u>100.0%</u>

* partially qualifying investment

** non-qualifying investment

All Venture Capital investments are incorporated in England and Wales.

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

Investment movements for the year ended 31 March 2017

DISPOSALS

	Cost £'000	Valuation ~ at 01/04/16 £'000	Proceeds £'000	Profit vs. cost £'000	Realised gain £'000
Kidspace Adventures Holdings Limited	1,351	1,384	1,398	47	14
Tooting Tram and Social Limited*	1,187	1,223	1,289	102	66
Kidspace Adventures Limited**	539	539	539	-	-
	<u>3,077</u>	<u>3,146</u>	<u>3,226</u>	<u>149</u>	<u>80</u>

~ adjusted for purchases during the year

* partially qualifying investment

** non-qualifying investment

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

Further details of the ten largest Venture Capital investments held by the DP2011 General Share pool:

Vulcan Renewables Limited



Cost at 31/03/17:	£2,199,000	Valuation at 31/03/17:	£2,199,000
Cost at 31/03/16:	£2,199,000	Valuation at 31/03/16:	£2,199,000
Original cost pre-merger:	£1,845,000		
Date of first investment:	Apr 12	Valuation method:	Price of recent investment
Investment comprises:			
Ordinary shares:	£1,713,000	Proportion of equity held:	13%
A loan stock:	£486,000	Proportion of A loan stock held:	7%

Summary financial information from statutory accounts to

	31 May 2016	30 Nov 2014
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Turnover:	£3.4m	£3.6m

Vulcan Renewables Limited is developing a 2MW maize fed biogas plant near Doncaster. Through an anaerobic digestion process biogas is produced which is used to generate gas. The company benefits from the receipt of FiTs and payments for gas exported to the National Gas Grid.

Snow Hill Developments LLP



Cost at 31/03/17:	£750,000	Valuation at 31/03/17:	£983,000
Cost at 31/03/16:	£750,000	Valuation at 31/03/16:	£750,000
Original cost pre-merger:	£750,000		
Date of first investment:	Oct 11	Valuation method:	Discounted cash flow - investment
Investment comprises:			
Loan stock:	£750,000	Proportion of loan stock held:	65%

Summary financial information from statutory accounts to 30 June

	2016	2015
Turnover:	-	£1.6m
Operating (loss)/profit:	(£0.1m)	£1.6m
Net assets:	£2.4m	£2.3m

This is a non-qualifying, secured loan to a special purpose vehicle established to undertake a property development project close to Snow Hill in Birmingham under the Business Premises Renovation Allowance (BPRA) scheme.

Mosaic Spa and Health Clubs Limited

www.mosaicspaandhealth.co.uk



Cost at 31/03/17:	£1,147,000	Valuation at 31/03/17:	£825,000
Cost at 31/03/16:	£1,147,000	Valuation at 31/03/16:	£955,000
Original cost pre-merger:	£1,500,000		
Date of first investment:	Feb 11	Valuation method:	Multiples
Investment comprises:			
Ordinary A Shares:	£19,000	Proportion of A equity held:	12%
A Loan stock:	£262,000	Proportion of A loan stock held:	5%
B Loan stock:	£866,000	Proportion of B loan stock held:	16%

Summary financial information from statutory accounts to 31 December

	2015	2014
Turnover:	£8.0m	£7.6m
Operating profit:	(£0.1m)	£0.01m
Net assets:	£1.3m	£1.6m

Mosaic Spa and Health Clubs Limited owns two health clubs and operates a spa and health club management company. The company currently has 30 management contracts to provide gyms and spa services to hotels, educational establishments, university and corporate clients.

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

Avon Solar Energy Limited
www.britanniasolar.co.uk



Cost at 31/03/17:	£505,000	Valuation at 31/03/17:	£618,000
Cost at 31/03/16:	£505,000	Valuation at 31/03/16:	£523,000
Original cost pre-merger:	£505,000		
Date of first investment:	Sep 11	Valuation method:	Discounted cash flow - business
Investment comprises:			
Ordinary Shares:	£180,000	Proportion of equity held:	15%
Loan stock:	£325,000	Proportion of loan stock held:	30%

Summary financial information from statutory accounts to 31 July

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.3m	£0.3m

Avon Solar Energy Limited owns solar panels on the rooftops of over 190 domestic properties in the south west of the UK. The households benefit from free electricity whilst Avon Solar receives FITs and payments for the surplus electricity produced and exported to the National Grid.

Wickham Solar Limited



Cost at 31/03/17:	£550,000	Valuation at 31/03/17:	£600,000
Cost at 31/03/16:	£550,000	Valuation at 31/03/16:	£550,000
Original cost pre-merger:	£473,000		
Date of first investment:	Mar 13	Valuation method:	Discounted cash flow - business
Investment comprises:			
Ordinary shares:	£550,000	Proportion of equity held:	10%

Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	£0.8m	£0.8m
Operating profit:	£0.3m	£0.3m
Net assets:	£4.7m	£4.6m

Wickham Solar Limited owns a 5.6MW ground-mounted solar farm in Bourne, Lincolnshire. The project was developed by Lark Energy and Armstrong Energy, with Lark Energy undertaking the installation of the system under an EPC Agreement.

Odysian (Holdings) Limited



Cost at 31/03/17:	£873,000	Valuation at 31/03/17:	£591,000
Cost at 31/03/16:	£873,000	Valuation at 31/03/16:	£591,000
Original cost pre-merger:	£857,000		
Date of first investment:	Mar 12	Valuation method:	Multiples
Investment comprises:			
Ordinary A Shares:	£109,000	Proportion of A equity held:	60%
Ordinary B Shares:	£173,000	Proportion of B equity held:	60%
A loan stock:	£591,000	Proportion of A loan stock held:	34%

Summary financial information from statutory accounts to 1 May

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.3m	£0.3m

Odysian owns and operates a large, modern, high end multi-room nightclub in Chester called Cruise. The high calibre management team are also invested in the company.

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

Westcountry Solar Solutions Limited



Cost at 31/03/17:	£600,000	Valuation at 31/03/17:	£521,000
Cost at 31/03/16:	£600,000	Valuation at 31/03/16:	£600,000
Original cost pre-merger:	£600,000		
Date of first investment:	Aug 11	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary A shares:	£180,000	Proportion of A equity held:	15%
Loan stock:	£420,000	Proportion of loan stock held:	30%

Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net (liabilities)/assets:	(£0.1m)	£0.1m

Westcountry Solar Solutions Limited has developed a portfolio of rooftop solar PV assets across the UK. The solar PV assets have been installed on school rooftops. The schools benefit from free electricity whilst the Company benefits from the FITs scheme for the 25 year life of the assets. Any surplus electricity is sold to third party power off-takers.

City Falkirk Limited
www.cityfalkirk.co.uk



Cost at 31/03/17:	£330,000	Valuation at 31/03/17:	£283,000
Cost at 31/03/16:	£330,000	Valuation at 31/03/16:	£283,000
Original cost pre-merger:	£674,000		
Date of first investment:	Apr 12	Valuation method:	Multiples

Investment comprises:

A ordinary shares:	£nil	Proportion of A equity held:	22%
B ordinary shares:	£nil	Proportion of B equity held:	22%
B Loan stock:	£330,000	Proportion of B loan stock held:	22%

Summary financial information from the statutory accounts to 29 (2015: 28) February

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net liabilities:	(£0.2m)	(£0.1m)

City Falkirk Limited owns and operates the City & Sportsters sports bar and nightclub in Falkirk. This freehold asset was purchased out of administration and is being run on a management contract by Lochrise Limited.

Fubar Stirling Limited
www.fubarclub.info



Cost at 31/03/17:	£410,000	Valuation at 31/03/17:	£270,000
Cost at 31/03/16:	£410,000	Valuation at 31/03/16:	£270,000
Original cost pre-merger:	£429,000		
Date of first investment:	Dec 12	Valuation method:	Multiples

Investment comprises:

Ordinary A shares:	£nil	Proportion of A equity held:	22%
Ordinary B shares:	£110,000	Proportion of B equity held:	22%
B loan stock:	£300,000	Proportion of B loan stock held:	22%

Summary financial information from statutory accounts to 29 (2015: 28) February

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.4m	£0.5m

Fubar Stirling Limited owns and operates the Fubar nightclub in Stirling, Scotland. This freehold asset was purchased out of administration and is being run on a management contract by Lochrise Limited.

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

Oak Grove Renewables Limited



Cost at 31/03/17:	£400,000	Valuation at 31/03/17:	£233,000
Cost at 31/03/16:	£400,000	Valuation at 31/03/16:	£317,000
Original cost pre-merger:	£400,000		
Date of first investment:	Feb 14	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary B Shares:	£400,000	Proportion of B equity held:	5%
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Summary financial information from the consolidated statutory accounts to

	31 May 2016	30 Nov 2014
Turnover:	n/a*	£2.6m
Operating loss:	n/a*	(£0.3m)
Net assets:	£5.2m	£3.8m

Oak Grove Renewables Limited funded the development of a 2MW anaerobic digestion plant at Scottow in Norfolk. The company sources maize and rye silage from a local farming co-operative under a long term feedstock agreement. The silage is fed into the biogas plant and the biomethane produced, through the anaerobic digestion process, is converted into electricity and fed into the National Grid.

Note: the proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

* Turnover and operating profit figures not publicly available as abbreviated small company accounts filed.

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

Summary of loan stock interest income and interest on advances

	£'000
Loan stock interest and interest on advances receivable in the year	
Vulcan Renewables Limited	136
Mosaic Spa and Health Clubs Limited	-
Snow Hill Developments LLP	-
Westcountry Solar Solutions Limited	57
Odysian (Holdings) Limited	71
Wickham Solar Limited	-
Oak Grove Renewables Limited	-
Fubar Stirling Limited	27
City Falkirk Limited	43
Avon Solar Energy Limited	78
	<u>412</u>
Receivable from other investments	84
	<u>496</u>

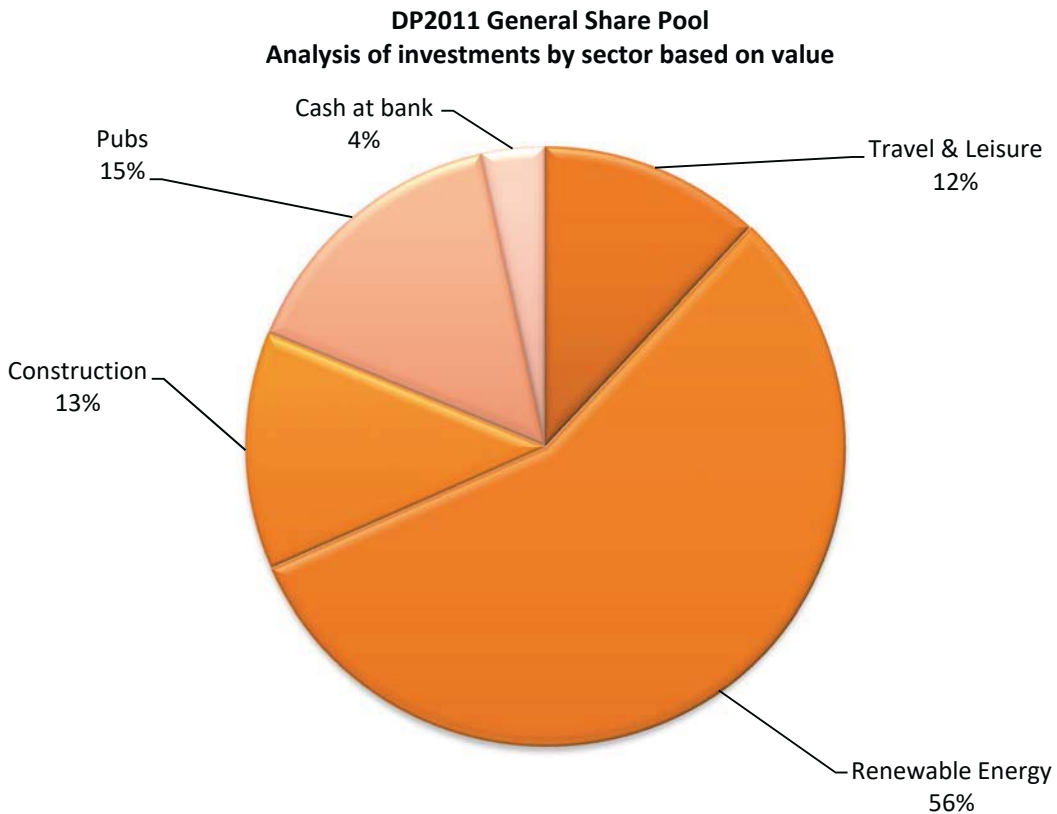
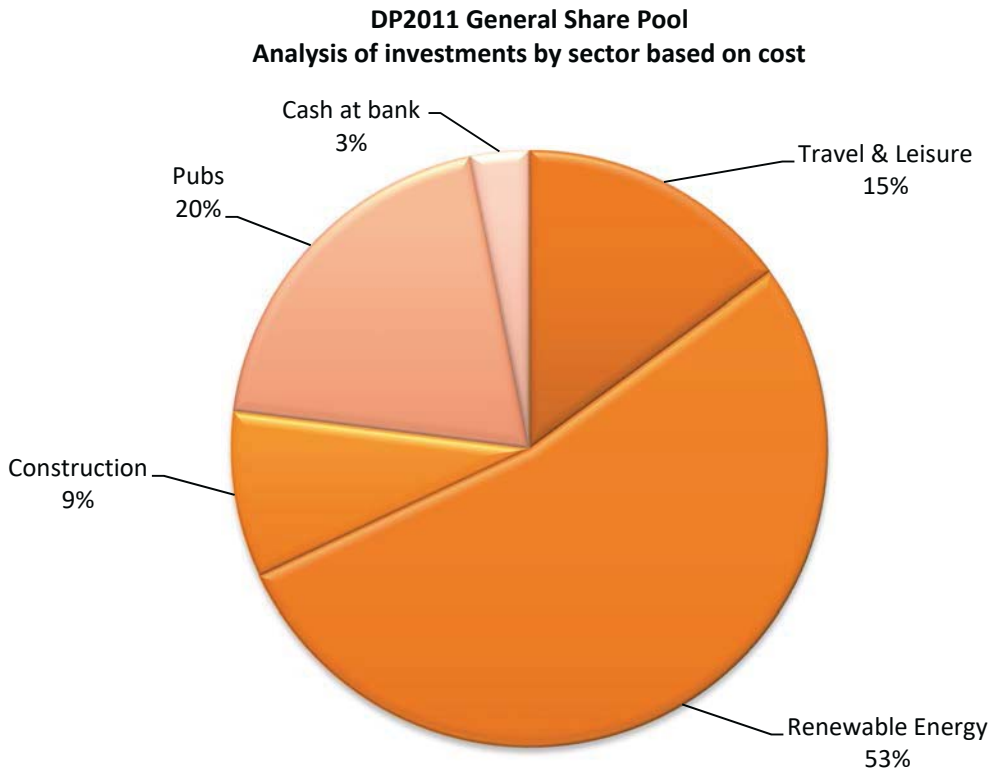
Analysis of investments by type

The allocation of the DP2011 General Share funds compared to the target split is summarised as follows:

	Actual portfolio split at 31 March 2017	Target portfolio split at 31 March 2017
VCT Qualifying Investments		
Qualifying loan stock	40%	50%
Ordinary shares	41%	25%
Total	<u>81%</u>	<u>75%</u>
Non-Qualifying Investments		
Non-qualifying loan stock and advances	15%	25%
Total	<u>15%</u>	<u>25%</u>
Cash	4%	-
	<u>100%</u>	<u>100%</u>

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

The split of the DP2011 General Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2017) is as follows:



DP2011 STRUCTURED SHARE POOL SUMMARY

Financial highlights

	31 Mar 2017 pence	31 Mar 2016 pence
Net asset value per DP2011 Structured Ordinary Share	4.8	77.1
Net asset value per DP2011 Structured A Share	31.9	6.1
Cumulative distributions	65.0	22.5
Total return per DP2011 Structured Ordinary Share and DP2011 Structured A Share	<u>101.7</u>	<u>105.7</u>

Dividend history

Period end	Date paid/payable	Pence per share
Pre-merger dividends		20.0
2016 Interim	23 December 2015	2.5
2016 Special	2 September 2016	32.5
2017 Special	14 February 2017	10.0
		<u>65.0</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	DP2011 Struc A Shares	DP2011 Struc Ord Shares
TIDM/EPIC codes	D4SO	D4SA
Latest share price (28 July 2017)	10.55p per share	15.005p per share

Structure of shareholdings

The original Share offer under Downing Planned Exit VCT 2011 plc was launched in March 2011. For every £1 invested, Shareholders received one Downing Planned Exit 2011 Structured Share and one Downing Planned Exit 2011 Structured A Share (together a "Combined Share"). These were converted to one Downing FOUR DP2011 Structured Ordinary share and one Downing FOUR DP2011 Structured A share as part of the merger in July 2015.

Performance incentive arrangements

The DP2011 Structured A Shares are designed to facilitate the payment of a performance incentive to the management team, should any such incentive become payable in the future. The DP2011 Structured A Shares were initially issued at a price of 6.5p per share and the management team subscribed for 15% of the DP2011 Structured A Shares issued. Any performance incentive due will be paid by virtue of dividends being declared on the DP2011 Structured A Shares.

Once total Shareholder proceeds exceed 70p per Combined Share, the management team will receive 15% of the surplus by virtue of their DP2011 Structured A Shareholdings. When total Shareholder proceeds exceed 120p per Combined Share, no further incentive will be paid.

Target exit date

The fifth anniversary of the close of the DP2011 Structured Share offer was April 2016, and so the process of realising the DP2011 Structured Share pool investments is currently underway. Shareholders should note that the process of realising the share pool's investments may take some time to complete.

INVESTMENT MANAGER'S REPORT- DP2011 STRUCTURED SHARE POOL

Introduction

At 31 March 2017 the DP2011 Structured Share pool was fully invested with a portfolio value of £4.2 million, comprising 10 fully or partially qualifying venture capital investments.

Now that the five-year anniversary has passed, we are looking to seek appropriate exit strategies to maximise returns to Shareholders.

Net asset value and results

The net asset value ("NAV") of a combined holding of one DP2011 Structured Ordinary Share and one DP2011 Structured A Share at 31 March 2017 stood at 36.7p, a decrease of 4.0p or 4.8% over the year after adjusting for dividends paid. Total Return stands at 101.7p per share compared to an initial cost to Shareholders, net of income tax relief, of 70.0p per share.

The profit on ordinary activities after taxation for the year (2016: period) was £72,000 (2016: £10,000), comprising a revenue profit of £192,000 (2016: £247,000) and a capital loss of £120,000 (2016: £257,000).

Venture Capital investments

Investment activity

The DP2011 Structured Share pool began the period with £7.3 million of investments and ended the period with £4.2 million spread across a portfolio of 10 Venture Capital investments. There were no new or follow on investments made in the year

Two full disposals were made during the period generating total proceeds of £1.6 million and realised gains of £53,000.

Portfolio valuation

Two small uplifts were made on Avon Solar Energy Limited and Wickham Solar Limited, of £64,000 and £50,000 respectively.

Unfortunately these gains were offset by unrealised losses totalling £255,000. The most significant of these was Oak Grove Renewables, as it has continued to experience operating issues and was written down by £115,000 as a result. Mosaic Spa and Health Clubs Limited is in an exit process and the £87,000 value reduction is reflective of the anticipated proceeds. A smaller write down on Westcountry Solar Limited of £53,000 was also made in the year.

Structured Products

The Structured portfolio was sold in the year, resulting in realised gains of £31,000.

Outlook

The focus for the Share pool is on realisations and monitoring performance in order to maximise growth opportunities. Several companies are currently in exit processes and we hope to see further progress in this regard over the next few months.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Pre- merger Cost £'000	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments					
Vulcan Renewables Limited	1,091	1,305	1,305	-	30.6%
Wickham Solar Limited	473	550	600	50	14.1%
Mosaic Spa and Health Clubs Limited*	920	685	470	(87)	11.0%
Avon Solar Energy Limited	336	336	412	64	9.7%
Odysian (Holdings) Limited	571	582	394	-	9.2%
Westcountry Solar Solutions Limited	400	400	347	(53)	8.1%
Oak Grove Renewables Limited	545	545	318	(115)	7.5%
City Falkirk Limited	450	220	189	-	4.4%
Fubar Stirling Limited	286	273	180	-	4.2%
Cheers Dumbarton Limited	51	18	18	-	0.4%
		<u>4,914</u>	<u>4,233</u>	<u>(141)</u>	<u>99.2%</u>
Cash at bank and in hand			<u>28</u>		<u>0.8%</u>
Total investments		<u>4,261</u>			<u>100.0%</u>

* partially qualifying investment

All Venture Capital investments are incorporated in England and Wales.

The figures shown in the "Pre-merger Cost" column are the original costs of the investments, prior to the merger in July 2015.

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

Investment movements for the year ended 31 March 2017

DISPOSALS

	Cost £'000	Valuation ~ at 01/04/16 £'000	Proceeds £'000	Profit vs. cost £'000	Realised gain £'000
Structured Product investments					
HSBC 7.1% Defensive Worst-Of-Auto-Call	447	458	469	22	11
RBS 6 Yr Dual Index Synthetic Zero 10.16%	373	380	385	12	5
Credit Suisse 10% Defensive Worst-Of-Auto-Call	290	293	302	12	9
Credit Suisse 7% Defensive Worst-Of-Auto-Call	279	291	297	18	6
Venture Capital investments					
Kidspace Adventures Holdings Limited	901	923	932	31	9
Tooting Tram and Social Limited*	613	637	681	68	44
	<u>2,903</u>	<u>2,982</u>	<u>3,066</u>	<u>163</u>	<u>84</u>

* partially qualifying investment

~ adjusted for purchases during the year

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

Further details of the ten largest Venture Capital investments held by the DP2011 Structured Share pool:

Vulcan Renewables Limited



Cost at 31/03/17:	£1,305,000	Valuation at 31/03/17:	£1,305,000
Cost at 31/03/16:	£1,305,000	Valuation at 31/03/16:	£1,305,000
Original cost pre-merger:	£1,091,000		
Date of first investment:	Apr 12	Valuation method:	Price of recent investment

Investment comprises:

Ordinary shares:	£1,035,000	Proportion of equity held:	8%
A loan stock:	£270,000	Proportion of A loan stock held:	28%

Summary financial information from statutory accounts to

	31 May 2016	30 Nov 2014
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£3.4m	£3.6m

Vulcan Renewables Limited is developing a 2MW maize fed biogas plant near Doncaster. Through an anaerobic digestion process biogas is produced which is used to generate gas. The company benefits from the receipt of FITs and payments for gas exported to the National Gas Grid.

Wickham Solar Limited



Cost at 31/03/17:	£550,000	Valuation at 31/03/17:	£600,000
Cost at 31/03/16:	£550,000	Valuation at 31/03/16:	£550,000
Original cost pre-merger:	£473,000		
Date of first investment:	Mar 13	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary shares:	£550,000	Proportion of equity held:	10%
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Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	£0.8m	£0.8m
Operating profit:	£0.3m	£0.3m
Net assets:	£4.7m	£4.6m

Wickham Solar Limited owns a 5.6MW ground-mounted solar farm in Bourne, Lincolnshire. The project was developed by Lark Energy and Armstrong Energy, with Lark Energy undertaking the installation of the system under an EPC Agreement.

Mosaic Spa and Health Clubs Limited

www.mosaicspaandhealth.co.uk



Cost at 31/03/17:	£685,000	Valuation at 31/03/17:	£470,000
Cost at 31/03/16:	£685,000	Valuation at 31/03/16:	£557,000
Original cost pre-merger:	£920,000		
Date of first investment:	Feb-11	Valuation method:	Multiples

Investment comprises:

Ordinary A Shares:	£12,000	Proportion of A equity held:	8%
A Loan stock:	£95,000	Proportion of A loan stock held:	2%
B Loan stock:	£578,000	Proportion of B loan stock held:	11%

Summary financial information from statutory accounts to 31 December

	2015	2014
Turnover:	£8.0m	£7.6m
Operating (loss)/profit:	(£0.1m)	£0.1m
Net assets:	£1.3m	£1.6m

Mosaic Spa and Health Clubs Limited owns two health clubs and operates a spa and health club management company. The company currently has 30 management contracts to provide gyms and spa services to hotels, educational establishments, university and corporate clients.

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

Avon Solar Energy Limited
www.britanniasolar.co.uk



Cost at 31/03/17:	£336,000	Valuation at 31/03/17:	£412,000
Cost at 31/03/16:	£336,000	Valuation at 31/03/16:	£348,000
Original cost pre-merger:	£336,000		
Date of first investment:	Sep 11	Valuation method:	Discounted cash flow - business

Investment comprises:			
Ordinary Shares:	£120,000	Proportion of equity held:	10%
Loan stock:	£216,000	Proportion of loan stock held:	20%

Summary financial information from statutory accounts to 31 July

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.3m	£0.3m

Avon Solar Energy Limited owns solar panels on the rooftops of over 190 domestic properties in the south west of the UK. The households benefit from free electricity whilst Avon Solar receives FITs and payments for the surplus electricity produced and exported to the National Grid.

Odysian (Holdings) Limited



Cost at 31/03/17:	£582,000	Valuation at 31/03/17:	£394,000
Cost at 31/03/16:	£582,000	Valuation at 31/03/16:	£394,000
Original cost pre-merger:	£571,000		
Date of first investment:	Mar 12	Valuation method:	Multiples

Investment comprises:			
Ordinary A Shares:	£73,000	Proportion of A equity held:	40%
Ordinary B Shares:	£115,000	Proportion of B equity held:	40%
A loan stock:	£394,000	Proportion of A loan stock held:	24%

Summary financial information from statutory accounts to 1 May

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.3m	£0.3m

Odysian owns and operates a large, modern, high end multi-room nightclub in Chester called Cruise. The high calibre management team are also invested in the company.

Westcountry Solar Solutions Limited



Cost at 31/03/17:	£400,000	Valuation at 31/03/17:	£347,000
Cost at 31/03/16:	£400,000	Valuation at 31/03/16:	£400,000
Original cost pre-merger:	£400,000		
Date of first investment:	Aug 11	Valuation method:	Discounted cash flow - business

Investment comprises:			
A ordinary shares:	£120,000	Proportion of A equity held:	10%
Loan stock:	£280,000	Proportion of loan stock held:	20%

Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net (liabilities)/assets:	(£0.1m)	£0.1m

Westcountry Solar Solutions Limited has developed a portfolio of rooftop solar PV assets across the UK. The solar PV assets have been installed on school rooftops. The schools benefit from free electricity whilst the Company benefits from the FITs scheme for the 25 year life of the assets. Any surplus electricity is sold to third party power off-takers.

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

Oak Grove Renewables Limited



Cost at 31/03/17:	£545,000	Valuation at 31/03/17:	£318,000
Cost at 31/03/16:	£545,000	Valuation at 31/03/16:	£433,000
Original cost pre-merger:	£545,000		
Date of first investment:	Oct 12	Valuation method:	Discounted cash flow - business

Investment comprises:

A ordinary shares:	£545,000	Proportion of A equity held:	7%
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Summary financial information from statutory accounts to

	31 May 2016	30 Nov 2014
Turnover:	n/a*	£2.6m
Operating loss:	n/a*	(£0.3m)
Net assets:	£5.2m	£3.8m

Oak Grove Renewables Limited funded the development of a 2MW anaerobic digestion plant at Scottow in Norfolk. The company sources maize and rye silage from a local farming co-operative under a long term feedstock agreement. The silage is fed into the biogas plant and the biomethane produced, through the anaerobic digestion process, is converted into electricity and fed into the National Grid.

City Falkirk Limited

www.cityfalkirk.co.uk



Cost at 31/03/17:	£220,000	Valuation at 31/03/17:	£189,000
Cost at 31/03/16:	£220,000	Valuation at 31/03/16:	£189,000
Original cost pre-merger:	£450,000		
Date of first investment:	Feb 12	Valuation method:	Multiples

Investment comprises:

A ordinary shares:	£nil	Proportion of A equity held:	14%
B ordinary shares:	£nil	Proportion of B equity held:	15%
A loan stock:	£220,000	Proportion of A loan stock held:	15%

Summary financial information from statutory accounts to 29 (2015:28) February

	2016	2015
Turnover:	n/a*	n/a*
Operating loss:	n/a*	n/a*
Net liabilities:	(£0.2m)	(£0.1m)

City Falkirk Limited owns and operates the City & Sportsters sports bar and nightclub in Falkirk. This freehold asset was purchased out of administration and is being run on a management contract by Lochrise Limited.

Fubar Stirling Limited

www.fubarclub.info



Cost at 31/03/17:	£273,000	Valuation at 31/03/17:	£180,000
Cost at 31/03/16:	£273,000	Valuation at 31/03/16:	£180,000
Original cost pre-merger:	£286,000		
Date of first investment:	May 12	Valuation method:	Multiples

Investment comprises:

A ordinary shares:	£nil	Proportion of A equity held:	14%
B ordinary shares:	£73,000	Proportion of B equity held:	15%
A loan stock:	£200,000	Proportion of A loan stock held:	15%

Summary financial information from statutory accounts to 29 (2015: 28) February

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.4m	£0.5m

Fubar Stirling Limited owns and operates the Fubar nightclub in Stirling, Scotland. This freehold asset was purchased out of administration and is being run on a management contract by Lochrise Limited.

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

Cheers Dumbarton Limited
www.cheersnightclub.co.uk



Cost at 31/03/17:	£18,000	Valuation at 31/03/17:	£18,000
Cost at 31/03/16:	£18,000	Valuation at 31/03/16:	£18,000
Original cost pre-merger:	£51,000		
Date of first investment:	May 12	Valuation method:	Multiples

Investment comprises:

A ordinary shares:	£nil	Proportion of A equity held:	14%
B ordinary shares:	£nil	Proportion of B equity held:	15%
A loan stock:	£18,000	Proportion of A loan stock held:	15%

Summary financial information from statutory accounts to 29 (2015: 28) February

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£nil	£nil

Cheers Dumbarton Limited owns and operates Cheers, a nightclub in Dumbarton, Scotland. This freehold asset was purchased out of administration and is being run on a management contract by Lochrise Limited.

Note: the proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

* Turnover and operating profit figures not publicly available as abbreviated small company accounts filed.

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

Summary of loan stock interest income and interest on advances

	£'000
Loan stock interest and interest on advances receivable in the year	
Vulcan Renewables Limited	76
Mosaic Spa and Health Clubs Limited	-
Wickham Solar Limited	-
Oak Grove Renewables Limited	-
Westcountry Solar Solutions Limited	38
Odysian (Holdings) Limited	47
Avon Solar Energy Limited	52
City Falkirk Limited	38
Fubar Stirling Limited	24
Cheers Dumbarton Limited	4
	<u>279</u>
Receivable from other investments	46
	<u>325</u>

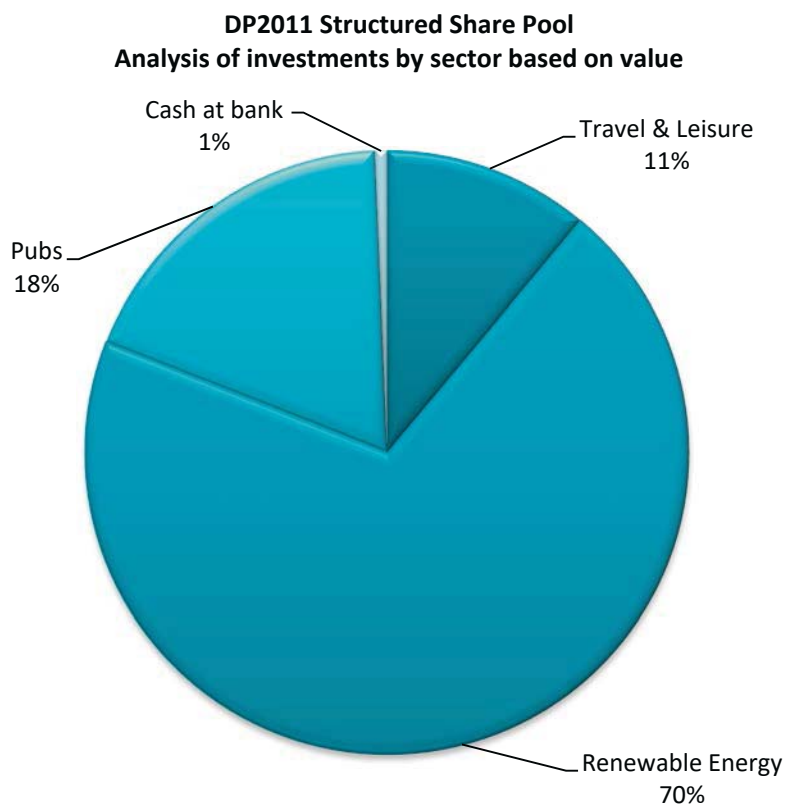
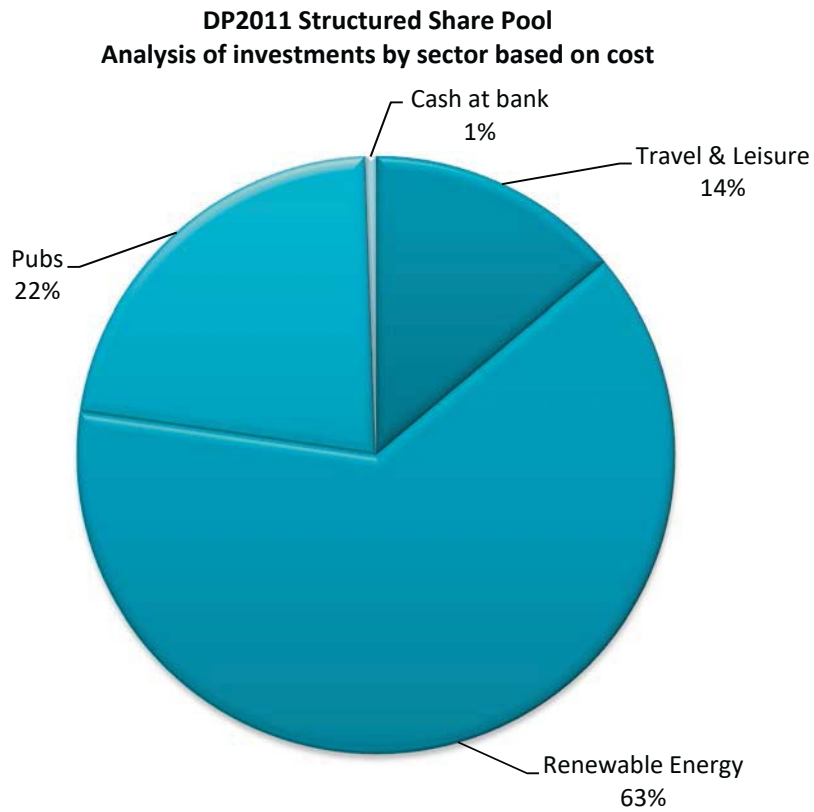
Analysis of investments by type

The allocation of the DP2011 Structured Share funds compared to the target split is summarised as follows:

	Actual portfolio split at 31 March 2017	Target portfolio split at 31 March 2017
VCT Qualifying Investments		
Qualifying loan stock	44%	50%
Ordinary shares	53%	25%
Total	<u>97%</u>	<u>75%</u>
Non-Qualifying Investments		
Non-qualifying loan stock and advances	2%	25%
Total	<u>2%</u>	<u>25%</u>
Cash	1%	-
	<u>100%</u>	<u>100%</u>

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

The split of the DP2011 Structured Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2017) is as follows:



DP2011 LOW CARBON SHARE POOL SUMMARY

Financial highlights

	31 Mar 2017 pence	31 Mar 2016 pence
Net asset value per DP2011 Low Carbon Ordinary Share	43.0	41.6
Cumulative distributions	73.9	73.9
Adjusted for performance estimate	(2.5) *	-
Total return per DP2011 Low Carbon Ordinary Share	<u>114.4</u>	<u>115.5</u>

* Based on Total Return levels at 31 March 2017, performance fees are expected to become due to management. These are estimated to be 2.5p per DP2011 Low Carbon Share.

Dividend history

Period end	Date paid	Pence per share
Pre-merger dividends		21.4
2016 Interim	23 December 2015	2.5
2016 Special	27 May 2016	50.0
		<u>73.9</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	DP2011 LC Shares
TIDM/EPIC codes	D4LC
Latest share price (28 July 2017)	17.5p per share

Structure of shareholdings

The original Share offer under Downing Planned Exit VCT 2011 plc was launched in March 2011. For every 93.5p invested, Shareholders received one Downing Planned Exit 2011 Low Carbon Share. Each Share was converted to 0.935 Downing FOUR DP2011 Low Carbon Ordinary shares as part of the merger in July 2015 in order to rebase the cost of the original shares to £1 in line with the other share pools.

Performance incentive arrangements

A performance incentive fee is due to management when total Shareholder proceeds exceeds 70p per DP2011 Low Carbon Ordinary share. The fee is calculated at 15% of the surplus above 70p until total Shareholder proceeds reach 120p per share, after which no further fee accrues.

Target exit date

The fifth anniversary of the close of the DP2011 Low Carbon Share offer was April 2016, and so the process of realising the DP2011 Low Carbon Share pool investments is currently underway. Shareholders should note that the process of realising the share pool's investments may take some time to complete.

INVESTMENT MANAGER'S REPORT- DP2011 LOW CARBON SHARE POOL

Introduction

The task of building the DP2011 Low Carbon portfolio was completed at an early stage. The process of realising the portfolio and returning funds to Shareholders is now underway.

Net asset value and results

The net asset value ("NAV") per DP2011 Low Carbon Share at 31 March 2017 stood at 43.0p, an increase of 1.4p or 3.4% over the year after adjusting for dividends paid. Total Return stands at 114.4p per share compared to initial cost to Shareholders, net of income tax relief, of 70.0p per share, after rebasing to 100p during the merger.

The profit on ordinary activities after taxation for the year (2016: period) was £107,000 (2016: £424,000), comprising a revenue profit of £83,000 (2016: £211,000) and a capital gain of £24,000 (2016: £213,000).

Venture Capital investments

Investment activity

The DP2011 Low Carbon Share pool began the period with £3.0 million of investments and ended with £3.1 million spread across a portfolio of 4 Venture Capital investments. All of the investments own solar PV panels sited on a mix of commercial and residential rooftops, all of which received Feed in Tariffs ("FiTs").

The Share pool is in the exit stage and therefore no new or further investments have been made in the period. All four investments are currently in an exit process and the valuations reflect the anticipated proceeds.

Outlook

The exit processes are progressing with the four companies in this Share pool, and it is our expectation that these will be completed during the summer.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS – DP2011 LOW CARBON SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Pre-merger cost £'000	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments					
Progressive Power Generation Limited	800	800	800	-	25.2%
UK Renewable Power Limited	780	780	780	-	24.5%
21st Century Energy Limited	600	708	775	67	24.4%
Clean Electricity Limited	780	710	710	-	22.3%
		<u>2,998</u>	<u>3,065</u>	<u>67</u>	<u>96.4%</u>
Cash at bank and in hand			<u>116</u>		<u>3.6%</u>
Total investments			<u><u>3,181</u></u>		<u><u>100.0%</u></u>

All Venture Capital investments are incorporated in England and Wales.

The figures shown in the “Pre-merger Cost” column are the original costs of the investments, prior to the merger in July 2015.

Investment movements for the year ended 31 March 2017

There were no additions or disposals during the year.

REVIEW OF INVESTMENTS – DP2011 LOW CARBON SHARE POOL (continued)

Further details of the Venture Capital investments held by the DP2011 Low Carbon Share pool:

Progressive Power Generation Limited



Cost at 31/03/17:	£800,000	Valuation at 31/03/17:	£800,000
Cost at 31/03/16:	£800,000	Valuation at 31/03/16:	£800,000
Original cost pre-merger:	£800,000		
Date of first investment:	Jul 11	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary shares:	£240,000	Proportion of equity held:	50%
Loan stock:	£560,000	Proportion of loan stock held:	100%

Summary financial information from statutory accounts to 30 June

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.1m	£0.2m

Progressive Power Generation Limited owns a portfolio of solar panels on the rooftops of over 400 domestic properties in the UK. The households benefit from free electricity whilst Progressive Power Generation receive FiTs and payments for the surplus electricity produced and exported to the National Grid. The investment partner is Solar Capital Limited.

UK Renewable Power Limited



Cost at 31/03/17:	£780,000	Valuation at 31/03/17:	£780,000
Cost at 31/03/16:	£780,000	Valuation at 31/03/16:	£780,000
Original cost pre-merger:	£780,000		
Date of first investment:	Feb 12	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary shares:	£234,000	Proportion of equity held:	50%
A loan stock:	£546,000	Proportion of A loan stock held:	90%

Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	£0.1m	£0.1m
Operating profit:	£0.1m	£0.1m
Net assets (liabilities)/assets:	(£0.1m)	£0.1m

UK Renewable Power Limited has installed a portfolio of commercial solar panels on the roofs of chicken sheds in Norfolk and Lincolnshire. The companies benefit from free electricity whilst UK Renewable Power receives FiTs and payments for the surplus electricity produced and exported to the National Grid.

21st Century Energy Limited
www.freetricity.net



Cost at 31/03/17:	£708,000	Valuation at 31/03/17:	£775,000
Cost at 31/03/16:	£708,000	Valuation at 31/03/16:	£708,000
Original cost pre-merger:	£600,000		
Date of first investment:	Mar 12	Valuation method:	Discounted cash flow - business

Investment comprises:

Ordinary shares:	£288,000	Proportion of equity held:	50%
A Loan stock:	£420,000	Proportion of A loan stock held:	87%

Summary financial information from statutory accounts to 30 June

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.2m	£0.2m

21st Century Energy has invested in a portfolio of commercial solar panels. The companies benefit from free electricity whilst 21st Century Energy receives FiTs and payments for the surplus electricity produced and exported to the National Grid.

REVIEW OF INVESTMENTS – DP2011 LOW CARBON SHARE POOL (continued)

Clean Electricity Limited



Cost at 31/03/17:	£710,000	Valuation at 31/03/17:	£710,000
Cost at 31/03/16:	£710,000	Valuation at 31/03/16:	£710,000
Original cost pre-merger:	£780,000		
Date of first investment:	Feb-12	Valuation method:	Discounted cash flow - business
Investment comprises:			
Ordinary Shares:	£164,000	Proportion of equity held:	50%
Loan stock:	£546,000	Proportion of loan stock held:	92%

Summary financial information from statutory accounts to 30 September

	2016	2015
Turnover:	n/a*	n/a*
Operating profit:	n/a*	n/a*
Net assets:	£0.1m	£0.1m

Clean Electricity Limited has installed a portfolio of commercial solar panels on the roofs of chicken sheds in Norfolk and Lincolnshire. The companies benefit from free electricity whilst Clean Electricity receives FITs and payments for the surplus electricity produced and exported to the National Grid.

Note: the proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

* Turnover and operating profit figures not publicly available as abbreviated small company accounts filed.

REVIEW OF INVESTMENTS – DP2011 LOW CARBON SHARE POOL (continued)

Summary of loan stock interest income and interest on advances

	£'000
Loan stock interest and interest on advances receivable in the year	
Progressive Power Generation Limited	15
UK Renewable Power Limited	40
Clean Electricity Limited	70
21st Century Energy Limited	54
	<u>179</u>
Receivable from other investments	-
	<u><u>179</u></u>

Analysis of investments by type

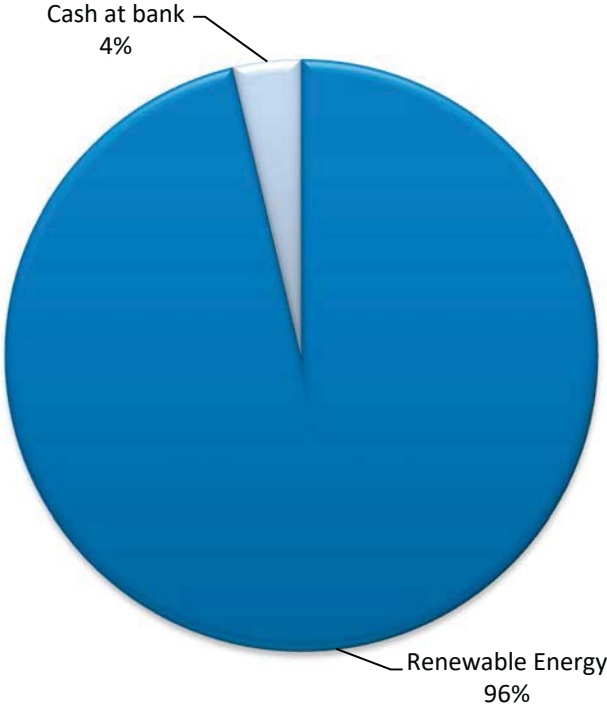
The allocation of the DP2011 Low Carbon Share funds compared to the target split is summarised as follows:

	Actual portfolio split at 31 March 2017	Target portfolio split at 31 March 2017
VCT Qualifying Investments		
Qualifying loan stock	67%	50%
Ordinary shares	30%	25%
Total	<u>97%</u>	<u>75%</u>
Non-Qualifying Investments		
Non-qualifying loan stock and advances	-	25%
Total	<u>-</u>	<u>25%</u>
Cash	3%	-
	<u>100%</u>	<u>100%</u>

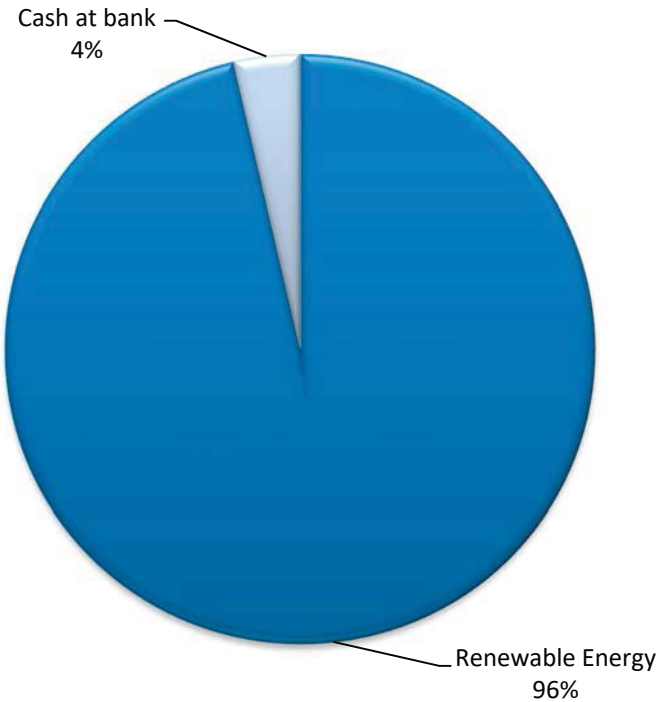
REVIEW OF INVESTMENTS – DP2011 LOW CARBON SHARE POOL (continued)

The split of the DP2011 Low Carbon Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2017) is as follows:

**DP2011 Low Carbon Share Pool
Analysis of investments by sector based on cost**



**DP2011 Low Carbon Share Pool
Analysis of investments by sector based on value**



GENERALIST SHARE POOL SUMMARY

Financial highlights

	31 Mar 2017 pence	31 Mar 2016 pence
Net asset value and total return per Generalist Share	<u>99.9</u>	<u>N/A</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	Generalist Shares
TIDM/EPIC codes	D4G
Latest share price (28 July 2017)	100.0p per share

Performance incentive arrangements

Members of the management team have committed to subscribe for a number of Generalist Shares equal to 20% of the total number of Generalist Shares in issue. The members of the management team have agreed to waive any dividends on these shares until the performance hurdles are met.

For the years ending on or before 31 March 2020, the hurdle is met when Total Return (based on audited year end results) is in excess of £1 per Generalist Share. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2021 the Total Return hurdle will be £1.03, for the year ended 31 March 2022 the hurdle will be £1.06, etc. If the hurdle is met in any year, then members of the management team will receive 20% of the dividends paid.

INVESTMENT MANAGER'S REPORT - GENERALIST SHARE POOL

Introduction

The Generalist Share pool raised a total of £21.7m to 31 March 2017. The process of investing the funds is under way with £225,000 invested during the year.

Net asset value and results

At 31 March 2017, the NAV of a Generalist share stood at 99.9p, a decrease of 0.1p on the initial price, resulting from the initial "cash drag" of holding uninvested funds.

The return on ordinary activities for the Generalist Share pool for the year was a loss of £11,000, being a revenue loss of £6,000 and a capital loss of £5,000.

Investment activity

Two investments totalling £225,000 were made during the year, as we start to build the portfolio of the Generalist Share pool.

£200,000 was invested in Xupes Limited, an online retailer of pre-owned luxury goods including designer watches, handbags, jewellery and antiques. The management team has built a profitable business with a strong brand selling high-quality products, centred on exceptional customer service.

£25,000 was also invested in The MI Downing UK Micro-Cap Growth Fund, which invests in a concentrated portfolio of 25-30 UK listed companies at the smallest end of the UK equity market.

No valuation adjustments have been made in the period, with all investments remaining at cost.

Outlook

The task of building the Generalist Share portfolio has very recently begun. We will continue to seek investment opportunities as we develop the investment portfolio.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS – GENERALIST SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
VCT Qualifying Investments				
Xupes Limited	200	200	-	0.9%
Non-Qualifying Investments				
MI Downing UK Micro-Cap Growth Fund	25	25	-	0.1%
	<u>225</u>	<u>225</u>	<u>-</u>	<u>1.0%</u>
Cash at bank and in hand		<u>21,225</u>		<u>99.0%</u>
Total investments		<u><u>21,450</u></u>		<u><u>100.0%</u></u>

All VCT Qualifying Investments are incorporated in England and Wales.

HEALTHCARE SHARE POOL SUMMARY

Financial highlights

	31 Mar 2017 pence	31 Mar 2016 pence
Net asset value and total return per Healthcare Share	<u>99.7</u>	<u>N/A</u>

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	Healthcare Shares
TIDM/EPIC codes	D4H
Latest share price (28 July 2017)	100.0p per share

Performance incentive arrangements

Members of the management team have committed to subscribe for a number of Healthcare Shares equal to 20% of the total number of Healthcare Shares in issue. The members of the management team have agreed to waive any dividends on these shares until the performance hurdles are met.

For the years ending on or before 31 March 2020, the hurdle is met when Total Return (based on audited year end results) is in excess of £1 per Healthcare Share. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2021 the Total Return hurdle will be £1.03, for the year ended 31 March 2022 the hurdle will be £1.06, etc. If the hurdle is met in any year, then members of the management team will receive 20% of the dividends paid.

INVESTMENT MANAGER'S REPORT- HEALTHCARE SHARE POOL

Introduction

The Healthcare Share pool raised a total of £4.5m to 31 March 2017. The process of investing the funds is under way with £25,000 invested during the year.

Net asset value and results

At 31 March 2017, the NAV of a Healthcare share stood at 99.7p, a decrease of 0.3p on the initial price, resulting from the initial "cash drag" of holding uninvested funds.

The return on ordinary activities for the Healthcare Share pool for the year was a loss of £6,000, being a revenue loss of £3,000 and a capital loss of £3,000.

Investment activity

One investment of £25,000 was made in The MI Downing UK Micro-Cap Growth Fund, which invests in a concentrated portfolio of 25-30 UK listed companies at the smallest end of the UK equity market.

No valuation adjustments have been made in the period, with the investment remaining at cost.

Outlook

The task of building the Healthcare Share portfolio has very recently begun. We will continue to seek investment opportunities as we develop the investment portfolio.

Downing LLP

31 July 2017

REVIEW OF INVESTMENTS – HEALTHCARE SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2017:

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Non-Qualifying Investments				
MI Downing UK Micro-Cap Growth Fund	25	25	-	0.6%
	<u>25</u>	<u>25</u>	<u>-</u>	<u>0.6%</u>
Cash at bank and in hand		<u>4,500</u>		<u>99.4%</u>
Total investments		<u>4,525</u>		<u>100.0%</u>

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 March 2017. The Board have prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal objectives and strategy

The Company's principal objective is to provide Shareholders with an attractive level of tax-free capital gains and income generated from a portfolio of investments in a range of different sectors.

The Company's strategy for achieving this objective is to:

- invest in a portfolio of venture capital investments across a range of differing sectors, primarily in the UK and EU; and
- comply with the VCT regulations to enable Shareholders to retain the initial income tax relief and ongoing tax reliefs.

Business review and developments

DSO Ordinary Share pool

The DSO Ordinary/A Share pool completed the task of returning funds to shareholders on 24 March 2016. On 25 August 2016 the DSO Ordinary Shares and DSO A Shares were converted into deferred shares with no value and were cancelled.

DSO B Share pool

The DSO B Share pool began the period with £3.0 million of investments and after realisations totalling £1.8 million, ended the year with £1.8 million spread across a portfolio of 4 Venture Capital investments.

The profit on ordinary activities after taxation for the year was £619,000, comprising a revenue profit of £59,000 and a capital gain of £560,000.

DSO D Share pool

The DSO D Share pool began the period with £5.7 million of investments and ended with £5.4 million spread across a portfolio of 14 Venture Capital investments and 1 Structured Product investments.

The profit on ordinary activities after taxation for the year was £437,000, comprising a revenue profit of £49,000 and a capital gain of £388,000.

DP67 Share pool

The DP67 Share pool began the period with £5.8 million of investments and ended the period with £5.0 million spread across a portfolio of 8 Venture Capital investments.

The profit on ordinary activities after taxation for the year was £1,090,000, comprising a revenue profit of £79,000 and a capital gain of £1,011,000.

DP2011 General Share pool

The DP2011 General Share pool began the period with £10.4 million of investments and ended the period with £7.4 million spread across a portfolio of 15 Venture Capital investments.

The profit on ordinary activities after taxation for the period was £347,000, comprising a revenue profit of £280,000 and a capital gain of £67,000.

DP2011 Structured Share pool

The DP2011 Structured Share pool began the period with £7.3 million of investments and ended the period with £4.2 million spread across a portfolio of 10 Venture Capital investments.

The profit on ordinary activities after taxation for the year was £72,000, comprising a revenue profit of £192,000 and a capital loss of £120,000.

DP2011 Low Carbon Share pool

The DP2011 Low Carbon Share pool began the period with £3.0 million of investments and ended with £3.1 million spread across a portfolio of 4 Venture Capital investments.

The profit on ordinary activities after taxation for the year was £107,000, comprising a revenue profit of £83,000 and a capital gain of £24,000.

Generalist Share pool

The Generalist Share pool ended the period with 2 Venture Capital investments totalling £225,000.

The loss on ordinary activities after taxation for the year was £11,000, comprising a revenue loss of £6,000 and a capital loss of £5,000.

Healthcare Share pool

The Healthcare Share pool ended the period with 1 Venture Capital investment of £25,000.

The loss on ordinary activities after taxation for the year was £6,000, comprising a revenue loss of £3,000 and a capital loss of £3,000.

The Company's business and developments during the period are reviewed further within the Chairman's Statement, Investment Manager's reports and the Review of Investments for each share pool.

STRATEGIC REPORT (continued)

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objectives. The Board believes the Company's key performance indicators are Net Asset Value, Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see Shareholder Information pages). In addition, the Board considers the Company's performance in relation to other VCTs.

Principal risks and uncertainties

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks faced by the Company, which include market risk, credit risk and liquidity risk, are summarised within note 16 to the financial statements.

In addition to these risks, the Company, as a fully listed company on the London Stock Exchange with a premium listing and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces a number of related risks. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing Rules of the Financial Conduct Authority, and the Companies Act, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

Four of the share pools are now seeking to realise their portfolios. This process may take some time, and there is an associated risk that timely disposals could result in a lower realised value.

The Board reviews and agrees policies for managing each of these risks. They receive quarterly reports from the Manager which monitors the compliance of these risks, and places reliance on the Manager to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

Viability statement

In accordance with C.2.1 and C.2.2 of the 2014 revision of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board has conducted this review for the period covering the expected remaining life of each of the existing share pools, being approximately three years from the balance sheet date.

The three year review considers the principal risks facing the Company which are summarised within note 16 as well as the Company's cash flows, dividend cover and VCT monitoring compliance over the period. The three year review makes assumptions about the normal level of capital recycling likely to occur, expenses, dividends and share buybacks.

The Directors believe that the Company is well placed to manage its business risks successfully. Based on the results, the Board believes that, taking into account the Company's current position, and subject to the principal risks faced by the business, the Company will be able to continue in operation and meet its liabilities as they fall due for the expected remaining life of each of the existing share pools.

Business model

The Company operates as a Venture Capital Trust to ensure its Shareholders can benefit from tax reliefs available.

The business of the Company is to act as an investment company, investing in a portfolio which meets the conditions set within its investment policy, as shown on the following page.

STRATEGIC REPORT (continued)

Investment policy

Asset allocation

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

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

Venture Capital investments

Venture Capital investments comprise investments in UK businesses that own substantial assets (over which a charge will be taken by the Company) or have predictable revenue streams from financially sound customers. VCT investments will usually be VCT Qualifying Investments under the VCT Regulations.

As a condition of each of its investments, it is intended that the Company will have the ability to restrict the investee company's ability to borrow.

Non-Qualifying Investments

The funds not employed in VCT Investments will typically be invested in:

- Secured loans; and/or
- Structured Products; and/or
- Fixed income securities

Secured loans will be secured on assets held by the investee company.

Structured Products will be primarily designed to produce capital appreciation, rather than income. Therefore, the profit arising from the disposal or maturity of the Structured Products typically gives rise to capital gains, which are tax-free for the Company and can be distributed tax-free to Shareholders.

The choice of index or exchange that the Company's Structured Products are linked to will be dependent on market conditions at the time of investment.

Fixed income securities will consist of bonds issued by the UK Government, major companies and institutions, liquidity funds, fixed deposits or similar securities, and will have credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated).

Risk Diversification

The Directors control the overall risk of the Company. The Manager ensures that the Company has exposure to a diversified range of VCT Qualifying Investments from different sectors.

Following changes to the VCT Regulations that came into force on 6 April 2016, new Non-Qualifying Investments are now effectively restricted to cash deposits and investments in quoted securities, investment trusts and OEICs.

The target allocation of the Company's funds is summarised as follows:

VCT Qualifying Investments	75%
Non-Qualifying Investments	25%
	<hr/>
	100%
	<hr/>

Listing rules

In accordance with the listing rules:

- (i) the Company may not invest more than 10% in aggregate, of the value of total assets of the Company at the time an investment is made in other listed closed-ended investment funds except listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15% of their total assets in other closed-ended investment funds;
- (ii) the Company must not conduct any trading activity which is significant in the context of the Company; and
- (iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 of the Income Tax Act 2007.

STRATEGIC REPORT (continued)

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

1. The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. At least 30% of the Company's qualifying investments (by value) are held in "eligible shares" for funds raised before 6 April 2011 and at least 70% in "eligible shares" for funds raised after 6 April 2011 ("eligible shares" generally being ordinary share capital);
3. At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
4. No investment constitutes more than 15% of the Company's portfolio (by value at time of investment);
5. The Company's income for each financial year is derived wholly or mainly from shares and securities; and
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained.

Borrowings

Under its Articles, the Company has the ability to borrow a maximum amount equal to 15% of the aggregate amount paid on any shares issued by the Company (together with any share premium thereon), currently equal to £8.9 million.

Although the Board does not intend to borrow, it has the flexibility to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term basis for cashflow purposes.

Environmental and social policy

As a VCT, with all of its executive and administrative activities delegated to third parties, the Company does not have a policy on either environmental or social and community issues.

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Directors and senior management

The Company does not have any employees, including senior management, other than the Board of three non-executive directors. All directors are male.

Future prospects

The Company's future prospects are set out in the Chairman's Statement and Investment Manager's Reports.

By order of the Board



Grant Whitehouse

Secretary of Downing FOUR VCT plc

Company number: 06789187

Registered office:

Ergon House

Horseferry Road

London, SW1P 2AL

31 July 2017

REPORT OF THE DIRECTORS

The Directors present the Annual Report and Accounts of the Company for the year ended 31 March 2017. The Company was incorporated on 12 January 2009 and commenced activities from 21 January 2009.

The Company is registered in England and Wales and domiciled in the UK.

Share capital

At the year end, the Company had in issue 19,911,070 DSO B Shares, 29,926,070 DSO C Shares, 7,867,247 DSO D Shares, 11,239,785 DP67 Shares, 15,644,066 DP2011 General Ordinary Shares, 18,418,614 DP2011 General A Shares, 10,678,725 DP2011 Structured Ordinary Shares, 12,572,817 DP2011 Structured A Shares, 7,575,419 DP2011 Low Carbon Shares, 7,438,093 Generalist Shares and 2,400,195 Healthcare Shares.

Every Shareholder is entitled to receive notice of, to attend, speak and vote at any general meeting. Shareholders who are present in person or by proxy can vote on a show of hands and will have one vote each. On a poll every Shareholder present in person or by proxy is entitled to the number of votes per Share as set out in the table below:

Class of share	Number of votes per share
DSO B Share	309
DSO C Share	1
DSO D Share	925
DP67 Share	750
DP2011 General Ordinary Share	213
DP2011 General A Share	113
DP2011 Structured Ordinary Share	219
DP2011 Structured A Share	113
DP2011 Low Carbon Share	500
Generalist Share	1,146
Healthcare Share	1,146

If the net asset value of the Share class moves by more than 25%, then the number of votes per share shall correspondingly increase or decrease as set out in the Articles of the Company.

The DSO Ordinary/A Share pool made its final distributions to shareholders on 24 March 2016. On 25 August 2016 the DSO Ordinary Shares and DSO A Shares were converted into deferred shares with no value and were cancelled.

Shareholders who invested in the Company's DSO B Share offer for subscription received equal numbers of DSO B Shares and DSO C Shares. The DSO C Shares were structured to be part of the Company's performance incentive scheme.

The DSO C shares had a net asset value at the year end of 0.1p per share. Based on the pool's performance to date it is expected that the various performance hurdles will be met and a performance fee will become payable in respect of the DSO B Share pool. Once the hurdles have been exceeded the DSO C Shares will appreciate in value.

The DP2011 General A Shares and DP2011 Structured A Shares are similarly related to the performance incentive schemes for the relevant share pool. As both pools are expected to exceed their performance hurdles, the values of the respective A Shares have been uplifted accordingly.

The Company operates a policy, subject to certain restrictions, of buying DP67, Generalist and Healthcare Shares that become available in the market at a price equal to the latest published NAV (i.e. at a nil discount). The Company does not intend to buyback any other class of shares.

During the year, the Company repurchased 80,473 DP67 Shares for an aggregate consideration of £48,234, being an average price of 60.0p per share and which represented 0.7% of the Company's issued DP67 Share capital. All the shares detailed above were subsequently cancelled.

At the AGM that took place on 22 September 2016, the Company was authorised to make market purchases of its DSO Ordinary Shares, DSO A Shares, DSO B Shares, DSO C Shares and DSO D Shares up to a limit of 1,532,935 DSO Ordinary Shares, 2,310,467 DSO A Shares, 2,966,749 DSO B Shares, 4,458,984 DSO C Shares and 1,172,220 DSO D Shares, 1,686,718 DP67 Shares, 2,330,966 DP2011 General Ordinary Shares, 2,744,373 DP2011 General A Shares, 1,591,130 DP2011 Structured Ordinary Shares, 1,873,350 Structured A Shares and 1,128,737 DP2011 Low Carbon Shares which represented approximately 14.9% of the issued DSO Ordinary Share capital, DSO A Share capital, DSO B Share capital, DSO C Share capital, DSO D Share capital, DP67 Share capital, DP2011 General Ordinary Share capital, DP2011 General A Share capital, DP2011 Structured Ordinary Share capital, DP2011 Structured A Share capital, and DP2011 Low Carbon Share capital at the date of the AGM.

REPORT OF THE DIRECTORS (continued)

Share capital (continued)

At the current date, authority remains for 2,966,749 DSO B Shares, 4,458,984 DSO C Shares and 1,172,220 DSO D Shares, 1,606,245 DP67 Shares, 2,330,966 DP2011 General Ordinary Shares, 2,744,373 DP2011 General A Shares, 1,591,130 DP2011 Structured Ordinary Shares, 1,873,350 Structured A Shares and 1,128,737 DP2011 Low Carbon Shares. A resolution to renew this authority and to include the new Share classes will be put to Shareholders at the AGM taking place on 5 September 2017.

The minimum price which may be paid for a DSO B Share, DSO C Share, DSO D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A Share, a DP2011 Low Carbon Share, a Generalist Share or a Healthcare Share is 0.1p, exclusive of all expenses, and the maximum price which may be paid for a DSO B Share, DSO C Share, DSO D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A Share, a DP2011 Low Carbon Share, a Generalist Share or a Healthcare Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations.

Results and dividends

Profit/(loss) for the year

	£'000	Pence per share
DSO B Share	619	3.1p
DSO D Share	437	5.6p
DP67 Share	1,090	9.7p
DP2011 General Share	347	2.2p
DP2011 Structured Share	72	0.7p
DP2011 Low Carbon Share	107	1.4p
Generalist Share	(11)	(2.0p)
Healthcare Share	(6)	(2.5p)

Dividends paid during the current period

	£'000	Pence per share
DSO B Share	-	-
DSO D Share	394	5.0p
DP67 Share	450	4.0p
DP2011 General Share	5,085	32.5p
DP2011 Structured Share	4,539	42.5p
DP2011 Low Carbon Share	3,788	50.0p

Your Board is proposing to pay a final dividend of 2.5p per DSO D Share and 2.0p per DP67 Share payable on 29 September 2017 to Shareholders on the register at 1 September 2017.

No dividend is being paid in respect of any other share class.

Directors

The Directors of the Company during the year and their beneficial interests (including connected persons) in the issued Shares of the Company at 31 March 2016 and at 31 March 2017 is as follows:

No. of shares at 31/03/16 and at 31/03/17 (audited)

Share class	Lord Flight	Robin Chamber-layne (retired 2/12/16)	Mark Mathias (retired 2/12/16)	Aubrey Brocklebank	Russell Catley
DSO B	62,550	83,000	-	-	21,000
DSO C	62,550	583,000	-	-	521,000
DSO D	20,800	20,600	10,350	-	-
DP67	-	-	-	-	-
DP2011 Gen Ord	-	-	-	-	-
DP2011 Gen A	-	-	-	-	-
DP2011 Struc Ord	-	10,300	-	-	10,200
DP2011 Struc A	-	10,300	-	-	10,200
DP2011 LC	-	20,600	-	5,175	-
Generalist	-	-	-	-	-
Healthcare	-	-	-	5,000	-

Between 31 March 2017 and the date of this report there has been no movement in Directors' shareholdings.

A Director is required to retire at the Annual General Meeting ("AGM") following his first appointment. Accordingly, Aubrey Brocklebank and Russell Catley retired and were reappointed at the AGM on 22 September 2016.

Lord Flight will retire at the forthcoming AGM and, being eligible, offer himself for re-election. The Board recommends that shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 3, together with the results for the period to date, in order to support the resolutions to re-appoint Directors.

Lord Flight entered into a letter of appointment with the Company dated 27 January 2009. Sir Aubrey Brocklebank and Russell Catley entered into letters of appointment in July 2016. These agreements were for a period of three years and thereafter were terminable on three months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

REPORT OF THE DIRECTORS (continued)

Investment management and administration fees

Downing LLP (“Downing”) provides investment management services to the Company. Downing is paid a fee equivalent to 1.5% of each of DSO B Share and DSO D Share net assets per annum, 1.35% of DP67 Share net assets per annum, 1.8% of each of DP2011 General Share, DP2011 Structured Share and DP2011 Low Carbon Share net assets per annum, 2.0% of Generalist Share net assets per annum and 2.5% of Healthcare Share net assets per annum.

The Board is satisfied with Downing’s strategy, approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of Downing as Investment Manager remains in the best interests of Shareholders.

Additionally, Downing continues to provide administration services to the Company for a fee calculated as follows: (i) a basic fee of £40,000; (ii) A fee of 0.1% of NAV per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool.

The agreement is dated 20 July 2015 and may be terminated by either side giving not less than 12 months’ notice in writing.

During the year a total of £756,000 (2016: £889,000) was paid to Downing for investment management and administration fees.

Downing also receives arrangement and monitoring (non-executive directorship) fees from the investee companies. During the year, Downing received arrangement fees of £451,000 (2016: £231,000) and monitoring fees of £863,000 (2016: £765,000). These fees also relate to investments made by other funds managed by Downing.

The annual running costs of the Company, for the period, are also subject to a cap of 3.0% of net assets of the Company for all share pools, with the exception of the DP67 and Healthcare share pools, which are subject to caps of 2.9% and 3.5% respectively. Any excess costs over each of the relevant caps are met by Downing through a reduction in fees.

The Ongoing Charges value for the Company as a whole for the year (calculated in accordance with the AIC guidance) was 2.44%.

Performance incentive fees

DSO B Share pool

The structure of the DSO C Shares enables an incentivisation of the management team by way of a distribution of income.

No performance incentive fee will be payable until Shareholders:

- i) receive proceeds, by way of dividends/distributions/share buybacks (“Total Proceeds”), of at least 100.0p per £1 invested; and
- ii) achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

Subject to these conditions being met, Total Proceeds will be distributed as follows:

Shareholders	97% of the first 100.0p of proceeds per £1 invested and 80% thereafter
Management	3% of the first 100.0p of proceeds and 20% thereafter

If the above distribution would result in Shareholders receiving less than 100.0p per £1 invested or lower than a 7% compound return, then the return to the management team will be reduced until Shareholders receive at least 100.0p per £1 invested and a 7% compound return. Management’s share of the Total Proceeds will be subject to a cap at 1.25% of the net assets of the Company per annum and will only be payable if the hurdle is achieved.

The maximum performance incentive is limited to an amount equivalent to 1.25% of net assets per annum (“the Cap”). If, in any accounting period, the performance incentive payable is less than the Cap then the shortfall shall be aggregated to the Cap in respect of the following accounting period and so on until fully utilised.

DSO D Share pool

The DSO D Shares enable a payment, by way of a fee, of the performance incentive fees to the management team.

No performance incentive fee will be payable until Shareholders:

- i) receive proceeds, by way of dividends/distributions/share buybacks (“Total Proceeds”), of at least 100.0p per £1 invested; and
- ii) achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

Subject to these conditions, “the Hurdles”, being met, the performance incentive will be 3.0p per DSO D Share plus 20% above 100.0p per DSO D Share, of the funds available (for distribution to DSO D Shareholders and the payment of the performance incentive).

The performance incentive will only be paid to the extent that the Hurdles continue to be met and will be subject to a maximum amount over the life of the Company equivalent to 7.0p per DSO D Share (based on the number of DSO D Shares in issue at the close of the Offers). After the Hurdles have been met, the performance incentive will be deducted from any distributions.

REPORT OF THE DIRECTORS (continued)

DP2011 General Share pool and DP2011 Structured Share pool

The structure of DP2011 General A Shares and DP2011 Structured A Shares ("DP2011 A Shares") enables a payment, by way of a distribution of income, of the performance incentive fees to Management (Downing LLP, as defined in the prospectus).

Total Proceeds will be distributed as follows (measured separately for the DP2011 General and DP2011 Structured Share pools):

Approximate split of Total Proceeds

Total Proceeds per DP2011 Ordinary Share (Gen or Struc)	Shareholder Proceeds	Management	Shareholders
Up to 70p	DP2011 Ordinary Shareholders	0%	100%
Above 70p and below 120p	DP2011 A Shareholders	15%	85%
120p and above	DP2011 Ordinary Shareholders	0%	100%

Partners and staff of the Investment Manager have subscribed for 15% of the total DP2011 General A Shares and DP2011 Structured A Shares, at a price of 6.5p per A Share, the same price paid by investors. As Management holds 15% of the total A Shares for these two share pools, this cost of 6.5p per A Share is equivalent to 1.15p per DP2011 General Ordinary Share and DP2011 Structured Ordinary Share in issue. The maximum Performance Incentive (at total proceeds of 120p) is effectively limited to 7.5p per DP2011 General Ordinary Share and DP2011 Structured Ordinary Share in issue.

The performance fees are estimated to be 4.7p per DP2011 General Ordinary Share and 4.8p per DP2011 Structured Ordinary Share. The performance fee estimates are reflected in the total return per DP2011 General Ordinary Share and DP2011 Structured A Share DP2011 of 101.2p, and the total return per Structured Ordinary Share and DP2011 Structured A Share of 101.7p.

Further details of the Performance Incentive arrangements are set out on pages 34 and 44.

DP2011 Low Carbon Share pool

In respect of the DP2011 Low Carbon pool, no 'A' Shares were issued due to the smaller size of the pool. The Performance Incentive is calculated on the same basis as that for the DP2011 General Shares and DP2011 Structured Shares, however, it will be payable by way of a fee to the Manager.

As with the other DP2011 share pools, we have now calculated the potential impact of performance fees. These are estimated to amount to 2.5p per share if the remaining investments are sold at current carrying value. Further details of the Performance Incentive arrangements are set out on page 54.

As the targets for all other pools have not been met, no other fee is due to be paid for the year ended 31 March 2017. It will be recalculated for the year ended 31 March 2018, and annually thereafter, following approval of the audited accounts by Shareholders.

Trail commission

The Company has an agreement to pay trail commission annually to Downing in connection to the funds raised under the offers for subscription. This is calculated at between 0.25% and 0.5% of the net assets of each share class at each period end.

VCT status

The Company has retained Philip Hare & Associates LLP to advise it on compliance with VCT requirements, including evaluation of investment opportunities as appropriate and regular review of the portfolio. Although Philip Hare & Associates LLP work closely with the Investment Manager, they report directly to the Board.

Compliance with the main VCT regulations (as described in the Investment policy) at 31 March 2017 and for the period under review is summarised as follows:

1. 70% of its investments held in qualifying companies; 74.1%
2. At least 30% of the Company's qualifying investments are held in "eligible shares" for funds raised before 6 April 2011; 54.9%
- 2a. At least 70% of the Company's qualifying investments are held in "eligible shares" for funds raised on or after 6 April 2011; 74.2%
3. At least 10% of each investment in a qualifying company is held in eligible shares; Complied
4. No investment constitutes more than 15% of the Company's portfolio; Complied
5. Income for the year is derived wholly or mainly from shares and securities; and 80.9%
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained. Complied

REPORT OF THE DIRECTORS (continued)

Substantial interests

As at 31 March 2017, and the date of this report, the Company had not been notified of any beneficial interest exceeding 3 per cent. of the issued share capital.

Auditor

A resolution proposing the reappointment of BDO LLP as the Company's Auditor will be submitted at the Annual General Meeting.

Annual General Meeting

The Company's seventh Annual General Meeting ("AGM") will be held at Downing LLP, Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL at 11:15 a.m. on 5 September 2017. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements 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). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- carry out a robust assessment of the principal risks facing the Company as set out in the Strategic report on page 68.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure Rules and Transparency Rules

Each of the Directors, whose names and functions are listed on page 3, confirms that, to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report included within the Report of the Directors, Strategic report, Chairman's Statement, Investment Manager's Report, and Review of Investments includes a fair review of the development and performance of the business and the position of the company, together with a robust assessment of the principal risks and uncertainties that it faces.

REPORT OF THE DIRECTORS (continued)

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the website of the Investment and Administration Manager (www.downing.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code (www.frc.org.uk) is shown on page 85.

Other matters

Information in respect of financial instruments, principal risks, future developments and greenhouse gas emissions which were previously disclosed within the Directors Report has been disclosed within the Strategic Report on pages 67 to 70.

Statement as to disclosure of information to Auditor

The Directors in office at the date of the report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

By order of the Board



Grant Whitehouse

Secretary of Downing FOUR VCT plc

Company number: 06789187

Registered office:

Ergon House

Horseferry Road

London, SW1P 2AL

31 July 2017

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of Sections 420 to 422 of the Companies Act 2006. A resolution to approve this report will be put to the Shareholders at the AGM to be held on 5 September 2017.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages 86 to 89.

Directors' remuneration policy

Below is the Company's remuneration policy which is effective for the three years commencing 1 April 2014. Accordingly, the Board will be seeking Shareholder approval of the policy at the forthcoming AGM, for the three year period commencing 1 April 2017. Shareholders should note that the Remuneration Policy remains unchanged from previous years.

The Company's policy on Directors' remuneration is to seek to remunerate Board members at a level appropriate for the time commitment required and degree of responsibility involved for the self-managed Venture Capital Trust, where all investment decisions are made by the Board and the non-executive Directors are more closely involved with the investee companies than other similar VCTs.

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

- (i) The Directors shall be paid out of the funds of the Company, by way of fees for their services, an aggregate sum not exceeding £150,000 per annum (excluding any performance incentive fees to which the Directors may be entitled from time to time). The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees shall be divided among the Directors in such proportion and manner as they may determine and, in default of the determination, equally.
- (ii) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. This includes any expenses incurred in attending meetings of the Board, Committees of the Board or General Meetings. If, in the opinion of the Directors, it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, the Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

No payment for loss of office will be made to a current or former director except in exceptional circumstances when the Directors will consider the position on an ad-hoc basis.

The Company's policy is that fees payable to Directors should reflect their expertise, responsibilities and time spent on Company matters. In determining the level of remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. There is no performance related pay criteria applicable to Directors.

Service contracts

Each of the Directors has entered into a consultancy agreement for the fixed term of three years from the date of their appointment and thereafter on a three month rolling notice.

Directors' remuneration (audited)

Directors' remuneration for the Company for the year under review was as follows:

	Current Annual fee (excl. VAT) £	Year ended 31/03/17 £	Year ended 31/03/16 £
Lord Flight Aubrey	20,000	23,000	19,000
Brocklebank	20,000	23,400	14,000
Russell Catley	18,000	18,000	12,500
Robin Chamberlayne*	n/a	12,082	16,000
Mark Mathias*	n/a	12,082	16,000
	<u>58,000</u>	<u>88,564</u>	<u>82,500</u>

No other emoluments, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

*Retired 2 December 2016.

Statement of voting at AGM

Shareholders' views in respect of Directors' remuneration communicated at the Company's AGM and are taken into account in formulating the Directors' remuneration policy. At the last AGM on 22 September 2016, the votes in respect of the resolution to approve the Directors' Remuneration Report were as follows:

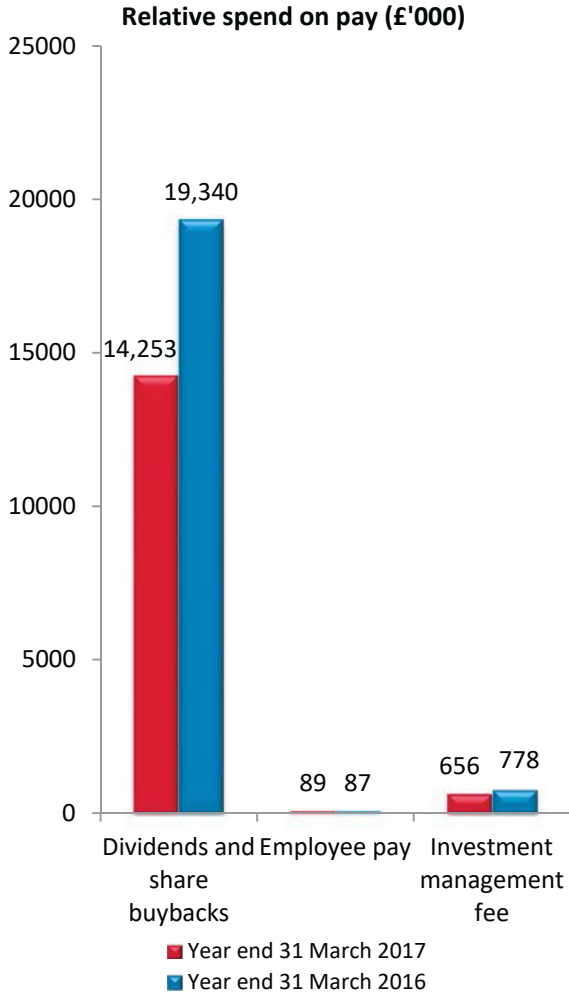
In favour	92.5%
Against	7.5%
Withheld	-

At the 2014 AGM, when the remuneration policy was last put to a Shareholder vote, 99.3% voted for the resolution and 0.7% against, showing significant Shareholder support.

DIRECTORS' REMUNERATION REPORT (continued)

Relative importance of spend on pay

The difference in actual spend between the year ended 31 March 2016 and the year ended 31 March 2017 on remunerations for all employees in comparison to distributions (dividends and share buybacks) and other significant spend are set out in the graph below:



Insurance cover

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

Performance graph

The charts on the following pages represent the performance of the DSO B, DSO D, DP67, DP2011 General, DP2011 Structured, DP2011 Low Carbon, Generalist and Healthcare Share pools over the period since the shares were first listed on the London Stock Exchange and compare the Total Return of the Company (Net Asset Value plus dividends) to a rebased Numis Smaller Companies Index, including dividends reinvested. It has been rebased to 100p at the launch date of each respective pool.

As there is no publicly available VCT index, we have selected the Numis Smaller Companies Index as a comparison as it is a publicly available broad equity index which focuses on smaller companies, and is more relevant than most other publicly available indices.

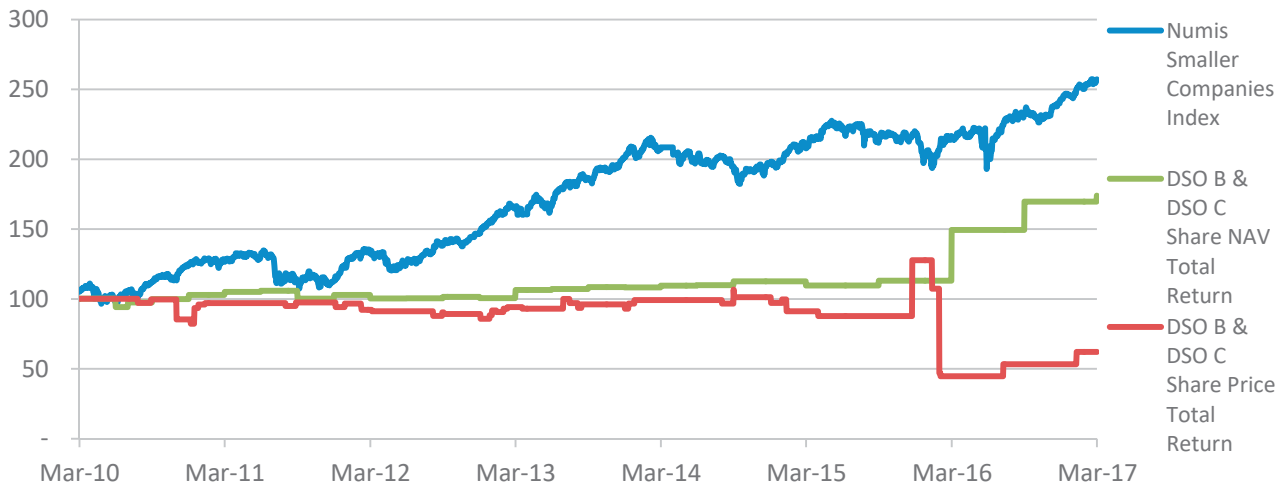
Statement by the Chairman of the remuneration committee

Directors' fees are to be reviewed by the remuneration committee during its meeting on 5 September 2017.

By order of the Board

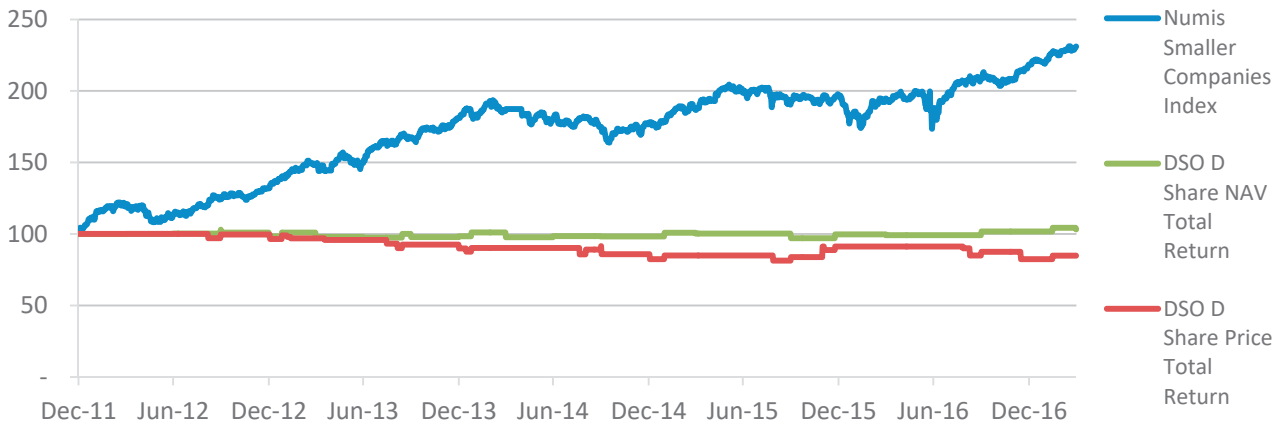
Grant Whitehouse
Company Secretary
Ergon House
Horseferry Road
London, SW1P 2AL
31 July 2017

DSO B & DSO C Share performance chart

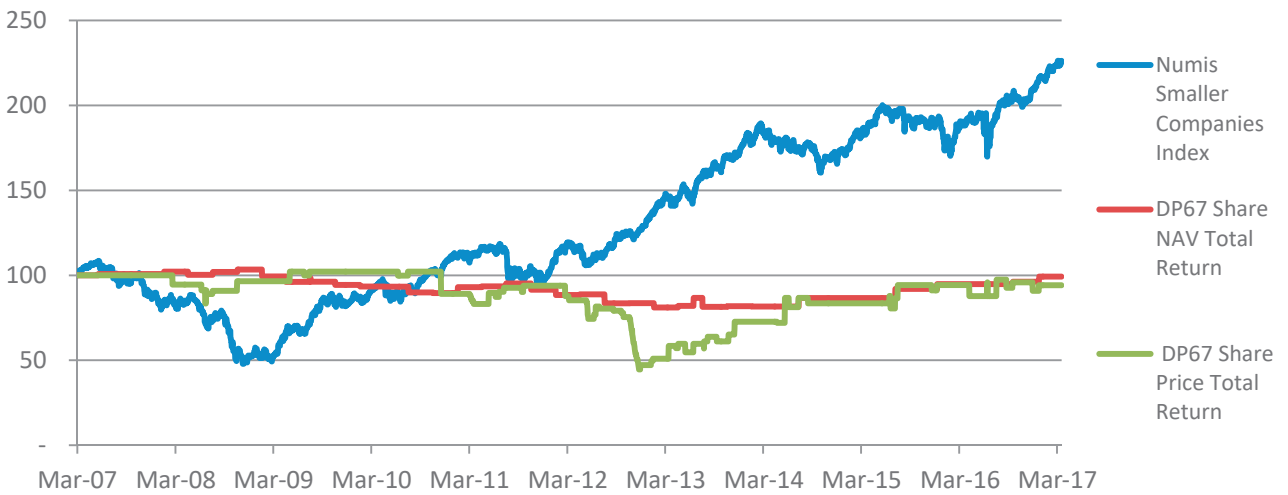


DIRECTORS' REMUNERATION REPORT (continued)

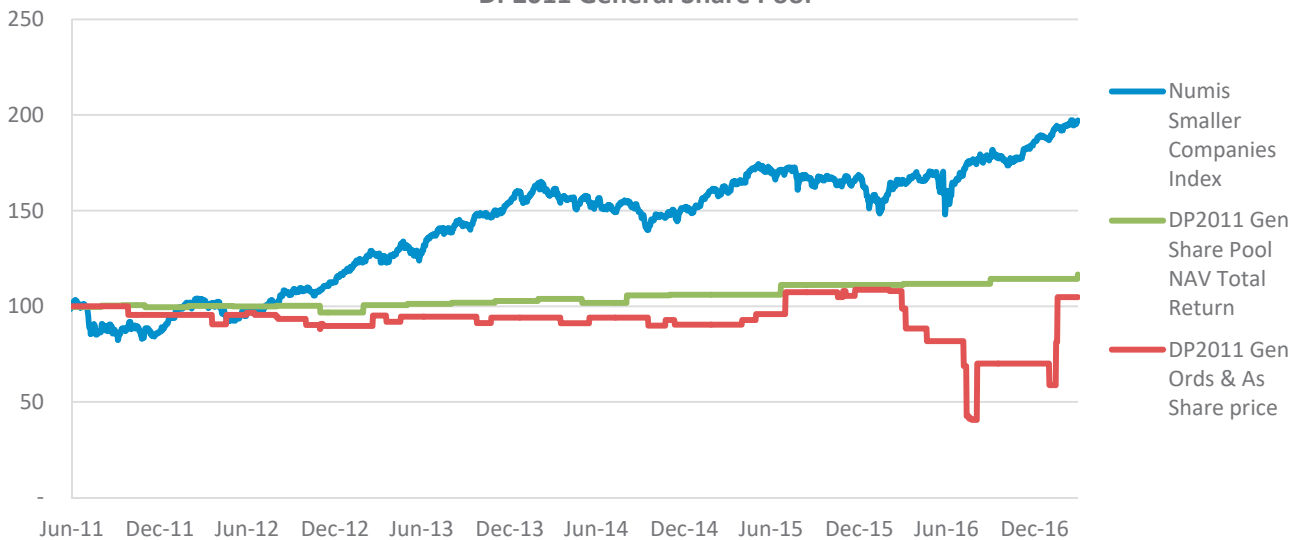
DSO D Share performance chart



DP67 Share performance chart

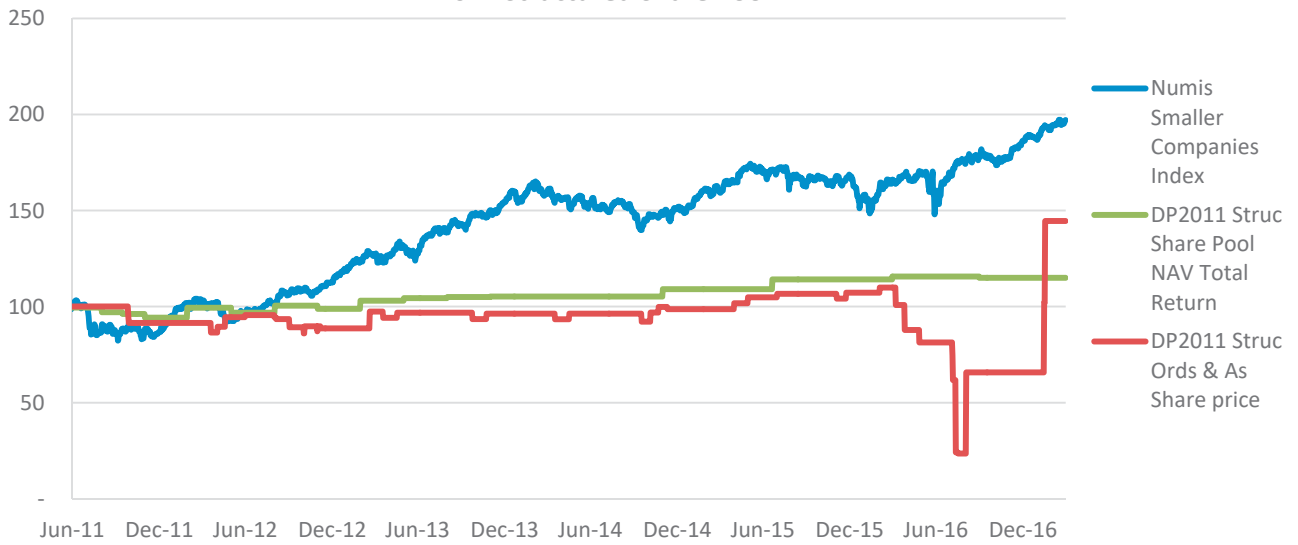


DP2011 General Share Pool

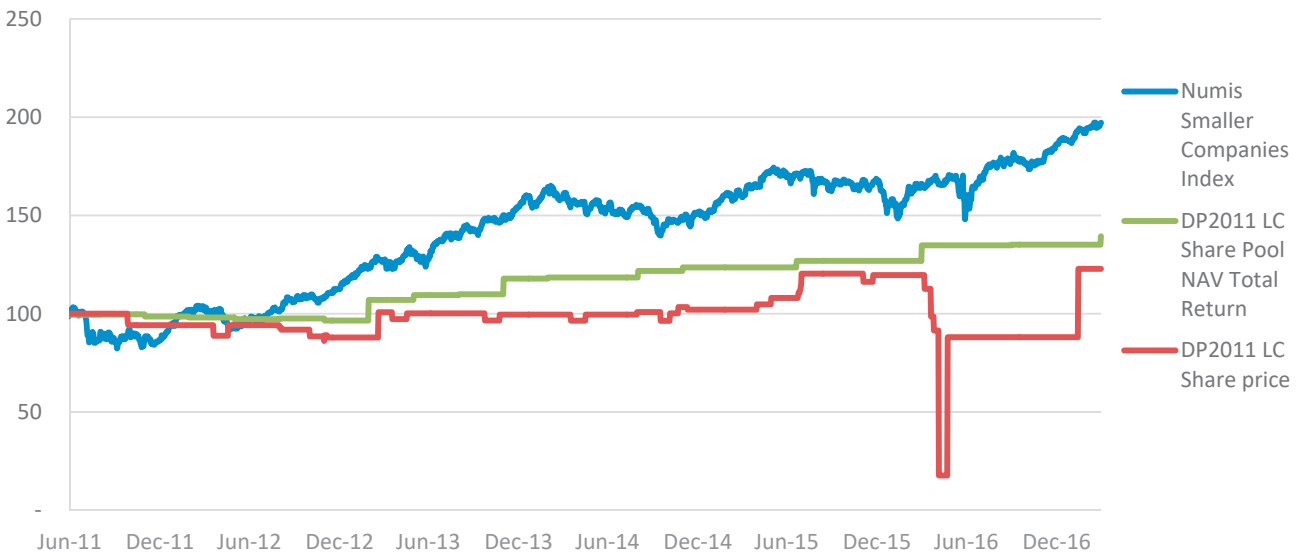


DIRECTORS' REMUNERATION REPORT (continued)

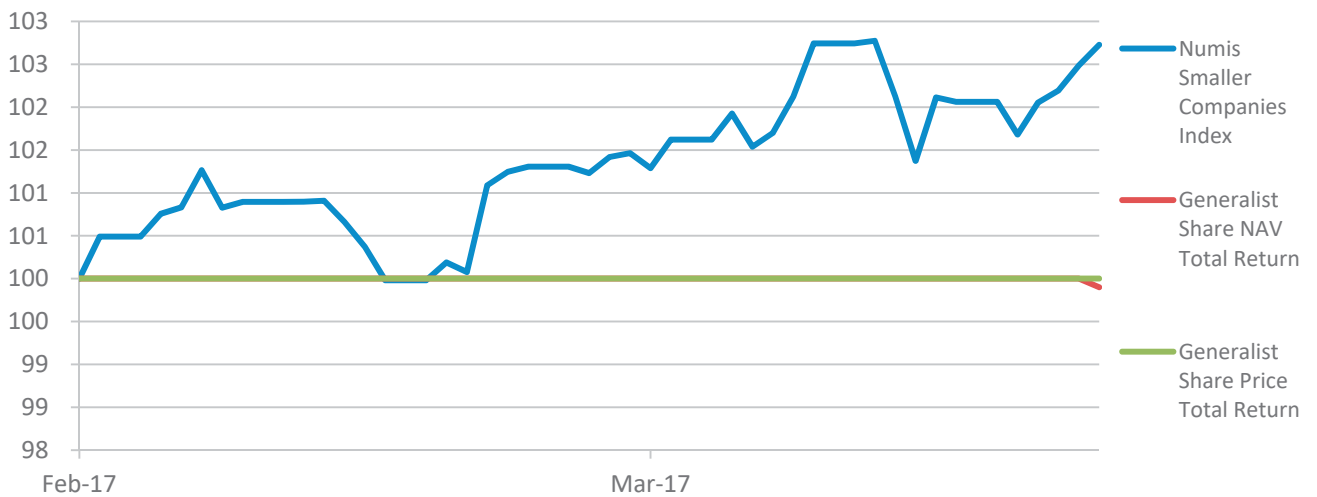
DP2011 Structured Share Pool



DP2011 Low Carbon Share Pool

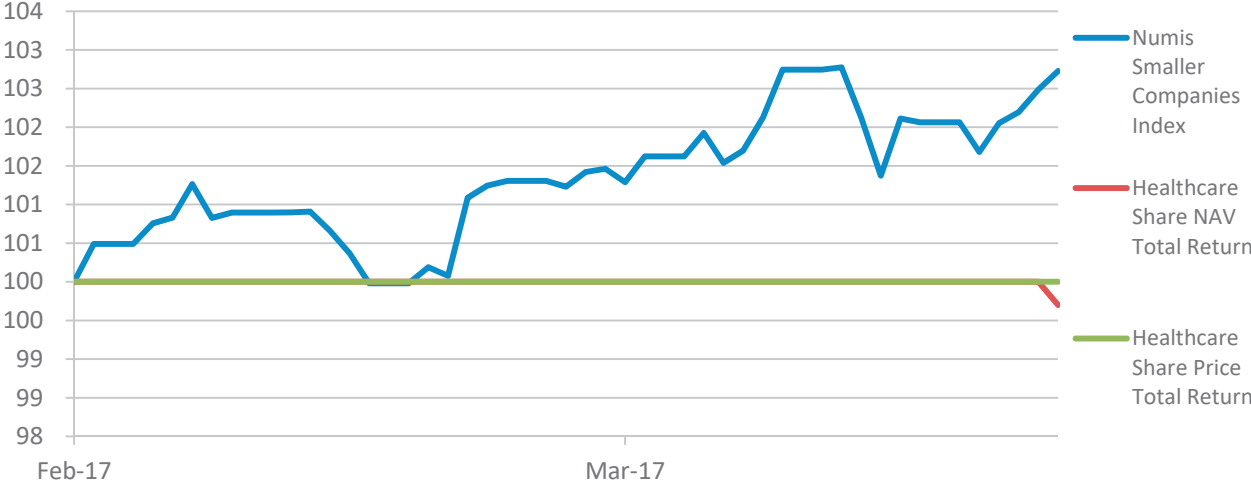


Generalist Share performance chart



DIRECTORS' REMUNERATION REPORT (continued)

Healthcare Share performance chart



CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code, being the principles of good governance and the code of best practice, as set out in Section 1 of the UK Corporate Governance Code annexed to the Listing Rules of the Financial Conduct Authority.

The Board

The Company has a Board comprising three non-executive Directors. The Chairman is Lord Flight. Biographical details of all Board members (including significant other commitments of the Chairman) are shown on page 3.

In accordance with Company policy and corporate governance best practice, Lord Flight offers himself for re-election at the next AGM.

Full Board meetings take place quarterly and additional meetings are held as required to address specific issues, including considering recommendations from the Investment Manager, making all decisions concerning the acquisition or disposal of investments, and reviewing periodically the terms of engagement of all third party advisers (including the Investment and Administration Manager). The Board has a formal schedule of matters specifically reserved for its decision.

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

As the Company has a small Board of non-executive Directors, all Directors sit on each Committee. The Chairman of each Committee is Lord Flight. The Audit Committee normally meets twice yearly, and the Remuneration and Nomination Committees meet as required. All Committees have defined terms of reference and duties.

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the AGM on 22 September 2016. A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 71.

Audit Committee

The Company has an Audit Committee comprising of Sir Aubrey Brocklebank (Chairman), Lord Flight, and Russell Catley. This Committee has defined terms of reference and duties.

The Audit Committee is responsible for reviewing the half yearly and annual reports before they are presented to the Board, the terms of appointment of the Auditor together with their remuneration, as well as a full review of the effectiveness of the Company's internal control and risk management systems.

In particular, the Committee reviews, challenges (where appropriate) and agrees the basis for the carrying value of the unquoted investments, as prepared by the Investment Manager, for presentation within the half yearly and annual reports.

The Committee also takes into consideration comments on matters regarding valuation, revenue recognition and disclosures arising from the Report to the Audit Committee, prepared by BDO as part of the finalisation process for the annual report.

Any non-audit services provided by the Auditor are reviewed and approved by the Committee prior to being undertaken (such services being undertaken by a separate department to the Auditor), to ensure that the Auditor's objectivity and independence are safeguarded. In addition, the Auditor confirms their independent status on an annual basis.

The Audit Committee met twice during the year. The Committee reviewed the internal financial controls and concluded that they remained appropriate. They also considered the need for an internal audit function and concluded that, due to the size of the Company, this would not be an appropriate function.

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation, the audit feedback documentation and from correspondence and discussions with the engagement partner of BDO LLP.

As the Company has no staff, other than the Directors, there are no procedures in place in respect of C3.4 of the UK Corporate Governance Code relating to whistleblowing. The Audit Committee understands that the Investment and Administration Manager have whistleblowing procedures in place.

Conflicts of interest

A conflict of interest may arise where assets are transferred between share pools, or from one Downing fund to another. The Board ensures that any such transaction is at "arm's length" and will obtain independent valuations where necessary.

CORPORATE GOVERNANCE (continued)

External auditor

The Committee reviews and agrees the audit strategy paper presented by the Auditor in advance of the audit and confirms their status on independence.

The Committee confirms that the two main areas of risk for the year under review are the carrying value of the investments and revenue recognition. The Committee's consideration of these matters is set out in this report on page 82.

The Committee, after taking into consideration comments from the Investment Manager and Administration Manager, Downing LLP, regarding the effectiveness of the audit process, immediately before the conclusion of the annual audit, will recommend to the Board either the re-appointment or removal of the auditors.

The audit of financial statements for the year ended 31 March 2017 is the eighth year undertaken by BDO. The mandatory re-tendering rules will therefore impact the VCT during 2019.

Following assurances received from the Managers at completion of the audit for the year ended 31 March 2017, and taking discussions held with the engagement Partner at BDO LLP into consideration, the Committee has recommended they be re-appointed at the forthcoming AGM.

Non audit services

The Committee will approve the provision of ad-hoc work and maximum expected fee before the work is undertaken, to ensure that the auditor's objectivity and independence are safeguarded.

Board and Committee meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year.

	Board meetings attended (6 held)	Audit Committee meetings attended (2 held)
Lord Flight	4	2
Aubrey Brocklebank	6	2
Robin Chamberlayne*	3	1
Mark Mathias*	3	1
Russell Catley	6	2

*Retired on 2 December 2016

No Nomination Committee meetings were held in the year.

Remuneration Committee

The Committee meets as and when required to review the levels of Directors' remuneration. Details of the specific levels of remuneration to each Director are set out in the Directors' Remuneration Report on page 77, and this is subject to Shareholder approval.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance. The Committee meets as and when appropriate.

When considering a new appointment to the Board, the Committee's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position (irrespective of gender), giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

The Board considered all of the above matters regarding the new appointments and the changes in remuneration (set out in the Directors Remuneration Report) as part of the merger process.

Mark Mathias and Robin Chamberlayne retired as directors on 2 December 2016.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with major Shareholders if so requested.

In addition to the formal business of the AGM, representatives of the Investment Manager and the Board are available to answer any questions a Shareholder may have. Separate resolutions are proposed at the AGM on each substantially separate issue. The Administration Manager collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the seventh AGM and proxy form can be found at the end of these financial statements.

The terms of reference of the Committees and the conditions of appointment of non-executive Directors are available to Shareholders on request.

CORPORATE GOVERNANCE (continued)

Financial reporting

The Directors' responsibilities for preparing the financial statements are set out in the Report of the Directors on page 75, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's report on page 86.

Internal control

The Board has adopted an Internal Control Manual ("Manual") for which they are responsible, which has been compiled in order to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board reviews a Risk Register on an annual basis. The main aspects of internal control in relation to financial reporting by the Board were as follows:

- Review of quarterly reports from the Investment Manager on the portfolio of investments held, including additions and disposals;
- Quarterly reviews by the Board of the Company's investments, other assets and liabilities, revenue and expenditure and detailed review of unquoted investment valuations;
- Quarterly reviews by the Board of compliance with the venture capital trust regulations to retain status, including a review of half yearly reports from Philip Hare & Associates LLP;
- A separate review of the Annual Report and Half Yearly report by the Audit Committee prior to Board approval; and
- A review by the Board of all financial information prior to publication.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the Financial Reporting Process) to Downing LLP.

Anti-bribery policy

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found on the website maintained by the Manager at www.downing.co.uk.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 4, the Investment Manager's Report on pages 8, 16, 26, 35, 45, 55, 62 and 65, the Strategic Report on page 67 and the Report of the Directors on page 71. The financial position of the Company, its cash flows, liquidity position, and borrowing facilities are shown in the Balance Sheet on page 95, Statement of Cash Flows on page 101 and the Strategic Report on page 70. In addition, note 16 to the financial statements includes the Company's objectives, policies and processes for managing its capital and financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources at the year end and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for a period of at least twelve months from the date of approval of the financial statements. For this reason they believe 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.

Share capital

The company has 11 classes of share capital: DSO B Shares, DSO C Shares, DSO D Shares, DP67 Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares, DP2011 Structured A Shares, DP2011 Low Carbon Shares, Generalist Shares and Healthcare Shares. The rights and obligations attached to those shares, including the power of the Company to buy back shares, and details of any significant shareholdings, are set out on page 71 of the Report of the Directors.

CORPORATE GOVERNANCE (continued)

Compliance statement

The Listing Rules require the Board to report on compliance with the 52 UK Corporate Governance Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 March 2017 with the provisions set out in Section 1 of the UK Corporate Governance Code.

- a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also, the Company has no major Shareholders, therefore Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the AGM. (B.4.1, B.4.2, E.1.1)
- b) Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its Committees, the individual Directors and the Chairman have not been undertaken. Specific performance issues are dealt with as they arise. The Senior Independent Director of the Company is Sir Aubrey Brocklebank. (A.4.1, A.4.2, B.6.1, B.6.3, B.7.2)

- c) Non-executive Directors' contracts are on a three month rolling notice, following an initial three year fixed term, whereas the recommendation is for fixed term renewable contracts. In the Directors' opinion this does not make a substantive difference to the circumstances of the Company. (B.2.3)
- d) As the Company has had no staff, other than Directors, there are no procedures in place relating to whistleblowing. (C.3.4)

By order of the Board



Grant Whitehouse
Company Secretary
Ergon House
Horseferry Road
London, SW1P 2AL
31 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING FOUR VCT PLC

Our opinion on the financial statements

In our opinion the Downing FOUR VCT plc financial statements for the year ended 31 March 2017, which have been prepared by the Directors in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What our opinion covers

Our audit opinion covers the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective responsibilities of Directors and Auditor

As explained more fully in the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's (FRC) website at www.frc.org.uk/auditscopeukprivate.

Our approach

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the Board by the investment Manager and Administration Manager and, the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement. Below are those risks which we considered to have the greatest impact on our audit strategy and our audit response.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING FOUR VCT PLC (continued)

Risk area

Valuation of investments:

Valuation of investments is a key accounting estimate which requires the exercise of considerable judgement and where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.

Audit response

The valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The investments are held in a diverse range of entities and are valued using various valuation models as appropriate in each circumstance. For a sample of investments held, our audit procedures included:

- considering the appropriateness of the valuation methodology ensuring that it is in accordance with the International Private Equity and Venture Capital Valuation Guidelines;
- reviewing and challenging the assumptions inherent in the valuation models by comparison to appropriate benchmark data;
- carefully examining the Investment Manager's assessment of maintainable earnings with reference to the investee's historic performance and current prospects;
- assessing the appropriateness of discount rates and marketability discounts where applied in the model with reference to market data for comparable assets; and
- assessing the impact of estimation uncertainty concerning these assumptions and the completeness of associated disclosures in the financial statements.

Where such investments were held in loans, we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of those loans.

Structured products are valued using published bid prices and a sample of these were verified to market data. Consideration was given to the possible impact on realisable values arising from low trading volumes or any other restrictions on sale.

Where appropriate we developed our own point estimate using alternative assumptions that could reasonably be applied. We considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

Revenue recognition:

Revenue consists largely of loan stock interest, dividends receivable from investee companies and interest earned on cash balances. Revenue recognition is considered to be a significant audit risk as it is the key driver of dividend returns to investors and there is judgement required in determining whether accrued income should be regarded as recoverable.

- We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid;
- We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest; and
- We reviewed the recognition and classification of any accrued income, considering the appropriateness of the classification of income between revenue and capital in the Income Statement.
- We also tested dividends receivable to cash received, as well as to supporting documentation and management accounts of the investee companies.

The Audit Committee's consideration of these key issues is set out on page 82.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING FOUR VCT PLC (continued)

Materiality in context

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum £
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view	<ul style="list-style-type: none">• 1.5-2% of the value of the investment portfolio• The level of judgement inherent in the valuations• The range of reasonable alternative valuations	575,000
Specific materiality – classes of transactions and balances which impact on net realised returns	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	<ul style="list-style-type: none">• 5% of the level of gross expenditure	60,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £12,000, as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters we identified when assessing the overall presentation of the financial statements.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken on the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Statement regarding the Directors' assessment of principal risks, going concern and longer term viability of the Company

We have nothing material to add or to draw attention to in relation to:

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING FOUR VCT PLC (continued)

Statement regarding the directors' assessment of principal risks, going concern and longer term viability of the Company (continued)

- the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 84, in relation to going concern and set out on page 68 in relation to longer-term viability; and
- the part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the auditor in accordance with Listing Rule 9.8.10 R(2).

We have nothing to report in respect of these matters.



Stuart Collins (senior statutory auditor)

For and on behalf of BDO LLP

Statutory auditor

London, UK

31 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT
for the year ended 31 March 2017

	Note	Year ended 31 March 2017			Year ended 31 March 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2						
- continuing		1,731	268	1,999	1,790	-	1,790
- acquisition		-	-	-	1,645	-	1,645
		<u>1,731</u>	<u>268</u>	<u>1,999</u>	<u>3,435</u>	<u>-</u>	<u>3,435</u>
Net gain/(loss) on investments	9						
- continuing		-	1,980	1,980	-	899	899
- acquisition		-	-	-	-	(18)	(18)
		<u>1,731</u>	<u>2,248</u>	<u>3,979</u>	<u>3,435</u>	<u>881</u>	<u>4,316</u>
Investment management fees	3	(328)	(328)	(656)	(389)	(389)	(778)
Other expenses	4	(515)	-	(515)	(568)	-	(568)
Return on ordinary activities before tax		888	1,920	2,808	2,478	492	2,970
Tax on total comprehensive income and ordinary activities	6	(151)	-	(151)	(351)	-	(351)
Return attributable to equity shareholders, being total comprehensive income for the year		<u>737</u>	<u>1,920</u>	<u>2,657</u>	<u>2,127</u>	<u>492</u>	<u>2,619</u>
Basic and diluted return per share:							
DSO Ordinary Share	8	-	-	-	3.2p	2.4p	5.6p
DSO A Share	8	-	-	-	-	-	-
DSO B Share	8	0.3p	2.8p	3.1p	3.7p	2.8p	6.5p
DSO C Share	8	-	-	-	-	-	-
DSO D Share	8	0.6p	4.9p	5.6p	1.6p	(1.0p)	0.6p
DP67 Share	8	0.7p	9.0p	9.7p	0.8p	1.5p	2.3p
DP2011 General Share	8	1.8p	0.4p	2.2p	2.4p	(2.2p)	0.2p
DP2011 Structured Share	8	1.8p	(1.1p)	0.7p	2.3p	(2.4p)	(0.1p)
DP2011 Low Carbon Share	8	1.1p	0.3p	1.4p	2.8p	2.8p	5.6p
Generalist Share	8	(1.0p)	(1.0p)	(2.0p)	-	-	-
Healthcare Share	8	(1.3p)	(1.2p)	(2.5p)	-	-	-

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standard 102 ("FRS 102"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 by the Association of Investment Companies ("AIC SORP").

INCOME STATEMENT (analysed by share pool)
for the year ended 31 March 2017

Split as:

DSO B Share pool

	Year ended 31 March 2017			Year ended 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	177	93	270	1,047	-	1,047
Net gain on investments	-	494	494	-	656	656
	177	587	764	1,047	656	1,703
Investment management fees	(27)	(27)	(54)	(97)	(97)	(194)
Other expenses	(55)	-	(55)	(98)	-	(98)
Return on ordinary activities before tax	95	560	655	852	559	1,411
Tax on total comprehensive income and ordinary activities	(36)	-	(36)	(116)	-	(116)
Return attributable to equity shareholders, being total comprehensive income for the year	59	560	619	736	559	1,295

DSO D Share pool

	Year ended 31 March 2017			Year ended 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	174	-	174	255	-	255
Net gain /(loss) on investments	-	431	431	-	(39)	(39)
	174	431	605	255	(39)	216
Investment management fees	(43)	(43)	(86)	(42)	(42)	(84)
Other expenses	(80)	-	(80)	(81)	-	(81)
Return/(loss) on ordinary activities before tax	51	388	439	132	(81)	51
Tax on total comprehensive income and ordinary activities	(2)	-	(2)	(3)	-	(3)
Return/(loss) attributable to equity shareholders, being total comprehensive income for the year	49	388	437	129	(81)	48

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT (analysed by share pool) (continued)
for the year ended 31 March 2017

DP67 Share pool

	Year ended 31 March 2017			Period from 21 July 2015 to 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	325	175	500	204	-	204
Net gain on investments	-	883	883	-	201	201
	325	1,058	1,383	204	201	405
Investment management fees	(47)	(47)	(94)	(35)	(35)	(70)
Other expenses	(70)	-	(70)	(61)	-	(61)
Return on ordinary activities before tax	208	1,011	1,219	108	166	274
Tax on total comprehensive income and ordinary activities	(129)	-	(129)	(15)	-	(15)
Return attributable to equity shareholders, being total comprehensive income for the year	79	1,011	1,090	93	166	259

DP2011 General Share pool

	Year ended 31 March 2017			Period from 21 July 2015 to 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	521	-	521	659	-	659
Net gain/ (loss) on investments	-	164	164	-	(271)	(271)
	521	164	685	659	(271)	388
Investment management fees	(97)	(97)	(194)	(80)	(80)	(160)
Other expenses	(145)	-	(145)	(119)	-	(119)
Return/(loss) on ordinary activities before tax	279	67	346	460	(351)	109
Tax on total comprehensive income and ordinary activities	1	-	1	(77)	-	(77)
Return/(loss) attributable to equity shareholders, being total comprehensive income for the year	280	67	347	383	(351)	32

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT (analysed by share pool) (continued)
for the year ended 31 March 2017

DP2011 Structured Share pool

	Year ended 31 March 2017			Period from 21 July 2015 to 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	354	-	354	429	-	429
Net loss on investments	-	(57)	(57)	-	(201)	(201)
	354	(57)	297	429	(201)	228
Investment management fees	(63)	(63)	(126)	(56)	(56)	(112)
Other expenses	(100)	-	(100)	(78)	-	(78)
Return/(loss) on ordinary activities before tax	191	(120)	71	295	(257)	38
Tax on total comprehensive income and ordinary activities	1	-	1	(48)	-	(48)
Return/(loss) attributable to equity shareholders, being total comprehensive income for the year	192	(120)	72	247	(257)	(10)

DP2011 Low Carbon Share pool

	Year ended 31 March 2017			Period from 21 July 2015 to 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	179	-	179	353	-	353
Net gain on investments	-	67	67	-	253	253
	179	67	246	353	253	606
Investment management fees	(43)	(43)	(86)	(40)	(40)	(80)
Other expenses	(65)	-	(65)	(59)	-	(59)
Return on ordinary activities before tax	71	24	95	254	213	467
Tax on total comprehensive income and ordinary activities	12	-	12	(43)	-	(43)
Return attributable to equity shareholders, being total comprehensive income for the year	83	24	107	211	213	424

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT (analysed by share pool) (continued)
for the year ended 31 March 2017

Generalist Share pool

	Year ended 31 March 2017			Period from 21 July 2015 to 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	-	-	-	-	-	-
Net gain on investments	-	-	-	-	-	-
Investment management fees	(5)	(5)	(10)	-	-	-
Other expenses	(1)	-	(1)	-	-	-
Loss on ordinary activities before tax	(6)	(5)	(11)	-	-	-
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
Loss attributable to equity shareholders, being total comprehensive income for the year	(6)	(5)	(11)	-	-	-

Healthcare Share pool

	Year ended 31 March 2017			Period from 21 July 2015 to 31 March 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	-	-	-	-	-	-
Net gain on investments	-	-	-	-	-	-
Investment management fees	(3)	(3)	(6)	-	-	-
Other expenses	-	-	-	-	-	-
Loss on ordinary activities before tax	(3)	(3)	(6)	-	-	-
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
Loss attributable to equity shareholders, being total comprehensive income for the year	(3)	(3)	(6)	-	-	-

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 31 March 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	9	27,095	35,351
Current assets			
Debtors	10	1,709	1,077
Cash at bank and in hand		31,441	9,533
		<u>33,150</u>	<u>10,610</u>
Creditors: amounts falling due within one year	11	<u>(833)</u>	<u>(879)</u>
Net current assets		<u>32,317</u>	<u>9,731</u>
Net assets		<u>59,412</u>	<u>45,082</u>
Capital and reserves			
Called up Share capital	12	144	161
Capital redemption reserve	13	31	5
Special reserve	13	30,620	44,441
Share premium account	13	10,074	-
Funds held in respect of shares not yet allotted	13	16,137	-
Revaluation reserve	13	(1,980)	(2,645)
Capital reserve – realised	13	3,331	1,949
Revenue reserve		<u>1,055</u>	<u>1,171</u>
Total equity shareholders' funds	14	<u>59,412</u>	<u>45,082</u>
Basic and diluted net asset value per Share:			
DSO B Share	14	20.7p	17.6p
DSO C Share	14	0.1p	0.1p
DSO D Share	14	76.1p	75.6p
DP67 Share	14	66.1p	60.4p
DP2011 General Ordinary Share	14	15.0p	75.1p
DP2011 General A Share	14	31.2p	5.9p
DP2011 Structured Ordinary Share	14	4.8p	77.1p
DP2011 Structured A Share	14	31.9p	6.1p
DP2011 Low Carbon Share	14	43.0p	91.6p
Generalist Share	14	99.9p	N/A
Healthcare Share	14	99.7p	N/A

The financial statements on pages 90 to 125 were approved and authorised for issue by the Board of Directors on 31 July 2017 and were signed on its behalf by:



Lord Flight
Chairman
Company number: 6789187

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET (ANALYSED BY SHARE POOL)

as at 31 March 2017

DSO B Shares

	2017	2016
	£'000	£'000
Fixed assets		
Investments	1,752	3,034
Current assets		
Debtors	74	20
Cash at bank and in hand	2,475	634
	<u>2,549</u>	<u>654</u>
Creditors: amounts falling due within one year	<u>(151)</u>	<u>(160)</u>
Net current assets	<u>2,398</u>	<u>494</u>
Net assets	<u><u>4,150</u></u>	<u><u>3,528</u></u>

Capital and reserves

Called up share capital – B Shares	12	20	20
Called up share capital – C Shares	12	30	30
Capital redemption reserve		31	-
Special reserve		3,186	3,662
Share premium reserve		-	-
Revaluation reserve		(1,108)	(1,485)
Capital reserve – realised		1,705	1,231
Revenue reserve		286	70
Total equity shareholders' funds	14	<u><u>4,150</u></u>	<u><u>3,528</u></u>

DSO D Shares

	2017	2016
	£'000	£'000
Fixed assets		
Investments	5,365	5,689
Current assets		
Debtors	254	162
Cash at bank and in hand	435	159
	<u>689</u>	<u>321</u>
Creditors: amounts falling due within one year	<u>(62)</u>	<u>(65)</u>
Net current assets	<u>627</u>	<u>256</u>
Net assets	<u><u>5,992</u></u>	<u><u>5,945</u></u>

Capital and reserves

Called up share capital	12	8	8
Capital redemption reserve		-	-
Special reserve		6,598	6,802
Share premium reserve		-	-
Revaluation reserve		(9)	(338)
Capital reserve – realised		(510)	(538)
Revenue reserve		(95)	11
Total equity shareholders' funds	14	<u><u>5,992</u></u>	<u><u>5,945</u></u>

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET (ANALYSED BY SHARE POOL) (continued)
as at 31 March 2017

DP67 Shares

	2017	2016
	£'000	£'000
Fixed assets		
Investments	5,047	5,828
Current assets		
Debtors	392	198
Cash at bank and in hand	2,396	911
	<u>2,788</u>	<u>1,109</u>
Creditors: amounts falling due within one year	(404)	(100)
Net current assets	<u>2,384</u>	<u>1,009</u>
Net assets	<u>7,431</u>	<u>6,837</u>

Capital and reserves

Called up share capital	12	11	11
Capital redemption reserve		-	-
Special reserve		5,836	5,897
Share premium reserve		-	-
Revaluation reserve		396	482
Capital reserve – realised		1,070	354
Revenue reserve		118	93
Total equity shareholders' funds	14	<u>7,431</u>	<u>6,837</u>

DP2011 General Shares

	2017	2016
	£'000	£'000
Fixed assets		
Investments	7,385	10,446
Current assets		
Debtors	585	390
Cash at bank and in hand	266	2,186
	<u>851</u>	<u>2,576</u>
Creditors: amounts falling due within one year	(143)	(196)
Net current assets	<u>708</u>	<u>2,380</u>
Net assets	<u>8,093</u>	<u>12,826</u>

Capital and reserves

Called up share capital – Ordinary Shares	12	16	16
Called up share capital – A Shares	12	18	18
Capital redemption reserve		-	-
Special reserve		7,805	12,681
Share premium reserve		-	-
Revaluation reserve		(641)	(657)
Capital reserve – realised		466	385
Revenue reserve		429	383
Total equity shareholders' funds	14	<u>8,093</u>	<u>12,826</u>

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET (ANALYSED BY SHARE POOL) (continued)
as at 31 March 2017

DP2011 Structured Shares

	2017	2016
	£'000	£'000
Fixed assets		
Investments	4,233	7,356
Current assets		
Debtors	365	230
Cash at bank and in hand	28	1,556
	<u>393</u>	<u>1,786</u>
Creditors: amounts falling due within one year	<u>(94)</u>	<u>(141)</u>
Net current assets	<u>299</u>	<u>1,645</u>
Net assets	<u><u>4,532</u></u>	<u><u>9,001</u></u>

Capital and reserves

Called up share capital – Ordinary Shares	12	11	11
Called up share capital – A Shares	12	13	13
Capital redemption reserve		-	-
Special reserve		4,565	8,929
Share premium reserve		-	-
Revaluation reserve		(682)	(463)
Capital reserve – realised		346	264
Revenue reserve		279	247
Total equity shareholders' funds	14	<u><u>4,532</u></u>	<u><u>9,001</u></u>

DP2011 Low Carbon Shares

	2017	2016
	£'000	£'000
Fixed assets		
Investments	3,065	2,998
Current assets		
Debtors	140	46
Cash at bank and in hand	116	4,011
	<u>256</u>	<u>4,057</u>
Creditors: amounts falling due within one year	<u>(59)</u>	<u>(113)</u>
Net current assets	<u>197</u>	<u>3,944</u>
Net assets	<u><u>3,262</u></u>	<u><u>6,942</u></u>

Capital and reserves

Called up share capital	12	8	8
Capital redemption reserve		-	-
Special reserve		2,639	6,470
Share premium reserve		-	-
Revaluation reserve		67	-
Capital reserve – realised		253	253
Revenue reserve		295	211
Total equity shareholders' funds	14	<u><u>3,262</u></u>	<u><u>6,942</u></u>

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET (ANALYSED BY SHARE POOL) (continued)
as at 31 March 2017

Generalist

	2017	2016
	£'000	£'000
Fixed assets		
Investments	225	-
Current assets		
Debtors	-	-
Cash at bank and in hand	21,225	-
	<u>21,225</u>	<u>-</u>
Creditors: amounts falling due within one year	<u>(10)</u>	<u>-</u>
Net current assets	<u>21,215</u>	<u>-</u>
Net assets	<u><u>21,440</u></u>	<u><u>-</u></u>
Capital and reserves		
Called up share capital	12 7	-
Special reserve	(5)	-
Share premium reserve	7,633	-
Funds held in respect of shares not yet allotted	14,012	-
Revenue reserve	(207)	-
Total equity shareholders' funds	14 <u><u>21,440</u></u>	<u><u>-</u></u>

Healthcare

	2017	2016
	£'000	£'000
Fixed assets		
Investments	25	-
Current assets		
Debtors	-	-
Cash at bank and in hand	4,500	-
	<u>4,500</u>	<u>-</u>
Creditors: amounts falling due within one year	<u>(7)</u>	<u>-</u>
Net current assets	<u>4,493</u>	<u>-</u>
Net assets	<u><u>4,518</u></u>	<u><u>-</u></u>
Capital and reserves		
Called up share capital	12 2	-
Special reserve	(3)	-
Share premium reserve	2,441	-
Funds held in respect of shares not yet allotted	2,125	-
Revenue reserve	(47)	-
Total equity shareholders' funds	14 <u><u>4,518</u></u>	<u><u>-</u></u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017

	Called up Share capital £'000	Capital Redempt- ion reserve £'000	Special reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Revaluati -on Reserve (Note 9) £'000	Capital reserve -realised £'000	Revenue reserve £'000	Total £'000
At 31 March 2015	84	5	20,895	2,794	-	(1,544)	2,500	1,181	25,915
Total	-	-	-	-	-	(1,194)	1,686	2,127	2,619
comprehensive income									
Issue of share capital on acquisition	77	-	-	35,999	-	-	-	-	36,076
Share premium cancellation	-	-	38,692	(38,692)	-	-	-	-	-
Transfer between reserves*	-	-	(15,056)	-	-	93	15,531	(568)	-
<i>Transactions with owners</i>									
Dividend paid	-	-	-	-	-	-	(17,768)	(1,569)	(19,337)
Purchase of own shares	-	-	(8)	(30)	-	-	-	-	(38)
Share issue costs	-	-	(82)	(71)	-	-	-	-	(153)
At 31 March 2016	161	5	44,441	-	-	(2,645)	1,949	1,171	45,082
Total	-	-	-	-	-	599	1,321	737	2,657
comprehensive income									
Transfer between reserves*	-	-	(13,772)	-	-	66	13,706	-	-
Unallotted shares	-	-	-	-	16,137	-	-	-	16,137
<i>Transactions with owners</i>									
Dividend paid	-	-	-	-	-	-	(13,645)	(608)	(14,253)
Cancellation of shares	(26)	26	-	-	-	-	-	-	-
Purchase of own shares	-	-	(49)	-	-	-	-	-	(49)
Issue of shares	9	-	-	10,074	-	-	-	-	10,083
Share issue costs	-	-	-	-	-	-	-	(245)	(245)
At 31 March 2017	144	31	30,620	10,074	16,137	(1,980)	3,331	1,055	59,412

* A transfer of £66,000 (2016: £93,000) representing previously recognised realised gains on disposal of investments during the year ended 31 March 2017 has been made from the Revaluation Reserve to the Capital Reserve realised. A transfer of £13.7 million (2016: £15.5 million) representing realised gains on disposal of investments, less capital expenses and capital dividends in the year was made from Capital Reserve – realised to Special reserve. In 2016 a transfer of £568,000 was made from Capital Reserve – realised to Revenue reserve to reconcile the Ordinary Share pool reserves.

STATEMENT OF CASH FLOWS
for the year ended 31 March 2017

Year ended 31 March 2017

	DSO B Share pool £'000	DSO D Share pool £'000	DP67 Share pool £'000	DP2011 Gen Share pool £'000	DP2011 Struc Share pool £'000	DP2011 LC Share pool £'000	Generalist Share Pool £'000	Health- care Share Pool £'000	Total £'000
Note									
Cash flows from operating activities									
Return on ordinary activities before taxation	655	439	1,219	346	71	95	(11)	(6)	2,808
Losses/(gains) on investments	(494)	(431)	(883)	(164)	57	(67)	-	-	(1,980)
Decrease/(increase) in debtors	13	(91)	174	(193)	(136)	(92)	-	-	(325)
(Decrease)/increase in creditors	(75)	13	21	(18)	(21)	(29)	11	6	(92)
Net cash inflow from operating activities	99	(70)	531	(29)	(29)	(93)	-	-	406
Corporation tax paid	(110)	(15)	(211)	(32)	(26)	(14)	-	-	(408)
New cash generated from operating activities	(11)	(85)	320	(61)	(55)	(107)	-	-	(2)
Cash flow from investing activities									
Purchase of investments	9	-	(145)	(700)	-	-	(225)	(25)	(1,095)
Proceeds from disposal of investments	9	1,776	900	2,364	3,226	3,066	-	-	11,332
Net cash inflow/(outflow) from investing activities	1,776	755	1,664	3,226	3,066	-	(225)	(25)	10,237
Net cash inflow/(outflow) before financing	1,765	670	1,984	3,165	3,011	(107)	(225)	(25)	10,235
Cash flows from financing activities									
Repurchase of shares	-	-	(49)	-	-	-	-	-	(49)
Issue of share capital	-	-	-	-	-	-	7,438	2,400	9,838
Unallotted shares	-	-	-	-	-	-	14,012	2,125	16,137
Equity dividends paid	7	(394)	(450)	(5,085)	(4,539)	(3,788)	-	-	(14,253)
Net cash (outflow)/inflow from financing activities	-	(394)	(499)	(5,085)	(4,539)	(3,788)	21,450	4,525	11,673
Net increase in cash and cash equivalents at start of year	1,765	276	1,485	(1,920)	(1,528)	(3,895)	21,225	4,500	21,908
Cash and cash equivalents at end of year	710	159	911	2,186	1,556	4,011	-	-	9,533
Cash and cash equivalents at end of year	2,475	435	2,396	266	28	116	21,225	4,500	31,441
Cash and cash equivalents comprise									
Cash at bank and in hand	2,475	435	2,396	266	28	116	21,225	4,500	31,441
Total cash and cash equivalents	2,475	435	2,396	266	28	116	21,225	4,500	31,441

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

Year ended 31 March 2016

	DSO Ord Share pool Note	DSO B Share pool £'000	DSO D Share pool £'000	DP67 Share pool £'000	DP2011 Gen Share pool £'000	DP2011 Struc Share pool £'000	DP2011 LC Share pool £'000	Total £'000
Cash flows from operating activities								
Return on ordinary activities before taxation	620	1,411	51	274	109	38	467	2,970
(Gains)/losses on investments	(282)	(656)	39	(201)	271	201	(253)	(881)
Decrease/(increase) in debtors	35	260	(77)	(94)	(2)	(16)	(30)	136
(Decrease)/increase in creditors	-	(57)	(53)	10	31	29	55	(95)
Net cash inflow/(outflow) from operating activities	373	958	(40)	(11)	409	252	189	2,130
Corporation tax paid	(88)	(225)	(27)	(153)	(249)	(126)	(139)	(1,007)
Net cash generated/(utilised) from operating activities	285	733	(67)	(164)	160	126	50	1,123
Cash flows from investing activities								
Purchase of investments	9	(383)	(806)	(552)	(2,625)	(38)	-	(4,404)
Proceeds from disposal of investments	9	6,233	12,091	1,231	1,587	2,401	1,628	29,304
Cash acquired in merger	15	-	-	-	2,362	101	81	2,581
Net cash inflow from investing activities	5,850	11,285	679	1,324	2,464	1,709	4,170	27,481
Net cash inflow before financing	6,135	12,018	612	1,160	2,624	1,835	4,220	28,604
Cash flows from financing								
Equity dividends paid	7	(6,124)	(11,746)	(393)	(226)	(392)	(267)	(19,337)
Share issue costs	-	(30)	(52)	(23)	(16)	(12)	(20)	(153)
Purchase of own shares	-	-	(8)	-	(30)	-	-	(38)
Net cash outflow from financing	(6,124)	(11,776)	(453)	(249)	(438)	(279)	(209)	(19,528)
Net increase in cash	11	242	159	911	2,186	1,556	4,011	9,076
Cash and cash equivalents at start of year	65	392	-	-	-	-	-	457
Cash and cash equivalents at end of year	76	634	159	911	2,186	1,556	4,011	9,533
Cash and cash equivalents comprise								
Cash at bank and in hand	76	634	159	911	2,186	1,556	4,011	9,533
Total cash and cash equivalents	76	634	159	911	2,186	1,556	4,011	9,533

The accompanying notes form an integral part of these financial statements.

NOTES TO THE ACCOUNTS for the year ended 31 March 2017

1. Accounting policies

Basis of accounting

The Company has prepared its financial statements in accordance with the Financial Reporting Standard 102 (“FRS 102”) and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” revised November 2014 (“SORP”).

The Company implements new Financial Reporting Standards (“FRS”) issued by the Financial Reporting Council when required.

The financial statements are presented in pounds sterling and rounded to thousands. The Company’s functional and presentational currency is pounds sterling.

Presentation of Income Statement

In order to better reflect the activities of a Venture Capital Trust, and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue return is the measure the Directors believe appropriate in assessing the Company’s compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Judgements in applying accounting policies and key sources of estimation uncertainty

Investments

All investments are designated as “fair value through profit or loss” assets due to investments being managed and performance evaluated on a fair value basis, in accordance with Section 9.9B(a) of FRS 102. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company’s documented investment policy.

It is possible to determine the fair values within a reasonable range of estimates. The fair value of an investment upon acquisition is deemed to be cost. Thereafter investments are measured at fair value in accordance with FRS 102 sections 11 and 12, together with the International Private Equity and Venture Capital Valuation Guidelines (“IPEV”).

Structured Product investments are measured using bid prices.

For unquoted investments, fair value is established by using the IPEV guidelines. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value. The valuation of investments is detailed in Note 9.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment are expensed. Where an investee company has gone into receivership or liquidation, or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised.

It is not the Company’s policy to exercise significant influence or joint control over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with FRS 102 sections 14 and 15 and the SORP, which do not require portfolio investments to be accounted for using the equity method of accounting.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2017

1. Accounting policies (continued)

Income

Dividend income from investments is recognised when the Shareholders' rights to receive payment have been established, normally the ex-dividend date.

Interest income is accrued on a time apportioned basis, by reference to the principal sum outstanding and at the effective rate applicable, and only where there is reasonable certainty of collection in the foreseeable future.

Distributions from investments in limited liability partnerships ("LLPs") are recognised as they are paid to the Company. Where such items are considered capital in nature they are recognised as capital profits.

Expenses

All expenses are accounted for on an accruals basis, and are stated inclusive of any VAT charged. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted a policy of charging 50% of the investment management fees to the revenue account and 50% to the capital account to reflect the Board's estimated split of investment returns which will be achieved by the company over the long term.

Expenses and liabilities not specific to a share class are generally allocated pro rata to the net asset values of each share class.

Taxation

The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate, using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust, and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arises.

Deferred taxation, which is not discounted, is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Other debtors and other creditors

Other debtors (including accrued income) and other creditors are included within the accounts at amortised cost.

Issue costs

Issue costs in relation to the shares issued for each share class have been deducted from the share premium account, special reserve or revenue reserve, as applicable, for the relevant share class.

Funds held in respect of shares not yet allotted

Cash received in respect of applications for new shares that have not yet been allotted is shown as "Funds held in respect of shares not yet allotted" and recorded on the Balance Sheet.

Acquisitions

Acquisitions made during the year are accounted for using the acquisition method. The purchase consideration is measured at the fair value of equity issued compared to the fair value of the assets and liabilities acquired.

Operating segments

The Company has one operating segment.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

2. Income

	2017	2016
	£'000	£'000
Income from investments		
Loan stock interest	1,621	3,264
Dividend income	-	20
LLP profits	268	-
	<u>1,889</u>	<u>3,284</u>
Other income		
Bank interest	14	82
Fee income	96	69
	<u>1,999</u>	<u>3,435</u>

3. Investment management fees

The management fee, which is charged to the Company, is based on an annual amount of 1.50% of the DSO B and DSO D Share pool net assets, 1.35% of the DP67 Share pool net assets, 1.80% of the DP2011 General, DP2011 Structured and DP2011 Low Carbon net assets, 2.00% of the Generalist net assets and 2.50% of the Healthcare net assets. The Manager also provides administration services for a fee calculated as follows: (i) a basic fee of £40,000; (ii) A fee of 0.1% of NAV per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool. Fees in relation to these services are shown within note 4.

	2017	2016
	£'000	£'000
Investment management fees	<u>656</u>	<u>778</u>

4. Other expenses

	2017	2016
	£'000	£'000
Administration services	100	111
Trail commission	171	167
Directors' remuneration	89	82
Social security costs	-	5
Auditor's remuneration for audit	32	32
Auditor's remuneration for non-audit services (taxation)	2	2
Registrars	40	40
London Stock Exchange	7	20
FCA	8	26
Printing and Postage	25	14
Wind up DSO Ordinary Shares	5	35
Other	36	34
	<u>515</u>	<u>568</u>

The annual running costs of the Company are subject to a cap of 3.0% of net assets of the Company for all share pools, with the exception of the DP67 and Healthcare share pools, which are subject to caps of 2.9% and 3.5% respectively.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

5. Directors' remuneration

Details of remuneration (excluding employer's NIC) are given in the audited part of the Directors' Remuneration Report on page 77. Key management is comprised of the Directors of the Company.

The Company had no employees (other than Directors) during the year. Costs in respect of the Directors are shown to in note 4 above. No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. There were no amounts outstanding at the year end.

6. Tax on ordinary activities

	2017	2016
	£'000	£'000
(a) Tax charge for the year		
UK corporation tax at 20% (2016: 20%)	151	351
Charge for the year	<u>151</u>	<u>351</u>
(b) Factors affecting tax charge for the year		
Return on ordinary activities before taxation	<u>2,808</u>	<u>2,970</u>
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 20% (2016: 20%)	561	595
Effects of:		
Expenses disallowed for tax purposes	1	2
Gains on investments	(449)	(177)
UK dividends received	-	(4)
LLP profits received during the year	54	-
Provision against LLP profits	474	-
Adjustment for prior years	(87)	(65)
Movement in deferred tax asset	<u>(403)</u>	<u>-</u>
Tax on total comprehensive income and ordinary activities	<u>151</u>	<u>351</u>

Excess management expenses, which are available to be carried forward and set off against future taxable income, amounted to £nil (2016: £nil).

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

7. Dividends

	2017		2016		2017			2016		
	Pence per share	Pence per share	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000		
DSO Ordinary Shares										
Paid										
2016 Special	-	36.2	-	-	-	277	3,443	3,720		
Total	-	36.2	-	-	-	277	3,443	3,720		
DSO A Shares										
Paid										
2016 Special	-	15.5	-	-	-	-	2,404	2,404		
DSO B Shares										
Paid										
2016 Special	-	40.0	-	-	-	498	7,466	7,964		
2016 second Special	-	19.0	-	-	-	597	3,185	3,782		
Total	-	59.0	-	-	-	1,095	10,651	11,746		
DSO D Shares										
Paid										
2017 Interim	2.5	-	39	158	197	-	-	-		
2016 Final	2.5	-	118	79	197	-	-	-		
2016 Interim	-	2.5	-	-	-	197	-	197		
2015 Final	-	2.5	-	-	-	-	196	196		
Total	5.0	5.0	157	237	394	197	196	393		
Proposed										
2017/2016 Final	2.5	2.5	118	79	197	118	79	197		
DP67 Shares										
Paid										
2017 Interim	2.0	-	56	169	225	-	-	-		
2016 Final	2.0	-	-	225	225	-	-	-		
2016 Interim	-	2.0	-	-	-	85	141	226		
	4.0	2.0	56	394	450	85	141	226		
Proposed										
2017/2016 Final	2.0	2.0	-	225	225	-	226	226		
DP2011 General Shares										
Paid										
2017 Special	10.0	-	235	1,330	1,565	-	-	-		
2016 Special	22.5	-	-	3,520	3,520	-	-	-		
2016 Interim	-	2.5	-	-	-	314	78	392		
	32.5	2.5	235	4,850	5,085	314	78	392		
DP2011 Structured Shares										
Paid										
2017 Special	10.0	-	160	908	1,068	-	-	-		
2016 Special	32.5	-	-	3,471	3,471	-	-	-		
2016 Interim	-	2.5	-	-	-	214	53	267		
	42.5	2.5	160	4,379	4,539	214	53	267		

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

7. Dividends (continued)

	2017		2016		2017			2016		
	Pence per share	Pence per share	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000		
DP2011 Low Carbon Shares										
Paid										
2016 Special	50.0	-	-	3,788	3,788	-	-	-		
2016 Interim	-	2.5	-	-	-	189	-	189		
	<u>50.0</u>	<u>2.5</u>	<u>-</u>	<u>3,788</u>	<u>3,788</u>	<u>189</u>	<u>-</u>	<u>189</u>		

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

8. Basic and diluted return per share

		Weighted average number of shares in issue	Revenue Return	Capital gain/(loss)	Total comprehensive income
			£'000	£'000	£'000
Return per share is calculated on the following:					
Year ended 31 March 2017	DSO B Shares	19,911,070	59	560	619
	DSO C Shares	29,926,070	-	-	-
	DSO D Shares	7,867,247	49	388	437
	DP67 Shares	11,239,785	79	1,011	1,090
	DP2011 General Shares	15,644,066	280	67	347
	DP2011 General A Shares	18,418,614	-	-	-
	DP2011 Structured Shares	10,678,725	192	(120)	72
	DP2011 Structured A Shares	12,572,817	-	-	-
	DP2011 Low Carbon Shares	7,575,419	83	24	107
	Generalist Shares	537,081	(6)	(5)	(11)
	Healthcare Shares	234,044	(3)	(3)	(6)
Year ended 31 March 2016	DSO Ordinary Shares	10,228,157	328	243	571
	DSO A Shares	15,506,488	-	-	-
	DSO B Shares	19,911,070	736	559	1,295
	DSO C Shares	29,926,070	-	-	-
	DSO D Shares	7,814,325	129	(81)	48
	DP67 Shares	11,320,258	93	166	259
	DP2011 General Shares	15,663,577	383	(351)	32
	DP2011 General A Shares	18,438,125	-	-	-
	DP2011 Structured Shares	10,678,725	247	(257)	(10)
	DP2011 Structured A Shares	12,572,817	-	-	-
	DP2011 Low Carbon Shares	7,575,419	211	213	424

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per DSO B Share, DSO C Share, DSO D Share, DP67 Share, DP2011 General Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A Share, DP2011 Low Carbon Share, Generalist Shares or Healthcare Shares. The return per share disclosed therefore represents both the basic and diluted return per Share for all classes of Share.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

9. Fixed assets – investments

	Structured Products £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 April 2016	2,393	36,049	38,442
Unrealised gains/(losses) at 1 April 2016	177	<u>(3,268)</u>	<u>(3,091)</u>
Opening fair value at 1 April 2016	<u>2,570</u>	<u>32,781</u>	<u>35,351</u>
Movements in the year:			
Purchased at cost	-	1,095	1,095
Disposals - proceeds	(2,058)	(9,273)	(11,331)
- realised gains on disposals	59	1,322	1,381
Unrealised gains in the Income Statement	27	572	599
Closing value at 31 March 2017	<u>598</u>	<u>26,497</u>	<u>27,095</u>
Closing cost at 31 March 2017	501	28,568	29,069
Unrealised gains/(losses) at 31 March 2017	97	<u>(2,071)</u>	<u>(1,974)</u>
	<u>598</u>	<u>26,497</u>	<u>27,095</u>

No costs incidental to the acquisitions of investments were incurred during the year.

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

- Level a Reflects financial instruments quoted in an active market;
Level b Reflects financial instruments that have prices that are observable either directly or indirectly; and
Level c (i) Reflects financial instruments that are based on observable market data
(ii) Reflects financial instruments that are not based on observable market data (unquoted equity investments and loan note investments).

	Level a £'000	Level b £'000	Level c(ii) £'000	2017 £'000	Level a £'000	Level b £'000	Level c(ii) £'000	2016 £'000
Structured Products	598	-	-	598	2,570	-	-	2,570
Unquoted loan notes	-	-	12,781	12,781	-	-	17,512	17,512
Unquoted equity	-	-	13,716	13,716	-	-	15,269	15,269
	<u>598</u>	<u>-</u>	<u>26,497</u>	<u>27,095</u>	<u>2,570</u>	<u>-</u>	<u>32,781</u>	<u>35,351</u>

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

9. Fixed assets - investments (continued)

Reconciliation of fair value for Level c(ii) financial instruments held at the year end:

	Unquoted equity £'000	Unquoted loan notes £'000	Total £'000
Balance at 31 March 2016	15,269	17,512	32,781
<i>Movements in the Income Statement:</i>			
Unrealised gains in the income statement	432	140	572
Realised gains in the income statement	433	889	1,322
	<u>865</u>	<u>1,029</u>	<u>1,894</u>
Purchases at cost			
Acquisitions	1,018	77	1,095
Sales proceeds	(3,436)	(5,837)	(9,273)
Balance at 31 March 2017	<u>13,716</u>	<u>12,781</u>	<u>26,497</u>

FRS 102 sections 11 and 12 require disclosure to be made of the possible effect of changing one or more of the inputs to reasonable possible alternative valuation assumptions where this would result in a significant change in the fair value of the Level c(ii) investments. There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments.

The Board and the Investment Manager believe that the valuations as at 31 March 2017 reflect the most appropriate assumptions at the date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 16.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

9. Fixed assets - investments (continued)

The following summary shows investments made by the Company in which other funds managed by Downing have also invested. The amounts shown represent the original costs of the investment.

	Company £'000	Equity held by Other Downing Discretionary Funds NOTE 1	
21st Century Energy Limited	730	-	
Apex Energy Limited	400	92.0%	*
Avon Solar Energy Limited	1,261	12.6%	
Brownfields Trading Limited	300	94.0%	*
Cadbury House Holdings Limited	1,409	36.3%	
Cheers Dumbarton Limited	108	45.5%	
City Falkirk Limited	1,113	45.5%	
Clean Electricity Limited	780	-	
Fenkle Street LLP	558	-	
Fresh Green Power Limited	200	12.4%	
Fubar Stirling Limited	1,040	45.4%	
Future Biogas (Reepham Road) Limited	632	31.4%	
Gatewales Limited	408	23.1%	
Goonhilly Earth Station Limited	715	82.4%	*
Green Energy Production UK Limited	100	12.3%	
Lambridge Solar Limited	500	7.2%	
Lochrise Limited	17	45.2%	
London City Shopping Centre Limited	187	21.9%	
Merlin Renewables Limited	500	10.4%	
Mosaic Spa & Health Clubs Limited	2,523	35.4%	
Nightjar Sustainable Power Limited	485	0.0%	
Oak Grove Renewables Limited	1,765	31.6%	
Odysian (Holdings) Limited	1,454	-	
Pearce and Saunders DevCo Limited	20	75.9%	
Pearce and Saunders Limited	300	75.9%	
Progressive Power Generation Ltd	800	0.0%	
Quadrate Spa Limited	460	88.2%	*
Snow Hill Developments LLP	1,559	-	
UK Renewable Power Limited	835	-	
Vulcan Renewables Limited	4,156	27.8%	
Westcountry Solar Solutions Limited	1,500	12.6%	
Wickham Solar	550	10.0%	
Xupes Limited	200	75.0%	
Yamuna Energy Limited	400	92.0%	*
	27,965		

NOTE 1: Other Downing Funds comprise Downing ONE VCT plc, Downing TWO VCT plc and Downing THREE VCT plc, which are managed under discretionary management agreements by Downing LLP ("Downing LLP Funds").

* Investment decisions are made by the respective Board of Directors of each VCT

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

10. Debtors

	2017	2016
	£'000	£'000
Prepayments and accrued income	1,294	1,033
Other debtors	12	44
Deferred taxation (Note 17)	403	-
	<u>1,709</u>	<u>1,077</u>

11. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Corporation tax	360	214
Taxation and social security	1	2
Accruals and deferred income	472	663
	<u>833</u>	<u>879</u>

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

12. Called up share capital

	2017	2016
	£'000	£'000
Allotted, called up and fully-paid:		
Nil (2016: 10,288,157) DSO Ordinary Shares of 0.1p each	-	10
Nil (2016: 15,506,488) DSO A Shares of 0.1p each	-	16
19,911,070 (2016: 19,911,070) DSO B Shares of 0.1p each	20	20
29,926,070 (2016: 29,926,070) DSO C Shares of 0.1p each	30	30
7,867,247 (2016: 7,887,527) DSO D Shares of 0.1p each	8	8
11,239,785 (2016: 11,320,258) DP67 Shares of 0.1p each	11	11
15,644,066 (2016: 15,644,066) DP2011 General Ordinary Shares of 0.1p each	16	16
18,418,614 (2016: 18,418,614) DP2011 General A Shares of 0.1p each	18	18
10,678,725 (2016: 10,678,725) DP2011 Structured Ordinary Shares of 0.1p each	11	11
12,572,817 (2016: 12,572,817) DP2011 Structured A Shares of 0.1p each	13	13
7,575,419 (2016: 7,575,419) DP2011 Low Carbon Shares of 0.1p each	8	8
7,438,093 (2016: Nil) Generalist Shares of 0.1p each	7	-
2,400,195 (2016: Nil) Healthcare Shares of 0.1p each	2	-
	<u>144</u>	<u>161</u>

The Company's capital is managed in accordance with its investment policy as shown in the Strategic Report, in pursuit of its principal investment objectives as stated on page 67. There have been no significant changes in the objectives, policies or processes for managing capital from the previous period.

The Company has the authority to buy back Shares as described in the Directors' Report.

The Company allotted 7,438,093 Generalist Shares of 0.1p each at an average price of 102.7p per Ordinary Share, under the terms of the Offers for Subscription dated 8 December 2016.

The Company allotted 2,400,195 Healthcare Shares of 0.1p each at an average price of 101.8p per Ordinary Share, under the terms of the Offers for Subscription dated 8 December 2016.

During the year 80,473 DP67 Shares were repurchased by the Company, at an average price of 60.0p.

On 25 August 2016 the DSO Ordinary Shares and DSO A Shares were converted into deferred shares with no value and were cancelled.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

12. Called up share capital (continued)

DSO B Share pool

Provided that the performance hurdle is met (i.e. Shareholders receive proceeds of at least £1 per share and a 7% compound return), distributions or returns of capital shall be made on the following basis between the holders of DSO B Shares and DSO C Shares:

- 91% to DSO B Shares and 9% to DSO C Shares until an amount equivalent to 100p per one DSO B Share and one DSO C Share has been distributed; thereafter
- pro rata to the respective holdings of DSO B Shares and DSO C Shares.

If the distributions set out above would result in Shareholders receiving less than 100p per share or lower than a 7% compound return, then the return to members of the management team will be reduced until Shareholders receive at least 100p per share and a 7% compound return. The management team’s share of the total proceeds will be subject to a cap of 1.25% of net assets per annum and will only be payable if the hurdle is achieved. If, in any accounting period of the Company, the performance incentive payable is less than the cap, the shortfall will be aggregated to the cap in respect of the following accounting period and so on until fully utilised.

DP2011 General Share pool and DP2011 Structured Share pool

Distributions of income and returns of capital (whether by way of reduction of capital or otherwise) shall be made on the following basis to the holders of DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares and DP2011 Structured A Shares:

Total Proceeds per Ordinary Share	Allocation of DP2011 General and Structured Shareholder Proceeds	
	Ordinary Shareholders	‘A’ Shareholders
Up to 70p	Remainder	$\frac{0.001 \times \text{‘A’ Shares in issue}}{\text{Total shares in issue}}$
Above 70p and below 120p	$\frac{0.001 \times \text{Ordinary Shares in issue}}{\text{Total shares in issue}}$	Remainder
120p and above	Remainder	$\frac{0.001 \times \text{‘A’ Shares in issue}}{\text{Total shares in issue}}$

“Shareholder Proceeds” means amounts paid by way of dividend or other distributions, share buybacks, proceeds on a sale or winding-up of the Company and any other proceeds or value received or deemed to be received, by Ordinary Shareholders and ‘A’ Shareholders (excluding any income tax relief on subscription) out of the assets attributable to the Ordinary Shares and the ‘A’ Shares.

“Remainder” is the dividends not paid to the Ordinary Shareholders/‘A’ Shareholders as applicable.

Generalist and Healthcare Share pools

A performance incentive scheme is in place in respect of the Generalist and Healthcare Management Shares, which will represent 20% of the total number of Generalist and Healthcare Shares in issue. As part of the arrangement, in order to prevent dilution to the shareholders of the Generalist and Healthcare Shares, the management team will waive their voting rights granted by these Management Shares at any general meeting of the Company and income or capital distributions otherwise payable on these Management Shares will be waived unless the share class has achieved a Total Return (based on audited year end results) in excess of £1 per share for the years ended 31 March 2018, 31 March 2019 and 31 March 2020. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2021 the hurdle is £1.03, and for the year ended 31 March 2022 the hurdle is £1.06.

DSO D and DP2011 Low Carbon Share pools

DSO D and DP2011 Low Carbon Share pools do not have ‘A’ Shares so all shareholder proceeds are distributable to the Ordinary Shareholders.

The Company does not have any externally imposed capital requirements.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

13. Reserves

	2017	2016
	£'000	£'000
Capital redemption reserve	31	5
Special reserve	30,620	44,441
Share premium account	10,074	-
Revaluation reserve	(1,980)	(2,645)
Capital reserve – realised	3,331	1,949
Revenue reserve	1,055	1,171
Funds held in respect of shares not yet allotted	16,137	-
	<hr/>	<hr/>
Total equity shareholders' funds	59,268	44,921
	<hr/>	<hr/>

The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. The distributable reserves are reduced by losses of £4,163,000 (2016: £3,976,000) which are included in the Revaluation reserve.

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Special reserve

The Special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay capital distributions.

Share premium account

This reserve accounts for the difference between the prices at which shares are issued and the nominal value of the shares, less issue costs and transfers to the other distributable reserves.

Revaluation reserve

This reserve represents the cumulative increases and decreases in the valuations of investments held at each year end, against cost.

Capital reserve - realised

The following are disclosed in this reserve:

- gains and losses compared to cost, on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above accounting policies; and
- dividends paid to equity holders.

Revenue reserve

This reserve accounts for movements within the revenue column of the Income Statement, the payment of dividends and other non-capital realised movements.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

14. Basic and diluted net asset value per share

	Shares in issue		2017		2016	
			Net asset value		Net asset value	
			Pence per share	£'000	Pence per share	£'000
	2017	2016				
DSO Ordinary Shares	-	10,288,157	-	-	-	3
DSO A Shares	-	15,506,488	-	-	-	-
DSO B Shares	19,911,070	19,911,070	20.7	4,119	17.6	3,508
DSO C Shares	29,926,070	29,926,070	0.1	31	0.1	20
DSO D Shares	7,867,247	7,867,247	76.1	5,992	75.6	5,945
DP67 Shares	11,239,785	11,320,258	66.1	7,431	60.4	6,837
DP2011 General Ordinary Shares	15,644,066	15,644,066	15.0	2,347	76.1	11,900
DP2011 General A Shares	18,418,614	18,418,614	31.2	5,746	5.9	926
DP2011 Structured Ordinary Shares	10,678,725	10,678,725	4.8	515	78.2	8,349
DP2011 Structured A Shares	12,572,817	12,572,817	31.9	4,017	6.1	652
DP2011 Low Carbon Shares	7,575,419	7,575,419	43.0	3,262	91.6	6,942
Generalist Shares	7,438,093	-	99.9	7,427	-	-
Healthcare Shares	2,400,195	-	99.7	2,394	-	-
Funds held in respect of shares not yet allotted				16,137		-
Net assets per Balance Sheet				<u>59,412</u>		<u>45,082</u>

The Directors allocate the assets and liabilities of the Company between the DSO B Shares, DSO C Shares, DSO D Shares, DP67 Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Shares, DP2011 Structured A Shares, DP2011 Low Carbon Shares, Generalist Shares and Healthcare Shares such that each share class has sufficient net assets to represent its dividend and return of capital rights as described in note 12.

As the Company has not issued any convertible shares or share options, there is no dilutive net asset value per DSO B Share, per DSO C Share, per DSO D Share, per DP67 Share, per DP2011 General Ordinary Share, per DP2011 General A Share, per DP2011 Structured Ordinary Share, per DP2011 Structured A Share, per DP2011 Low Carbon Share, per Generalist Share or per Healthcare Share. The net asset value per share disclosed therefore represents both the basic and diluted net asset value per DSO B Share, per DSO C Share, per DSO D Share, per DP67 Share, per DP2011 General Ordinary Share, per DP2011 General A Share, per DP2011 Structured Ordinary Share, per DP2011 Structured A Share, per DP2011 Low Carbon Share, per Generalist Share, and per Healthcare Share.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

15. Acquisitions

On 21 July 2015 the Company acquired the assets and liabilities of Downing Planned Exit VCT 2011 plc (“DP2011”), Downing Planned Exit VCT 6 plc (“DP6”) and Downing Planned Exit VCT 7 plc (“DP7”). The proposals for the merger of the four companies were approved by the Company’s Shareholders on 9 July 2015. The mechanism by which the merger was effected was one under which DP2011, DP6 and DP7 were placed into members’ voluntary liquidation pursuant to Schemes of reconstruction under Section 110 of the Insolvency Act 1986 (“the Schemes”). Under the Schemes the assets and liabilities of DP2011, DP6 and DP7 were transferred to the Company in exchange for Shares issued in the following new share classes:

Acquired company	Share class	Number of Shares in issue at 20 July 2015 Number	Fair Value at 20 July 2015 £’000	Downing FOUR VCT share class following merger	Shares/ consideration shares Number
DP2011	General Ordinary	15,679,241	12,107	DP2011 Gen Ords	15,679,241
DP2011	General A	18,453,789	1,126	DP2011 Gen A	18,453,789
DP2011	Structured Ordinary	10,678,725	8,495	DP2011 Structured Ords	10,678,725
DP2011	Structured A	12,572,817	792	DP2011 Structured A	12,572,817
DP2011	Low Carbon Ordinary	8,102,222	6,727	DP2011 Low Carbon Ords	7,575,419
DP6	Ordinary	5,355,154	3,241	DP67	5,355,154
DP7	Ordinary	5,965,104	3,588	DP67	5,965,104

Transaction costs borne by the Company have been offset against the share premium account, allocated between the share pools based on net assets at 21 July 2015.

	DP2011 General Pool £’000	DP2011 Structured Pool £’000	DP2011 Low Carbon Pool £’000	DP6 £’000	DP7 £’000	Total £’000
Investments	13,080	9,184	6,880	2,294	2,294	33,732
Debtors	416	218	79	72	86	871
Cash at bank and in hand	78	94	47	1,014	1,348	2,581
Creditors	(341)	(209)	(279)	(139)	(140)	(1,108)
Book Value and Fair Value of net assets acquired	13,233	9,287	6,727	3,241	3,588	36,076

Consideration 36,076

Consideration satisfied by:
Fair value of shares issued 36,076

The book and fair value of assets and liabilities, shown above, have been taken from the respective management accounts at 20 July 2015. The market value of the shares issued is based on the fair value of the assets and liabilities acquired as at the date of the acquisition. The number of consideration shares issued were on a one for one basis, except for DP2011 Low Carbon Shares which issued at a ratio of 0.935 new shares for each original share. Accordingly, there was no gain or loss as a result of the transaction.

The total costs of the merger were £306,000 of which Downing agreed to pay 50%. As a result, total net costs borne by the newly merged Companies was £153,000.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2017

16. Financial instruments

The Company's financial instruments comprise investments held at fair value through profit or loss, being equity and loan stock investments in unquoted companies, Structured Products, loans and receivables being cash deposits and short term debtors and financial liabilities being creditors arising from its operations. The main purpose of these financial instruments is to generate cashflows, revenues and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors.

The fair value of investments is determined using the detailed accounting policy as shown in Note 1. The composition of the investments is set out in Note 9.

Loans and receivables and other financial liabilities, as set out in the Balance Sheet, are stated at amortised cost, which the Directors consider is equivalent to fair value.

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Market risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year end are provided below:

Market risks

As a VCT, the Company is exposed to investment risks in the form of potential losses and gains that may arise on the investments it holds in accordance with its investment policy. The management of these market risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key market risks to which the Company is exposed are:

- Investment price risk; and
- Interest rate risk.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

16. Financial instruments (continued)

Investment price risk

Investment price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through market price movements in respect of Structured Products, and also changes in the fair value of unquoted investments that it holds.

At 31 March 2017, the Structured Product portfolio was valued at £598,000.

The fair values of Structured Products are influenced primarily by changes in the FTSE 100 Index. The Company's sensitivity to fluctuations in the FTSE 100 Index is summarised below.

	Risk exposure at 31 March 2017		Risk exposure at 31 March 2016	
Structured Products (£'000)	<u>598</u>		<u>2,570</u>	
FTSE 100	<u>7,323</u>		<u>6,174</u>	
Movement in FTSE 100 Index	Estimated impact on NAV/Total Return £'000	Estimated impact on NAV pence	Estimated impact on NAV/Total Return £'000	Estimated impact on NAV pence
DSO D Shares				
20% increase to 8,788 (2016: 7,405)	<u>120</u>	<u>1.5p</u>	<u>103</u>	<u>1.3p</u>
20% decrease to 5,858 (2016: 4,939)	<u>(120)</u>	<u>(1.5p)</u>	<u>(103)</u>	<u>(1.3p)</u>
DP2011 Structured Shares				
20% increase to 8,788 (2016: 7,405)	<u>-</u>	<u>-</u>	<u>96</u>	<u>0.9p</u>
20% decrease to 5,858 (2016: 4,939)	<u>-</u>	<u>-</u>	<u>(96)</u>	<u>(0.9p)</u>

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

16. Financial instruments (continued)

Investment price risk (continued)

At 31 March 2017, the unquoted portfolio was valued at £26,497,000 (2016: £32,781,000).

As many of the Company's unquoted investments are classified as 'asset backed', a fall in share prices generally would have a lesser impact on the valuation of the unlisted portfolio. A 10% movement in the valuations of all of the unquoted investments held by the Company would have an effect as follows:

10% movement in unquoted investment valuations

Unquoted investments		2017		2016
Share pool	Impact on net assets £'000	Impact on NAV per share pence	Impact on net assets £'000	Impact on NAV per share pence
DSO B Shares	175	0.9p	303	1.8p
DSO D Shares	477	6.1p	454	7.6p
DP67 Shares	505	4.5p	583	6.0p
DP2011 General Shares	738	4.7p	1,044	8.2p
DP2011 Structured Shares	423	4.0p	593	5.5p
DP2011 Low Carbon Shares	306	4.0p	300	3.9p
Generalist Shares	23	0.3p	n/a	n/a
Healthcare Shares	3	0.1p	n/a	n/a

The sensitivity analysis for unquoted valuations above assumes that each of the sub categories of financial instruments (ordinary shares and loan stocks) held by the Company produces an overall movement of 10%. Shareholders should note that equal correlation between these sub categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

16. Financial instruments (continued)

Interest rate risk

The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers. Investments in loan stock attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

There are three categories in respect of interest, which are attributable to the financial instruments held by the Company as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise certain loan note investments and preference shares.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank and liquidity fund investments and certain loan note investments.
- "No interest rate" assets do not attract interest and comprise equity investments, certain loan note investments, Structured Products, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	2017 £'000	2016 £'000
Fixed rate	12.3%	185 days	12,781	17,512
Floating rate	0.25%		31,441	9,533
No interest rate			<u>15,190</u>	<u>18,037</u>
			<u>59,412</u>	<u>45,082</u>

The Company monitors the level of income received from fixed and floating rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, if this should be required to ensure compliance with the VCT regulations.

As the Bank of England base rate fell for the first time in seven years by 0.25% to 0.25% per annum, it is not believed that a further reduction from this level is likely. Any further reduction is not expected to have a material impact on the net assets and total return of the Company.

NOTES TO THE ACCOUNTS (continued) for the year ended 31 March 2017

16. Financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, cash deposits, debtors and Structured Products. Credit risk relating to loan stock investee companies is considered to be part of market risk.

The Company's financial assets that are exposed to credit risk are summarised as follows:

	2017	2016
	£'000	£'000
Investments in loan stocks	12,781	17,512
Investments in Structured Products	598	2,570
Cash and cash equivalents	31,441	9,533
Interest and other receivables	1,306	1,077
	<u>46,126</u>	<u>30,692</u>

The Manager manages credit risk in respect of loan stock with a similar approach as described under Investment risks above. Investments in Structured Products are managed so as to limit exposure to any one counterparty and taking into account the credit rating of the counterparty. Similarly, the management of credit risk, associated interest, dividends and other receivables is covered within the investment management procedures.

Cash is mainly held by Bank of Scotland plc and Royal Bank of Scotland plc, both of which are A-rated financial institutions and both also ultimately part-owned by the UK Government. Consequently, the Directors consider that the credit risk associated with cash deposits is low.

There have been no changes in fair value during the year that are directly attributable to changes in credit risk.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

16. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments at their fair values when required, or from the inability to generate cash inflows as required.

As the Company has a relatively low level of creditors, being £833,000 (2016: £879,000), and has no borrowings, the Board believes that the Company's exposure to liquidity risk is low. Also, some quoted investments held by the Company are considered to be readily realisable. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal. The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

Although the Company's investments are not held to meet the Company's liquidity requirements, the table below shows an analysis of the assets, highlighting the length of time that it could take the Company to realise its assets if it were required to do so.

The carrying values of loan stock investments held and at fair value through profit or loss as at 31 March 2017, as analysed by expected maturity date, are as follows:

As at 31 March 2017	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Total £'000
Fully performing loan stock	5,018	183	-	1,016	6,217
Past due loan stock	6,261	303	-	-	6,564
	<u>11,279</u>	<u>486</u>	<u>-</u>	<u>1,016</u>	<u>12,781</u>

As at 31 March 2016	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Total £'000
Fully performing loan stock	1,671	1,321	171	750	3,913
Past due loan stock	8,706	3,123	1,022	748	13,599
	<u>10,377</u>	<u>4,444</u>	<u>1,193</u>	<u>1,498</u>	<u>17,512</u>

Of the loan stock classified as "past due" above, £3.2m relates to the principal of loan notes where, although the principal remains within term, the investee company is not fully servicing the interest obligations under the loan note and is thus in arrears. As at the balance sheet date, the extent to which the interest giving rise to the classification of the loan notes as past due falls within the banding of one to two years past due. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

Of the loan stock classified as "past due" above, £3.4m relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date, giving rise to the classification of the loan notes as past due, falls within the banding of nil to six months past due. Notwithstanding that the principal has passed its maturity date, the Directors do not consider that the loan note itself has been impaired.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2017

17. Deferred taxation

	2017	2016
	£'000	£'000
At the beginning of the year	-	-
Credited to the income statement	403	-
At the end of the year	403	-
	2017	2016
	£'000	£'000
Timing differences in respect of LLP profits	403	-
	403	-

18. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in line with its planned exit strategies, so that it can continue to provide returns for Shareholders, and to provide an adequate return to the Shareholders by allocating its capital to assets, commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is, and must remain, invested in relatively high risk asset class of small UK companies, within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities is small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous period.

19. Contingencies, guarantees and financial commitments

At 31 March 2017, the Company had no contingencies, guarantees or financial commitments.

20. Controlling party and related party transactions

In the opinion of the Directors, there is no immediate or ultimate controlling party.

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING OF DOWNING FOUR VCT PLC

NOTICE IS HEREBY GIVEN that the seventh Annual General Meeting of Downing FOUR VCT plc will be held at Fifth Floor, Ergon House, Horseferry Road, London SW1P 2AL at 11:15 a.m. on 5 September 2017 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as **Ordinary Resolutions**:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 March 2017, together with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report.
3. To approve the Directors' Remuneration Policy.
4. To approve the payment of the final dividend of 2.5p per DSO D Share and 2.0p per DP67 Share.
5. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the accounts of the Company are presented and to authorise the Directors to determine their remuneration.
6. To re-elect as Director, Lord Flight, who retires and, being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Ordinary Resolution

7. That, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £40,000 in respect of Generalist Shares (representing approximately 133% of the share capital in issue at today's date) and £30,000 in respect of Healthcare Shares (representing approximately 462% of the share capital in issue at today's date), provided that the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

Special Resolutions

8. That, the Directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution 7 above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting), but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require equity securities to be allotted after such expiry.

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING OF DOWNING FOUR VCT PLC (continued)

9. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of DSO B Shares of 0.1p each ("DSO B Shares"), DSO C Shares of 0.1p each ("DSO C Shares"), DSO D Shares of 0.1p each ("DSO D Shares"), DP67 Shares of 0.1p each ("DP67 Shares"), DP2011 General Ordinary Shares of 0.1p each ("DP2011 General Ordinary Shares"), DP2011 General A Shares of 0.1p each ("DP2011 General A Shares"), DP2011 Structured Ordinary Shares of 0.1p each ("DP2011 Structured Ordinary Shares"), DP2011 Structured A Shares of 0.1p each ("DP2011 Structured A Shares"), DP2011 Low Carbon Shares of 0.1p each ("DP2011 Low Carbon Shares"), Generalist Shares of 0.1p each ("Generalist Shares") and Healthcare Shares of 0.1p each ("Healthcare Shares") in the capital of the Company provided that:

- (i) the maximum number of 2,966,749 representing approximately 14.9% of the issued DSO B Share capital, 4,458,984 representing approximately 14.9% of the issued DSO C Share capital, 1,172,220 representing approximately 14.9% of the issued DSO D Share capital, 1,674,728 representing approximately 14.9% of the issued DP67 Share capital, 2,330,966 representing approximately 14.9% of the issued DP2011 General Ordinary Share capital, 2,744,373 representing approximately 14.9% of the issued DP2011 General A Share capital, 1,591,130 representing approximately 14.9% of the issued DP2011 Structured Ordinary Share capital, 1,873,350 representing approximately 14.9% of the issued DP2011 Structured A Share capital, 1,128,737 representing approximately 14.9% of the issued DP2011 Low Carbon Share capital, 4,171,799 representing approximately 14.9% of the issued Generalist Share capital and 969,020 representing approximately 14.9% of the issued Healthcare Share capital of the Company from time to time;
- (ii) the minimum price which may be paid for a DSO B Share, DSO C Share, DSO D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A Share, DP2011 Low Carbon Share, Generalist Share or Healthcare Share is 0.1p, exclusive of all expenses;
- (iii) the maximum price which may be paid for a DSO B Share, DSO C Share, DSO D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A Share, DP2011 Low Carbon Share, Generalist Share or Healthcare Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the relevant share as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the share is contracted to be purchased; and
- (iv) the Company may validly make a contract to purchase its own DSO B Shares, DSO C Shares, DSO D Shares, DP67 Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares, DP2011 Structured A Shares, DP2011 Low Carbon Shares, Generalist Shares or Healthcare Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of DSO B Shares, DSO C Shares, DSO D Shares, DP67 Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares, DP2011 Structured A Shares, DP2011 Low Carbon Shares, Generalist Shares or Healthcare Shares in pursuance of any such contract;

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

By order of the Board



Grant Whitehouse
Company Secretary
Registered office:
Ergon House
Horseferry Road
London, SW1P 2AL
31 July 2017

Notes

- (a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; or
 - by sending an e-mail to proxy@downing.co.uk.
- In either case, the revocation notice must be received by Downing LLP before the Annual General Meeting or the holding of a poll subsequent thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (excluding weekends and public holidays) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 11:15 a.m. on 1 September 2017 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours (excluding weekends and public holidays) before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 11:15 a.m. on 1 September 2017 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours (excluding weekends and public holidays) before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.
- (g) As at 9 a.m. on 31 July 2017, the Company's issued share capital comprised, 19,911,070 DSO B Shares, 29,926,070 DSO C Shares, 7,867,247 DSO D Shares, 11,239,785 DP67 Shares, 15,644,066 DP2011 General Ordinary Shares, 18,418,614 DP2011 General A Shares, 10,678,725 DP2011 Structured Ordinary Shares, 12,572,817 DP2011 Structured A Shares, 7,575,419 DP2011 Low Carbon Shares, 27,998,650 Generalist Shares and 6,503,489 Healthcare Shares and the total number of voting rights in the Company was 74,389,508,255. Information on the number of shares and voting rights is included at www.downing.co.uk.

Notes (continued)

- (h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights (“Nominated Person”):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (“Relevant Member”) to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
- (k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.
- (l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman’s letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

FORM OF PROXY

DOWNING FOUR VCT PLC

For use at the Annual General Meeting of the above-named Company to be held on 5 September 2017 at Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL at 11:15 am.

I/We*(in BLOCK CAPITALS please)

of.....
being the holder(s)* of DSO D Shares of 0.1p each/DP67 Shares of 0.1p each/DP2011 General Shares of 0.1p each/DP2011 Structured Shares of 0.1p each/DP2011 Low Carbon Shares of 0.1p each/Generalist Shares of 0.1p each/Healthcare Shares of 0.1p each* in the capital of the above-named Company, hereby appoint the Chairman of the Meeting (see note 1)

or.....

of.....
as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL on 5 September 2017 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS	FOR	AGAINST	WITHHELD
1. To receive and adopt the Directors' report and accounts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Directors' Remuneration Report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the Directors' Remuneration Policy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the payment of the final dividend of 2.5p per D Share and 2.0p per DP67 Share.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To reappoint the Auditor and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Lord Flight as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS			
7. To authorise the Directors to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Directors to disapply pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the Company to make market purchases of its shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature..... Date.....2017

If you are unable to attend the AGM and wish to put any comments to the Board, please use the box below.

* Delete as appropriate

PLEASE RETURN TO DOWNING LLP IN THE PRE-PAID ENVELOPE PROVIDED.



NOTES AND INSTRUCTIONS:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.
3. Any alterations to the Form of Proxy should be initialled.
4. To be valid, this Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Fifth Floor, Ergon House, Horseferry Road, London, SW1P 2AL not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Meeting or adjourned meeting at which the person named in this Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, and be delivered at the meeting at which the demand is made.
5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on their behalf.
6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.



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www.downing.co.uk



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