

Downing FOUR VCT plc

Report & Accounts
for the year ended
31 March 2018



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 Generalist and Healthcare Shares at present, as the other classes have commenced the process of returning funds to Shareholders through dividends.

Financial calendar

13 August 2018	Payment of interim dividends
4 September 2018	Annual General Meeting
December 2018	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, Link Asset Services, on 0871 664 0300 (calls cost 12p per minute plus network extras, lines open 9:00am 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 Link'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, Link 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. 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 Link's website at www.linkassetservices.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 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Investment and Administration Manager	Downing LLP 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD www.downing.co.uk
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	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 664 0300 (calls cost 12p per minute plus network extras, lines open 9:00am to 5:30pm Monday to Friday) www.linkassetservices.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 2018 pence	31 March 2017 pence
DSO B Share pool		
Net Asset Value per DSO B Share	-	20.7
Net Asset Value per DSO C Share	-	0.1
Cumulative distributions	106.883	91.5
Adjusted for Performance Incentive estimate	-	(5.5)
Total Return per DSO B Share and DSO C Share	<u>106.883</u>	<u>106.8</u>
DSO D Share pool		
Net Asset Value per DSO D Share	54.4	76.1
Cumulative distributions	52.5	25.0
Adjusted for Performance Incentive estimate	(4.4)	-
Total Return per DSO D Share	<u>102.5</u> ¹	<u>101.1</u>
DP67 Share pool		
Net Asset Value per DP67 Share	50.0	66.1
Cumulative distributions (since original launch)	49.8	27.8
Total Return per DP67 Share	<u>99.8</u>	<u>93.9</u>
DP2011 General Share pool		
Net Asset Value per DP2011 General Ordinary Share	-	15.0
Net Asset Value per DP2011 General A Share	20.3	31.2
Cumulative distributions (since original launch)	85.0	55.0
Total Return per DP2011 General Ordinary Share and DP2011 General A Share	<u>105.3</u> ²	<u>101.2</u>
DP2011 Structured Share pool		
Net Asset Value per DP2011 Structured Ordinary Share	-	4.8
Net Asset Value per DP2011 Structured A Share	15.0	31.9
Cumulative distributions (since original launch)	90.0	65.0
Total Return per DP2011 Structured Ordinary Share and DP2011 Structured A Share	<u>105.0</u> ³	<u>101.7</u>
DP2011 Low Carbon Share pool		
Net Asset Value per DP2011 Low Carbon Share	-	43.0
Cumulative distributions (since original launch)	107.3	73.9
Adjusted for Performance Incentive estimate	-	(2.5)
Total Return per DP2011 Low Carbon Share	<u>107.3</u>	<u>114.4</u>
Generalist Share pool		
Net Asset Value and Total Return per Generalist Share	<u>95.5</u>	<u>99.9</u>
Healthcare Share pool		
Net Asset Value and Total Return per Healthcare Share	<u>94.6</u>	<u>99.7</u>

¹ Based on Total Return levels at 31 March 2018, a Performance Incentive is expected to become due to management. The Performance Incentive has been estimated at 4.4p per DSO D Share.

² The Total Return to Shareholders at 31 March 2018 is shown net of the Performance Incentive due to management. By virtue of the A Share dividends paid during the year, a Performance Incentive of 2.2p per DP2011 General Ordinary Share has been paid to management. The remaining Performance Incentive, expected to become payable to management, has been estimated at 3.6p per DP2011 General Ordinary Share.

³ The Total Return to Shareholders at 31 March 2018 is shown net of the Performance Incentive due to management. By virtue of the A Share dividends paid during the year, a Performance Incentive of 3.0p per DP2011 Structured Ordinary Share has been paid to management. The remaining Performance Incentive, expected to become payable to management, has been estimated at 2.7p per DP2011 Structured Ordinary Share.

A full explanation of the Performance Incentive arrangements for each Share pool is given on pages 63 to 64.

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 Liquidity investments;
- provide a full exit for planned exit Shareholders within approximately six years at no discount to NAV;
- maintain VCT status; and
- target an annual dividend of at least 4% of the respective Generalist and Healthcare NAVs, from the fourth year onwards.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on pages 57 to 60.

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 has been chairman of seven 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 more than 30 years' experience of financial markets, predominantly in securities trading and fund management. He is founder and Chief Executive Officer of Catley Lakeman May Limited and its asset management subsidiary, Atlantic House Fund Management. These businesses have raised in excess of £10bn in assets over the last 10 years, and are widely seen as the UK market leader for equity 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 2018.

It has been another busy year for your Company as a number of the planned exit Share pools continue to make progress in returning funds to investors, whilst two Share pools made their closing distributions to Shareholders. At the same time, the Company has continued to invest proceeds from the Generalist and Healthcare fundraisings, in order to build the "evergreen" portfolios.

Share pool review

As at 31 March 2018 the Company had six active Share pools, being four planned exit pools and two evergreen pools. Brief reviews of the Share pools which were active during the year are given below.

DSO B Share pool

The final distribution to B Shareholders was made in January 2018. Shareholders have received a total of 106.883p for a combined holding of one DSO B Share and one DSO C Share. The Board is satisfied with the performance of the B Share pool and feels that initial investors achieved a good return on their net investment of 70.0p.

DSO D Share pool

The DSO D Shares were originally issued in 2012. As the fifth anniversary of the close of the offer fell during August 2017, the task of unwinding the investment portfolio is underway. We expect that this process will be completed within the next year.

The DSO D Share NAV stood at 54.4p at the year end, an increase of 5.8p per Share or 7.6% over the year after adjusting for the dividends of 27.5p per share paid in the year. Total Return now stands at 102.5p 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.

A more detailed review of the DSO D Share pool is included in the Investment Manager's Report on page 10.

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 five-year holding period for those investors. This new five-year holding period passed in January 2018, therefore the task of seeking to realise the DP67 Share pool investments has commenced, and we anticipate that this process will be completed within the next year.

The DP67 Share NAV stood at 50.0p at the year end, an increase of 5.9p per Share or 8.9% over the year after adjusting for the dividends of 22.0p per Share paid in the year.

Total Return now stands at 99.8p 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 included in the Investment Manager's report on page 19.

DP2011 General Share pool

The process of seeking to exit from the remaining investments is continuing, after the majority of the investment portfolio was realised during the year.

The NAV of a combined holding of one DP2011 General Ordinary Share and one DP2011 General A Share stood at 20.3p at the year end, an increase of 4.1p or 8.9% for the year, after adjusting for the dividends paid during the year, of 30.0p per combined holding. Total Return now stands at 105.3p per Share, compared to the cost for Shareholders of 100.0p or 70.0p net of income tax relief.

The Share pool has a small number of remaining investments, all with a path to exit. We anticipate that the task of realising the remaining investments will be completed within the next year.

A more detailed review of the DP2011 General Share pool is presented in the Investment Manager's report on page 27.

DP2011 Structured Share pool

The process of seeking to exit from the remaining investments is continuing, after the majority of the investment portfolio was realised during the year.

The NAV of a combined holding of one DP2011 Structured Ordinary Share and one DP2011 Structured A Share stood at 15.0p at the year end, an increase of 3.3p or 9.0% for the year, after adjusting for the dividends paid during the year, of 25.0p per combined holding. Total Return now stands at 105.0p 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, the DP2011 Structured Share pool has a small number of remaining investments, all with a path to exit. We anticipate that the Share pool will realise its remaining investments within the next year.

A more detailed review of the DP2011 Structured Share pool is presented in the Investment Manager's Report on page 34.

DP2011 Low Carbon pool

The final distribution to DP2011 Low Carbon Shareholders was made in March 2018. Total Return (NAV plus cumulative dividends) to Shareholders who invested under the initial offer was 107.3p per Share. The Board is satisfied with the performance of the DP2011 Low Carbon Share pool and feels that initial investors achieved a good return on their net investment of 70.0p.

CHAIRMAN'S STATEMENT (continued)

Generalist Share pool

The Generalist Share pool launched in 2017 and the main offer closed during the year, having raised £31.1 million. The Company will continue to allot a small number of monthly subscription Shares under a Top-up document.

The Manager has built a pipeline of suitable investment opportunities, and made initial investments into a number of VCT Qualifying entities during the year.

The Generalist Share NAV and Total Return stood at 95.5p at the year end, a decrease of 4.4p per Share or 4.4% over the year. This is a result of the initial "cash drag" of uninvested funds, as well as adverse market conditions which have impacted the prices of the quoted investments. The cost for Shareholders who invested under the initial offer was 100.0p or 70.0p net of income tax relief.

A more detailed review of the Generalist Share pool is included in the Investment Manager's Report on page 44.

Healthcare Share pool

The Healthcare Share pool launched in 2017 and the main offer closed during the year, having raised £11.9 million. The Company will continue to allot a small number of monthly subscription Shares under a Top-up document.

The Manager has been working on sourcing investment opportunities, and made initial investments into two VCT Qualifying entities during the year.

The Healthcare Share NAV and Total Return stood at 94.6p at the year end, a decrease of 5.1p per Share or 5.1% over the year. This is a result of the initial "cash drag" of uninvested funds, in addition to adverse market conditions which have impacted the prices of the quoted investments. The cost for Shareholders who invested under the initial offer was 100.0p or 70.0p net of income tax relief.

A more detailed review of the Healthcare Share pool is included in the Investment Manager's Report on page 53.

Dividends

The DSO D, DP2011 General and DP2011 Structured Share pools made good progress with realisations from their respective portfolios during the year, and declare the following interim dividends payable on 13 August 2018, to Shareholders on the register at 20 July 2018:

DSO D Share	24.0p
DP2011 General A Shares	7.0p
DP2011 Structured A Shares	5.0p

Additional dividends from the planned exit Share pools will be declared as and when further realisations have been completed.

Share buybacks

In the initial five-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).

47,649 DP67 Ordinary Shares were purchased during the year ended 31 March 2018.

As the planned exit Share pools have all initiated the process of returning funds to Shareholders, the Company no longer undertakes any further Share buybacks in respect of the DSO D, DP67 Ordinary Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares and DP2011 Structured A Shares. The Board believes it is fairer to all Shareholders to distribute the remaining NAV by way of tax-free dividends, rather than setting aside sums to fund Share buybacks.

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

Annual General Meeting ("AGM")

The Company's eighth AGM will be held at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD at 11:30 a.m. on 4 September 2018.

Resolution 6 is a special resolution seeking to cancel the share premium balances in respect of the Generalist and Healthcare Shares in issue, as well as the capital redemption reserve.

Resolution 8 is a special resolution seeking to renew the authority to allow the Company to make market purchases of its Shares.

Outlook

The remaining planned exit Share pools are expected to complete the return of funds to investors within the next year.

The focus of the Manager will also be on further building the Generalist and Healthcare investment portfolios. We expect to see a significant level of new and follow on investments made in the coming months.

Over the course of the year as the planned exits complete, we will be left with an evergreen fund with two Share pools. I look forward to reporting on developments in the Half-Yearly Report to 30 September 2018.



Lord Flight
Chairman
19 July 2018

DSO B SHARE POOL SUMMARY

Financial highlights

	31 March 2018 Pence	31 March 2017 pence
Net Asset Value per DSO B Share	-	20.7
Net Asset Value per DSO C Share	-	0.1
Cumulative distributions	106.883	91.5
Adjusted for Performance Incentive estimate	-	(5.5)
Total Return per DSO B Share and DSO C Share	<u>106.883</u>	<u>106.8</u>

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 Special	23 December 2015	40.0
2016 Special	24 March 2016	19.0
2018 Special	26 January 2018	15.383
		<u>106.883</u>

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 were designed to facilitate the payment of a Performance Incentive to members of the management team, by virtue of management holding approximately one third of these Shares.

As the total proceeds paid to DSO B/DSO C Shareholders exceeded 100.0p, the management team received a sum equal to 3% of the initial 100.0p of proceeds plus 20% of the proceeds in excess of 100.0p. The Performance Incentive paid was ultimately equal to 13% of the proceeds over 70.0p.

Cancellation

The DSO B and DSO C Shares were converted into deferred Shares on 10 April 2018, and were cancelled. The Shares were removed from the Official List on 18 April 2018.

INVESTMENT MANAGER'S REPORT- DSO B SHARE POOL

Introduction

The process of realising the DSO B Share pool investments was completed at the end of 2017, and the final distributions of 4.444p per DSO B Share and 10.939p per DSO C Share were paid on 26 January 2018.

Realisations

During the year, the remaining six investments with a carrying value were sold from the DSO B Share pool, generating total proceeds of £1.9 million and a gain over opening value of £120,000.

Final results

Over the life of the DSO B Share pool, Shareholders who invested under the original offer received 95.944p per DSO B Share and 10.939p per DSO C Share, equating to a Total Return of 106.883p for an original investment of 70.0p, net of income tax relief.

Following the final distributions, in accordance with the Articles of the Company, the DSO B Shares and DSO C Shares were converted into worthless deferred Shares and were duly cancelled on 10 April 2018.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS - DSO B SHARE POOL (continued)

Investment movements for the year ended 31 March 2018

DISPOSALS

	Cost £'000	Valuation at 01/04/17 £'000	Proceeds £'000	Profit vs. cost £'000	Realised gain £'000
Venture Capital investments					
Avon Solar Energy Limited	420	515	528	108	13
Mosaic Spa and Health Clubs Limited*	692	441	422	(317)	(19)
Westcountry Solar Solutions Limited	500	434	445	(55)	11
Fenkle Street LLP**	154	362	361	207	(1)
Future Biogas (Reepham Road) Limited	632	-	-	(632)	-
Quadrat Spa Limited	460	-	-	(460)	-
	2,858	1,752	1,756	(1,149)	4
Deferred consideration					
London City Shopping Centre Limited	-		86	86	86
Snow Hill Developments LLP	-		30	30	30
	2,858	1,752	1,872	(1,033)	120

* partially qualifying investment

** non-qualifying investment

DSO D SHARE POOL SUMMARY

Financial highlights

	31 March 2018 Pence	31 March 2017 pence
Net Asset Value per DSO D Share	54.4	76.1
Cumulative distributions	52.5	25.0
Adjusted for Performance Incentive estimate	(4.4)	-
Total Return per DSO D Share	<u>102.5</u>	<u>101.1</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
2017 Final	29 September 2017	2.5
2018 Special	2 November 2017	25.0
		<u>52.5</u>
2018 Interim	13 August 2018	<u>24.0</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 (18 July 2018)	10.5p 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 exceed 100.0p and the IRR on the Shareholders' investment exceeds 7% per annum, a Performance Incentive becomes payable to the management team. The fee is calculated at 3% on the first 100.0p of Shareholder proceeds, plus 20% of the excess above 100.0p. The fee is capped at a maximum of 7.0p per DSO D Share. Should the remaining investments be exited at their carrying value, it is estimated that a Performance Incentive of 4.4p per DSO D Share will be paid to members of the management team.

Target exit date

It is expected that a final distribution of capital will be announced to Shareholders within the next year.

INVESTMENT MANAGER'S REPORT- DSO D SHARE POOL

Introduction

The five-year anniversary of the DSO D Share pool has passed, and the process of realising the investments and returning funds to Shareholders is underway.

Net Asset Value and results

The Net Asset Value ("NAV") per DSO D Share at 31 March 2018 stood at 54.4p, an increase of 5.8p or 7.6% over the year after adjusting for dividends paid. Total Return stands at 102.5p 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 £453,000 (2017: £437,000), comprising a revenue profit of £57,000 (2017: £49,000) and a capital gain of £396,000 (2017: £388,000).

Venture Capital investments

As at 31 March 2018, the DSO D Share Pool held ten Venture Capital investments with a total value of £3.7 million.

Portfolio activity

Four investments were fully exited and two investments were partially exited during the year, generating total proceeds of £1.5 million and a gain over opening value of £245,000.

The largest realisation was the sale of Vulcan Renewables Limited, the operator of a biogas plant near Doncaster, to John Laing Environmental Assets Group. The sale generated proceeds of £903,000 for the DSO D Share pool, resulting in a gain over opening value of £124,000.

The other substantial exits, as a result of the refinancing of the Castle Leisure Group, were from City Falkirk Limited, Cheers Dumbarton Limited and Lochrise Limited, and partially from Fubar Stirling Limited. The refinancing generated proceeds of £587,000, representing a gain over opening value of £121,000.

Portfolio valuation

During the year, the portfolio valuation was uplifted by a total of £187,000, principally due to an increase of £144,000 in relation to Merlin Renewables Limited. The company owns an Anaerobic Digestion plant in Doncaster that receives payments for injecting gas into the National Grid. Performance has been on budget, and we are hopeful that an exit will be achieved in the coming months.

Good performance in the year was also seen on two of the Share Pool's solar investments, Fresh Green Power Limited and Lambridge Solar Limited. The valuations were increased by £42,000 and £31,000 respectively.

These gains were partially offset by small write downs on Green Energy Production UK Limited and Fubar Stirling Limited, totalling £30,000.

Structured Product investments

The remaining Structured Product matured during the year, generating proceeds of £608,000 and realising a gain over opening value of £10,000 (£107,000 over original cost).

Outlook

Shortly after the year end, the investment in Goonhilly Earth Station Limited was sold, generating capital proceeds of £878,000 for the D Share pool.

The focus for the DSO D Share pool is now on realising the remaining investments, and good progress is being made. We hope to be in a position to announce a final return of capital to Shareholders within the next year.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS - DSO D SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2018:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio
Venture Capital investments				
Merlin Renewables Limited	500	719	144	16.8%
Goonhilly Earth Station Limited	715	715	-	16.7%
Lambridge Solar Limited	500	626	31	14.6%
Nightjar Sustainable Power Limited	485	600	-	14.0%
Apex Energy Limited	400	400	-	9.3%
Pearce and Saunders Limited	300	300	-	7.0%
Fresh Green Power Limited	189	231	42	5.4%
Green Energy Production UK Limited	100	80	(20)	1.9%
Pearce and Saunders DevCo Limited*	20	20	-	0.5%
Fubar Stirling Limited	126	8	(10)	0.2%
	<u>3,335</u>	<u>3,699</u>	<u>187</u>	<u>86.4%</u>
Cash at bank and in hand		<u>582</u>		<u>13.6%</u>
Total investments		<u>4,281</u>		<u>100.0%</u>

* non-qualifying investment

All Venture Capital investments are incorporated in England and Wales.




Investment movements for the year ended 31 March 2018

DISPOSALS

	Cost £'000	Valuation at 01/04/17 £'000	Proceeds £'000	Profit/(loss) vs. cost £'000	Realised gain £'000
Venture Capital investments					
Vulcan Renewables Limited	653	779	903	250	124
City Falkirk Limited	562	236	324	(238)	88
Fubar Stirling Limited	231	208	217	(14)	9
Cheers Dumbarton Limited	64	22	36	(28)	14
Lochrise Limited	17	-	10	(7)	10
Fresh Green Power Limited	11	11	11	-	-
	<u>1,538</u>	<u>1,256</u>	<u>1,501</u>	<u>(37)</u>	<u>245</u>
Structured Product investments					
HSBC 5.4% Dual Index Synthetic Zero	501	598	608	107	10
	<u>2,039</u>	<u>1,854</u>	<u>2,109</u>	<u>70</u>	<u>255</u>

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

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

Merlin Renewables Limited 	Cost at 31/03/18:	£500,000	Valuation at 31/03/18:	£719,000
	Cost at 31/03/17:	£500,000	Valuation at 31/03/17:	£575,000
	Date of first investment:	Oct 14	Valuation method:	Discounted cash flow - business
	Investment comprises:			
	B ordinary shares:	£500,000	Proportion of B equity held:	5%
	Summary financial information from statutory accounts to 31 May:			
			2017	2016
	Turnover:		£4.4m	£6.0m
	Operating profit:		£0.7m	£0.3m
	Net assets:		£8.4m	£7.9m
<p>Merlin Renewables Limited has developed a 2MW gas injection Anaerobic Digestion ("AD") plant in Norfolk with Future Biogas. The construction of the project commenced in July 2013 and concluded in September 2014. The plant is fed on maize which is being grown on nearby land and sold to the company for use in the plant. The AD plant qualifies to receive payments under the Renewable Heat Incentive for injecting bio-methane into the gas grid.</p>				
Goonhilly Earth Station Limited www.goonhilly.org 	Cost at 31/03/18:	£715,000	Valuation at 31/03/18:	£715,000
	Cost at 31/03/17:	£715,000	Valuation at 31/03/17:	£715,000
	Date of first investment:	Jan 14	Valuation method:	Price of recent investment
	Investment comprises:			
	C ordinary shares:	£7,000	Proportion of C equity held:	15%
	D ordinary shares:	£494,000	Proportion of D equity held:	15%
	Loan stock:	£214,000	Proportion of loan stock held:	15%
	Summary financial information from statutory accounts to 31 May:			
			2017	2016
	Net assets:		£1.3m	£1.2m
<p>Goonhilly Earth Station Limited ("GES") owns and operates the iconic Goonhilly Satellite Earth Station on the Lizard Peninsula in Cornwall, UK. The investment was sold shortly after the year end, achieving capital proceeds of £878,000 for the D Share pool.</p>				
Lambridge Solar Limited 	Cost at 31/03/18:	£500,000	Valuation at 31/03/18:	£626,000
	Cost at 31/03/17:	£500,000	Valuation at 31/03/17:	£595,000
	Date of first investment:	Jul 14	Valuation method:	Discounted cash flow - business
	Investment comprises:			
	B Ordinary shares:	£500,000	Proportion of B equity held:	6%
	Summary financial information from statutory accounts to 31 December:			
			2016	2015
	Turnover:		£1.1m	£1.2m
	Operating profit:		£0.3m	£0.4m
	Net assets:		£7.9m	£7.6m
<p>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.</p>				

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

Nightjar Sustainable Power Limited	Cost at 31/03/18:	£485,000	Valuation at 31/03/18:	£600,000
	Cost at 31/03/17:	£485,000	Valuation at 31/03/17:	£600,000
	Date of first investment:	Mar 15	Valuation method:	Discounted cash flow - business
	Investment comprises:			



C ordinary shares:	£485,000	Proportion of C equity held:	12%
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Summary financial information from statutory accounts to 30 September:

	2017	2016
Turnover:	£1.7m	£0.3m
Operating profit:	£1.0m	£0.1m
Net assets:	£6.1m	£5.5m

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

Apex Energy Limited	Cost at 31/03/18:	£400,000	Valuation at 31/03/18:	£400,000
	Cost at 31/03/17:	£400,000	Valuation at 31/03/17:	£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 to 30 September:

Net assets:	2016	£5.0m
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Apex Energy Limited is building a standby electricity generation plant up to 20MW in capacity. The diesel plant, once fully 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.

Pearce & Saunders Limited	Cost at 31/03/18:	£300,000	Valuation at 31/03/18:	£300,000
	Cost at 31/03/17:	£300,000	Valuation at 31/03/17:	£300,000
	Date of first investment:	Apr 14	Valuation method:	EBITDA Multiple
	Investment comprises:			






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

Summary financial information from statutory accounts to 31 December:

	2016	2015
Net assets:	£0.8m	£0.9m

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.

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

	Fresh Green Power Limited	Cost at 31/03/18:	£189,000	Valuation at 31/03/18:	£231,000
		Cost at 31/03/17:	£200,000	Valuation at 31/03/17:	£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:	20%
		Preference C shares:	£140,000	Proportion of C equity held:	20%
		A loan stock:	£49,000	Proportion of A loan stock held:	20%
		Summary financial information from statutory accounts to 30 September:			
				2017	2016
		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.				
	Green Energy Production UK Limited	Cost at 31/03/18:	£100,000	Valuation at 31/03/18:	£80,000
		Cost at 31/03/17:	£100,000	Valuation at 31/03/17:	£100,000
		Date of first investment:	Apr 12	Valuation method:	Discounted cash flow - business
		Investment comprises:			
		A ordinary shares:	£nil	Proportion of A equity held:	20%
		C preferred shares:	£70,000	Proportion of C equity held:	20%
		Loan stock:	£30,000	Proportion of loan stock held:	20%
		Summary financial information from statutory accounts to 30 September:			
				2017	2016
		Turnover:		£0.1m	£0.1m
	Green Energy Production UK Limited has installed a portfolio of commercial solar panels on the roof tops of chicken sheds in Lincolnshire. The companies benefit from free electricity whilst Green Energy receive Feed in Tariffs and payments for the surplus electricity produced and exported to the National Grid.				
	Pearce & Saunders DevCo Limited	Cost at 31/03/18:	£20,000	Valuation at 31/03/18:	£20,000
		Cost at 31/03/17:	£20,000	Valuation at 31/03/17:	£20,000
		Date of first investment:	Jun 15	Valuation method:	Price of recent investment
		Investment comprises:			
		B ordinary shares:	£19,000	Proportion of B equity held:	10%
		A loan stock:	£1,000	Proportion of A loan stock held:	10%
		Summary financial information from statutory accounts to 31 August:			
				2016	2015
		Net assets:		£0.3m	£0.3m
	Pearce & Saunders DevCo Limited was established for the purpose of acquiring and developing a piece of land adjacent to The Old Post Office, a Downing-backed public house managed by Antic London and owned by Pearce & Saunders Limited.				

REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

Fubar Stirling Limited
www.fubarclub.info



Cost at 31/03/18:	£126,000	Valuation at 31/03/18:	£8,000
Cost at 31/03/17:	£357,000	Valuation at 31/03/17:	£225,000
Date of first investment:	Feb 12	Valuation method:	Discounted cash flow - investment

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:	£19,000	Proportion of B loan stock held:	18%

Summary financial information from statutory accounts to 28 (2016: 29) February:

	2017	2016
Net assets:	£0.4m	£0.4m

Fubar Stirling Limited owns and operates the Fubar nightclub in Stirling, Scotland. The exit from this company is substantially complete, with the remaining value of the investment being attributable to a small amount of further consideration.

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

Turnover and operating profit figures are stated where this information is publicly available.

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	
Goonhilly Earth Station Limited	58
Fubar Stirling Limited	27
City Falkirk Limited	24
Green Energy Production UK Limited	19
Vulcan Renewables Limited	12
	<u>140</u>
Receivable from other investments	11
	<u>151</u>

Analysis of investments by type

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

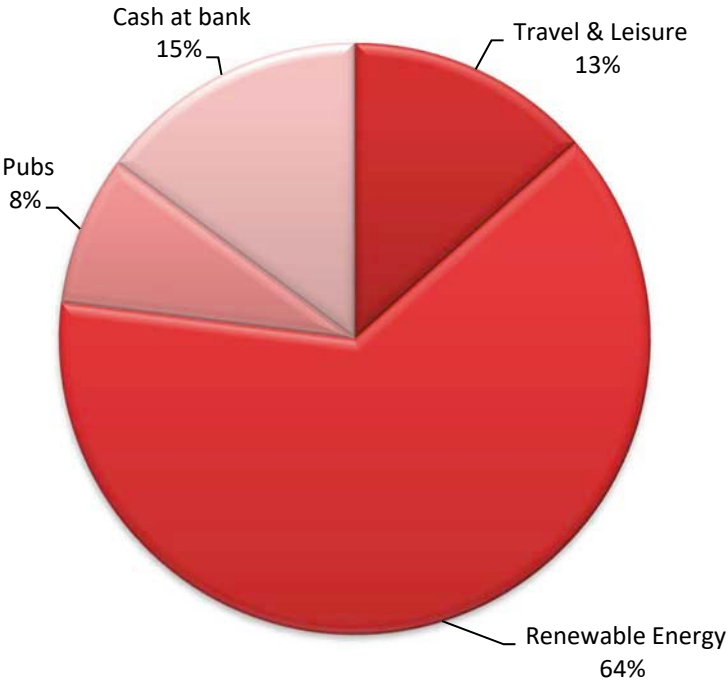
Portfolio split at 31 March 2018

VCT Qualifying Investments	
Qualifying loan stock	10%
Ordinary shares	75%
Total	<u>85%</u>
Non-Qualifying Investments	
Non-qualifying loan stock and advances	-
Ordinary shares	-
Liquidity Investments	-
Total	<u>-</u>
Cash	15%
	<u>100%</u>

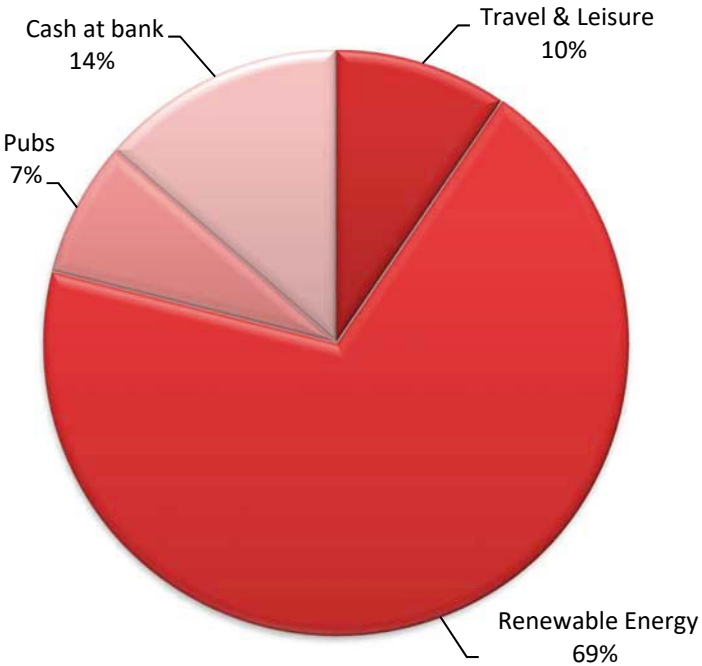
REVIEW OF INVESTMENTS – DSO D SHARE POOL (continued)

The split of the DSO D Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2018) is as follows:

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



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



DP67 SHARE POOL SUMMARY

Financial highlights

	31 March 2018 pence	31 March 2017 pence
Net Asset Value per DP67 Share	50.0	66.1
Cumulative distributions	49.8	27.8
Total Return per DP67 Share	<u>99.8</u>	<u>93.9</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	2.0
2017 Final	29 September 2017	2.0
2018 Special	16 March 2018	20.0
		<u>49.8</u>

Share prices

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

	DP67 Shares
TIDM/EPIC codes	D467
Latest share price (18 July 2018)	15.5p per share

Structure of shareholdings

The original Share offers under Downing Planned Exit VCT 6 plc and Downing Planned Exit VCT 7 plc launched in July 2007, and were followed by a Share Realisation and Reinvestment Programme ("SRRP") 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 expected that a final distribution of capital will be announced to Shareholders within the next year.

INVESTMENT MANAGER'S REPORT - DP67 SHARE POOL

Introduction

The DP67 Share pool has now passed the five-year anniversary for those investors who took advantage of the Share Realisation and Reinvestment Scheme in 2013. Accordingly, the process of realising the investment portfolio and returning funds to investors is now underway.

Net Asset Value and results

The Net Asset Value ("NAV") per DP67 Share at 31 March 2018 stood at 50.0p, an increase of 5.9p or 8.9% over the year after adjusting for dividends paid. Total Return stands at 99.8p 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 £652,000 (2017: £1,090,000), comprising a revenue profit of £20,000 (2017: £79,000) and a capital gain of £632,000 (2017: £1,011,000).

Venture Capital investments

As at 31 March 2018, the DP67 Share pool held a portfolio of seven Venture Capital investments, with a total value of £4.6 million.

Portfolio activity

One full and two partial divestments took place during the year, resulting in proceeds of £1.1 million and a total gain over opening value of £393,000.

This included loan repayments of £450,000 from Snow Hill Developments LLP and £340,000 from Gatewales Limited, and £300,000 being the full repayment of the initial capital provided to Brownfields Trading Limited.

Portfolio valuation

The portfolio continues to perform well, and valuations were increased by a total of £290,000. The majority of this was generated by Gatewales Limited, which earns a profit share from Fenkle Street LLP, the developer of a Hotel Indigo in Newcastle. The value of the future cash flows has been used to determine the current value of the profit share, resulting in a £184,000 uplift during the year.

Valuation uplifts of £65,000 and £41,000 were also recognised in respect of Snow Hill Developments LLP and Oak Grove Renewables Limited. There were no valuation reductions in the year.

Outlook

We are pleased with the overall performance of the DP67 Share pool portfolio, as is reflected by the gradual growth in Total Return. The focus is now on exiting from the remaining investments at sensible valuations. We hope to be in a position to announce a final return of capital to Shareholders within the next year.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS – DP67 SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2018:

	Cost	Valuation	Valuation movement in period	% of portfolio
	£'000	£'000	£'000	
Venture Capital investments				
Cadbury House Holdings Limited	1,409	1,613	-	31.3%
Snow Hill Developments LLP**	584	830	65	16.1%
Fenkle Street LLP**	405	678	-	13.1%
Gatewales Limited*	343	527	184	10.2%
Oak Grove Renewables Limited	820	492	41	9.5%
Yamuna Energy Limited	400	400	-	7.8%
London City Shopping Centre Limited**	99	99	-	1.9%
	<u>4,060</u>	<u>4,639</u>	<u>290</u>	<u>89.9%</u>
Cash at bank and in hand		<u>519</u>		<u>10.1%</u>
Total investments		<u>5,158</u>		<u>100.0%</u>

* partially qualifying investment

** non-qualifying investment

All Venture Capital investments are incorporated in England and Wales.

Investment movements for the year ended 31 March 2018

DISPOSALS

	Cost £'000	Valuation at 01/04/17 £'000	Proceeds £'000	Profit/ vs. cost £'000	Realised gain £'000
Snow Hill Developments LLP**	225	295	450	225	155
Gatewales Limited*	65	102	340	275	238
Brownfields Trading Limited	300	300	300	-	-
	<u>590</u>	<u>697</u>	<u>1,090</u>	<u>500</u>	<u>393</u>

* 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 31/03/18:	£1,409,000	Valuation at 31/03/18:	£1,613,000
	Cost at 31/03/17:	£1,409,000	Valuation at 31/03/17:	£1,613,000
	Date of first investment:	Oct 06	Valuation method:	EBITDA Multiple



Investment comprises:

Ordinary shares:	£882,000	Proportion of equity held:	28%
A Loan stock:	£527,000	Proportion of A loan stock held:	89%

Summary financial information from consolidated statutory accounts to 31 March:

	2017	2016
Turnover:	£9.1m	£8.8m
Operating profit:	£1.7m	£1.8m
Net assets:	£8.4m	£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 31/03/18:	£584,000	Valuation at 31/03/18:	£830,000
	Cost at 31/03/17:	£809,000	Valuation at 31/03/17:	£1,060,000
	Date of first investment:	Oct 11	Valuation method:	Discounted cash flow - investment



Investment comprises:

Partnership equity:	£584,000	Proportion of equity held:	47%
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Summary financial information from statutory accounts to 30 June:

	2017	2016
Turnover:	£nil	£nil
Operating loss:	(£0.1m)	(£0.1m)
Net assets:	£1.5m	£0.3m

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 profit share is being paid over time, as bank debt is reduced.

Fenkle Street LLP	Cost at 31/03/18:	£405,000	Valuation at 31/03/18:	£678,000
	Cost at 31/03/17:	£405,000	Valuation at 31/03/17:	£678,000
	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:

	2017	2016
Turnover:	£nil	£nil
Operating profit/(loss):	£0.1m	(£0.7m)
Net assets:	£2.7m	£2.6m

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)

Gatewales Limited 	Cost at 31/03/18:	£343,000	Valuation at 31/03/18:	£527,000
	Cost at 31/03/17:	£408,000	Valuation at 31/03/17:	£446,000
	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:	£343,000	Proportion of B loan stock held:	85%
	Summary financial information from statutory accounts to 31 March:			
			2017	2016
	Turnover:		£nil	£0.1m
	Operating (loss)/profit:		(£0.1m)	£0.3m
	Net (liabilities)/assets:		(£2.4m)	£0.4m
	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.			
Oak Grove Renewables Limited 	Cost at 31/03/18:	£820,000	Valuation at 31/03/18:	£492,000
	Cost at 31/03/17:	£820,000	Valuation at 31/03/17:	£451,000
	Date of first investment:	Oct 12	Valuation method:	Discounted cash flow - business
	Investment comprises:			
	B ordinary shares:	£820,000	Proportion of B equity held:	10%
	Summary financial information from statutory accounts to 31 May:			
			2017	2016
	Turnover:		£3.4m	£4.2m
	Operating loss:		(£0.1m)	(£0.6m)
	Net assets:		£4.8m	£5.2m
	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.			
Yamuna Renewables Limited 	Cost at 31/03/18:	£400,000	Valuation at 31/03/18:	£400,000
	Cost at 31/03/17:	£400,000	Valuation at 31/03/17:	£400,000
	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 to 28 February:			
			2017	
	Turnover:		£nil	
	Operating profit:		£nil	
	Net assets:		£4.2m	
	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 plant is now fully operational, with construction having been completed during December 2017.			

REVIEW OF INVESTMENTS – DP67 SHARE POOL (continued)

<div>London City Shopping Centre Limited</div> 	Cost at 31/03/18:	£99,000	Valuation at 31/03/18:	£99,000
	Cost at 31/03/17:	£99,000	Valuation at 31/03/17:	£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%
Summary financial information from statutory accounts to 30 November:				
			2016	2015
Net liabilities:			(£2.1m)	(£1.3m)
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 each equity class held also represents the level of voting rights held by the Company, in respect of that class.

Turnover and operating profit figures are stated where this information is publicly available.

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	193
Fenkle Street LLP	36
	<u>229</u>
Receivable from other investments	-
	<u>229</u>

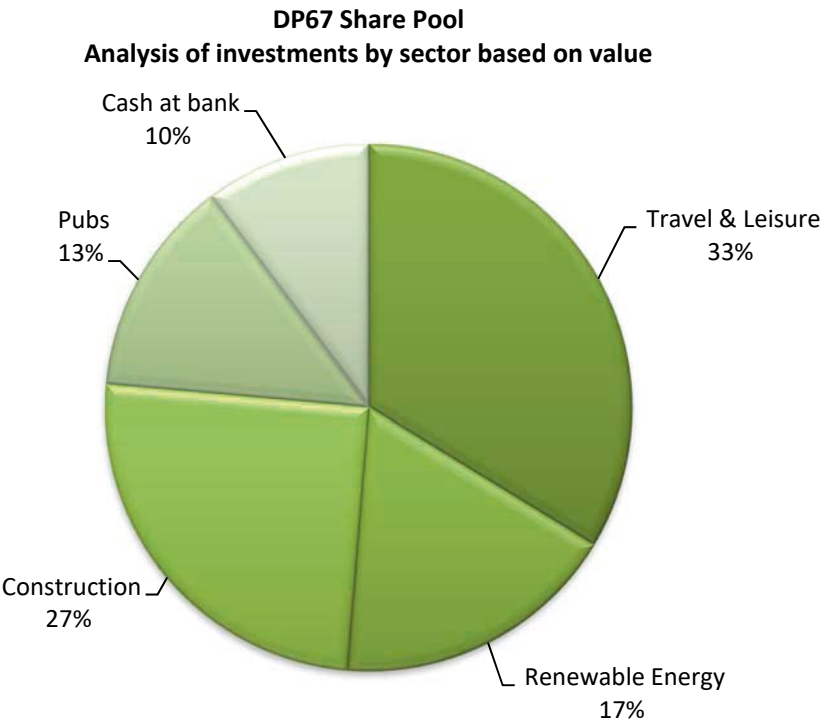
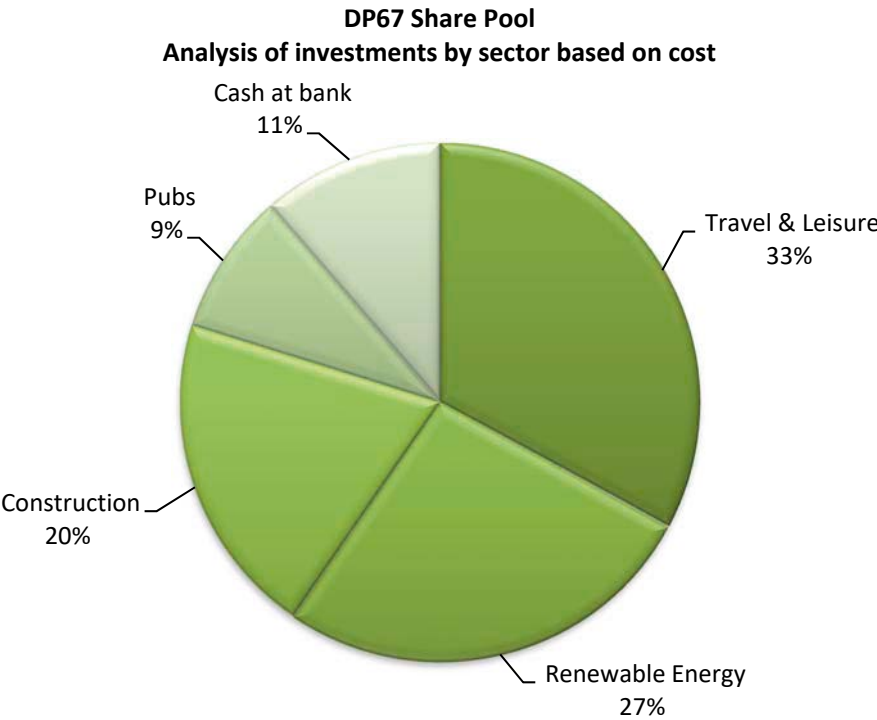
Analysis of investments by type

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

	Portfolio split at 31 March 2018
VCT Qualifying Investments	
Qualifying loan stock	12%
Ordinary shares	46%
Total	<u>58%</u>
Non-Qualifying Investments	
Ordinary shares	13%
Non-qualifying loan stock and advances	19%
Total	<u>32%</u>
Cash	10%
	<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 2018) is as follows:



DP2011 GENERAL SHARE POOL SUMMARY

Financial highlights

	31 Mar 2018 pence	31 Mar 2017 pence
Net Asset Value per DP2011 General Ordinary Share	-	15.0
Net Asset Value per DP2011 General A Share	20.3	31.2
Cumulative distributions	85.0	55.0
Total Return per DP2011 General Ordinary Share and DP2011 General A Share	<u>105.3</u>	<u>101.2</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	10.0
2018 Special	2 November 2017	30.0
		<u>85.0</u>
2018 Interim	13 August 2018	<u>7.0</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 D4OA	DP2011 Gen Ord Shares D4OO
TIDM/EPIC codes		
Latest share price (18 July 2018)	15.005p per share	15.5p 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. 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 Incentives are paid by virtue of dividends being declared on the DP2011 General A Shares.

As total Shareholder proceeds have now exceeded 70.0p per Combined Share, the management team will now receive 15% of the surplus by virtue of their DP2011 General A Shareholdings. When total Shareholder proceeds exceed 120.0p per Combined Share, no further incentive will be paid.

Target exit date

It is expected that a final distribution of capital will be announced to Shareholders within the next year.

INVESTMENT MANAGER'S REPORT - DP2011 GENERAL SHARE POOL

Introduction

The DP2011 General Share pool has made good progress in realising investments, with nine full and three partial exits completed during the year.

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 2018 stood at 20.3p, an increase of 4.1p or 8.9% over the year after adjusting for dividends paid. Total Return stands at 105.3p 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 was £760,000 (2017: £347,000) comprising a revenue loss of £112,000 (2017: profit of £280,000) and a capital gain of £872,000 (2017: 67,000).

Venture Capital investments

The DP2011 General Share pool began the year with £7.4 million of investments and ended with £2.2 million spread across a portfolio of seven Venture Capital investments.

Investment activity

The process of exiting investments in the portfolio is underway. Nine full and three partial exits occurred during the year, generating proceeds of £6.1 million and a gain over opening value of £679,000.

The largest realisation was the sale of Vulcan Renewables Limited, the operator of a biogas plant near Doncaster, to John Laing Environmental Assets Group. The sale achieved proceeds of £2.5 million, at a gain over opening value of £334,000.

There was an exit from Odysian (Holdings) Limited, the operator of a nightclub in Chester, which generated proceeds of £825,000, and realised a gain over opening value of £234,000. However, as outstanding loan interest of £139,000 was written off on exit, the impact on the NAV is reduced to £95,000. The DP2011 General Share pool has a residual equity holding in the investment, however no value is attributable to this holding.

Full exits from Avon Solar Energy Limited and Westcountry Solar Solutions Limited, owners of rooftop solar assets, achieved combined proceeds of £1.2 million and total gains over opening value of £29,000.

Portfolio valuation

Valuation movements in the year resulted in a total uplift of £268,000. The largest increase was in relation to Snow Hill Developments LLP, where an uplift of £195,000 was recognised. The business developed a hotel in Birmingham and receives payments based on the hotel's profits. The hotel is performing well and it is our expectation that this will continue.

Wickham Solar Limited owns a portfolio of ground mounted solar panels in Lincolnshire. The company is performing to budget and an uplift of £50,000 was recognised in the year as a result.

Other small valuation movements were recognised during the year, resulting in a net uplift of £23,000.

Outlook

The focus for the Share pool is on realising the remaining investments at sensible valuations. We hope to be in a position to announce a final return of capital to Shareholders within the next year.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2018:

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments				
Snow Hill Developments LLP**	750	1,178	195	30.9%
Wickham Solar Limited	550	650	50	17.1%
Oak Grove Renewable Limited	400	254	21	6.7%
London City Shopping Centre Limited**	88	88	-	2.3%
Mosaic Spa and Health Clubs Limited*	96	64	14	1.7%
Fubar Stirling Limited	133	9	(12)	0.2%
Odysian (Holdings) Limited	233	-	-	0.0%
	<u>2,250</u>	<u>2,243</u>	<u>268</u>	<u>58.9%</u>
Cash at bank and in hand		<u>1,569</u>		<u>41.1%</u>
Total investments		<u>3,812</u>		<u>100.0%</u>

* partially qualifying investment

** non-qualifying investment

All Venture Capital investments are incorporated in England and Wales.

Investment movements for the year ended 31 March 2018




DISPOSALS

	Cost £'000	Valuation at 01/04/17 £'000	Proceeds £'000	Profit/(loss) vs. cost £'000	Realised Gain/(loss) £'000
Vulcan Renewables Limited	2,199	2,199	2,533	334	334
Odysian (Holdings) Limited	640	591	825	185	234
Mosaic Spa and Health Clubs Limited*	1,051	775	733	(318)	(42)
Avon Solar Energy Limited	505	618	633	128	15
Westcountry Solar Solutions Limited	600	521	535	(65)	14
City Falkirk Limited	330	283	389	59	106
Fubar Stirling Limited	277	249	260	(17)	11
Clean Electricity Limited	70	70	70	-	-
UK Renewable Power Limited	55	55	55	-	-
Cheers Dumbarton Limited	27	27	22	(5)	(5)
21 st Century Energy Limited	22	22	22	-	-
Lochrise Limited	-	-	12	12	12
	<u>5,776</u>	<u>5,410</u>	<u>6,089</u>	<u>313</u>	<u>679</u>


* partially qualifying investment

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)


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

	Snow Hill Developments LLP	Cost at 31/03/18:	£750,000	Valuation at 31/03/18:	£1,178,000
		Cost at 31/03/17:	£750,000	Valuation at 31/03/17:	£983,000
		Date of first investment:	Oct 11	Valuation method:	Discounted cash flow - investment
		Investment comprises:			
		Partnership equity:	£750,000	Proportion of equity held:	35%
		Summary financial information from statutory accounts to 30 June:			
				2017	2016
		Turnover:		£nil	£nil
		Operating loss:		(£0.1m)	(£0.1m)
		Net assets:		£1.5m	£0.3m
	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 profit share is due to be paid over time as bank debt is reduced.				
	Wickham Solar Limited	Cost at 31/03/18:	£550,000	Valuation at 31/03/18:	£650,000
		Cost at 31/03/17:	£550,000	Valuation at 31/03/17:	£600,000
		Date of first investment:	Mar 13	Valuation method:	Discounted cash flow - business
		Investment comprises:			
		B Ordinary shares:	£550,000	Proportion of B equity held:	10%
		Summary financial information from statutory accounts to 30 September:			
				2017	2016
		Turnover:		£0.8m	£0.8m
		Operating profit:		£0.2m	£0.3m
		Net assets:		£4.8m	£4.7m
	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.				
	Oak Grove Renewables Limited	Cost at 31/03/18:	£400,000	Valuation at 31/03/18:	£254,000
		Cost at 31/03/17:	£400,000	Valuation at 31/03/17:	£233,000
		Date of first investment:	Feb 14	Valuation method:	Discounted cash flow - business
		Investment comprises:			
		B Ordinary shares:	£400,000	Proportion of B equity held:	5%
		Summary financial information from the consolidated statutory accounts to 31 May:			
				2017	2016
		Turnover:		£3.4m	£4.2m
		Operating loss:		(£0.1m)	(£0.6m)
		Net assets:		£4.8m	£5.2m
	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.				

REVIEW OF INVESTMENTS – DP2011 GENERAL SHARE POOL (continued)

<div>London City Shopping Centre Limited</div> 	Cost at 31/03/18:	£88,000	Valuation at 31/03/18:	£88,000
	Cost at 31/03/17:	£88,000	Valuation at 31/03/17:	£88,000
	Date of first investment:	Oct 15	Valuation method:	Price of recent investment
	Investment comprises:			
	Loan stock:	£88,000	Proportion of loan stock held:	15%
Summary financial information from statutory accounts to 30 November:				
Net liabilities:				<div>2016</div> <div>(£2.1m)</div> <div>2015</div> <div>(£1.3m)</div>
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.				

<div>Mosaic Spa and Health Clubs Limited</div> <div>www.mosaicspaandhealth.co.uk</div> 	Cost at 31/03/18:	£96,000	Valuation at 31/03/18:	£64,000
	Cost at 31/03/17:	£1,147,000	Valuation at 31/03/17:	£825,000
	Date of first investment:	Feb 11	Valuation method:	Discounted cash flow - investment
	Investment comprises:			
	Ordinary A shares:	£19,000	Proportion of A equity held:	12%
B Loan stock:	£77,000	Proportion of B loan stock held:	19%	
Summary financial information from statutory accounts to 31 December:				
Turnover:				<div>2016</div> <div>£8.6m</div> <div>2015</div> <div>£8.0m</div>
Operating loss:				<div>(£2.1m)</div> <div>(£0.1m)</div>
Net assets:				<div>£0.7m</div> <div>£1.3m</div>
Mosaic Spa and Health Clubs Limited is a spa and health club management company. The company currently has c.30 management contracts to provide gyms and spa services to hotels, educational establishments, university and corporate clients.				

<div>Fubar Stirling Limited</div> <div>www.fubarclub.info</div> 	Cost at 31/03/18:	£133,000	Valuation at 31/03/18:	£9,000
	Cost at 31/03/17:	£410,000	Valuation at 31/03/17:	£270,000
	Date of first investment:	Dec 12	Valuation method:	Discounted cash flow - investment
	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:	£23,000	Proportion of B loan stock held:	22%	
Summary financial information from statutory accounts to 28 (2016: 29) February:				
Net assets:				<div>2017</div> <div>£0.4m</div> <div>2016</div> <div>£0.4m</div>
Fubar Stirling Limited owns and operates the Fubar nightclub in Stirling, Scotland. The exit from this company is substantially complete, with the remaining value of the investment being attributable to a small amount of further consideration.				

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

Turnover and operating profit figures are stated where this information is publicly available.

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	
Clean Electricity Limited	36
Fubar Stirling Limited	32
UK Renewable Power Limited	32
City Falkirk Limited	29
Vulcan Renewables Limited	20
	<hr/> 149
Receivable from other investments	(12)
	<hr/> <hr/> 137

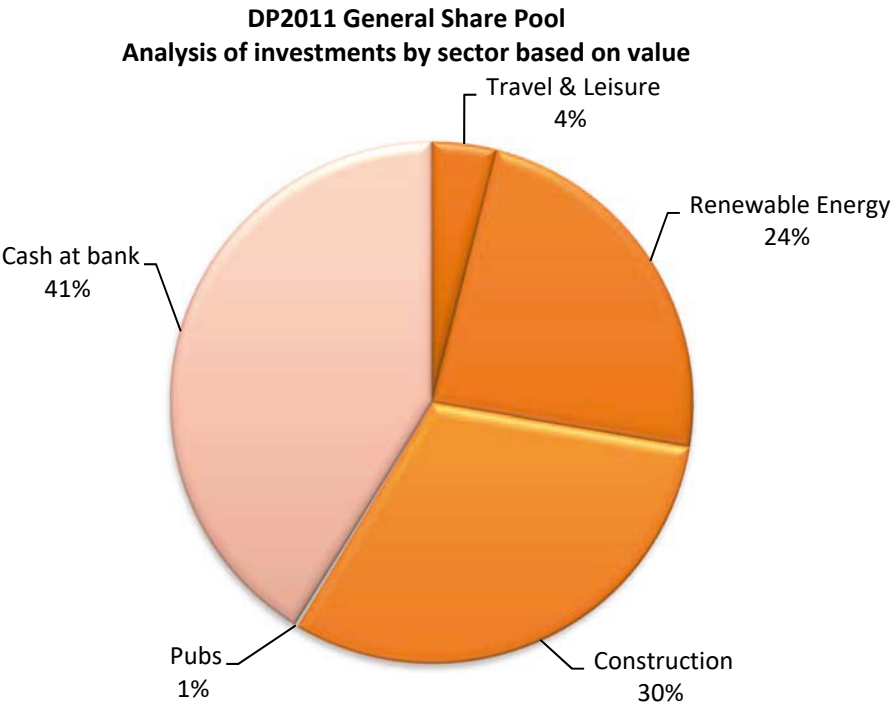
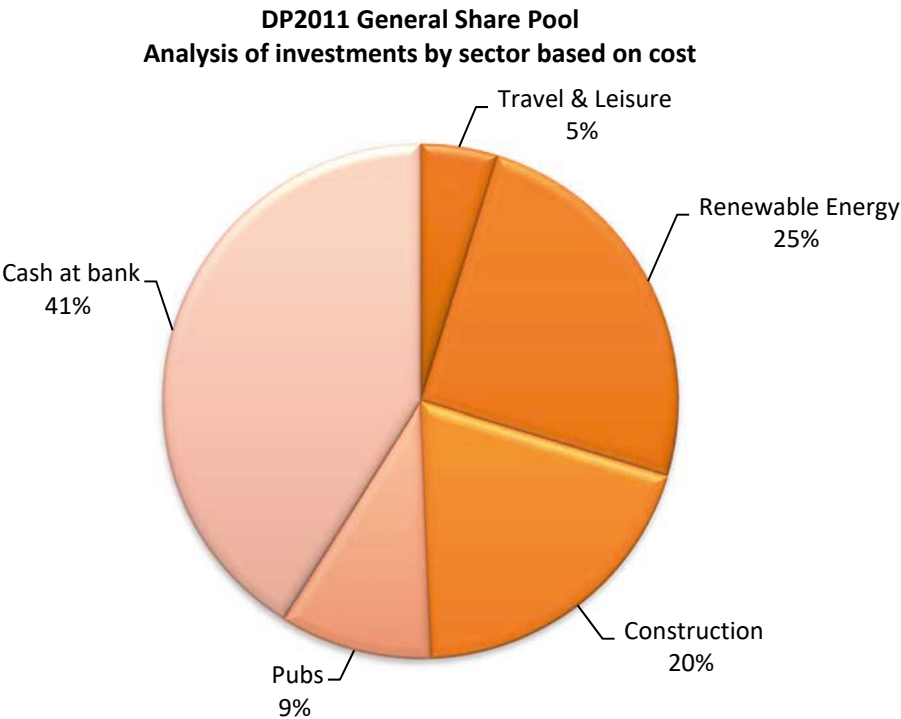
Analysis of investments by type

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

	Portfolio split at 31 March 2018
VCT Qualifying Investments	
Qualifying loan stock	3%
Ordinary shares	34%
Total	<hr/> 37%
Non-Qualifying Investments	
Non-qualifying loan stock and advances	22%
Total	<hr/> 22%
Cash	41%
	<hr/> <hr/> 100%

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 2018) is as follows:



DP2011 STRUCTURED SHARE POOL SUMMARY

Financial highlights

	31 Mar 2018 pence	31 Mar 2017 pence
Net Asset Value per DP2011 Structured Ordinary Share	-	4.8
Net Asset Value per DP2011 Structured A Share	15.0	31.9
Cumulative distributions	90.0	65.0
Total Return per DP2011 Structured Ordinary Share and DP2011 Structured A Share	<u>105.0</u>	<u>101.7</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
2018 Special	2 November 2017	<u>25.0</u>
		<u>90.0</u>
2018 Interim	13 August 2018	<u>5.0</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 D4SA	DP2011 Struc Ord Shares D4SO
TIDM/EPIC codes		
Latest share price (18 July 2018)	15.005p per share	10.55p 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. 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.

As total Shareholder proceeds have now exceeded 70.0p 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 120.0p per Combined Share, no further incentive will be paid.

Target exit date

It is expected that a final distribution of capital will be announced to Shareholders within the next year.

INVESTMENT MANAGER'S REPORT- DP2011 STRUCTURED SHARE POOL

Introduction

The DP2011 Structured Share pool has made good progress during the year in realising investments, with six full and three partial exits completed.

As at 31 March 2018 the DP2011 Structured Share pool held a portfolio of five Venture Capital investments, with a total value of £1.0 million.

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 2018 stood at 15.0p, an increase of 3.3p or 9.0% over the year after adjusting for dividends paid. Total Return stands at 105.0p 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 was £405,000 (2017: £72,000), comprising a revenue loss of £91,000 (2017: profit of £192,000) and a capital gain of £496,000 (2017: loss of £120,000).

Venture Capital investments

Investment activity

The DP2011 Structured Share pool began the year with £4.2 million of investments and ended the year with £1.0 million spread across a portfolio of five Venture Capital investments.

Six full and three partial disposals were made during the year, generating total proceeds of £3.7 million and a total realised gain of £455,000.

The largest realisation was the sale of Vulcan Renewables Limited, the operator of a biogas plant near Doncaster, to John Laing Environmental Assets Group. The sale achieved proceeds of £1.5 million, resulting in a gain over opening value of £225,000.

There was an exit from Odysian (Holdings) Limited, the operator of a nightclub in Chester, which generated proceeds of £550,000 and realised a gain over opening value of £156,000. However, as outstanding loan interest of £93,000 was written off on exit, the impact on the NAV is reduced to £63,000. The DP2011 Structured Share pool has a residual equity holding in this company, however no value is attributable to this holding.

Full exits from Avon Solar Energy Limited and Westcountry Solar Solutions Limited, owners of rooftop solar assets, achieved combined proceeds of £778,000 and total gains over opening value of £19,000.

Portfolio valuation

Valuation movements in the year resulted in a total uplift of £80,000. The largest increase was in relation to Wickham Solar Limited, which owns a portfolio of ground mounted solar panels in Lincolnshire. The company is performing to budget and an uplift of £50,000 was recognised during the year as a result.

Other small valuation movements were recognised during the year, resulting in a net uplift of £30,000.

Outlook

The focus for the Share pool is on realising the remaining investments at values which maximise returns for Shareholders. We hope to be in a position to announce a final return of capital to Shareholders within the next year.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2018:

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments				
Wickham Solar Limited	550	650	50	33.8%
Oak Grove Renewables Limited	545	347	29	18.1%
Mosaic Spa and Health Clubs Limited*	64	42	9	2.2%
Fubar Stirling Limited	90	6	(8)	0.3%
Odysian (Holdings) Limited	155	-	-	0.0%
	<u>1,404</u>	<u>1,045</u>	<u>80</u>	<u>54.4%</u>
Cash at bank and in hand		<u>877</u>		<u>45.6%</u>
Total investments		<u>1,922</u>		<u>100.0%</u>

* partially qualifying investment

All Venture Capital investments are incorporated in England and Wales.

Investment movements for the year ended 31 March 2018




DISPOSALS

	Cost £'000	Valuation at 01/04/17 £'000	Proceeds £'000	Profit/(loss) vs. cost £'000	Realised gain/(loss) £'000
Venture Capital investments					
Vulcan Renewables Limited	1,305	1,305	1,530	225	225
Odysian (Holdings) Limited	427	394	550	123	156
Avon Solar Energy Limited	336	412	422	86	10
Westcountry Solar Solutions Limited	400	347	356	(44)	9
Mosaic Spa and Health Clubs Limited*	621	437	409	(212)	(28)
City Falkirk Limited	220	189	259	39	70
Fubar Stirling Limited	185	166	174	(11)	8
Cheers Dumbarton Limited	17	18	15	(2)	(3)
Lochrise Limited	-	-	8	8	8
	<u>3,511</u>	<u>3,268</u>	<u>3,723</u>	<u>212</u>	<u>455</u>


* partially qualifying investment

REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

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

Wickham Solar Limited 	Cost at 31/03/18:	£550,000	Valuation at 31/03/18:	£650,000
	Cost at 31/03/17:	£550,000	Valuation at 31/03/17:	£600,000
	Date of first investment:	Mar 13	Valuation method:	Discounted cash flow - business
	Investment comprises:			
	B ordinary shares:	£550,000	Proportion of B equity held:	10%
	Summary financial information from statutory accounts to 30 September:			
			2017	2016
	Turnover:		£0.8m	£0.8m
	Operating profit:		£0.2m	£0.3m
	Net assets:		£4.8m	£4.7m
	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.			
Oak Grove Renewables Limited 	Cost at 31/03/18:	£545,000	Valuation at 31/03/18:	£347,000
	Cost at 31/03/17:	£545,000	Valuation at 31/03/17:	£318,000
	Date of first investment:	Oct 12	Valuation method:	Discounted cash flow - business
	Investment comprises:			
	B ordinary shares:	£545,000	Proportion of B equity held:	7%
	Summary financial information from statutory accounts to 31 May:			
			2017	2016
	Turnover:		£3.4m	£4.2m
	Operating loss:		(£0.1m)	(£0.6m)
	Net assets:		£4.8m	£5.2m
	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.			
Mosaic Spa and Health Clubs Limited www.mosaicspaandhealth.co.uk 	Cost at 31/03/18:	£64,000	Valuation at 31/03/18:	£42,000
	Cost at 31/03/17:	£685,000	Valuation at 31/03/17:	£470,000
	Date of first investment:	Feb-11	Valuation method:	Discounted cash flow - investment
	Investment comprises:			
	Ordinary A shares:	£12,000	Proportion of A equity held:	8%
	B Loan stock:	£52,000	Proportion of B loan stock held:	13%
	Summary financial information from statutory accounts to 31 December:			
			2016	2015
	Turnover:		£8.6m	£8.0m
	Operating (loss):		(£2.1m)	(£0.1m)
	Net assets:		£0.7m	£1.3m
	Mosaic Spa and Health Clubs Limited is a spa and health club management company. The company currently has c.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)

Fubar Stirling Limited www.fubarclub.info 	Cost at 31/03/18:	£90,000	Valuation at 31/03/18:	£6,000
	Cost at 31/03/17:	£273,000	Valuation at 31/03/17:	£180,000
	Date of first investment:	May 12	Valuation method:	Discounted cash flow - investment
	Investment comprises:			
	A ordinary shares:	£nil	Proportion of A equity held:	14%
	B ordinary shares:	£73,000	Proportion of B equity held:	15%
	B loan stock:	£17,000	Proportion of A loan stock held:	15%
Summary financial information from statutory accounts to 28 (2016: 29) February:				
			2017	2016
	Net assets:		£0.4m	£0.4m
Fubar Stirling Limited owns and operates the Fubar nightclub in Stirling, Scotland. The exit from this company is substantially complete, with the remaining value of the investment being attributable to a small amount of further consideration.				

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

Turnover and operating profit figures are stated where this information is publicly available.

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	32
Fubar Stirling Limited	15
City Falkirk Limited	9
	<hr/> 56
Receivable from other investments	4
	<hr/> 60

Analysis of investments by type

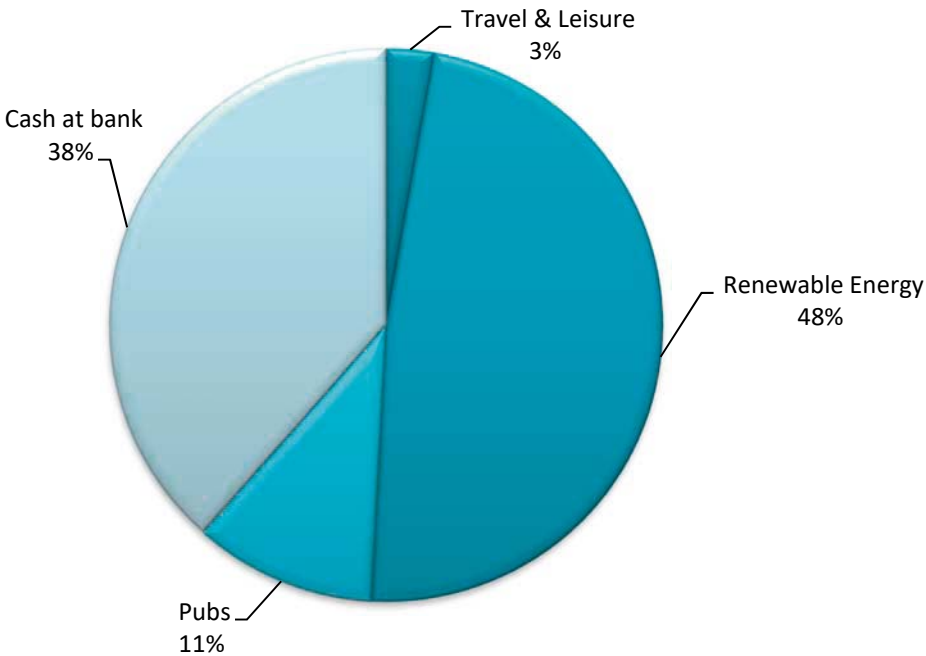
The allocation of the DP2011 Structured Share funds compared to the target split is summarised as follows:

	Portfolio split at 31 March 2018
VCT Qualifying Investments	
Qualifying loan stock	3%
Ordinary shares	59%
Total	<hr/> 62%
Non-Qualifying Investments	
Non-qualifying loan stock and advances	-
Total	<hr/> -
Cash	38%
	<hr/> 100%

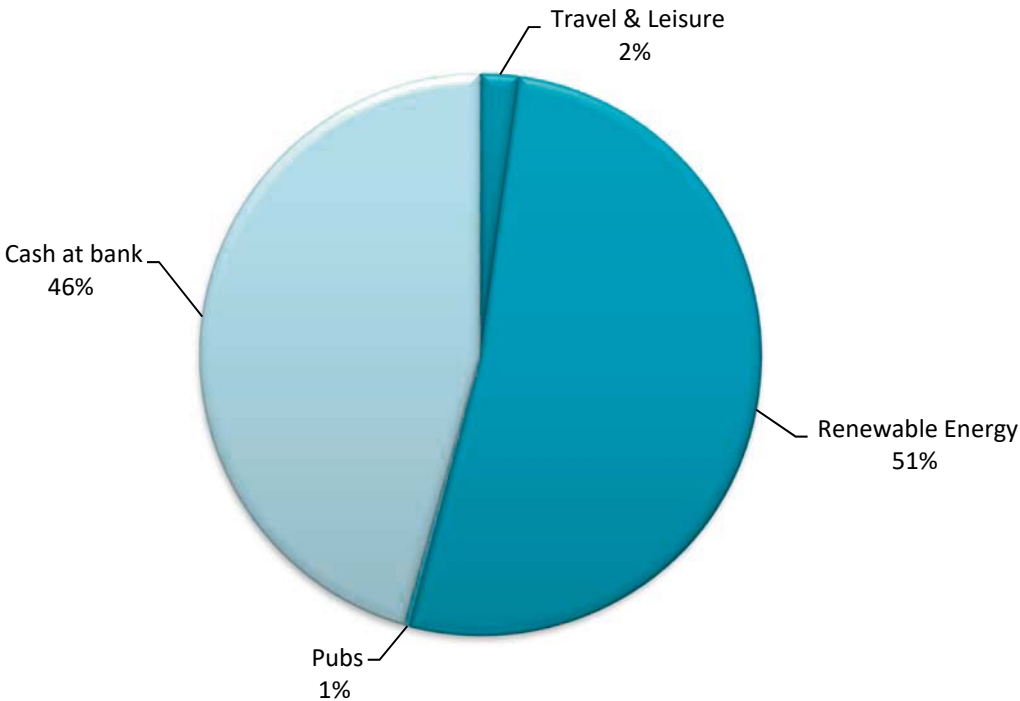
REVIEW OF INVESTMENTS – DP2011 STRUCTURED SHARE POOL (continued)

The split of the DP2011 Structured Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2018) is as follows:

DP2011 Structured Share Pool
Analysis of investments by sector based on cost



DP2011 Structured Share Pool
Analysis of investments by sector based on value



DP2011 LOW CARBON SHARE POOL SUMMARY

Financial highlights

	31 Mar 2018 pence	31 Mar 2017 pence
Net Asset Value per DP2011 Low Carbon Ordinary Share	-	43.0
Cumulative distributions	107.3	73.9
Adjusted for performance estimate	-	(2.5)
Total Return per DP2011 Low Carbon Ordinary Share	<u>107.3</u>	<u>114.4</u>

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
2018 Special	16 March 2018	33.4
		<u>107.3</u>

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

As Shareholder proceeds exceeded 76.5p per DP2011 Low Carbon Ordinary share, a Performance Incentive became payable to members of the management team and Low Carbon Investors Limited. As the Total Return, prior to the deduction of the Performance Incentive, was 112.7p per Low Carbon Ordinary Share, the fee was calculated at 15% of the surplus above 76.5p, being 5.4p per Low Carbon Ordinary Share.

Cancellation

The DP2011 Low Carbon Ordinary Shares were converted into deferred Shares on 10 April 2018, and were cancelled. The Shares were removed from the Official List on 18 April 2018.

INVESTMENT MANAGER'S REPORT- DP2011 LOW CARBON SHARE POOL

Introduction

The process of realising the remaining investments held by the DP2011 Low Carbon Share pool was completed during February 2018, and the final distribution of 33.4p per DP2011 Low Carbon Ordinary Share was paid on 16 March.

Realisations

During the year, the remaining four investments were sold from the DP2011 Low Carbon Share pool, generating total proceeds of £2.8 million at a loss over opening value of £252,000.

Final results

Over the life of the DP2011 Low Carbon Share pool, Shareholders who invested under the original offer achieved a Total Return of 107.3p for an investment of 70.0p, net of income tax relief.

Following the final distributions, in accordance with the Articles of the Company, the DP2011 Low Carbon Shares were converted into worthless deferred Shares and were duly cancelled on 10 April 2018.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS – DP2011 LOW CARBON SHARE POOL

Investment movements for the year ended 31 March 2018

DISPOSALS

	Cost £'000	Valuation at 01/04/17 £'000	Proceeds £'000	(Loss)/Profit vs. cost £'000	Realised (loss)/gain £'000
Venture Capital investments					
Progressive Power Generation Limited	800	800	641	(159)	(159)
UK Renewable Power Limited	780	780	679	(101)	(101)
21 st Century Energy Limited	708	775	794	86	19
Clean Electricity Limited	710	710	699	(11)	(11)
	<u>2,998</u>	<u>3,065</u>	<u>2,813</u>	<u>(185)</u>	<u>(252)</u>

GENERALIST SHARE POOL SUMMARY

Financial highlights

	31 Mar 2018 pence	31 Mar 2017 pence
Net Asset Value and Total Return per Generalist Share	95.5	99.9

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 (18 July 2018)	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

As at 31 March 2018, the Generalist Share Pool held a portfolio of 14 Venture Capital investments and four Liquidity investments, with a combined value of £19.1 million.

Investment activity

During the year a total of £19.5 million was invested in 18 companies, as the portfolio begins to be established.

Venture Capital investments

Of the £19.5 million invested during the year, £5.7 million was invested in Venture Capital investments. A description of each is provided below.

£1 million was invested in Maverick Pubs (Holdings) Limited, a newly-established company seeking to build an estate of high-quality freehold pubs in and around London.

£900,000 was invested in Ormsborough Limited, a pub operator focusing on acquiring and substantially renovating properties in northern towns.

£750,000 was invested in Empiribox Holdings Limited, a company which provides equipment, lesson plans and CPD-accredited support for teachers to deliver engaging and practical science lessons to UK primary school children.

A further £400,000 was invested in Xupes Limited, bringing the total investment to £600,000. Xupes is an online retailer of pre-owned luxury goods including designer watches, handbags, jewellery and antiques.

£567,000 was invested in Volo Commerce Limited, a leading provider of multichannel e-commerce technology.

£500,000 was invested in Destiny Pharma plc, an innovative biotech company developing treatments for antibiotic-resistant bacteria (also known as superbugs).

£394,000 was invested in BridgeU Corporation, which provides a comprehensive, end-to-end guidance system to help students, teachers and senior leadership manage the complex process of preparing for and completing global university applications.

£278,000 was invested in E Fundamentals (Group) Limited, a company which provides a data analytics service that helps traditional brands improve their online revenues.

£220,000 was invested in Live Better With Limited, the developer of a healthcare platform aiming to help people with long-term medical conditions, focusing on non-medical products that make day-to-day life better for patients.

£173,000 was invested in Limitless Technology Limited, the developer of an innovative Crowd Service platform, which allows businesses to turn loyal customers into Brand Ambassadors, who are then rewarded for providing on-demand customer service.

There was also an opportunity to acquire £514,000 of loan investments from the B Share pool. These assets will provide further income and growth opportunities to the Generalist portfolio.

Liquidity Investments

In order to utilise fundraising proceeds in the short term, £4.1 million was invested in Downing Strategic Micro-Cap Investment Trust plc, £4 million was invested in each of MI Downing UK Micro-Cap Growth Fund and MI Downing Monthly Income Fund, and £1.8 million was invested in MI Downing Diversified Global Managers Fund.

Portfolio valuation

The carrying values of the liquidity investments have been adjusted to reflect their quoted prices as at 31 March 2018. Destiny Pharma plc has been revalued to the prevailing bid price as at 31 March 2018. With the exception of Snow Hill Developments LLP, the remainder of the Venture Capital portfolio continues to be held at cost, as reviewed for impairment or fair value uplift, due to these investments being in an early stage.

Net Asset Value and results

At 31 March 2018, the NAV of a Generalist share stood at 95.5p, a decrease of 4.4p during the year, resulting from the "cash drag" of holding uninvested funds, as well as poor market conditions which have adversely impacted the prices of the quoted investments.

The return on ordinary activities for the Generalist Share pool for the year was a loss of £1.3 million (2017: £11,000), comprising a revenue loss of £381,000 (2017: £6,000) and a capital loss of £953,000 (2017: £5,000).

Outlook

The process of building the Generalist investment portfolio is ongoing, following a number of investments being made during the year. During the forthcoming year, we expect to see a similar level of new investment activity, coupled with follow on investments into companies which received initial funding during the current year.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS – GENERALIST SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2018:

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments				
Maverick Pubs (Holdings) Limited	1,000	1,000	-	3.4%
Ormsborough Limited	900	900	-	3.1%
Empiribox Holdings Limited	750	750	-	2.6%
Xupes Limited	600	600	-	2.0%
Volo Commerce Limited	567	567	-	1.9%
BridgeU Corporation	394	394	-	1.3%
Destiny Pharma plc^	500	363	(137)	1.2%
Fenkle Street LLP*	361	361	-	1.2%
E Fundamentals (Group) Limited	278	278	-	1.0%
Live Better With Limited	220	220	-	0.7%
Limitless Technology Limited	173	173	-	0.6%
Snow Hill Developments LLP*	86	92	6	0.3%
Mosaic Spa and Health Clubs Limited*	37	37	-	0.1%
London City Shopping Centre Limited*	30	30	-	0.1%
	<u>5,896</u>	<u>5,765</u>	<u>(131)</u>	<u>19.5%</u>
Liquidity investments				
MI Downing UK Micro-Cap Growth Fund*	4,025	3,861	(164)	13.0%
MI Downing Monthly Income Fund*	3,950	3,822	(128)	12.9%
Downing Strategic Micro-Cap Investment Trust plc*^	4,100	3,772	(328)	12.7%
MI Downing Diversified Global Managers Fund*	1,800	1,833	33	6.2%
	<u>13,875</u>	<u>13,288</u>	<u>(587)</u>	<u>44.8%</u>
	<u>19,771</u>	<u>19,053</u>	<u>(718)</u>	<u>64.3%</u>
Cash at bank and in hand		<u>10,563</u>		<u>35.7%</u>
Total investments		<u>29,616</u>		<u>100.0%</u>

All VCT Qualifying Investments are incorporated in England and Wales.

*non-qualifying investment

^listed and traded on the London Stock Exchange

REVIEW OF INVESTMENTS – GENERALIST SHARE POOL (continued)

Investment movements for the year ended 31 March 2018

ADDITIONS

	Cost £'000
Venture Capital investments	
Maverick Pubs (Holdings) Limited	1,000
Ormsborough Limited	900
Empiribox Holdings Limited	750
Volo Commerce Limited	567
Destiny Pharma plc^	500
Xupes Limited	400
BridgeU Corporation	394
Fenkle Street LLP*	361
E Fundamentals (Group) Limited	278
Live Better With Limited	220
Limitless Technology Limited	173
Snow Hill Developments LLP*	86
Mosaic Spa and Health Clubs Limited*	37
London City Shopping Centre Limited*	30
	<hr/> 5,696
Liquidity Investments	
Downing Strategic Micro-Cap Investment Trust plc^	4,100
MI Downing UK Micro-Cap Growth Fund	4,000
MI Downing Monthly Income Fund	3,950
MI Downing Diversified Global Managers Fund	1,800
	<hr/> 13,850
	<hr/> <hr/> 19,546


*non-qualifying investment

^listed and traded on the London Stock Exchange

REVIEW OF INVESTMENTS – GENERALIST SHARE POOL (continued)

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

Maverick Pubs (Holdings) Limited	Cost at 31/03/18:	£1,000,000	Valuation at 31/03/18:	£1,000,000
	Date of first investment:	Jan 18	Valuation method:	Price of recent investment
	Investment comprises:			
	A ordinary shares:	£1,000,000	Proportion of A equity held:	20%
	Summary financial information from statutory accounts: <i>None filed</i>			
	Maverick Pubs (Holdings) Limited is a newly-established company seeking to build an estate of high-quality freehold pubs in and around London. The company is headed by industry veteran David Bruce, who leverages a 50-year entrepreneurial career in both brewing and building pub groups. In January 2018, Downing-managed funds invested a total of £5m to support the acquisition of the company's first site in West London.			




Ormsborough Limited	Cost at 31/03/18:	£900,000	Valuation at 31/03/18:	£900,000
	Date of first investment:	Mar 18	Valuation method:	Price of recent investment
	Investment comprises:			
	A ordinary shares:	£900,000	Proportion of A equity held:	9%
	Summary financial information from statutory accounts to 31 July:			
	Net assets:		2017 £8.3m	2016 £3.5m
	Founded in 2015, Ormsborough Limited is building an estate of pubs and bars across Northern England. The company is backed by Downing-managed funds, in partnership with the Leeds-based operator, Burning Night Group. Ormsborough's sites are branded under either the 'Potting Shed Bar and Gardens' or 'Firepit Smokehouse and Sports Bar' concepts, both centering on high-quality food and beverage offerings in a contemporary setting. To date, the company has acquired six sites, of which five are trading and one is in development. The VCT has invested alongside other Downing-managed funds, to support the continued expansion of the estate: Ormsborough has purchased two new sites in West Yorkshire which will be substantially redeveloped over the next six months. A third site is also in the pipeline.			

Empiribox Holdings Limited	Cost at 31/03/18:	£750,000	Valuation at 31/03/18:	£750,000
	Date of first investment:	Mar 18	Valuation method:	Price of recent investment
	Investment comprises:			
	C ordinary shares:	£6,000	Proportion of C equity held:	39%
	D ordinary shares:	£594,000	Proportion of D equity held:	41%
	A Loan stock	£150,000	Proportion of A Loan stock held:	50%
	Summary financial information from statutory accounts to 31 March:			
	Net liabilities:		2017 (£0.2m)	2016 (£0.2m)
	Empiribox was founded in 2014 by former science teacher Dan Sullivan, to help improve the standard of science teaching in primary schools and encourage more students to take the subject at A-Level. Empiribox provides equipment, lesson plans and CPD-accredited support for teachers to deliver engaging and practical science lessons to UK primary school children. The company has seen strong growth and now supplies to more than 20,000 pupils across 150 schools in the UK.			

www.empiribox.org




REVIEW OF INVESTMENTS – GENERALIST SHARE POOL (continued)

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

<p>Xupes Limited</p>  <p>www.xupes.com</p>	Cost at 31/03/18:	£600,000	Valuation at 31/03/18:	£600,000
	Date of first investment:	Feb 17	Valuation method:	Price of recent investment
	Investment comprises:			
	A ordinary shares:	£1,000	Proportion of A equity held:	25%
	B ordinary shares:	£374,000	Proportion of B equity held:	25%
	A Loan stock	£75,000	Proportion of A Loan stock held:	25%
	B Loan stock	£150,000	Proportion of B Loan stock held:	25%
	Summary financial information from statutory accounts to 30 September:			
			2017	2016
	Turnover:		£6.4m	£4.6m
	Operating profit:		£0.1m	£0.1m
	Net assets:		£2.6m	£1.4m
	Xupes is an online retailer of pre-owned luxury goods including designer watches, handbags, jewellery and antiques. Over the last few years, Xupes has grown from its roots as a family business to one of the leading retailers of pre-owned luxury goods, employing approximately 25 members of staff. The management team has built a profitable business with a strong brand selling high-quality products, centred on exceptional customer service.			
<p>Volo Commerce Limited</p>  <p>www.volocommerce.com</p>	Cost at 31/03/18:	£567,000	Valuation at 31/03/18:	£567,000
	Date of first investment:	Mar 18	Valuation method:	Price of recent investment
	Investment comprises:			
	D ordinary shares:	£567,000	Proportion of D equity held:	9%
	Summary financial information from statutory accounts to 31 December:			
			2017	2016
	Turnover:		£6.0m	£6.2m
	Operating loss:		(£3.2m)	(£3.0m)
	Net assets/(liabilities):		£1.0m	(£1.0m)
	Volo enables brands and retailers to efficiently and rapidly grow their e-commerce businesses by automating the sales process and providing valuable analytics to improve profitability and growth. The software integrates with multiple marketplaces including Amazon, eBay and Walmart and allows retailers to maintain multichannel best practice, such as ensuring stock levels are correctly displayed. Downing-managed VCTs joined a £6.2 million funding round. The capital will primarily be used to fund Volo's expansion into North America and across other international sales channels.			
<p>BridgeU Corporation</p>  <p>www.bridge-u.com</p>	Cost at 31/03/18:	£394,000	Valuation at 31/03/18:	£394,000
	Date of first investment:	Mar 18	Valuation method:	Price of recent investment
	Investment comprises:			
	Class C Common Stock:	£394,000	Proportion of C Common Stock held:	11%
			C Common Stock units held:	7,036
	Summary financial information from statutory accounts to 31 December:			
			2016	
	Turnover:		\$nil	
	Operating loss:		(\$0.1m)	
	Net assets:		\$2.9m	
	BridgeU was founded in 2014 to provide schools with a smart, modern university and careers guidance service. The platform provides intelligent university and course matching tailored to each student, helps teachers to support and manage the creation of compelling applications, and provides senior leaders with powerful analytics and reporting tools.			


REVIEW OF INVESTMENTS – GENERALIST SHARE POOL (continued)

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

Destiny Pharma plc	Cost at 31/03/18:	£500,000	Valuation at 31/03/18:	£363,000
	Date of first investment:	Sep 17	Valuation method:	Quoted price
	Investment comprises:			
www.destinypharma.com	Ordinary shares:	£500,000	Proportion of equity held:	1%
	Summary financial information from statutory accounts to 31 December:			
			2017	2016
	Turnover:		£nil	£nil
	Operating loss:		(£3.2m)	(£1.5m)
	Net assets:		£17.1m	£1.7m
	Destiny Pharma plc is an innovative biotech company developing treatments for antibiotic-resistant bacteria (also known as superbugs). On 4 September 2017, Destiny Pharma floated on the Alternative Investment Market, where it raised more than £10 million. The capital will primarily be used to progress the development of Destiny Pharma's 'XF-73' drug, which has shown a capability of killing bacteria rapidly and before it can develop any resistance.			
Fenkle Street LLP	Cost at 31/03/18:	£361,000	Valuation at 31/03/18:	£361,000
	Date of first investment:	Jun 10	Valuation method:	Discounted cash flow - investment
	Investment comprises:			
	Loan stock:	£361,000	Proportion of loan stock held:	13%
	Summary financial information from statutory accounts to 30 June:			
			2017	2016
	Turnover:		£nil	£nil
	Operating profit/(loss):		£0.1m	(£0.7m)
	Net assets:		£2.7m	£2.6m
	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.			
E Fundamentals (Group) Limited	Cost at 31/03/18:	£278,000	Valuation at 31/03/18:	£278,000
	Date of first investment:	Dec 17	Valuation method:	Price of recent investment
	Investment comprises:			
www.ef.uk.com	A ordinary shares:	£278,000	Proportion of A equity held:	33.3%
	Summary financial information from statutory accounts to:			
			31 December	28 February
			2017	2017
	Net assets/(liabilities):		£4.0m	(£0.5m)
	E Fundamentals has developed a proprietary SaaS analytics platform that helps brands to replicate the successes of traditional retail sales through online shopping channels. The company has already worked with large clients such as Nestlé Purina, General Mills, Jacob Douwe Egbert and Wilkinson Sword. It also recently expanded its client base to include Kerry Food, Nomad Foods (BirdsEye) and Quorn. The London based company opened its second office in Edinburgh last year. Downing-managed funds have invested a total of £1.7m to date. The capital will be used to support the expansion of the company's sales function, as well as ongoing product development.			

REVIEW OF INVESTMENTS – GENERALIST SHARE POOL (continued)

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

Live Better With Limited	Cost at 31/03/18:	£220,000	Valuation at 31/03/18:	£220,000
	Date of first investment:	Mar 18	Valuation method:	Price of recent investment
www.livebetterwith.com	Investment comprises:			
	A ordinary shares:	£220,000	Proportion of A equity held:	34%
	Summary financial information from statutory accounts to 31 August:			
			2017	2016
	Net assets:		£0.4m	£0.1m
	Live Better With is a healthcare platform aiming to help people with long-term medical conditions, focusing on non-medical products that make day-to-day life better for patients. The company launched in the UK and the US, with offices based in London and New York. Downing-managed funds have invested a total of £1.3m to date. This capital injection will enable the business to continue extending its reach to people living with cancer around the world.			

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

Turnover and operating profit figures are stated where this information is publicly available.

Summary of loan stock interest income and interest on advances

	£'000
Loan stock interest and interest on advances receivable in the year	
Empiribox Holdings Limited	18
Xupes Limited	9
Fenkle Street LLP	4
	<u>31</u>
Receivable from other investments	-
	<u>31</u>

REVIEW OF INVESTMENTS – GENERALIST SHARE POOL (continued)

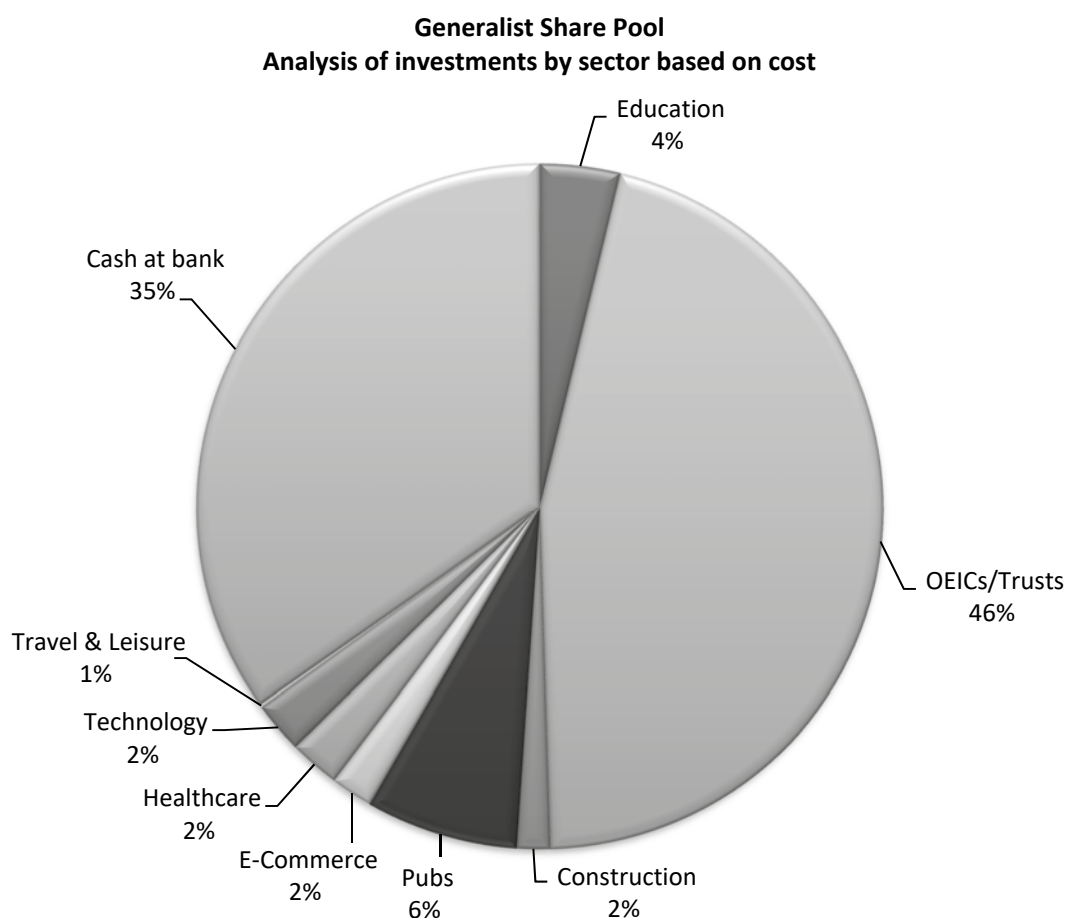
Analysis of investments by type

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

	Actual portfolio split at 31 March 2018	Target portfolio split at 31 March 2020*
VCT Qualifying Investments		
Qualifying loan stock	1%	25%
Ordinary shares	16%	60%
Total	17%	85%
Non-Qualifying Investments		
Liquidity investments and Non-Qualifying loan stock	48%	5%
Total	48%	5%
Cash	35%	10%
	100%	100%

*With effect from 1 April 2020, all Generalist funds are subject to the 80% VCT Qualification test. The Manager aims to maintain a VCT Qualifying percentage comfortably in excess of the minimum required.

The split of the Generalist Share pool investment portfolio by commercial sector (by cost and by value at 31 March 2018) is as follows:



HEALTHCARE SHARE POOL SUMMARY

Financial highlights

	31 Mar 2018 pence	31 Mar 2017 pence
Net Asset Value and Total Return per Healthcare Share	94.6	99.7

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 (18 July 2018)	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

As at 31 March 2018, the Healthcare Share pool held two Venture Capital investments and four Liquidity investments, with a combined value of £4.5 million.

Venture Capital investments

Investment activity

£750,000 was invested in Destiny Pharma plc, an innovative biotech company developing treatments for antibiotic-resistant bacteria (also known as superbugs). The investment was made in collaboration with BioScience Managers, a global leader in healthcare and life sciences and investment partner to the Healthcare Share Class.

£220,000 was also invested in Live Better With Limited, the developer of a healthcare platform aiming to help people with long-term medical conditions, focusing on non-medical products that make day-to-day life better for patients. The company launched in the UK and the US, with offices based in London and New York.

Liquidity Investments

In order to utilise fundraising proceeds in the short term, £1.1 million was invested in each of MI Downing UK Micro-Cap Growth Fund and MI Downing Monthly Income Fund, £950,000 was invested in MI Downing Diversified Global Managers Fund and £700,000 was invested in Downing Strategic Micro-Cap Investment Trust plc.

Portfolio valuation

The carrying values of the liquidity investments have been adjusted to reflect their quoted prices as at 31 March 2018. Destiny Pharma plc has also been revalued to reflect the prevailing bid price as at 31 March 2018, while the investment in Live Better With Limited continues to be held at cost, as reviewed for impairment or fair value uplift, due to this investment being in an early stage.

Net Asset Value and results

At 31 March 2018, the NAV of a Healthcare share stood at 94.6p, a decrease of 5.1p during the year, resulting from the “cash drag” of holding uninvested funds, as well as poor market conditions which adversely impacted the prices of the quoted investments.

The return on ordinary activities for the Healthcare Share pool for the year was a loss of £589,000 (2017: £6,000), being a revenue loss of £160,000 (2017: £3,000) and a capital loss of £429,000 (2017: £3,000).

Outlook

For the year to 31 March 2018, the focus has been on building a pipeline of appropriate investment opportunities, alongside BioScience Managers, and we have seen good progress in this regard. As a result, during the forthcoming year we anticipate an increased level of investment activity, which will largely focus on VCT Qualifying Investments.

Downing LLP

19 July 2018

REVIEW OF INVESTMENTS – HEALTHCARE SHARE POOL

Portfolio of investments

The following investments were held at 31 March 2018:

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio
Venture Capital investments				
Destiny Pharma plc^	750	545	(205)	4.8%
Live Better With Limited	220	220	-	1.9%
	970	765	(205)	6.7%
Liquidity Investments				
MI Downing UK Micro-Cap Growth Fund*	1,125	1,075	(50)	9.4%
MI Downing Monthly Income Fund*	1,100	1,067	(33)	9.3%
MI Downing Diversified Global Managers Fund*	950	962	12	8.4%
Downing Strategic Micro-Cap Investment Trust plc*^	700	644	(56)	5.6%
	3,875	3,748	(127)	32.7%
	4,845	4,513	(332)	39.4%
Cash at bank and in hand		6,953		60.6%
Total investments		11,466		100.0%

*non-qualifying investment

^listed and traded on the London Stock Exchange

Investment movements for the year ended 31 March 2018



ADDITIONS

	Cost £'000
Venture Capital investments	
Destiny Pharma plc^	750
Live Better With Limited	220
	970
Liquidity Investments	
MI Downing UK Micro-Cap Growth Fund	1,100
MI Downing Monthly Income Fund	1,100
MI Downing Diversified Global Managers Fund	950
Downing Strategic Micro-Cap Investment Trust plc^	700
	3,850
	4,820

^listed and traded on the London Stock Exchange

REVIEW OF INVESTMENTS – HEALTHCARE SHARE POOL (continued)

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

Destiny Pharma plc	Cost at 31/03/18:	£750,000	Valuation at 31/03/18:	£545,000
	Date of first investment:	Sep 17	Valuation method:	Quoted price
	Investment comprises:			
	Ordinary shares:	£750,000	Proportion of equity held:	1%
www.destinypharma.com	Summary financial information from statutory accounts to 31 December:			
			2017	2016
	Turnover:		£nil	£nil
	Operating loss:		(£3.2m)	(£1.5m)
	Net assets:		£17.1m	£1.7m
	Destiny Pharma plc is an innovative biotech company developing treatments for antibiotic-resistant bacteria (also known as superbugs). On 4 September 2017, Destiny Pharma floated on the Alternative Investment Market, where it raised more than £10 million. The capital will primarily be used to progress the development of Destiny Pharma's 'XF-73' drug, which has shown a capability of killing bacteria rapidly and before it can develop any resistance.			
Live Better With Limited	Cost at 31/03/18:	£220,000	Valuation at 31/03/18:	£220,000
	Date of first investment:	Mar 18	Valuation method:	Price of recent investment
	Investment comprises:			
	A ordinary shares:	£220,000	Proportion of A equity held:	34%
www.livebetterwith.com	Summary financial information from statutory accounts to 31 August:			
			2017	2016
	Net assets:		£0.4m	£0.1m
	Live Better With is a healthcare platform aiming to help people with long-term medical conditions, focusing on non-medical products that make day-to-day life better for patients. The company launched in the UK and the US, with offices based in London and New York. Downing-managed funds have invested a total of £1.3m to date. This capital injection will enable the business to continue extending its reach to people living with cancer around the world.			

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

Turnover and operating profit figures are stated where this information is publicly available.

REVIEW OF INVESTMENTS – HEALTHCARE SHARE POOL (continued)

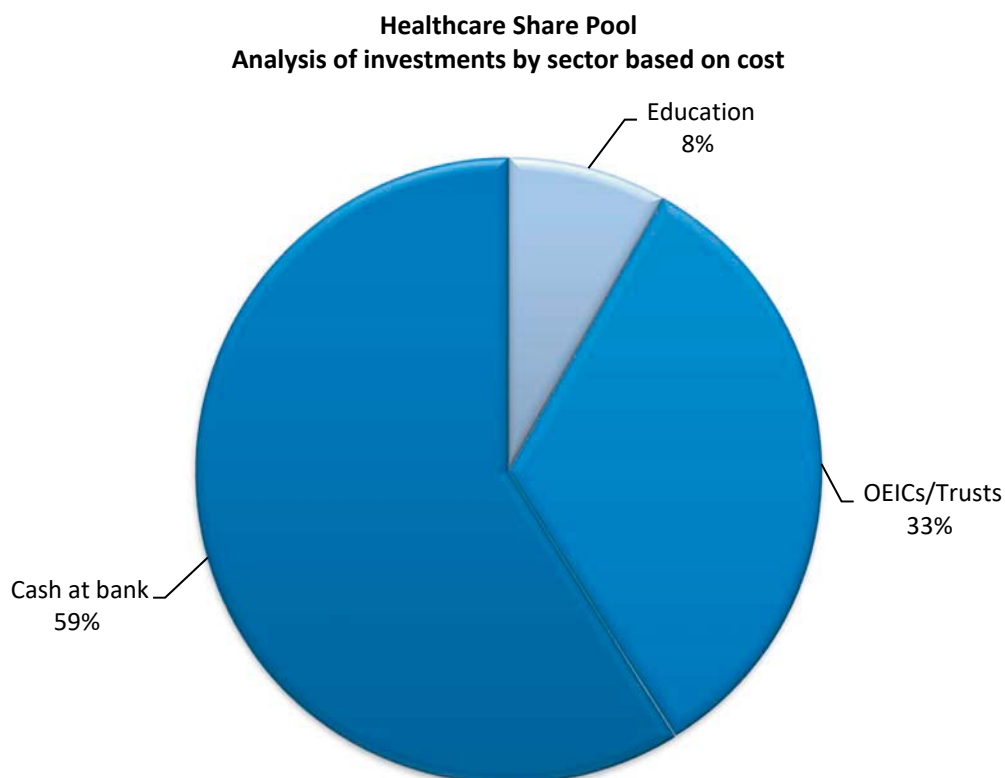
Analysis of investments by type

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

	Actual portfolio split at 31 March 2018	Target portfolio split at 31 March 2020*
VCT Qualifying Investments		
Qualifying loan stock	-	25%
Ordinary shares	8%	60%
Total	<u>8%</u>	<u>85%</u>
Non-Qualifying Investments		
Liquidity investments	33%	5%
Total	<u>33%</u>	<u>5%</u>
Cash	59%	10%
	<u>100%</u>	<u>100%</u>

* With effect from 1 April 2020, all Healthcare funds are subject to the 80% VCT Qualification test, and the Manager aims to maintain a VCT Qualifying percentage comfortably in excess of the minimum required.

The split of the Healthcare Share pool investment portfolio by commercial sector (by cost at 31 March 2018) is as follows:



STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 March 2018. 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 B Share pool

The DSO B Share pool completed the task of returning funds to Shareholders on 26 January 2018. On 10 April 2018 the DSO B Shares and DSO C Shares were converted into deferred Shares with no value and were cancelled. The Shares were removed from the Official List on 18 April 2018.

DSO D Share pool

The DSO D Share pool began the year with £5.4 million of investments and ended the year with £3.7 million spread across a portfolio of ten Venture Capital investments.

The profit on ordinary activities after taxation for the year was £453,000, comprising a revenue profit of £57,000 and a capital gain of £396,000.

DP67 Share pool

The DP67 Share pool began the year with £5.0 million of investments and ended the year with £4.6 million spread across a portfolio of seven Venture Capital investments.

The profit on ordinary activities after taxation for the year was £652,000, comprising a revenue profit of £20,000 and a capital gain of £632,000.

DP2011 General Share pool

The DP2011 General Share pool began the year with £7.4 million of investments and ended the year with £2.2 million spread across a portfolio of seven Venture Capital investments.

The profit on ordinary activities after taxation for the year was £760,000, comprising a revenue loss of £112,000 and a capital gain of £872,000.

DP2011 Structured Share pool

The DP2011 Structured Share pool began the year with £4.2 million of investments and ended the year with £1.0 million spread across a portfolio of five Venture Capital investments.

The profit on ordinary activities after taxation for the year was £405,000, comprising a revenue loss of £91,000 and a capital gain of £496,000.

DP2011 Low Carbon Share pool

The DP2011 Low Carbon Share pool completed the task of returning funds to Shareholders on 16 March 2018. On 10 April 2018 the DP2011 Low Carbon Shares were converted into deferred Shares with no value and were cancelled. The Shares were removed from the Official List on 18 April 2018.

Generalist Share pool

The Generalist Share pool began the year with £225,000 of investments and ended the year with £19.1 million spread across a portfolio of 14 Venture Capital investments and four liquidity investments.

The loss on ordinary activities after taxation for the year was £1.3 million, comprising a revenue loss of £381,000 and a capital loss of £953,000.

Healthcare Share pool

The Healthcare Share pool began the year with £25,000 of investments and ended the year with £4.5 million spread across a portfolio of two Venture Capital investments and four liquidity investments.

The loss on ordinary activities after taxation for the year was £589,000, comprising a revenue loss of £160,000 and a capital loss of £429,000.

The Company's business and developments during the year 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 15 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 remaining investments, and we anticipate that this process will be completed within the next year. There is a risk that more 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 2016 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 planned exit Share pools, and the minimum expected holding period in respect of the two evergreen Share pools, encompassing all Generalist and Healthcare Shareholders. The longer of these two time horizons is five years from the balance sheet date.

The five-year review considers the principal risks facing the Company, which are summarised within note 15, as well as the Company's cash flows, dividend cover and VCT monitoring compliance over the period. The five-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 period under review.

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 out within its investment policy, as shown on the following page.

STRATEGIC REPORT (continued)

Investment policy

Asset allocation

It is intended that at least 70% (80% from 1 April 2020) 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, as described below.

For the "planned exit" Share pools, the Company is seeking exits from the remaining investments, such that funds can be returned to Shareholders.

Venture Capital investments

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

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

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

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

Non-Qualifying Investments

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

Liquidity investments will be made with the aim of producing capital appreciation, rather than income. Therefore, the profit arising from the disposal or maturity of the liquidity investments typically gives rise to capital gains, which are tax-free for the Company and can be distributed tax-free to Shareholders.

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 Government's Autumn 2017 Budget outlined further changes to the VCT regulations resulting from the "Patient Capital Review", which has sought to strengthen the availability of capital for innovative growth businesses in the UK. The Board has assessed the impact of such changes, and considers that, at the current time, the following are of the greatest significance to the VCT:

- With effect from 15 March 2018, VCTs are no longer permitted to make secured loans to investee companies, and returns on loan capital above 10% must represent no more than a commercial return on the principal; and
- With effect from 1 April 2020, the proportion of VCT funds that must be held in qualifying holdings will increase from 70% to 80%.

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

VCT Qualifying Investments	85%
Non-Qualifying Investments	15%
	<hr/> 100%

As four of the six active Share pools are in an exit stage, the focus for VCT Qualification will gradually come to rest on the combined VCT Qualification status of the Generalist and Healthcare Share pools. As such, when building the Generalist and Healthcare Share pools, the Manager is working towards a long term VCT Qualification target of 85% for these pools, as outlined in the respective Reviews of Investments.

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% (rising to 80% from 1 April 2020) 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.

Following the Autumn 2017 budget, there have been some changes to VCT regulations. The Board has considered the impact of such changes, as outlined on page 59 of this report.

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 £8.5 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 cash flow purposes.

Environmental and social policy

As a VCT, with all 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 emission 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:

6th Floor, St. Magnus House

3 Lower Thames Street

London, EC3R 6HD

19 July 2018

REPORT OF THE DIRECTORS

The Directors present the Annual Report and Accounts of the Company for the year ended 31 March 2018.

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, 11,192,136 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, 37,937,914 Generalist Shares and 14,967,856 Healthcare Shares.

On 10 April 2018, the 19,911,070 DSO B Shares, 29,926,070 DSO C Shares and 7,575,419 DP2011 Low Carbon Shares were converted into deferred Shares, and were cancelled. The Shares were removed from the Official List on 18 April 2018.

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 D Share	694
DP67 Share	750
DP2011 General Ordinary Share	213
DP2011 General A Share	113
DP2011 Structured Ordinary Share	219
DP2011 Structured A Share	113
Generalist Share	1,146
Healthcare Share	1,146

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

Shareholders who invested in the Company's DP2011 General Ordinary Share or DP2011 Structured Ordinary Share offers received equal numbers of DP2011 General A Shares and DP2011 Structured A Shares respectively. The DP2011 General A Shares and DP2011 Structured A Shares were structured to be part of the Company's Performance Incentive scheme. 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 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). As the planned exit pools are in an exit phase, the Company does not intend to buy in Shares of any other class.

During the year, the Company repurchased 47,649 DP67 Shares for an aggregate consideration of £22,538, being an average price of 47.3p per Share. The DP67 Shares repurchased represented 0.4% of the Company's issued DP67 Share capital. All of the Shares repurchased were subsequently cancelled.

At the AGM that took place on 5 September 2017, the Company was authorised to make market purchases of its DSO B Shares, DSO C Shares and DSO D Shares up to a limit of 2,966,749 DSO B Shares, 4,458,984 DSO C Shares and 1,172,220 DSO D Shares, 1,674,728 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 DP2011 Structured A Shares, 1,128,737 DP2011 Low Carbon Shares, 4,171,799 Generalist Shares and 969,020 Healthcare Shares, which represented approximately 14.9% of the issued 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, DP2011 Low Carbon Share capital, Generalist Share capital and Healthcare Share capital, as at the date of the AGM.

REPORT OF THE DIRECTORS (continued)

Share capital (continued)

At the current date, authority remains for 1,172,220 DSO D Shares, 1,627,079 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 DP2011 Structured A Shares, 4,171,799 Generalist Shares and 969,020 Healthcare Shares. A resolution to renew this authority will be put to Shareholders at the AGM taking place on 4 September 2018.

The minimum price which may be paid for a DSO D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A 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 D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A 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	5	-
DSO C Share	4	-
DSO D Share	453	5.8p
DP67 Share	652	5.9p
DP2011 General Share	760	4.1p
DP2011 Structured Share	405	3.4p
DP2011 Low Carbon Share	(732)	(9.7p)
Generalist Share	(1,334)	(6.2p)
Healthcare Share	(589)	(9.4p)

Dividends paid during the current period:

	£'000	Pence per share
DSO B Share	885	4.444p
DSO C Share	3,273	10.939p
DSO D Share	2,163	27.5p
DP67 Share	2,463	22.0p
DP2011 General Ord Share	2,346	15.0p
DP2011 General A Share	2,763	15.0p
DP2011 Structured Ord Share	534	5.0p
DP2011 Structured A Share	2,515	20.0p
DP2011 Low Carbon Share	2,530	33.4p

As the planned exit Share pools are in an exit phase, dividends will be declared as and when further realisations have been completed.

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 2017 and at 31 March 2018 were as follows:

Share class	No. of Shares at 31/03/17 and at 31/03/18 (audited)		
	Lord Flight	Sir Aubrey Brocklebank	Russell Catley
DSO B	62,550	-	21,000
DSO C	62,550	-	521,000
DSO D	20,800	-	-
DP67	-	-	-
DP2011 Gen Ord	-	-	-
DP2011 Gen A	-	-	-
DP2011 Struc Ord	-	-	10,200
DP2011 Struc A	-	-	10,200
DP2011 LC	-	5,175	-
Generalist	-	-	-
Healthcare	-	5,000	-

On 10 April 2018, the DSO B, DSO C and DP2011 Low Carbon Shares were converted into deferred Shares with no value and were cancelled. There have been no other movements in Directors' shareholdings between 31 March 2018 and the date of this report.

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

In accordance with provision B.7.1 of the UK Corporate Governance Code, non-executive directors who have served longer than nine years should be subject to annual re-election. As a result, Lord Flight will retire at the forthcoming AGM and, being eligible, offers himself for 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 the DSO D Share net assets per annum, 1.35% of DP67 Share net assets per annum, 1.8% of each of the DP2011 General Share and DP2011 Structured 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 £1.3 million (2017: £756,000) was payable 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 £619,000 (2017: £451,000) and monitoring fees of £761,000 (2017: £863,000). These fees also relate to investments made by other funds managed by Downing.

The annual running costs of the Company, for the year, 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 2.43%.

Performance Incentives

DSO B Share pool

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

The Performance Incentive, ultimately equivalent to 13% of the proceeds over 70.0p, was paid on 26 January 2018, in light of the performance hurdle being met.

The performance hurdle in respect of the DSO B Share pool was met once Shareholders had:

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

In light of the above conditions being met, Total Proceeds were 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

DSO D Share pool

The DSO D Shares enable a payment, by way of a fee, of the Performance Incentive to the management team.

No Performance Incentive 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.

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 the Total Return figure.

As at 31 March 2018, it is estimated that a Performance Incentive of 4.4p will become payable to members of the management team.

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 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 120.0p) is effectively limited to 7.5p per DP2011 General Ordinary Share and DP2011 Structured Ordinary Share in issue.

The remaining Performance Incentives due to management are estimated to be 3.6p per DP2011 General Ordinary Share and 2.7p per DP2011 Structured Ordinary Share. The Performance Incentive estimates are reflected in the NAV per DP2011 General Ordinary Share and DP2011 General A Share of 20.3p, and the NAV per Structured Ordinary Share and DP2011 Structured A Share of 15.0p.

Further details of the Performance Incentive arrangements are set out on pages 103 and 104.

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 was calculated on the same basis as that in respect of the DP2011 General Shares and DP2011 Structured Shares, however, it was payable by way of a fee to the Manager.

In light of the final Total Return to Shareholders, a Performance Incentive, equal to 15% of proceeds in excess of 76.5p, was paid to members of the management team and Low Carbon Investors Limited. Further details of the Performance Incentive arrangements are set out on page 104.

As the targets for all other pools have not been met, no other fees are due to be paid for the year ended 31 March 2018. Performance Incentive estimates will be recalculated for the year ended 31 March 2019, 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 2018 and for the period under review is summarised as follows:

- | | | |
|-----|---|----------|
| 1. | 70% of its investments held in qualifying companies; | 83.6% |
| 2. | At least 30% of the Company's qualifying investments are held in "eligible shares" for funds raised before 6 April 2011; | 88.8% |
| 2a. | At least 70% of the Company's qualifying investments are held in "eligible shares" for funds raised on or after 6 April 2011; | 88.0% |
| 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 | 75.6% |
| 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 2018, 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 eighth Annual General Meeting ("AGM") will be held at Downing LLP, at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD at 11:30 a.m. on 4 September 2018. 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;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- carry out a robust assessment of the principal risks facing the Company as set out in the Strategic report on page 58.

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 Guidance 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 74.

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 57 to 60.

Statement as to disclosure of information to Auditors

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

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3 Lower Thames Street

London, EC3R 6HD

19 July 2018

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 4 September 2018.

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 75 to 79.

Directors' remuneration policy

Below is the Company's remuneration policy, effective for the three years commencing 1 April 2017.

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 a Venture Capital Trust of this size.

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. 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, and the Directors will consider any such 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 (incl. VAT) £	Year ended 31/03/18 £	Year ended 31/03/17 £
Lord Flight	23,000	23,000	23,000
Aubrey			
Brocklebank	20,000	20,000	23,400
Russell Catley	18,000	18,000	18,000
Robin			
Chamberlayne*	n/a	n/a	12,082
Mark Mathias*	n/a	n/a	12,082
	61,000	61,000	88,564

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 are taken into account in formulating the Directors' remuneration policy. At the last AGM on 5 September 2017, the votes in respect of the resolution to approve the Directors' Remuneration Report were as follows:

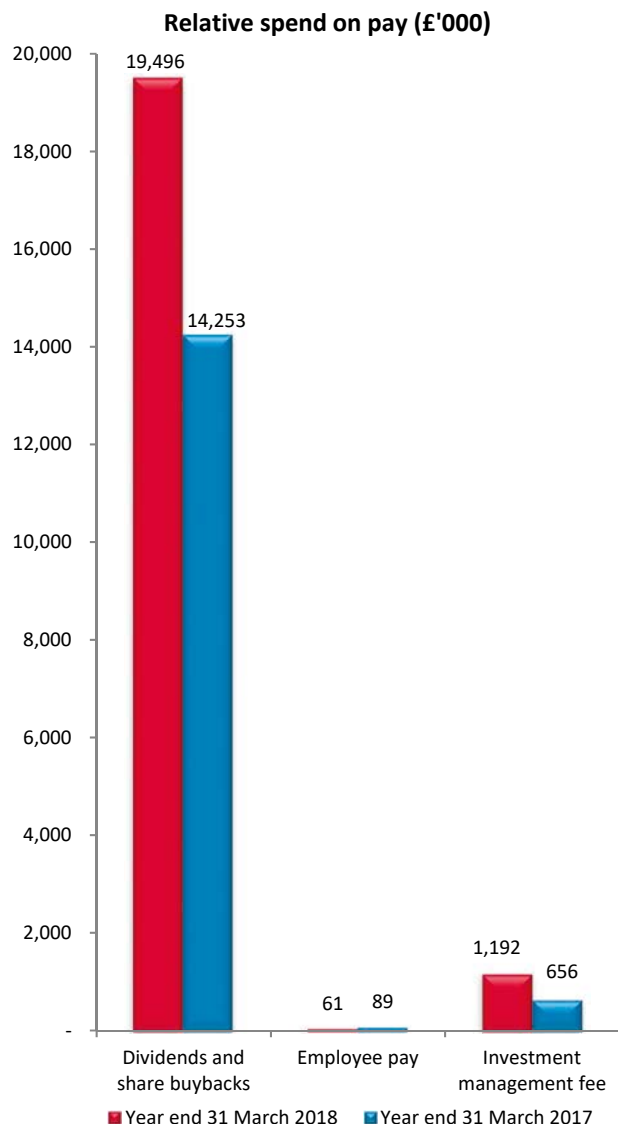
In favour	95.8%
Against	4.2%
Withheld	-

At the 2017 AGM, when the remuneration policy was last put to a Shareholder vote, 96.2% voted for the resolution and 3.8% 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 2017 and the year ended 31 March 2018 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 D, DP67, DP2011 General, DP2011 Structured, 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.

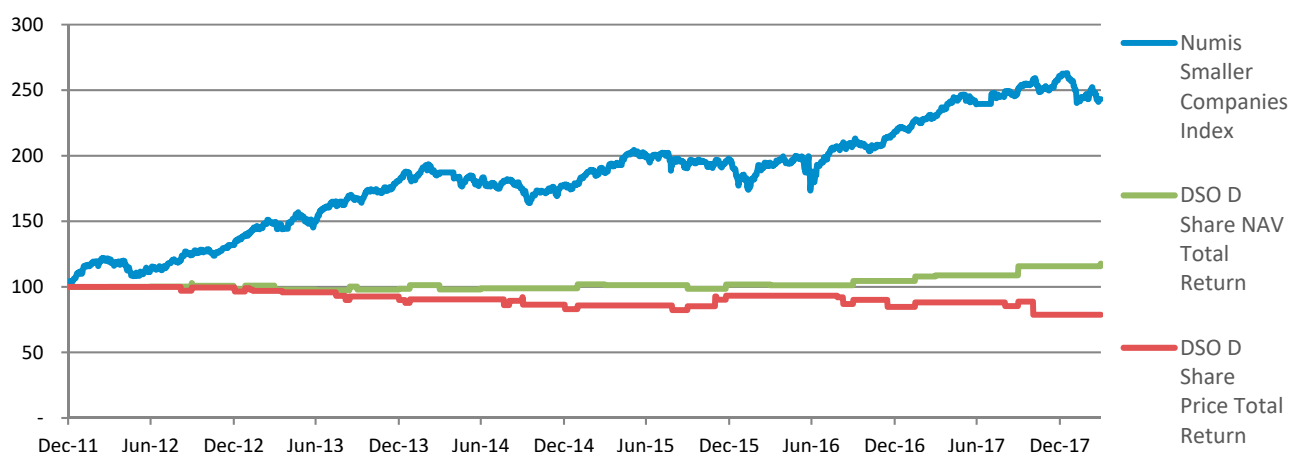
Statement by the Chairman of the remuneration committee

Directors' fees are to be reviewed by the remuneration committee during its meeting on 4 September 2018.

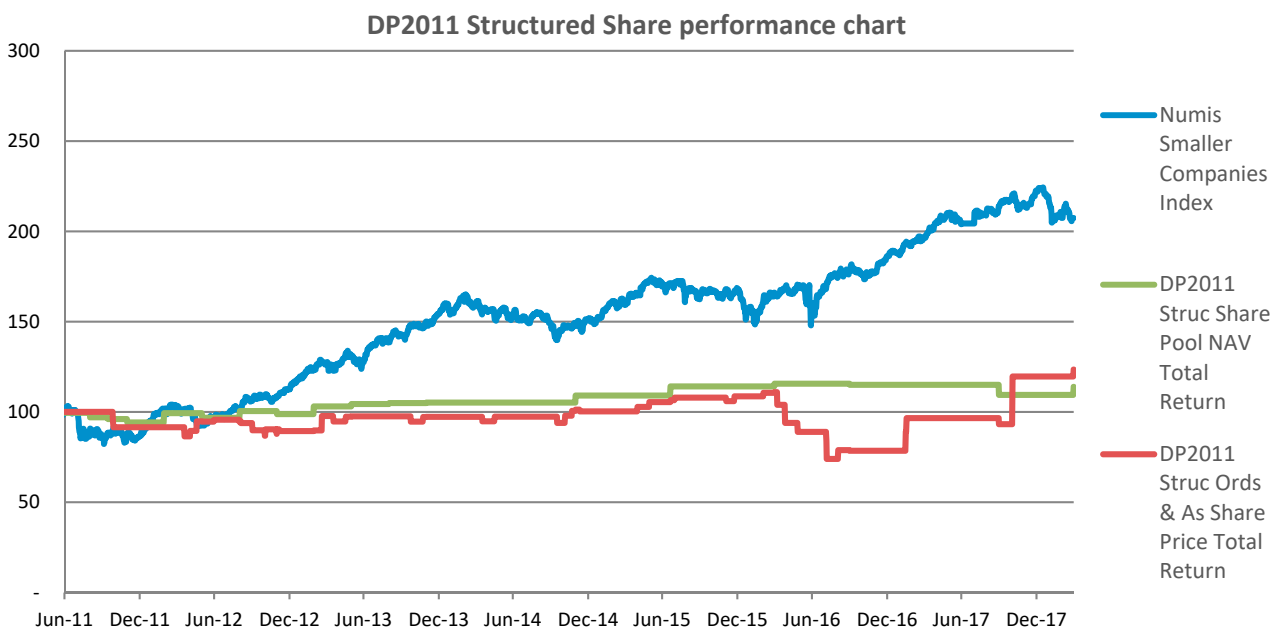
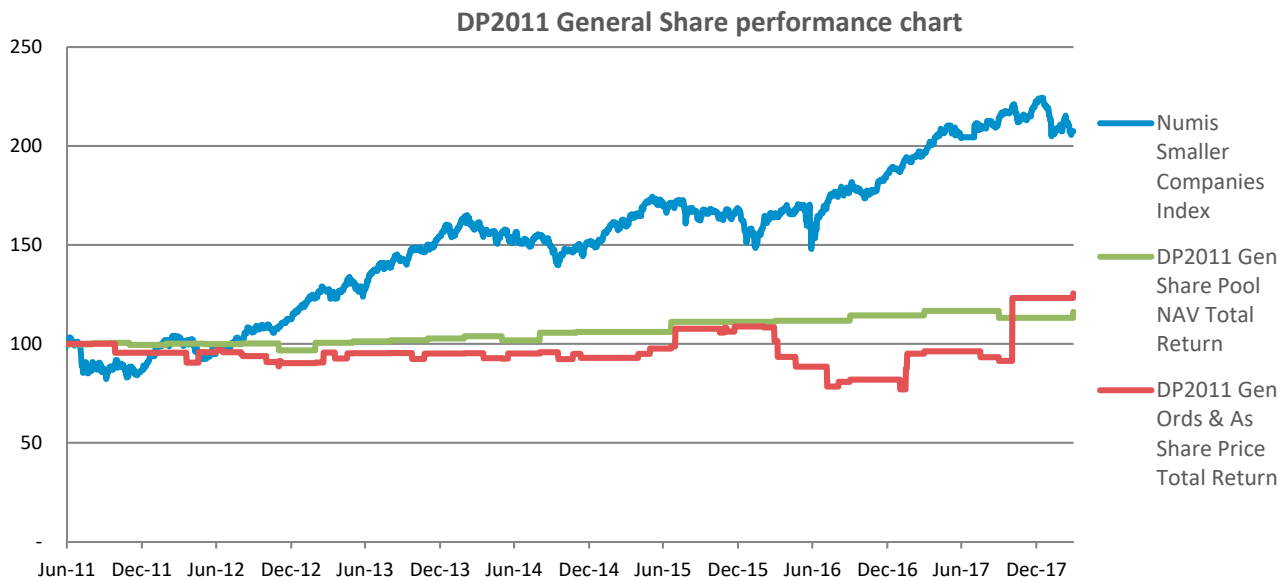
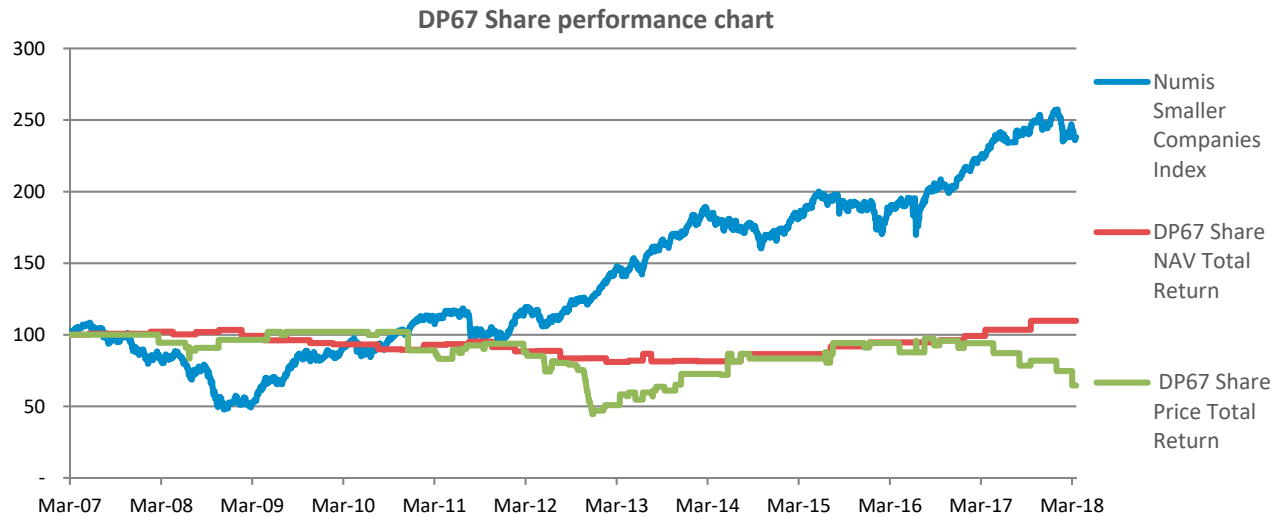
By order of the Board

Grant Whitehouse
Company Secretary
6th Floor, St. Magnus House
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19 July 2018

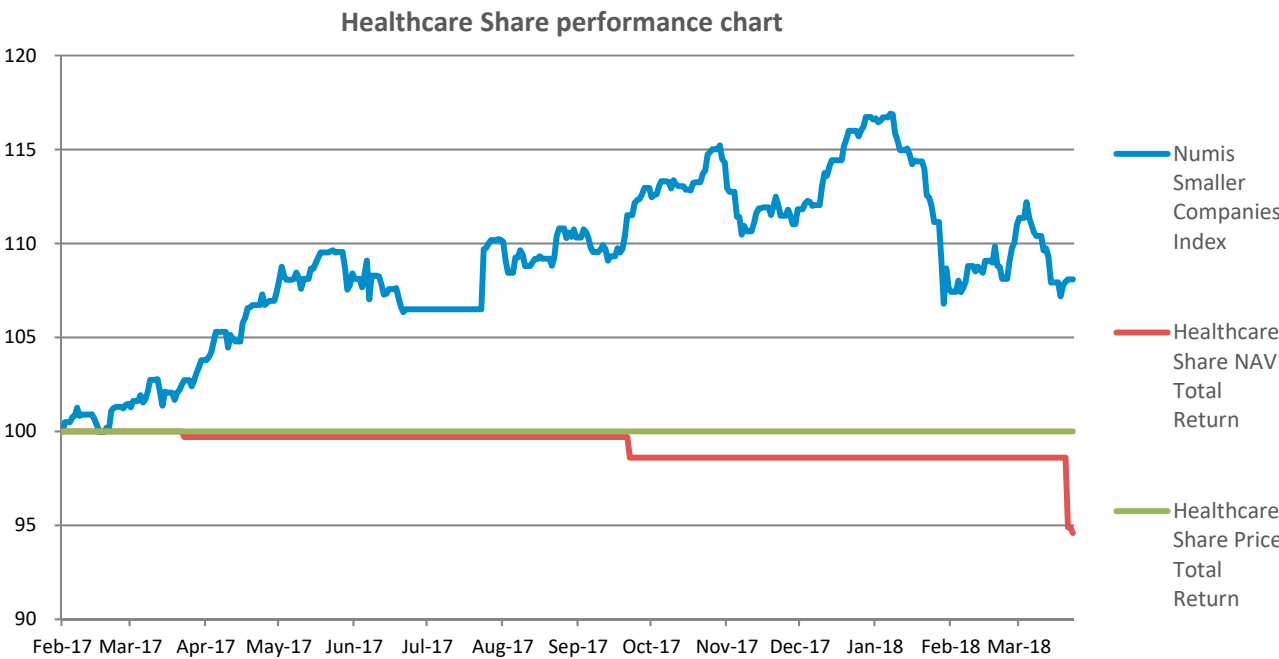
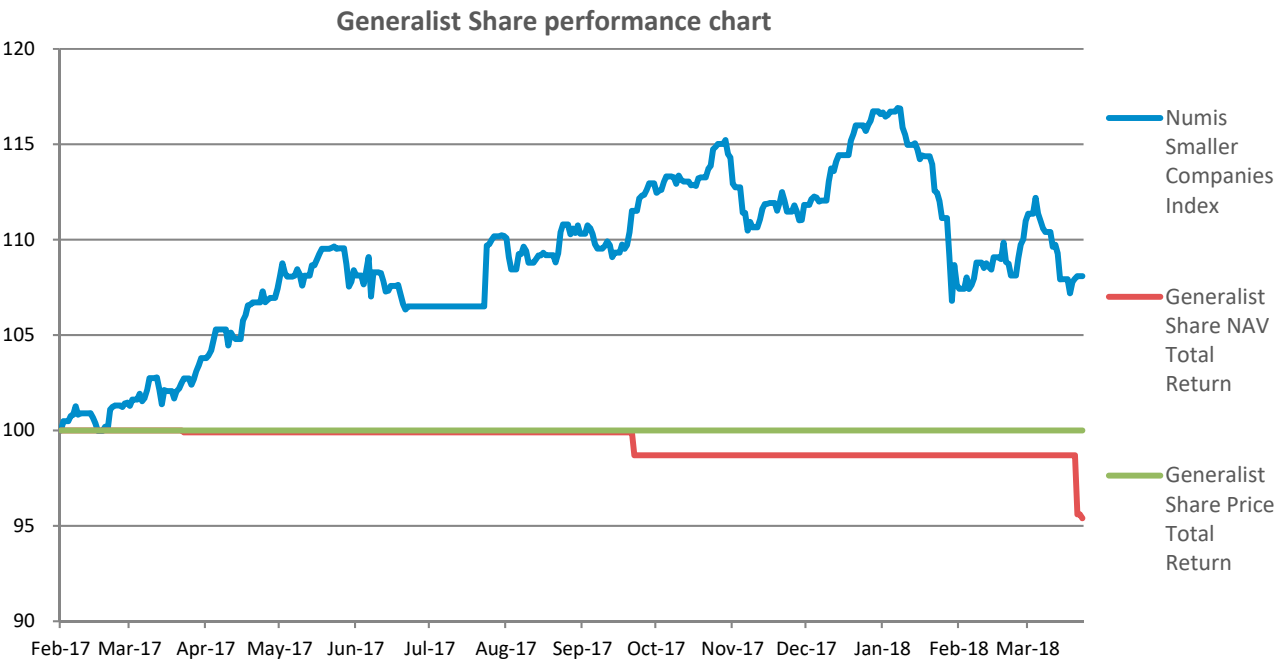
DSO D Share performance chart



DIRECTORS' REMUNERATION REPORT (continued)



DIRECTORS' REMUNERATION REPORT (continued)



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 provision B.7.1 of the UK Corporate Governance Code, non-executive directors who have served longer than nine years should be subject to annual re-election. As such, Lord Flight is required to retire at the forthcoming AGM, and, being eligible, offers himself for election.

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 Remuneration and Nomination Committees is Lord Flight, and the Chairman of the Audit Committee is Sir Aubrey Brocklebank. 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 5 September 2017. 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 61.

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 71.

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 the financial statements for the year ended 31 March 2018 is the ninth year undertaken by BDO. The mandatory re-tendering rules will therefore impact the VCT for the year ended 31 March 2020.

Following assurances received from the Managers at completion of the audit for the year ended 31 March 2018, 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 (4 held)	Audit Committee meetings attended (2 held)
Lord Flight	4	2
Sir Aubrey Brocklebank	4	2
Russell Catley	4	2

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 67, 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.

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 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 eighth 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 65, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's report on page 78.

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 7, 10, 19, 27, 34, 41, 44 and 53, the Strategic Report on page 57 and the Report of the Directors on page 61. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 85, Statement of Cash Flows on page 91 and the Strategic Report on page 60. In addition, note 15 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 and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks effectively.

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 eight classes of share capital: DSO D Shares, DP67 Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares, DP2011 Structured A 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 61 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 2018, 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 specific whistleblowing procedures in place. (C.3.4)

By order of the Board



Grant Whitehouse
Company Secretary
6th Floor, St. Magnus House
3 Lower Thames Street
London, EC3R 6HD
19 July 2018

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

Our opinion on the financial statements

We have audited the financial statements of Downing Four VCT plc (the 'Company') for the year ended 31 March 2018 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on page 58 that describes the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation in the Annual Report 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 directors' statement set out on page 73 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, 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 Company 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Risk area

Valuation of investments (note 1 on page 93 and note 9 on page 99):

There is a high level of estimation uncertainty involved in determining the unquoted investment valuations.

The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3.

As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations. The existence of an expense cap in the management agreement increases this risk.

Revenue recognition (note 1 on page 93 and note 3 on page 95):

Revenue consists principally of loan stock interest. Revenue recognition is considered to be significant audit risk as it is the key driver of dividend returns to investors and judgement is required in determining whether accrued income should be regarded as recoverable.

Audit response

For a risk-weighted sample of unquoted debt instruments held at fair value, we performed the following:

- Vouched security held to documentation and consider recoverability of loans.
- Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept.
- Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP and FRS 102.

In respect of other unquoted investments, we performed preliminary analytical procedures to determine our investment sample and the extent of our work considering the value of individual investments, the nature of the investment and the extent of the fair value movement. In respect of the sample selected for detailed testing we;

- Considered whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.
- Re-performed the calculation of the investment valuations.
- Verified and benchmarked key inputs and estimates to independent information and our own research.
- Performed sensitivity analysis on the valuation calculations where there was sufficient evidence to suggest reasonable alternative inputs might exist.
- Challenged the Investment Manager regarding significant judgements made.
- Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation.

We recalculated expected income from loan stock. We developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid.

We also reviewed the recognition and classification of accrued fixed income receipts to ascertain whether they met the definition of realised income, considering management information relevant to the ability of the portfolio company to service the loan and the reasons for any arrears of loan interest.

The Audit Committee's consideration of these key issues is set out on page 71.

Our application of materiality

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.

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

Our application of materiality (continued)

The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum 2018 £	Quantum 2017 £
Financial statement materiality (1.50% of gross investments).	Assessing whether the financial statements as a whole present a true and fair view.	<ul style="list-style-type: none"> • The value of gross investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations 	530,000	575,000
Performance materiality	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	<ul style="list-style-type: none"> • Financial statement materiality • Risk and control environment • History of prior errors (if any) 	400,000	432,000
Specific materiality – classes of transactions and balances which impact on net realised returns (5% of gross expenditure).	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"> • Level of gross expenditure 	110,000	60,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,000 (2017: £12,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Other information (continued)

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** [set out on page 65] – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** [set out on page 71] – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** [set out on page 74] – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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 in 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.

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.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page xx, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Company on 4 February 2010 to audit the financial statements for the year ending 31 March 2010 and subsequent financial periods. In respect of the audit for the year ended 31 March 2018 we were re-appointed by the members of the company at the annual general meeting held on 5 September 2017. The period of total uninterrupted engagement is four years, covering the years ending 31 March 2015 to 31 March 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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.

A handwritten signature in black ink, appearing to read 'BDO LLP', is positioned above the printed name of the auditor.

Stuart Collins (senior statutory auditor)

For and on behalf of BDO LLP

Statutory auditor

London, UK

19 July 2018

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

INCOME STATEMENT

for the year ended 31 March 2018

	Note	Year ended 31 March 2018			Year ended 31 March 2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	765	-	765	1,731	268	1,999
Net gain/(loss) on investments	9	-	1,425	1,425	-	1,980	1,980
		765	1,425	2,190	1,731	2,248	3,979
Investment management fees	3	(596)	(596)	(1,192)	(328)	(328)	(656)
Other expenses	4	(805)	(409)	(1,214)	(515)	-	(515)
(Loss)/return on ordinary activities before tax		(636)	420	(216)	888	1,920	2,808
Tax on total comprehensive income and ordinary activities	6	(160)	-	(160)	(151)	-	(151)
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year		(796)	420	(376)	737	1,920	2,657
Basic and diluted return per share:							
DSO B Share	8	(0.2p)	0.2p	-	0.3p	2.8p	3.1p
DSO C Share	8	(0.2p)	0.2p	-	-	-	-
DSO D Share	8	0.7p	5.1p	5.8p	0.6p	4.9p	5.6p
DP67 Share	8	0.2p	5.7p	5.9p	0.7p	9.0p	9.7p
DP2011 General Share	8	-	-	-	1.8p	0.4p	2.2p
DP2011 General A Share	8	(0.6p)	4.7p	4.1p	-	-	-
DP2011 Structured Share	8	-	-	-	1.8p	(1.1p)	0.7p
DP2011 Structured A Share	8	(0.6p)	4.0p	3.4p	-	-	-
DP2011 Low Carbon Share	8	(0.6p)	(9.1p)	(9.7p)	1.1p	0.3p	1.4p
Generalist Share	8	(1.7p)	(4.5p)	(6.2p)	(1.0p)	(1.0p)	(2.0p)
Healthcare Share	8	(2.5p)	(6.9p)	(9.4p)	(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 February 2018 by the Association of Investment Companies ("AIC SORP").

INCOME STATEMENT (analysed by Share pool)
for the year ended 31 March 2018

Split as:

DSO B Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	30	-	30	177	93	270
Net gain on investments	-	120	120	-	494	494
	30	120	150	177	587	764
Investment management fees	(26)	(26)	(52)	(27)	(27)	(54)
Other expenses	(55)	-	(55)	(55)	-	(55)
(Loss)/return on ordinary activities before tax	(51)	94	43	95	560	655
Tax on total comprehensive income and ordinary activities	(34)	-	(34)	(36)	-	(36)
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year	(85)	94	9	59	560	619

DSO D Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	166	-	166	174	-	174
Net gain on investments	-	442	442	-	431	431
	166	442	608	174	431	605
Investment management fees	(46)	(46)	(92)	(43)	(43)	(86)
Other expenses	(53)	-	(53)	(80)	-	(80)
Return on ordinary activities before tax	67	396	463	51	388	439
Tax on total comprehensive income and ordinary activities	(10)	-	(10)	(2)	-	(2)
Return attributable to equity Shareholders, being total comprehensive income for the year	57	396	453	49	388	437

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

INCOME STATEMENT (analysed by Share pool)
for the year ended 31 March 2018

DP67 Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	247	-	247	325	175	500
Net gain on investments	-	683	683	-	883	883
	247	683	930	325	1,058	1,383
Investment management fees	(51)	(51)	(102)	(47)	(47)	(94)
Other expenses	(62)	-	(62)	(70)	-	(70)
Return on ordinary activities before tax	134	632	766	208	1,011	1,219
Tax on total comprehensive income and ordinary activities	(114)	-	(114)	(129)	-	(129)
Return attributable to equity Shareholders, being total comprehensive income for the year	20	632	652	79	1,011	1,090

DP2011 General Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	160	-	160	521	-	521
Net gain on investments	-	947	947	-	164	164
	160	947	1,107	521	164	685
Investment management fees	(75)	(75)	(150)	(97)	(97)	(194)
Other expenses	(196)	-	(196)	(145)	-	(145)
(Loss)/return on ordinary activities before tax	(111)	872	761	279	67	346
Tax on total comprehensive income and ordinary activities	(1)	-	(1)	1	-	1
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year	(112)	872	760	280	67	347

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

INCOME STATEMENT (analysed by Share pool)
for the year ended 31 March 2018

DP2011 Structured Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	75	-	75	354	-	354
Net gain/(loss) on investments	-	535	535	-	(57)	(57)
	75	535	610	354	(57)	297
Investment management fees	(39)	(39)	(78)	(63)	(63)	(126)
Other expenses	(126)	-	(126)	(100)	-	(100)
(Loss)/return on ordinary activities before tax	(90)	496	406	191	(120)	71
Tax on total comprehensive income and ordinary activities	(1)	-	(1)	1	-	1
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year	(91)	496	405	192	(120)	72

DP2011 Low Carbon Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	16	-	16	179	-	179
Net (loss)/gain on investments	-	(252)	(252)	-	67	67
	16	(252)	(236)	179	67	246
Investment management fees	(27)	(27)	(54)	(43)	(43)	(86)
Other expenses	(33)	(409)	(442)	(65)	-	(65)
(Loss)/return on ordinary activities before tax	(44)	(688)	(732)	71	24	95
Tax on total comprehensive income and ordinary activities	-	-	-	12	-	12
(Loss)/return attributable to equity Shareholders, being total comprehensive income for the year	(44)	(688)	(732)	83	24	107

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

INCOME STATEMENT (analysed by Share pool)
for the year ended 31 March 2018

Generalist Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	62	-	62	-	-	-
Net loss on investments	-	(718)	(718)	-	-	-
	62	(718)	(656)	-	-	-
Investment management fees	(235)	(235)	(470)	(5)	(5)	(10)
Other expenses	(208)	-	(208)	(1)	-	(1)
Loss on ordinary activities before tax	(381)	(953)	(1,334)	(6)	(5)	(11)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
Loss attributable to equity Shareholders, being total comprehensive income for the year	(381)	(953)	(1,334)	(6)	(5)	(11)

Healthcare Share pool

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	9	-	9	-	-	-
Net loss on investments	-	(332)	(332)	-	-	-
	9	(332)	(323)	-	-	-
Investment management fees	(97)	(97)	(194)	(3)	(3)	(6)
Other expenses	(72)	-	(72)	-	-	-
Loss on ordinary activities before tax	(160)	(429)	(589)	(3)	(3)	(6)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-
Loss attributable to equity Shareholders, being total comprehensive income for the year	(160)	(429)	(589)	(3)	(3)	(6)

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

BALANCE SHEET
as at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	9	35,192	27,095
Current assets			
Debtors	10	695	1,709
Cash at bank and in hand		21,063	31,441
		<u>21,758</u>	<u>33,150</u>
Creditors: amounts falling due within one year	11	<u>(615)</u>	<u>(833)</u>
Net current assets		<u>21,143</u>	<u>32,317</u>
Net assets		<u>56,335</u>	<u>59,412</u>
Capital and reserves			
Called up Share capital	12	188	144
Capital redemption reserve	13	31	31
Special reserve	13	8,021	30,620
Share premium account	13	43,904	10,074
Funds held in respect of Shares not yet allotted	13	420	16,137
Revaluation reserve	13	234	(1,980)
Capital reserve – realised	13	4,641	3,331
Revenue reserve	13	<u>(1,104)</u>	<u>1,055</u>
Total equity Shareholders' funds	14	<u>56,335</u>	<u>59,412</u>
Basic and diluted Net Asset Value per Share:			
DSO B Share	14	-	20.7p
DSO C Share	14	-	0.1p
DSO D Share	14	54.4p	76.1p
DP67 Share	14	50.0p	66.1p
DP2011 General Ordinary Share	14	-	15.0p
DP2011 General A Share	14	20.3p	31.2p
DP2011 Structured Ordinary Share	14	-	4.8p
DP2011 Structured A Share	14	15.0p	31.9p
DP2011 Low Carbon Share	14	-	43.0p
Generalist Share	14	95.5p	99.9p
Healthcare Share	14	94.6p	99.7p

The financial statements on pages 80 to 109 were approved and authorised for issue by the Board of Directors on 19 July 2018 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 2018

DSO B Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	-	1,752
Current assets		
Debtors	-	74
Cash at bank and in hand	-	2,475
	<u>-</u>	<u>2,549</u>
Creditors: amounts falling due within one year	-	(151)
Net current assets	<u>-</u>	<u>2,398</u>
Net assets	<u>-</u>	<u>4,150</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		(50)	3,186
Revaluation reserve		-	(1,108)
Capital reserve – realised		-	1,705
Revenue reserve		-	286
Total equity Shareholders' funds	14	<u>-</u>	<u>4,150</u>

DSO D Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	3,699	5,365
Current assets		
Debtors	66	254
Cash at bank and in hand	582	435
	<u>648</u>	<u>689</u>
Creditors: amounts falling due within one year	(67)	(62)
Net current assets	<u>581</u>	<u>627</u>
Net assets	<u>4,280</u>	<u>5,992</u>

Capital and reserves

Called up share capital	12	8	8
Special reserve		4,201	6,598
Revaluation reserve		471	(9)
Capital reserve – realised		(362)	(510)
Revenue reserve		(38)	(95)
Total equity Shareholders' funds	14	<u>4,280</u>	<u>5,992</u>

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

BALANCE SHEET (analysed by Share pool) (continued)
as at 31 March 2018

DP67 Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	4,639	5,047
Current assets		
Debtors	552	392
Cash at bank and in hand	519	2,396
	<u>1,071</u>	<u>2,788</u>
Creditors: amounts falling due within one year	(116)	(404)
Net current assets	<u>955</u>	<u>2,384</u>
Net assets	<u>5,594</u>	<u>7,431</u>

Capital and reserves

Called up share capital	12	11	11
Capital redemption reserve		31	-
Special reserve		805	5,836
Revaluation reserve		579	396
Capital reserve – realised		3,581	1,070
Revenue reserve		587	118
Total equity Shareholders' funds	14	<u>5,594</u>	<u>7,431</u>

DP2011 General Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	2,243	7,385
Current assets		
Debtors	-	585
Cash at bank and in hand	1,569	266
	<u>1,569</u>	<u>851</u>
Creditors: amounts falling due within one year	(68)	(143)
Net current assets	<u>1,501</u>	<u>708</u>
Net assets	<u>3,744</u>	<u>8,093</u>

Capital and reserves

Called up share capital – Ordinary Shares	12	16	16
Called up share capital – A Shares	12	18	18
Special reserve		2,209	7,805
Revaluation reserve		353	(641)
Capital reserve – realised		831	466
Revenue reserve		317	429
Total equity Shareholders' funds	14	<u>3,744</u>	<u>8,093</u>

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

BALANCE SHEET (analysed by Share pool) (continued)
as at 31 March 2018

DP2011 Structured Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	1,045	4,233
Current assets		
Debtors	3	365
Cash at bank and in hand	877	28
	<u>880</u>	<u>393</u>
Creditors: amounts falling due within one year	<u>(37)</u>	<u>(94)</u>
Net current assets	<u>843</u>	<u>299</u>
Net assets	<u><u>1,888</u></u>	<u><u>4,532</u></u>

Capital and reserves

Called up share capital – Ordinary Shares	12	11	11
Called up share capital – A Shares	12	13	13
Special reserve		1,204	4,565
Revaluation reserve		(119)	(682)
Capital reserve – realised		591	346
Revenue reserve		188	279
Total equity Shareholders' funds	14	<u><u>1,888</u></u>	<u><u>4,532</u></u>

DP2011 Low Carbon Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	-	3,065
Current assets		
Debtors	-	140
Cash at bank and in hand	-	116
	<u>-</u>	<u>256</u>
Creditors: amounts falling due within one year	<u>-</u>	<u>(59)</u>
Net current assets	<u>-</u>	<u>197</u>
Net assets	<u><u>-</u></u>	<u><u>3,262</u></u>

Capital and reserves

Called up share capital	12	8	8
Special reserve		(8)	2,639
Revaluation reserve		-	67
Capital reserve – realised		-	253
Revenue reserve		-	295
Total equity Shareholders' funds	14	<u><u>-</u></u>	<u><u>3,262</u></u>

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

BALANCE SHEET (analysed by Share pool) (continued)
as at 31 March 2018

Generalist Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	19,053	225
Current assets		
Debtors	73	-
Cash at bank and in hand	10,563	21,225
	<u>10,636</u>	<u>21,225</u>
Creditors: amounts falling due within one year	<u>(215)</u>	<u>(10)</u>
Net current assets	<u>10,421</u>	<u>21,215</u>
Net assets	<u>29,474</u>	<u>21,440</u>

Capital and reserves

Called up share capital	12	38	7
Special reserve		(240)	(5)
Share premium reserve		31,508	7,633
Revaluation reserve		(718)	-
Funds held in respect of Shares not yet allotted		398	14,012
Revenue reserve		(1,512)	(207)
Total equity Shareholders' funds	14	<u>29,474</u>	<u>21,440</u>

Healthcare Share pool

	2018	2017
	£'000	£'000
Fixed assets		
Investments	4,513	25
Current assets		
Debtors	1	-
Cash at bank and in hand	6,953	4,500
	<u>6,954</u>	<u>4,500</u>
Creditors: amounts falling due within one year	<u>(112)</u>	<u>(7)</u>
Net current assets	<u>6,842</u>	<u>4,493</u>
Net assets	<u>11,355</u>	<u>4,518</u>

Capital and reserves

Called up share capital	12	15	2
Special reserve		(100)	(3)
Share premium reserve		12,396	2,441
Revaluation reserve		(332)	-
Funds held in respect of Shares not yet allotted		22	2,125
Revenue reserve		(646)	(47)
Total equity Shareholders' funds	14	<u>11,355</u>	<u>4,518</u>

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

	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 2016	161	5	44,441	-	-	(2,645)	1,949	1,171	45,082
Total comprehensive income	-	-	-	-	-	599	1,321	737	2,657
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
Total comprehensive income	-	-	-	-	-	(225)	645	(796)	(376)
Transfer between reserves*	-	-	(22,576)	-	-	2,439	19,548	589	-
Unallotted Shares	-	-	-	-	420	-	-	-	420
<i>Transactions with owners</i>									
Dividend paid	-	-	-	-	-	-	(18,883)	(589)	(19,472)
Purchase of own Shares	-	-	(23)	-	-	-	-	-	(23)
Issue of Shares	44	-	-	33,830	(16,137)	-	-	-	17,737
Share issue costs	-	-	-	-	-	-	-	(1,363)	(1,363)
At 31 March 2018	188	31	8,021	43,904	420	234	4,641	(1,104)	56,335

* A transfer of £2.4 million (2017: £66,000), representing previously recognised unrealised gains on disposal of investments during the year ended 31 March 2018, has been made from the Revaluation Reserve to the Capital Reserve realised. A transfer of £19.5 million (2017: £13.7 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.

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

STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

Year ended 31 March 2018

	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/(loss) on ordinary activities before taxation		43	463	766	761	406	(732)	(1,334)	(216)
(Gains)/losses on investments		(120)	(442)	(683)	(947)	(535)	252	332	(1,425)
Decrease/(increase) in debtors		39	188	(40)	585	362	140	(1)	1,244
(Decrease)/increase in creditors		(111)	(18)	10	(60)	(50)	(54)	106	28
Net cash (outflow)/inflow from operating activities		(149)	191	53	339	183	(394)	(152)	(369)
Corporation tax paid		(40)	10	(534)	(16)	(8)	(5)	-	(637)
New cash generated from operating activities		(189)	201	(481)	323	175	(399)	(152)	(1,006)
Cash flow from investing activities									
Purchase of investments	9	-	-	-	-	-	(19,546)	(4,820)	(24,366)
Proceeds from disposal of investments	9	1,872	2,109	1,090	6,089	3,723	2,813	-	17,696
Net cash inflow/(outflow) from investing activities		1,872	2,109	1,090	6,089	3,723	2,813	(4,820)	(6,670)
Net cash inflow/(outflow) before financing		1,683	2,310	609	6,412	3,898	2,414	(4,972)	(7,676)
Cash flows from financing activities									
Repurchase of Shares		-	-	(23)	-	-	-	-	(23)
Issue of share capital		-	-	-	-	-	9,368	7,425	16,793
Equity dividends paid	7	(4,158)	(2,163)	(2,463)	(5,109)	(3,049)	(2,530)	-	(19,472)
Net cash (outflow)/inflow from financing activities		(4,158)	(2,163)	(2,486)	(5,109)	(3,049)	9,368	7,425	(2,702)
Net change in cash		(2,475)	147	(1,877)	1,303	849	(116)	2,453	(10,378)
Cash and cash equivalents at start of year		2,475	435	2,396	266	28	21,225	4,500	31,441
Cash and cash equivalents at end of year		-	582	519	1,569	877	10,563	6,953	21,063
Cash and cash equivalents comprise									
Cash at bank and in hand		-	582	519	1,569	877	10,563	6,953	21,063
Total cash and cash equivalents		-	582	519	1,569	877	10,563	6,953	21,063

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

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/(loss) 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	-	(25)	10,237
Net cash inflow/(outflow) before financing		1,765	670	1,984	3,165	3,011	(107)	(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)	4,525	11,673
Net increase in cash		1,765	276	1,485	(1,920)	(1,528)	(3,895)	4,500	21,908
Cash and cash equivalents at start 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	31,441
Cash and cash equivalents comprise									
Cash at bank and in hand		2,475	435	2,396	266	28	116	21,225	31,441
Total cash and cash equivalents		2,475	435	2,396	266	28	116	21,225	31,441

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

NOTES TO THE ACCOUNTS

for the year ended 31 March 2018

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 February 2018 ("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").

Liquidity 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 2018

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; or
- 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 2018

2. Income

	2018 £'000	2017 £'000
Income from investments		
Loan stock interest	633	1,621
LLP profits	-	268
	<u>633</u>	<u>1,889</u>
Other income		
Bank interest	54	14
Fee income	78	96
	<u>765</u>	<u>1,999</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 D Share pool net assets, 1.35% of the DP67 Share pool net assets, 1.80% of the DP2011 General Share pool and DP2011 Structured Share pool net assets, 2.00% of the Generalist Share pool net assets and 2.50% of the Healthcare Share pool 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.

	2018 £'000	2017 £'000
Investment management fees	<u>1,192</u>	<u>656</u>

4. Other expenses

	2018 £'000	2017 £'000
Administration services	137	100
Trail commission	164	171
Directors' remuneration	61	89
Auditor's remuneration for audit	31	32
Auditor's remuneration for non-audit services (taxation)	22	2
Registrars	47	40
London Stock Exchange	8	7
FCA	8	8
Printing and Postage	20	25
Wind up costs	45	5
Performance Incentive - Low Carbon Share pool	409	-
Bad debt expense	232	-
Other	30	36
	<u>1,214</u>	<u>515</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 2018

5. Directors' remuneration

Details of remuneration (excluding employer's NIC) are given in the audited part of the Directors' Remuneration Report on page 67. 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 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

	2018 £'000	2017 £'000
(a) Tax charge for the year		
UK corporation tax at 19% (2017: 20%)	160	151
Charge for the year	<u>160</u>	<u>151</u>
(b) Factors affecting tax charge for the year		
Return on ordinary activities before taxation	<u>(216)</u>	<u>2,808</u>
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 19% (2017: 20%)	(41)	561
Effects of:		
Expenses disallowed for tax purposes	79	1
Gains on investments	(271)	(449)
LLP profits received during the year	-	54
Provision against LLP profits	-	474
Adjustment for prior years	123	(87)
Losses carried forward	233	-
Deferred tax movement in respect of LLP profits	<u>37</u>	<u>(403)</u>
Tax on total comprehensive income and ordinary activities	<u>160</u>	<u>151</u>

Excess management expenses, which are available to be carried forward and set off against future taxable income, amounted to £233,000 (2017: £nil).

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2018

7. Dividends

	2018 Pence per share	2017 Pence per share	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
DSO B Shares								
Paid								
2018 Special – C	10.939	-	-	3,273	3,273	-	-	-
2018 Special – B	4.444	-	-	885	885	-	-	-
Total	15.383	-	-	4,158	4,158	-	-	-
DSO D Shares								
Paid								
2018 Interim	25.0	-	79	1,887	1,966	-	-	-
2017 Final	2.5	-	79	118	197	-	-	-
2017 Interim	-	2.5	-	-	-	39	158	197
2016 Final	-	2.5	-	-	-	118	79	197
Total	27.5	5.0	158	2,005	2,163	157	237	394
Proposed Interim/Final								
2018/2017	24.0	2.5	-	1,888	1,888	118	79	197
DP67 Shares								
Paid								
2018 Interim	20.0	-	112	2,126	2,238	-	-	-
2017 Final	2.0	-	56	169	225	-	-	-
2017 Interim	-	2.0	-	-	-	56	169	225
2016 Final	-	2.0	-	-	-	-	225	225
Total	22.0	4.0	168	2,295	2,463	56	394	450
Proposed Final								
2017	-	2.0	-	-	-	-	225	225
DP2011 General Shares								
Paid								
2018 Special - A	15.0	-	-	2,763	2,763	-	-	-
2018 Special - Ord	15.0	-	156	2,190	2,346	-	-	-
2017 Special	-	10.0	-	-	-	235	1,330	1,565
2016 Special	-	22.5	-	-	-	-	3,520	3,520
Total	30.0	32.5	156	4,953	5,109	235	4,850	5,085
Proposed Interim								
2018	7.0	-	-	1,289	1,289	-	-	-
DP2011 Structured Shares								
Paid								
2018 Special - A	20.0	-	-	2,515	2,515	-	-	-
2018 Special - Ord	5.0	-	107	427	534	-	-	-
2017 Special	-	10.0	-	-	-	160	908	1,068
2016 Special	-	32.5	-	-	-	-	3,471	3,471
Total	25.0	42.5	107	2,942	3,049	160	4,379	4,539
Proposed Interim								
2018	5.0	-	-	629	629	-	-	-
DP2011 Low Carbon Shares								
Paid								
2018 Special	33.4	-	-	2,530	2,530	-	-	-
2016 Special	-	50.0	-	-	-	-	3,788	3,788
Total	33.4	50.0	-	2,530	2,530	-	3,788	3,788

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2018

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 2018	DSO B Shares	19,911,070	(42)	47	5
	DSO C Shares	29,926,070	(43)	47	4
	DSO D Shares	7,867,247	57	396	453
	DP67 Shares	11,229,211	20	632	652
	DP2011 General Shares	15,644,066	-	-	-
	DP2011 General A Shares	18,418,614	(112)	872	760
	DP2011 Structured Shares	10,678,725	-	-	-
	DP2011 Structured A Shares	12,572,817	(91)	496	405
	DP2011 Low Carbon Shares	7,575,419	(44)	(688)	(732)
	Generalist Shares	21,421,985	(381)	(953)	(1,334)
	Healthcare Shares	6,267,690	(160)	(429)	(589)
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)

As the Company has not issued any convertible securities or share options, there is no dilutive effect on the 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 Share or Healthcare Share. 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 2018

9. Fixed assets – investments

	Liquidity investments £'000	Quoted VC investments £'000	Unquoted VC investments £'000	Total £'000
Opening cost at 1 April 2017	551	-	28,518	29,069
Unrealised gains/(losses) at 1 April 2017	97	-	(2,071)	(1,974)
Opening fair value at 1 April 2017	648	-	26,447	27,095
Movements in the year:				
Purchased at cost	17,700	1,250	5,416	24,366
Disposals - proceeds	(608)	-	(17,088)	(17,696)
- realised gains on disposals	10	-	1,642	1,652
Unrealised (losses)/gains in the Income Statement	(714)	(342)	831	(225)
Closing value at 31 March 2018	17,036	908	17,248	35,192
Closing cost at 31 March 2018	17,750	1,250	16,665	35,665
Unrealised (losses)/gains at 31 March 2018	(714)	(342)	1,290	234
Impairment losses	-	-	(707)	(707)
Closing value at 31 March 2018	17,036	908	17,248	35,192

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2018 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2017 £'000
Liquidity investments	17,036	-	-	17,036	648	-	-	648
Quoted equity	908	-	-	908	-	-	-	-
Unquoted loan notes	-	-	3,323	3,323	-	-	11,798	11,798
Unquoted equity	-	-	13,925	13,925	-	-	14,649	14,649
	17,944	-	17,248	35,192	648	-	26,447	27,095

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2018

9. Fixed assets - investments (continued)

Reconciliation of fair value for Level 3 financial instruments held at the year end:

	Unquoted equity £'000	Unquoted loan notes £'000	Total £'000
Balance at 31 March 2017	14,649	11,798	26,447
<i>Movements in the Income Statement:</i>			
Unrealised gains in the income statement	649	182	831
Realised gains in the income statement	551	1,091	1,642
	<u>1,200</u>	<u>1,273</u>	<u>2,473</u>
Purchases at cost	4,560	856	5,416
Sales proceeds	(6,484)	(10,604)	(17,088)
Balance at 31 March 2018	<u>13,925</u>	<u>3,323</u>	<u>17,248</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 3 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 2018 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 15.

Significant interests

Details of shareholdings in portfolio companies where the Company's holding, as at 31 March 2018, represents greater than 20% of the nominal value of any class of the allotted Shares are shown below. The figures shown below represent the financial position and performance as of the latest available financial statements.

Company	Registered office	Share class	Number	Proportion of class held	Capital and reserves	Profit/ (loss) for the year
Cadbury House Holdings Limited	EC3R 6HD	Ordinary	678,522	28%	£8.4m	£0.8m
E Fundamentals (Group) Limited	EC1R 5DW	A Ordinary	183,110	33%	£0.4m	*
Empiribox Holdings Limited	OX11 0QX	C Ordinary	988,048	39%	(£0.2m)	*
		D Ordinary	594,444	41%		
Fubar Stirling Limited	FK8 1AY	A Ordinary	54	54%	£0.4m	*
		B Ordinary	321,693	55%		
Live Better With Limited	N1 8XB	A Ordinary	119,892	68%	£0.4m	*
Mosaic Spa and Health Clubs Limited	NR9 3DL	A Ordinary	843,970	44%	£0.7m	(£0.5m)
Oak Grove Renewables Limited	GU2 7YD	B Ordinary	1,820,000	22%	£4.8m	(£3.2m)
Odysian (Holdings) Limited	PR2 2YH	A Ordinary	81	100%	£0.7m	*
		B Ordinary	133,333	100%		
		C Ordinary	83	100%		
Xupes Limited	CM23 3AR	B Ordinary	408,163	25%	£2.6m	£nil

* Profit figures not publicly available.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 March 2018

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	
Apex Energy Limited	400	92.0%	*
BridgeU Corporation	394	50.0%	
Cadbury House Holdings Limited	1,409	36.3%	
Destiny Pharma plc	1,250	28.6%	
Downing Strategic Micro-Cap Investment Trust plc	4,800	9.0%	
E Fundamentals Limited	278	66.7%	
Empiribox Holdings Limited	750	59.5%	
Fenkle Street LLP	766	23.1%	
Fresh Green Power Limited	189	82.4%	*
Fubar Stirling Limited	348	12.3%	
Gatewales Limited	344	23.1%	
Goonhilly Earth Station Limited	715	82.4%	*
Green Energy Production UK Limited	100	45.2%	
Lambridge Solar Limited	500	31.6%	
Limitless Technology Limited	174	0.0%	
Live Better With Limited	440	75.9%	
London City Shopping Centre Limited	217	88.2%	*
Maverick Pubs (Holdings) Limited	1,000	80.0%	*
Merlin Renewables Limited	500	94.8%	*
MI Downing Diversified Global Managers Fund A Accumulation	2,750	-	
MI Downing Monthly Income Fund Acc Shares	5,050	-	
MI Downing UK Micro-Cap Growth Fund B Accum	5,150	0.1%	
Mosaic Spa and Health Clubs Limited	197	32.8%	
Nightjar Sustainable Power Limited	485	88.0%	*
Oak Grove Renewables Limited	1,765	78.6%	
Odysian (Holdings) Limited	387	0.0%	
Ormsborough Limited	900	75.8%	
Pearce and Saunders DevCo Limited	20	38.8%	
Pearce and Saunders Limited	300	75.9%	
Quadrata Spa Limited	-	88.2%	*
Snow Hill Developments LLP	1,420	23.7%	
Volo Commerce Limited	567	50.0%	
Wickham Solar Limited	1,100	80.0%	*
Xupes Limited	600	75.0%	
Yamuna Energy Limited	400	92.0%	*
	<u>35,665</u>		

NOTE 1: Other Downing Funds include 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 2018

10. Debtors

	2018	2017
	£'000	£'000
Prepayments and accrued income	163	1,294
Other debtors	2	12
Corporation tax	164	-
Deferred taxation (note 16)	366	403
	<u>695</u>	<u>1,709</u>

11. Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Corporation tax	12	360
Taxation and social security	1	1
Accruals and deferred income	602	472
	<u>615</u>	<u>833</u>

12. Called up share capital

	2018	2017
	£'000	£'000
Allotted, called up and fully-paid:		
19,911,070 (2017: 19,911,070) DSO B Shares of 0.1p each	20	20
29,926,070 (2017: 29,926,070) DSO C Shares of 0.1p each	30	30
7,867,247 (2017: 7,867,247) DSO D Shares of 0.1p each	8	8
11,192,136 (2017: 11,239,785) DP67 Shares of 0.1p each	11	11
15,644,066 (2017: 15,644,066) DP2011 General Ordinary Shares of 0.1p each	16	16
18,418,614 (2017: 18,418,614) DP2011 General A Shares of 0.1p each	18	18
10,678,725 (2017: 10,678,725) DP2011 Structured Ordinary Shares of 0.1p each	11	11
12,572,817 (2017: 12,572,817) DP2011 Structured A Shares of 0.1p each	13	13
7,575,419 (2017: 7,575,419) DP2011 Low Carbon Shares of 0.1p each	8	8
37,937,914 (2017: 7,438,093) Generalist Shares of 0.1p each	38	7
14,967,856 (2017: 2,400,195) Healthcare Shares of 0.1p each	15	2
	<u>188</u>	<u>144</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 objective as stated on page 57. 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 30,499,821 Generalist Shares of 0.1p each at an average price of 77.7p per Ordinary Share, including 7,487,874 Management Shares, which were issued at an average price of 0.1p per Management Share. The Management Shares were issued in accordance with the Performance Incentive arrangements, outlined on page 103.

The Company allotted 12,567,661 Healthcare Shares of 0.1p each at an average price of 76.7p per Ordinary Share, including 2,993,571 Management Shares, which were issued at an average price of 0.1p per Management Share. The Management Shares were issued in accordance with the Performance Incentive arrangements, outlined on page 103.

During the year 47,649 DP67 Shares were repurchased by the Company, at an average price of 47.3p.

On 10 April 2018 the DSO B Shares, DSO C Shares and DP2011 Low Carbon Shares were converted into deferred Shares with no value and were cancelled.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2018

12. Called up share capital (continued)

DSO B Share pool

As the performance hurdle has been met (i.e. Shareholders have received proceeds of at least £1 per share and a 7% compound return), the final return of capital was 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.

The Performance Incentive paid to members of the management team on 26 January 2018, by virtue of their DSO C Shareholdings, was equivalent 13% of the proceeds in excess of 70p.

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 Share pool

The Performance Incentive in respect of the DSO D Shares is structured as a simple fee when the hurdle is met. A fee is payable when:

- Shareholders receive total proceeds of at least 100p per DSO D Share (excluding income tax relief); and
- Shareholders achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

If the hurdle is met, the fee will be 3.0p per DSO D Share plus 20% of Shareholder proceeds above 100p per D Share. The maximum performance fee is limited to 7.0p per D Share.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2018

12. Called up share capital (continued)

As at 31 March 2018, the estimated performance fee is 4.2p per DSO D Share.

DP2011 Low Carbon Share pool

As no A Shares were issued in connection with the DP2011 Low Carbon Share pool, the Performance Incentive took the form of a fee payable to Downing LLP, which was settled during the year ended 31 March 2018.

The fee paid was equal to 15% of Shareholder proceeds in excess of 76.5p per Share.

The Company does not have any externally imposed capital requirements.

13. Reserves

	2018 £'000	2017 £'000
Capital redemption reserve	31	31
Special reserve	8,021	30,620
Share premium account	43,904	10,074
Revaluation reserve	234	(1,980)
Capital reserve – realised	4,641	3,331
Revenue reserve	(1,104)	1,055
Funds held in respect of Shares not yet allotted	420	16,137
Total equity Shareholders' funds	56,147	59,268

The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. The distributable reserves are reduced by unrealised holding losses of £1,854,000 (2017: £4,163,000), 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 2018

14. Basic and diluted Net Asset Value per share

	Shares in issue		2018 Net Asset Value		2017 Net Asset Value	
	2018	2017	Pence per share	£'000	Pence per share	£'000
DSO B Shares	19,911,070	19,911,070	-	-	20.7	4,119
DSO C Shares	29,926,070	29,926,070	-	-	0.1	31
DSO D Shares	7,867,247	7,867,247	54.4	4,280	76.1	5,992
DP67 Shares	11,192,136	11,239,785	50.0	5,594	66.1	7,431
DP2011 General Ordinary Shares	15,644,066	15,644,066	-	-	15.0	2,347
DP2011 General A Shares	18,418,614	18,418,614	20.3	3,744	31.2	5,746
DP2011 Structured Ordinary Shares	10,678,725	10,678,725	-	-	4.8	515
DP2011 Structured A Shares	12,572,817	12,572,817	15.0	1,888	31.9	4,017
DP2011 Low Carbon Shares	7,575,419	7,575,419	-	-	43.0	3,262
Generalist Shares	30,450,040	7,438,093	95.5	29,076	99.9	7,427
Generalist Management Shares	7,487,874	-	-	-	-	-
Healthcare Shares	11,974,285	2,400,195	94.6	11,333	99.7	2,394
Healthcare Management Shares	2,993,571	-	-	-	-	-
Funds held in respect of shares not yet allotted				420		16,137
Net assets per Balance Sheet				<u>56,335</u>		<u>59,412</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 effect on the 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.

15. 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, Liquidity investments, 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.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2018

15. Financial instruments (continued)

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 is 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.

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 quoted investments, and also changes in the fair value of unquoted investments that it holds.

The Company's sensitivity to fluctuations in the prices of its quoted investments is summarised below. A 20% movement in the quoted prices of these assets, which is considered to be a reasonable annual movement given the fluctuations in the FTSE indices, would have the following impact on the company:

	Risk exposure at 31 March 2018		Risk exposure at 31 March 2017	
Liquidity investments (£'000)	17,036		648	
Quoted Venture Capital investments (£'000)	908		-	
FTSE 100	7,057		7,323	
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 8,468 (2017: 8,788)	-	-	120	1.5p
20% decrease to 5,646 (2017: 5,858)	-	-	(120)	(1.5p)
Generalist Shares				
20% increase to 8,468 (2017: 8,788)	2,730	9.0p	5	-
20% decrease to 5,646 (2017: 5,858)	(2,730)	(9.0p)	(5)	-
Healthcare Shares				
20% increase to 8,468 (2017: 8,788)	858	7.2p	5	-
20% decrease to 5,646 (2017: 5,858)	(858)	(7.2p)	(5)	-

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2018

15. Financial instruments (continued)

Investment price risk (continued)

At 31 March 2018, the unquoted portfolio was valued at £17,248,000 (2017: £26,447,000).

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

Share pool	Impact on net assets £'000	2018 Impact on NAV per share pence	Impact on net assets £'000	2017 Impact on NAV per share pence
Unquoted investments				
DSO D Shares	370	4.7p	477	6.1p
DP67 Shares	464	4.1p	505	4.5p
DP2011 General Shares	224	1.4p	738	4.7p
DP2011 Structured Shares	104	1.0p	423	4.0p
Generalist Shares	540	1.8p	20	0.3p
Healthcare Shares	22	0.2p	-	-

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.

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 certain loan note investments.
- "No interest rate" assets do not attract interest and comprise equity investments, certain loan note investments, Liquidity investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	2018 £'000	2017 £'000
Fixed rate	10.4%	410 days	3,323	11,798
Floating rate	0.25%		21,063	31,441
No interest rate			31,949	16,173
			<u>56,335</u>	<u>59,412</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.

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2018

15. Financial instruments (continued)

Interest rate risk (continued)

The Bank of England base rate increased from 0.25% per annum to 0.5% per annum on 2 November 2017. Any potential change in the base rate, at the current level, would have an immaterial impact on the net assets and Total Return of the Company.

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 and debtors. Credit risk relating to holdings of loan stock in 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:

	2018 £'000	2017 £'000
Investments in loan stocks	3,323	11,798
Cash and cash equivalents	21,063	31,441
Interest and other receivables	158	1,306
	<u>24,544</u>	<u>44,545</u>

The Manager manages credit risk in respect of loan stock with a similar approach as described under Investment risks above. 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 are 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.

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 £615,000 (2017: £833,000), and has no borrowings, the Board believes that the Company's exposure to liquidity risk is low. Also, the 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 2018, as analysed by expected maturity date, are as follows:

As at 31 March 2018	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	561	-	-	450	1,011
Past due loan stock	2,312	-	-	-	2,312
	<u>2,873</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>3,323</u>

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2018

15. Financial instruments (continued)

Liquidity risk (continued)

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	-	33	5,234
Past due loan stock	6,261	303	-	-	6,564
	11,279	486	-	33	11,798

As at 31 March 2018, of the loan stock classified as “past due”, £612,000 related to the principal of loan notes where, although the principal remained within term, the investee company was not fully servicing the interest obligations under the loan note and the interest was within 1 year “past due”.

As at 31 March 2018, of the loan stock classified as “past due”, £1,775,000 relates to the principal of loan stock where the principal had passed its maturity date and was within 1 year “past due”. Notwithstanding that the principal had passed its maturity date, the Directors did not consider that the loan note itself had been impaired.

16. Deferred taxation

	2018 £'000	2017 £'000
At the beginning of the year	403	-
Credited to the income statement	(37)	403
At the end of the year	366	403
	2018 £'000	2017 £'000
Timing differences in respect of LLP profits	366	403
	366	403

17. 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 and evergreen 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 sufficient level of liquidity in order for the Company 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.

18. Contingencies, guarantees and financial commitments

At 31 March 2018, the Company had no contingencies, guarantees or financial commitments.

19. Controlling party and related party transactions

In the opinion of the Directors, there is no immediate or ultimate controlling party.

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING OF DOWNING FOUR VCT PLC

NOTICE IS HEREBY GIVEN that the eighth Annual General Meeting of Downing FOUR VCT plc will be held at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD at 11:30 a.m. on 4 September 2018 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 2018, together with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report.
3. 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.
4. 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

5. 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 105% of the share capital in issue at today's date) and £30,000 in respect of Healthcare Shares (representing approximately 199% 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 Resolution

6. That, the share premium account and capital redemption reserve each be cancelled.
7. 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 5 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 EIGHTH ANNUAL GENERAL MEETING OF DOWNING FOUR VCT PLC (continued)

8. 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 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"), 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 1,172,220 representing approximately 14.9% of the issued DSO D Share capital, 1,667,628 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, 5,735,331 representing approximately 14.9% of the issued Generalist Share capital and 2,255,571 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 D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A Share, Generalist Share or Healthcare Share is 0.1p, exclusive of all expenses;
- (iii) the maximum price which may be paid for a DSO D Share, DP67 Share, DP2011 General Ordinary Share, DP2011 General A Share, DP2011 Structured Ordinary Share, DP2011 Structured A 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 D Shares, DP67 Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares, DP2011 Structured A 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 D Shares, DP67 Shares, DP2011 General Ordinary Shares, DP2011 General A Shares, DP2011 Structured Ordinary Shares, DP2011 Structured A 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:

6th Floor, St. Magnus House

3 Lower Thames Street

London, EC3R 6HD

19 July 2018

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING OF DOWNING FOUR VCT PLC (continued)

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) on the next page. 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, 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD 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, 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD. 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 11:30 a.m. on 31 August 2018 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 11:30 a.m. on 31 August 2018 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 19 July 2018, the Company's issued share capital comprised 7,867,247 DSO D Shares, 11,192,136 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, 38,492,154 Generalist Shares and 15,138,059 Healthcare Shares and the total number of voting rights in the Company was 84,487,054,339. Information on the number of shares and voting rights is included at www.downing.co.uk.

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING OF DOWNING FOUR VCT PLC (continued)

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 at 11:30 a.m. on 4 September 2018 at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD.

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 General A Shares of 0.1p each/DP2011 Structured Shares of 0.1p each/DP2011 Structured A 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 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD on 4 September 2018 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 reappoint the Auditor and authorise the Directors to determine their remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-elect Lord Flight as a Director. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SPECIAL BUSINESS

- | | | | |
|--|--------------------------|--------------------------|--------------------------|
| 5. To authorise the Directors to allot shares. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. That, the share premium account and capital redemption reserve each be cancelled. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. To authorise the Directors to disapply pre-emption rights. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. To authorise the Company to make market purchases of its shares. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signature..... Date.....2018

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, OR E-MAIL A SCANNED COPY OF THE SIGNED FORM TO PROXY@DOWNING.CO.UK

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, 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD 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.



St Magnus House
3 Lower Thames Street
London EC3R 6HD

020 7416 7780
contact@downing.co.uk
www.downing.co.uk



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