

Downing FOUR VCT PLC

Prospectus

Offer for Subscription Tax years 2021/22 and 2022/23



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This document constitutes a prospectus dated 12 August 2021 (the “**Prospectus**”) issued by Downing FOUR VCT plc (the “**Company**”), prepared in accordance with Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK Prospectus Regulation**”). This Prospectus has been approved by the Financial Conduct Authority (“**FCA**”) in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the Financial Services and Markets Act 2000 (“**FSMA**”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by UK Prospectus Regulation. Such approval should not be considered an endorsement of the issuer that is the subject of this Prospectus or of the quality of the securities that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the securities.

A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the Ventures Shares of 0.1 pence each (the “**New Ventures Shares**”), the Healthcare Shares of 0.1 pence each (the “**New Healthcare Shares**”) and the AIM Shares of 0.1 pence each (the “**New AIM Shares**”) in the capital of the Company (together, the “**Offer Shares**”) which are being offered for subscription (the “**Offers**”) is contained in a summary on pages 1 to 6 of this document. The Prospectus has been filed with the FCA in accordance with the UK Prospectus Regulation and you are advised to read it in full.

The Company and the Directors (whose names are set out on page 10) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in the Prospectus is in accordance with the facts and makes no omission likely to affect its import.

DOWNING FOUR VCT PLC

(registered in England and Wales with registered number 06789187)

Offers for Subscription

for the 2021/22 and 2022/23 tax years of up to
36,656,891 New Ventures Shares (excluding Management Shares),
29,904,306 New Healthcare Shares (excluding Management Shares) and
24,366,472 New AIM Shares in the capital of the Company

Sponsor

SPARK Advisory Partners Limited

Promoter

Downing LLP

Following the Offers, assuming Full Subscription and ignoring the over-allotment facility, the Company’s issued share capital will be as follows:

Share class	Issued and to be issued fully paid	
	No. of Shares	Nominal value
Ventures Shares (ISIN: GB00BDHF5B49)	77,913,903	£77,913.90
Healthcare Shares (ISIN: GB00BDHF5D62)	39,382,023	£39,382.02
AIM Shares (ISIN: GB00BMYXV611)	9,746,589	£9,746.59
DSO D Shares (ISIN: GB00B6QPQ463)	7,867,247	£7,867.25
DP67 Shares (ISIN: GB00BWX53D91)	11,192,136	£11,192.14

The Existing Shares issued by the Company are listed on the Official List of the FCA and traded on the London Stock Exchange’s market for listed securities. At least 25% of the Existing Shares issued by the Company are held by the public and at least 25% of the Offer Shares (including the New AIM Shares) will be distributed to the public. Application will be made to the FCA for all of the Offer Shares to be issued pursuant to the Offers to be listed on the Official List and will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on its main market for listed securities. It is expected that Admission to the Official List will become effective and that dealings in the Offer Shares will commence three Business Days following allotment. The Offer Shares will rank *pari passu* with the Existing Shares in their respective classes from the date of issue.

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

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

Copies of this document are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of Downing, at St. Magnus House, 3 Lower Thames Street, London EC3R 6HD and at the Downing website at www.downing.co.uk and from the offices of SPARK, the Company’s sponsor, at 5 St John’s Lane, London EC1M 4BH.

Your attention is drawn to the risk factors set out on pages 7 and 8 of this document. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise. If you are in doubt as to the action you should take, you should consult an independent financial intermediary authorised under FSMA.

Summary

SECTION 1: INTRODUCTION

This summary forms part of a prospectus dated 12 August 2021 (the “**Prospectus**”) issued by Downing FOUR VCT plc and which has been approved, on that date, by the Financial Conduct Authority (the “**FCA**”), the competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Prospectus describes a public offer by the Company to raise up to £10 million (with an over-allotment facility for up to a further £15 million) in each of the Ventures, Healthcare and AIM Share classes. The securities being offered pursuant to the Offers are Ventures Shares of 0.1 pence each (ISIN: GB00BDHF5B49), Healthcare Shares of 0.1 pence each (ISIN: GB00BDHF5D62) and AIM Shares (ISIN: GB00BMYXV611) (together, “**Offer Shares**”). The shares currently called Generalist Shares will be renamed as Ventures Shares and the AIM Shares will be created subject to Shareholders’ approval at the General Meeting scheduled to take place on 21 September 2021.

The FCA may be contacted at:
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

The Issuer’s contact details are:

Address	St Magnus House, 3 Lower Thames Street, London EC3R 6HD
Email	customer@downing.co.uk
Website	www.downing.co.uk
Telephone	020 7416 7780
LEI	21380035MV1VRYEXPR95

Warning: This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities described herein should be based on a consideration of the prospectus as a whole by the investor. Investors could lose all or part of the invested capital. Civil liability attaches to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in the Offer Shares.

SECTION 2: KEY INFORMATION ON THE ISSUER

Who is the Issuer of the securities?

The issuer of the securities which are the subject of this Prospectus is Downing FOUR VCT plc (the “**Company**”).

The Company is a public limited liability company which is registered in England and Wales with registered number 06789187. Its Legal Entity Identifier is: 21380035MV1VRYEXPR95. The Company is approved by HM Revenue & Customs as a venture capital trust (VCT) in accordance with the VCT Rules. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Company has no parent company and is owned by individuals, none of whom owns more than 3% of its ordinary share capital. The Company has no subsidiaries. The Company has three non-executive directors – Sir Aubrey Brocklebank (Chairman), Lord Flight and Russell Catley.

The Company’s auditors are BDO LLP of 55 Baker Street, London W1U 7EU.

What is the key financial information regarding the Issuer?

Certain key historical information of the Company is set out below:

Key Information	Audited year ended 31 March 2021	Audited year ended 31 March 2020	Audited year ended 31 March 2019
Ventures Shares			
Net Assets	£32,000,000	£28,110,000	£3,130,000
Number of Ventures Shares in issue (excluding Management Shares)	47,308,832	44,865,567	35,621,598
Net asset value per Ventures Share	67.2p	61.7p	83.5p
Dividends paid per Ventures Share in the year	2.5p	-	-
Healthcare Shares			
Net Assets	£13,184,000	£12,675,000	£13,717,000
Number of Healthcare Shares in issue (excluding Management Shares)	19,230,091	18,421,889	14,821,564
Net asset value per Healthcare Share	68.5p	68.1p	83.3p
Dividends paid per Healthcare Share in the year	2.5p	-	-
DP67 Shares			
Net Assets	£2,064,000	£2,096,000	£5,594,000
Number of DP67 Shares in issue	11,192,136	11,192,136	11,192,136
Net asset value per DP67 Share	18.4p	18.8p	48.5p
Dividends paid per DP67 Share in the year	-	18.0p	-
DSO D Shares			
Net Assets	£801,000	£944,000	2,185,000
Number of DSO D Shares in issue	7,867,247	7,867,247	7,867,247
Net asset value per DSO D Share	10.2p	12.0p	27.8p
Dividends paid per DSO D Share in the year	-	18.0p	24.0p
DP2011 General Ord Shares\General A Shares			
Net Assets	n/a	n/a	£2,459,000
Number DP2011 General Ord Shares in issue	n/a	-	15,644,066
Net asset value per DP2011 General Ord Share	n/a	-	-
Dividends paid per DP2011 General Ord Share in the year	n/a	-	-
Number of DP2011 General A Shares in issue	n/a	-	18,418,614
Net asset value per DP2011 General A Share	n/a	-	13.3p
Dividends paid per DP2011 General A Share in the year	n/a	13.595p	7.0p
DP2011 Structured Ord Shares\Structured A Shares			
Net Assets	n/a	-	£1,253,000
Number of DP2011 Structured Ord Shares in issue	n/a	-	10,678,725
Net asset value per DP2011 Structured Ord Share	n/a	-	-
Dividends paid per DP2011 Structured Ord Share in the year	n/a	-	-
Number of DP2011 Structured A Shares in issue	n/a	-	12,572,817
Net asset value per DP2011 Structured A Share	n/a	-	13.3p
Dividends paid per DP2011 Structured A in the year	n/a	10.059p	5.0p

Income statement	Audited year ended 31 March 2021 (£'000)	Audited year ended 31 March 2020 (£'000)	Audited year ended 31 March 2019 (£'000)
Income	268	341	608
Gains/(losses) on investments	4,816	(11,837)	(5,091)
Investment management fees	(822)	(1,123)	(772)
Other expenses	(97)	(711)	(468)
Return/(loss) on ordinary activities after tax	4,096	(13,630)	(5,716)
Return/(loss) per share:			
Ventures Share	8.0p	(24.0p)	(12.0p)
Healthcare Share	2.9p	(15.0p)	(11.3p)
DSO D Share	(1.8p)	2.2p	2.6p
DP67 Share	(0.4p)	(11.8p)	(1.5p)
DP2011 General Share	n/a	n/a	-
DP2011 General A Share	n/a	n/a	-
DP2011 Structured Share	n/a	n/a	-
DP2011 Structured A Share	n/a	n/a	(0.3p)
Balance Sheet	Audited year ended 31 March 2021 (£'000)	Audited year ended 31 March 2020 (£'000)	Audited year ended 31 March 2019 (£'000)
Fixed assets			
Investments	40,743	34,464	39,394
Current assets			
Debtors	701	548	800
Cash at bank and in hand	6,986	9,614	18,443
Creditors: amounts falling due within one year	(381)	(801)	(485)
Net current assets	7,306	9,361	18,758
Net assets	48,049	43,825	58,152
Capital and reserves			
Called up share capital	102	98	138
Capital redemption reserve	58	58	-
Special reserve	29,417	39,433	47,040
Share premium account	20,010	17,971	7,172
Funds held in respect of shares not yet allotted	241	535	4,772
Revaluation reserve	(1,143)	(13,302)	(4,158)
Capital reserve – realised	3,132	2,483	4,940
Revenue reserve	(3,768)	(3,451)	(1,752)
Total equity shareholders' funds	48,049	43,825	58,152
Cash Flow Statement	Audited year ended 31 March 2021 (£'000)	Audited year ended 31 March 2020 (£'000)	Audited year ended 31 March 2019 (£'000)
Cash flow from operating activities			
Profit/(loss) on ordinary activities before taxation	4,165	(13,330)	(5,723)
(Gains)/loss on investments	(4,816)	11,837	5,091
(Decrease)/increase in creditors	(420)	326	(123)
(Increase) in debtors	(225)	(217)	(104)
Net cash from operating activities	(1,296)	(1,384)	(859)
Corporation tax paid	-	159	-
Net cash generated from operating activities	(1,296)	(1,225)	(859)
Cash flow from investing activities			
Purchase of investments	(10,468)	(12,801)	(15,764)
Proceeds from disposals	9,008	5,894	6,471
Net cash (outflow) from investing activities	(1,460)	(6,907)	(9,293)
Net cash (outflow) before financing	(2,756)	(8,132)	(10,152)

Cash flows from financing activities			
Repurchase of own shares	-	(77)	(14)
Issue of share capital	2,101	6,424	7,001
Share issue costs	(58)	(379)	-
Funds held in respect of shares not yet allotted	(294)	535	4,351
Equity dividends paid	(1,621)	(7,200)	(3,806)
Net cash inflow/(outflow) from financing activities	128	(697)	7,532
Net change in cash	(2,628)	(8,829)	(2,620)
Cash and cash equivalents at start of the year	9,614	18,443	21,063
Cash and cash equivalents at end of the year	6,986	9,614	18,443

On 3 August 2021, the Company announced that its unaudited NAVs per share for each class, as at 31 July 2021, were: 66.5p per Ventures Share, 81.5p per Healthcare Share, 10.0p per DSO D Share and 19.5p per DP67 Share.

Subject to Shareholders' approval at the AGM scheduled to take place on 8 September 2021, the Company will pay a dividend of 2.75p per Ventures Share and 2.75p per Healthcare Shares, totalling £1.3 million and £538,000 respectively, on 24 September 2021.

Subject to Shareholders' approval at a General Meeting to be held on 21 September 2021, the Company will create a new AIM Share class by adopting a new set of articles of association ("**New Articles**") and taking Shareholder's authority to issue up to 24,366,472 New AIM Shares with the rights and restrictions set out in the New Articles.

Other than as noted above, there has been no significant change in the financial position or financial performance of the Company since the end of the last financial period for which financial information has been published to the date of this Prospectus (being the audited financial information to 31 March 2021).

What are the key risks that are specific to the Issuer?

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

SECTION 3: KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The securities being offered pursuant to the Offers are Ventures Shares of 0.1 pence each (the "**New Ventures Shares**"), the Healthcare Shares of 0.1 pence each (the "**New Healthcare Shares**") and AIM Shares of 0.1 pence each (the "**New AIM Shares**") (together, the "**Offer Shares**").

The New Ventures Shares will rank equally in all respects with the Existing Ventures Shares and with each other and the New Healthcare Shares will rank equally in all respects with the Existing Healthcare Shares and with each other. The New AIM Shares, which will rank equally with each other, represent a new class with no existing such shares in issue as at the date of this Prospectus. The New AIM Shares will be created pursuant to resolutions to be proposed at the General Meeting of the Company to be held on 21 September 2021.

Shareholders will be entitled to receive certificates in respect of their Offer Shares and will also be eligible for electronic settlement.

The Offer Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable. At least 25% of the Offer Shares will be distributed to the public.

Where will the securities be traded?

Applications will be made to the FCA for the Ordinary Shares offered for subscription pursuant to the Prospectus to be admitted to the premium segment of the Official List of the FCA. Application will also be made to the London Stock Exchange for the Offer Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective and that trading in the Offer Shares will commence three business days following allotment.

Is there a guarantee attached to the securities?

There is no guarantee attached to any of the Offer Shares.

What are the key risks that are specific to the securities?

- If a qualifying investor disposes of his or her shares within five years of issue, he or she will be subject to clawback by HM Revenue & Customs of any income tax reliefs originally claimed.
- Although the Company's existing Shares have been (and it is anticipated that the Offer Shares will be) admitted to the Official List of the FCA and to trading on the London Stock exchange's market for listed securities, there may not be a liquid market and investors may find it difficult to realise their investments or do so at a price which fully reflects the net asset value per share of the Company.

SECTION 4: KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in this security?

The Offer opens on the date of the Prospectus and will close on 31 May 2022 (or earlier at the discretion of the directors or if Full Subscription is reached or later if extended). Investors must be over 18 years old.

Application has been made to the FCA for the Offer Shares to be admitted to the Official List of the FCA. Application will also be made to the London Stock Exchange for such Offer Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that trading in the Offer Shares will commence three Business Days following allotment.

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

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

¹less any reduction for early applications (see page 9) and/or commission waived by Intermediaries (where applicable)

² adjusted for any dividends declared and ex-dividend since the NAV date, as appropriate.

The estimated expenses of the Offer will be 4.5% of the funds raised (assuming investment solely by investors in respect of whose application a Promoter's Fee of 4.5% is payable). If the Offers are fully subscribed (ignoring the over-allotment facility) the net proceeds of the Offers would be approximately £28.7 million.

An existing holder of Ventures or Healthcare Shares who does not subscribe for Ventures or Healthcare Offer Shares pursuant to the Offer would experience no dilution in terms of NAV per share (as the assets of the share class will be increased by the relevant proceeds of the Offer and the upfront costs of the Offer are borne by subscribers) but will experience dilution in terms of voting. The Company will pay an annual fee of 0.25% of the net asset value of the Offer Shares to the Promoter who will be responsible for paying trail commission to eligible intermediaries. If the total sum due to eligible intermediaries is less than this amount, the Promoter will reimburse the Company accordingly. This is not borne by subscribers through the application of the above Pricing Formula but is a cost to the Company and therefore to all Shareholders. All other incidental costs of the Offer will be borne by the Promoter from its fee.

The Offer is not underwritten.

Why is this prospectus being produced?

The Offer is being made, and its proceeds will be used, to raise additional funds raised under the Offer to be invested in accordance with the Company's investment policy. It is intended that the funds raised under the Offer will, no later than three years following the end of the accounting period in which those shares are issued, be invested such that at least 80% of the Company's funds are invested in VCT qualifying companies with 30% of such funds raised so invested before the end of the second financial year following that in which they were raised. It is intended that funds not invested in VCT qualifying companies will be held in cash or other permitted non-qualifying investments.

Dated: 12 August 2021

Risk Factors

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

Valuation and sale of Shares

The value of the Shares and the income from them can fluctuate and Investors may not get back the amount invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying Net Asset Value or that Shareholders will be able to realise their shareholding or that dividends will be paid. Existing and prospective Ventures Shareholders and/or Healthcare Shareholders and prospective AIM Shareholders should be aware that the sale of Ventures and/or Healthcare Shares and/or AIM Shares within five years of their subscription will require the repayment of some or all of the 30% VCT income tax relief obtained upon investment. Accordingly, an investment in the Company is not suitable as a short- or medium-term investment. The past performance of the Company or of other funds managed or advised by Downing, the investment manager to the Company, is not necessarily an indication of the future performance of the Company.

Six-month rule

Shareholders should note that if they have sold, or if they sell, any Shares in the Company within six months either side of the subscription for new Shares, then for the purposes of calculating the tax relief on the newly subscribed Shares, the subscribed amount must be reduced by the amount received from the sale.

Value of underlying assets

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

VCT Rules and the impact on the portfolio

There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of Investee Companies which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. For example, the Company must maintain at least 80% of its portfolio in VCT Qualifying Investments.

Investment opportunities

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

Minority interest

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

Nature of smaller companies

Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. To be qualifying holdings, VCT funds must be invested in smaller companies with gross assets of not more than £15 million prior to the investment and £16 million post investment. In addition, to be qualifying holdings, VCT funds must be invested in companies which have fewer than 250 full time (equivalent) employees and do not, in most cases, receive more than £5 million of investment from state aided risk capital sources in the 12 months ending on the date of the VCT's investment. Smaller companies who meet these criteria generally have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies.

Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.

Liquidity

Although the Offer Shares, like the Existing Shares, will be Listed, it is highly unlikely that a liquid market in these Shares will develop as the initial VCT income tax relief is only available to those subscribing for new shares and there may never be two competitive market makers. It may, therefore, prove difficult for Shareholders to sell their Shares. In addition, there is no guarantee that the market price of the Shares will fully reflect their underlying NAV or the ability to buy and sell at that price. It should be noted that shares held in VCTs usually trade at a discount to their net asset value. If the Company lacks sufficient cash reserves to purchase its own Shares and during prohibited periods when the Company is unable to purchase its own Shares. The Board intends to buyback Shares in the Company at a nil discount to NAV, subject to liquidity and cash resources, which should help to reduce the share discount price.

VCT legislation

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

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

VCTs such as the Company may only invest in companies which pass a "risk to capital" gateway test requiring the investee company to have long term growth and development objectives and for the investment to carry a significant risk that invested capital will be lost over and above the net return to the Company irrespective of whether the return takes the form of income, capital growth, fees, other payments or anything else. This prevents the making of VCT Qualifying investments which focus on capital preservation and ensures that VCTs may only invest in order to fuel the growth of genuine trading companies with the attendant higher risk to investor capital that that entails.

VCTs are also subject to other restrictions on the range of investments into which they can deploy funds and which have the effect of increasing investment risk. The Company is required to invest in businesses which are less than seven years old (less than 10 years for 'knowledge intensive' companies) and VCT funds cannot be used to finance acquisitions by investee companies. The penalty for breaching these rules is the loss of VCT status, so the Company and its investors may face a higher risk of the loss of tax benefits than under the previous rules. Qualifying investee companies are also subject to a lifetime risk finance investment limit of £12 million (£20 million for 'knowledge intensive' companies), which may restrict the Company's ability to make follow on investments. Further, more recent, changes to the VCT Rules have also prohibited the making of secured loans by VCTs. Loan capital held by the Company will therefore be unsecured and will rank behind secured creditors of the Investee Company in question. As loan capital investments by a VCT are separately restricted by the requirement that at least 70% of any new investments must be in eligible shares, and as Investee Companies which meet the above noted "risk to capital" test tend not to be able to provide significant assets against which to secure loans in any case, the Board do not consider that this restriction materially increases the risk profile of new investments made by the Company.

Offer Statistics for the Company

NAV per Ventures Share*	66.5p
NAV per Healthcare Share*	81.5p
NAV per AIM Share**	100.0p
Proceeds of the Offers (assuming Full Subscription but ignoring the over-allotment facility)	£30,000,000
Number of Ventures Shares in issue	77,913,903
Number of Healthcare Shares in issue	39,382,023
Number of AIM Shares in issue (following the Offers, at Full Subscription, ignoring the over-allotment facility and including Management Shares)	9,746,589

* NAV per Ventures Share and Healthcare Share is the unaudited NAV per share, as at 31 July 2021, being the most recently published NAV and is calculated by dividing the most recently published net assets of each class by the number of shares in issue (less the Management Shares).

** NAV per AIM Share is the initial NAV on launch of the AIM Share class

Financial Calendar

Financial year end	31 March
Final results announcement	July
Annual General Meeting	September
Half-yearly results announcement	November/December

Offer costs

Promoter's Fee – Adviser commission payable	4.5%
Promoter's Fee – No Adviser commission payable	2.5%

Early Applications (for one-off investments only)

Accepted valid applications (for one off investments) which are received by certain dates will benefit from the offer costs (as a percentage of the amount subscribed) being reduced by the amounts set out below:

Applications received	Reduction in offer costs	
	New Investors	Existing Investors
by Friday 29 October 2021	1.0%	1.5%
between Saturday 30 October 2021 and Friday 11 February 2022	0.5%	1.0%

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

Forward-Looking Statements

You should not place undue reliance on forward-looking statements. This Prospectus includes statements that are (or may be deemed to be) "forward-looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Prospectus or based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. Any such statements do not, nor are intended to qualify the Company's working capital statement.

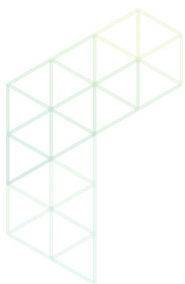
The information contained in this document will be updated if required by the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, as appropriate.

Directors and advisers

Directors (all non-executive)	Sir Aubrey Brocklebank (Chairman) Russell Catley Lord Flight (Senior Independent Director) all of: 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Secretary and Registered Office	Grant Whitehouse 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Investment Manager and Administrator	Downing LLP 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Solicitors to the Company and Arrangers to the Offer	RW Blears LLP 70 Colombo Street London SE1 8PB
Sponsor	SPARK Advisory Partners Limited 5 St John's Lane London EC1M 4BH
Promoter	Downing LLP 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Bank of Scotland 33 Old Broad Street London EC2N 1HZ
Registrar and Receiving Agent	The City Partnership (UK) Limited The Mending Rooms Park Valley Mills Meltham Road Huddersfield HD4 7BH
VCT Taxation Advisers	Philip Hare & Associates LLP Hamilton House 1 Temple Avenue London EC4Y 0AH

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

Letter from the Chairman of the Company



Downing FOUR VCT plc
St. Magnus House, 3 Lower Thames Street
London EC3R 6HD

12 August 2021

Dear Investor

Downing FOUR VCT plc was originally created by the merger of four VCTs in 2015, all of which operated planned exit strategies. In 2016, the Company created two new “evergreen” share classes, Generalist and Healthcare, which, in line with the current VCT Regulations, focus on investing in young growth businesses. To date, these share classes have undertaken two significant offers for subscription and have now employed most of the funds raised in building a portfolio of small companies with growth potential.

The Directors believe that there continues to be good opportunities to invest in the type of business on which the evergreen share classes focus. The Investment Manager reports that there is good deal flow of potential investments.

In addition to a team sourcing and managing unquoted investments, the Investment Manager, Downing LLP, also has a well-established team who focus on the AIM-quoted and small cap companies. Downing reports that it is also seeing a good pipeline of potential investments in this sector which would be VCT-qualifying. The Board has therefore decided to launch a new “AIM Share” class to take advantage of such opportunities, resulting in the Company having three “evergreen” share classes. The Board is also proposing to change the name of the Generalist Share class to the Ventures Share class – it is referred to as the Ventures Share class throughout this document. The launch of this new class and the change of name of the Generalist Share class will be subject to Shareholders’ approval which will be sought at a General Meeting scheduled for 3 p.m. on 21 September 2021.

The Board has further decided to launch a new offer for subscription allowing investors the opportunity to invest in one or more of the Ventures and Healthcare classes, in addition to the new AIM share class.

The key points of the Offer (under current legislation) are set out below:

- **30% income tax relief:** will be available on the value of the Offer Shares subscribed for by qualifying investors, providing they are held for at least five years and the investor does not sell any shares in the Company six months either side of the issue of the new Shares. Capital gains on VCT shares are tax-free.
- **Tax-free dividends:** The Ventures and Healthcare Share pools target minimum dividend equates to a tax-free yield of 5.7% p.a. on the current Offer Price net of 30% income tax relief.
- **Running costs capped:** The Company’s annual running costs are capped by the Investment Manager at 3.0% of net assets per annum in respect of the Ventures Share class and proposed new AIM Share class and 3.5% in respect of the Healthcare Share class.
- **Established Ventures and Healthcare Share classes:** The Ventures Share class now has a portfolio comprising 38 investments and the Healthcare Share class 16 investments, which have been made throughout the period since the launch in 2016. Some of these investments are now starting to mature, with two undertaking IPOs so far in 2021.

- **Experienced Investment Manager:** Downing is an experienced VCT manager whose business dates back to 1986. It is responsible for the management of four VCTs with assets of more than £170 million and approximately £1.5 billion of assets under management across its entire operations.
- **Three share classes with varying strategies:** The Ventures Share class has no specific sector focus with a portfolio covering a broad range of areas within the parameters of the VCT Regulations. The Healthcare Share class has a portfolio of small and mid-stage healthcare investments which include life sciences and biosciences companies. The AIM Share class will build a portfolio of companies which are either quoted on AIM or are expected to seek an AIM quotation in the short term, with no specific sector focus.
- **Share buyback policy of nil discount:** The Company's policy is to buy back its evergreen Shares in the market at a **nil discount** to its latest published Net Asset Value (after allowing for stamp duty that may be incurred by the Company), subject to liquidity, market conditions and applicable rules and regulations, so investors may be able to realise their shareholding without suffering a significant discount if required.

If you wish to invest, please read this Prospectus and follow the instructions to apply for shares set out on Downing's website at www.downing.co.uk/investor/products/vct. If you have any questions regarding this investment, you should contact your financial intermediary. For questions relating to an application or the process, please contact Downing by email to customer@downing.co.uk or by telephone on 020 7416 7780. Investors should note that no investment advice can be given by Downing and their attention is drawn to the risk factors set out on pages 7 and 8 of this document.

Yours sincerely

Sir Aubrey Brocklebank
Chairman

Part I – The Offers

Introduction

VCTs were introduced in 1995 to encourage individuals to invest indirectly in a range of small higher risk UK trading companies. VCTs are investment companies whose shares are listed on the Official List and traded on the London Stock Exchange. To date, over £7 billion has been raised by over 100 VCTs (*source: HM Revenue & Customs*).

The Company, Downing FOUR VCT plc, was created by the merger of four VCTs managed or advised by Downing in July 2015 (the “**Merger**”) and, at that time, had net assets of approximately £60 million. It now has an existing portfolio of approximately 54 investments.

The Company's initial public share offer (to DSO Ordinary Shareholders) raised gross aggregate proceeds of £10.5 million during 2009. The investments in the DSO Ordinary Share pool were all sold and the net proceeds distributed to DSO Ordinary Shareholders. The Company then cancelled the DSO Ordinary and DSO A Shares.

Two further share offers for the DSO B and DSO D Shares were undertaken in 2010 and 2011 respectively, followed by the Merger in 2015, which brought an additional four share pools into the Company: DP2011 General, DP2011 Structured, DP2011 Low Carbon and DP67.

The DSO B, DP2011 Low Carbon Share pools completed the process of returning funds to shareholders in early 2018 and the DP2011 General and DP2011 Structured Share pools completed the process in September 2019. DSO B Shareholders received total distributions of 106.883p for a pair of one DSO B Share and one DSO C Share. DP2011 Low Carbon Shareholders received total distributions of 107.3p. The DP2011 General Shareholders received a total of 105.6p for a pair of one DP2011 General Ordinary Share and one DP2011 General A Share. The DP2011 Structured Shareholders received a total of 105.1p for a pair of one DP2011 Structured Share and one DP2011 Structured A Share. The Company cancelled the DSO B, DSO C and DP2011 Low Carbon Shares in March 2018. The DP2011 General and DP2011 Structured Shares were cancelled in November 2019.

The DSO D and DP67 pools have passed their five-year anniversaries and, in line with their planned exit strategies, are in the process of realising the remaining investments in their respective portfolios, of which there are only a small number left.

A further two share offers were launched in December 2016, which created the Generalist Share pool and the Healthcare Share pool, being the first ‘evergreen’ share classes of the Company.

As at 31 July 2021, the Company held investments in 54 companies across four active share pools, with a total unaudited value of £44.0 million. Total net assets were £50.9 million.

The Company is now proposing to add a third “evergreen” share pool, the AIM Share pool, which will focus on investments quoted on AIM.

Reasons for the Offers

The Offers have been designed for Investors seeking a portfolio of quoted and unquoted investments, whilst taking advantage of the VCT tax reliefs. The Company is seeking to raise additional gross proceeds of approximately £30 million across the offers for the Ventures, Healthcare and new AIM share classes, together with an over-allotment facility of approximately £45 million across the three share classes.

The new funds raised will allow new and existing shareholders to benefit from the Company being able to participate in attractive investment opportunities in well managed businesses that need capital to expand and, in the case of Ventures and Healthcare, also support existing portfolio companies as they develop. By raising more capital, the running costs per Share in the Company for existing Shareholders will be reduced as the fixed costs are spread over a larger asset base.

The Ventures Shares, Healthcare Shares and AIM Shares

The Ventures Shares and Healthcare Shares were first issued by the Company in February 2017. The AIM Share class will be created, subject to Shareholders' approval at a General Meeting to be held on 21 September 2021. In contrast to the original 'planned exit' share classes, the Ventures, Healthcare and AIM Share classes are 'evergreen' with a focus on longer term returns to Shareholders and ongoing tax-free dividends.

Investments and cash attributable to each share pool are kept separate from that of the other share pools, and each pool is administered separately.

The holders of New Ventures Shares, New Healthcare Shares and New AIM Shares have the right to participate (by way of dividends and returns of capital) in those assets attributable to the Ventures Shares, Healthcare Shares or AIM Shares (as applicable), but not in those assets attributable to the Planned Exit Shares. Conversely, the holders of Planned Exit Shares will have the right to participate (by way of dividends and return of capital) in the assets attributable to the Planned Exit Shares (as applicable) but not in those assets attributable to the Ventures Shares, Healthcare Shares or AIM Shares.

No convertible securities, exchangeable securities or securities with warrants will be issued with these Offers.

Investment Strategy

Ventures Share Pool

The Ventures Share pool invests in young businesses seeking funds to finance their growth, with no specific sector focus. The allocations of newly raised funds to particular Qualifying Companies will be determined by Downing's deal flow during the period when funds are being invested.

Healthcare Share Pool

The Healthcare Share pool focuses its VCT Qualifying Investments on early and mid-stage healthcare investments, including life sciences and bioscience companies..

AIM Share Pool

The AIM Share pool will focus its VCT Qualifying investments on companies which are quoted on AIM. The pool may also make investments in companies likely to seek a quotation on AIM. Where possible, the AIM Share pool will seek to take strategic holdings where the Investment Manager can take an influential role. This may be done by co-investing alongside other Downing funds.

Non-qualifying funds

Funds not invested in VCT Qualifying Investments will be held as cash deposits or invested in OEICs, Investment Trusts and other securities in line with the investment policy and the VCT Regulations.

The Company may invest in another fund managed by Downing, but it will only do so on the basis that Downing agrees to waive all of the management fees charged to the other fund in respect of that investment, in order to prevent double recovery and ensure fair treatment of investors.

Any conflicts of interest that may arise in this regard shall be dealt with under Downing's co-investment policy set out on page 17 and will be managed by the independent boards of the respective funds or, in the case of an OEIC, by the authorised corporate director operating within the framework of the UCITS regulations.

Dividends

The Board is mindful that dividends are attractive to many VCT investors and seeks to pay dividends at an appropriate level while also taking into account liquidity considerations and compliance with VCT and other regulations.

The stated objective for the Ventures and Healthcare Share pools is to target an annual tax-free dividend of at least 4% of each pool's respective NAV, subject to the availability of sufficient distributable profits, capital resources and compliance with the VCT Regulations. There is no guarantee that this objective will be met.

There will be no set target dividend level for the AIM Shares. The Board will determine dividends paid on the AIM shares based on the performance of the AIM Share pool and taking into account liquidity and regulatory considerations.

The level of any dividends paid will be largely dependent on the performance of the investments in the Ventures/Healthcare/AIM Share pools.

The Company does not currently offer a dividend reinvestment scheme, however, the Directors review this policy from time to time and will consider introducing such a scheme if appropriate and believed to be cost effective.

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

The principal VCT tax reliefs, which are available on a maximum investment of £200,000 per individual in each of the 2021/22 and 2022/23 tax years, are set out below:

- **Income tax relief at 30%** of the amount subscribed provided the VCT shares are held for at least five years and provided the Investor has not sold any shares in the VCT six months either side of the issue of the new shares. Relief is restricted to the amount which reduces the Investor's income tax liability to nil.
- **Tax-free dividends and capital distributions** from a VCT.
- **Capital gains tax exemption** on any gains arising on the disposal of VCT shares.

The table below shows the effect of the initial income tax relief using an assumed investment of £10,000.

Effect of initial 30% VCT income tax relief	
Cost of investment	£
Gross subscription by Investor	10,000
30% VCT income tax relief	(3,000)
Net of tax cost of investment	7,000
Initial value of investment	
Gross subscription by Investor	10,000
Assumed issue costs of 2.5%	(250)
Initial Net Asset Value	9,750
Initial "uplift" (pounds)	+2,750
Initial "uplift" (%)	+39.3%

The above table shows that, based on an illustrative investment of £10,000 and income tax relief at 30%, an Investor's net of tax cost of investment is £7,000 and the net assets initially attributable to the investment are £9,750, an "uplift" of £2,750 or +39.3%. The table ignores the effect of Adviser Charges paid or early application discounts (see page 9) received. **Investors should note that they are required to hold the Shares for at least five years in order to retain the full amount of income tax relief and, as such, this initial uplift cannot be immediately realised.**

This is only a very brief summary of the UK tax position of investors in VCTs, based on the Company's understanding of current law and practice. Further details are set out in Part III of this document. Prospective Investors are recommended to consult their own appropriate professional advisers as to the taxation consequences of their investing in a VCT. In addition, the availability of tax reliefs depends on the Company maintaining its VCT qualifying status.

Investment Policy

Asset allocation

It is intended that at least 80% of each share pools' funds are invested in VCT Qualifying Investments within 3 years of the close of the relevant share offer with 30% of new funds raised so invested within 12 months of the end of accounting period in which they were raised. The remainder of the funds will be held in cash or other Non-Qualifying Investments.

The DSO D and DP67 share pools operate a “planned exit” strategy. Downing is seeking realisations of the remaining investments in these pools such that funds can be returned to Shareholders.

VCT Qualifying Investments

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

The Company will focus on development and expansion funding for quoted and 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.

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

Listing Rules

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

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007.

Borrowing policy

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

Trading Activity

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

Share Buyback Policy

The Board will seek to ensure that there is liquidity in the Company’s Ventures Shares, Healthcare and AIM Shares and, accordingly, it intends to pursue an active Share buyback policy. Throughout its life, the Company will seek to buyback in the market those Ventures, Healthcare and AIM Shares that Shareholders wish to sell, at **no discount** to the latest published Net Asset Value (after allowing for stamp duty that may be incurred by the Company), subject to applicable regulations, market conditions at the time and the Company having both the necessary funds and distributable reserves available for the purpose. This buyback policy aims to provide liquidity and limit the discount to Net Asset Value at which Shares trade. The making and timing of any Share buybacks will remain at the absolute discretion of the Board.

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

Management

Downing LLP

The investment and administration manager of the Company is Downing LLP which is authorised and regulated by the Financial Conduct Authority. Downing specialises in structuring, promoting, managing and administering tax efficient products. In 2011 Downing LLP took over the business and employees of Downing Corporate Finance Limited (which was incorporated in 1986). Downing LLP advises or manages investment products with over £1.5 billion of net assets, of which VCTs make up over £170 million.

AIFM

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

Co-investment Policy

The Company's only formal co-investment relationships are with the other Downing VCTs, Downing's IHT, EIS and funds (together the "Funds"). It has been agreed that allocations will be offered to each party in proportion to their respective funds available for investment, subject to: (i) a priority being given to any of the Funds in order to maintain their tax status; (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each Fund; and (iii) the risk/reward profile of the investment opportunity being compatible with the target return for each Fund. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors, designated members and committees of the relevant Funds.

Directors

The Company has a Board, comprising three Directors, all of whom are non-executive and independent of Downing. Additionally, none of the Directors are related to Downing, other funds managed by Downing, any investment manager of Downing or any company in which Downing has invested.

Sir Aubrey Brocklebank (Chairman) assumed his first role within the VCT industry in 1997, following a career in accountancy, corporate finance and venture capital. Since then, he has gone on to become one of the industry's most experienced directors. Sir Aubrey maintains a wide range of business interests and has been a director of six AIM quoted companies. He is currently also a non-executive director of Edge Performance VCT plc and has been chairman of a number of other VCTs.

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

Lord Flight (Senior Independent Director) 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 is a director of a number of companies in the financial services sector.

Charges

Initial Costs

The initial costs to Investors are made up of the Promoter's Fee plus Adviser Charges (where applicable). Downing will charge the Company a Promoter's Fee of 4.5% of the monies subscribed, where it is required to pay commission to an Intermediary (2.5% where no commission is payable). Out of its Promoter's Fees, Downing will be responsible for paying all the costs of the Offers (excluding trail commission). Adviser Charges are the fees agreed between Intermediaries and Investors for advice and related services which can be facilitated by the Company. Investors will bear the cost of their applicable Promoter's Fee and Adviser Charge or Commission through the application of the Pricing Formula but will not otherwise be directly charged any other expenses or costs.

The number of New Ventures and New Healthcare Shares issued under the Offers will be determined by the “blended” issue cost. Applicants will have a different issue cost attributable to their application for Offer Shares depending on the level of Promoter’s Fee and Adviser Charges agreed with their Intermediary, adjusted for any early subscription discount. Further information is set out in Part IX on page 60. Should the total initial expenses of each Offer (assuming Full Subscription by Investors in respect of whose applications commission is payable) be 4.5% of the gross proceeds, the total net proceeds of the Offers will be approximately £9.6 million for each of the Ventures Shares, the Healthcare Shares and the AIM Shares.

Annual management and administration fees

Downing receives investment management fees as follows

Share pool	% of net assets per annum
DSO D	1.5
DP67	1.35
Ventures	2.0
Healthcare	2.5
AIM	1.75

In respect of administration fees, Downing is paid a formula-based fee comprising three elements: (i) a basic fee of £40,000; (ii) a fee of 0.1% per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool. Assuming Full Subscription by Investors in respect of whose applications on which commission is payable, the Company’s assets would be approximately £81 million, resulting in an annual administration fee of around £131,000.

Annual Running Costs are capped as follows:

Share pool	% of net assets per annum
DSO D	3.0
DP67	2.9
Ventures	3.0
Healthcare	3.5
AIM	3.0

Any excess will be paid by Downing or refunded by way of a reduction in its fees. Annual Running Costs include, *inter alia*, Directors’ fees, fees for audit and taxation advice, registrar’s fees, costs of communicating with Shareholders, irrecoverable VAT and investment management fees.

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

Where the Company invests in other Downing managed funds, Downing will arrange for one of the fees to be rebated to the Company to ensure that there is no “double charging”.

The Company shall also be responsible for paying 0.25% per annum of the Net Asset Value of the Offer Shares to Downing for a maximum of five years, from which Downing will pay annual trail commission to those Intermediaries who remain eligible to receive it. If the total sum due to eligible intermediaries is less than the above amount, Downing will reimburse the Company for the difference.

Costs payable by Investee Companies

Downing will receive arrangement fees (capped at 3.0% of the sums invested by the Company, with any excess paid to the Company) and monitoring fees (capped at the higher of £10,000 per annum or 0.5% per annum of the cost of the investment, including any director’s fees for sitting on the companies’ boards) from Investee Companies. Costs incurred on abortive investment proposals will be borne by Downing.

Performance Incentive

As is customary in the venture capital industry, members of the management team will be entitled to receive a performance incentive fee in the event that returns to Ventures and Healthcare Shareholders respectively exceed a hurdle. This fee is set at 20% of dividends paid when total returns are above the Hurdle, with effect from 2021 onwards. There will be no performance incentive scheme in respect of the AIM Shares.

For the Hurdle to be met, the Ventures Shares and/or Healthcare Shares must achieve a Total Return (based on audited year end results) in excess of £1.06 for the year ended 31 March 2022. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2023 the Total Return hurdle will be £1.09, for the year ending 31 March 2024 the hurdle will be £1.12, and for the year ending 31 March 2025 the hurdle will be £1.15 etc.

The Performance Incentive in respect of the Ventures and Healthcare Shares will have no impact on AIM Shareholders or Planned Exit Shareholders. The performance incentive arrangements in respect of the Ventures and Healthcare Share pools are assessed on each of the two Share pools individually.

The Company gives effect to the performance incentive through the issue of Management Shares in the Company. From time to time, Management Shares will be issued to certain members of the Management at a lower price of 0.1p per share and immediately thereafter transferred to a nominee company, Downing Nominees Limited (the “**Nominee**”), such that 20% of the total Ventures Shares and Healthcare Shares in issue are Management Shares. Accordingly, if the Offer is fully subscribed (ignoring the over-allotment facility), 4.4 million Ventures Shares and 3.3 million Healthcare Shares will be issued to Management at 0.1p per share and transferred to the Nominee to hold on behalf of Management.

Whilst these Management Shares will rank *pari passu* with the other issued shares, the Nominee has agreed with the Company that, so long as the Management Shares are in issue, it will (a) neither exercise any voting rights attaching to the Management Shares, nor transfer or dispose of any of the Management Shares, and (b) waive any of their entitlement to distributions payable on the Management Shares unless, and to the extent that, the Hurdle is met. The effect of this arrangement will be to allow the individuals concerned to receive dividends on the Management Shares equal to 20% of the aggregate dividends payable; this dividend will represent their performance incentive payment. If the payment of the full dividend on the Management Shares would result in the Hurdle no longer being met, the Nominee as holder of the Management Shares will waive dividends to the extent to ensure that the Hurdle continues to be met.

For example, the Total Return per Share might stand at 106.5p as at 31 March 2022, at which time the Hurdle will be 106.0p. Based on 20 million shares in issue, if a dividend of £1,000,000 (5p per share) is declared in respect of the year ended 31 March 2022, Management would normally be entitled to dividends equivalent to £200,000 (20% of aggregate dividends payable, equivalent to 1p per share in issue). However, as this would result in the Hurdle not being met, the Nominee will waive 50% of the dividend, which will result in net dividends of £100,000 (equivalent to 0.5p per share in issue) being paid on the Management Shares. The Hurdle for the following year ending 31 March 2023 will then stand at 109p.

Other Information

Taxation and HM Revenue & Customs approval

The Directors intend to conduct the affairs of the Company so it continues to satisfy the conditions for approval as a VCT and that such approval will be maintained. HM Revenue & Customs has granted the Company provisional approval under the ITA. The Company intends to continue complying with the VCT Regulations and has retained Philip Hare & Associates LLP to advise it on VCT taxation matters.

The Offers and minimum and maximum subscription

Assuming Full Subscription by Investors in respect of whose applications commission is payable, maximum net proceeds (after the costs of the Offers) of £29.3 million (£9.8 million for the Ventures Shares, £9.8 million for the Healthcare Shares and £9.7 for the AIM Shares) will be raised under the Offers. The maximum amount payable by the Company in respect of the costs of the Offers will be 4.5% (assuming commission is payable on all applications). If the Offers are over-subscribed, they may be increased at the discretion of the Board by no more than £43.8 million (£14.6 million for the Ventures Shares, £14.6 million for the Healthcare Shares and £14.6 for the AIM Shares) (including Management Shares). This facility may be utilised whilst the Offers remain open. In the event that applications are received in excess of the Full Subscription (or in excess of the amount of the over-allotment facility if utilised to any degree), the Directors and the Sponsor reserve the right to use their absolute discretion in the allocation of successful applications. Applicants are encouraged to submit their Application Form early in order to be confident that their applications will be successful. There is no minimum number of New Ventures or New Healthcare Shares required for the Offers to proceed, but no New AIM Shares will be issued unless these would equate to the minimum market capitalisation of the AIM Shares of £700,000 in accordance with the Listing Rules. If this threshold is not reached, applicants for AIM Shares will have their subscription amounts returned and no AIM Shares will be issued.

The minimum investment per Applicant is £5,000 (or such lower amount at the Board's discretion). The maximum investment, on which tax reliefs in VCTs are available, is £200,000 per Applicant in each of the 2021/22 and 2022/23 tax years. Spouses can each invest up to £200,000 in each tax year. The subscription list for the Offers will open at 1.00 p.m. on 12 August 2021 and may close at any time thereafter, but in any event, not later than 3.00 p.m. on 5 April 2022 in respect of the 2021/22 Offer and 3.00 p.m. on 31 May 2022 in respect of the 2022/23 Offer, unless fully subscribed earlier or previously extended by the Directors (but to no later than 31 July 2022).

The Offers are not underwritten.

The New Ventures Shares, New Healthcare Shares and New AIM Shares will be allotted and issued in respect of valid applications received by the Closing Date. In respect of the 2021/2022 Offers, the first allotments will take place at a date no later than 5 April 2022, although may take place on an earlier date which the Directors may decide. Application has been made to the FCA on behalf of the Company for the Admission of all of the New Ventures Shares, New Healthcare Shares and New AIM Shares. It is anticipated that dealings in the first allotment of New Ventures Shares, New Healthcare Shares and New AIM Shares will commence no later than 10 Business Days after allotment. Dealings may not begin before notification of allotments is made. Revocation of the Offers cannot occur after dealings in the Ventures, Healthcare and AIM Shares have commenced.

Settlement of transactions in the Ventures, Healthcare and AIM Shares following Admission may take place within the CREST system if Ventures, Healthcare and AIM Shareholders wish. CREST is a voluntary system and Ventures, Healthcare and AIM Shareholders who wish to receive and retain share certificates will be able to do so. Share certificates (where applicable) and certificates to enable a claim for income tax relief to be made in respect of Ventures, Healthcare and AIM Shares will be posted to Ventures, Healthcare and/or AIM Shareholders as applicable within 30 days of each allotment. No notification will be made to successful Applicants prior to despatch of definitive share certificates.

Prior to despatch of definitive share certificates (where applicable), transfers (if any) will be certified against the register. No temporary documents of title will be issued.

The result of the Offers will be announced through a regulatory information service provider authorised by the FCA.

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

Availability of the Prospectus

Copies of the Prospectus and any related supplementary prospectus published by the Company are available for download at the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>) and may be obtained, free of charge, from the Company's registered office, where they are also on display, and from Downing LLP.

Downing LLP
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London EC3R 6HD

telephone: 020 7416 7780
download: www.downing.co.uk
email: customer@downing.co.uk

Operation of the Company and Board Practices

1. Board of Directors

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

- (i) The Company has no major Shareholders, so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than at an Annual General Meeting or General Meeting of the Company. (5.2.3);
- (ii) Due to the size of the Board and the nature of the Company's business, a formal and rigorous performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. (7.2.22, 8.2.29, 9.2.37);
- (iii) The Board does not monitor the level of Share price discount or premium in respect of the DSO D Shares or DP67 Shares, as the Share pools to which these Share classes are in the process of returning funds to Shareholders. The Board monitors the discount or premium in respect of the Ventures and Healthcare Shares (and will do in respect of the AIM Shares) and will take appropriate action to manage this when required.

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

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

The Board delegates specific responsibilities to the committees described below.

2. Audit Committee

All Directors sit on the audit committee which is chaired by Lord Flight. The audit committee meets not less than twice a year. The Company's auditors and the senior executives of Downing may attend and speak at audit committee meetings.

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

3. Remuneration Committee

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

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

4. Nomination Committee

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

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

Part II – Investment Portfolio of the Company

The following table of unaudited information is a summary of the main investments of the Company as at the date of this document. Information as to costs and valuations is unaudited and is stated as at 31 July 2021.

Ventures Share Pool	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	net assets
Venture Capital investments			
E-Fundamentals (Group) Limited	1,342	2,760	8.64%
Imagen Limited	1,000	2,020	6.33%
Virtual Class Limited (t/a Third Space Learning)	1,053	1,833	5.74%
Rated People Limited	1,282	1,583	4.95%
Cornelis Networks, Inc.	1,402	1,294	4.05%
Streethub Limited (t/a Trouva)	1,208	1,273	3.98%
Firefly Learning Limited	1,047	1,047	3.28%
Ecstase Limited (t/a ADAY)	1,000	1,000	3.13%
Trinny London Limited	219	957	2.99%
Limitless Technology Limited	757	920	2.88%
FundingXchange Limited	1,050	786	2.46%
Hackajob Limited	784	784	2.45%
Congenica Limited	734	746	2.33%
Arecor Therapeutics plc^^	418	743	2.32%
Ayar Labs, Inc.	764	720	2.25%
Parsable, Inc.	766	672	2.10%
Masters of Pie Limited	667	667	2.09%
Carbice Corporation	656	603	1.89%
Hummingbird Technologies Limited	750	535	1.67%
JRNI Limited	525	525	1.64%
Maverick Pubs (Holdings) Limited	1,000	450	1.41%
Fenkle Street LLP*	301	388	1.21%
Cambridge Touch Technologies Limited	459	361	1.13%
Exonar Limited	550	358	1.12%
Destiny Pharma plc^^	500	354	1.11%
Xupes Limited	933	291	0.91%
Channel Mum Limited	675	278	0.87%
Empiribox Holdings Limited	1,563	262	0.82%
FVRVS Limited (t/a Fundamental VR)	250	250	0.78%
Upp Technologies Group Limited (prev. Volo Commerce)	1,077	242	0.76%
Lineten Limited	400	209	0.65%
MIP Diagnostics Limited	200	200	0.63%
Lignia Wood Company Limited	1,778	-	0.00%
Live Better With Limited	1,211	-	0.00%
Ormsborough Limited	900	-	0.00%
Glownet Limited	741	-	0.00%
	29,962	25,111	78.57%
Liquidity investments			
Downing Strategic Micro-Cap Investment Trust plc*^	4,269	3,050	9.54%
MI Downing UK Micro-Cap Growth Fund*	124	99	0.31%
	4,393	3,149	9.85%
	34,355	28,260	88.42%
Cash at bank and in hand		3,773	11.80%
Other current assets/(liabilities)		(71)	(0.22%)
Net assets		31,962	100.0%

* non-qualifying investment

^ listed and traded on the Main Market of the London Stock Exchange

^^ quoted and traded on AIM

Healthcare Share Pool	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	net assets
Venture Capital investments			
Arecor Therapeutics plc^^	1,533	2,726	17.04%
GENinCode plc^^	1,202	2,165	13.53%
Adaptix Limited	1,056	1,381	8.63%
Open Bionics Limited	1,000	1,379	8.61%
Congenica Limited	1,184	1,215	7.59%
Future Health Works Limited (t/a MyRecovery)	528	556	3.48%
The Electrospinning Company Limited	478	544	3.40%
Destiny Pharma plc^^	750	530	3.31%
FVRVS Limited (t/a Fundamental VR)	500	500	3.13%
Invizius Limited	500	500	3.13%
DiA Imaging Analysis Limited	415	405	2.53%
Cambridge Respiratory Innovations Limited	400	400	2.50%
MIP Diagnostics Limited	200	200	1.25%
Live Better With Limited	1,106	-	0.00%
	10,852	12,501	78.13%
Liquidity Investments			
Downing Strategic Micro-Cap Investment Trust plc*^	729	520	3.25%
MI Downing UK Micro-Cap Growth Fund*	40	32	0.20%
	769	552	3.45%
	11,621	13,053	81.58%
Cash at bank and in hand		2,872	17.95%
Other current assets		75	0.47%
Net assets		16,000	100.0%

* non-qualifying investment

^ listed and traded on the London Stock Exchange

^^quoted and traded on AIM

DSO D Share pool	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	net assets
Venture Capital investments			
Fresh Green Power Limited	189	279	35.36%
Pearce and Saunders Limited	275	76	9.63%
Green Energy Production UK Limited	100	66	8.37%
Pearce and Saunders DevCo Limited*	19	19	2.41%
	583	440	55.77%
Cash at bank and in hand		315	39.92%
Other current assets		34	4.31%
Net assets		789	100.00%

* non-qualifying investment

DP67 Share pool	Cost £'000	Valuation £'000	% of net assets
Portfolio of investments			
Venture Capital investments			
Cadbury House Holdings Limited	1,409	791	36.22%
Gatewales Limited**	343	745	34.11%
Fenkle Street LLP*	405	727	33.29%
Yamuna Renewables Limited	400	-	0.00%
London City Shopping Centre Limited*	99	-	0.00%
	2,656	2,263	103.62%
Cash at bank and in hand		10	0.46%
Other current assets/(liabilities)		(89)	(4.08%)
Net assets		2,184	100.00%

* non-qualifying investment

** partially qualifying investment

The Company's Fifteen Largest Holdings

As at 31 July 2021, the fifteen largest investments, representing in total approximately 54.4% of the net assets of the Company, are as follows:

1. Downing Strategic Micro-Cap Investment Trust plc

Downing Strategic Micro-Cap Investment Trust plc seeks to provide investors with long term growth through a concentrated portfolio of UK listed companies that typically have a market capitalisation of below £150 million.

			Valuation £'000	Percentage of equity held
Audited accounts date:	28/02/2021			
Turnover	£6.4m	Equity	3,570	9.9%
Profit/(loss) before tax	£5.7m			
Net asset/(liabilities)	£42.5m			

2. Arecor Therapeutics plc

Arecor is a leader in developing superior biopharmaceuticals through the application of its innovative formulation technology platform. The company also provides the use of its platform as a service to drug development customers. On 3 June 2021, Arecor admitted its shares to trading on AIM and raised a further £20 million via a new placing. The proceeds will be used to facilitate the development of its internal proprietary diabetes and specialty hospital products.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/12/2020			
Turnover	n/a	Equity	3,469	5.5%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	£0.9m			

3. E-Fundamentals (Group) Limited

E-Fundamentals (Group) Limited is a Software as a Service (SaaS) analytics company, which has developed and commercialised a SaaS analytics tool sold directly to companies to enable them to accurately assess the performance of their products when being sold through third party e-commerce sites.

			Valuation £'000	Percentage of equity held
Unaudited accounts date:	31/12/2019			
Turnover	n/a	Equity	2,760	10.6%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	£10.0m			

4. GENinCode plc

GEN inCode products combine genetic and clinical data to risk assess patients and provide healthcare practitioners with advanced clinical information to evaluate and predict the onset of cardiovascular disease. GEN inCode predictive technology provides patients and physicians with globally leading preventative care and treatment strategies.

			Valuation £'000	Percentage of equity held
Audited accounts date:	06/07/2021			
Turnover	n/a	Equity	2,165	6.7%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	£2.4m			

5. Imagen Limited

Imagen is a SaaS video management platform which holds both current and archive footage for major sporting organisations and news outlets, including Premier League, World Tennis Association and the BBC. The platform helps sports, media and enterprise businesses to manage their expanding video and content libraries on its cloud-based technology.

Unaudited accounts date:	31/05/2020		Valuation	Percentage of
Turnover	n/a	Equity	£'000	equity held
Profit/(loss) before tax	n/a		2,020	4.9%
Net asset/(liabilities)	£0.5m			

6. Congenica Limited

Congenica has developed a genomics-based diagnostic decision support platform which helps doctors identify rare diseases in patients. The platform analyses DNA sequence data to suggest a diagnosis, speed up the time to diagnosis, and support clinical trials and drug development. Congenica has partnered with leading institutions and customers in the UK, US, China and Europe to better serve different patient populations and as a result is revenue generating

Audited accounts date:	31/12/2020		Valuation	Percentage of
Turnover	£1.5m	Equity	£'000	equity held
Profit/(loss) before tax	(£10.7m)		1,961	2.1%
Net asset/(liabilities)	£35.0m			

7. Virtual Class Limited (t/a Third Space Learning)

Third Space Learning has developed an online educational platform that provides mathematics tuition to pupils studying for their exams, offering online 1-to-1 maths intervention and high-quality resources that help develop the building blocks to success in maths.

Audited accounts date:	31/07/2020		Valuation	Percentage of
Turnover	n/a	Equity	£'000	equity held
Profit/(loss) before tax	n/a		1,833	4.8%
Net asset/(liabilities)	£0.1m			

8. Rated People Limited

Rated People is an online home services marketplace that aims to connect homeowners with high quality local tradespeople. The company offers access to more than 50,000 tradespeople, representing over 30 trades, and covering the whole of the UK.

Audited accounts date:	31/12/2019		Valuation	Percentage of
Turnover	£13.4m	Equity	£'000	equity held
Profit/(loss) before tax	(£3.8m)		1,583	1.1%
Net asset/(liabilities)	(£5.2m)			

9. Adaptix Limited

Adaptix has designed a flatpanel x-ray source to improve the accuracy and mobility of 3D imaging. The company's technology will make portable, low radiation-dose 3D imaging more accessible and less costly than systems currently available on the market. The technology will also allow hospitals to provide faster and more definitive diagnoses.

Audited accounts date:	31/03/2020		Valuation	Percentage of
Turnover	£0.2m	Equity	£'000	equity held
Profit/(loss) before tax	(£0.9m)		1,381	5.8%
Net asset/(liabilities)	£6.9m			

10. Open Bionics Limited

Open Bionics is a Bristol-based engineering start-up that designs and manufactures affordable bionic prosthetic hands by using 3D scanning and printing. Founded in 2014, their current focus is on becoming the market leader for bionic hands, before entering new higher-growth prosthetic/orthotic markets.

Unaudited accounts date:	31/12/2019		Valuation	Percentage of
Turnover	n/a	Equity	£'000	equity held
Profit/(loss) before tax	n/a		1,379	8.1%
Net asset/(liabilities)	£3.4m			

11. Cornelis Networks, Inc.

Cornelis Networks is a provider of purpose-built interconnects focused on high performance computing (HPC), high performance data analytics (HPDA), and artificial intelligence (AI). Cornelis Networks is an independent company spun out from Intel's Omni-Path Architecture Business. Omni-Path Architecture enables quicker processing and output with minimal lag and power consumption – a critical element with the increasing data requirements in next-gen technology.

			Valuation £'000	Percentage of equity held
Unaudited accounts date:	30/06/2021			
Turnover	n/a	Equity	1,294	3.3%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	\$23.4m			

12. Streethub Limited (t/a Trouva)

Trouva is an online marketplace showcasing products from over 700 independent boutiques. The platform helps increase sales as boutiques have access to a global customer base, while providing software to digitise stock management and delivery logistics. Trouva came top in the prestigious Startups 100 Index for 2020, which ranks the UK's best high growth startups.

			Valuation £'000	Percentage of equity held
Unaudited accounts date:	31/07/2020			
Turnover	n/a	Equity	1,273	2.2%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	£0.6m			

13. Firefly Learning Limited

Firefly is an online education platform which allows teachers to share lesson plans, assign and review homework and communicate with students and parents online, leaving an audit trail of assignments submitted and marks received.

			Valuation £'000	Percentage of equity held
Audited accounts date:	30/04/2020			
Turnover	n/a	Equity	1,047	3.5%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	£0.3m			

14. Ecstasy Limited (t/a ADAY)

ADAY is an e-commerce clothing brand creating versatile, seasonless garments using fabrics and factories with a low environmental footprint. The company creates multifunctional clothes for professional women using 'technical' fabrics more commonly used for sports attire, and where possible, incorporating the latest innovation in sustainable materials and sustainable manufacturing.

			Valuation £'000	Percentage of equity held
Unaudited accounts date:	30/06/2020			
Turnover	n/a	Equity	1,000	4.4%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	£9.0m			

15. Trinny London Limited

Trinny London is a premium cosmetic and skincare brand launched in 2016 by Trinny Woodall and Mark McGuinness-Smith. The business' online platform can match customers with products suiting their complexion.

			Valuation £'000	Percentage of equity held
Unaudited accounts date:	30/06/2020			
Turnover	n/a	Equity	957	0.5%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	£2.8m			

Note: turnover and profit/(loss) before tax figures are only shown where this information is publicly available.

Part III – Taxation

VCTs: Summary of the applicable legislation in respect of Investors

1. Taxation of a VCT

VCTs are exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. The Company will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of attributable expenses.

2. Tax reliefs for individual Investors

Individuals who subscribe for Offer Shares must be aged 18 or over to qualify for the tax reliefs outlined below.

Relief from income tax

A qualifying investor subscribing up to £200,000 in the 2021/22 and/or 2022/23 tax years for eligible shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. Relief is restricted to the amount which reduces the investor's income tax liability to nil. Shareholders should note that if they have sold, or if they sell, any shares in the Company within six months either side of the subscription for the Offer Shares, then for the purposes of calculating tax relief on the Offer Shares the subscribed amount must be reduced by the amount received from the sale.

Dividend relief

An investor who subscribes for or acquires eligible shares in a VCT (up to a maximum of £200,000 in each of the 2021/22 and 2022/23 tax years) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for the withholding of tax at source.

Capital gains tax relief

A disposal by an individual investor of his/her shares in a VCT will neither give rise to a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is also limited to disposals of shares acquired within the £200,000 limit described above.

Loss of tax reliefs

- (i) If a company which has been granted approval or provisional approval as a VCT subsequently fails to comply with the conditions for approval, VCT status may be withdrawn or treated as never having been given. The exemptions from corporation tax on capital gains will not apply to any gain realised after VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).
- (ii) For investors, the withdrawal of VCT status may (depending upon the timing of such withdrawal) result in:
 - repayment of the 30% income tax relief on subscription for new VCT shares;
 - income tax becoming payable on subsequent payments of dividends by the VCT; and
 - a liability to tax on capital gains being suffered in the normal way on the disposal of shares in the VCT, except that any part of the gain attributable to the period for which the VCT was approved would remain exempt.

(iii) The consequences for investors in a company which never obtains full unconditional approval as a VCT are as follows:

- repayment of the 30% income tax relief on subscriptions for new VCT shares and interest on overdue tax may arise;
- income tax becoming payable on all payments of dividends by the company; and
- any gain arising on a disposal of the shares would be liable to capital gains tax and losses on the shares would be allowable losses for capital gains tax purposes.

3. Consequences of an investor dying or a transfer of shares between spouses

(i) *Initial income tax*

If an investor dies at any time after making an investment in a VCT, the transfer of shares on death is not treated as a disposal and, therefore, the initial income tax relief is not withdrawn. However, the shares will become part of the deceased's estate for inheritance tax purposes.

(ii) *Tax implications for the beneficiary*

Provided a number of conditions are met, the beneficiary of any VCT shares will be entitled to tax-free dividends and will not pay capital gains tax on any disposal but will not be entitled to any initial income tax relief.

(iii) *Transfer of shares between spouses*

Transfers of shares in a VCT between spouses is not deemed to be a disposal and, therefore, all tax reliefs will be retained.

4. General

(i) *Investors who are not resident in the UK*

Non-resident investors, or investors who may become non-resident, should seek their own professional advice as to the consequences of making an investment in a VCT, because they may be subject to tax in other jurisdictions.

(ii) *Stamp duty and stamp duty reserve tax*

No stamp duty or (unless shares in a VCT are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax will be payable on the issue of VCT shares. The transfer on the sale of shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within four months) stamp duty reserve tax generally, in each case at the rate of 50p for every £100 or part of £100 of the consideration paid where the total consideration exceeds £1,000 or if it forms part of a series of transactions where the total consideration exceeds £1,000. Such duties would be payable by a person who purchases such shares from the original subscriber.

(iii) *Purchases in the market after listing*

Any subsequent purchaser of existing VCT shares, as opposed to a subscriber for new VCT shares, will not qualify for income tax relief on investment but may benefit from dividend relief and from capital gains tax relief on the disposal of his/her VCT shares.

(iv) *The VCT Regulations 2004*

Under the VCT Regulations 2004, monies raised by any further issue of shares by an existing VCT must be applied by that VCT for qualifying purposes. If any of the money raised (except for amounts which HM Revenue & Customs agrees are insignificant in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares, then the funds may be deemed to not have been used for a qualifying purpose.

The above is only a summary of the tax position of individual investors in VCTs and is based on the Company's understanding of current law and practice. Investors are recommended to consult a professional adviser as to the taxation consequences of their investing in a VCT. The tax legislation of the investor's home country and of the Company's country of incorporation may have an impact on the income received from the securities. All tax reliefs referred to in this document are UK tax reliefs and are dependent on the Company maintaining its VCT qualifying status.

5. VCT approval

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

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

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

Additionally, the VCT must not be a close company and its ordinary share capital must be quoted on a regulated market in the EU or European Economic Area.

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

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

- (i) at least 80% by value of its investments is represented by shares or securities comprising qualifying investments; and
- (ii) for funds raised on or after 6 April 2011, and for investments made on or after 6 April 2018 from funds raised prior to 6 April 2011, at least 70% by value of its qualifying investments is represented by "eligible shares" which are ordinary shares which carry no present or future preferential rights to a return or capital on a winding up or any redemption rights but may have certain preferential rights to dividends.

Furthermore, VCTs are required to invest 30% of funds raised in an accounting period in qualifying investments within 12 months from the end of that accounting period.

Disposals of qualifying holdings (which have been so qualifying throughout the six months prior to disposal) are disregarded for the purposes of the 80% test for a period of twelve months.

“Qualifying investments” comprise shares or securities (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) issued by unquoted trading companies which exist wholly or mainly for the purpose of carrying on one or more qualifying trades and which meet a principles based ‘risk to capital’ gateway test. This test requires the company to have genuine plans to grow and develop in the long term and that there be a significant risk that the capital invested could be lost as to an amount greater than the net investment return. The trade must be carried on by, or be intended to be carried on by, the investee company or a 90% held qualifying subsidiary (directly held or in the third tier within the group) at the time of the issue of the shares or securities to the VCT and at all times thereafter. The Qualifying Company must have a permanent establishment in the UK.

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

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

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

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

The Company will notify through a Regulatory Information Service provider any action that will be taken in the event of a breach of any of the VCT conditions.

Part IV – Financial Information

1. Introduction

Audited statutory accounts of the Company for the periods ended 31 March 2019, 31 March 2020 and 31 March 2021, in respect of which the Company's auditors, BDO LLP, 55 Baker Street, London W1U 7EU, registered auditors under the Statutory Audit Directive (2006/43/EC) and members of the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts are available at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD.

The audited statutory accounts of the Company are drawn up under 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 and the Directors confirm that the Company's most recent financial information for the year ended 31 March 2021 (prepared under Financial Reporting Standard 102) and, prior to that, the audited results for the years to 31 March 2020 and 31 March 2019, have been presented and prepared in a form which is consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards, policies and legislation applicable to such annual financial statements.

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

The most recent unaudited NAVs announced by the Company were 66.5p per Ventures Share, 81.5p per Healthcare Share, 10.0p per DSO D Share and 19.5p per DP67 Share.

2. Historical Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the following sections of the published annual report and audited statutory accounts of the Company for the periods stated (which are incorporated by reference into the Prospectus as noted in paragraph 5 below) as follows:

Description	2021	2020	2019
	Annual Report Page No.	Annual Report Page No.	Annual Report Page No.
Balance sheet	71	74	73
Income statement (or equivalent)	68	70	69
Statement showing all changes in equity (or equivalent)	74	77	77
Cash flow statement	75	78	78
Accounting policies and notes	77	80	80
Auditors' report	62	64	63

3. Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Manager's Report" in the published audited statutory accounts of the Company for the periods stated which are incorporated by reference into the Prospectus as noted in paragraph 5 below.

	2021	2020	2019 Annual
	Annual Report Page No.	Annual Report Page No.	Report Page No.
Chairman's statement	4	4	4
Investment Manager's report	9	9	7

4. Significant Change

Since 31 March 2021, being the date of the last published financial information of the Company (its audited annual report and accounts), there has been no significant change in the financial performance or financial position of the Company, with the exception of those set out below.

Dividends

Subject to Shareholders' approval at the AGM scheduled for 8 September 2021, dividends of 2.75p per Ventures Share and 2.75p per Healthcare Share will be paid on 24 September 2021 to Shareholders on the register on 3 September 2021.

5. Historical Financial Information Incorporated by Reference

Those parts of the audited statutory accounts for the Company for the periods ended 31 March 2019, 31 March 2020 and 31 March 2021 which are referred to in paragraphs 2 and 3 of this Part IV are being incorporated by reference in this Prospectus. These audited statutory accounts are available at the address set out in paragraph 10 of Part VI. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the audited statutory accounts not referred to in paragraphs 2 and 3 of this Part IV, are not being incorporated into this document by reference and are either not relevant for Investors or are covered elsewhere in this Prospectus.

6. Comparable dividend per share

The Company has declared and paid the following amount of dividend per share for each financial year from 31 March 2019 until 31 March 2021. Please note that this information has been extracted from the Company's audited financial statements without material adjustment.

	Audited year ended 31 March 2021	Audited year ended 31 March 2020	Audited year ended 31 March 2019
Ventures Shares			
Net Assets	£32,000,000	£28,110,000	£3,130,000
Number of Ventures Shares in issue (excluding Management Shares)	47,308,832	44,865,567	35,621,598
Net asset value per Ventures Share	67.2p	61.7p	83.5p
Dividends paid per Ventures Share in the year (Interim 2020)	2.5p	-	-
Dividends proposed per Ventures Share (Final 2021)	2.75p	-	-
Healthcare Shares			
Net Assets	£13,184,000	£12,675,000	£13,717,000
Number of Healthcare Shares in issue (excluding Management Shares)	19,230,091	18,421,889	14,821,564
Net asset value per Healthcare Share	68.5p	68.1p	83.3p
Dividends paid per Healthcare Share in the year (Interim 2020)	2.5p	-	-
Dividends proposed per Healthcare Share (Final 2021)	2.75p	-	-
DP67 Shares			
Net Assets	£2,064,000	£2,096,000	£5,594,000
Number of DP67 Shares in issue	11,192,136	11,192,136	11,192,136
Net asset value per DP67 Share	18.4p	18.8p	48.5p
Dividends paid per DP67 Share in the year	-	18.0p	-
DSO D Shares			
Net Assets	£801,000	£944,000	2,185,000
Number of DSO D Shares in issue	7,867,247	7,867,247	7,867,247
Net asset value per DSO D Share	10.2p	12.0p	27.8p
Dividends paid per DSO D Share in the year	-	18.0p	24.0p

DP2011 General Ord Shares\General A Shares

Net Assets	n/a	n/a	£2,459,000
Number of DP2011 General Ord Shares in issue	n/a	-	15,644,066
Net asset value per DP2011 General Ord Share	n/a	-	-
Dividends paid per DP2011 General Ord Share in the year	n/a	-	-
Number of DP2011 General A Shares in issue	n/a	-	18,418,614
Net asset value per DP2011 General A Share	n/a	-	13.3p
Dividends paid per DP2011 General A Share in the year	n/a	13.595p	7.0p

DP2011 Structured Ord Shares\Structured A Shares

Net Assets	n/a	-	£1,253,000
Number of DP2011 Structured Ord Shares in issue	n/a	-	10,678,725
Net asset value per DP2011 Structured Ord Share	n/a	-	-
Dividends paid per DP2011 Structured Ord Share in the year	n/a	-	-
Number of DP2011 Structured A Shares in issue	n/a	-	12,572,817
Net asset value per DP2011 Structured A Share	n/a	-	13.3p
Dividends paid per DP2011 Structured A Share in the year	n/a	10.059p	5.0p

Part V – Definitions

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

1985 Act	Companies Act 1985, as amended from time to time
2006 Act	Companies Act 2006, as amended from time to time
2021/22 Offer	offer for subscription of New Ventures Shares, New Healthcare Shares and New AIM Shares in respect of the 2021/22 tax year, being made on the terms set out in the Prospectus
2022/23 Offer	offer for subscription of New Ventures Shares, New Healthcare Shares and New AIM Shares in respect of the 2022/23 tax year, being made on the terms set out in the Prospectus
Admission	admission of the New Ventures Shares, New Healthcare Shares and New AIM Shares to the premium segment of the Official List and to trading on the London Stock Exchange
Advisers	financial advisers and Intermediaries
Adviser Charge	fee, payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in Ventures Shares and/or Healthcare Shares and/or AIM Shares, and detailed on the Application Form
AIM Shareholders	holders of AIM Shares
AIM Shares	AIM Shares of 0.1p each in the capital of the Company (ISIN: GB00BMYXV611)
Annual Running Costs	annual running costs incurred by the Company in the ordinary course of its business (including irrecoverable VAT but excluding any amount payable in respect of the Performance Incentive)
Applicant	a person who completes and submits an Application Form
Application Form(s)	form of application for Ventures Shares, Healthcare Shares or AIM Shares under the Offers
Articles	articles of association of the Company, as amended from time to time
Board of Directors	the board of directors of the Company
Business Days	any day, other than a Saturday, Sunday or public holiday, on which clearing banks in London are open for all normal banking business
Closing Date	5 April 2022 for the 2021/22 Offer and 31 May for the 2022/23 Offer, unless previously extended by the Directors (but to no later than 31 July 2022)
Company or Downing FOUR	Downing FOUR VCT plc (registered number 06789187, formerly Downing Structured Opportunities VCT 1 plc)
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of Shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 02878738)
CREST Regulations	Uncertificated Securities Regulations 1995 (SI 1995/3272)
Downing	Downing LLP, which is authorised and regulated by the Financial Conduct Authority (registered number OC341575; FCA number 545025)
Downing VCTs	all VCTs managed or advised by Downing LLP
DP2011	Downing Planned Exit VCT 2011 plc (whose assets and liabilities were acquired by the Company on 20 July 2015)
DP6	Downing Planned Exit 6 (whose assets and liabilities were acquired by the Company on 20 July 2015)
DP7	Downing Planned Exit 7 (whose assets and liabilities were acquired by the Company on 20 July 2015)
DP67 Shares	DP67 shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53D91)
DTR	the Disclosure Guidance and Transparency Rules, made by the FCA under part VII of FSMA and relating to the disclosure of information in respect of financial instruments

Existing Investors	an individual who has previously invested in any Downing product prior to subscribing for Offer Shares pursuant to these Offers
Existing Shares	DSO D Shares and/or DP67 Shares and/or Healthcare Shares and/or Generalist Shares in issue at the date of this prospectus
FCA	Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000, as amended from time to time
Full Subscription	44,008,389 Shares being 19,029,146 New Ventures Shares, 15,232,654 New Healthcare Shares and 9,746,589 New AIM Shares issued under the Offers, ignoring the over-allotment facility and including the Management Shares.
Generalist Share(s)	Generalist Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GB00BDHF5B49) to be renamed Ventures Ordinary Shares of 0.1p each subject to Shareholder approval
Generalist Shareholders	holders of Generalist Shares
Healthcare Share(s)	Healthcare Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GB00BDHF5D62)
Healthcare Shareholders	holders of Healthcare Shares
Hurdle	achievement, calculated on a per Ventures/Healthcare Share basis, of (a) a Total Return in excess of £1 per share for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 (b) subsequent annual Total Returns increasing by 3p per annum
Initial Adviser Charge	a one-off Adviser Charge to be paid at the time of, or shortly after, the investment being made
Intermediary	firm who signs the Application Form and whose details are set out in the Application Form
Investment Manager	Downing LLP
Investor	a subscriber for Ventures Shares, Healthcare Shares or AIM Shares under the Offers
IRR	internal rate of return, which, when applied to the relevant cash flows, produces a net present value of zero (expressed as a percentage)
ITA	Income Tax Act 2007, as amended from time to time
Life sciences/bioscience	the sciences concerned with the study of living organisms, including biology, microbiology, physiology, biochemistry, and related subjects.
Listed	admitted to the premium segment of the Official List and to trading on the London Stock Exchange
Listing Rules	listing rules issued by the FCA, acting as the UK Listing Authority, pursuant to Part VII of the FSMA
London Stock Exchange or LSE	main market for listed securities of the London Stock Exchange plc (registered number 02075721)
Management	individuals engaged in the business of the Company and/or Downing
Management Shares	those Ventures Shares and Healthcare Shares held, from time to time, by members of the Management to give effect to the existing arrangements for implementing the Performance Incentive
Merger	the transaction pursuant to section 110 of the Insolvency Act 1986 which took place on 20 July 2015, under which Downing FOUR acquired the assets and liabilities of DP2011, DP6 and DP7
ML Regulations	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
NAV or Net Asset Value	net asset value per Share (in the case of the Ventures and Healthcare Shares, calculated without including the Management Shares)
Net Assets	gross assets less all liabilities (excluding contingent liabilities) of the Company
New AIM Shares	AIM Shares issued under the Offers
New Healthcare Shares	Healthcare Shares issued under the Offers
New Ventures Shares	Ventures Shares issued under the Offers
Offer Price	price per New Ventures Share, New Healthcare Share or New AIM Share under the Offers as determined by the Pricing Formula from time to time
Offer Shares	New Ventures Shares and/or New Healthcare Shares and/or New AIM Shares (as the context dictates) subscribed for under the Offers

Offers	together, the 2021/22 Offer and the 2022/23 Offer (and each an “Offer”)
Official List	official list of the FCA
Performance Incentive	performance-related benefits accruing to the Management through their holdings of Management Shares in the event that the Hurdle is achieved, as described on page 18 of this document
Planned Exit Shares	DSO D Shares and/or DP67 Shares
Planned Exit Shareholders	holders of Planned Exit Shares
Pricing Formula	mechanism by which the pricing of the Offers is set by reference to the latest published NAV, the level of the Promoter’s Fee and Adviser Charge payable by a particular Applicant and any applicable early application discount (as set out on 9), as described on page 60 of this document
Promoter	Downing
Promoter’s Fee	fee payable by the Company to Downing, calculated as a percentage of each Applicant’s gross subscription in the Offers in return for which Downing will pay the launch costs of the Offers
Prospectus	this document which describes the Offers in full
Prospectus Rules	prospectus rules issued by the FCA pursuant to Part VI of the FSMA
Qualifying Company/ies	unquoted company carrying on qualifying trades wholly or mainly in the United Kingdom and which satisfy certain other conditions as defined in Chapter 4, Part 6, of the ITA
Qualifying Investment	an investment in a Qualifying Company
Registrar and/or Receiving Agent	The City Partnership (UK) Limited (registered number SC269164)
Retail Client Investor	Investors who apply for Offer Shares through their Intermediary where the Intermediary has classified the Investor as a retail client for the purposes of the FCA rules
Shareholder Proceeds	amounts paid by way of dividends or other distributions, share buybacks, proceeds on a sale or liquidation of the Company and any other proceeds or value received, or deemed to be received, by Ventures Shareholders or Healthcare Shareholders in the Company, excluding any income tax relief on subscription
Shareholders	holders of Shares
Share(s)	Existing Share(s) and/or Offer Share(s), as the context requires
Sponsor	SPARK Advisory Partners Limited
Sponsor and Promotion Agreement	the agreement dated on or around the date of this Prospectus between the Company (1), the Directors (2), the Sponsor (3) and Downing (4), a summary of which is set out in paragraph 7(a) of Part IV of the Prospectus
Spouse	spouse or civil partner
Total Return	NAV, together with cumulative dividends paid or proposed
Ventures Share(s)	Generalist Share(s)
Ventures Shareholders	Generalist Shareholders
VCT or Venture Capital Trust	venture capital trust as defined in Section 259 of the ITA
VCT Regulations or VCT Rules	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs as amended from time to time

Part VI – General Information on the Company

1. LISTING

This document comprises a prospectus relating to the Company and has been prepared in accordance with the UK Prospectus Regulation and the Prospectus Regulation Rules made under section 73A of FSMA. Copies of the Prospectus are available from Downing at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD.

2. INCORPORATION AND ADMINISTRATION

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

The principal legislation under which the Company operates is the 2006 Act and regulations made thereunder. The Company's principal object, as set out in its Articles, is to carry on the business of a venture capital trust and the Company is operating in conformity with its constitution. The shares being offered by the Company are Ventures Shares (ISIN: GB00BDHF5B49), Healthcare Shares (ISIN: GB00BDHF5D62) and AIM Shares (ISIN: GB00BMYXV611) denominated in sterling and created under the 2006 Act. The Company's Shares conform with the law of England and Wales and are duly authorised according to the requirements of the Company's Articles. There are no restrictions on the free transferability of the Ventures Shares, Healthcare Shares or AIM Shares. The Company's Shares are in registered form and may be held in certified or uncertificated form.

The Company's registered office and principal place of business is at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD. The Company is domiciled in England. The Company's LEI number is 21380035MV1VRYEXPR95. The Company does not have, nor has it had since incorporation, any subsidiaries or employees (other than its Directors). The Company has no parent company and is owned by individuals, none of whom owns more than 3% of its ordinary share capital. The Company is not part of a group.

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

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

3. SHARE CAPITAL

- 3.1 As at 11 August 2021, being the most recent practicable date prior to publication of this document, the issued fully paid share capital of the Company was as follows:

Share Class	Issued	
	No. of Shares	Nominal Value
Ventures Shares (including Management Shares)	58,884,757	£58,884.76
AIM Shares	-	-
Healthcare Shares (including Management Shares)	24,149,369	£24,149.37
DSO D Shares	7,867,247	£7,867.25
DP67 Shares	11,192,136	£11,192.14

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

- 3.3 The Company launched its first fundraising in January 2009 and, at the close of the offer on 2 September 2009, issued 10.4 million ordinary shares and 15.6 million A shares.
- 3.4 The Company launched a further fundraising in October 2009 and by 26 April 2010 had issued 20 million B shares and 30 million C shares.
- 3.5 The Company launched a third fundraising in August 2011 and by 28 August 2012 had issued 7,887,527 D Shares.
- 3.6 On 20 July 2015 the Company merged with DP2011, DP6 and DP7 under the terms of the Merger.
- 3.7 The Company launched a further fundraising on 8 December 2016, and by 5 April 2018 had issued 38,276,529 Generalist Shares and 15,072,293 Healthcare Shares.
- 3.8 The following resolutions are to be proposed at a General Meeting scheduled for 21 September 2021: -
1. Pursuant to the Act, Resolution 1 will, if passed, create a new class of AIM Shares, having the rights and being subject to the restrictions set out in the Articles of the Company as amended pursuant to Resolution 4;
 2. Pursuant to the Act, Resolutions 2 will, if passed, give the Board authority to allot shares up to an aggregate nominal amount of £108,549.16, representing, in aggregate, approximately 106.3% of the issued share capital of the Company as at the date of this Circular. This authority will expire on the later of 15 months after the date this resolution is passed and the end of the Company's annual general meeting held in 2022. The Directors intend to allot up to 36,656,891 Ventures Shares (plus up to 9,864,923 Ventures Management Shares), up to 29,904,306 Healthcare Shares (plus up to 7,756,578 Healthcare Management Shares) and up to 24,366,472 AIM Shares in the Company under or in connection with the Offers pursuant to this authority;
 3. Pursuant to the Act, Resolution 3 will, if passed, disapply the statutory pre-emption rights contained in section 561 of the Act to enable the Directors to allot equity securities for cash up to an aggregate nominal amount of £108,549.16 representing 106.3% of the current issued share capital. This authority will expire on the later of 15 months after the date this resolution is passed and the end of the Company's next annual general meeting;
 4. Pursuant to the Act, Resolution 4 will, if passed, alter the current Articles of the Company, inter alia, to incorporate the rights attaching to the AIM Shares, rename the Generalist Shares as Ventures Shares, remove references to share classes that no longer exist and give flexibility to allow the Company to hold general meetings in future as virtual or hybrid meetings if the Directors consider it appropriate. A copy of the proposed altered Articles will be available for inspection from the date of the Circular and up to the end of the General Meeting and for at least 15 minutes prior to and during the General Meeting at the place of the General Meeting, St Magnus House, 3 Lower Thames Street London EC3R 6HD;
 5. Pursuant to the Act, Resolution 5 will, if passed, authorise the Board to make one or more market purchases of AIM Shares. Further details of the Company's share buyback policies, the number of AIM Shares that may be purchased and the amount that they may be purchased for are set out in paragraph 5 of Part II of the Circular. The authority will expire on the later of 15 months after the date this resolution is passed and the end of the Company's next annual general meeting. It is intended that any AIM Shares purchased pursuant to this authority will be cancelled;
 6. Pursuant to the Act, Resolution 6 will, if passed and subject to the sanction of the High Court, cancel the amount standing to the credit of the share premium and the capital redemption reserve of the Company, as at the date an order is made confirming such cancellation by the High Court. The Act places restrictions on the payment of dividends by public limited companies. In particular, a company can pay dividends only to the extent that accumulated realised profits exceed realised and unrealised losses. An additional new reserve created by the cancellation of the share premium account and capital redemption reserve would be used to offset the effects of any future unrealised losses and, therefore, enhance the ability of the Company to pay future dividends. The opportunity to cancel the share premium account and capital redemption reserve at this stage is being taken in order to save the costs of convening a further general meeting following the closing of the Offers. In addition, the reserve created by the cancellation may also be used, by the Company, to a limited extent, to purchase Shares in the market;

7. Resolution 7, if passed, will approve the entry by the Company into the arrangements with Downing for the Promoter's fee and the investment management and administration fees in respect of the AIM Share pool, as described in Part I of this Circular.
- 3.9 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of 2006 Act (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of the Company which is not subject to the disapplication referred to in paragraph 3.8 above. The Company and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and 2006 Act, which require shares to be acquired/transferred in certain circumstances.
- 3.10 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. No shares of the Company are held by or on behalf of the Company itself. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.
- 3.11 The Directors are not aware of any person who directly or indirectly is interested in 3% or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 3.12 To the best of the Company's knowledge the Company's share capital has been issued in accordance with its Articles and in compliance with the 2006 Act and all other relevant legislation. The Company holds all necessary consents, statutory or otherwise which it is required to hold.

4. THE COMPANY

- 4.1 Share buybacks conducted by the Company during the period from 1 April 2018 to the date of publication of this document, are summarised below.

Date	Share Class	Number of Shares	Price per Share
28/07/2021	Generalist	15,924	67.16p
28/07/2021	Healthcare	16,990	81.60p
12/09/2019	Generalist	73,944	81.25p
12/09/2019	Healthcare	19,704	80.25p
20/07/2018	Generalist	14,400	95.69p

On 16 March 2020, the Company announced that it had taken the decision to suspend share buybacks for the time being due to market conditions. Subsequently, on 20 May 2020, the Company appointed Panmure Gordon as its corporate broker to assist in operating the share buyback process, to ensure that the quoted spread on the Company's evergreen share classes remains at a reasonable level.

- 4.2 There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months prior to the date of this Prospectus which may have or have had in the recent past significant effects on the Company's financial position or profitability.
- 4.3 The Company is not regulated to conduct investment business under FSMA.
- 4.4 The Company was registered with the FCA as a Small Registered UK AIFM with effect from 9 July 2014.

- 4.5 Save as disclosed in paragraph 3 above, since 1 April 2018, no share or loan capital of the Company has been issued or (except pursuant to or in connection with the Offers) has been agreed to be issued or is now proposed to be issued for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. The Company has no contingent liabilities.
- 4.6 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. Other than pursuant to the Offers and the authorities referred to in sub-paragraph 3.7 above, no material issue of shares (other than where offered to Shareholders pro rata to existing holdings) will be made within one year of the date of this document without the prior approval of Shareholders in general meeting.
- 4.7 The Ventures Shares, Healthcare Shares and AIM Shares will be in registered form. The Company's share register will be kept by The City Partnership (UK) Limited of The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. Evidence of title to Shares will be through possession of a share certificate in the Shareholder's name; alternatively, Shares may be held in an account through the CREST system.
- 4.8 The Company is subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the 2006 Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of any unissued share capital of the Company which is not subject to the disapplication referred to in sub-paragraph 3.8 above.
- 4.9 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described on page 15 and in accordance with the VCT Rules.
- 4.10 The Company does not carry out any trading activity which is significant in the context of the Company.
- 4.11 The Company does not provide undertakings or security for borrowings by investee businesses.
- 4.12 The Company does not provide treasury services to investee businesses.

5. MEMORANDUM OF ASSOCIATION AND ARTICLES

The Company's principal object is to carry on the business of an investment company and a VCT. The Memorandum of Association and the Articles are available for inspection at the address specified in paragraph 10 below.

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

(a) *Voting rights*

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

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

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

Class of share	Number of votes per share ("Base Votes")	Original net asset value per share at the date of the launch or merger of share class ("Base Value")	Current Net Asset Value (unaudited 31 July 2021 or initial)
Ventures Shares	1,146	100.0p	66.5p
Healthcare Shares	1,146	100.0p	81.5p
AIM Shares	1,146	100.0p	100.0p
DSO D Shares	925	80.7p	10.0p
DP67 Shares	750	63.8p (DP6), 63.5p (DP7)	19.5p

If the net asset value of any class of share, as announced prior to a General Meeting of the Company, adjusted by the deduction of the amount of any dividends declared in or since the announcement or paid since the announcement, is less than or greater than the Base Value in the third column set opposite that class of share in the table above by at least 25% or more of its Base Value then the number of Base Votes per share which each holder of shares of that class may cast upon a poll as set out in the second column of the table above shall correspondingly increase or decrease as set out in the table below:

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

(b) *Transfer of shares*

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

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

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

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

(c) *Distributions of income and capital*

The share capital of the Company comprises (or will comprise) DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares and AIM Shares.

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

(d) *Disclosure of interests in shares*

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

(e) *Changes in share capital*

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

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

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

(f) *Class consents and variation of rights*

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

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

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

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

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

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

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

(g) *Directors' interests*

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

- (ii) Save as set out in the Articles, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has any direct or indirect interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company unless the Director has made a declaration disclosing the nature and extent of such interests and has obtained from the other Directors their authorisation for the above in accordance with the provisions of the Acts. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (iii) A Director shall (in the absence of some other material interest than is as indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning, inter alia, the following matters:
 - (a) the giving of any security or indemnity to him or to a third party in respect of monies lent or obligations incurred at the request of or for the benefit of the Company;
 - (b) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company (or of a third company through which his interest is derived) or of the voting rights available to members of the Company;
 - (c) any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiary's insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a director, officer or auditor.
- (iv) A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested including fixing or varying the terms of his appointment or the termination thereof.
- (v) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (h) *Remuneration of Directors*
 - (i) The ordinary remuneration of the Directors (other than an executive director appointed under the Articles) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting, the aggregate of the ordinary remuneration of the Directors of the Company shall not exceed £150,000 per year (excluding any performance incentive fees), to be divided among them in such proportion and manner as the Directors may determine). The Directors shall also be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
 - (ii) Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purpose may be paid such extra remuneration as the Directors may determine.

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

(i) *Retirement of Directors*

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

(j) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital. The Directors shall restrict the borrowings of the Company and, by the exercise of the Company's voting and other rights or powers of control over its subsidiary undertakings (if any), secure that they restrict their borrowings, so that the aggregate amount at any time outstanding in respect of money borrowed by the group, being the Company and its subsidiary undertakings for the time being (excluding intra-group borrowings), shall not, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to 15% of the aggregate total amount received from time to time on the subscription of shares to the Company.

(k) *Uncertificated Shares*

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

(l) *Calling of General Meetings*

- (i) The Company shall within six months of the financial year end hold a general meeting as its Annual General Meeting, in addition to any other meetings in that year, and shall specify the meeting as such in the notice convening it. The Annual General Meeting shall be held at such time and place as the Directors may appoint.
- (ii) The Directors shall determine in relation to each general meeting the means of attendance and participation in the meeting, including whether the persons entitled to attend and participate in the general meeting shall be enabled to do so by simultaneous attendance and participation at a physical place anywhere in the world determined by it, or by means of electronic facility or facilities determined by it, or partly in one way and partly in another. A meeting (whether electronic or otherwise) is deemed to take place at the place at which the Chairman of the meeting is present.
- (iii) An Annual General Meeting shall be called by not less than twenty-one days' notice and all other General Meetings of the Company, shall, subject to the statutes, be called by not less than 21 days' notice unless it is proposed to pass a resolution of which special notice is required by the Statutes, in which case 28 days' notice is required. The notice shall be exclusive of the day on which it is given and of the day of the meeting and shall, inter alia, specify the place, the day and hour of the meeting, and in case of special business the general nature of such business.

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

6. DIRECTORS' AND OTHERS' INTERESTS IN THE COMPANY

- (a) The Company is not aware of any person, not being a member of its administrative, management or supervisory bodies, who, as at the date of this document, is directly or indirectly interested in 3% or more of the issued share capital of the Company and is required to notify such interest in accordance with the DTR.
- (b) As at 11 August 2021 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which: (i) have been notified by each Director to the Company; (ii) are required pursuant to section 809 of the 2006 Act to be entered in the register referred to therein; or (iii) are interests of a connected person of the Director which would, if the connected person, within the meaning of section 252 of the 2006 Act, were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

Directors

	Ventures Shares	Healthcare Shares	DSO D Shares	DP67 Shares
Number of Shares				
Lord Flight	-	-	20,800	-
Aubrey Brocklebank	32,679	5,000	-	-
Russell Catley	-	-	-	-
	Ventures Shares	Healthcare Shares	DSO D Shares	DP67 Shares
Percentage of Issued Share Capital				
Lord Flight	-	-	0.30%	-
Sir Aubrey Brocklebank	0.06%	0.02%	-	-
Russell Catley	-	-	-	-

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

Directors

	Ventures Shares	Healthcare Shares	AIM Shares	DSO D Shares	DP67 Shares
Number of Shares					
Lord Flight	-	-	-	20,800	-
Sir Aubrey Brocklebank	32,679	5,000	-	-	-
Russell Catley	-	-	-	-	-
	Ventures Shares	Healthcare Shares	AIM Shares	DSO D Shares	DP67 Shares
Percentage of Issued Share Capital					
Lord Flight	-	-	-	0.30%	-
Sir Aubrey Brocklebank	0.04%	0.01%	-	-	-
Russell Catley	-	-	-	-	-

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

- (c) Each of the Directors has entered into an agreement with the Company, whereby they are required to devote such time to the Company as the Board reasonably requires consistent with their respective roles as non-executive directors. Lord Flight was appointed as a director on 21 January 2009 and Sir Aubrey Brocklebank and Russell Catley were each appointed as directors on 21 July 2015. The Directors' agreements with the Company are terminable on three months' notice by either party. Each Director is currently entitled to receive and, during the period to 31 March 2021, was paid, the fees listed below.

Name	Annual remuneration (excluding VAT, if applicable)		
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
	£	£	£
Sir Aubrey Brocklebank (Chairman)	20,000	20,000	20,000
Russell Catley	18,000	18,000	18,000
Lord Flight (SID)	20,000	20,000	20,000

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

The structure of the Board and the remuneration package of the Directors is currently under review by the Company. The Company is considering increasing the size of the Board and ensuring Directors fees, which have remained unchanged for a number of years, are aligned with current market rates. The remuneration committee and any changes to the Board's composition or remuneration that arise from this review will be announced through a regulatory information service and, if the Prospectus remains in issue at the time, through the publication of a supplementary prospectus if appropriate.

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

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

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

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

DIRECTORSHIPS

Lord Flight	Current Flight & Barr Limited Flight & Partners Limited The Monarchist Movement Trust Limited The EIS Association Limited Marechale Capital plc Aurora Investment Trust plc Mercantile Ports & Logistics Limited The Elgar Foundation	Past 5 Years Loudwater Trust Limited (Guernsey) Edge Performance VCT plc Guernsey Financial Services Commission Ninety One UK Limited Metro Bank plc R5FX Limited CIM Investment Management Limited AIT Trading Limited*
Sir Aubrey Brocklebank	Current Appy Zebra Limited Edge Performance VCT plc Evoque Group Limited Evoque Claims & Appraisals Limited Thos. & Jno. Brocklebank Limited Talent Recognition Limited Toners & Cartridges Limited Harrogate Group plc	Past 5 Years Continental Shelf 547 Limited* Continental Shelf 548 Limited* AB and A Investments Limited* Downing Planned Exit VCT 2011 plc* Puma VCT IV plc* Puma VCT 8 plc* Epiquestlive UK Limited Epiquest Live Inc (USA) Hargreave Hale AIM VCT plc The Media Vehicle Group Limited* Inventive Property Holdings Limited The Classic 2CV Racing Club Limited Mast Investment Holdings Ltd (Guernsey) Nationwide Gritting Services Limited NGS Corporation plc Salt International Ltd
Russell Catley	Current Catley Lakeman May Limited Catley Lakeman LLP Atlantic House Fund Management LLP Dura Capital Limited Marabel Limited Prestige Car Services Limited Albemarle Street Partners Limited Atlantic House Investments Limited Atlantic House International Limited	Past 5 Years HGA 2011 Ltd* A H Securities London Limited* CLM Securities Limited* Herefordshire Golf Academy LLP* Downing Planned Exit VCT 2011 plc*

*This company has been dissolved

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

- (i) had any convictions in relation to fraudulent offences; or
 - (ii) been associated with bankruptcies, receiverships or liquidations in relation to an entity for which they have been acting as members of the administrative, management or supervisory bodies or senior management who was relevant to establishing that the entity had the appropriate expertise and experience for the management of its business; or
 - (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or been disqualified by a Court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issuer.
- (e) The Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company and the Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- (f) There are no potential conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have. All of the Company's Directors will be independent of Downing throughout its life.
- (g) None of the Company's major holders of Shares, under the Articles, have voting rights different from other holders of Shares. Under the Performance Incentive agreement which is in effect as at the date of this document, the Nominee has agreed to waive its right to vote in respect of the Management Shares.
- (h) No amounts have been set aside by the Company or Downing for pensions, retirement or similar benefits.
- (i) Other than with respect to the shareholdings in the Company held by the Directors as set out in paragraph 6(b) of this Part VI and the agreements referred to at (a) – (c) of paragraph 7 below the Company has not entered into any related party transactions since the date of its respective incorporation and up to the date of this document.
- (j) There are no service contracts with the Company or the Company's subsidiary providing for benefits upon termination of employment.
- (k) DTR5 requires a Shareholder to notify the Company of the percentage of its Shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds.

7. MATERIAL CONTRACTS

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

- (a) Under the Sponsor and Promotion Agreement, dated on or around the date of this Prospectus, between the Company (1), the Directors (2), the Sponsor (3) and Downing (4), the Sponsor has agreed to act as sponsor in relation to the Offers and Downing has undertaken as agent of the Company to use its reasonable endeavours to procure subscribers under the Offers for up to 46,521,814 New Ventures Shares (including up to 9,864,923 Ventures Management Shares), up to 37,660,884 New Healthcare Shares (including up to 7,756,578 Healthcare Management Shares) and up to 24,366,472 New AIM Shares for the Company. Neither the Sponsor nor Downing is obliged to subscribe for Offer Shares.

Under the Sponsor and Promotion Agreement, subject to shareholders' approval, the Company will pay Downing a fee of 4.5% of the monies subscribed under the Offers where Adviser commission is payable or 2.5% of the monies subscribed under the Offers where no Adviser commission is payable (either because the investment is made direct and not through an Intermediary or because an Adviser Charge has been agreed). The Company shall also be responsible for paying 0.25% per annum of the Net Asset Value of the Offer Shares to Downing for a maximum of five years, from which Downing will pay annual trail commission to those intermediaries entitled to receive it. If the total sum due to intermediaries is less than the amount paid to Downing, Downing will reimburse the Company for the difference. Intermediaries will be paid commission, where permissible, by Downing, in respect of all applications accepted which bear their stamp. Downing will also pay all other costs and expenses of, or incidental to, the Offers and Admission.

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

- (b) A performance incentive agreement, between the Company and Downing Nominees Limited (the "Nominee") dated 8 December 2016 pursuant to which the Nominee will undertake not to vote the Management Shares at any general meeting of the Company and to waive any entitlement to distributions otherwise payable in respect of Management Shares held by the Nominee on behalf of certain members of the Downing Management team until the relevant Total Return hurdle has been achieved by the Company.
- (c) An investment management and administration agreement between the Company (1) and Downing (2), pursuant to which Downing has been appointed as the investment manager to the Company, dated 27 January 2009 as amended from time to time including on 8 December 2016 to take account of the first issue of Generalist Shares and Healthcare Shares and as proposed to be amended, subject to Shareholders' approval, by a deed of variation to be dated on or around 21 September 2021.

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

Share Class	Investment Management Fee (p/a)	Running Cost Cap
DSO D Shares	1.5%	3.0%
DP67 Shares	1.35%	2.9%
Ventures Shares	2.0%	3.0%
Healthcare Shares	2.5%	3.5%
AIM Shares	1.75%	3.0%

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

8. GENERAL

- (a) The principal place of business and registered office of the Company is at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD (telephone no: 020 7416 7780). The Company has not, nor has had since incorporation, any employees other than its Directors. The Company is not authorised or regulated by the FCA. The Company is domiciled in the United Kingdom.
- (b) The principal place of business and registered office of Downing is at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD (telephone no: 020 7416 7780). Downing LLP has approximately 150 staff and partners. Downing is UK domiciled and was incorporated in England and Wales under the Limited Liability Partnerships Act 2000 on 20 November 2008 with registered number OC341575. Downing is authorised and regulated by the Financial Conduct Authority with registered number 545025.

- (c) The Board is responsible for the determination and calculation of the Company's net asset value and announces it at least half-yearly, through a regulatory information service.
- (d) The Company does not intend to appoint an external custodian. The Company's assets will be held by the Company in certificated form.
- (e) All investments are designated as "fair value through profit or loss" assets and are measured at fair value.

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

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

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

- (f) Reporting to Shareholders - the Company's annual report and accounts are made up to 31 March in each year and are normally sent to Shareholders in July. The Company's next accounting period will end on 31 March 2022. The Company's unaudited half-yearly reports are made up to 30 September each year and are normally published in December.
- (g) All material contracts of the Company will be in English and the Company and/or Downing will communicate with Investors and/or Shareholders in English.
- (h) Complaints about the Company or Downing should be referred to the chairman of the Board of Directors of the Company at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD or the chairman of Downing at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD. Any such complaint may subsequently be referred to the Financial Ombudsman Service. Compensation will not be available from the Financial Services Compensation Scheme in the event of default by Downing.
- (i) A typical investor in the Company will be a UK higher-rate income taxpayer, over 18 years of age and with an investment range of between £3,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
- (j) As at the date of this document, aside from possible legislative changes to the VCT regulations made from time to time and macro-economic factors including the possibility of further government action in relation to the COVID-19 pandemic which could impact the Company and its Investee Companies, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect the Company's operations.
- (k) The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT, as set out under in Part III of this document ("Taxation"). In addition, under the rules relating to Admission, the Company must manage and invest its assets in accordance with the investment policy set out in the section headed "Investment Policy" on page 15, which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes a maximum exposure. Material changes to the Company's investment policy may only be made with the approval of Shareholders in general meeting and the FCA. Investors will be informed through a regulatory information service of the action that the Board proposes to take in the event that any of these investment restrictions is breached. The Company was registered with the FCA as a Small Registered UK AIFM with effect from 9 July 2014.

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

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

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of RW Blears LLP at 70 Colombo Street, London SE1 8PB and at the registered office of the Company at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD during normal business hours on any weekday (public holidays excepted) from the date of this document until the closing date of the Offers:

- (a) the Memorandum of Association and Articles of the Company;
- (b) the Prospectus; and
- (c) the Company's audited annual accounts for the years ended 31 March 2019, 31 March 2020 and 31 March 2021.

Part VII – Additional Information

1. The Company

1.1 Cancellation of the share premium account

The Directors are aware of the possibility that the Company's Shares may trade at a discount to their net asset value at some point. The Directors consider that the Company should have the ability to purchase its Shares in the market (such Shares to be automatically cancelled) with the aim of reducing any discount and increasing the liquidity in the Company's Shares. In the view of the Directors, the awareness of Investors that the Company has such a capability may tend to moderate the scale of any discount which may emerge and the action of buying in Shares should enable any such discount to be narrowed.

The 2006 Act provides that a public company may only purchase its own shares out of distributable profits or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase. Subject to confirmation from HM Revenue & Customs that such proposals will not adversely affect the Company's VCT status and Court approval, the Company may decide to reduce and/or cancel the share premium account (created on the issue of the Offer Shares) and to transfer the balance of the special reserve, which is established by the cancellation of a previous share premium account, which may be treated as a distributable profit, out of which purchases of Shares can be made, subject to regulations, VCT Rules and company legislation. The Company intends to cancel the share premium account in due course.

Following changes in Finance Act 2014 for shares issued after 5 April 2014, the Company may not return the capital raised by a share issue to its investors for a period of three years from the end of the accounting period in which the shares were issued. There is no restriction on dividends funded out of income received attributable to the Ventures Shares, Healthcare Shares or AIM Shares.

1.2 Material interests

Downing will be paid an annual investment management fee of 2.0% of the Net Assets attributable to the Ventures Shares, 2.5% of the Net Assets attributable to the Healthcare Shares and 1.75% of the Net Assets attributable to the AIM Shares. In line with normal VCT practice, Downing will also be entitled to receive the Performance Incentive in respect of the Ventures Shares and Healthcare Shares. Further details of these arrangements are set out in Part II of this document.

1.3 Results of the Offers

The results of the Offers together with the relevant information regarding the offer price will be announced through a regulatory information service provider.

2. Working capital and capitalisation and indebtedness statements

2.1 Working capital

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

2.2 Statement of capitalisation and indebtedness

The table below shows the capitalisation of the Company as at 31 July 2021.

	£'000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	102
Other reserves	50,833
	<u>50,935</u>

The following table shows the Company's net indebtedness as at 31 July 2021.

	£'000
A Cash	6,970
B Cash equivalent	-
C Trading Securities	10,219
D Liquidity (A+B+C)	17,189
E Current financial receivables	397
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
I Current financial debt (F+G+H)	-
J Net current financial indebtedness (I-E-D)	(17,586)
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
N Non-current financial indebtedness (K+L+M)	-
O Net financial indebtedness (J+N)	(17,586)

The Company does not have any contingent or indirect indebtedness.

There has been no material change in the capitalisation or indebtedness of the Company since 31 July 2021.

3. Issued Share Capital and Dilution

The Shareholders of the Company as at the date of this document hold the rights to a total of 69,414,353,026 votes. If the maximum of 44,008,389 Offer Shares are issued pursuant to the Offer (ignoring the over-allotment facility but including Management Shares), then the existing Shares would represent approximately 65% of the voting rights of the enlarged Company. There will be no dilution in terms of net asset value for any Existing Shareholder as a result of the Offers due to the application of the Pricing Formula.

4. Overseas Investors

- (a) No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an offer or invitation to him/her to subscribe for or purchase Ventures Shares or Healthcare Shares unless, in such territory, such offer or invitation could lawfully be made.
- (b) No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. All Applicants will be required to warrant that they are not a US person as defined in paragraph 5(y) of Part VIII of this document or a resident of Canada.

5. Information sourced from third parties

Where information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

6. General Information

The Company and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and the 2006 Act, which require shares to be acquired/transferred in certain circumstances.

7. Maximum number of New Ventures Shares to be issued

The maximum number of New Ventures Shares that may be issued under this Prospectus pursuant to the Offers is 46,521,814 New Ventures Shares (including Management Shares).

8. Maximum number of New Healthcare Shares to be issued

The maximum number of New Healthcare Shares that may be issued under this Prospectus pursuant to the Offers is 37,660,884 New Healthcare Shares (including Management Shares).

9. Maximum number of New AIM Shares to be issued

The maximum number of New Healthcare Shares that may be issued under this Prospectus pursuant to the Offers is 24,366,472 New AIM Shares.

10. Use of the Prospectus by financial intermediaries

The Company and the Directors consent to the use of the Prospectus and accept responsibility for the content of the Prospectus for subsequent resale or final placement of the securities in the Company by financial intermediaries in the UK. The period in which such consent to use the Prospectus is given begins with the date of the Prospectus and ends on the close of the Offers, for the purpose of introducing subscribers for New Ventures Shares, New Healthcare Shares and New AIM Shares. The Offers are expected to close on or before 31 May 2022, unless previously extended by the Directors to a date not being later than 31 July 2022.

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

Part VIII – Terms and Conditions of Application

1. In these Terms and Conditions of Application, the expression “Prospectus” means this document. The expression “Application Form” means the application form for use in accordance with these Terms and Conditions of Application. Save where the content otherwise requires, the terms used in the Application Form bear the same meaning as in the Prospectus.
2. The right is reserved to reject any application or to accept any application in part only and to allot Offer Shares notwithstanding that the Offers are not fully subscribed. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Offer Shares than the number applied for, or if in any other circumstances there is an excess payment in relation to an application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the Applicant. In the meantime, application monies will be retained in the Company’s bank account.
3. You may pay for your application for Offer Shares by cheque or banker’s draft submitted with the Application Form or direct bank transfer (CHAPS/BACS).
4. The contract created by the acceptance of applications in respect of the first allotment of Offer Shares will be conditional on admission of the Offer Shares (in respect of such first allotment of Shares) being granted not later than 3:00 p.m. on 30 April 2022. If the conditions are not met, the Offers will be withdrawn and subscription monies will be returned to Investors within seven days of 30 April 2022, at their own risk, without interest. The Offers are not underwritten.
5. By completing and delivering an Application Form, you:
 - (a) offer to subscribe for the amount specified on your Application Form plus any commission waived for extra shares or any smaller sum for which such application is accepted at the Offer Price;
 - (b) acknowledge that, if your subscription is accepted, you will be allocated such number of Offer Shares as determined by the Pricing Formula;
 - (c) authorise your financial adviser, or whoever he or she may direct, the Registrar or the Company to send a document of title for, or credit your CREST account in respect of, the number of Offer Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - (d) in consideration of the Company agreeing that it will not, prior to the closing date of the Offers, offer any Offer Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked once made and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon submission of your duly completed Application Form to the Company or to your financial adviser;
 - (e) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive share certificates for the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares unless and until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Company (such acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such Offer Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such Offer Shares as void and may allot such Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than return of such late payment at your risk and without interest);
 - (f) agree that all cheques and banker’s drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;
 - (g) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the ML Regulations;
 - (h) agree that, in respect of those Offer Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by the Company instructing Downing or the Registrar to enter your name on the share register;
 - (i) agree that all documents in connection with the Offers and any returned monies will be sent at your risk and may be sent to you at your address as set out in the Application Form;

- (j) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations including the risk factors contained therein;
- (k) confirm that (save for advice received from your financial adviser) in making such application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
- (l) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offers shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (m) irrevocably authorise the Company, the Registrar or Downing or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Offer Shares subscribed by or issued to you into your name and authorise any representatives of the Company, the Registrar or Downing to execute any documents required therefore and to enter your name on the register of members of the Company;
- (n) agree to provide the Company with any information which it may request in connection with your application or to comply with the VCT Regulations or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
- (o) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Downing or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offers or your application;
- (p) confirm that you have read and complied with paragraph 6 below;
- (q) confirm that you have reviewed the restrictions contained in paragraph 7 below;
- (r) confirm that you understand that if you sell (or have sold) any other Shares in the Company within six months either side of your subscription for Offer Shares then, for the purposes of calculating the tax relief on the Offer Shares, the subscribed amount must be reduced by the amount received from the sale;
- (s) warrant that you are not under the age of 18 years;
- (t) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Company, Downing or the Sponsor or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;
- (u) agree that Downing and the Sponsor are acting for the Company in connection with the Offers and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Offer Shares or concerning the suitability of Offer Shares for you or be responsible to you for the protections afforded to their customers;
- (v) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (w) warrant that you are not subscribing for the Offer Shares using a loan which would not have been given to you or any associate, or not given to you on such favourable terms, if you had not been proposing to subscribe for the Offer Shares;
- (x) warrant that the Offer Shares are being acquired by you for *bona fide* investment purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT legislation is not of itself tax avoidance;
- (y) warrant that you are not a "US person" as defined in the United States Securities Act of 1933 (as amended) nor a resident of Canada and that you are not applying for any Offer Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US person or resident of Canada; and
- (z) warrant that the information contained in the Application Form is accurate.

6. No person receiving a copy of the Prospectus, or an Application Form, in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any of the formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
7. The Offer Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. Downing will not be registered under the United States Investment Adviser Act of 1940, as amended. No application will be accepted if it bears an address in the USA.
8. This application is addressed to the Company, the Receiving Agent and the Sponsor. The rights and remedies of the Company and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
9. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company with the agreement of the Sponsor.
10. The Company has taken advantage of the provisions of the 2006 Act to allow annual reports and other statutory shareholder communications to be made available in electronic form on its website as the default means of publication. This will have a positive environmental impact and save the Company some costs compared to providing all communications in hard copy form by post. By default, applicants who provide an email address on the Application Form and do not complete select any alternative notification methods, will receive notification of shareholder communications by email. Investors can elect to receive notifications by post and to receive all shareholder communications in paper form by ticking the appropriate box on the Application Form. Should you subsequently wish to change your election, you can do so at any time by contacting the Registrar, The City Partnership (UK) Limited of The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. Notwithstanding any election, the Company may in its sole discretion send any notification or information to Shareholders in paper form.
11. Authorised financial intermediaries who, acting on behalf of their clients where those clients are non-advised Investors (and an enhanced service has been provided in accordance with the extended prohibition on inducements under FCA rules) or where their client is a 'professional client' under the FCA Rules who has received only restricted advice, submit valid Application Forms showing their details and FCA number may be entitled to commission on the amount payable in respect of the Offer Shares allocated for each such Application Form at the rates specified in the paragraph headed "Commission" in Part IX of this document. Intermediaries may agree to waive part or all of their initial commission in respect of an application for Offer Shares. If this is the case, then the offer charges will be adjusted, in accordance with the Pricing Formula. Intermediaries should keep a record of Application Forms submitted with their details to substantiate any claim for their commission.
12. The notes within the Application Form form part of these Terms and Conditions of Application.

13. It is a condition of the Offers to ensure compliance with the ML Regulations. Downing is therefore entitled to require, at its absolute discretion, verification of identity from any Applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the Applicant or (ii) appears to Downing to be acting on behalf of some other person. Pending the provision of evidence satisfactory to Downing as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, Downing may, in its absolute discretion, retain an Application Form lodged by an Applicant and/or the cheque or other remittance relating thereto and/or the Registrar may not enter the Applicant on the register of members or issue any share certificates in respect of such application. If verification of identity is required, this may result in delay in dealing with an application and in rejection of the application. The Company reserves the right, in its absolute discretion, for it or Downing to reject any application in respect of which Downing considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the Offer Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the Applicant to provide promptly to Downing such information as may be specified by it as being required for the purpose of the ML Regulations.
14. The right is also reserved to treat as valid and binding any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Notes on Application Form. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed, in some other manner acceptable to the Company, to apply in accordance with these Terms and Conditions of Application.
15. The Company and/or Downing may process the information you give us in accordance with our privacy policy (<https://www.downing.co.uk/privacy-and-cookie-policy>). This includes processing or sharing your information as required to fulfil our obligations under this agreement. We may also use your information to contact you regarding upcoming investment opportunities, should you no longer wish to be contacted you may advise Downing of this without affecting the remainder of this agreement or the terms of use for your information.
16. The minimum subscription is £5,000 subject to the Board's discretion.
17. The application of the subscription proceeds is subject to the absolute discretion of the Directors.

Part IX – Pricing of the Offers, Adviser Charges and Commission

Pricing of the Offer

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

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

¹less any reduction for early applications (see page 9) and/or commission waived by Intermediaries (where applicable)

²adjusted for any dividends declared and ex-dividend since the NAV date, as appropriate.

Illustrative examples based on a subscription under the Offer of £10,000 and a NAV per Share of 66.5p (being the unaudited NAV of the Ventures Shares (by way of example) as at 31 July 2021):

Example	Promoter's Fee	Initial Adviser Charge	Number of Offer Shares**		Issue Price***
(i)	4.5% (commission payable)	N/A	(10,000 – 450 – 0) ÷ 0.665	=	14,660 68.2p
(ii)	2.5%	2.25%	(10,000 – 250 – 225) ÷ 0.665	=	14,323 69.8p
(iii)	2.5%	4.0%	(10,000 – 250 – 400) ÷ 0.665	=	14,060 71.1p
(iv)	1.0% (early application discount*)	2.0%	(10,000 – 100 – 200) ÷ 0.665	=	14,586 68.6p

* Applications received and accepted by Friday 29 October 2021 will benefit from a reduction in the Promoter's Fee of 1.5% for Existing Investors and 1.0% for New Investors, of the amount subscribed. Those received between 30 October 2021 and Friday 11 February 2022 will benefit from a reduction in the Promoter's Fee of 1.0% for Existing Investors and 0.5% for New Investors, of the amount subscribed.

** Rounded down to the nearest whole share

*** Rounded up to the nearest 0.1p

Applications made directly (not through an Intermediary) will attract a Promoter's Fee of 2.5%. It should be noted that the example Adviser Charges set out above have been provided to illustrate the pricing of the Offer and should not be considered as a recommendation as to the appropriate levels of Adviser Charges.

Income tax relief should be available on the total amount subscribed, subject to VCT Rules and personal circumstances, which in each of the above examples would be £3,000 (£10,000 at 30%).

The number of Shares issued under the Offer will be affected by a “blended” issue cost, because Applicants will have a different issue costs attributable to their application for Offer Shares depending upon whether their Application is received directly, through an Intermediary where commission is payable by Downing or through an Intermediary who is remunerated by way of an Initial Adviser Charge (defined below).

The Company's Net Asset Value shall be announced from time to time through a regulatory information service provider.

Adviser Charges

Commission is generally not permitted to be paid to Intermediaries save in circumstances where an “enhanced value” non-advisory service is provided or where restricted advice is provided to a professional client of the adviser. Instead of commission being paid by the Company, a fee will usually be agreed between the Intermediary and Investor for the advice and related services (“Initial Adviser Charge”). This fee can either be paid directly by the Investor to the Intermediary or the payment of such fee may be facilitated by Downing FOUR VCT plc.

If the payment of an Initial Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge on the Application Form. The Investor will be issued fewer Shares (to the equivalent value of the Initial Adviser Charge) through the Pricing Formula set out above.

The Initial Adviser Charge is inclusive of VAT, if applicable.

The Company is unable to facilitate payment of any ongoing adviser charges.

Commission

Commission is only payable in limited circumstances noted above. Those Intermediaries who are permitted to receive commission will usually receive an initial commission of 2% of the amount invested by their clients under the Offers. Initial commission is payable by Downing out of its Promoter's Fee. Additionally, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the Ventures Shares, Healthcare Shares and/or AIM Shares, and subject to applicable laws, regulations and FCA rules, eligible Intermediaries that represented the Investor at the application stage will usually be paid an annual trail commission of 0.25% of the Net Asset Value of their clients' holdings for five years from the date of allotment as agreed between the Intermediary and the Promoter. Trail commission will usually be paid by Downing annually in August (commencing August 2023 for applications under the Offers, based on the audited Net Asset Value at the preceding 31 March).



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