



Downing THREE VCT plc

(in Liquidation)

Shareholder update

July 2025

Downing 

Shareholder Information

Performance summary

F Share pool	31 Dec 2024 Pence	30 Jun 2024 Pence	31 Dec 2023 Pence
Net asset value per F Share	6.1	6.0	6.6
Cumulative distributions per F Share	83.5	83.5	83.5
Total return per F Share	89.6	89.5	90.1

H Share pool	31 Dec 2024 Pence	30 Jun 2024 Pence	31 Dec 2023 Pence
Net asset value per H Share	2.2	2.5	2.5
Cumulative distributions per H Share	58.0	58.0	58.0
Total return per H Share	60.2	60.5	60.5

J Share pool	31 Dec 2024 Pence	30 Jun 2024 Pence	31 Dec 2023 Pence
Net asset value per J Share	3.7	7.6	8.4
Cumulative distributions per J Share	22.5	22.5	22.5
Total return per J Share	26.2	30.1	30.9

Distributions

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

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

Share scam warning

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

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

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

Statement from the Supervisory Committee Chairman

Introduction

The Company has now been in members' voluntary liquidation for over four years as the Manager seeks to exit from the remaining three investments and return residual funds to Shareholders. Unfortunately, the sectors in which the remaining investments operate were severely impacted by the pandemic and now more recently by minimum wage and national insurance increases. These external market conditions are making exiting these investments more challenging than initially thought, but achieving exits at attractive pricing remains at the forefront of the Managers objectives for the year ahead.

This report includes the accounts for the six-month period to 31 December 2024.

Overview

At the reporting date, the Company still had three share pools. The H Share pool will be dissolved following its final distribution.

Share pool overview

F Share pool

The F Share pool launched in 2012 and, at 31 December 2024, held only one active investment with a value of £481,000.

At 31 December 2024 the net asset value ("NAV") was 6.1p per F Share, an increase of 0.1p over the period. Total Return (NAV plus dividends paid to date) is now 89.6p, compared to the original cost, net of income tax relief, of 70.0p per share.

A final distribution is expected to be made when the liquidation of Downing Pub EIS One Limited draws to a close but is likely to be an insignificant amount.

The share pool's only active investment is Baron House Developments LLP, which has an interest in a Hampton by Hilton in Newcastle. The hotel has been marketed for sale over the last number of years, but due to the impact of the pandemic and the high interest rate environment thereafter, this process has been unsuccessful. The Manager has since made the decision to appoint a new hotel operator whose primary focus is to increase the profitability of the hotel. Since their appointment the hotel has achieved an increase in profitability and the intention is to remarket the hotel for sale in early 2026.

H Share pool

The H Share pool launched in 2014 and at 31 December 2024 had disposed of its final investment.

At 31 December 2024 the net asset value ("NAV") was 2.2p per H Share, which represents a decrease of 0.3p over the period. Total Return (NAV plus dividends paid to date) is now 60.2p, compared to the initial NAV, before income tax relief, of 100.0p (or original cost, net of income tax relief, which was typically between 70.0p and 75.0p, depending on costs).

A final distribution of 1.7p to H Shareholders will be made on 25 July and the share pool will subsequently be dissolved.

Statement from the Supervisory Committee

Chairman (continued)

Share pool overview (continued)

J Share pool

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

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

At 31 December 2024 the share pool held two remaining investments with a total value of £262,000 and the net asset value ("NAV") was 3.7p per J Share, a decrease of 3.9p over the period. Total Return (NAV plus dividends paid to date) is now 26.2p per J Share, compared to the initial NAV before income tax relief, of 100.0p (or original cost, net of income tax relief, which was typically between 70.0p and 75.0p, depending on costs).

The Investment Manager's Reports on pages 4 to 9 provide further details on each share pool.

Distributions

The H Share pool will make a final distribution of 1.7p to shareholders on 25 July and the J Share pool will make a distribution of 1.0p to shareholders on 25 July. At the present time, there is insufficient liquidity in the F Share pool to make any distributions.

Outlook

As previously noted, the F Share pool is currently awaiting the exit of its final investment, Baron House Developments LLP, which is not expected to conclude until 2026. Meanwhile, the Manager is prioritising efforts to enhance the profitability of the associated hotel to ensure the highest possible sale price. The final distribution to F Shareholders will occur only after this process is completed.

The main goal for the J Share pool remains to enhance the profitability of the core businesses to achieve higher sale prices; however, the completion of these exits is not anticipated to occur until next year.

It is intended that the H Share pool will be dissolved after its final distribution is paid.

Michael Robinson

Chairman - Supervisory Committee

4 July 2025

Investment Manager's Report

F Share pool

As at 31 December 2024, the F Share pool held just one active investment. Focus for the F Share pool remains achieving a successful exit of this investment, but this is unlikely to be achieved until next year.

Net asset value and results

At 31 December 2024, the net asset value ("NAV") per F Share was 6.1p, an increase of 0.1p over the period. Total Return (NAV plus dividends paid to date) is now 89.6p.

The profit on ordinary activities for the F Shares, after taxation, was 0.1p for the period. This was driven by loan interest accrued during the period less operating costs.

F Share pool – Portfolio valuation and realisations

During the period, the value of Baron House Developments LLP, a partnership created to fund the development of a hotel in Newcastle, remained flat but the VCT benefitted from loan interest accrued during the period. Previous attempts to sell the hotel were unsuccessful due to external market conditions and with a new hotel operator being recently appointed, the focus of the hotel is to increase profitability for 2025. The Manager believes that achieving increased profitability will help promote a sale process, which is targeted for early 2026.

The liquidation process for the remaining holding, Downing Pub EIS One Limited, continues but has been delayed by a tax enquiry into one of the company's subsidiaries. We expect this to complete during the year.

Outlook

Full focus remains on achieving the best possible exit from Baron House Developments LLP. Unfortunately, this is not expected to occur until 2026 whilst the hotel focuses on increasing profitability for the 2025 financial year. We expect a final distribution to F Shareholders to be made shortly after this exit has complete.

Downing LLP

4 July 2025

Summary of Investment Portfolio

F Share pool

as at 31 December 2024

	Cost £'000	Valuation £'000	Unrealised gain in period £'000	% of portfolio by value
Baron House Developments LLP	481	481	-	92.4%
Downing Pub EIS One Limited	10	-	-	-
	491	481	-	92.4%
Cash at bank and in hand		40		7.6%
Total		521		100.0%

Investment Manager's Report

H Share pool

Focus for the H Share pool in the period was the realisation of value from the final investment, SF Renewables (Solar) Limited.

Net asset value and results

At 31 December 2024 the net asset value per H Share was 2.2p. Total Return (NAV plus dividends paid to date) decreased by 0.3p to 60.2p.

The loss on ordinary activities for the H Shares, after taxation, for the period was 0.3p. This was driven by the loss realised upon the sale of SF Renewables (Solar) Limited.

H Share pool – Portfolio valuation and realisation plans

The sale of SF Renewables (Solar) Limited, a solar plant in India, completed in late October. Overall this was a disappointing outcome resulting in a total loss of £156,000. The solar plant was constructed on time, to budget and performed well, but unfortunately the prices achieved for the sale of electricity never met our expectations, due to the price in which we were able to sell the power. Consequently, with profitability continually falling below expectations, the best possible outcome was to sell the plant to one of its customers.

Outlook

A final distribution of 1.7p to H Shareholders will be made on 25 July and the share pool will subsequently be dissolved.

Downing LLP

4 July 2025

Summary of Investment Disposals

H Share pool

1 July 2024 to 31 December 2024

Disposals	Type	Cost £'000	Market value at July 2024 £'000	Disposal proceeds £'000	Loss against cost £'000	Total realised loss £'000
SF Renewables (Solar) Limited	Full	281	157	125	(156)	(32)
		281	157	125	(156)	(32)

Investment Manager's Report

J Share pool

At the period end the J Share pool held two investments. Attempts to sell these remaining investments have been unsuccessful over the last number of years due to the challenging external market conditions but this remains the key focus of the Manager.

Net asset value

At 31 December 2024 the net asset value per J Share was 3.7p, a decrease of 3.9p over the period. Total return (NAV plus dividends paid to date) is 26.2p.

The loss on ordinary activities for the J Share pool was 3.9p per share for the period. The majority of this loss was due to a further provision recognised against loan stock interest receivable from Pilgrim Trading Limited.

J Share pool – Portfolio valuation and realisation plans

The portfolio had an unrealised loss of £304,000 over the six-month period to 31 December 2024 mainly due to a decrease in the value of Pilgrim Trading Limited. This company owns two children's nurseries and previous attempts to sell the business were unsuccessful. The businesses continue to show very slow progress in growing occupancy but the Manager continues to engage with the operator to try and improve profitability.

Exclusive Events Venues Limited is the operator of a wedding venue in Chester, England. The venue was marketed for sale in mid-2023 but offers received were inadequate due to the venue's underperformance. Current year performance is marginally ahead of forecast on an EBITDA basis, but future bookings are lower than expected. Agents remain appointed to market the property, and interest has been expressed in recent months from two potential acquirers, although no offers have yet been received.

As highlighted in the H Share pool above, the sale of SF Renewables (Solar) completed during the period.

Outlook

The overall performance of the J Share pool's investments has been extremely disappointing, and a significant improvement is unlikely at this stage. Full focus remains on seeking optimal exits for the remaining investments in the hospitality sector and children's nurseries. We continue to work closely with the management of the remaining investee companies to optimise value as we seek suitable buyers.

Following on from the sale of SF Renewables (Solar) Limited, a distribution of 1.0p per share is due to be paid on 25 July

Downing LLP

4 July 2025

Summary of Investment Portfolio

J Share pool

as at 31 December 2024

	Cost £'000	Valuation £'000	Unrealised (loss) in period £'000	% of portfolio by value
Pilgrim Trading Limited	1,297	94	(295)	19.8%
Exclusive Events Venues Limited	500	168	(9)	35.6%
	1,797	262	(304)	55.4%
Cash at bank and in hand		211		44.6%
Total		473		100.0%

Summary of Investment Disposals

J Share pool

1 July 2024 to 31 December 2024

Disposals	Type	Cost £'000	Market value at July 2024 £'000	Disposal proceeds £'000	Loss against cost £'000	Total realised loss £'000
SF Renewables (Solar) Limited	Full	281	157	125	(156)	(32)
		281	157	125	(156)	(32)

Unaudited Summarised Balance Sheet

as at 31 December 2024

	31 December 2024				30 June 2024
	F Shares £'000	H Shares £'000	J Shares £'000	Total £'000	Total £'000
Fixed assets					
Unquoted investments	481	-	262	743	1,362
Current assets					
Debtors	203	53	-	256	243
Cash at bank and in hand	40	253	211	504	300
	243	306	211	760	543
Creditors: amounts falling due within one year	(66)	(14)	(81)	(161)	(116)
Net current assets	177	292	130	599	426
Net assets	658	292	392	1,342	1,789
Capital and reserves					
Called up share capital	11	13	11	35	35
Reserves	647	279	381	1,307	1,754
Total equity shareholders' funds	658	292	392	1,342	1,789
Basic and diluted net asset value per:					
F Share	6.1p				6.0p
H Share		2.2p			2.5p
J Share			3.7p		7.6p

Income Statement

for the six months ended 31 December 2024

Company	Six months ended 31 December 2024			Six months ended 30 June 2024
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	(39)	-	(39)	(54)
Gains/(losses) on investments				
- realised	-	(57)	(57)	-
- unrealised	-	(304)	(304)	(54)
	(39)	(361)	(400)	(108)
Investment management fees	(6)	-	(6)	(6)
Other expenses	(40)	-	(40)	(64)
Loss on ordinary activities before taxation	(85)	(361)	(446)	(178)
Tax on total comprehensive income and ordinary activities	-	-	-	19
Loss attributable to equity shareholders	(85)	(361)	(446)	(159)
Return per F Share	0.0p	0.1p	0.1p	(0.6p)
Return per H Share	(0.1p)	(0.2p)	(0.3p)	0.0p
Return per J Share	(0.7p)	(3.2p)	(3.9p)	(0.9p)

Income Statement (analysed by share pool)

for the six months ended 31 December 2024

F Shares	Six months ended 31 December 2024			Six months ended 30 June 2024
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	33	-	33	(24)
Gains/(losses) on investments				
- realised	-	7	7	-
- unrealised	-	-	-	(19)
	33	7	40	(43)
Investment management fees	(6)	-	(6)	(6)
Other expenses	(22)	-	(22)	(22)
Profit/(Loss) on ordinary activities before taxation	5	7	12	(71)
Tax on total comprehensive income and ordinary activities	-	-	-	7
Profit/(Loss) attributable to equity shareholders	5	7	12	(64)

Income Statement (analysed by share pool)

for the six months ended 31 December 2024

H Shares	Six months ended 31 December 2024			Six months ended 30 June 2024
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	1	-	1	1
Gains/(losses) on investments				
- realised	-	(32)	(32)	-
- unrealised	-	-	-	(18)
	1	(32)	(31)	(17)
Investment management fees	-	-	-	-
Other expenses	(9)	-	(9)	(14)
Loss on ordinary activities before taxation	(8)	(32)	(40)	(31)
Tax on total comprehensive income and ordinary activities	-	-	-	26
Loss attributable to equity shareholders	(8)	(32)	(40)	(5)

Income Statement (analysed by share pool)

for the six months ended 31 December 2024

J Shares	Six months ended 30 June 2024			Six months ended 31 Dec 2023
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	(73)	-	(73)	(31)
Gains/(losses) on investments				
- realised	-	(32)	(32)	-
- unrealised	-	(304)	(304)	(18)
	(73)	(336)	(409)	(49)
Investment management fees	-	-	-	-
Other expenses	(8)	-	(8)	(28)
Loss on ordinary activities before taxation	(81)	(336)	(417)	(77)
Tax on total comprehensive income and ordinary activities	-	-	-	(14)
Loss attributable to equity shareholders	(81)	(336)	(417)	(91)

Notes

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

Shareholder Information

Shareholder Communications

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

Notification of change of address

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

Other information for Shareholders

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

www.downing.co.uk/existing-investor/downing-three-vct

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

downing-vct.cityhub.uk.com

Liquidators

Antony Batty and Hugh Francis Jesseman
Antony Batty & Company
3 Field Court
Gray's Inn
London WC1R 5EF

Supervisory Committee

Michael Robinson (Chairman)
Dennis Hale
Roger Jeynes

Investment and Administration Manager

Downing LLP
10 Lower Thames Street
London EC3R 6AF

www.downing.co.uk
Tel: 020 7416 7780

Registrar

The City Partnership (UK) Limited
The Mending Rooms
Park Valley Mills
Meltham Road
Huddersfield
HD4 7BH

downing-vct.cityhub.uk.com
Tel: 01484 240 910



10 Lower Thames Street
London EC3R 6AF

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

Downing is a trading name of Downing LLP.

Downing LLP is authorised and regulated by the Financial Conduct Authority (Firm Reference No.545025).
Registered in England and Wales (No. OC341575). Registered Office: 10 Lower Thames Street, London EC3R 6AF.