



# Downing THREE VCT plc

(in Liquidation)

Shareholder update

December 2025

Downing 

# Shareholder Information

## Performance summary

F Share pool	31 Dec 2025 Pence	30 Jun 2025 Pence	31 Dec 2024 Pence
Net asset value per F Share	5.6	6.1	6.1
Cumulative distributions per F Share	83.5	83.5	83.5
Total return per F Share	89.1	89.6	89.6

H Share pool	31 Dec 2025 Pence	30 Jun 2025 Pence	31 Dec 2024 Pence
Net asset value per H Share	0.5	2.2	2.2
Cumulative distributions per H Share	59.7	58.0	58.0
Total return per H Share	60.2	60.2	60.2

J Share pool	31 Dec 2025 Pence	30 Jun 2025 Pence	31 Dec 2024 Pence
Net asset value per J Share	1.4	3.1	3.7
Cumulative distributions per J Share	23.5	22.5	22.5
Total return per J Share	24.9	25.6	26.2

## 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](http://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. The sectors in which the remaining investments operate were significantly affected by the pandemic and, more recently, by increases in the minimum wage and National Insurance. These external pressures have made exits more challenging than originally anticipated; however, securing exits at attractive valuations remains a key priority for the Manager in the year ahead.

This report includes the accounts for the six-month period to 31 December 2025.

## Overview

At the reporting date, the Company still had two active share pools. The H Share pool is in the process of being dissolved.

## Share pool overview

### *F Share pool*

The F Share pool launched in 2012 and, at 31 December 2025, held only one active investment with a value of £481,000.

At 31 December 2025 the net asset value ("NAV") was 5.6p per F Share, a decrease of 0.5p over the period. Total Return (NAV plus dividends paid to date) is now 89.1p, compared to the original cost, net of income tax relief, of 70.0p per share.

The share pool's only active investment is Baron House Developments LLP, which has an interest in a Hampton by Hilton in Newcastle. Prior attempts to sell the hotel were unsuccessful due to high interest rates and economic uncertainty, and more recent headwinds include increases to minimum wage and national insurance rates. The Manager appointed a new hotel operator last year whose primary focus was to increase the profitability of the hotel. Performance of the hotel has improved steadily since their appointment and the intention is to remarket the hotel for sale during 2026.

### *H Share pool*

The H Share pool launched in 2014 and has no remaining investments.

A distribution of 1.7p was paid to shareholders on 25 July and the share pool is currently being dissolved.

At 31 December 2025 the net asset value ("NAV") was 0.5p per H Share, the decrease of 1.7p over the period is due to the distribution above being paid. Total Return (NAV plus distributions paid to date) remains at 60.2p, compared to the original cost, net of income tax relief, which was typically between 70.0p and 75.0p.

It is expected that a final distribution, equal to net asset value, will be paid once the share class is 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 2025 the share pool held two remaining investments with a total value of £135,000 and the net asset value ("NAV") was 1.4p per J Share, a decrease of 1.7p over the period. 1.0p of this reduction is due to the distribution paid to shareholders on 25 July. Total Return (NAV plus dividends paid to date) fell to 24.9p per J Share, compared to the original cost, net of income tax relief, which was typically between 70.0p and 75.0p.

The Investment Manager's Reports on pages 4 to 7 provide further details on each share pool.

### Distributions

The H Share pool paid a distribution of 1.7p to shareholders on 25 July and the J Share pool paid 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 late 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.

Post the period end, the disposal of Pilgrim Trading Ltd completed and the main focus for the J Share pool is to expedite the exit of the final investment and to return residual funds to shareholders when available.

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

**Michael Robinson**

Chairman - Supervisory Committee

1 May 2026

# Investment Manager's Report

## F Share pool

As at 31 December 2025, 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 later this year at the earliest.

### Net asset value and results

At 31 December 2025, the net asset value ("NAV") per F Share was 5.6p, a decrease of 0.5p over the period. Total Return (NAV plus dividends paid to date) is now 89.1p.

The loss on ordinary activities for the F Shares, after taxation, was 0.5p for the period. This was driven by provisions made against accrued loan interest and 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. Prior attempts to sell the hotel were unsuccessful due to high interest rates and economic uncertainty, and more recent headwinds include increases to minimum wage and national insurance rates. The Manager appointed a new hotel operator last year whose primary focus was to increase the profitability of the hotel. Performance of the hotel has improved steadily since their appointment and the intention is to remarket the hotel for sale during 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 in 2026.

### Outlook

Full focus remains on achieving the best possible exit from Baron House Developments LLP. Unfortunately, this is not expected to occur until later in 2026. We expect a final distribution to F Shareholders to be made shortly after this exit has complete.

**Downing LLP**

1 May 2026

# Summary of Investment Portfolio

## F Share pool

as at 31 December 2025

	Cost £'000	Valuation £'000	Unrealised gain in period £'000	% of portfolio by value
Baron House Developments LLP	481	481	-	99.2%
Downing Pub EIS One Limited	-	-	-	-
	481	481	-	99.2%
<b>Cash at bank and in hand</b>		4		0.8%
<b>Total</b>		485		100.0%

# Investment Manager's Report

## J Share pool

At the period end the J Share pool held two investments. Attempts to sell the remaining investments have been unsuccessful in recent years due to challenging external market conditions; however, this remains the Manager's key focus.

### Net asset value

At 31 December 2025 the net asset value per J Share was 1.4p, a decrease of 1.7p over the period. 1.0p of this decrease relates to the distribution paid during the period and total return (NAV plus dividends paid to date) is now 24.9p.

The loss on ordinary activities for the J Share pool was 0.1p per share for the period. This was driven by provisions made against accrued loan interest for Pilgrim Trading Limited and operating costs.

### J Share pool – Portfolio valuation and realisation plans

The portfolio had an unrealised loss of £70,000 over the six-month period to 31 December 2025. Pilgrim Trading Limited owns two children's nurseries and previous attempts to sell the business were unsuccessful. The investment was sold after the period end and as a result the valuation was reduced by £18,000 to align with the sale price achieved.

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 slightly below forecast on an EBITDA basis and future bookings are also marginally lower than anticipated. Agents continue to market the property but no formal offers have been received. Based on forecast profits for the coming year and the ongoing challenges in exiting the business, a provision of £52,000 has been recognised during the period.

### Outlook

The overall performance of the J Share pool's investments remains extremely disappointing, with little prospect of improving at this stage. As Pilgrim Trading Ltd exited post the period end, full focus is now on securing an optimal exit for Exclusive Events Ltd, and distributing final proceeds to shareholders.

Downing LLP

1 May 2026

# Summary of Investment Portfolio

## J Share pool

as at 31 December 2025

	Cost £'000	Valuation £'000	Unrealised (loss) in period £'000	% of portfolio by value
Pilgrim Trading Limited	1,297	19	(18)	8.8%
Exclusive Events Venues Limited	500	116	(52)	53.7%
	1,797	135	(70)	62.5%
<b>Cash at bank and in hand</b>		81		37.5%
<b>Total</b>		216		100.0%

# Unaudited Summarised Balance Sheet

as at 31 December 2025

	31 December 2025				30 Jun 2025
	F	H	J	Total	Total
	Shares	Shares	Shares	£'000	£'000
	£'000	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Unquoted investments	481	-	135	616	686
<b>Current assets</b>					
Debtors	198	53	(55)	196	206
Cash at bank and in hand	4	13	82	99	444
	202	66	27	295	650
Creditors: amounts falling due within one year	(82)	(4)	(13)	(99)	(56)
<b>Net current assets</b>	120	62	14	196	594
<b>Net assets</b>	601	62	149	812	1,280
<b>Capital and reserves</b>					
Called up share capital	11	13	11	35	35
Reserves	590	49	138	777	1,245
<b>Total equity shareholders' funds</b>	601	62	149	812	1,280
<b>Basic and diluted net asset value per:</b>					
F Share	5.6p				6.1p
H Share		0.5p			2.2p
J Share			1.4p		3.1p

# Income Statement

for the six months ended 31 December 2025

Company	Six months ended 31 December 2025			Six months ended 30 June 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	(10)	-	(10)	7
Gains/(losses) on investments				
- realised	-	-	-	37
- unrealised	-	(70)	(70)	(54)
	(10)	(70)	(80)	(10)
Investment management fees	(6)	-	(6)	(6)
Other expenses	(49)	-	(49)	(46)
<b>Loss on ordinary activities before taxation</b>	<b>(65)</b>	<b>(70)</b>	<b>(135)</b>	<b>(62)</b>
Tax on total comprehensive income and ordinary activities	-	-	-	-
<b>Loss attributable to equity shareholders</b>	<b>(65)</b>	<b>(70)</b>	<b>(135)</b>	<b>(62)</b>
<b>Return per F Share</b>	<b>(0.5p)</b>	<b>-</b>	<b>(0.5p)</b>	<b>0.0p</b>
<b>Return per H Share</b>	<b>0.0p</b>	<b>-</b>	<b>0.0p</b>	<b>0.0p</b>
<b>Return per J Share</b>	<b>(0.1p)</b>	<b>(0.7p)</b>	<b>(0.8p)</b>	<b>(0.6p)</b>

# Income Statement (analysed by share pool)

for the six months ended 31 December 2025

F Shares	Six months ended 31 December 2025			Six months ended 30 June 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	(10)	-	(10)	7
Gains/(losses) on investments				
- realised	-	-	-	29
- unrealised	-	-	-	-
	(10)	-	(10)	36
Investment management fees	(6)	-	(6)	(6)
Other expenses	(42)	-	(42)	(29)
<b>Profit/(Loss) on ordinary activities before taxation</b>	(58)	-	(58)	1
Tax on total comprehensive income and ordinary activities	-	-	-	-
<b>Profit/(Loss) attributable to equity shareholders</b>	(58)	-	(58)	1

# Income Statement (analysed by share pool)

for the six months ended 31 December 2025

H Shares	Six months ended 31 December 2025			Six months ended 30 June 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	0	-	0	1
Gains/(losses) on investments				
- realised	-	-	-	8
- unrealised	-	-	-	-
	0	-	-	9
Investment management fees	-	-	-	-
Other expenses	0	-	0	(12)
<b>Profit/(Loss) on ordinary activities before taxation</b>	0	-	0	(3)
Tax on total comprehensive income and ordinary activities	-	-	-	-
<b>Profit/(Loss) attributable to equity shareholders</b>	0	-	0	(3)

# Income Statement (analysed by share pool)

for the six months ended 31 December 2025

J Shares	Six months ended 31 December 2025			Six months ended 30 June 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	0	-	0	1
<hr/>				
Gains/(losses) on investments				
- realised	-	-	-	-
- unrealised	-	(70)	(70)	(54)
	0	(70)	(70)	(53)
<hr/>				
Investment management fees	-	-	-	-
Other expenses	(7)	-	(7)	(6)
<hr/>				
<b>Loss on ordinary activities before taxation</b>	<b>(7)</b>	<b>(70)</b>	<b>(77)</b>	<b>(59)</b>
<hr/>				
Tax on total comprehensive income and ordinary activities	-	-	-	-
<hr/>				
<b>Loss attributable to equity shareholders</b>	<b>(7)</b>	<b>(70)</b>	<b>(77)</b>	<b>(59)</b>

## 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](http://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](http://downing-vct.cityhub.uk.com)

### **Liquidators**

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Antony Batty & Company  
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London WC1R 5EF

### **Supervisory Committee**

Michael Robinson (Chairman)  
Dennis Hale  
Roger Jeynes

### **Investment and Administration Manager**

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### **Registrar**

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