

# Downing Planned Exit VCT 8 PLC

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Report & Accounts  
for the year ended  
31 December 2012

## SHAREHOLDER INFORMATION

	<b>31 Dec 2012 Pence</b>	<b>31 Dec 2011 Pence</b>
Net asset value per Ordinary Share	80.1	82.3
Net asset value per 'A' Share	0.1	0.1
Cumulative distributions per Ordinary Share and 'A' Share	10.0	7.5
Total return per Ordinary Share and 'A' Share	<u>90.2</u>	<u>89.9</u>

### Dividend history

<b>Year end</b>	<b>Date paid</b>	<b>Pence per share</b>
Final 2008	5 June 2009	2.5
Final 2009	28 May 2010	2.5
Final 2010	3 June 2011	2.5
Final 2011	25 June 2012	<u>2.5</u>
		<u>10.0</u>
Proposed 2012 Final	(Payable 28 June 2013)	2.5p

### Dividends

Dividends will be paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's registrar, Capita Registrars, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Mandate forms can also be downloaded from Capita's website (see below).

### Share price

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

	<b>Ordinary Shares</b>	<b>'A' Shares</b>
TIDM/EPIC codes	DPV8	DP8A
Latest share price (29 April 2013)	61.5p per share	5.03p per share

### Financial calendar

19 June 2013	Annual General Meeting
28 June 2013	Payment of dividend
August 2013	Announcement of half yearly financial results

### 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, Capita Registrars, under the signature of the registered holder.

### Other information for Shareholders

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

**[www.downing.co.uk](http://www.downing.co.uk)**

If you have any queries regarding your shareholding in Downing Planned Exit VCT 8 plc, please contact the registrar on the above number or visit Capita's website at [www.capitaregistrars.com](http://www.capitaregistrars.com) and click on "Shareholders and employees".

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## COMPANY INFORMATION

<b>Registered number</b>	6372899
<b>Directors</b>	Hugh Gillespie (Chairman) Dennis Hale Christopher McCann
<b>Secretary and registered office</b>	Grant Whitehouse 10 Lower Grosvenor Place London SW1W 0EN
<b>Investment and Administration Manager</b>	Downing Managers 8 Limited 10 Lower Grosvenor Place London SW1W 0EN Tel: 020 7416 7780 www.downing.co.uk
<b>Auditor</b>	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
<b>VCT status advisers</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Registrars</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday) www.capitaregistrars.com
<b>Bankers</b>	Bank of Scotland plc 33 Old Broad Street London EC2N 1HZ  Royal Bank of Scotland London Victoria Branch 119/121 Victoria Street London SW1E 6RA

### Share scam warning

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

Further information can be found on Downing’s website under “Existing Investments”. If you have any concerns, please contact Downing on 020 7416 7780.

## INVESTMENT OBJECTIVES

Downing Planned Exit VCT 8 plc is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. The Company's principal objectives are to:

- maintain VCT status to enable Shareholders to benefit from 30% income tax relief on their original investment;
- reduce the risks normally associated with VCT investments; and
- target the payment of a tax-free return to Shareholders of at least 8% per annum (13.3% per annum gross equivalent to a 40% taxpayer) over approximately seven years (based on a net of income tax relief cost of 70p per share).

The detailed investment policy adopted to achieve the investment objectives is set out in the Report of the Directors on page 12.

## DIRECTORS

**Hugh Gillespie** (Chairman) is non-executive chairman of a number of Downing VCTs, and a non-executive director of Burgess Group plc and Downing Income VCT 3 plc. He was formerly a director of Hill Samuel Bank Limited and non-executive director or chairman of a number of public companies.

**Dennis Hale** was previously an investment director of Financial Management Bureau Limited ("FMB"), a firm of independent financial advisers based in Cumbria. He was responsible for VCT research within FMB, whose clients have invested in VCTs since 1997. Prior to founding FMB in 1987, he worked for several life assurance companies. He was an Associate of the Institute of Actuaries and holds The Investment Management Certificate. He graduated from the University of Hull with a degree in Mathematics in 1974. He is also a director of a number of Downing VCTs.

**Christopher McCann** is a director of a number of Downing VCTs and is chairman of a private technology business. He is a chartered accountant and was vice chairman of Bridgepoint Capital Limited (previously NatWest Equity Partners), where he worked from 1987 to 2002.

All the Directors are non-executive.

## CHAIRMAN'S STATEMENT

### Introduction

The year ended 31 December 2012 has been a stable period for the Company with a limited level of investment activity and a small uplift in total return.

### Portfolio activity

The Company was effectively fully invested throughout the year, but there were two small realisations in the form of loan stock redemptions, which produced proceeds of £456,000.

The Company made a small follow-on investment in The Thames Club Limited to provide further working capital to the business. The Company also took advantage of a non-qualifying investment opportunity to invest £300,000 in Southampton Hotel Developments Limited, which is building a hotel at The Ageas Bowl (formerly known as the Rosebowl Cricket Ground). This investment is expected to earn an attractive yield for approximately 18 months and has the prospect of good capital uplift.

### Investment valuations

In reviewing the investment portfolio at the year end, the Board made adjustments to two valuations. Crossco (1135) Limited, which trades as Kingsclere Nurseries, has continued to make good progress, justifying an uplift of £49,000. The Thames Club Limited has faced significant challenges in building the business to the levels anticipated at the time of investment. Although it is making some progress, the company required further funding during the year and the Board concluded that a reduction in value of £155,000 was appropriate.

All other portfolio companies are performing close to expectation or their revised plan and have been carried at their previous valuation. Net unrealised losses on the portfolio for the year were £106,000.

### Net asset value

The net asset value per Ordinary Share ("NAV") at 31 December 2012 was 80.1p and NAV per 'A' Share was 0.1p. This represents an increase in the combined NAV of 0.4% since the previous year end after adding back the dividend of 2.5p paid during the year.

Total Return (NAV plus cumulative dividends) for a combined holding of one Ordinary and one 'A' Share now stands at 90.2p, against the original cost, net of income tax relief, of 70p.

### Results

The return on ordinary activities after taxation for the year was £22,000 (2011: £91,000), comprising a revenue profit of £128,000 (2011: £211,000) and a capital loss of £106,000 (2011: £120,000).

### Dividends

The Board is proposing to pay a dividend of 2.5p per Ordinary Share on 28 June 2013 to Shareholders on the register at the close of business on 31 May 2013.

### Investment realisation plans

The Company's objective is to seek to realise its investments approximately five years after the close of the Offer for Subscription in order to return funds to Shareholders. Since the Company's launch in October 2007, the economic landscape has shifted dramatically. This has resulted in much less liquidity in the markets for assets such as those owned by the Company's investees and a dramatic reduction in the level of bank funding available for refinancing.

The five year anniversary of the close of the Offer for Subscription occurs in July 2013. In view of the above, it is clear that the task of realising the Company's investments is likely to take considerably longer than was originally envisaged.

It is possible that exits could be achieved more rapidly by seeking disposals at undervalue. Both the Board and the Manager are, however, of the opinion that most Shareholders would not be supportive of such a strategy and therefore propose to pursue realisations at full value even if these may take longer to secure.

The Manager has been able to plan for the disposal of several portfolio companies and believes that at least 30% by value can be realised in the next 12 months. With the remaining investments it is more difficult to formulate clear exit plans as many involve finding a trade purchaser for the business or the investment partner being able to refinance the VCT's investment.

As and when realisations are made, proceeds will be distributed to Shareholders. This is likely to be done by way of dividends or capital distributions.

In view of the fact that the process of exiting will take some time, the Board is keen to reduce ongoing running costs where possible. The Board is therefore considering options for the Company to enter a formal VCT winding-up period. This would allow the Company to delist, making a significant saving in costs, and would involve the appointment of a liquidator to oversee the investment realisation process. Should the Board conclude that this is a desirable route, formal proposals will be presented to Shareholders.

### Share buybacks

During the year, the Company made market purchases of 20,000 of its own Ordinary Shares at a price of 74.0p per share and 20,000 of its own 'A' Shares at a price of 0.1p per share.

## CHAIRMAN'S STATEMENT (continued)

### Share buybacks (continued)

As the Company is now approaching the stage where it is seeking to return funds to Shareholders, the Board does not intend to support any further share buyback programme. It is intended that investment realisation proceeds will be distributed to all Shareholders rather than used to fund buybacks from specific Shareholders.

To give the Company some flexibility should appropriate circumstances arise, a proposal to renew the authority for the Board to be able to make market purchases of shares will be proposed at the forthcoming AGM.

### Annual General Meeting

The Company's fifth Annual General Meeting ("AGM") will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 10:30 am on 19 June 2013.

One item of special business is proposed at the AGM in respect of the authority to buy in shares as noted above.

### Outlook

The Manager's role is now focussed on developing realisation plans for the Company's investments. It is clear that, with continued limited availability of bank finance, the task will be challenging and will take some time to achieve. There is however some visibility on exits from a number of investments and the Board is hopeful that it will be in a position to make a significant distribution in the next year.

In respect of some of the investments, it is possible that it will take some years to achieve a full exit at an acceptable value, and the Board believes that this is preferable to seeking to dispose of investments at significantly discounted values. I will update Shareholders in my statement with the Half-Yearly Report to 30 June 2013 on progress in respect of realisations and possible plans for the Company to enter a formal winding up period.



**Hugh Gillespie**  
Chairman

29 April 2013

## INVESTMENT MANAGER'S REPORT

### Introduction

The Company is now fully invested and performing reasonably in line with its plan, despite the challenging economic environment. Further investment activity is limited to reinvesting proceeds from divestments when short term investment opportunities arise.

### Investment activity

The Company began the year with £6.7million of investments and ended the year with £6.5million spread across a portfolio of 14 investments. During the year, the Company made investments totalling £350,000, divestments of £456,000 and recognised a valuation decrease on existing investments of £106,000.

Of the two additions made during the year £300,000 was invested in a non-qualifying opportunity, Southampton Hotel Developments Limited. The company is developing a hotel at the Ageas Bowl, the home of Hampshire Cricket Club. The investment pays an on-going yield and provides the company with a share in part of the completed development. The hotel is due to be completed at the end of 2013. A £50,000 follow on investment in The Thames Club Limited was made during the year to aid cash flow.

The portfolio returned income of £365,000 (2012: £495,000) in the year and a net return of £128,000 after expenses and tax; or 1.5p return per share. This profit was reduced by a £106,000 capital loss (or 1.2p per share) owing to the decrease in value of one investment, which was greater than the increase in value on another investment, reflecting their improved trading performance. The resulting net return of 0.3p per share in the year reflects the improvements in the Company's maturing portfolio in the last year.

The Company expects the current portfolio to provide the core of its income and growth in the medium term and will therefore focus on managing its existing investments before seeking to return funds to Shareholders over the next two years.

### Portfolio valuation

The majority of the portfolio performed in line with expectations during the year with one exception giving rise to a £106,000 decrease in the valuation of the portfolio being recognised. A £49,000 increase in the value of Crossco (1135) Limited (trading as Kingsclere Nurseries) was countered by a £155,000 decrease in the value of The Thames Club Limited.

The investment in Crossco (1135) Limited was made four years ago, the business is performing well and we are working closely with the Investment Partner to secure an exit for the Company over the course of the next year. The £49,000 increase in value recognises part of the anticipated uplift that will be due to the Company on exit.

The investment in The Thames Club Limited was written down by £155,000 at the Company's year end following disappointing 2012 trading results which were significantly behind budget. A new management team has been appointed who are working hard to increase membership numbers at the club whilst keeping a tight control on costs. The business is now two years behind plan, however, we are confident that over the course of the next year the new management team will begin rebuilding the business and deliver improving results.

### Outlook

The uncertain economic environment is expected to continue throughout 2013 with consumer confidence unlikely to improve in the short term. The Company is working closely with our investment partners to secure exits at satisfactory values in order to return funds to Shareholders.

### Downing Managers 8 Limited

29 April 2013



## REVIEW OF INVESTMENTS

### Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 December 2012:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio
<b>Qualifying and part-qualifying investments</b>				
Hoole Hall Country Club Holdings Limited*	1,094	1,161	-	17.1%
Crossco (1135) Limited t/a Kingsclere Nurseries Limited	998	1,130	49	16.7%
Cadbury House Holdings Limited	700	763	-	11.2%
West Tower Holdings Limited	1,150	750	-	11.0%
Horsham Bowl Limited*	861	681	-	10.0%
Hoole Hall Spa and Leisure Club Limited	562	613	-	9.0%
The Thames Club Limited	1,125	350	(155)	5.1%
Chapel Street Food and Beverage Limited	50	50	-	0.7%
Chapel Street Services Limited	50	50	-	0.7%
	<u>6,590</u>	<u>5,548</u>	<u>(106)</u>	<u>81.5%</u>
<b>Non-qualifying investments</b>				
Future Biogas (SF) Limited	350	350	-	5.1%
Southampton Hotel Developments Limited	300	300	-	4.4%
Snow Hill Developments LLP	250	250	-	3.7%
Fenkle Street LLP	92	92	-	1.3%
Chapel Street Hotel Limited	2	2	-	0.0%
	<u>994</u>	<u>994</u>	<u>-</u>	<u>14.5%</u>
	<u>7,584</u>	<u>6,542</u>	<u>(106)</u>	<u>96.0%</u>
Cash at bank and in hand		<u>274</u>		<u>4.0%</u>
Total investments		<u>6,816</u>		<u>100.0%</u>

### Investment movements for the year ended 31 December 2012

#### ADDITIONS

	£'000
Southampton Hotel Developments Limited	300
The Thames Club Limited	50
	<u>350</u>

#### DISPOSALS

	Cost £'000	Market Value at 31/12/11** £'000	Proceeds £'000	Profit vs. cost £'000	Realised gain £'000
<b>Loan stock redemptions</b>					
Kings Gap Group Limited	400	400	400	-	-
Sanguine Hospitality Limited	56	56	56	-	-
	<u>456</u>	<u>456</u>	<u>456</u>	<u>-</u>	<u>-</u>

\* Partially non-qualifying VCT investment

\*\* Adjusted for purchases during the year

The basis of valuation for the largest investments is set out on pages 7 to 9.

## REVIEW OF INVESTMENTS (continued)

### Further details of the ten largest investments:

**Hoole Hall Country Club Holdings Limited**  
www.doubletreechester.co.uk



Cost:	£1,093,750	Valuation at 31/12/12:	£1,161,000
Date of first investment:	Dec 2008	Valuation at 31/12/11:	£1,161,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£225,000	Proportion of equity held:	6.7%
Loan notes:	£868,750	Proportion of loan notes held:	9.5%
Summary financial information from statutory accounts to 31 March 2012		Turnover:	£3,667,723
		Operating profit:	£40,769
		Net assets:	£4,561,220

Hoole Hall Country Club is set on a ten acre site on the edge of Hoole, near Chester. It comprises a Victorian Mansion, a large conservatory and a modern extension. The property has undergone an extensive refurbishment and consists of a conference and banqueting centre and a Marco Pierre White bar and grill.

**Crossco (1135) Limited t/a Kingsclere Nurseries Limited**  
www.kingsclere-nurseries.co.uk



Cost:	£997,500	Valuation at 31/12/12:	£1,129,500
Date of first investment:	Jan 2009	Valuation at 31/12/11:	£1,080,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£240,000	Proportion of equity held:	7.5%
Loan notes:	£757,500	Proportion of loan notes held:	30.0%
Summary financial information from statutory accounts to 31 Dec 2011		Turnover:	£2,923,246
		Operating loss:	£284,838
		Net assets:	£342,230

Crossco (1135) Limited was an investment made in 2009 to allow the management of Complete Childcare, which operated three children's day nurseries, to make a £4m acquisition of Kingsclere Nurseries, which operates a further seven nurseries.

**Cadbury House Holdings Limited**  
www.cadburyhotelbristol.co.uk



Cost:	£700,000	Valuation at 31/12/12:	£763,000
Date of first investment:	Nov 2009	Valuation at 31/12/11:	£763,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£210,000	Proportion of equity held:	4.4%
Loan notes:	£490,000	Proportion of loan notes held:	9.1%
Summary financial information from statutory accounts to 31 March 2012		Turnover:	£6,862,604
		Operating profit:	£1,579,172
		Net assets:	£5,787,134

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

## REVIEW OF INVESTMENTS (continued)

### West Tower Holdings Limited

www.westtower.com



Cost:	£1,150,000	Valuation at 31/12/12:	£750,000
Date of first investment:	Feb 2008	Valuation at 31/12/11:	£750,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£345,000	Proportion of equity held:	11.0%
Loan notes:	£805,000	Proportion of loan notes held:	15.8%
Summary financial information from statutory accounts to 31 March 2012		Turnover:	n/a*
		Operating loss:	(£38,589)
		Net liabilities:	(£56,280)

West Tower Holdings Limited purchased West Tower Limited and The Swan Limited in 2008. West Tower has been re-launched as an exclusive wedding venue based in Aughton Lancashire. The Swan Limited owned a nearby inn which traded as a Marco Pierre White restaurant. The inn was sold in January 2012.

### Horsham Bowl Limited

www.thebigapple.co.uk



Cost:	£861,333	Valuation at 31/12/12:	£681,333
Date of first investment:	Feb 2009	Valuation at 31/12/11:	£681,333
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£180,000	Proportion of equity held:	25.0%
Loan notes:	£681,333	Proportion of loan notes held:	50.0%
Summary financial information from statutory accounts to 31 Dec 2011		Turnover:	n/a*
		Operating profit:	n/a*
		Net assets:	£303,202

Horsham Bowl Limited is a joint investment with American Amusements Limited, to invest in an entertainment complex comprising a 12 lane bowling alley, restaurant, bar and nightclub. The property was refurbished in 2010.

### Hoole Hall Spa and Leisure Club Limited



Cost:	£562,500	Valuation at 31/12/12:	£613,000
Date of first investment:	May 2008	Valuation at 31/12/11:	£613,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£168,750	Proportion of equity held:	6.9%
Loan notes:	£393,750	Proportion of loan notes held:	14.3%
Summary financial information from statutory accounts to 31 March 2012		Turnover:	n/a*
		Operating profit:	n/a*
		Net assets:	£3,269,114

Hoole Hall Spa and Leisure Club is a health club and spa adjacent to Hoole Hall Country Club.

### The Thames Club Limited

www.thethamesclub.co.uk



Cost:	£1,125,000	Valuation at 31/12/12:	£350,000
Date of first investment:	Jul 2009	Valuation at 31/12/11:	£455,000
		Valuation method:	Net assets
Investment comprises:			
Equity shares:	£350,000	Proportion of equity held:	12.4%
Loan notes:	£775,000	Proportion of loan notes held:	18.9%
Summary financial information from statutory accounts to 31 Dec 2011		Turnover:	n/a*
		Operating profit:	n/a*
		Net assets:	£1,104,343

The Thames Club is a 33,000 sqft health and fitness club located in Staines. In 2010 the club underwent a £2million refurbishment followed by a subsequent re-launch. The club now has over 2,500 members.

## REVIEW OF INVESTMENTS (continued)

### Future Biogas (SF) Limited

www.futurebiogas.com



Cost:	£350,000	Valuation at 31/12/12:	£350,000
Date of first investment:	Jun 2011	Valuation at 31/12/11:	£350,000
		Valuation method:	Cost reviewed for impairment

Investment comprises:

Loan notes:	£350,000	Proportion of loan notes held:	11.8%
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Summary financial information from statutory accounts to 31 May 2012

Turnover:	n/a*
Operating profit:	n/a*
Net assets:	£936,933

Future Biogas owns and operates a 1.4MW self-contained biogas plant in Norfolk. Through an Anaerobic Digestion process biogas is produced which is used to generate electricity. The company benefits from the receipt of Feed-In Tariffs and payments for electricity exported to the National Grid.

### Southampton Hotel Developments Limited

www.ageasbowl.com



Cost:	£300,003	Valuation at 31/12/12:	£300,003
Date of first investment:	Aug 2012	Valuation at 31/12/11:	n/a
		Valuation method:	Cost

Investment comprises:

Equity shares:	£3	Proportion of equity held:	5%
Loan stock:	£300,000	Proportion of loan stock held:	10%

Summary financial information from statutory accounts: None filed

Southampton Hotel Developments is developing a hotel at Ageas Bowl, the home of Hampshire Cricket Club.

### Snow Hill Developments LLP

www.sanguine.com/holiday-inn-express-birmingham



Cost:	£250,000	Valuation at 31/12/12:	£250,000
Date of first investment:	Oct 2011	Valuation at 31/12/11:	£250,000
		Valuation method:	Cost reviewed for impairment

Investment comprises:

Members capital:	£250,000	Proportion of members capital held:	25%
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Summary financial information from statutory accounts to 31 Dec 2011

Turnover:	n/a
Operating loss:	(£15,214)
Net assets:	£15,121

Snow Hill Developments is refurbishing an office building in Birmingham which will be turned into a 224 bedroom Holiday Inn Express. The hotel is due to be completed in Spring 2013.

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

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

### Summary of loan stock interest receivable in the year from the ten largest investments

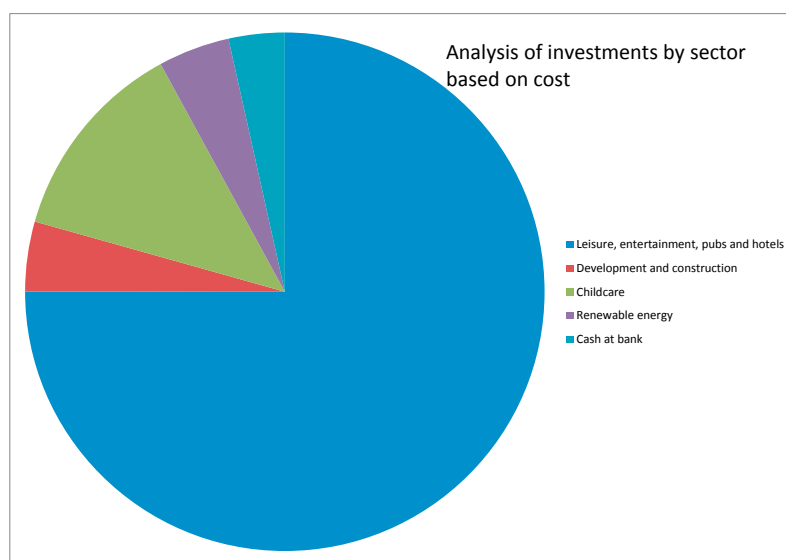
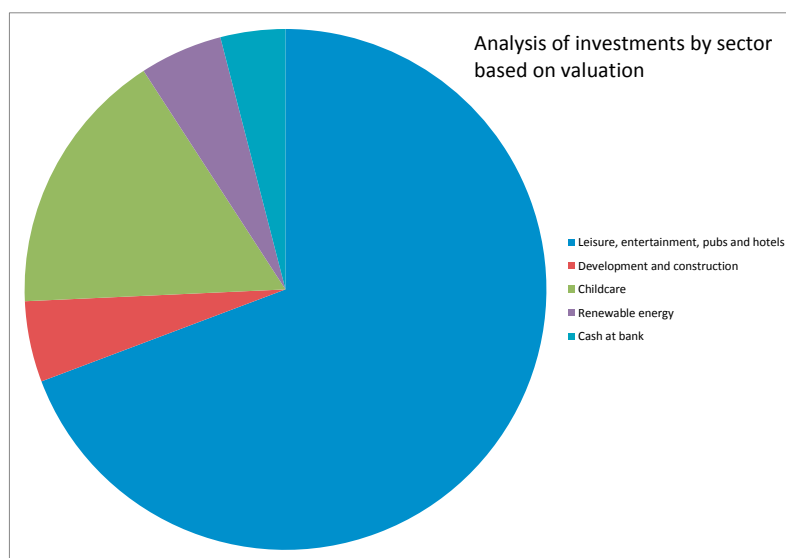
£'000

Hoole Hall Country Club Holdings Limited	91
Crossco (1135) Limited t/a Kingsclere Nurseries Limited	91
Cadbury House Holdings Limited	61
West Tower Holdings Limited	-
Horsham Bowl Limited	71
Hoole Hall Spa and Leisure Limited	-
Thames Club Limited	-
Future Biogas (SF) Limited	35
Southampton Hotel Developments Limited	-
Snow Hill Developments LLP	-
<b>Receivable from other investments</b>	<b>11</b>
	<b>360</b>

## REVIEW OF INVESTMENTS (continued)

### Analysis of investments by commercial sector

The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 December 2012) is as follows:



### Analysis of investments by type

The allocation of the Company's funds compared to the intended split at 31 December 2012 is summarised as follows:

	Actual portfolio split at 31 Dec 2012	Target portfolio split
<b>VCT qualifying investments</b>		
Loans to qualifying companies	62%	50%
Ordinary shares in qualifying companies	13%	25%
<b>Total</b>	<u>75%</u>	<u>75%</u>
<b>Non-qualifying investments</b>		
Loans to non-qualifying companies	21%	n/a
Ordinary shares in non-qualifying companies	4%	n/a
<b>Total</b>	<u>25%</u>	<u>25%</u>
	<u>100%</u>	<u>100%</u>

## REPORT OF THE DIRECTORS

The Directors present the fifth Annual Report and Accounts of the Company for the year ended 31 December 2012.

### Principal activity and status

The Directors initially obtained approval for the Company to act as a venture capital trust from HM Revenue & Customs and have continued to meet the standards set out by HM Revenue & Customs.

The Company revoked its status as an investment company on 16 February 2009 in order to pay a capital dividend, but the Directors consider that the Company has conducted its affairs in a manner to enable it to comply with Part 6 of the Income Tax Act 2007.

The Company has no employees (other than the Directors). Downing Managers 8 Limited, the wholly owned subsidiary, has two executive directors and one employee.

### Business review and developments

The Company's business review and developments during the year are reviewed in the Chairman's Statement, Investment Manager's Report and the Review of Investments.

### Share capital

At the year end, the Company had in issue 8,615,627 Ordinary Shares, 12,951,610 'A' Shares, and 3,171,890 Deferred Shares. Only the holders of the Ordinary Shares have voting rights, except where there are issues in respect of the variation of rights of the 'A' Shares. There are no other share classes in issue.

All shares have voting rights; each Ordinary Share has 1,000 votes and each 'A' Share has one vote. Where there is a resolution in respect of a variation of the rights of 'A' Shareholders or a takeover offer, the voting rights of the 'A' Shares rank pari-passu with those of Ordinary Shares.

The Company operates a share buyback policy whereby, subject to liquidity, the rules of both the London Stock Exchange and the UK Listing Authority and applicable VCT legislation, the Company may, from time to time, make market purchases of its own shares, up to a maximum number of shares equivalent to 14.9% of the total number of each class of issued shares.

### Results and dividends

	£'000	Pence per Ord Share	Pence per 'A' Share
Return for the year	<u>22</u>	<u>0.3p</u>	<u>-</u>

Your Board is proposing to pay a final dividend of 2.5p per Ordinary Share payable on 28 June 2013 to Shareholders on the register at 31 May 2013.

### Performance incentive fees

The structure of 'A' Shares enables a payment, by way of a distribution of income, of a performance incentive fee to the Management Team.

No performance incentive fee will be payable until Shareholders who invested under the Company's Offer for Subscription ("Subscribing Shareholders"):

- i) receive proceeds, by way of dividends/distributions/share buybacks ("Total Proceeds"), of at least 100p per £1 invested; and
- ii) achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

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

Subscribing Shareholders:	97% of the first 100p of proceeds per £1 invested and 80% thereafter
Management:	3% of the first 100p of proceeds and 20% thereafter

If the above distribution would result in Subscribing Shareholders receiving less than 100p per £1 invested or lower than a 7% compound return, then the return to the Management Team will be reduced until Shareholders receive at least 100p per £1 invested and a 7% compound return. Management's share of the Total Proceeds will be subject to a cap at 1.25% of net assets of the Company per annum and will only be payable if the hurdle is achieved.

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

As the targets have not been met, no fee is due to be paid for the year ended 31 December 2012.



## REPORT OF THE DIRECTORS (continued)

### Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares and 'A' Shares of 0.1p each of both Downing Planned Exit VCT 8 plc and Downing Planned Exit VCT 9 plc at 31 December 2011 and 31 December 2012 were as follows:

Directors	Downing Planned Exit VCT 8 plc		Downing Planned Exit VCT 9 plc	
	31 Dec 2011		31 Dec 2011	
	No. of shares		No. of shares	
	Ord	A	Ord	A
Hugh Gillespie	5,225	5,225	-	-
Dennis Hale	15,900	15,900	-	-
Christopher McCann	5,200	5,200	-	-

Directors	31 Dec 2012		31 Dec 2012	
	No. of shares		No. of shares	
	No. of shares		No. of shares	
	Ord	A	Ord	A
Hugh Gillespie	5,225	5,225	-	-
Dennis Hale	15,900	15,900	-	-
Christopher McCann	5,200	5,200	-	-

Downing Planned Exit VCT 8 plc and Downing Planned Exit VCT 9 plc were launched under one prospectus with investors being allotted shares in one Company or the other. The Directors, therefore, feel it is appropriate to present their holdings in both companies.

In accordance with developments in corporate governance practice, the Board has decided that it is best practice for all Directors to retire at each AGM. Accordingly, all the Directors will retire at the forthcoming AGM and being eligible offer themselves for re-election. The Board recommends that Shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 2, together with the results for the period to date, in order to support the resolutions to re-appoint all three Directors.

Each of the Directors entered into a consultancy agreement dated 9 October 2007. These agreements are for a period of three years and thereafter are terminable on three months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

### Insurance cover

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

### Investment policy

The Company's strategy is to invest 75% of its funds in VCT qualifying investments by 31 December 2010 and maintain that level for the life of the Company.

### Qualifying investments

Qualifying investments comprise investments in UK trading companies which own substantial assets or have contracts over which the VCT takes a charge to provide security on its investments. Qualifying investments will, where possible, be structured to include a significant element of the investment in loan stock, typically two thirds of the investment by value.

### Non-qualifying investments

The funds not employed in qualifying investments will be invested in:

- Fixed income securities; and/or
- Loans secured on property or other assets.

Fixed income securities will consist mainly of bonds issued by the UK Government, major companies and institutions and will have credit ratings of not less than A-/A3.

### Venture Capital Trust regulations

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

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

## REPORT OF THE DIRECTORS (continued)

### **Borrowings**

It is not the Company's intention to have any borrowings.

The Company does, however, have the ability to borrow a maximum amount equal to 25% of the gross funds raised under its offers for subscription less the total amount paid for repurchasing its own shares, currently equal to £1.9 million. There are no plans to utilise this ability at the current time.

### **Listing rules**

In accordance with the Listing Rules:

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

### **Investment management and administration fees**

Downing Managers 8 Limited ("DM8") provides investment management services to the Company. DM8 is a wholly owned subsidiary of the Company and is paid a fee equivalent to 1.35% of net assets per annum (based on the half year and annual accounts).

The Board is satisfied with DM8's strategy, approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of DM8 as Investment Manager remains in the best interest of Shareholders.

Additionally, DM8 provides administration services to the Company for a fee of £40,000 (plus RPI) per annum.

The agreement is for a minimum term of three years, with effect from 5 December 2007, with a twelve month notice period on either side thereafter.

The annual running costs of the Company, for the year, are subject to a cap of 2.9% of net assets of the Company. Any excess costs over this cap are met by DM8 through a reduction in fees.

For the year ended 31 December 2012 the fee payable to DM8 was reduced by £25,000 for excess costs relating to the expense cap.

### **Trail commission**

The Company has an agreement to pay trail commission, annually, to Downing LLP in connection to the funds raised under the offer for subscription. This is calculated at 0.25% of the net assets of the Company at each year end.

### **Creditor payment policy**

The Company's payment policy is to pay creditors within thirty days of receipt of an invoice, except where other terms have been agreed. The Company did not have any trade creditors at the year end.

### **Environmental and social policy**

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

### **Key performance indicators**

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

In addition, the Board considers the Company's performance in relation to other VCTs.

### **VCT status**

The Company has retained PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with VCT requirements, including evaluation of investment opportunities as appropriate and regular review of the portfolio. Although PwC works closely with the Investment Manager, they report directly to the Board.



## REPORT OF THE DIRECTORS (continued)

### VCT status (continued)

Compliance with the VCT regulations (as described in the Investment Policy) at 31 December 2012 and for the year under review is summarised as follows:

- |  |          |
|--|----------|
| 1. 70% of its investments held in qualifying companies;  | 75.5%    |
| 2. At least 30% of the Company's qualifying investments are held in "eligible shares";   | 30.6%    |
| 3. At least 10% of each investment in a qualifying company is held in eligible shares;   | Complied |
| 4. No investment constitutes more than 15% of the Company's portfolio;   | Complied |
| 5. Income for the year is derived wholly or mainly from shares and securities;   | 98.7%    |
| 6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained. | Complied |

### Principal risks and uncertainties

The principal financial risks faced by the Company, which include interest rate, investment, credit and liquidity risks, are summarised within note 17 to the financial statements.

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

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

### Substantial interests

As at 31 December 2012 and the date of this report, the Company had not been notified of any beneficial interest exceeding 3 per cent of the issued Ordinary Share capital.

### Auditor

Since the year end the Auditor, PKF (UK) LLP, merged its business into BDO LLP. A resolution proposing the appointment of BDO LLP as the Company's Auditor will be submitted at the AGM.

### Annual General Meeting

The Company's fifth AGM will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 10.35 am on 19 June 2013. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

## REPORT OF THE DIRECTORS (continued)

### Directors' responsibilities statement (continued)

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

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

### Directors' statement pursuant to the Disclosure Rules and Transparency Rules

Each of the Directors, whose names and functions are listed on page 2, confirms that, to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report included within the Report of the Directors, Chairman's Statement, Investment Manager's Report and Review of Investments includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that it faces.

### Electronic publication

The financial statements are published on [www.downing.co.uk](http://www.downing.co.uk).

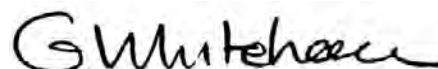
### Corporate Governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code June 2010 ([www.frc.org.uk](http://www.frc.org.uk)) is shown on page 20.

### Statement as to disclosure of information to the Auditor

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

By order of the Board



**Grant Whitehouse**  
Company Secretary  
10 Lower Grosvenor Place  
London SW1W 0EN

29 April 2013

## DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Sections 420 to 422 of the Companies Act 2006. A resolution to approve this report will be put to the Shareholders at the AGM to be held on 19 June 2013.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on page 21.

### Directors' remuneration policy

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

- (i) The Directors shall be paid out of the funds of the Company, by way of fees for their services, an aggregate sum not exceeding £100,000 per annum (excluding any performance incentive fees to which the Directors may be entitled from time to time). The Directors shall also receive, by way of additional fees, such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of the determination equally.
- (ii) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. This includes any expenses incurred in attending meetings of the Board, Committees of the Board or General Meetings. If in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

### Agreement for services

Each of the Directors has entered into an agreement for a fixed term of three years from 9 October 2007 and thereafter on a three month rolling notice. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

### Directors' remuneration (audited)

Directors' remuneration for the Company, and its subsidiary, for the year under review was as follows:

	Current annual fee £	Year ended 31/12/12 £	Year ended 31/12/11 £
Hugh Gillespie	7,087	7,087	7,087
Dennis Hale	5,670	5,670	5,670
Christopher McCann	5,670	5,670	5,670
	<u>18,427</u>	<u>18,427</u>	<u>18,427</u>

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

### 2013 remuneration

The remuneration levels for the forthcoming year for the Directors of Downing Planned Exit VCT 8 plc are expected to be at the current annual fee levels shown in the above table.

## DIRECTORS' REMUNERATION REPORT (continued)

### Performance graph

The graph below represents the Company's performance over the year since the Company's Shares were first listed on the London Stock Exchange and show a share price total return and net asset value total return performance on a dividends reinvested basis against the Numis Smaller Companies Index (Total Return, excluding investment companies). All series are rebased to 100 at the launch date of each share class.

The Numis Smaller Companies Index is not a benchmark for the Company. It has been chosen as a comparison as the Board considers it to be a suitable publicly available index for use in this graph.

By order of the Board



**Grant Whitehouse**  
Company Secretary  
10 Lower Grosvenor Place  
London  
SW1W 0EN

29 April 2013



## CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code issued in June 2010, being the principles of good governance and the code of best practice, as set out in Section 1 of the UK Corporate Governance Code annexed to the Listing Rules of the Financial Conduct Authority.

### The Board

The Company has a Board comprising three non-executive Directors. The Chairman is Hugh Gillespie. Biographical details of all Board members (including significant other commitments of the Chairman) are shown on page 2.

In accordance with Company policy, all of the Directors are offering themselves for re-election at the next AGM.

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

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

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

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

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

The capital structure of the Company is disclosed on page 11.

### Audit Committee

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

Any non-audit services provided by the Auditor are reviewed and approved by the Committee prior to being undertaken, to ensure that auditor objectivity and independence is safeguarded.

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

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

During the year, in addition to the audit, PKF (UK) LLP provided corporation tax compliance services on behalf of the Company. The Committee considers that during the year PKF (UK) LLP have been well placed to provide this service given the knowledge gained from the work undertaken during the audit of the Company.

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

### Board and Committee meetings

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

	<b>Board meetings attended</b> (4 held)	<b>Audit Committee meetings attended</b> (1 held)
Hugh Gillespie	4	1
Dennis Hale	4	1
Christopher McCann	4	1

## **CORPORATE GOVERNANCE (continued)**

### **Remuneration Committee**

The Committee meets as and when required to review the levels of Directors' remuneration. Details of the specific levels of remuneration to each Director are set out in the Directors' Remuneration Report on page 16, and this is subject to Shareholder approval.

### **Nomination Committee**

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

### **Relations with Shareholders**

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

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

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

### **Financial reporting**

The Statement of Directors' responsibilities for preparing the accounts is set out in the Report of the Directors on pages 14 and 15, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's report on page 21.

### **Internal control**

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

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

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the financial reporting process) to Downing Managers 8 Limited.

### **Anti-bribery policy**

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found on the website maintained by Downing LLP at [www.downing.co.uk](http://www.downing.co.uk)

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on page 3, the Investment Manager's Report on page 5 and the Report of the Directors on page 11. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 23, the Cash Flow statement on page 24 and the Report of the Directors on page 13. In addition, note 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

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

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. As described in the Chairman's Statement, the Board is currently considering options for the realisation of the Company's investment portfolio and winding up the VCT, however, no formal proposals have yet been determined. For this reason they believe that the Company continues to be a going concern and that it is appropriate to continue to apply the going concern basis in preparing the financial statements.

## CORPORATE GOVERNANCE (continued)

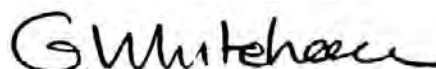
### Share capital

The company has three classes of share capital; Ordinary Shares, 'A' Shares and Deferred Shares. The rights and obligations attaching to those shares, including the powers of the Company to buy back shares and details of any significant shareholdings, are set out on page 3 of the Chairman's Statement and page 11 and 14 of the Report of the Directors.

### Compliance statement

The Listing Rules require the Board to report on compliance with the fifty two UK Corporate Governance Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 December 2012 with the provisions set out in the UK Corporate Governance Code.

- a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also, the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the AGM. (B.4.1, B.4.2, E.1.1)
- b) Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. Similarly, a senior independent director has not been appointed. (A.4.1, A.4.2, B.6.1, B.6.3, B.7.2)
- c) The Company does not have any independent Directors as defined by the UK Corporate Governance Code as a result of other directorships of companies managed by the same Investment Management Team. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the UK Corporate Governance Code. (B.1.2). (Consequently, the composition of the Audit Committee does not comply with C.3-1.)
- d) Non-executive Directors' contracts are on a three month rolling notice following an initial three year fixed term, whereas the recommendation is for fixed term renewable contracts. In the Directors' opinion, this does not make a substantive difference to the circumstances of the Company. (B.2.3)
- e) As the Company has had no staff, other than Directors, there are no procedures in place relating to whistleblowing. (C.3.4)



**Grant Whitehouse**  
Company Secretary  
10 Lower Grosvenor Place  
London SW1W 0EN

29 April 2013



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOWNING PLANNED EXIT VCT 8 PLC

We have audited the financial statements of Downing Planned Exit VCT 8 plc for the year ended 31 December 2012 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of Directors and Auditor

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 18 to 20 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

### Matters on which we are required to report by exception

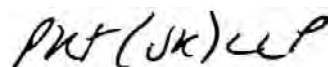
We have nothing to report in respect of the following:

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

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

### Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 19, in relation to going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the Shareholders by the Board on Directors' remuneration.



**Stuart Collins (Senior statutory auditor)**  
for and on behalf of PKF (UK) LLP, Statutory auditor  
London, UK

29 April 2013



**INCOME STATEMENT**  
for the year ended 31 December 2012

		2012			2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	365	-	365	495	-	495
Net loss on investments	9	-	(106)	(106)	-	(120)	(120)
		365	(106)	259	495	(120)	375
Investment management fees	3	(70)	-	(70)	(84)	-	(84)
Other expenses	4	(134)	-	(134)	(127)	-	(127)
<b>Return/(loss) on ordinary activities before tax</b>		161	(106)	55	284	(120)	164
Tax on ordinary activities	6	(33)	-	(33)	(73)	-	(73)
<b>Return/(loss) attributable to equity shareholders</b>		128	(106)	22	211	(120)	91
<b>Basic and diluted return/(loss) per share:</b>							
Ordinary Share	8	1.5p	(1.2p)	0.3p	2.4p	(1.4p)	1.0p
'A' Share	8	-	-	-	-	-	-

All Revenue and Capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement noted above.

Other than revaluation movements arising on investments held at fair value through profit and loss, there were no differences between the return/loss as stated above and historical cost.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Note	2012 £'000	2011 £'000
Opening Shareholders' funds		7,119	7,252
Purchase of own shares	12	(15)	(8)
Dividends paid	7	(215)	(216)
Total profit for the year		22	91
Closing Shareholders' funds		6,911	7,119

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

**BALANCE SHEET**  
**as at 31 December 2012**

	Note	£'000	2012 £'000	£'000	2011 £'000
<b>Fixed assets</b>					
Investments	9		6,542		6,754
<b>Current assets</b>					
Debtors	10	209		196	
Cash at bank and in hand	16	274		324	
		<u>483</u>		<u>520</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(114)</u>		<u>(155)</u>	
<b>Net current assets</b>			<u>369</u>		<u>365</u>
<b>Net assets</b>			<u>6,911</u>		<u>7,119</u>
<b>Capital and reserves</b>					
Called up Ordinary Share capital	12		9		9
Called up 'A' Share capital	12		13		13
Deferred Share capital	12		3		3
Special reserve	13		7,752		7,811
Revaluation reserve	13		(1,042)		(936)
Capital reserve - realised	13		44		44
Revenue reserve	13		<u>132</u>		<u>175</u>
<b>Total equity shareholders' funds</b>			<u>6,911</u>		<u>7,119</u>
<b>Basic and diluted net asset value per share</b>					
Ordinary Share	14		80.1p		82.3p
'A' Share	14		0.1p		0.1p

The financial statements on pages 22 to 35 were approved and authorised for issue by the Board of Directors on 29 April 2013 and were signed on its behalf by



**Hugh Gillespie**  
**Chairman**  
**Company number: 6372899**

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

**CASH FLOW STATEMENT**  
**for the year ended 31 December 2012**

	Note	2012 £'000	2011 £'000
<b>Net cash inflow from operating activities</b>	<b>15</b>	143	213
<b>Taxation</b>			
Corporation tax paid		(69)	-
<b>Capital expenditure</b>			
Purchase of investments	<b>9</b>	(350)	(744)
Proceeds from disposal of investments	<b>9</b>	456	776
Net cash inflow from capital expenditure		<u>106</u>	<u>32</u>
<b>Equity dividends paid</b>	<b>7</b>	(215)	(216)
<b>Net cash (outflow)/inflow before financing</b>		(35)	29
<b>Financing</b>			
Purchase of own shares	<b>12</b>	(15)	(8)
Net cash outflow from financing		<u>(15)</u>	<u>(8)</u>
<b>(Decrease)/increase in cash</b>	<b>16</b>	<u>(50)</u>	<u>21</u>

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

## NOTES TO THE ACCOUNTS

### for the year ended 31 December 2012

#### 1. Accounting policies

##### **Basis of accounting**

The Company has prepared its financial statements under UK Generally Accepted Accounting Practice (“UK GAAP”) and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” revised January 2009 (“SORP”).

The financial statements are prepared under the historical cost convention except for the certain financial instruments measured at fair value and on the basis that it is not necessary to prepare consolidated accounts as explained in note 9.

The Company implements new Financial Reporting Standards issued by the Financial Reporting Council when required.

##### **Presentation of Income Statement**

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

##### **Investments**

All investments are designated as “fair value through profit or loss” assets due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company’s documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (“IPEV”) together with FRS 26.

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

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

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

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

Where an investee company has gone into receivership, liquidation or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised.

It is not the Company’s policy to exercise significant influence over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

##### **Income**

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

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

**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**1. Accounting policies (continued)**

**Expenses**

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

- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted a policy of charging 100% of the Investment Manager's fees to the revenue account.

**Taxation**

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

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

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

**Other debtors, other creditors and loan notes**

Other debtors (including accrued income), other creditors and loan notes (other than those held as part of the investment portfolio as set out in note 9) are included within the accounts at amortised cost.

**2. Income**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income from investments</b>		
Loan stock interest	360	488
<b>Other income</b>		
Bank interest	5	3
Arrangement fees	-	4
	<u>365</u>	<u>495</u>

**3. Investment management fees**

The Company's subsidiary undertaking, Downing Managers 8 Limited ("DM8"), provides management services in respect of the portfolio of venture capital investments. The management fee, which is charged to the Company, is based on an annual amount of 1.35% of net assets. The Manager also provides administration services for a fee of £40,000 (plus RPI) per annum. Fees in relation to these services are shown within note 4. The fees are also subject to the annual running costs cap as discussed in note 4. For the year ended 31 December 2012 the fee payable to DM8 was reduced by £25,000 for excess costs relating to the expense cap.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Investment management fees	<u>70</u>	<u>84</u>

**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**4. Other expenses**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Administration services	45	43
Trail commission	17	18
Directors' remuneration	18	18
Auditor's remuneration for audit	13	14
Auditor's remuneration for non-audit services (taxation)	6	4
Other	35	30
	<u>134</u>	<u>127</u>

The annual running costs of the Company for the year are subject to a cap of 2.9% of net assets of the Company.

**5. Directors' remuneration**

Details of remuneration (excluding employer's NIC) are given in the Directors' Remuneration Report on page 16.

The Company had no employees (other than Directors) during the year. Costs in respect of these are referred to in the Directors Remuneration Report on page 16.

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director.

**6. Tax on ordinary activities**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Tax charge for year</b>		
UK corporation tax at 24.5% (2011: 26.5%)	33	73
<b>Charge for the year</b>	<u>33</u>	<u>73</u>
<b>(b) Factors affecting tax charge for the year</b>		
Return on ordinary activities before taxation	<u>55</u>	<u>164</u>
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 24.5% (2011: 26.5%)	14	43
Effects of:		
Marginal rate relief	(7)	(7)
Expenses disallowed for tax purposes	4	5
Losses on investments	26	32
Adjustment in respect of prior year	(4)	-
<b>Current tax charge</b>	<u>33</u>	<u>73</u>

**7. Dividends**

	<b>Year ended 31 December 2012</b>			<b>Year ended 31 December 2011</b>		
<b>Ordinary Shares</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Paid in year</b>						
2011 Final – 2.5p	171	44	215	-	-	-
2010 Final – 2.5p	-	-	-	-	216	216
	<u>171</u>	<u>44</u>	<u>215</u>	<u>-</u>	<u>216</u>	<u>216</u>
<b>Proposed</b>						
Final – 2.5p	125	90	215	173	43	216
	<u>125</u>	<u>90</u>	<u>215</u>	<u>173</u>	<u>43</u>	<u>216</u>

**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**8. Basic and diluted return per share**

		Weighted average number of shares in issue	Revenue return £'000	Capital loss £'000
Return per share is calculated on the following:				
Year ended 31 December 2012	Ordinary Shares	8,622,403	128	(106)
	'A' Shares	12,958,386	-	-
Year ended 31 December 2011	Ordinary Shares	8,643,020	211	(120)
	'A' Shares	12,977,083	-	-

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per Ordinary Share or 'A' Share. The return per share disclosed therefore represents both the basic and diluted return per Ordinary Share and 'A' Share.

**9. Investments**

	Unquoted investments £'000
Opening cost at 1 January 2012	7,690
Losses at 1 January 2012	(936)
<b>Opening fair value at 1 January 2012</b>	<u>6,754</u>
<b>Movement in the year:</b>	
Purchased at cost	350
Disposals - proceeds	(456)
- realised gains on disposals	-
Unrealised losses in the Income Statement	(106)
<b>Closing fair value at 31 December 2012</b>	<u><u>6,542</u></u>
Closing cost at 31 December 2012	7,584
Losses at 31 December 2012	(1,042)
	<u><u>6,542</u></u>

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

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

	2012				2011			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan notes	-	-	5,034	5,034	-	-	5,295	5,295
Unquoted equity	-	-	1,508	1,508	-	-	1,459	1,459
	-	-	6,542	6,542	-	-	6,754	6,754

**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**9. Investments (continued)**

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

	<b>Unquoted equity £'000</b>	<b>Loan notes £'000</b>	<b>Total £'000</b>
Balance at 31 December 2011	1,459	5,295	6,754
<i>Movements in the Income Statement:</i>			
Unrealised gains/(losses) in the Income Statement	49	(155)	(106)
	<u>1,508</u>	<u>5,140</u>	<u>6,648</u>
Purchases at cost	-	350	350
Sales proceeds	-	(456)	(456)
Balance at 31 December 2012	<u>1,508</u>	<u>5,034</u>	<u>6,542</u>

There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to certain of the VCT's investments.

FRS 29 requires disclosure to be made of the possible effect of changing one or more of the inputs to reasonable possible alternative valuation assumptions where this would result in a significant change in the fair value of the Level 3 investments. There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments.

The Board and the Investment Manager believe that the valuations as at 31 December 2012 reflect the most appropriate assumptions at the date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 17.

The Company also owns 100% of the issued Ordinary Share capital of Downing Managers 8 Limited ("DM8") with an attributable cost of £1.

**Results of the subsidiary undertaking for the year ended 31 December 2012 (unaudited)**

	<b>Country of registration</b>	<b>Nature of business</b>	<b>Turnover £'000</b>	<b>Profit before tax £'000</b>	<b>Net assets £'000</b>
Downing Managers 8 Limited	England and Wales	Investment management and administration services	115	5	8

This subsidiary undertaking has not been consolidated as it is not considered material to the group. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Downing Corporate Finance Limited, a company in which Nicholas Lewis and Tony McGing (directors of DM8) are directors and shareholders, has been granted an option to acquire the entire share capital of DM8 at any time after 17 October 2017 for an amount equal to the net asset value of DM8 at the time of exercise.

An analysis of venture capital investments between equity and non-equity elements is set out in the review of investments on pages 6 to 9.



**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**10. Debtors**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments and accrued income	<u>209</u>	<u>196</u>

**11. Creditors:** amounts falling due within one year

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to subsidiary undertaking	27	32
Corporation tax	37	73
Accruals and deferred income	<u>50</u>	<u>50</u>
	<u>114</u>	<u>155</u>

**12. Called up share capital**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully-paid:</b>		
8,615,627 (2011: 8,635,627) Ordinary Shares of 0.1p each	9	9
12,951,610 (2011: 12,971,610) 'A' Shares of 0.1p each	<u>13</u>	<u>13</u>
	<u>22</u>	<u>22</u>
<b>Deferred Shares:</b>		
3,171,890 (2011: 3,171,890) Deferred Shares of 0.1p each	<u>3</u>	<u>3</u>

During the year, the Company repurchased 20,000 Ordinary Shares of 0.1p each for an aggregate consideration of £14,800 being an average price of 74.0p per share and which represented 0.23% of the Company's issued Ordinary Share capital held at 1 January 2012. These shares were subsequently cancelled.

During the year, the Company repurchased 20,000 'A' Shares of 0.1p each for an aggregate consideration of £20, being an average price of 0.1p per share and which represented 0.15% of the Company's issued 'A' Share capital held at 1 January 2012. These shares were subsequently cancelled.

Any distributions or returns of capital shall be made on the following basis between the holders of Ordinary Shares and 'A' Shares:

- Provided that the performance hurdle is met (i.e. Subscribing Shareholders receive proceeds of at least £1 per share and a 7% compound return) distributions are made as 91% to Ordinary Shares and 9% to 'A' Shares until an amount equivalent to the 100p per one Ordinary Share and one 'A' Share has been distributed; thereafter
- All distributions will be allocated pro-rata to the number of shares held.

Before the performance hurdle is met, distributions and returns of capital will be made to the holders of Ordinary Shares and the holders of 'A' Shares in proportion of 999 to 1 respectively being pro-rata to the amount subscribed for the shares. Once the Hurdle is met, all distributions will be to the holders of 'A' Shares until the above split of distributions is achieved.

Deferred Shares are not entitled to any distributions.

**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**13. Reserves**

	Special reserve £'000	Revaluation reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
At 1 January 2012	7,811	(936)	44	175	7,094
Purchase of own shares	(15)	-	-	-	(15)
Dividends paid	(44)	-	-	(171)	(215)
Losses on investments	-	(106)	-	-	(106)
Retained net revenue	-	-	-	128	128
	<u>7,752</u>	<u>(1,042)</u>	<u>44</u>	<u>132</u>	<u>6,886</u>
At 31 December 2012	7,752	(1,042)	44	132	6,886

The Special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay capital distributions. The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. The distributable reserve is reduced by losses of £1,355,000 which are included in the Revaluation reserve. Total distributable reserves at the year end were £6,753,000.

**14. Basic and diluted net asset value per share**

	Shares in issue		2012 Net asset value		2011 Net asset value	
	2012	2011	Pence per share	£'000	Pence per share	£'000
Ordinary Shares	8,615,627	8,635,627	80.1	6,898	82.3	7,108
'A' Shares	12,951,610	12,971,610	0.1	13	0.1	11
			<u>80.2</u>	<u>6,911</u>	<u>82.4</u>	<u>7,119</u>

The Directors allocate the assets and liabilities of the Company between the Ordinary Shares and 'A' Shares such that each share class has sufficient net assets to represent its dividend and return of capital rights as described in note 18.

As the Company has not issued any convertible shares or share options, there is no dilutive net asset value per Ordinary Share or per 'A' Share. The net asset value per share disclosed therefore represents both the basic and diluted net asset value per Ordinary Share and per 'A' Share.

**15. Reconciliation of return on ordinary activities before taxation to net cash flow from operating activities**

	2012 £'000	2011 £'000
Return on ordinary activities before taxation	55	164
Losses on investments	106	120
Increase in debtors	(13)	(83)
Increase in creditors	-	7
(Decrease)/increase in amounts due to subsidiary undertaking	(5)	5
Net cash inflow from operating activities and returns on investments	<u>143</u>	<u>213</u>

**16. Analysis of changes in cash at bank during the year**

	2012 £'000	2011 £'000
Beginning of year	324	303
Net cash (outflow)/inflow	(50)	21
End of year	<u>274</u>	<u>324</u>

## NOTES TO THE ACCOUNTS (continued) for the year ended 31 December 2012

### 17. Financial instruments and derivatives

The Company's financial instruments comprise investments held at fair value through profit and loss, being equity and loan stock investments in unquoted companies, loans and receivables being cash deposits and short term debtors and financial liabilities being creditors arising from its operations. The main purpose of these financial instruments is to generate cashflow and revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors and does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 9.

Loans and receivables and other financial liabilities, as set out in the balance sheet, are stated at amortised cost which the Directors consider is equivalent to fair value.

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Investment risks
- Credit risk
- Liquidity risk

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year end are provided below:

#### ***Investment risks***

As a VCT, the Company is exposed to investment risks in the form of potential losses and gains that may arise on the investments it holds in accordance with its investment policy. The management of these market risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key market risks to which the Company is exposed are:

- Investment price risk
- Interest rate risk

#### ***Investment price risk***

Investment price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through changes in the fair value of unquoted investments that it holds.

At 31 December 2012, the unquoted portfolio was valued at £6,542,000 (2011: £6,754,000).

**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**17. Financial instruments and derivatives (continued)**

As the larger proportion of the Company's investments are classified as 'asset-backed', it is believed that a fall in share prices generally would have a lesser impact on the valuation of the portfolio. A 10% movement in the valuations of all of the investments held by the Company would have an effect as follows:

10% movement in unquoted investment valuations	2012		2011	
	Impact on net assets £'000	Impact on NAV per share Pence	Impact on net assets £'000	Impact on NAV per share Pence
Unquoted investments	654	7.6p	675	7.8p

The sensitivity analysis for unquoted valuations above assumes that each of the sub-categories of financial instruments (ordinary shares and loan stocks) held by the Company produces an overall movement of 10%. Shareholders should note that equal correlation between these sub-categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

*Interest rate risk*

The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers. Investments in loan stock attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

There are four categories in respect of interest which are attributable to the financial instruments held by the Company as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise certain loan note investments and Preference Shares;
- "Variable rate" assets represent investments with interest rates linked to Bank of England base rate in accordance with loan agreements;
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank and liquidity fund investments and certain loan note investments; and
- "No interest rate" assets do not attract interest and comprise equity investments, certain loan note investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	2012 £'000	2011 £'000
Fixed rate	6.5%	488 days	4,772	5,034
Variable rate	8.0%	18 days	261	261
Floating rate	0.5%		274	324
No interest rate			1,604	1,500
			<u>6,911</u>	<u>7,119</u>

The Company monitors the level of income received from fixed and floating rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

It is estimated that an increase of 1% in interest rates would have increased total return before taxation for the year by £3,000. As the Bank of England base rate stood at 0.5% per annum throughout the year, it is not believed that a reduction from this level is likely.

**NOTES TO THE ACCOUNTS (continued)**  
**for the year ended 31 December 2012**

**17. Financial instruments and derivatives (continued)**

*Credit risk*

Credit risk is the risk that the counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, investments in liquidity funds, cash deposits and debtors.

The Company's financial assets that are exposed to credit risk are summarised as follows:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Investments in loan stocks	5,034	5,295
Cash and cash equivalents	274	324
Interest and other receivables	209	196
	<u>5,517</u>	<u>5,815</u>

The Manager manages credit risk in respect of loan stock with a similar approach as described under "Investment risks" above. The management of credit risk associated interest, dividends and other receivables is covered within the investment management procedures. The level of security is a key means of managing credit risk.

Cash is held by Bank of Scotland plc and Royal Bank of Scotland plc, both of which are A-rated financial institutions and both also ultimately part-owned by the UK Government. Consequently, the Directors consider that the credit risk associated with cash deposits is low.

There have been no changes in fair value during the year that are directly attributable to changes in credit risk.

*Liquidity risk*

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company normally has a relatively low level of creditors being £114,000 (2011: £155,000) and has no borrowings. The Company always holds sufficient levels of funds as cash in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 December 2012 as analysed by the expected maturity date is as follows:

<b>As at 31 December 2012</b>	<b>Not later than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 3 years £'000</b>	<b>Between 3 and 5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
Fully performing loan stock	-	1,548	-	350	-	1,898
Past due loan stock	2,358	778	-	-	-	3,136
	<u>2,358</u>	<u>2,326</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>5,034</u>
<b>As at 31 December 2011</b>	<b>Not later than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 3 years £'000</b>	<b>Between 3 and 5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
Fully performing loan stock	56	511	1,115	56	-	1,738
Past due loan stock	628	1,669	910	350	-	3,557
	<u>684</u>	<u>2,180</u>	<u>2,025</u>	<u>406</u>	<u>-</u>	<u>5,295</u>

## **NOTES TO THE ACCOUNTS (continued)**

### **for the year ended 31 December 2012**

#### **17. Financial instruments and derivatives (continued)**

Of the loan stock classified as “past due” on page 34, £3,044,000 relates to the principal of loan notes where, although the principal remains within term, the investee company is not fully servicing the interest obligations under the loan note and is thus in arrears. As at the balance sheet date, the extent to which the interest giving rise to the classification of the loan notes as past due comprised loan notes of £2,266,000 falling within the banding of not later than one year and loan notes of £778,000 falling within the banding of between one and two years, loan notes of £400,000 falling within the banding of between two and three years. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

Of the loan stock classified as “past due” on page 34, £92,000 relates to the principal of loan notes where the principal has passed its maturity date. Notwithstanding that the principal has passed its maturity date, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

#### **18. Capital management**

The Company’s capital is managed in accordance with its investment policy as shown in the Directors’ report, in pursuit of its principal investment objectives as stated on page 12. The Company has the authority to buy back shares as described in the Report of the Directors. The Company does not have any externally imposed capital requirements.

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern, so that it can continue to provide returns for Shareholders and to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company’s capital, as the level of liabilities is small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

#### **19. Contingencies, guarantees and financial commitments**

At 31 December 2012, the Company had no contingencies, guarantees or financial commitments. (2011: £nil)

#### **20. Related party transactions**

Downing Managers 8 Limited (“DM8”), a wholly owned subsidiary, is the Company’s Investment Manager. Details of the agreement with DM8 are included in note 3. During the year ended 31 December 2012, £70,000 (2011: £84,000) was payable to DM8. Additionally, DM8 provides accounting, secretarial and administrative services for an annual fee of £40,000 (plus an annual RPI increase) per annum. During the year ended 31 December 2012, £45,000 (2011: £43,000) was due in respect of administration fees. At the year end, a balance of £27,000 (2011: £32,000) was due to DM8.

#### **21. Controlling party**

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

## NOTICE OF THE FIFTH ANNUAL GENERAL MEETING OF DOWNING PLANNED EXIT VCT 8 PLC

NOTICE IS HEREBY GIVEN that the fifth Annual General Meeting of Downing Planned Exit VCT 8 plc will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 10.30 am on 19 June 2013 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as **Ordinary Resolutions**:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 December 2012 together with the Report of the Auditor thereon.
2. To approve the Directors' Remuneration Report.
3. To approve the payment of a final dividend of 2.5p per Ordinary Share.
4. To appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
5. To re-elect as Director, Hugh Gillespie, who retires and, being eligible, offers himself for re-election.
6. To re-elect as Director, Dennis Hale, who retires and, being eligible, offers himself for re-election.
7. To re-elect as Director, Christopher McCann, who retires and, being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following **Special Resolution**:

8. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 0.1p each ("Ordinary Shares") and 'A' Shares of 0.1p each ("A' Shares") in the capital of the Company provided that:
  - (i) the maximum number of Shares hereby authorised to be purchased is approximately 14.9% of the present issued Ordinary Share and 'A' Share capital of the Company;
  - (ii) the minimum price which may be paid for an Ordinary Share or an 'A' Share is 0.1p, exclusive of all expenses;
  - (iii) the maximum price which may be paid for an Ordinary Share or an 'A' Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the relevant share as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the share is contracted to be purchased; and
  - (iv) the Company may validly make a contract to purchase its own Ordinary Shares or 'A' Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares or 'A' Shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or on the expiry of 15 months from the passing of the resolution, whichever is the earlier.

By order of the Board



**Grant Whitehouse**  
Company Secretary

Registered Office  
10 Lower Grosvenor Place  
London SW1W 0EN  
29 April 2013

## Notes

- (a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
  - by sending an e-mail to proxy@downing.co.uk.
- In either case, the revocation notice must be received by Downing LLP before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (excluding weekends and public holidays) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 10.35 am on 19 June 2013 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10.35 am on 19 June 2013 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.
- (g) As at 9:00 am on 29 April 2013, the Company's issued share capital comprised 8,615,627 Ordinary Shares and 12,951,610 'A' Shares and the total number of voting rights in the Company were 8,615,627. The website referred to above will include information on the number of shares and voting rights.
- (h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
  - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
  - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
- (k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.
- (l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.



**FORM OF PROXY**

**DOWNING PLANNED EXIT VCT 8 PLC**

For use at the Annual General Meeting of the above-named Company to be held on 19 June 2013 at 10 Lower Grosvenor Place, London SW1W 0EN at 10.30 a.m.

I/We\* ..... (in BLOCK CAPITALS please)

of .....

being the holder(s)\* of Ordinary Shares of 0.1p each in the capital of the above-named Company, hereby appoint the Chairman of the Meeting (see note 1)

or .....

of .....

as my/our\* proxy to attend for me/us\* on my/our\* behalf at the Annual General Meeting of the Company to be held at 10 Lower Grosvenor Place, London SW1W 0EN on 19 June 2013 or at any adjournment thereof.

I/We\* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

**ORDINARY BUSINESS**

**FOR      AGAINST      WITHHELD**

- 1. To receive and adopt the Directors' Report and Accounts of the Company.
- 2. To approve the Directors' Remuneration Report.
- 3. To approve the payment of a final dividend of 2.5p per Ordinary Share.
- 4. To appoint BDO LLP as the Auditor and authorise the Directors to determine their remuneration.
- 5. To re-elect Hugh Gillespie as a Director.
- 6. To re-elect Dennis Hale as a Director.
- 7. To re-elect Christopher McCann as a Director.

**SPECIAL BUSINESS**

- 8. To authorise the Company to make market purchases of its shares.

**Signature(s)** ..... **Date:** .....

\* Delete as appropriate

**If you are unable to attend the AGM and wish to put any comments to the Board, please use the box below.**



**PLEASE RETURN TO DOWNING LLP IN THE PREPAID ENVELOPE PROVIDED**

## NOTES AND INSTRUCTIONS:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.
3. Any alterations to the Form of Proxy should be initialled.
4. To be valid, this Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Meeting or adjourned meeting at which the person named in this Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, and be delivered at the meeting at which the demand is made.
5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.
6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.





10 Lower Grosvenor Place  
London SW1W 0EN

**Tel:** 020 7416 7780

**Email:** [vct@downing.co.uk](mailto:vct@downing.co.uk)

**Web:** [www.downing.co.uk](http://www.downing.co.uk)

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