

Downing VCT Deal Summary:

Complete Childcare

Sector	Childcare	Amount committed by Downing's VCTs:	
Downing Investment:	£3.33m	Downing VCTs 6/7	£1.33m
Equity:	£0.80m	Downing VCTs 8/9:	£2.00m
Loan Notes:	£2.53m		



Complete Childcare

Downing's VCTs provided funding to allow the management of Complete Childcare, which operates three children's day nurseries, to make a £4 million acquisition of Kingsclere Nurseries, which operates a further seven nurseries.

The combined business has a total of 600 nursery places across ten settings around Reading and the M4 corridor. Management's approach is to offer a high standard of childcare in a homely domestic-type setting. The increase in scale, allied to the geographical concentration will allow more efficient utilisation and development of staff across the estate which should bring further operational efficiencies, while retaining a welcoming and friendly environment. Management intend to undertake a modest refurbishment programme, and ensure that best practice is applied consistently across all the nurseries, in order to build occupancy levels and hence revenue and profitability.

www.completechildcare.co.uk
www.kingsclere-nurseries.co.uk

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Management

The Complete Childcare management team have been operating children's day nurseries for three years, achieving profitable growth by implementing improvements based on their diverse business experience gained from a background in management consulting to a wide range of clients.

Security

Downing VCTs' loans are secured by a first charge over the land and buildings in the acquired company and rank ahead of management's investment and a vendor loan, which totals over £1.3 million.

Downing VCTs

Downing's VCTs focus on investing in companies which own substantial assets. They seek to take security over assets (e.g. freehold pubs, health clubs, nurseries etc) and accept lower returns than most other VCTs in return for lower risk.

Downing VCT 1, which was launched in 1997, has no fixed wind-up date and seeks to provide an attractive dividend yield for its shareholders. Downing VCTs 2-3 (launched 2004/05), Downing VCTs 4-5 (launched 2005/06), Downing VCTs 6-7 (launched 2006/07), Downing VCTs 8-9 (launched 2007/08), Downing VCTs 2-3 C Share and Downing Opportunities VCT (launched 2008/09) all have limited lives of four to seven years.

Downing Corporate Finance

Downing was incorporated in 1986 and specialises in tax efficient investments. Downing is the market leading promoter of VCTs, having raised approximately £300 million in the last four tax years. Downing has raised funds for third party VCT managers, such as Ingenious Media and NVM Private Equity, as well as its own Downing VCTs.

Important Notice

This document has been prepared for shareholders in Downing's VCTs and their advisers. It is for information only and does not constitute an offer or invitation to apply for shares in any VCT. No reliance may be placed on the information contained herein in applying for shares or purchasing shares in the secondary market.

This document has been prepared by Downing Corporate Finance Limited ("Downing") on behalf of the relevant VCTs. Downing does not provide advice and investors should seek independent financial advice before making any investment decisions. In particular, any decision to invest in new shares in a VCT should only be made based on consideration of the relevant prospectus and investors should note that VCTs are high risk, long-term and often illiquid investments.

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