

Securities Note

(including Application Forms)

Offers for Subscription

Sponsored by

Howard Kennedy

Downing Protected VCT VIII plc

Downing Protected VCT IX plc

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Offer Statistics for each Company

Offer price per Share	100p
Estimated Net Assets per Share at the close of the Offers	94.5p
Maximum number of Ordinary Shares in issue, following the Offers, at full subscription	15,000,002
Maximum number of A Shares in issue, following the Offers, at full subscription	22,500,000
Estimated Net Assets at the close of the Offers, at full subscription	£14,182,500

If applications for the minimum subscription of £1 million are not received by 1.00 p.m. on 5 April 2008, the Offers will be withdrawn.

In the event that the aggregate subscription proceeds under the Offers are:

- i. between £1 million and £15 million, it is intended that the entire subscription proceeds will be applied to subscribe for Shares in Downing Protected VIII only;
- ii. in excess of £15 million, it is intended that the subscription proceeds will, so far as possible, be divided equally between the Protected VCTs.

This application of the subscription proceeds is subject to the absolute discretion of the Directors at all times.

Early Subscriptions

Accepted applications received by 30 November 2007 will attract Additional Shares equivalent to 2%* of the amount subscribed under the Offers. Accepted applications received by 15 February 2008 will attract Additional Shares equivalent to 1% of the amount subscribed under the Offers.

*This sum increases to 3% in respect of applications received from shareholders (including spouses) in Downing Protected I – VII.

This document, the Registration Document and the Summary, which together comprise the prospectus ("the Prospectus") relating to Downing Protected VCT VIII plc and Downing Protected VCT IX plc, have been prepared in accordance with the Prospectus Rules made under Section 84 of the Financial Services and Markets Act 2000 and the Prospectus has been approved by, and filed with, the Financial Services Authority.

Application has been made to the UK Listing Authority for up to 15,000,002 Ordinary Shares and up to 22,500,000 A Shares, in each Company, to be admitted to the Official List. Application will also be made to the London Stock Exchange for up to 15,000,002 Ordinary Shares and up to 22,500,000 A Shares, in each Company, to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective, and that dealings in these shares will commence, by 10 December 2007.

Each Company and its Directors, whose names appear on page 8 of this document, accept responsibility for the information contained in the Prospectus. To the best of the knowledge of each Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Howard Kennedy is acting as sponsor and Downing Corporate Finance Limited is acting as promoter of the Companies in connection with the Offers, and neither of them is advising any other person or treating any other person as a customer or client in relation to the Offers, or will be responsible to any such person for providing the protections afforded to their respective customers or clients, or for providing advice in connection with the Offers.

Downing Protected VCT VIII plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 06372899)

Downing Protected VCT IX plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 06372969)

Offers for Subscription

for the 2007/08 and 2008/09 tax years

of up to, in aggregate, 30,000,000 Ordinary Shares at an issue price of 99.9p each
and 30,000,000 A Shares at an issue price of 0.1p each
comprising up to 15,000,000 Ordinary Shares
and up to 15,000,000 A Shares
in the capital of each Company

Sponsor

Howard Kennedy

Promoter

Downing Corporate Finance Limited

Share capital of the Companies immediately following the Offers, assuming full subscriptions:

Company	Authorised		Issued and to be issued fully paid	
	No. of shares	Nominal value	No. of shares	Nominal value
Ordinary Shares				
Downing Protected VCT VIII plc (ISIN: GB00B28C4Y36)	75,000,000	£75,000	15,000,002	£15,000
Downing Protected VCT IX plc (ISIN: GB00B28C4Z43)	75,000,000	£75,000	15,000,002	£15,000
A Shares				
Downing Protected VCT VIII plc (ISIN: GB00B28C5629)	40,000,000	£40,000	22,500,000	£22,500
Downing Protected VCT IX plc (ISIN: GB00B28C5512)	40,000,000	£40,000	22,500,000	£22,500

The subscription list for the Offers will open on 17 October 2007 and may close at any time thereafter but, in any event, not later than 1.00 p.m. on 5 April 2008 in the case of the 2007/08 Offer and not later than 5.00 p.m. on 30 April 2008 in the case of the 2008/09 Offer, unless previously extended by the Directors. The terms and conditions of the Offers are set out on pages 19 to 20 of this document and are followed by Application Forms for use in connection with the Offers. The minimum subscription for the Offers to proceed is £1,000,000. The Offers are not underwritten.

Your attention is drawn to the Risk Factors set out on page 2 of this document. An investment in either Company is only suitable for Investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise.

This document should be read in conjunction with the Summary and Registration Document, which may be obtained from the promoter of the Offers:

Downing Corporate Finance Limited
Kings Scholars House
230 Vauxhall Bridge Road
London SW1V 1AU

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

Risk Factors

Each Company's business, financial condition or results could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Shares may decline due to any of these risks and Investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company. The Directors consider the following to be all the material risks for potential Investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority:

- Although it is intended that each Company will be managed so as to qualify as a VCT, and retain such status, there is no guarantee that such status will be achieved or maintained. Failure to do so could result in adverse tax consequences for Investors, including being required to repay the 30% income tax relief.
- The levels and bases of reliefs from taxation may change and could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors. The Companies' objectives have been set on the basis that all Investors obtain 30% income tax relief on their subscriptions. Therefore, this investment may not be suitable for Investors who do not qualify for the full 30% income tax relief.
- In the event that less than £15 million is raised, running costs may be increased and Downing Protected IX may not be capitalised. This would prevent the Companies from co-investing with each other and thereby limit each investment to a maximum of £1 million per tax year. This could reduce the range of available investments and hence diversification, which could increase risk.
- The target tax-free return to Shareholders of at least 8% per annum is only a target and is not guaranteed and there is no certainty as to the level of dividends. If any of the Protected VCTs' investments do not perform to plan, then there could be a shortfall or delay in receipt of the Shareholder Proceeds and hence a reduction in the return to Shareholders. In addition, if there is a change in VCT legislation, or the interpretation of existing VCT legislation, such that the payment of Shareholder Proceeds has an adverse effect on either the Companies' or Shareholders' VCT status, then such payments may not be made.
- Although the Shares will be Listed, it is highly unlikely that a liquid market in the Shares will develop as the initial income tax relief is only available to those subscribing for new shares and there may never be two competitive market makers. It may, therefore, prove difficult for Shareholders to sell their Shares. In addition, there is no guarantee that the market price of the Shares will fully reflect their underlying net asset value or the ability to buy and sell at that price. It should be noted that shares held in VCTs usually trade at a discount to the VCT's NAV.
- Shareholders should be aware that the sale of Shares within five years of their subscription will require the repayment of some or all of the 30% income tax relief obtained upon investment. Accordingly, investment in the Companies is not suitable as a short or medium term investment.
- Most of the Companies' investments are likely to be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise.
- In order to comply with VCT legislation, the Qualifying Companies, in which each of the Companies will invest at least 70% of its capital within three years, must have gross assets of not more than £7 million prior to such investment and have fewer than 50 full time employees. Such companies generally have a higher risk profile than larger companies.
- There is no guarantee that the Companies' objectives will be met or that suitable investment opportunities will be identified.
- Each Company's ability to obtain maximum value from its investments (for example, through their sale) may be limited by the requirements of the relevant VCT legislation in order to maintain the VCT status of the relevant Company (such as the obligation to have at least 70% by value of each VCT's investments in Qualifying Investments).
- The past performance of investments made by Downing Protected I – VII or the Management Team should not be regarded as an indication of the performance of investments to be made by the Companies.
- Changes in legislation in respect of VCTs in general, and Qualifying Investments and qualifying trades in particular, may restrict or adversely affect the ability of the Companies to meet their objectives and/or reduce the level of returns which would otherwise have been achievable.
- The value of Shares may go down as well as up and Shareholders may not receive back the full amount invested.
- You should not place undue reliance on forward-looking statements. This Securities Note includes statements that are (or may be deemed to be) "forward-looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Securities Note, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future.

Letter from the Chairman of each Company

Downing Protected VCT VIII plc
Downing Protected VCT IX plc
Kings Scholars House
230 Vauxhall Bridge Road
London SW1V 1AU

17 October 2007

Dear Investor

Subscriptions to VCTs in the 2007/08 and the 2008/09 tax years attract income tax relief at the rate of 30%. This means that, for every £1 invested, the net cost to VCT Investors should be 70p. Set out below is a table illustrating the hypothetical returns to Investors at four different levels of Shareholder Proceeds, paid out five to seven years from investment.

Illustrative returns for each £1 invested				
Shareholder Proceeds	80p	100p	113p	120p
Less: net cost of investment (assuming 30% income tax relief)	(70p)	(70p)	(70p)	(70p)
Tax-free cash profit	10p	30p	43p	50p
Tax-free profit (as a % of net cost of investment)	+14%	+43%	+61%	+71%
Net Return ¹ (assuming 70p received after 5 years and the balance at the end of 7 years)	2.3% p.a.	6.1% p.a.	8.0% p.a.	9.0% p.a.
Gross equivalent return (to a 40% taxpayer)	3.9% p.a.	10.1% p.a.	13.3% p.a.	15.0% p.a.

The above returns are set out for illustrative purposes only and no forecast or projection is implied or should be inferred.

¹ The Net Return is the internal rate of return based on an investment of 100p deemed to be made on 5 April 2008, 30p income tax relief deemed to be received seven months later on 5 November 2008 and either 80p, 100p, 113p or 120p of cash returned to Shareholders, comprising 70p on 31 July 2013 and the balance on 5 April 2015. This illustration has been simplified, to ease understanding, by showing the returns in the form of two payments over the life of the investment, whereas in practice the Shareholder Proceeds are likely to comprise a number of smaller payments over the same overall time periods.

The Protected VCTs' strategy will be to target capital preservation. The Directors will accept lower returns on their investments in return for lower risk. The key points of the strategy are:

- 1. Risk reduction** – It is intended that the focus will be on investee companies which own substantial assets and the Protected VCTs will seek to take a charge over the assets in order to protect their investments.
- 2. Clear exit plans** – The Directors are targeting a minimum Net Return to Shareholders of 8% p.a. (13.3% p.a. gross equivalent to a 40% taxpayer) over the life of the Companies (expected to be seven years). Please note that this is only a target, not a projection or forecast, and there is no guarantee that it will be achieved.
- 3. Low charges** – The annual management fee is only 1.35% of net assets per annum.

If Investors have any questions regarding this investment they should contact their financial adviser. For questions relating to an application, please telephone Downing on 020 7416 7780. Investors should note that no investment advice can be given by Downing and their attention is drawn to the Risk Factors set out on page 2 of this document.

Yours sincerely



Hugh Gillespie
Chairman

Part I – The Offers

Introduction

VCTs were introduced to encourage individuals, by offering them substantial tax benefits, to invest in a portfolio of investments comprising at least 70% unquoted UK trading companies. VCTs are investment companies whose shares are listed on the Official List and traded on the London Stock Exchange. To date, over £3 billion has been raised by more than 100 VCTs (*source: Downing*).

VCTs were created so that their investors could benefit from a spread of Qualifying Investments under the supervision of professional managers, who can in many cases contribute valuable experience, contacts and advice to the businesses in which they invest. VCTs have to be approved by HM Revenue & Customs for the purposes of the venture capital trust legislation. VCTs are entitled to exemption from corporation tax on any gains arising on the disposal of their investments and such gains may be distributed tax-free to investors.

Downing Protected VIII and Downing Protected IX are each seeking to raise £15 million (a total of £30 million) under the Offers. If less than £15 million is raised, it is intended that only Downing Protected VIII will be capitalised (subject to the absolute discretion of the Board). If both Companies are capitalised, it is intended that they will be “parallel VCTs” i.e. they have identical Boards and it is intended that they will be equally capitalised, will co-invest equally on the same terms in every investment and their running costs will be equal. Each application for Shares under the Offers will be allocated to one of the Companies by the Board (i.e. not split between the two Companies). The benefit of raising funds for two parallel VCTs (rather than one larger VCT) is that, together, they will be able to invest in larger single transactions of up to £2 million per tax year.

The Companies have been named “Protected” because of their objective of seeking to reduce the risks normally associated with VCTs. In order to protect their investments, it is intended that the Protected VCTs will maximise the use of loans to investee companies and seek to take security over their assets.

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

The principal UK tax reliefs, which are available on a maximum investment of £200,000 per individual in each of the 2007/08 and 2008/09 tax years, are set out below:

- **Income tax relief at 30%** of the amount subscribed provided the VCT shares are held for at least five years. Relief is restricted to the amount which reduces the Investor's income tax liability to nil.
- **Tax-free dividends and capital distributions** from a VCT.
- **Capital gains tax exemption** on the disposal of VCT shares.

The table below shows the effect of the initial 30% income tax relief:

Effect of Initial 30% Income Tax Relief	
Cost of Investment	Per Share
Gross subscription by Investor	100.0p
30% income tax relief	(30.0p)
Net of tax cost of investment	70.0p
Initial Value of Investment	
Gross subscription by Investor	100.0p
Issue costs	(5.5p)
Initial Net Asset Value	94.5p
Initial “Uplift” (pence)	+24.5p
Initial “Uplift” (%)	+35.0%

The above table shows that, assuming income tax relief is received at 30%, the Investor's net of tax cost of investment is 70p per Share and the initial NAV is 94.5p, an “uplift” of 24.5p per Share or +35%. **Investors should note that they are required to hold the Shares for at least five years in order to retain the income tax relief and, as such, this initial uplift cannot be immediately realised.**

(Source: Downing)

The above is only a very brief summary of the UK tax position of Investors in VCTs and is based on the Companies' understanding of current law and practice. Further details are set out in Part II of this document. Potential Investors are recommended to consult their own appropriate professional advisers as to the taxation consequences of their investing in a VCT.

Objectives

The Protected VCTs' objectives are to:

- (i) maintain VCT status to enable Shareholders to retain their 30% income tax relief on investment;
- (ii) reduce the risks normally associated with VCT investments; and
- (iii) target 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. This target Net Return is calculated on the net investment of 70p per Share (being £1.00 less 30p income tax relief).

The Companies will not vary these investment objectives, to any material extent, without the approval of Shareholders.

Investment Strategy

Once fully invested (within three years), each Protected VCT's portfolio will be split approximately as follows:

Investment Split	
	Portfolio Split
Qualifying Investments	
Loans to Qualifying Companies	50%
Ordinary Shares in Qualifying Companies	25%
Non-Qualifying Investments	25%
Total	100%

Note: The above table represents the approximate split of each Company's portfolio. The Board may increase the proportion of Qualifying Investments above 75% to allow for the possibility of early realisations without breaching the VCT regulations.

Qualifying Investments

Risk Management

The Boards will control the overall risk of each Company. In addition to maximising the use of loans in investee companies, the risks normally associated with VCTs will also be reduced by building a diversified portfolio of unquoted company investments from a number of different sectors. The majority of Qualifying Investments will be made in investee companies benefiting from asset-backing, as detailed below.

Asset-Backed Investments

Investments will be sought in UK trading companies which own substantial assets such as pubs, children's nurseries, health clubs, stock or work-in-progress. Investments will also be sought in companies with predictable revenue streams from financially sound customers, ideally with contracts pending or in place. The Protected VCTs will generally seek to take a charge over the investee company's assets. In the event of a material default by an investee company, it would be each Board's intention to exercise its security over the assets and seek to recover each Protected VCT's loan.

Non-Qualifying Investments

Approximately 25% of the net funds raised by each Company under the Offers will be invested in non-VCT qualifying investments, which will comprise Fixed Income Securities and Property Loans.

The Fixed Income Securities will mainly consist of bonds issued by the UK Government, major companies and institutions. Investments will be made in cash deposits with UK clearing banks or securities with a credit rating of not less than A minus (Standard & Poor's rated) or A3 (Moody's rated) or equivalent ratings.

The Property Loans will comprise loans made by the Protected VCTs to companies owning freehold or long leasehold properties. The loans will be secured by a charge on these properties. In the event of a material default by an investee company, it would be each Board's intention to exercise its security over the assets and seek to recover each Protected VCT's loan.

Share Buyback Policy

During the period up to five years from the close of the Offers, the Company will make market purchases of its own Shares, up to a maximum annual number of Shares equivalent to 14.9% of the total number of issued Shares from time to time. The Board intends to operate a policy of purchasing Shares in the market at a price equivalent to the Company's most recently published Net Asset Value, less a discount of 10%. The proceeds received by Shareholders on the sale of their Shares to the Company will be reduced by costs such as the market-maker's margin and stockbroker's commission.

The Company's share buyback policy will be subject to VCT Regulations, liquidity and the rules of the UK Listing Authority, which include:

- the Company is prohibited from purchasing its own Shares during close periods, which are a minimum of two months prior to the announcement of its interim and annual results;
- the minimum price the Company may pay for each Share will be its nominal value of 0.1p; and
- the maximum price the Company may pay for each Share is an amount not more than 5% above the average of the middle market values of the Shares taken from the Official List for the 5 business days immediately preceding the day on which the Shares are contracted to be purchased.

Realisation Plans

The Directors intend to pay a minimum of 70p per £1 invested to Shareholders after five years from the close of the Offers. It is anticipated that the payment will be funded primarily from the sale of the Fixed Income Securities and from maturing five year loans to investee companies. It is intended that the balance of the Companies' funds (primarily equity investments) will be realised over approximately two further years, to allow sufficient time for the Manager to negotiate the maximum possible proceeds for the Companies' Shareholders.

It is, therefore, intended that the Protected VCTs will seek to sell all their underlying investments, and that a resolution to wind up each Company will be put to Shareholders, after approximately seven years. It is intended that any proceeds received from the sale of investments after five years will not be re-invested by the Protected VCTs, but instead used to fund payments to Shareholders by way of dividends, tender offers and on a winding-up. The Performance Incentive has been structured to encourage the early payment of cash proceeds to Shareholders.

Exit Mechanism

It is intended that tax-free cash proceeds will be paid to Shareholders (net of the Performance Incentive, if applicable) as follows:

Dividends	Tax-free income and capital dividends.
Tender offers	After five years, the Company intends to buy back shares by way of tender offers at prices equal to each Company's NAV, funded by the proceeds received from the sale of the underlying investments.
Winding-up	If the resolutions to wind up the Protected VCTs after approximately seven years are approved by Shareholders, the proceeds available on liquidation will be distributed to Shareholders.

Management

Manager

Each Company will be managed by the Management Team, whose executives will be provided by Downing Corporate Finance Limited and paid by the Managers.

Downing Corporate Finance Limited

Downing was incorporated in 1986 and is authorised and regulated by the Financial Services Authority. Since 1991, Downing has specialised in structuring, promoting and administering tax efficient products. Downing has raised approximately £90 million for the Downing Protected VCTs.

Management Team

The Management Team comprises the following executives:

Paul Beaumont (42) joined The Royal Bank of Scotland in 1983 and most recently held the position of associate director. He was responsible for leading several leveraged debt transactions within the SME arena, which included working alongside a number of VCTs. He joined Downing in September 2007.

Colin Corbally (38) qualified as a solicitor with Linklaters and Paines in 1996. He spent six years at 3i Group in corporate finance and venture capital where he was a senior investment manager. He then spent four years at The Royal Bank of Scotland where he was a director, structuring debt and equity investments, before joining Downing in June 2006.

Nicholas Lewis (52) is a director and founder of Downing. He is currently a director of a number of other VCTs including Downing Protected I, Downing Protected VI and Downing Protected VII. He was formerly with NatWest Ventures Limited and before that with Apax Partners and Co. Limited.

Tony McGing (42) is a director of Downing, having joined in 1992. He is also a director of Pennine Downing AIM VCT plc and formerly a director of Downing Protected I. He qualified as a chartered accountant with Kingston Smith Chartered Accountants.

David Megginson (49) qualified as a chartered accountant with Arthur Andersen in 1988 after which he worked in financial and general management in both public and private companies. He subsequently joined Johnson Fry, where he specialised in assessing and troubleshooting venture capital projects, as well as designing and executing structured finance transactions. He joined the Management Team in 2004.

Grant Whitehouse (41) joined Kingston Smith's city office in 1987 and qualified as a chartered accountant in 1991. He moved from audit to corporate finance in 1993 and was a senior manager when he left to join Downing in January 2000. He has overall responsibility for the VCT administration function within Downing and is company secretary to several VCTs.

Track Record of the Management Team

The Management Team is also responsible for the management of Downing Protected I - VII and the recently launched Downing IHT Income Fund LLP, all of which are all focused on asset-backed businesses.

Downing Protected I

Downing Protected I, whose shares were first listed in May 1997, has a strategy of investing in Qualifying Companies benefiting from asset-backing. Initially, its investment strategy concentrated on investing in asset-backed companies in the care-home sector, but in latter years it widened its focus to asset-backed investee companies in other sectors. The performance of Downing Protected I from launch in March 1997 to 30 June 2007 (the date of its most recently published financial results) is set out in the table below:

Downing Protected I – Track Record since Launch (1997 to 2007)							
Subscription Price per share	NAV ¹ per share	Dividends paid ² per share	Total Return per share	Gain over approximately 10 years with the benefit of income tax relief at a rate of			
				Nil	20%	30% ³	
100p	111.7p	+ 44.7p	= 156.4p	56%	95%	123%	

¹ Downing Protected I's latest published NAV as at 30 June 2007.
² Dividends paid are cumulative dividends paid to 30 June 2007 and include tax credits where reclaimable.
³ 30% income tax relief is available on subscriptions to the Protected VCTs but only 20% income tax relief was available on subscriptions to Downing Protected I and, therefore, 30% income tax relief is stated for illustrative purposes only. The calculation of the return is based on a net investment of 70p and a gain of 86.4p (156.4p – 70p) per share.

Please note that the past performance of Downing Protected I is not a guide to the future performance of the Protected VCTs or of the Management Team.

(source: Downing Protected I's audited accounts to 30 June 2007)

Downing Protected II & III

Under their offers, which closed on 27 June 2005, Downing Protected II & III raised over £20 million, in aggregate, to invest in asset-backed businesses. Downing Protected II & III have each announced an unaudited NAV of 95.4p per share as at 31 July 2007 (compared to their initial NAVs of 94.5p per share) and they have each paid dividends of 2.5p per share to date. As at 31 July 2007, 61% of each company's funds had been invested in Qualifying Companies. Each company is, therefore, on schedule to reach their 70% qualifying target due by 31 January 2008 (Source: announcements made by the relevant company through a regulatory information service).

Downing Protected IV & V

Under their offers, which closed on 5 April 2006, Downing Protected IV & V raised over £40 million, in aggregate, to invest in asset-backed businesses. Downing Protected IV & V have each announced an unaudited NAV of 95.6p per share as at 31 May 2007 (compared to their initial NAVs of 94.5p per share) and they have each paid dividends of 1p per share to date. As at 31 May 2007, 46.6% of each company's funds had been invested in Qualifying Companies. Each company is, therefore, on schedule to reach the 70% qualifying target due by 30 November 2008 (*source: announcements made by the relevant company through a regulatory information service and unaudited management accounts*).

Downing Protected VI & VII

Under their offers, which closed on 29 June 2007, Downing Protected VI & VII raised over £18 million, in aggregate, to invest in asset-backed businesses. Downing Protected VI & VII have each announced an unaudited total NAV of 95.2p per ordinary and A share as at 31 July 2007 (compared to their initial NAVs of 94.5p per share) and no dividends have been paid to date. As at 31 July 2007, £1.6 million of each company's funds had been invested in Qualifying Companies. Each company is, therefore, on schedule to reach the 70% qualifying target due by 31 January 2010 (*source: announcements made by the relevant company through a regulatory information service*).

Co-investment Policy

It is intended that the Companies will co-invest and divest with each other on identical terms in all material respects and investments will be made in proportion to their respective issued share capital following the completion of the Offers.

The Protected VCTs' only other formal co-investment relationships are with Downing Protected I – VII and Downing IHT Income Fund LLP. It has been agreed that allocations will be offered to each party in proportion to their respective funds available for investment, subject to (i) a priority being given to any of the VCTs in order to maintain their VCT status; and (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each VCT. The terms of the investments may differ between the parties, but all investments will be approved by the relevant board or designated members (in respect of the IHT fund). In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors and designated members (in respect of the IHT fund).

It is not intended that the Companies co-invest with Directors or members of the Management Team (including family members).

Directors

The Protected VCTs have identical Boards, comprising three Directors, all of whom are non-executive and independent of the Managers.

Hugh Gillespie (Chairman) (65) is non-executive chairman of Pennine AIM VCT plc, Downing Protected II - VII and a non-executive director of Burgess Group 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 (53) 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 is also a director of Downing Protected II - VII.

Christopher McCann (60) is a non-executive director of Downing Protected VI & VII and is on the board of two private businesses. He is a chartered accountant and was vice chairman of Bridgepoint Capital Limited (previously NatWest Equity Partners), where he worked from 1987 to 2002.

The Directors and the Management Team (including spouses) will be investing over £200,000 under the Offers on the same terms as Investors, which will bring the total invested by them in the Downing Protected VCTs to approximately £1.5 million.

Structure of the A Shares

To give effect to the Performance Incentive described below, Investors will subscribe for A Shares as follows:

For each £1 subscription for Shares, an Investor will receive one Ordinary Share and one A Share at the following Offer Price:

- 99.9p for each Ordinary Share; and
- 0.1p for each A Share.

Management have been conditionally allotted 7,500,000 A Shares in each Company, at a price of 0.1p each. These A Shares will be unconditionally allotted and issued to Management after 2,500,000 A Shares in each Company have been issued to Shareholders who are not connected to Management.

In the event that the Offers are fully subscribed, 22,500,000 A Shares will be issued, of which the 7,500,000 A Shares issued to Management will represent one-third of the total issued A Shares in each Company. In the event that the Offers are not fully subscribed, the proportion of Management's A Shares in excess of one-third of the issued A Share capital in each Company will be converted into worthless Deferred Shares. Therefore, after the close of the Offers, Management will own one-third of the issued A Share capital of each Company.

The holders of A Shares will be entitled to distributions equivalent to three times the Performance Incentive. Two-thirds of the distributions in respect of the A Shares will be allocated to Shareholders and one-third to Management, which will result in Management receiving the level of Performance Incentive described below.

Since the A Shares are VCT qualifying, income tax relief is available at 30% of the amount subscribed (provided the A Shares are held for at least five years) and all gains and distributions can be made free of tax. Further details of the terms of the A Shares are set out in Part III of this document.

Costs

Capital Raising Fees

Downing has agreed to underwrite all the costs of the Offers in return for an initial commission of 5.5% of the monies raised (i.e. 5.5p per Share), together with an annual commission of 0.25% per annum of the Net Assets. Out of these fees, Downing will be responsible for paying all the costs of the Offers including commission (as described under the paragraph headed "Commission" below) to authorised financial advisers. In the event that either Company's NAV is less than 94.5p per Share at the close of the Offers, Downing has agreed to rebate such amount of the commission payable to it as shall result in each Company's NAV being 94.5p per Share (disregarding any diminution in value of any investments, dividends paid and liabilities outside the ordinary course of business).

Annual Fees

The Managers will receive annual investment management fees of 1.35% of the Net Assets (including VAT, if applicable) of the relevant Company, together with an annual fee of up to £40,000 (plus VAT, if applicable, and RPI) per Company for administration services. In the event that Downing Protected IX is not capitalised, then the fee payable for administration services by Downing Protected VIII will be up to £60,000 (plus VAT, if applicable, and RPI). Downing will be paid a fee of £5,000 plus VAT, for advising each Company on its Fixed Income Securities. The Annual Running Costs of each Company will be capped at 2.9% (including irrecoverable VAT) of that Company's Net Assets (calculated on a semi-annual basis) and any excess will be paid by the relevant Manager, or refunded by way of a reduction in its fees. Annual Running Costs include, *inter alia*, Directors' fees, fees for audit and taxation advice, registrar's fees, costs of communicating with Shareholders, annual commission and the annual fees payable to the Managers and Downing, but not the Performance Incentive. Assuming full subscription, the Directors estimate that the Annual Running Costs of each Company will be approximately 2.6% of its Net Assets (including VAT) in the first accounting period (calculated on an annualised basis). Downing may receive arrangement fees (capped at 1% of the sums invested by the Protected VCTs, with any excess paid to the Protected VCTs) and monitoring fees (capped at £10,000 per annum in respect of each of the Protected VCTs' investments), from investee companies. Costs incurred on abortive investment proposals will be the responsibility of the Managers.

Performance Incentive

As is customary in the venture capital industry, Management will be entitled to receive a performance-related incentive based upon returns to Shareholders. The calculation of the incentive is based wholly on the payment of cash proceeds to Shareholders.

No Performance Incentive will be payable until Shareholders: (i) receive Shareholder 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).

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 of the relevant Company, 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.

Split of Total Proceeds

Subject to Shareholders receiving at least 100p per £1 invested and a 7% Compound Return, Total Proceeds will be distributed as follows:

Shareholders 97% of the first 100p of proceeds (per £1 invested) and 80% thereafter

Management 3% of the first 100p of proceeds (per £1 invested) and 20% thereafter

If the above distribution would result in Shareholders receiving less than 100p per £1 invested or lower than a 7% Compound Return, then the return to Management 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 per Company per annum and will only be payable if the Hurdle is achieved.

The table below illustrates the allocation of Total Proceeds between Shareholders and Management at five hypothetical levels of Shareholder Proceeds. **No forecast or projection is implied or should be inferred.**

Illustrative Allocation of Total Proceeds

Total Proceeds	Performance Incentive	Shareholder Proceeds ¹	Returns to Shareholders	
			Net Return ²	Gross Equivalent ³
Per £1 invested	Per £1 invested	Per £1 invested		
100p	0p	100p	6% p.a.	10% p.a.
110p	4p	106p	7% p.a.	12% p.a.
120p	7p	113p	8% p.a.	13% p.a.
130p	8p ⁴	122p	9% p.a.	16% p.a.
140p	8p ⁴	132p	11% p.a.	18% p.a.

¹ Shareholder Proceeds represent amounts paid by way of dividends or other distributions, share buy-backs, proceeds on a sale or liquidation of the relevant Company and any other value received by Shareholders in the relevant Company, but excludes receipt of any income tax relief on subscription.

² The Net Return is the internal rate of return based on an investment of 100p deemed to be made on 5 April 2008, 30p income tax relief deemed to be received seven months later on 5 November 2008 and either 100p, 106p, 113p, 122p or 132p of cash returned to Shareholders, comprising 70p on 31 July 2013 and the balance on 5 April 2015. This illustration has been simplified, to ease understanding, by showing the returns in the form of two payments over the life of the investment, whereas in practice the Shareholder Proceeds are likely to comprise a number of smaller payments over the same time periods.

³ The Gross Equivalent return is the annual return a higher rate taxpayer would have to earn from an alternative investment, which is subject to 40% tax, to achieve the Net Return. It is calculated as the Net Return divided by 0.6 (rounded to the nearest whole percentage).

⁴ The Performance Incentive is limited by the Cap (1.25% of Net Assets per annum).

Comparison of Costs with Typical Generalist VCTs

The effect of these arrangements is that the total of the management fee (1.35% per annum) and the maximum Performance Incentive (1.25% per annum) will be 2.6% of Net Assets (inclusive of any taxes) in each accounting period for each Company. This latter figure approximates to many generalist VCTs' management fees alone (typically 2.3% - 2.9% per annum including VAT).

The Performance Incentive could, therefore, be considered by Investors as equivalent to a deferred management fee, which is performance-related.

Other Information

Taxation and HM Revenue & Customs Approval

The Directors intend to conduct the affairs of the Protected VCTs so that they satisfy the conditions for approval as VCTs and that such approval will be maintained. HM Revenue & Customs has granted the Protected VCTs provisional approval under ITA. The Protected VCTs intend to comply with ITA and have retained PricewaterhouseCoopers LLP to advise them on VCT taxation matters.

The Offers and Minimum and Maximum Subscription

Ordinary Shares are being offered at 99.9p each and A Shares are being offered at 0.1p each. For each 100p subscribed by Investors and accepted by the Companies, Applicants will be allocated one Ordinary Share and one A Share. A maximum of 15 million Ordinary Shares and 15 million A Shares, which are being offered to the public, are being made available by each Company under the Offers. In the event that applications are received in excess of the maximum subscription under the Offers, the Directors and the Sponsor reserve the right to use their absolute discretion in the allocation of successful applications, giving priority to the earliest Applicants. Applicants are encouraged to submit their Application Forms early in order to be confident that their applications will be successful and to benefit from Additional Shares as explained on the inside cover of this document.

The minimum investment per Applicant is £5,000. The maximum investment, on which tax reliefs in VCTs are available, is £200,000 per Applicant in each of the 2007/08 and 2008/09 tax years. A husband and wife can each invest up to £200,000 in each of the 2007/08 and 2008/09 tax years. The subscription list for the Offers will open at 9 a.m. on 17 October 2007 and may close at any time thereafter, but in any event, not later than 1.00 p.m. on 5 April 2008 in the case of the 2007/08 Offer, and not later than 5.00 p.m. on 30 April 2008, unless fully subscribed earlier or previously extended by the Directors, in the case of the 2008/09 Offer. If applications for the minimum subscription of £1 million are not received by 1.00 p.m. on 5 April 2008, the Offers will be withdrawn. In the event that the minimum subscription is not reached, subscription monies will be returned to Investors within seven days of 5 April 2008, at their own risk, without interest. The Offers are not underwritten.

In the event that the aggregate subscription proceeds under the Offers are:

- i. between £1 million and £15 million, it is intended that the entire subscription proceeds will be applied to subscribe for Shares in Downing Protected VIII only;
- ii. in excess of £15 million, it is intended that the subscription proceeds will, so far as possible, be divided equally between the Protected VCTs.

The above intended application of the subscription proceeds is subject to the absolute discretion of the Directors at all times.

Shares will be allotted and issued in respect of valid applications on 5 April 2008 and on any other dates on which the Directors decide.

Application has been made to the UK Listing Authority on behalf of each Company for the Admission of up to 15,000,002 Ordinary Shares and up to 22,500,000 A Shares as follows:

	Ordinary Shares	A Shares
Subscriber shares	2	-
Under the Offers	15,000,000	15,000,000
Management A Shares	-	7,500,000
	15,000,002	22,500,000

Shares will be issued in registered form and be transferable in both certificated and uncertificated form and will rank for all dividends and other distributions declared, paid or made by the Company thereafter. It is anticipated that dealings in the Shares will commence by 10 December 2007. Dealings may not begin before notification of allotments is made. Revocation of the Offers cannot occur after dealings in the Shares have commenced. Each Company has applied for its Shares to be admitted to CREST and it is expected that the Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if Shareholders wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Share certificates (where applicable) and certificates to enable a claim for income tax relief to be made in respect of Shares will be posted to Shareholders within 30 days of each allotment. No notification will be made to successful applicants prior to despatch of definitive share certificates.

Prior to despatch of definitive share certificates (where applicable), transfers (if any) will be certified against the register. No temporary documents of title will be issued. CREST accounts will first be credited on the same day on which dealings in the Shares first commence. The Offers are not underwritten. As the initial costs of the Offers are fixed at 5.5% of the gross proceeds, the net proceeds of the Offers will be 94.5% of the amount subscribed per Share.

The result of the Offers will be announced to the London Stock Exchange through a regulatory information service provider authorised by the Financial Services Authority.

Borrowing Policy

The Companies are permitted to borrow up to 25% of their respective share subscriptions (net of share buybacks). These powers have been made available to provide flexibility, but the Boards have no current intention to borrow.

Commission

Authorised financial advisers will be paid an initial commission, usually at the rate of 2.5% of the gross amount subscribed, by Downing out of its capital raising fees, in respect of all accepted applications which bear the stamp of the relevant authorised financial adviser. Authorised financial advisers may agree to waive part or all of their commission. In such circumstances, an Investor's application will attract an additional allotment of Shares at no greater cost to the Company or the Investor and the commission waived will be used to satisfy the subscription price of such Shares.

Investment Policy

The Companies will not vary their investment policies, to any material extent, without the approval of Shareholders.

Availability of the Prospectus

Copies of the Prospectus relating to the Companies are available for inspection only during normal business hours on any weekday (public holidays excepted) at the UKLA's Document Viewing Facility, which is situated at the Financial Services Authority, 25 The North Colonnade, London E14 5HS until the Offers close and may be obtained, free of charge, from each Company's registered office, where they are also on display, and from:

Downing Corporate Finance Limited
Kings Scholars House
230 Vauxhall Bridge Road
London SW1V 1AU

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

Financial Calendar

Financial year end	31 December
Preliminary results announcement	April
Annual general meeting	May
Dividend paid	May
Interim results announcement	August

Part II – Taxation

VCTs: Summary of the Applicable Legislation in respect of Investors

1. Taxation of a VCT

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

2. Tax Reliefs for Individual Investors

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

Relief from income tax

An investor subscribing up to £200,000 in the 2007/08 tax year for eligible shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. Relief is restricted to the amount which reduces the Investor's income tax liability to nil. However, tax credits on dividends are notional and cannot be repaid and, therefore, Investors should take this into account when calculating the value of the income tax relief.

Dividend relief

An investor who subscribes for or acquires ordinary eligible shares in a VCT (up to a maximum of £200,000 in the 2007/08 tax year) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and consequently the Company does not assume responsibility for the withholding of tax at source. Dividends carry a tax credit at the rate of one-ninth of the net dividend which is not repayable and which cannot be utilised in any other way.

Capital gains tax relief

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

Loss of tax reliefs

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

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

The Ordinary Shares and A Shares are both eligible VCT shares for the purposes of this section.

3. Consequences of an Investor Dying or a Transfer of Shares between Spouses

- (i) *Initial income tax*
If an investor dies at any time after making an investment in a VCT, the transfer of shares on death is not treated as a disposal and, therefore, the initial income tax relief is not withdrawn. However, the shares will become part of the deceased's estate for inheritance tax purposes.
- (ii) *Tax implications for the beneficiary*
Provided a number of conditions are met, the beneficiary of any VCT shares will be entitled to tax-free dividends and will not pay capital gains tax on any disposal, but will not be entitled to any initial income tax relief.
- (iii) *Transfer of shares between spouses*
Transfers of shares in a VCT between spouses is not deemed to be a disposal and therefore all tax reliefs will be retained.

4. General

- (i) *Investors who are not resident in the UK*
Non-resident investors, or investors who may become non-resident, should seek their own professional advice as to the consequences of making an investment in the Company, as they may be subject to tax in other jurisdictions.
- (ii) *Stamp duty and stamp duty reserve tax*
No stamp duty or (unless shares in a VCT are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax will be payable on the issue of such shares. The transfer on the sale of shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within two months) stamp duty reserve tax generally, in each case at the rate of 50p for every £100 or part of £100 of the consideration paid. Such duties would be payable by a person who purchases such shares from the original subscriber.
- (iii) *Purchases in the market after listing*
Any subsequent purchaser of existing VCT shares, as opposed to a subscriber for new VCT shares, will not qualify for income tax relief on investment but may benefit from dividend relief and from capital gains tax relief on the disposal of his VCT shares.
- (iv) *The VCT Regulations 2004*
The VCT Regulations came into force on 17 October 2004. Under the VCT Regulations, monies raised by any further issue of shares by an existing VCT must be applied by that VCT for qualifying purposes. If any of the money raised (except for amounts which HM Revenue & Customs agrees are insignificant in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares then the funds may be deemed to not have been used for a qualifying purpose.

The above is only a summary of the tax position of individual investors in VCTs and is based on the Companies' understanding of current law and practice. Investors are recommended to consult a professional adviser as to the taxation consequences of their investing in a VCT. All tax reliefs referred to in this document are UK tax reliefs.

Part III – Information on the A Shares

Reasons for Issuing A Shares

The A Shares provide a Performance Incentive to Management and only pay out in the event that certain hurdles are achieved (see the paragraph headed "Performance Incentive" in Part I of this document for further information).

Allocation of Shareholders' Subscriptions

For each 100p subscribed by Investors and accepted by each Company, Applicants will be allocated:

- One Ordinary Share at a price of 99.9p each; AND
- One A Share at a price of 0.1p each.

In the case of fractional entitlements to A Shares, such amounts will be rounded down to the nearest whole number of A Shares, and for the avoidance of doubt fractions of A Shares will not be issued but will be consolidated and sold in the market for the benefit of the Company.

In the event of further issues of Ordinary Shares after the close of the Offers, Management will be entitled to subscribe for such number of further A Shares, such that they continue to hold one-third of the aggregate number of issued A Shares.

Both the Ordinary Shares and the A Shares will be Listed and should be VCT Qualifying.

Management's holding of A Shares

Before the launch of the Offers, 7,500,000 A Shares in each Company were conditionally allotted to Management, at a price of 0.1p each. These A Shares will be unconditionally allotted and issued to Management once 2,500,000 A Shares in each Company have been issued to Shareholders who are not connected to Management. In the event that the Offers are fully subscribed, 22,500,000 A Shares will be issued, of which the 7,500,000 A Shares issued to Management will represent one-third of the total issued A Shares in each Company. In the event that the Offers are not fully subscribed, the proportion of Management A Shares in excess of one-third of the entire issued A Share capital in each Company will be converted into worthless Deferred Shares. Therefore, after the close of the Offers, the Management A Shares will represent one-third of the issued A Share capital of each Company, irrespective of the amount raised under the Offers.

Distributions of Income and Capital

Distributions of income and returns of capital (whether by way of reduction of capital or otherwise) shall be made on the following basis to the holders of Ordinary Shares and A Shares:

- Provided that the Hurdle is met (i.e. Shareholders receive proceeds of at least 100% of the amount subscribed and a 7% Compound Return) distributions are made as to 91% to Ordinary Shares and 9% to A Shares (i.e. 3% in respect of the Management A Shares) until an amount equivalent to the total subscribed has been distributed; thereafter
- All distributions are allocated pro-rata to the number of shares held (i.e. 60% to the A Shares, including 20% in respect of the Management A Shares).

The above distributions to holders of A Shares are subject to the Hurdle being met and the Cap not being exceeded. Distributions will be to the holders of Ordinary Shares and the holders of A Shares in proportion to the amount subscribed for each class of Shares, until the Hurdle is met. Once the Hurdle is met, all distributions will be to the holders of A Shares until the above split of distributions is achieved (i.e. a catch-up). Once the Cap in the relevant years has been reached, then all distributions thereafter will be made to the holders of Ordinary Shares.

Part IV – Definitions

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

"A Shares"	A Shares of 0.1p each in the capital of either or both of Downing Protected VIII (ISIN: GB00B28C5629) and Downing Protected IX (ISIN: GB00B28C5512) (as applicable)
"Act"	Companies Act 1985 (as amended), or Companies Act 2006 (as applicable and as such provisions are in force from time to time)
"Additional Shares"	Shares issued, at no cost to the Applicant, by virtue of accepted Application Forms being received by set dates
"Admission"	admission of the Ordinary Shares and A Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities
"Annual Running Costs"	annual costs incurred by the relevant Company in the ordinary course of its business (including irrecoverable VAT but excluding any amount payable in respect of the Performance Incentive)
"Applicant"	Investor who subscribes for Shares pursuant to the Prospectus
"Application Form"	form of application for Shares under the Offers set out at the end of this document
"Articles"	Articles of Association of either or both of the Companies (as applicable)
"Cap"	limits the maximum Performance Incentive to an amount equivalent to 1.25% of Net Assets per annum, calculated on a semi-annual basis by reference to each Company's unaudited interim accounts and audited year end accounts. If, in any accounting period of the relevant Company, 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
"Combined Code"	The Combined Code on Corporate Governance (2006) issued by the Financial Reporting Council
"Company(ies)" or "Protected VCTs"	Downing Protected VIII and/or Downing Protected IX (as applicable)
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited
"CREST Regulations"	Uncertificated Securities Regulations 1995 (SI 1995/3272)
"Deferred Shares"	deferred shares of 0.1p each in the capital of the relevant Company which will be converted from A Shares in the Company in the circumstances described in Part III of this document and which will have no effective value
"Directors" or "Board"	Directors of the relevant Company
"Downing"	Downing Corporate Finance Limited, which is authorised and regulated by the Financial Services Authority
"Downing Protected VCTs"	Downing Protected I – IX, as applicable
"Downing Protected *"	Downing Protected VCT * plc, where * is any combination of I-IX, as applicable
"Fixed Income Securities"	investments made by the Company which do not comprise Qualifying Investments, such as bank deposits, loan stock, bonds, preference shares and other debt instruments
"FSA"	Financial Services Authority
"Group"	Companies and the Managers
"Hurdle"	achievement calculated on a per Share basis of (a) a Compound Return of at least 7% per annum and (b) the payment of Shareholder Proceeds of over 100% of the gross amount subscribed to the relevant Company under the Offers
"Investor"	subscriber of the Shares under the Offers
"ITA"	Income Tax Act 2007
"Listed"	admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities
"London Stock Exchange"	London Stock Exchange plc
"Management"	Management Team and other individuals engaged in the business of the Companies, the Managers and/or Downing
"Management A Shares"	up to 7,500,000 A Shares in each Company to be issued to Management
"Management Team"	Paul Beaumont, Colin Corbally, Nicholas Lewis, Tony McGing, David Megginson and Grant Whitehouse
"Manager"	in the case of Downing Protected VIII, Downing Protected Managers VIII Limited, a wholly owned subsidiary of Downing Protected VIII and, in the case of Downing Protected IX, Downing Protected Managers IX Limited, a wholly owned subsidiary of Downing Protected IX

"Minimum Net Proceeds"	minimum subscription under the Offers, being £1 million
"ML Regulations"	Money Laundering Regulations 2003
"NAV" or "Net Asset Value"	net asset value per share
"Net Assets"	gross assets less all liabilities (excluding contingent liabilities) of the relevant Company
"Net Return" or "Compound Return"	internal rate of return, calculated from the date of the last allotment of Shares under the Offers, on the cash flows arising in respect of the gross amount subscribed for Shares, the deemed receipt of 30% of such amounts representing income tax relief thereon seven months later and the receipt of any Shareholder Proceeds. These cash flows will be calculated on a daily basis and annualised and are in respect of Shares issued in the relevant Company
"Offer Agreement"	agreement dated 17 October 2007 between the Companies (1), the Directors (2), the Sponsor (3) and Downing (4), a summary of which is set out in paragraph 5(a) of Part III of the Registration Document
"Offer Price"	100p per Share
"Offers"	together the 2007/08 Offer and the 2008/09 Offer being offers for subscription of up to, in aggregate, 30,000,000 Ordinary Shares and 30,000,000 A Shares
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	Ordinary Shares of 0.1p each in the capital of either or both of Downing Protected VIII (ISIN: GB00B28C4Y36) and Downing Protected IX (ISIN: GB00B28C4Z43) (as applicable)
"Performance Incentive"	performance-related incentive payable to Management in the event that the Hurdle is achieved, represented by the profit on the Management A Shares as described in this document under the section headed "Costs"
"Property Loans"	non-VCT qualifying loans proposed to be made by the Protected VCTs which will be secured on property
"Prospectus"	this document, the Registration Document and the Summary which together describe the Offers in full
"Prospectus Rules"	Prospectus Rules issued by the Financial Services Authority and made under Part IV of the Financial Services and Markets Act 2000
"Qualifying Companies"	unquoted companies carrying on qualifying trades wholly or mainly in the United Kingdom and which satisfy certain other conditions as defined in Chapter 4 Part 6 ITA
"Qualifying Investment"	investment in an unquoted trading company, which comprises a qualifying holding for a VCT as defined in Chapter 4 Part 6 ITA
"Registrar"	Capita Registrars Limited
"Registration Document"	document which has been prepared in accordance with the Prospectus Rules in connection with the Offers
"RPI"	Retail Prices Index
"Securities Note"	this document which has been prepared in accordance with the Prospectus Rules in connection with the Offers
"Shareholder Proceeds"	amounts paid by way of dividends or other distributions, share buy-backs, proceeds on a sale or liquidation of the relevant Company and any other proceeds or value received, or deemed to be received, by Shareholders in the relevant Company, excluding any income tax relief on subscription holders of Shares
"Shareholders"	Ordinary Share(s) and/or A Share(s) (excluding Management A Shares)
"Share(s)"	
"Sponsor"	Howard Kennedy
"Summary"	summary of the Offers prepared in accordance with the Prospectus Rules
"Total Proceeds"	Shareholder Proceeds together with the Performance Incentive
"Total Return"	NAV together with cumulative dividends paid or proposed including tax credits where reclaimable
"UK Listing Authority"	Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"VCT"	company approved as a venture capital trust under Section 274 ITA
"VCT Regulations"	The Venture Capital Trust (Winding Up and Mergers) (Tax) Regulations 2004

Part V – Additional Information

1. The Companies

Downing Protected VCT VIII plc and Downing Protected VCT IX plc were each incorporated in England and Wales as public companies with limited liability on 17 September 2007 with registered numbers 06372899 and 06372969 respectively. The principle legislation under which the Companies operate and under which the Ordinary Shares and A Shares have been created is the Act and regulations made thereunder.

2. Articles of Association

The Articles contain the following provisions relating to each Company's share capital:

(a) Variation of Rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act (as amended) and every other statute for the time being in force concerning companies and affecting the Company ("the Statutes"), be varied or abrogated in respect of the whole or any part of that class either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (but so that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum).

(b) Alteration of Share Capital

The Company may from time to time by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; and
- (iii) cancel any shares which have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the nominal amount of the shares so cancelled.

Subject to the provisions of the Statutes, each Company may by special resolution:

- (i) purchase any of its own shares (including any redeemable shares);
- (ii) reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner; or
- (iii) sub-divide its shares, or any of them, into shares of a smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes) and by the same resolution may confer special rights on any of the shares resulting from the sub-division.

(c) Issue of Shares

The provisions of Section 89(1) of the Act (which, to the extent not disapplied pursuant to Section 95 of the Act, confer on Shareholders' rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of the Company, except to the extent disapplied by the Company in general meeting. Subject to the provisions of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

(d) Transfer of Shares

The shares are in registered form and are freely transferable. All transfers of shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of a share shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid share, provided that such refusal does not prevent dealings taking place on an open and proper basis, and may also refuse to register any instrument of transfer unless:

- (i) it is duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer,
 - (ii) it is in respect of only one class of share;
 - (iii) the transferees do not exceed four in number; and
 - (iv) it does not relate to any shares in respect of which the Company has a lien.
- ### (e) Voting Rights of Ordinary Shares
- Subject to any disenfranchisement as provided in the Articles and subject to any special terms as to voting on which any shares may be issued, on a show of hands every member present in person (or, being a corporation present by a duly authorised representative) shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every share of which he is the holder.
- ### (f) Voting Rights of A Shares
- The holders of A Shares shall not be entitled to vote at any meeting, save where the resolution put to the meeting of Shareholders is to amend any provision of the Articles relating to the rights of the A Shares or where a takeover offer has been made and remains open for acceptance.
- ### (g) Redesignation of A Shares to Deferred Shares
- On the final closing date of the Offers, any Management A Shares in excess of one-third of the total number of issued A Shares will be converted into and redesignated as Deferred Shares pro rata to each holder's respective holdings of A Shares. The Deferred Shares shall entitle the holders thereof to the following rights (subject to the following restrictions) in relation to their Deferred Shares:
- (i) as regards dividends, the holders of Deferred Shares shall not be entitled to any dividends or other distributions in respect of their holding of such shares;
 - (ii) as regards capital, on a return of assets on a liquidation, reduction of capital or otherwise, the holders of the Deferred Shares shall be entitled in respect of such shares to the nominal value in respect of such shares after the holders of the Ordinary Shares and A Shares shall have received £1,000,000 in respect of each such share held by them;
 - (iii) as regards voting, the holders of Deferred Shares shall not be entitled to receive notice of and attend general meetings and not be entitled to vote at such meetings in respect of such shares; and
 - (iv) the Deferred Shares shall be redeemable by the Company at any time and on their redemption the holders thereof shall, subject to the provisions of the Act, be paid, in aggregate, 0.1p in respect of all Deferred Shares then in issue. The holders of the Deferred Shares shall promptly take all actions required by the Company in relation to, or otherwise in connection with, any such redemption including, without prejudice to the generality of the foregoing, the delivery of all share certificates in respect of such Deferred Shares to such person and at such time as directed by the Company.
- ### (h) There are no redemption provisions affecting the Shares.
- (i) Rights attaching to the redeemable preference shares
Each of the Redeemable Shares carries the right to a fixed dividend of 0.1% per annum, but confers no right to vote except as otherwise agreed by the holders of a majority of the Ordinary Shares. On a winding-up the Redeemable Shares confer the right to be paid the nominal amount paid upon such shares. The Redeemable Shares are redeemable at any time by the Company. Each Redeemable Share which is redeemed shall, thereafter, be

redesignated as, and sub-divided into, 1,000 Ordinary Shares in the authorised, but unissued, capital of the Company without any further resolution or consent.

(j) Dividends

The Company may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a share shall bear interest as against the Company. There are no fixed dates on which entitlement to a dividend arises. All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company. Notwithstanding the above provisions, the profits of the Company available for dividends and resolved to be distributed and any other distributions and reductions of share capital shall be applied in accordance with the respective rights of the Ordinary and A Shares as set out in Part III of this document.

(k) Distribution of assets on liquidation

On a winding-up of the Company any surplus assets will be divided amongst the holders of the shares in accordance with the respective rights of the Ordinary Shares and A Shares as set out in Part III of this document. The Articles provide that the liquidator may, with the sanction of a special resolution and any other sanction required by the Act, divide amongst the members *in specie* the whole or any part of the assets of the Company in such manner as he may determine.

3. Overseas Investors

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

4. Working Capital of each Company

Downing Protected VIII is of the opinion that, after taking into account the Minimum Net Proceeds of the Offers, it has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this document.

Downing Protected IX is of the opinion that, after taking into account the Minimum Net Proceeds of the Offers, it has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this document.

If applications for the Minimum Net Proceeds of £1 million are not received by 1.00pm on 5 April 2008, the Offers will be withdrawn.

5. Capitalisation and Indebtedness

As at the date of this document, each Company has:

(a) no current debt and no non-current debt; (b) Shareholders' equity of £50,000 comprising 50,000 redeemable preference shares of £1 each (one-quarter paid up) and 2 ordinary shares of 0.1p each; and (c) no legal or other reserves

6. Information Sourced from Third Parties

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

7. Resolutions

By resolutions passed by each Company on 9 October 2007:

- (a) the Directors were generally and unconditionally authorised in accordance with Section 80 of the Act to allot shares up to a maximum nominal amount of £41,250; this authority to expire at the end of the period of five years from the date of passing of the resolution (unless previously revoked, varied or extended by the Company in general meeting) but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority;
- (b) the Directors were empowered pursuant to Section 95 of the Act to allot or make offers or agreements to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority referred to in paragraph 7(i) above as if Section 89(1) of the Act did not apply to any such allotment during the period of such authority. This power is limited to:
- (i) the allotment of up to 15,000,000 Ordinary Shares and up to 15,000,000 A Shares pursuant to the Offers;
- (ii) the allotment of up to 7,500,000 Management A Shares;
- (iii) the allotment of equity securities pursuant to an offer of securities by way of rights issue; and
- (iv) otherwise than pursuant to sub-paragraphs (a) or (b) above, the allotment of equity securities up to an aggregate nominal amount of 10% of the issued Ordinary Share and A Share capital of the Company from time to time; such authority to replace all existing authorities given to the Directors pursuant to the said section 95;
- (c) each Company was generally and unconditionally authorised pursuant to Section 166 of the Act to make one or more market purchases of its Ordinary Shares and A Shares which authority is limited to 14.99% of the issued share capital of each class of shares in each Company from time to time. The price paid must not be less than 0.1p per Ordinary Share or 0.1p per A Share nor more than an amount equal to 105% of the average of the middle market prices of the relevant Shares shown in the quotations for the relevant share in the London Stock Exchange Daily Official List for the ten business days immediately preceding the date on which the share is contracted to be purchased. The authority, unless renewed or revoked prior to such time, expires on the later of 15 months from the passing of the written resolution or the conclusion of each Company's first Annual General Meeting; and
- (d) it was resolved that the sum standing to the credit of the share premium account of each Company following the final closing date of the Offers be cancelled.

8. Material Interests

The Managers will each be paid an annual investment management fee of 1.35% of the Net Assets of the relevant company. In line with normal VCT practice, Management will be entitled to receive a Performance Incentive, of up to 1.25% of Net Assets per annum. Further details of these arrangements are set out in paragraph 5 of Part III of the Registration Document and in Part III of this document.

9. Results of the Offers

The results of the Offers will be announced through a regulatory information service provider.

Part VI – Terms and Conditions of Application

1. In these Terms and Conditions of Application, the expression "Prospectus" means this document, the Registration Document and the Summary, each dated 17 October 2007. The expression "Application Form" means the application form for use in accordance with these Terms and Conditions of Application. The expression "the Company" when used in this Part VI means the relevant Company to which your Application Form is deemed to relate. Save where the content requires otherwise, the terms used in the Application Form bear the same meaning as in the Prospectus.
2. The right is reserved to reject any application or to accept any application in part only. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Shares than the number applied for, or if in any other circumstances there is an excess payment in relation to an application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the Applicant. In the meantime application monies will be retained in the Company's account with Bank of Scotland.
3. You may pay for your application for Shares by cheque or bankers' draft submitted with the Application Form.
4. The contract created by the acceptance of applications in respect of the first allotment of Shares under the Offers will be conditional on:
 - (a) duly completed Application Forms and appropriate payments being received in respect of at least 1 million Shares in Downing Protected VCT VIII by no later than 1:00 p.m. on 5 April 2008; and
 - (b) Admission of the Ordinary Shares (in respect of such first allotment of Shares) being granted not later than 5:00 p.m. on 30 April 2008.
5. By completing and delivering an Application Form, you:
 - (a) offer to subscribe for the number of Shares specified on your Application Form or any smaller number for which such application is accepted at the Offer Price per Share subject to the Prospectus, these Terms and Conditions of Application, the Memorandum of Association of the Company and its Articles;
 - (b) acknowledge that, subject to any adjustment for Additional Shares and IFA commission waived as extra shares, if your subscription is accepted, you will be allocated one Ordinary Share (price 99.9p per share) and one A Share (price 0.1p per share) for each 100p invested;
 - (c) authorise your financial adviser, or whoever he or she may direct, the Registrar or the Company to send a document of title for, or credit your CREST account in respect of, the number of Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - (d) in consideration of the Company agreeing that it will not, prior to the Offers closing, offer any Shares for subscription to any persons other than as set out in the Prospectus, agree that your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery of your duly completed Application Form to the Company or to your financial adviser;
 - (e) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive share certificates for the Shares applied for or to enjoy or receive any rights or distributions in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such Shares as void and may allot such Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Shares (other than return of such late payment at your risk and without interest);
 - (f) agree that all cheques and bankers' drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;
 - (g) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Sponsor) to ensure compliance with the ML Regulations;
 - (h) agree that, in respect of those Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by the Company instructing Downing or the Registrar to enter your name on the share register;
 - (i) agree that all documents in connection with the Offers and any returned monies will be sent at your risk and may be sent to you at your address as set out in the Application Form;
 - (j) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations including the risk factors contained therein;
 - (k) confirm that (save for advice received from your financial adviser) in making such application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
 - (l) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offers shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (m) irrevocably authorise the Company, the Registrar or Downing or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representatives of the Company, the Registrar or Downing to execute any documents required therefore and to enter your name on the register of members of the Company;
 - (n) agree to provide the Company with any information which it may request in connection with your application or to comply with the VCT Regulations or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
 - (o) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Downing or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offers or your application;
 - (p) confirm that you have read and complied with paragraph 6 below;
 - (q) confirm that you have reviewed the restrictions contained in paragraph 7 below;
 - (r) warrant that you are not under the age of 18 years;
 - (s) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Company, Downing or the Sponsor or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;

- (t) agree that Downing and the Sponsor are acting for each Company in connection with the Offers and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Shares or concerning the suitability of Shares for you or be responsible to you for the protections afforded to their customers;
- (u) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (v) warrant that you are not subscribing for the Shares using a loan which would not have been given to you or any associate, or not given to you on such favourable terms, if you had not been proposing to subscribe for the Shares;
- (w) warrant that the Shares are being acquired by you for *bona fide* investment purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT legislation is not of itself tax avoidance;
- (x) warrant that you are not a "US person" as defined in the United States Securities Act of 1933 (as amended) nor a resident of Canada and that you are not applying for any Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US person or resident of Canada;
- (y) warrant that the information contained in the Application Form is accurate; and
- (z) agree that if you request that Shares are issued to you on dates other than 5 April 2008 or 30 April 2008 and such Shares are not issued on such date that the relevant Company and its agents and Directors will have no liability to you arising from the issue of such Shares on a different date.
6. No person receiving a copy of the Prospectus, or an Application Form, in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any of the formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
7. The Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Manager will not be registered under the United States Investment Adviser Act of 1940 (as amended). No application will be accepted if it bears an address in the USA.
8. This application is addressed to the Company and the Sponsor. The rights and remedies of the Company and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
9. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company with the agreement of the Sponsor.
10. Authorised financial advisers who, acting on behalf of their clients, return valid Application Forms bearing their stamp and Financial Services Authority number will be entitled to commission on the amount payable in respect of the Shares allocated for each such Application Form at the rates specified in the paragraph headed "Commission" in Part I of this document. Authorised financial advisers may agree to waive part or all of their initial commission in respect of an application. If this is the case, then such application will be treated as an application to apply for the number of Shares stated in box number 2 of the Application Form together with a number of additional Shares equivalent to the amount of commission waived at £1.00 per Share, which waived commission will be applied in subscription for such Shares. Downing or the Registrar is authorised to amend such box number 2 to include any such additional Shares. Financial advisers should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.
11. The section headed Notes on Application Form forms part of these Terms and Conditions of Application.
12. It is a condition of the Offers to ensure compliance with the ML Regulations. Downing is therefore entitled to require, at its absolute discretion, verification of identity from any Applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or bankers' draft drawn on an account in the name of a person or persons other than the Applicant or (ii) appears to Downing to be acting on behalf of some other person. Pending the provision of evidence satisfactory to Downing as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, Downing may, in its absolute discretion, retain an Application Form lodged by an Applicant and/or the cheque or other remittance relating thereto and/or the Registrar may not enter the Applicant on the register of members or issue any share certificates in respect of such application. If verification of identity is required, this may result in delay in dealing with an application and in rejection of the application. The Company reserves the right, in its absolute discretion, for it or Downing to reject any application in respect of which Downing considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the Applicant to provide promptly to Downing such information as may be specified by it as being required for the purpose of the ML Regulations.
13. The right is also reserved to treat as valid and binding any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Notes on Application Form. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed in some other manner acceptable to the Company to apply in accordance with these Terms and Conditions of Application.



Please pin or staple your cheque here

DOWNING PROTECTED VCT VIII PLC DOWNING PROTECTED VCT IX PLC Application Form

Reservation Number (if applicable)

Make your cheque or bankers' draft out to "Downing Protected VCT VIII plc" and crossed "A/C Payee only" and return this form as soon as possible to Downing Corporate Finance Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU.

1

Title and Name in Full
Permanent Address

Postcode	Daytime Tel
E-Mail Address	
Date of Birth (day/month/year)	National Insurance No.

2

I am applying for:

2007/08 Offer (income tax year 2007/08)

 Shares

A

2008/09 Offer (income tax year 2008/09)

 Shares

B

TOTAL (A + B)

 Shares

C

Or such lesser sum for which this application may be accepted on the Terms and Conditions of Application set out in Part VI of this document dated 17 October 2007. Please send me a certificate(s) confirming my entitlement to venture capital trust tax reliefs.

3

The total amount I am paying for the Shares is (at £1 per Share)

£ Min £5,000

BY SIGNING THIS FORM I HEREBY DECLARE THAT: (i) I have had an opportunity to receive the Prospectus dated 17 October 2007 and to read the terms and conditions of application therein; (ii) I will be the beneficial owner of the Shares in Downing Protected VCT VIII plc or Downing Protected VCT IX plc issued to me pursuant to the Offers; (iii) to the best of my knowledge and belief, the particulars I have given to Downing Protected VCT VIII plc and Downing Protected VCT IX plc are correct; and (iv) I acknowledge that my application for Shares will be allocated in the manner described under the heading "The Offers and Minimum and Maximum Subscription" in Part I of this document.

4

Please tick this box if you would like to receive progress updates from the Protected VCTs by email (approximately one email every two months)

HM Revenue & Customs may inspect this application form. It is a serious offence to make a false declaration.

5

Signature

Date

For Official Use Only

Less than £9,000	<input type="checkbox"/>
Personal Cheque	<input type="checkbox"/>
Letter of Introduction	<input type="checkbox"/>
List A <input type="checkbox"/>	List B <input type="checkbox"/>
Money Laundering Officer	<input type="checkbox"/>

DATA PROTECTION ACT

The Companies and/or Downing may use the information you give for administration, research and/or statistical purposes. Your details may be used by the Companies and/or Downing (but will not be sold to third parties) to send you information on other potential investment opportunities (maximum six communications per annum). If you would prefer not to receive such information, please tick this box.

Authorised financial advisers should stamp and complete this box

Firm Name
Contact Name
FSA No.
Address
Postcode
Tel
E-Mail Address

Initial commission waived as extra shares (number of shares)

Due completion of the agent's box indicates that the agent is duly authorised to transact investments of this type under the Financial Services and Markets Act 2000.



Notes on Application Form

Before making an application to acquire Shares you are strongly recommended to consult an appropriate financial adviser authorised under the Financial Services and Markets Act 2000. It is essential that you complete all parts of the Application Form in accordance with the instructions in these notes. Please send the completed Application Form, together with your cheque or bankers' draft by post, or deliver it by hand, to Downing Corporate Finance Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU. If you have any questions on how to complete the Application Form please contact Downing Corporate Finance Limited on 020 7416 7780 or your financial adviser.

The following notes should be read in conjunction with the Application Form and the Terms and Conditions of Application.

1

Insert in Box 1 in BLOCK CAPITALS your full name, permanent address, daytime telephone number, date of birth, National Insurance Number and, if you have one, your email address. Joint applications are not permitted.

2

Insert (in figures) the number of Shares you are applying for in the 2007/08 Offer in Box A (state nil if appropriate). Insert (in figures) the number of Shares you are applying for in the 2008/09 Offer in Box B (state nil if appropriate). You may post-date your cheque to 6 April 2008 in respect of the sum in Box B. Insert (in figures) the total of Boxes A and B in Box C. Your application must be for a minimum of 5,000 Shares.

3

Insert (in figures) in Box 3 the amount you wish to invest under the Offers (which is equivalent to the same number of Shares at £1 per Share). For each £1 invested you will be allocated one Ordinary Share at a price of 99.9p and one A Share at a price of 0.1p. The share subscriptions will be adjusted to reflect any commission waived (by agents) as extra shares or Additional Shares issued for early subscriptions.

Please note that the minimum investment is £5,000. The maximum investment, on which tax reliefs on investments in VCTs are available, is £200,000 in each of the 2007/08 and 2008/09 tax years.

Attach your cheque or bankers' draft to the Application Form for the exact amount shown in Box 3. Your cheque or bankers' draft must be made payable to "**Downing Protected VCT VIII plc**" and crossed "**A/C Payee only**". Your payment must relate solely to this application. No receipt will be issued.

Money Laundering Regulations 2003 – Important note for applications of £9,000 or more

If the value of the shares applied for is £9,000 or more (or is one of a series of linked applications, the value of which exceeds that amount) payment should be made by means of a cheque drawn on an account in the name of the Applicant. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or bankers' draft, you should write the name, address and date of birth of the Applicant on the back of the cheque or bankers' draft and:

- (a) if a building society cheque or bankers' draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited; or
- (b) if a cheque is drawn by a third party, you must ensure that one item from each of List A and List B (see below) is enclosed with the form.

Alternatively, verification of the Applicant's identity may be provided by means of a "Letter of Introduction" in the prescribed form from a UK or European Economic Area financial institution (such as a bank or stockbroker) or other regulated person (such as a solicitor, accountant or appropriate financial adviser) who is required to comply with the ML Regulations. The relevant financial institution or regulated person will be familiar with the requirements and the relevant form.

For Applications of £9,000 or more and subscription by way of a cheque drawn by a third party (one item from List A AND one item from List B)

List A (Verification of Identity)

Current signed passport
Current UK Driving Licence
HM Revenue and Customs Tax Notification
Firearms Certificate

List B (Verification of Address)

Recent* utility bill (but not a mobile telephone bill)
Recent* local authority tax bill
Recent* bank or building society statement
Recent* mortgage statement from a recognised lender

Please send original (not passport or driving licence) or certified copies of the documents. Certified as a true copy of the original by a UK lawyer, banker, authorised financial intermediary (e.g. financial adviser or an FSA authorised mortgage broker), accountant, teacher, doctor, minister of religion, postmaster or sub-postmaster. The person certifying the document should state that the copy is a true copy of the original, print their name, address, telephone number and profession and sign and date the copy.

*"Recent" means within the last three months.

No Money Laundering verification is required to be enclosed if the application is for less than £9,000 or if payment is by means of a cheque drawn on an account in the name of the Applicant (provided that (a) the cheque includes details of the Applicant's bank account or building society account (as applicable) and (b) the cheque is drawn on a UK or European Union authorised bank or credit institution). Please note, however, that Downing may, in its absolute discretion, require Money Laundering verification and that Money Laundering verification will be required by introducing financial advisers.

4

Please tick this box if you would like to receive email updates from the Protected VCTs, approximately one email every two months.

5

Read the declaration and sign and date the Application Form in Box 5. If someone other than the Applicant named in Box 1 signs on such Applicant's behalf, such signatory must ensure that the declaration given on behalf of such Applicant is correct.

Agents who are entitled to receive commission should stamp and complete the agent's box, giving their full name and address, telephone number and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold payment of commission if the Company is not, at its sole discretion, satisfied that the agent is so authorised.

Receipt of applications will be acknowledged only by email to both Applicants and their Advisers.



Please pin or staple your cheque here

DOWNING PROTECTED VCT VIII PLC DOWNING PROTECTED VCT IX PLC Application Form

Reservation Number
(if applicable)

Make your cheque or bankers' draft out to "Downing Protected VCT VIII plc" and crossed "A/C Payee only" and return this form as soon as possible to Downing Corporate Finance Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU.

1

Title and Name in Full
Permanent Address

Postcode	Daytime Tel
E-Mail Address	
Date of Birth (day/month/year)	National Insurance No.

2

I am applying for:

2007/08 Offer
(income tax year 2007/08)

 Shares

A

2008/09 Offer
(income tax year 2008/09)

 Shares

B

TOTAL (A + B)

 Shares

C

Or such lesser sum for which this application may be accepted on the Terms and Conditions of Application set out in Part VI of this document dated 17 October 2007. Please send me a certificate(s) confirming my entitlement to venture capital trust tax reliefs.

3

The total amount I am paying for the Shares is
(at £1 per Share)

£ Min £5,000

BY SIGNING THIS FORM I HEREBY DECLARE THAT: (i) I have had an opportunity to receive the Prospectus dated 17 October 2007 and to read the terms and conditions of application therein; (ii) I will be the beneficial owner of the Shares in Downing Protected VCT VIII plc or Downing Protected VCT IX plc issued to me pursuant to the Offers; (iii) to the best of my knowledge and belief, the particulars I have given to Downing Protected VCT VIII plc and Downing Protected VCT IX plc are correct; and (iv) I acknowledge that my application for Shares will be allocated in the manner described under the heading "The Offers and Minimum and Maximum Subscription" in Part I of this document.

4

Please tick this box if you would like to receive progress updates from the Protected VCTs by email (approximately one email every two months)

HM Revenue & Customs may inspect this application form. It is a serious offence to make a false declaration.

5

Signature

Date

For Official Use Only

Less than £9,000	<input type="checkbox"/>
Personal Cheque	<input type="checkbox"/>
Letter of Introduction	<input type="checkbox"/>
List A <input type="checkbox"/>	List B <input type="checkbox"/>
Money Laundering Officer	<input type="checkbox"/>

DATA PROTECTION ACT

The Companies and/or Downing may use the information you give for administration, research and/or statistical purposes. Your details may be used by the Companies and/or Downing (but will not be sold to third parties) to send you information on other potential investment opportunities (maximum six communications per annum). If you would prefer not to receive such information, please tick this box.

Authorised financial advisers should stamp and complete this box

Firm Name
Contact Name
FSA No.
Address
Postcode
Tel
E-Mail Address

Initial commission waived as extra shares (number of shares)

Due completion of the agent's box indicates that the agent is duly authorised to transact investments of this type under the Financial Services and Markets Act 2000.



Notes on Application Form

Before making an application to acquire Shares you are strongly recommended to consult an appropriate financial adviser authorised under the Financial Services and Markets Act 2000. It is essential that you complete all parts of the Application Form in accordance with the instructions in these notes. Please send the completed Application Form, together with your cheque or bankers' draft by post, or deliver it by hand, to Downing Corporate Finance Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU. If you have any questions on how to complete the Application Form please contact Downing Corporate Finance Limited on 020 7416 7780 or your financial adviser.

The following notes should be read in conjunction with the Application Form and the Terms and Conditions of Application.

1

Insert in Box 1 in BLOCK CAPITALS your full name, permanent address, daytime telephone number, date of birth, National Insurance Number and, if you have one, your email address. Joint applications are not permitted.

2

Insert (in figures) the number of Shares you are applying for in the 2007/08 Offer in Box A (state nil if appropriate). Insert (in figures) the number of Shares you are applying for in the 2008/09 Offer in Box B (state nil if appropriate). You may post-date your cheque to 6 April 2008 in respect of the sum in Box B. Insert (in figures) the total of Boxes A and B in Box C. Your application must be for a minimum of 5,000 Shares.

3

Insert (in figures) in Box 3 the amount you wish to invest under the Offers (which is equivalent to the same number of Shares at £1 per Share). For each £1 invested you will be allocated one Ordinary Share at a price of 99.9p and one A Share at a price of 0.1p. The share subscriptions will be adjusted to reflect any commission waived (by agents) as extra shares or Additional Shares issued for early subscriptions.

Please note that the minimum investment is £5,000. The maximum investment, on which tax reliefs on investments in VCTs are available, is £200,000 in each of the 2007/08 and 2008/09 tax years.

Attach your cheque or bankers' draft to the Application Form for the exact amount shown in Box 3. Your cheque or bankers' draft must be made payable to "**Downing Protected VCT VIII plc**" and crossed "**A/C Payee only**". Your payment must relate solely to this application. No receipt will be issued.

Money Laundering Regulations 2003 – Important note for applications of £9,000 or more

If the value of the shares applied for is £9,000 or more (or is one of a series of linked applications, the value of which exceeds that amount) payment should be made by means of a cheque drawn on an account in the name of the Applicant. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or bankers' draft, you should write the name, address and date of birth of the Applicant on the back of the cheque or bankers' draft and:

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