

# Ventus 2 VCT plc

## Interim Update

1 July 2015

### Key Information

	Ordinary Shares	C Shares	D Shares
Net asset value as at 28 February 2015	£18.5m	£13.9m	£1.9m
Net asset value per share as at 28 February 2015	75.8p	123.3p	94.2p
Mid-market share price as at market close on 30 June 2015	61.0p	96.0p	100.0p
Cumulative dividends per share paid to date	22.2p	13.0p	-
Total Return per share (NAV plus cumulative dividends paid)	98.0	136.3	94.2

#### Target dividend per share for year ending 29 February 2016:

Tax-free dividend *	5.25p	8.0p	5.0p
Equivalent pre-tax dividend to Higher Rate taxpayer **	7.0p	10.7p	6.7p
Equivalent pre-tax dividend to Additional Rate taxpayer **	7.6p	11.5p	7.2p

#### Target dividend yield for year ending 29 February 2016 based on mid-market share price as at market close on 30 June 2015:

After tax	8.6%	8.3%	5.0%
Equivalent pre-tax dividend to Higher Rate taxpayer	11.5%	11.1%	6.7%
Equivalent pre-tax dividend to Additional Rate taxpayer	12.4%	12.0%	7.2%

### Investment Objective

Ventus 2 VCT plc ("the Company") aims to provide stable tax-free dividends to shareholders through the ownership of renewable energy generating assets such as wind farms and hydroelectricity and landfill gas projects.

\* Dividend targets are intentions only. No forecasts are intended or should be inferred. For eligible VCT investors (i.e., UK Residents aged over 18 years), there is no liability to tax on dividends and no Capital Gains Tax on realised gains. An investment limit of £200,000 per person per tax year applies.

\*\* Higher Rate taxpayers pay tax on dividends, net of the dividend tax credit, at the rate of 25%. Additional Rate taxpayers (taxable income in excess of £150,000) pay tax on dividends, net of the dividend tax credit, at the rate of 30.56%.

### Highlights

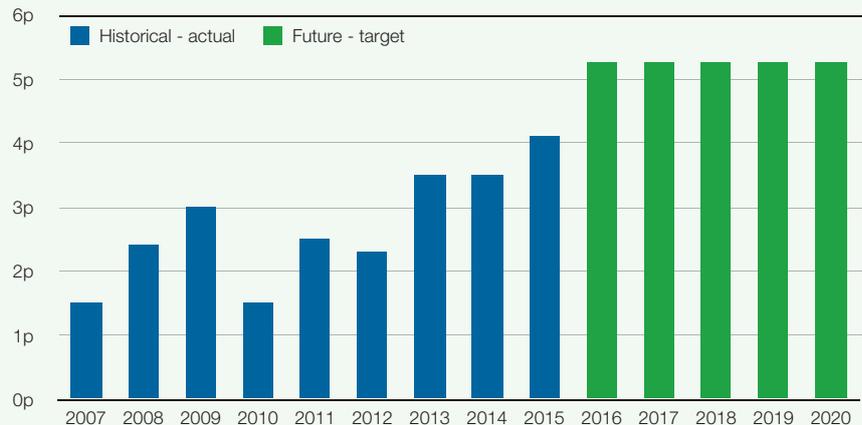
- > Operational wind, hydro and landfill gas assets are performing in line with the investment manager's expectations.
- > The investment manager is working actively to increase the value of the Company's portfolio through improvements in the operations of underlying assets and, when possible, the optimisation of the financial structure of investee companies.
- > The wind turbines have been erected at the 10.25 megawatt site at Upper Holton Airfield in Suffolk (Bernard Matthews Green Energy Halesworth Limited). The blades are scheduled to be installed and generation is expected to commence in July 2015.
- > Construction continues on the hydro projects being constructed by Darroch Power Limited and Upper Falloch Power Limited. The projects, located on Glenfalloch Estate near Loch Lomond, are scheduled for completion by November 2015.

# Ordinary Shares: Dividends, Net Asset Value and Portfolio Sensitivities

## Annual Dividends Declared per Ordinary Share

(year ended 28 February)

The chart on the right shows historical annual dividends of the ordinary shares, as well as target dividends for the next five years.\*

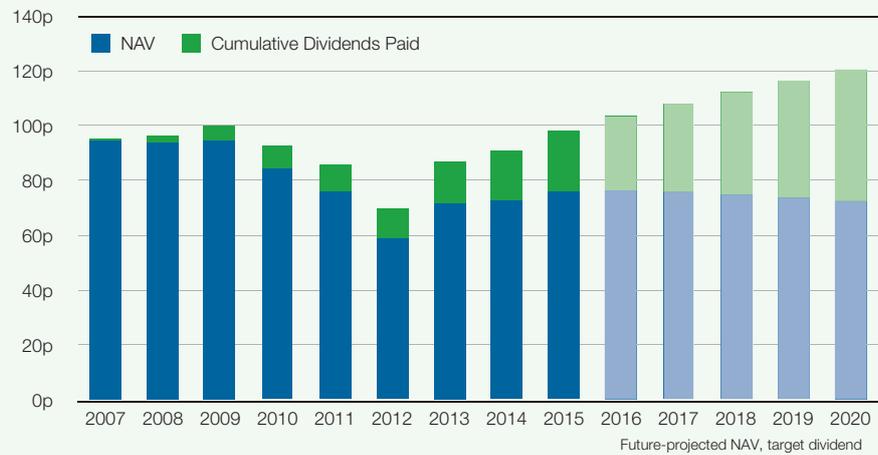


## Total Return per Ordinary Share

(year ended 28 February)

The valuation of investments in the portfolio is based on a discounted cash flow analysis of project revenues, based on a number of key assumptions such as energy yield and electricity prices.

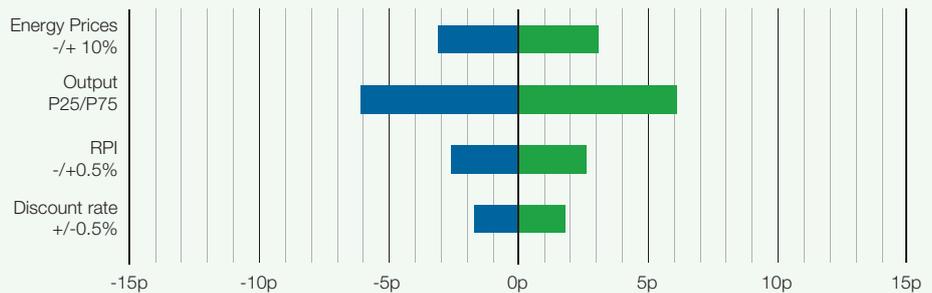
The chart on the right shows the total return per ordinary share (NAV plus cumulative dividends paid) on a historical basis and the projected future total return per ordinary share based on the target dividends, the valuation models used in determining net asset value as at 28 February 2015 and projected operating expenditures.\*



## Sensitivity of NAV per share to changes in key input assumptions

(as at 28 February 2015)

The chart on the right illustrates the sensitivity of the ordinary share NAV as at 28 February 2015 to certain key input assumptions.

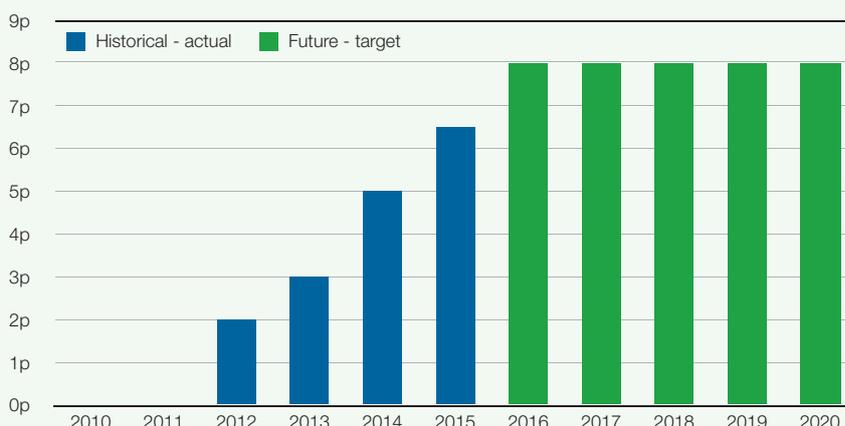


\* Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or should be inferred.

# C Shares: Dividends, Net Asset Value and Portfolio Sensitivities

## Annual Dividends Declared per C Share (year ended 28 February)

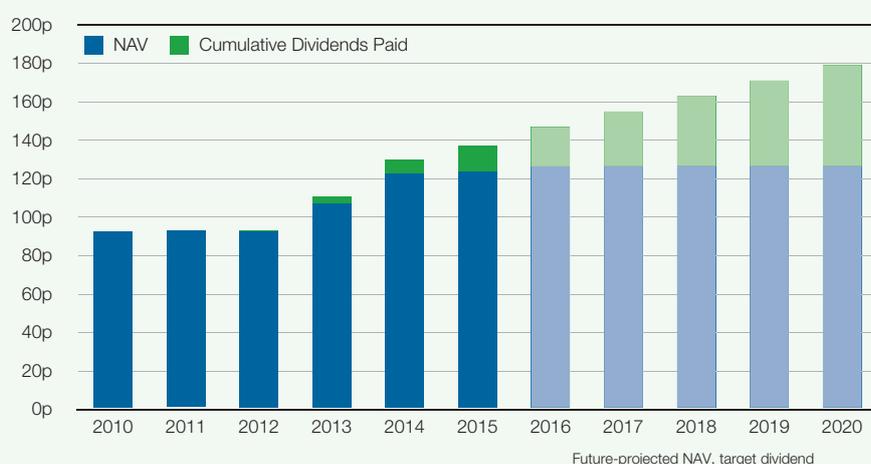
The chart on the right shows historical annual dividends of the C shares, as well as target dividends for the next five years.\*



## Total Return per C Share (year ended 28 February)

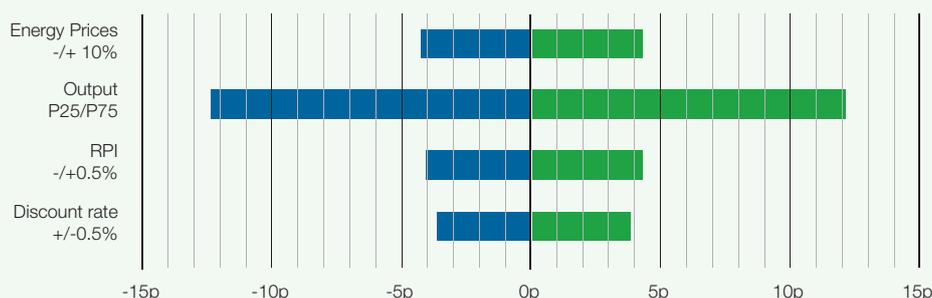
The valuation of investments in the portfolio is based on a discounted cash flow analysis of project revenues, based on a number of key assumptions such as energy yield and electricity prices.

The chart on the right shows the total return per C share (NAV plus cumulative dividends paid) on a historical basis and the projected future total return per C share based on the target dividends, the valuation models used in determining net asset value as at 28 February 2015 and projected operating expenditures.\*



## Sensitivity of NAV per share to changes in key input assumptions (as at 28 February 2015)

The chart on the right illustrates the sensitivity of the C share NAV as at 28 February 2015 to certain key input assumptions.



# D Shares: Dividends, Net Asset Value and Portfolio Sensitivities

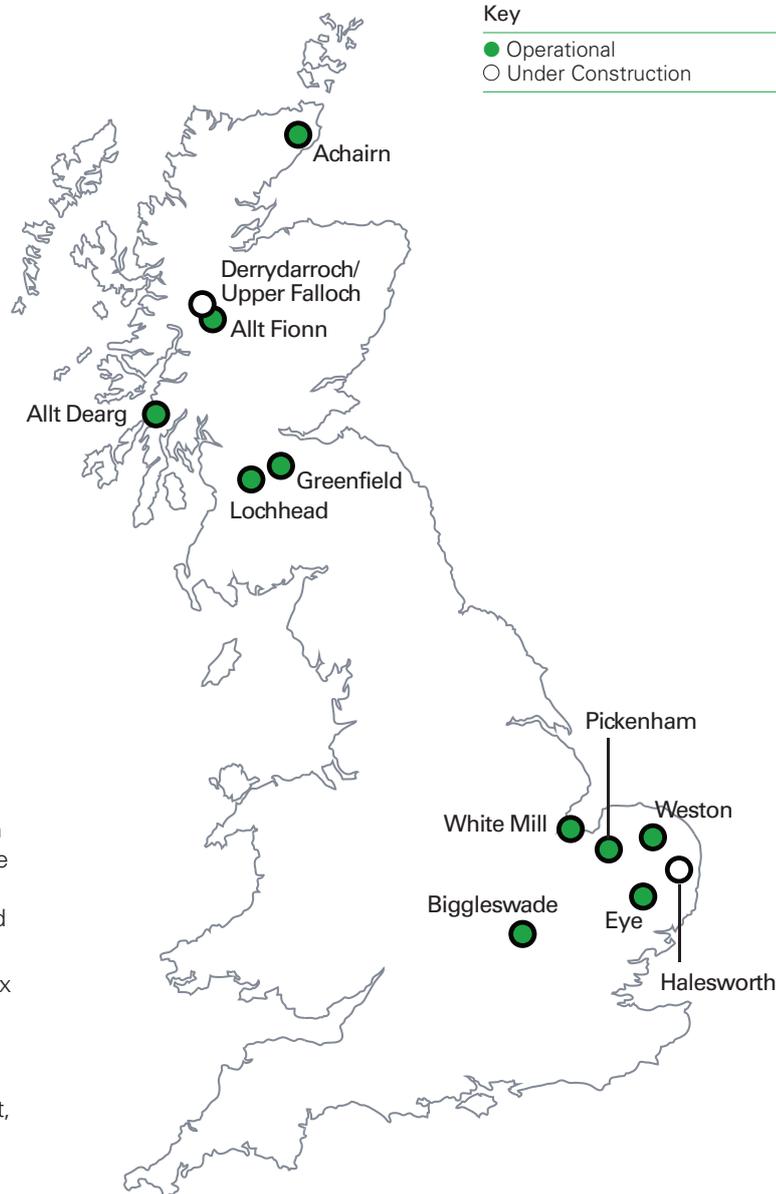
Consistent with the dividend target set out in the D share prospectus dated 19 November 2013, the directors intend to declare a minimum dividend of 5p per D share for the year ending 29 February 2016.

As at 28 February 2015, all the investments of the D share funds were held at cost rather than being based on valuation models. Because no valuation models were used, the valuation of the D share portfolio was not sensitive to any input assumptions.

The directors anticipate that the NAV of the D shares will show a material increase in the year ending 29 February 2016 as the D share fund's three investments, currently held at cost, will be valued using discounted cash flow models in line with the Company's accounting policy. This is because the underlying renewable energy projects of these investee companies, all currently in construction, are all scheduled to be operational by the end of 2015.

\* Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or should be inferred.

	Capacity Megawatts	Investment held by		
		Ord Share Fund	C Share Fund	D Share Fund
<b>Operational Wind</b>				
Achairn Limited	6.0	•		
A7 Lochhead Limited	6.0	•		
Greenfield Wind Farm Limited	12.3	•	•	
Biggleswade Wind Farm Limited	20.0	•	•	
Eye Wind Power Limited	6.8	•		
BMGE Pickenham Limited/ North Pickenham Energy Limited	4.0	•	•	
BMGE Weston Limited/Weston Airfield Investments Limited	4.0	•	•	
AD Wind Farmers Limited (Allt Dearg Windfarmers LLP)	10.2		•	
White Mill Windfarm Limited	14.4		•	
<b>Operating small hydro</b>				
Osspower Limited (Allt Fionn)	1.99	•		
<b>Operational Landfill Gas</b>				
Renewable Power Systems (Dargan Road) Limited	2.3	•		
<b>Wind under construction</b>				
BMGE Halesworth Limited	10.25		•	•
<b>Small hydro under construction</b>				
Darroch Power Limited (Derrydarroch)	1.9	•	•	•
Uppar Falloch Power Limited	0.9	•	•	•



## Portfolio Summary

The Ordinary Share class of the Company has investments in companies operating seven UK wind farms with an aggregate installed capacity of 59.1 megawatts, one Scottish hydroelectricity project with a capacity of 1.99 megawatts and one landfill gas facility in Northern Ireland.

The C share class has investments in companies operating six UK wind farms with an aggregate installed capacity of 64.9 megawatts. Four of these six companies are also owned in part by the Ordinary Share fund.

The D share class currently has no operational investments but, as discussed in the next paragraph, has investments in three companies with projects under construction.

The three share classes have a joint investment in a company constructing a wind farm in Suffolk (Bernard Matthews Green Energy Halesworth Limited) and have joint investments in two companies with hydroelectricity projects under construction in Scotland (Darroch Power Limited and Upper Falloch Power Limited). These three projects will have aggregate installed capacity of 13.05 megawatts.

The map on the right shows the location of the wind and hydroelectric projects owned by investee companies of the Company.

## Conversion of C and D Shares to Ordinary Shares

The underlying renewable generation assets in all investee companies of all share classes are expected to be fully operational by November 2015. The directors therefore anticipate that it will be appropriate to convert the C and D shares into ordinary shares based on the valuations at 29 February 2016, thereby creating a single share fund. This conversion will likely take place in the summer of 2016. The C and D shares will be converted to ordinary shares at a rate determined by the relationship between the respective net asset values of the share funds at the applicable valuation date.

Having a single share fund should benefit all shareholders by creating a single more diversified investment portfolio with an aggregated market capitalisation which will, potentially, support better liquidity.

## Further information

Further information, including past reports, is available from:  
[www.ventusvct.com](http://www.ventusvct.com)

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