

Ventus 2 VCT plc

Interim Update

28 January 2016

Key Information

	Ordinary Shares	C Shares	D Shares
Net asset value as at 31 August 2015 (ex-dividend) *	£18.7m	£13.2m	£2.1m
Net asset value per share as at 31 August 2015 (ex-dividend) *	76.6p	117.4p	104.9p
Mid-market share price as at market close on 27 January 2016	71.0p	98.0p	103.0p
Cumulative dividends per share paid to date	26.8p	20.0p	2.0p
Total Return per share (NAV plus cumulative dividends paid)	103.4p	137.4p	106.9p
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 ***	7.8p	11.9p	7.4p
Equivalent pre-tax dividend to Additional Rate taxpayer ***	8.5p	12.9p	8.1p
Target dividend yield for year ending 29 February 2016 based on mid-market share price as at market close on 27 January 2016:			
After tax	7.4%	8.2%	4.9%
Equivalent pre-tax dividend to Higher Rate taxpayer	11.0%	12.1%	7.2%
Equivalent pre-tax dividend to Additional Rate taxpayer	11.9%	13.2%	7.8%

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.

Highlights

- > The Company’s portfolio companies hold wind, hydro and landfill gas assets, all of which are operational.
- > All wind and landfill gas assets, as well as the Darroch Power hydro project, are performing in line with the board’s expectations. As discussed below, the Upper Falloch hydro project will require remedial works to bring the project up to a satisfactory level of operations.
- > The investment manager is working actively to increase the value of the Company’s portfolio through improvements in the operations of underlying assets and, where possible, the optimisation of the financial structure of investee companies.
- > The hydro project operated by Darroch Power Limited was commissioned in November 2015 and is performing in line with the board’s expectations.
- > The hydro project operated by Upper Falloch Power Limited was commissioned in December 2015, but has experienced shortfalls in expected production due to a limitation on water being captured by the system. Upper Falloch Power expects to carry out remedial works to the system in the summer of 2016 to correct this problem. Upper Falloch Power does not expect to suffer a material financial loss as a result of this issue.

* Net asset value as at 31 August 2015 reduced by the amount of the dividend paid on 13 January 2016 to shareholders on the register at the close of business on 11 December 2015.

** 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.

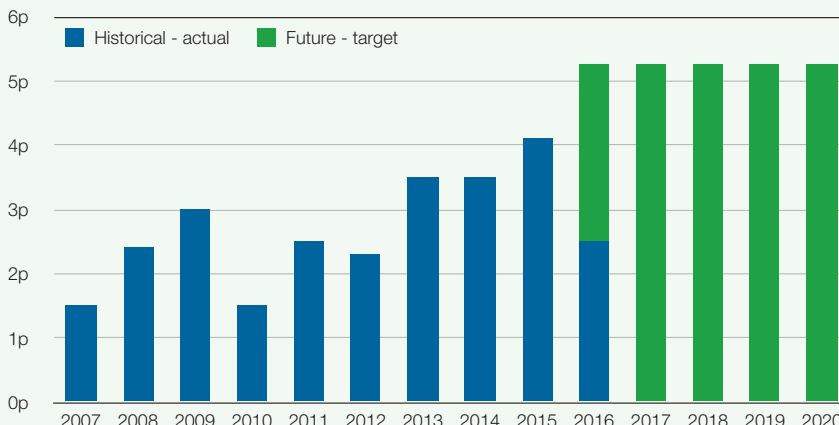
*** Equivalent pre-tax yields are computed assuming a shareholder receives dividends from other sources in excess of the £5,000 per year tax-free dividend allowance (which will become effective from April 2016). From April 2016, Higher Rate taxpayers will pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 32.5% and Additional Rate taxpayers (taxable income in excess of £150,000) will pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 38.1%.

Ordinary Shares: Dividends, Net Asset Value and Portfolio Sensitivities

Annual Dividends Declared per Ordinary Share

(year ended 28/29 February)

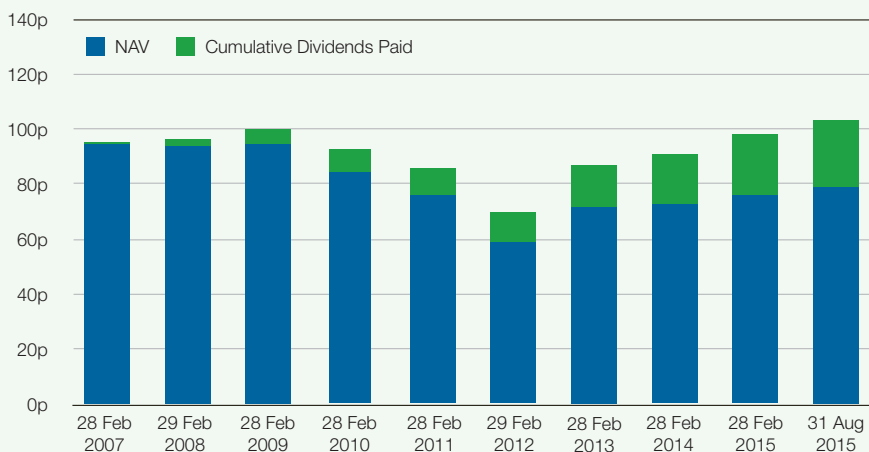
The chart on the right shows historical annual dividends of the Ordinary Shares, as well as target regular dividends for the next five years.*



Total Return per Ordinary Share

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.

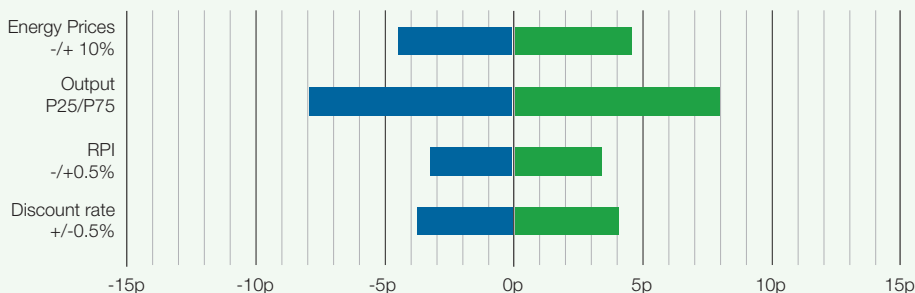
The chart on the right shows the total return per Ordinary Share (NAV plus cumulative dividends paid) on a historical basis.



Sensitivity of NAV per Ordinary Share to changes in key input assumptions

(as at 31 August 2015)

The chart on the right illustrates the sensitivity of the Ordinary Share NAV as at 31 August 2015 to certain key input assumptions for the remaining lifetime of the underlying assets.



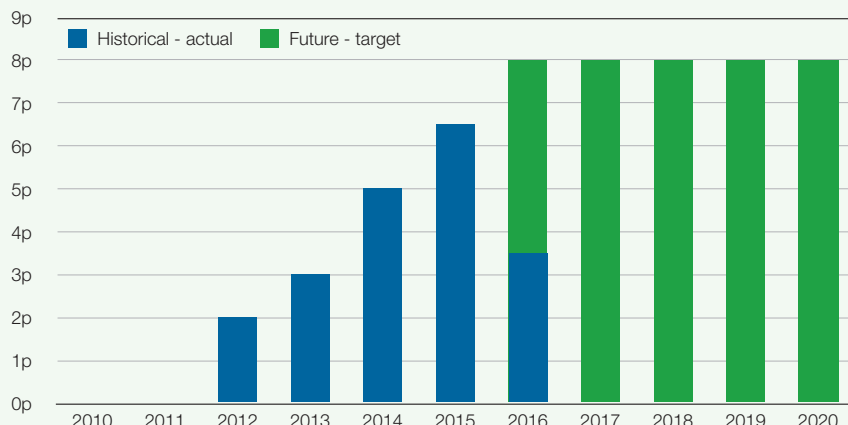
* Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or should be inferred.

C Shares: Dividends, Net Asset Value and Portfolio Sensitivities

Annual Dividends Declared per C Share

(year ended 28/29 February)

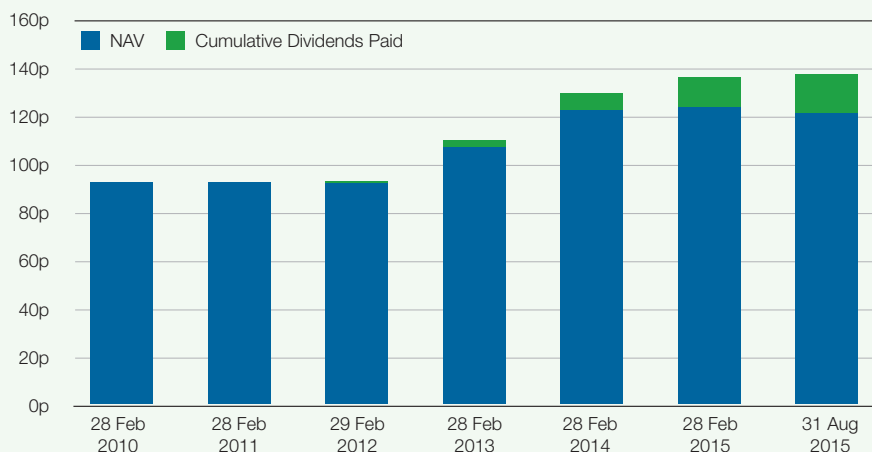
The chart on the right shows historical annual dividends of the C Shares, as well as target regular dividends for the next five years.*



Total Return per C Share

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.

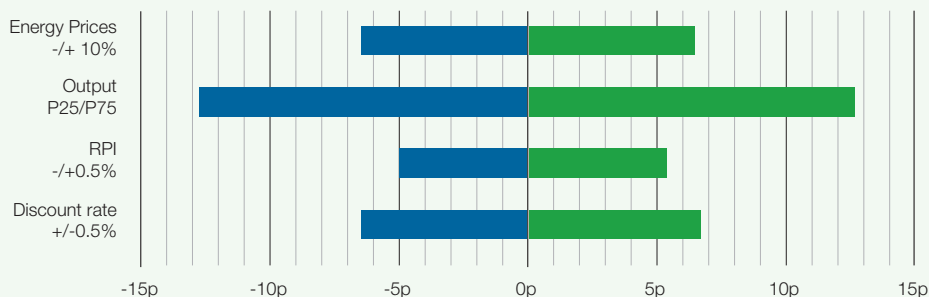
The chart on the right shows the total return per C Share (NAV plus cumulative dividends paid) on a historical basis.



Sensitivity of NAV per C Share to changes in key input assumptions

(as at 31 August 2015)

The chart on the right illustrates the sensitivity of the C Share NAV as at 31 August 2015 to certain key input assumptions for the remaining lifetime of the underlying assets.



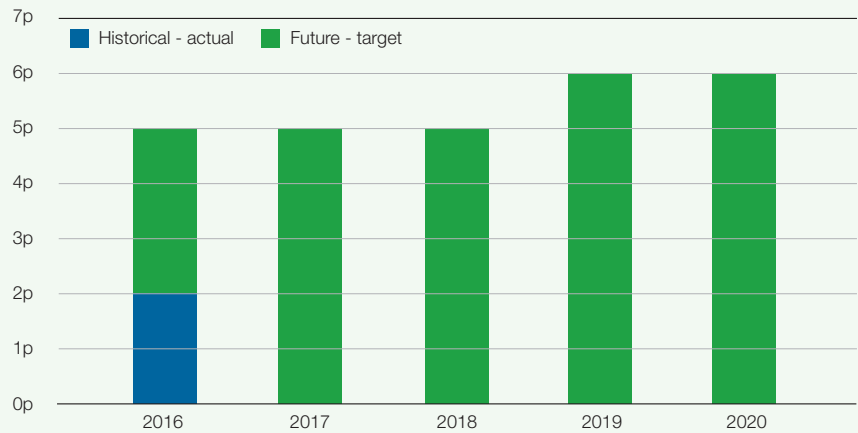
* Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or should be inferred.

D Shares: Dividends, Net Asset Value and Portfolio Sensitivities

Annual Dividends Declared per D Share

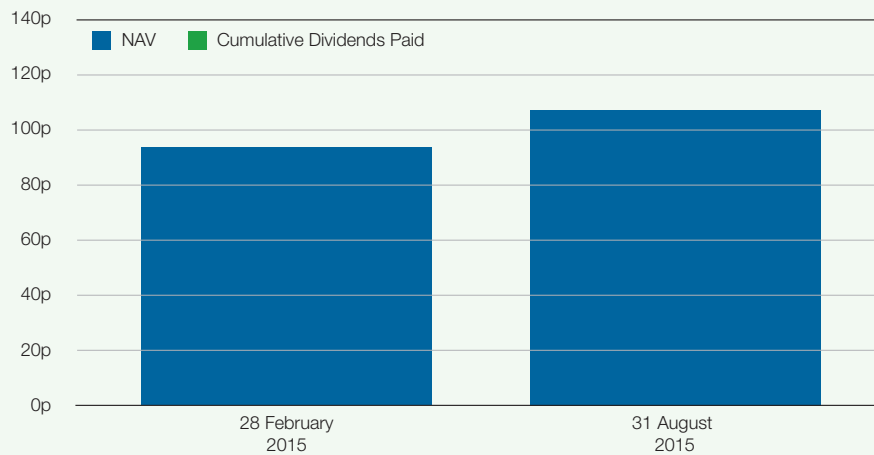
(year ended 28/29 February)

The chart on the right shows the target dividends for the D Shares for the next five years. *



Total Return per D Share

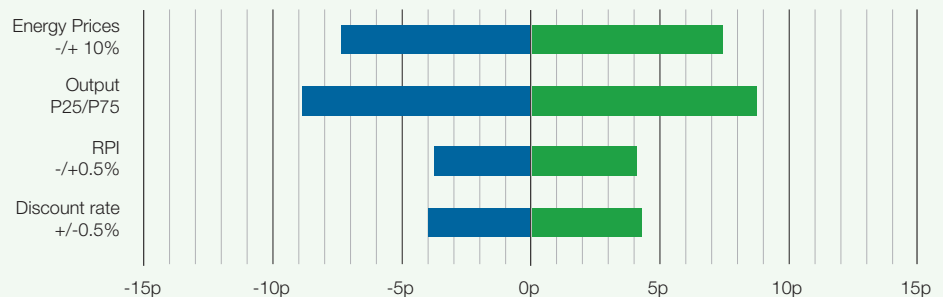
The chart on the right shows the total return per D Share (NAV only, as the first dividend was paid on 13 January 2016) on a historical basis. As at 28 February 2015, all the investments of the D Share fund were valued at cost. As at 31 August 2015, one investment of the D Share fund was valued on a net present value basis and the remaining two investments were valued at cost. In the Company's accounts as at 29 February 2016, all investments of the D Share fund will be valued on a net present value basis.



Sensitivity of NAV per D Share to changes in key input assumptions

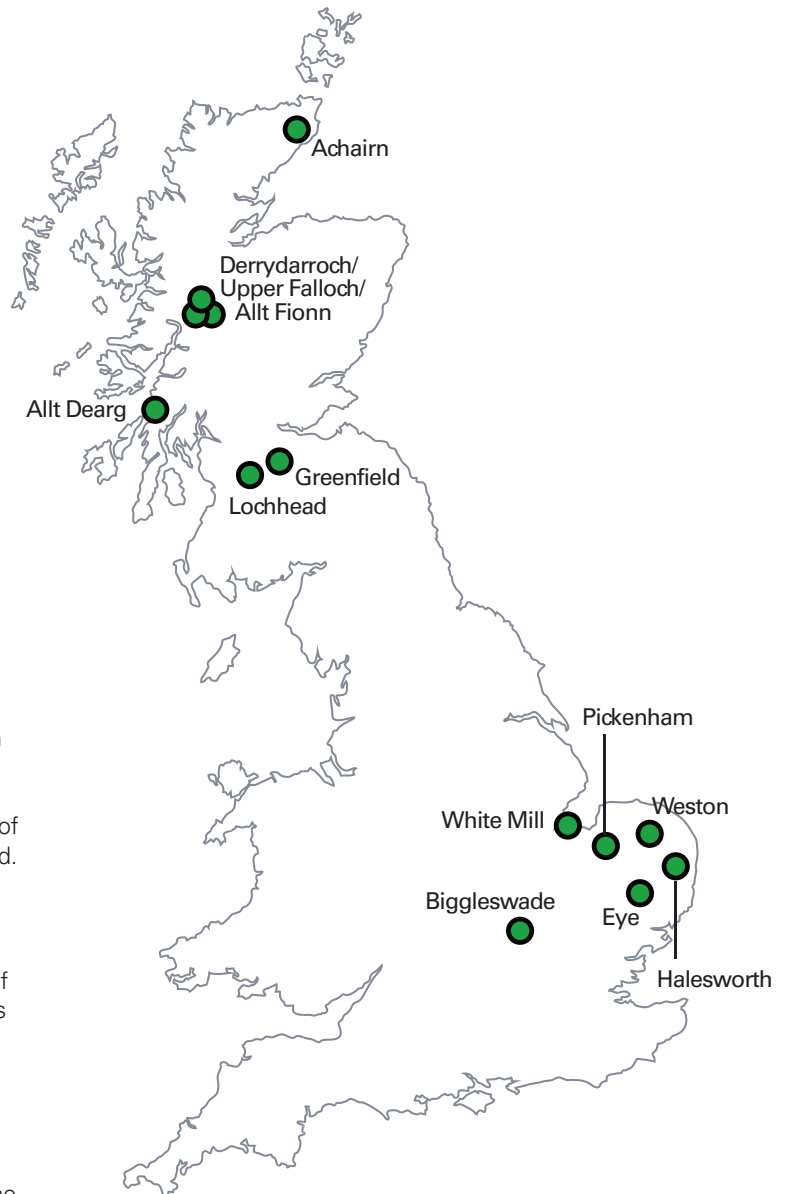
(as at 31 August 2015)

The chart on the right illustrates the sensitivity of the D Share NAV as at 31 August 2015 to certain key input assumptions for the remaining lifetime of the underlying assets.



* 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
Operational Wind				
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		•	
BMGE Halesworth Limited	10.25	•	•	•
Operational Small Hydro				
Osspower Limited (Allt Fionn)	1.99	•		
Darroch Power Limited (Derrydarroch)	1.9	•	•	•
Upper Falloch Power Limited	0.9	•	•	•
Operational Landfill Gas				
Renewable Power Systems (Dargan Road) Limited	2.3	•		



Portfolio Summary

The Ordinary Share class of the Company has investments in companies operating eight UK wind farms with an aggregate installed capacity of 69.35 megawatts, three Scottish hydroelectricity projects with an aggregate installed capacity of 4.79 megawatts and one landfill gas facility in Northern Ireland.

The C Share class has investments in companies operating seven UK wind farms with an aggregate installed capacity of 75.15 megawatts and two Scottish hydroelectricity projects with an aggregate installed capacity of 2.8 megawatts. Five of the seven companies with wind projects and both companies with hydroelectric projects are also owned in part by the Ordinary Share fund.

The D Share fund has an investment in a company operating a 10.25 megawatt windfarm and in two companies operating Scottish hydroelectrical projects with an aggregate installed capacity of 2.8 megawatts. The three investee companies of the D Share fund are also owned in part by the Ordinary Share fund and the C Share fund.

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

Conversion of C Shares to Ordinary Shares

The underlying renewable generation assets in all investee companies of all share classes are now operational. Furthermore, the bulk of the underlying assets of investee companies in the Ordinary and C Share classes have sufficient operating history such that the directors believe it would be in the best interests of all shareholders to convert the C Shares into Ordinary Shares. The directors therefore plan to convert the C Shares to Ordinary Shares later this year based on the valuations as at 29 February 2016. The C Shares will be converted to Ordinary Shares at a rate determined by the relationship between the respective net asset values per share of the share funds at the applicable valuation date.

Having a larger Ordinary Share fund should potentially support better liquidity in the secondary market.

The directors have decided that it is not yet the appropriate time to convert the D Shares to Ordinary Shares because the underlying assets in the D Share portfolio have only recently become operational. The directors expect to convert the D Shares into Ordinary Shares after the underlying assets in the D Share portfolio have an appropriate level of operating history.

Further information

Further information, including past reports, is available from:

www.ventusvct.com

For shareholder queries, please contact:

Capita Registrars Shareholder Helpline on 0371 664 0324.

For IFA queries, please contact:

RAM Capital Partners LLP on 020 3006 7530.