

Ventus 2 VCT plc
Interim Management Statement
17 December 2009



Interim Management Statement

Ventus 2 VCT plc (the 'Company') presents its second interim management statement for the financial year ending 28 February 2010, as required by the UK Listing Authority's Disclosure and Transparency Rule 4.3.

The Company published its most recent Half-yearly Financial Report on 28 October 2009. This interim management statement summarises the information as at the date of the Half-yearly Financial Report and further developments up to the date of this statement. The Company also published a regulatory news announcement on 1 December 2009 regarding one of its investee companies, Redimo LFG Limited ("Redimo LFG"). Further information relating to this investment is given in this statement.

Net Asset Value and Dividends – Ordinary Shares

The Net Asset Value ("NAV") of the ordinary share fund as at 31 August 2009 stood at £10.4 million or 92.9 pence per ordinary share.

As a result of the change to the valuation of the holding in Redimo LFG for the reasons explained below, the NAV of the ordinary share fund as at 30 November 2009 stood at £9.4 million or 83.9 pence per ordinary share. There have been no material changes in the valuations of any other investments in the ordinary share fund since the date of the last Half-yearly Financial Report.

An interim dividend for the financial year ending 28 February 2010 of 1.50 pence per ordinary share was declared on 28 October 2009. This will be paid on 13 January 2010 to all ordinary shareholders on the register as at the close of business on 11 December 2009.

The Company has already announced that it expects to declare a final ordinary share dividend for the financial year ending 28 February 2010. The proposed final dividend will be declared when the Company's Annual Report and Accounts are issued in May. In view of the circumstances regarding Redimo LFG the final ordinary share dividend will be lower than the final ordinary share dividend declared in the previous financial year.

The Company's long term objective, which is to pay an annual dividend of between 6 pence and 10 pence per ordinary share once all of its assets are fully operational, remains in place.

Net Asset Value and Dividends – "C" Shares

The NAV of the "C" share fund as at 30 November 2009 stood at £6.4 million or 93.0 pence per "C" share. This is a reduction of 0.7 pence per "C" share since the date of the last Half-yearly Financial Report.

The Company has not declared or paid any dividends on the "C" shares since their issue.

Investments – Ordinary Shares

As at 30 November 2009 the Company held investments attributable to the ordinary share capital valued at £8.0 million in a total of 18 companies. For further details of completed investments relating to the ordinary share capital please refer to the Investment Manager's Report in the Company's Half-yearly Financial Report dated 28 October 2009.

Investments – “C” Shares

The Company has made one investment of £325,000 from the funds raised under the “C” share offer. The Investment Manager holds exclusivity agreements in respect of a series of new projects which it is expected will lead to the Company investing up to £1 million of the “C” share capital. The Investment Manager is also assessing several other potential investment opportunities.

Redimo LFG Limited

The Company holds an investment in Redimo LFG, made from the ordinary share pool of capital. The Company has invested £1 million into Redimo LFG and has received dividends to date of £175,000. Redimo LFG owns and operates a portfolio of assets which generate electricity from landfill gas.

Two of the key variables in Redimo LFG’s financial performance are the number of operational hours achieved by the engines at each of its sites (and therefore the amount of electricity that is generated) and the price at which that electricity can be sold.

The announcement on 1 December 2009 explained that Redimo LFG has experienced operational issues with the generating equipment at the largest site in its portfolio. This led to more engine downtime than had been projected in the budget at the time the investment was made. Redimo LFG has also experienced gas volumes at the smallest of the sites within its portfolio declining at a quicker rate than originally forecast. This is resulting in a reduction in energy generation at this site. In addition, Redimo LFG is the only operating asset in the Company’s investment portfolio to have a significant element of electricity market risk in its energy offtake contracts. Winter 2009/10 wholesale energy prices are much lower than anticipated and this has further contributed to a shortfall against Redimo LFG’s anticipated revenues.

Remedial works have been carried out on the generating equipment at the largest site to rectify the operational issues. Reports commissioned by the Investment Manager over recent weeks suggest that the works have had a positive effect on the level of operational availability. Whilst these indications are encouraging, it is still too early to draw any firm conclusions for the longer term. Forward projections for wholesale energy prices in 2010 and beyond remain lower than originally budgeted and so, notwithstanding the improvement in operating performance, Redimo LFG is expected to be operating below its budgeted financial performance for the foreseeable future.

At the time of the original investment in 2008 Redimo LFG entered into a long term bank loan facility, which is secured on its assets. As a result of the lower than expected revenues in this financial period Redimo LFG is now in breach of certain covenants under the loan facility. The Investment Manager is in discussions with the lending bank to agree the most appropriate way forward.

The ability of Redimo LFG to trade out of its current position is contingent on maintaining the improved levels of operational performance and also on the level of future wholesale energy prices. Given the uncertainty on both of these key elements and given that Redimo LFG is currently in breach of certain covenants under the loan facility, the Company has determined that at the current time it is prudent to write down the value of its investment in Redimo LFG to zero.

The valuation of Redimo LFG will be reassessed periodically in line with the Company's valuation guidelines. The main factors in such a valuation will be Redimo LFG's ability to demonstrate that the lending covenants can be met, such that there is a reasonable prospect that it can remedy the existing breaches of the loan covenants and commence paying dividends to the Company in the future. Whilst the current financial position is clearly under pressure, Redimo LFG continues to operate its assets and has not ceased trading.

The difficulties with the investment in Redimo LFG have had a disproportionate effect in the current financial year on the ability of the Company to pay dividends. The assets in the Redimo LFG portfolio were already operational when the Company invested and therefore this holding has been one of the earlier cash generative investments in the portfolio. As such Redimo LFG made a significant contribution to the Company's ordinary share dividend distributions in the last financial year. As other investments in the Company's investment portfolio become fully operational, it is anticipated that the Company's annual dividends will be less sensitive to the performance of individual investee companies.

Top Up Offer

On 18 November 2009 the Company launched a joint top up offer with Ventus 3 VCT plc to raise up to £1.0 million per VCT through an issue of new ordinary shares. The joint offer is now oversubscribed.

Those who have applied under the offer and have been successful will soon receive a communication regarding the offer price and further details of the process. As described in the top up offer document, the offer price will be adjusted to reflect the updated NAV published in this statement. Applicants who have not been successful will be notified shortly.

Other than described above, the Board is not aware of any events during the period from 1 September 2009 to the date of this statement which have had a material impact on the financial position of the Company.

Enquiries should be directed to Steve Read (0207 939 5149) or Matthew Ridley (0207 939 5350).

Issued on behalf of the Board

The City Partnership UK Limited

Company Secretary

17 December 2009
