

Ventus VCT plc Ventus 2 VCT plc

Share Offers and Tender Offers

February 2012

Frequently Asked Questions

These questions and answers accompany a prospectus and circular relating to the Share Offers and the Tender Offers referred to below, which should be read by Ordinary Shareholders before deciding what action to take. These questions and answers do not constitute a summary of the Share Offers and the Tender Offers and are not intended to be a substitute for reading the prospectus and circular. Individuals are strongly recommended to take their own independent tax advice before taking any action in respect of a Tender Offer or a Share Offer.

1. What is being proposed?

Ventus VCT plc ("Ventus") and Ventus 2 VCT plc ("Ventus 2") (collectively, the "Companies" and each a "Company") are each launching a **Share Offer** and **Tender Offer**, as follows:

- Under the Share Offers, Ventus is offering up to £15 million of Ordinary Shares and Ventus 2 is offering up to £10 million of Ordinary Shares, in each case at a price per Ordinary Share equal to the Net Asset Value per Ordinary Share ("NAV") most recently announced to the London Stock Exchange immediately prior to the issue of Ordinary Shares (adjusted for any dividends paid subsequent to such announcement).
- Under the Tender Offers, Ventus is offering to purchase up to 12 million Ordinary Shares and Ventus 2 is offering to purchase up to 14 million Ordinary Shares, in each case at a price per Ordinary Share equal to the NAV most recently announced to the London Stock Exchange at the time of purchase (adjusted for any dividends paid subsequent to such announcement), divided by 1.055 to allow for costs, rounded up the nearest tenth of a penny.

The participation of an Ordinary Shareholder in a Tender Offer is subject to the Ordinary Shareholder applying the full proceeds of his or her share sale to subscribe for new Ordinary Shares under the relevant Share Offer.

An Ordinary Shareholder who participates in a Tender Offer will be issued additional Ordinary Shares in the relevant Company equal to 3.5% of the amount subscribed with proceeds from the Tender Offer(s). As such, an Ordinary Shareholder will subscribe for approximately 981 new Ordinary Shares for each 1,000 existing Ordinary Shares tendered (i.e., $1.035 \times 1,000 \div 1.055$). See the table at the end of question 2 below for illustrative examples setting out this computation.

Ordinary Shareholders who sell their Ordinary Shares back to the relevant Company under a Tender Offer and subsequently subscribe for new Ordinary Shares under the Share Offers should not regard this, for tax purposes, as continuing with their existing holdings. They will be subscribing for new Ordinary Shares which will carry relief from income tax of up to 30% *in the 2011-12 tax year*. Ordinary Shareholders will be required to hold the new Ordinary Shares for five years from

the date of subscription to retain this tax relief. Ordinary Shareholders who sell the new Ordinary Shares within that five year period (except in the event of death) will have to repay the 30% income tax relief. Income tax relief on subscriptions will be subject to an investor's personal circumstances and is limited to an amount which reduces the investor's income tax liability to nil.

Ordinary Shareholders participating in a Tender Offer are also able to subscribe, pursuant to a Share Offer, for further new Ordinary Shares in either Ventus or Ventus 2 in addition to the new Ordinary Shares acquired with their proceeds from the Tender Offer. Individuals who are not existing Ordinary Shareholders of either Ventus or Ventus 2 are also able to subscribe for Ordinary Shares pursuant to either Share Offer.

The Tender Offers and the Share Offers will be available for the 2011-12 tax year only.

2. What does participation in a Tender Offer mean in practical terms for an existing Ordinary Shareholder of Ventus or Ventus 2?

An Ordinary Shareholder participating in a Tender Offer will automatically subscribe for approximately 981 new Ordinary Shares for each 1,000 existing Ordinary Shares tendered (as illustrated in the examples below). The cash received on behalf of the Ordinary Shareholder will be used to subscribe for the new Ordinary Shares, so will not be paid back to the Shareholder.

Subject to the Ordinary Shareholder's personal circumstances, he or she will receive relief from income tax in the 2011-12 tax year of up to 30% of the aggregate subscription price of the new Ordinary Shares.

The net impact to the Ordinary Shareholder will be:

- income tax relief in the 2011-12 tax year equal to 30% of the subscription for new Ordinary Shares
- a reduction in his or her holdings of Ordinary Shares equal to 1.9% of Ordinary Shares tendered
- a requirement to hold the newly-subscribed Ordinary Shares for five years from the date of subscription in order to avoid having to forfeit the income tax relief received in the 2011-12 tax year

The following illustrative examples for Ventus and Ventus 2 show the impact to an Ordinary Shareholder of tendering 1,000 shares under a Tender Offer using the NAV for each Company as at 31 August 2011:

	Ventus	Ventus 2
Tender Offer		
(1) Number of Ordinary Shares tendered	1,000	1,000
(2) NAV most recently announced to the London Stock Exchange	105.5p	59.6p*
(3) NAV of Ordinary Shares tendered (line 1 x line 2)	£1,055	£596
(4) Tender Offer price per Ordinary Share = NAV ÷ 1.055 (rounded up to nearest tenth of a penny)	100.0p	56.5p
(5) Sale proceeds from Tender Offer (line 1 x line 4)	£1,000	£565
Share Offer		
(6) Offer Price per Ordinary Share = NAV (line 2)	105.5p	59.6p
(7) Subscription amount = sale proceeds from Tender Offer (line 5)	£1,000	£565
(8) New Ordinary Shares subscribed for with proceeds of Tender Offer (line 7 ÷ line 6)	948	948
(9) 3.5% additional Ordinary Shares for subscriptions with proceeds of Tender Offer (line 8 x 0.035)	33	33
(10) Total new Ordinary Shares owned after subscription under Share Offer (line 8 + line 9)	981	981
(11) NAV of new Ordinary Shares owned after subscription under Share Offer (line 2 x line 10)	£1,035	£585
Maximum tax relief on subscription for new Ordinary Shares		
(12) 30% income tax relief on amount invested in new Ordinary Shares (line 7 x 0.30)	£300	£170

* This illustration uses the NAVs for Ventus and Ventus 2 Ordinary Shares as at 31 August 2011 (adjusted for the Ventus dividend paid in January 2012), being the latest published NAVs as at the date of this document. The NAVs used for the Tender Offers and Share Offers will be the NAVs most recently announced to the London Stock Exchange (adjusted for dividends subsequent to such announcements) immediately prior to the purchase and subsequent issue of Ordinary Shares.

3. Must an Ordinary Shareholder participating in a Tender Offer invest further cash to acquire new Ordinary Shares or pay costs of the Share Offer or Tender Offer?

No. The new Ordinary Shares acquired by such an Ordinary Shareholder will be subscribed for with the Ordinary Shareholder's proceeds from the relevant Tender Offer.

The costs of the Share Offer and Tender Offer are being paid for directly by the Companies and indirectly by the Ordinary Shareholders who participate in the Tender Offer through an effective 1.9% reduction in their holdings of Ordinary Shares.

4. Who should consider tendering Ordinary Shares?

Ordinary Shareholders who subscribed for Ventus Ordinary Shares in the 2005 Offer and/or Ventus 2 and Ventus 3 Ordinary Shares in the 2006 Offer may consider tendering their Ordinary Shares in the Tender Offer. See question 7 below for a discussion of the treatment of Ventus 2 Ordinary Shares which were derived from Ventus 3 Ordinary Shares in the Merger of May 2010.

Ordinary Shareholders who have acquired Ordinary Shares in the secondary market (**unless they also subscribed for Ordinary Shares in the 2009 Top-up Offer – see question 8**) may also consider tendering their Ordinary Shares, as they did not receive income tax relief on purchasing the shares.

However, Ordinary Shareholders who acquired their Ordinary Shares by way of the 2009 Top-up Offer should be aware that such Ordinary Shares have not been held for five years from the date of subscription, and such Ordinary Shareholders would, therefore, have to repay some or all of the 30% income tax relief they received at the time of subscription if they were to tender such shares under the Tender Offers. Such Ordinary Shareholders could still consider tendering any Ordinary Shares subscribed for in the 2005 Offer or the 2006 Offer and any Ordinary Shares acquired in the secondary market prior to subscribing for Ordinary Shares in the 2009 Top-up Offer.

See questions 8 and 9 below for a discussion of the considerations for Shareholders who participated in the 2009 Top-up Offer and the "first in, first out" rules for determining

which Ordinary Shares are being tendered. **Individuals are strongly recommended to take their own independent tax advice before taking any action in respect of a Tender Offer.**

5. What are the different share funds of Ventus and Ventus 2?

The capital structure of each Company is divided into two share pools. Each Company's Ordinary Share fund and "C" Share fund hold separate investments. The Ventus Ordinary Share fund was launched with the 2005 Offer. Ventus 2 and Ventus 3 (which merged into Ventus 2 pursuant to the Merger in May 2010) launched Ordinary Share funds with the 2006 Offer. Both Ordinary Share funds raised further capital through the 2009 Top-up Offer which concluded in January 2010. Each Company's C share pool was raised through the 2009 "C" Share Offer and the 2010 "C" Share Offer.

6. Is it possible to tender "C" Shares under the Tender Offers?

No. The Tender Offers are not available to "C" Shareholders. All of the "C" Shares in issue were subscribed for less than five years ago, so it is not appropriate for the Companies to undertake tender offers for these share classes at this stage as any disposal of "C" Shares would result in a loss of VCT tax reliefs to "C" Shareholders.

7. How are Ventus 2 Ordinary Shares which were derived from Ventus 3 Ordinary Shares in the Merger of May 2010 treated?

Pursuant to the Merger on 6 May 2010, holders of Ventus 3 Ordinary Shares received 0.997025 Ordinary Shares of Ventus 2 in exchange for each Ordinary Share of Ventus 3. The exchange of Ventus 3 Shares for new Ventus 2 shares pursuant to the Merger did not constitute a disposal of the Ventus 3 Ordinary Shares for the purposes of UK taxation. Instead, the Ventus 2 Ordinary Shares issued in connection with the Merger are treated as having been acquired at the same time and at the same cost as the Ventus 3 Ordinary Shares from which they were derived. As such, Ventus 2

Ordinary Shares derived from Ventus 3 Ordinary Shares issued pursuant to the 2006 Offer have been held for more than five years and Ordinary Shareholders could tender such Ordinary Shares under the Tender Offer without losing the income tax relief received in the year of the original subscription.

Ordinary Shareholders who acquired Ventus 3 Ordinary Shares in the 2009 Top-up Offer should pay special attention to the deemed acquisition date of Ventus 2 Ordinary Shares derived from those Ventus 3 Ordinary Shares in the Merger.

8. Should Ordinary Shareholders who subscribed for Ordinary Shares in the 2009 Top-up Offer of Ventus VCT plc, Ventus 2 VCT plc and Ventus 3 VCT plc participate in the Tender Offer?

Ordinary Shareholders who acquired their Ordinary Shares in the 2009 Top-up Offer should be aware that such Ordinary Shares have not been held for five years from the date of subscription, and such Ordinary Shareholders would, therefore, have to repay some or all of the 30% income tax relief they received at the time of subscription if they were to tender such shares under the Tender Offers.

Any Ventus 2 Ordinary Shares derived from the Merger that were originally Ventus 3 Ordinary Shares subscribed for in the 2009 Top-up Offer will be treated as having an acquisition date of 25 January 2010 (the date of allotment of the Ventus, Ventus 2 and Ventus 3 Ordinary Shares subscribed for in the 2009 Top-up Offer).

9. For investors who have subscribed to different Ventus offers and/or have acquired Ordinary Shares in the secondary market, which shares are deemed to be sold in the event of tendering shares under the Tender Offer?

Ordinary Shareholders who acquired Ordinary Shares on more than one occasion should note that the Ordinary Shares acquired first will be treated for taxation purposes as being disposed of first (i.e., first in, first out) whether those shares were acquired by subscription or by purchase in the secondary market. For example, if an investor who acquired Ordinary Shares of Ventus and/or Ventus 2 & Ventus 3 in the 2009 Top-up Offer and subsequently acquired Ventus Ordinary Shares (or Ventus 2 Ordinary Shares) in the secondary market were to tender his or her Ordinary Shares under the Tender Offers, that investor's Ordinary Shares acquired in the 2009 Top-up Offer would be treated as having been disposed of first and the investor would therefore be required to forfeit the income tax relief granted in the 2009-10 tax year with respect to those Ordinary Shares.

10. What are the costs and by whom are they being paid?

The costs of the Tender Offers and Share Offers are estimated to be approximately 2% of the value of the new Ordinary Shares issued and will be paid by the Companies. Ordinary Shareholders who tender their Ordinary Shares will subscribe for 981 new Ordinary Shares for every 1,000 existing Ordinary Shares tendered. Such Ordinary Shareholders will thus indirectly pay the costs through a 1.9% reduction in their holding of Ordinary Shares that they have tendered (see question 2 above).

11. What are the deadlines for tendering Ordinary Shares under the Tender Offer or for subscribing for additional shares under the Share Offer?

Existing Ordinary Shares must be tendered under the Tender Offer by 1pm on 26 March 2012. Ordinary Shareholders will be

eligible to tender the Ordinary Shares owned by them as at 19 March 2012 as per the share register of the relevant Company.

The Share Offer will close at 1pm on 3 April 2012.

Note that neither the Tender Offer nor the Share Offer will be open in the 2012-13 tax year.

12. Can an Ordinary Shareholder tender Ordinary Shares in a Tender Offer without applying the full proceeds of the sale of Ordinary Shares under the Tender Offer to subscribe for new Ordinary Shares under the relevant Share Offer?

No. The full proceeds of the sale of Ordinary Shares under a Tender Offer must be applied to subscribe for new Ordinary Shares under the relevant Share Offer.

13. Can Ordinary Shareholders tender Ordinary Shares in the Tender Offer without subscribing for any further Ordinary Shares in the Share Offer?

Yes. In such case, the full proceeds of the sale of Ordinary Shares under a Tender Offer will be applied to subscribe for new Ordinary Shares under the relevant Share Offer.

14. Can Ordinary Shareholders tender Ordinary Shares in the Tender Offer and also subscribe for further new Ordinary Shares in the Share Offer?

Yes. In such a case, the Ordinary Shareholder will need to make payment for the further new Ordinary Shares, which will be priced at the NAV most recently announced to the London Stock Exchange (adjusted for dividends subsequent to such announcement) immediately prior to the purchase and subsequent issue of Ordinary Shares.

15. Can individuals subscribe for Ordinary Shares in the Share Offer without tendering any Ordinary Shares in the Tender Offer?

Yes. Individuals who are not existing Ordinary Shareholders of either Ventus or Ventus 2 are also able to subscribe for Ordinary Shares pursuant to either Share Offer. This includes individuals who hold only "C" Shares of the Companies.

16. Is it possible for an individual to acquire Ordinary Shares in the market or for spouses to transfer Ordinary Shares and then, in either case, tender those Shares in the Tender Offer?

Yes. An individual is able to acquire Ordinary Shares in the market and spouses may transfer Ordinary Shares between themselves, but in both cases this must take place before the record date of 19 March 2012 in order for the individual to tender these Ordinary Shares in the Tender Offer. This is because an individual's ownership of Ordinary Shares must be recorded on the relevant Company's share register as at 19 March 2012 for those Ordinary Shares to be eligible to be tendered under the Tender Offer.

17. Which forms must an individual complete to participate in a Tender Offer or a Share Offer?

For existing Ordinary Shareholders:

- Ordinary Shareholders wishing to tender some or all of their Ordinary Shares recorded in the relevant Company's share register as at 19 March 2012, but not subscribe for any additional Ordinary Shares pursuant to the Share Offer, should complete the **Tender Form** in the back of the circular. Separate Tender Forms must be completed

for Ventus and Ventus 2. No payment is due in such cases.

- Ordinary Shareholders wishing to tender some or all of their Ordinary Shares recorded in the relevant Company's share register as at 19 March 2012 and further subscribe for additional Ordinary Shares pursuant to the Share Offer should complete **both** (i) the **Tender Form** in the back of the circular in respect of the existing Ordinary Shares being tendered and (ii) the **Ordinary Share Application Form** in the back of the prospectus in respect of the new Ordinary Shares being subscribed for in addition to the Ordinary Shares being subscribed for with the full proceeds of the Tender Offer. The Ordinary Share Application Form must be accompanied by a cheque or banker's draft in payment of the subscription for the additional Ordinary Shares, or payment may be made electronically.
- Ordinary Shareholders not wishing to tender any of their Ordinary Shares under the Tender Offer, but wishing to subscribe for Ordinary Shares under the Share Offer, should complete the **Ordinary Share Application Form** in the back of the prospectus. The Ordinary Share Application Form must be accompanied by a cheque or banker's draft in payment of the subscription for the Ordinary Shares, or payment may be made electronically.

For individuals who are not existing Ordinary Shareholders:

- Individuals who are not Ordinary Shareholders on a Company's share register as at 19 March 2012 (including individuals who hold "C" Shares but not Ordinary Shares) wishing to subscribe for Ordinary Shares pursuant to the Share Offer should complete the Ordinary Share Application Form in the back of the prospectus. The Ordinary Share Application Form must be accompanied by a cheque or banker's draft in payment of the subscription for the Ordinary Shares, or payment may be made electronically.

18. What are the dates on Ordinary Share certificates?

Ordinary Share certificates of Ventus and Ventus 2 will have the following registration dates:

- Ventus Ordinary Shares issued pursuant to the 2005 Offer: March, April or June 2005
- Ventus 2 Ordinary Shares issued pursuant to the 2006 Offer: March, April or June 2006
- Ventus and Ventus 2 Ordinary Share issued pursuant to the 2009 Top-up Offer: 25 January 2010
- Ventus 2 Ordinary shares issued in connection with the Merger in May 2010: 7 May 2010
- Ventus or Ventus 2 Ordinary Shares acquired in the secondary market: date of acquisition

Note that Ventus 2 Ordinary Shares issued in connection with the Merger in May 2010 could be derived from Ventus 3 Ordinary Shares which were either (i) subscribed for in the 2006 Offer or (ii) subscribed for in the 2009 Top-up Offer or (iii) acquired in the secondary market on any date. See question 7 above for a discussion of the treatment of Ventus 2 Ordinary Shares which were derived from Ventus 3 Ordinary Shares in the Merger. See question 8 above for a discussion of Ventus 3 Ordinary Shares acquired in the 2009 Top-up Offer which were subsequently converted to Ventus 2 Ordinary Shares in the Merger.

Ordinary Shareholders who acquired their Ordinary Shares by way of the 2009 Top-up Offer are reminded that such Ordinary Shares have not been held for five years from the date of subscription, and such Ordinary Shareholders would,

therefore, have to repay some or all of the 30% income tax relief they received at the time of subscription if they were to tender such shares under the Tender Offers.

Note that Ventus 3 Ordinary Share certificates are no longer valid, as Ventus 3 Ordinary Shares were converted into Ventus 2 Ordinary Shares pursuant to the Merger. Certificates for "C" Shares of either Ventus or Ventus 2 are not relevant to Tender Offers.

Ordinary Shareholders who are unsure as to the date or validity of any Ordinary Share certificates can contact Capita Registrars Limited by telephone on 0871 664 0300 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. (Calls to the 0871 664 0300 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary.) Lines are open 9.00 am to 5.00 pm (London time) Monday to Friday.

19. What should Ordinary Shareholders holding Ordinary Shares in certificated form do if they are unable to locate their Ordinary Share certificates?

Ordinary Shareholders holding Ordinary Shares in certificated form are required to attach their share certificates to the Tender Form. However, if a share certificate has been lost or destroyed, the Ordinary Shareholder must contact Capita Registrars Limited to obtain, at the Ordinary Shareholder's cost, a letter of indemnity which will need to be completed and returned along with the Tender Form by 1pm on 26 March 2012. See pages 22 and 26 of the circular for the Tender Offer for instructions on dealing with share certificates which have been lost or destroyed.

20. What should Ordinary Shareholders who hold their Ordinary Shares in uncertificated form (i.e., CREST) do?

Ordinary Shareholders who hold their Ordinary Shares in CREST are not required to have such Ordinary Shares transferred into certificated form in order to tender them under a Tender Offer. Ordinary Shareholders holding their Ordinary Shares in CREST should follow the instructions on pages 22, 26 and 31 of the circular for the Tender Offer. Such Ordinary Shareholders will have the option of having the new Ordinary Shares for which they subscribe with the proceeds of the Tender Offer issued in either certificated form or in CREST form.

21. What will happen if applications under the Ventus Tender Offer exceed 12 million Ordinary Shares if applications under the Ventus 2 Tender Offer exceed 14 million Ordinary Shares?

If applications under the Ventus Tender Offer exceed 12 million Ordinary Shares or if applications under the Ventus 2 Tender Offer exceed 14 million Ordinary Shares, participating Ordinary Shareholders will be scaled back on a pro-rata basis. If part only of a holding of Ordinary Shares is successfully tendered pursuant to a Tender Offer, the relevant participating Ordinary Shareholder will be entitled to receive either a balance certificate in respect of the unsold Ordinary Shares or, if the Ordinary Shares are held in uncertificated (i.e., CREST) form, a transfer by TFE instruction for the balance of the unsold Ordinary Shares.

22. Who should be contacted with any further questions?

Further enquiries should be directed to The City Partnership (UK) Limited on 0131 243 7210.