VENTUS VCT PLC & VENTUS 2 VCT PLC (THE "COMPANIES") – QUESTIONS RAISED BY SHAREHOLDERS PURSUANT TO THE CIRCULAR DATED 13 APRIL 2021:

QUESTION 1

Why is the Ventus expense ratio so much higher than for an infrastructure fund? (The total TER for Greencoat appears to be less than the investment manager fee for Temporis and yet there must be less work if there is no asset renewal or purchase programme). There is no reference in the circular to investigating other options around a low cost management of the funds that would capture the value of the life extensions and repowering.

ANSWER 1

These questions have been considered carefully by the Boards over the last 2 years and have been answered extensively in previous releases.

The Companies have significant fixed costs, including those that are incurred to fulfil their requirement to be listed on the London Stock Exchange that are relatively constant irrespective of size. The last reported NAV for Ventus VCT plc was £34.2m. By comparison, Greencoat UK Wind plc is 65 times larger with an NAV of £2,229.9m.

The Boards have negotiated a lower investment management fee and reduced other fund level costs where possible.

As detailed in the 31 July 2020 RNS, the Boards also carefully reviewed the possibility of reducing costs by directly managing the assets before entering into the contract extension with Temporis Capital Limited ("Temporis"). Some of the reasons set out in that RNS as to why the Boards determined that the extended Investment Management Agreement term was a better outcome for Shareholders are stated again below:

- The savings of self-management relative to the extended term are estimated to have a present value equivalent to approximately 1% of NAV in the next 5 years.
- These potential savings are small relative to the wide range of risks that the Companies are exposed to.
- Temporis provide a resilient resourced service with access to an experienced team of over 20 people across four different functional areas, whereas self-management would be dependent on the performance and availability of a small number of individuals.
- Self-management would increase uncertainty. There is no precedent for self-management of a comparable VCT. The Companies own shares in a number of investee companies that do not have executive management teams and the Investment Manager is involved continuously in their operation.
- Temporis continues to perform well in its role as Investment Manager.

QUESTION 2

Could you please provide a sensitivity with a 10% and 20% increase and decrease in the price of power for the continuation and sale scenarios.

ANSWER 2

In the estimated continuation case presented in the Circular, a 10% increase in forecast power prices would increase the annual return to Shareholders to approximately 4% to the next continuation vote.

It is not possible to identify specifically what impact changes in forecast power prices would have on the sales process, as there are many other variables involved. The Investment Manager's Report contained within the unaudited interim financial statements for the period ended 31 August 2020 for each Company showed the effect of both 10% and 20% increases and decreases in forecast power prices on the NAVs.

The same text also stated that "in the last 10 years, power prices and discount rates have both fallen, continually setting new lows. This can perhaps be explained by investors believing that lower power price forecasts have lower embedded risk, and therefore they are prepared to value the forecast revenues at lower discount rates. Equally, the fall in discount rates could be, at least in part, attributed to the fall in interest rates over the same period to near zero today."

The Boards note that forecast power prices and interest rates are volatile, but that potential buyers are currently prepared to take constructive views of these inputs. As stated in the Circular “the secondary market for the assets owned by the Companies……is in the opinion of the Boards, the Investment Manager and several financial advisers, currently considered to be very favourable for sellers of assets similar to those owned by the Companies.”

QUESTION 3

Could the Boards please give examples of the "larger infrastructure funds" in Part I section 4 (page 10) of the Circular (accepting that no recommendation is expressed or implied)?

ANSWER 3

The larger listed renewable energy focused companies which could be considered to fit this description are Greencoat UK Wind plc, JLEN Environmental Assets Group Ltd and The Renewable Infrastructure Group plc.

QUESTION 4

You indicate that the alternative strategy would merely be a deferment for 5 years of an asset sale, but surely another alternative is to keep going for much longer at much reduced costs capturing the value from repowering and life extensions. Why has this scenario not been presented to shareholders?

The 5 year timeframe for the continuation scenario is presented as the Companies’ Articles require another continuation vote to be held in 2025. As explained in the Circular, the combination of falling NAVs due to the limited life of the assets and the amount of fixed costs the Companies incur will cause the Total Expense Ratio (“TER”) - being the Companies' total costs as a percentage of the Companies' NAV - to increase in the future. As noted in the Circular this will erode Shareholder returns and impact the benefit of the tax free dividend stream, further strengthening the rationale that this is the optimal time to sell the assets. The Circular states that the TER will rise from around 2.3% of the Companies' NAVs in the near term to in excess of 3.0% in the long term.

The response to Question 1 addresses the question of cost reduction.

The estimated NAV uplift from increasing the wind asset operational lives to 30 years is included within the 2025 continuation scenario included in the Circular. Equally, the strong secondary market for assets suggests it can be inferred that the potential for future value creation from asset life extension is included in transaction prices.

QUESTION 5

Can you please set out the implications (and specifically how much would be payable) on the performance fee under the 2 scenarios of continuation for the coming 5 years / and wind up at a range of prices including the base case you have presented to shareholders? It seems to me that a sale at hopefully the levels you envisage will trigger a large performance fee payout to the manager in this single year as there will be one-off super-increase in Earnings, whereas Earnings’ increases are likely to be spread over a number of years in alternative scenarios, with either no performance fee, or a significantly reduced one, payable. (See my rationale for this at the foot of the email, and if these assumptions are not valid, please explain why).

ANSWER 5

The estimated returns and proceeds in the continuation and sale scenarios included in the Circular are presented net of estimated incentive fees due to the Investment Manager.

In arriving at the decision to propose the sale of the assets and discontinuance of the Companies the Boards have focused on outcomes for all Shareholders rather than transaction paths based on fees payable to the Investment Manager.

An incentive fee is payable in any year in which earnings exceed 7p after the cumulative 60p hurdle is met. Therefore, an incentive fee will be payable in any year in which there is a significant increase in the NAV. An increase in the NAV may occur from the realisation of assets, or from changes in the assumptions that are used to calculate the NAV.

The financial statements for the year ended 29 February 2020 state "The key assumptions that have a significant impact on discounted cash flow valuations for these assets are the discount rate, the inflation rate, the price at which the power and associated benefits can be sold, the amount of electricity the investee companies' generating assets are expected to produce, the length of the operating life of the assets and operating costs." The Companies' valuation policy (based on The International Private Equity and Venture Capital Valuation Guidelines) requires the consideration of observable market inputs into determining the appropriate assumptions to use, and these are then reviewed and verified by the auditors.

In accordance with the Companies' valuation policy to consider comparable valuation inputs observed in the market, the Boards expect the NAVs to increase in the year ending 28 February 2021 and therefore the Boards expect an incentive fee will become due in that financial year, irrespective of whether a transaction takes place. The Boards expect the financial statements for the period ended 28 February 2021 to be published in early June 2021 and these financial statements are still currently subject to an ongoing audit and Board approval process.

In the event that the portfolio is sold in the year ending 28 February 2022, a further incentive fee may or may not become payable, depending on the final value achieved and the date of the sale(s).

QUESTION 6

The 2 Gresham House renewable VCTs have been forced into an asset sale process by the shareholders of one of the two funds. Do you think this has any implications for the Ventus funds? Is there any merit in any joint marketing of the assets (assuming shareholders approve that direction) as it may be more attractive to larger infrastructure funds? Or is the opposite the case with a "swamping" of the market?

ANSWER 6

Each Company's proposed resolution is conditional on the other Company's resolution also passing, therefore there is no risk of the adverse scenario of one Company voting to sell while the other Company votes to continue.

EY are mandated to sell the assets of both Companies at once, subject to Shareholder approval. The assets of the Companies are small relative to the size of secondary market, and there is no risk that the sale of all the assets could have a swamping effect.

Market Abuse Regulation

The information contained within this announcement is deemed by the Companies to constitute inside information as stipulated under the UK version of Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.