

Ventus VCT plc

Interim Update

3 February 2017

Key Information

	Ordinary Shares	C Shares	D Shares
Net asset value as at 31 August 2016 (ex-dividend) *	£17.8m	£13.6m	£2.4m
Net asset value per share as at 31 August 2016 (ex-dividend) *	109.2p	120.5p	121.3p
Mid-market share price as at market close on 31 January 2017	104.5p	113.5p	105.0p
Cumulative dividends per share paid to date	57.8p	28.0p	5.5p
Total Return per share (NAV plus cumulative dividends paid)	167.0p	148.5p	126.8p
Target dividend per share for year ending 28 February 2017:			
Tax-free dividend **	8.0p	8.0p	5.0p
Equivalent pre-tax dividend to Higher Rate taxpayer ***	11.9p	11.9p	7.4p
Equivalent pre-tax dividend to Additional Rate taxpayer ***	12.9p	12.9p	8.1p
Target dividend yield for year ending 28 February 2017 based on mid-market share price as at market close on 31 January 2017:			
After tax	7.7%	7.0%	4.8%
Equivalent pre-tax dividend to Higher Rate taxpayer	11.3%	10.4%	7.1 %
Equivalent pre-tax dividend to Additional Rate taxpayer	12.4%	11.4%	7.7%

* Net asset value as at 31 August 2016 reduced by the amount of the dividend paid on 18 January 2017 to shareholders on the register at the close of business on 16 December 2016.

** 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 (effective from April 2016). From April 2016, Higher rate taxpayers 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) pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 38.1%.

Strategic Objectives

In November 2016, the Board set out its strategic objectives for Ventus VCT plc (the "Company") in a Strategy Note. The key objectives are:

- > To achieve a sustainable level of dividends from the management of a portfolio of renewable energy assets held within a tax efficient Venture Capital Trust.
- > To protect the capital of shareholders and to enhance its value by the active management of the assets operated by investee companies, which are generally joint venture companies.
- > To manage the assets of the Company with a view to maximising their longevity and optionality.

The Strategy Note discusses the Company's policies in detail. The Strategy Note was released by Regulated News Service on 1 November 2016 and a copy is available on the Company's website.

Interim Dividends

Interim dividends of 4.0p per Ord share, 3.5p per C share and 1.5p per D share were paid on 18 January 2017 to shareholders on the register as at the close of business on 16 December 2016. The historic annual dividends declared and the dividend targets for this year and the next four years are set out for each share fund in this report.

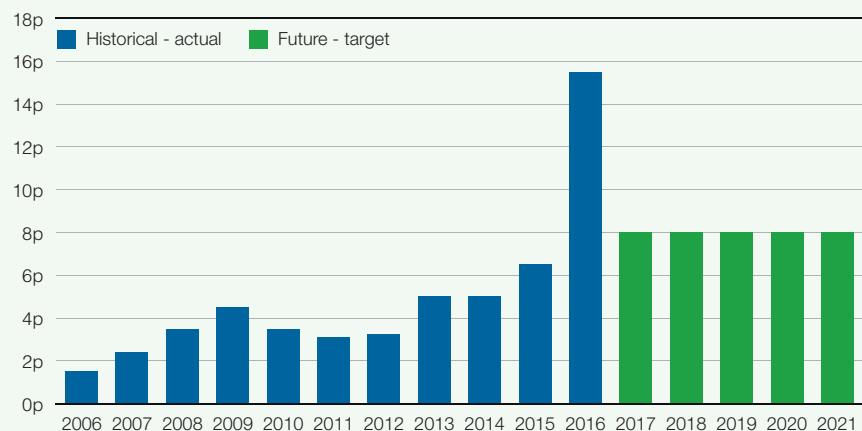
Ordinary Shares:

Dividends, Net Asset Value and Portfolio Sensitivities

Annual Dividends Declared per Ordinary Share

(year ended/ending 28/29 February)

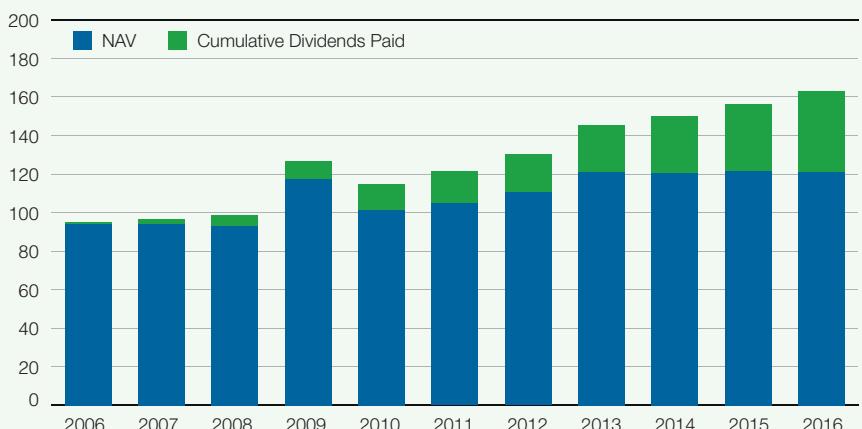
The chart shows historical dividends of the ordinary shares, as well as target dividends for this year and the next four years. Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or should be inferred. The Company's ordinary share fund paid a special dividend of 12p per ordinary share on 10 August 2016. This dividend was able to be made following the Company's receipt of £2.5 million of deferred consideration resulting from the sale of Craig Wind Farm Limited.



Total Return per Ordinary Share

(year ended 28/29 February)

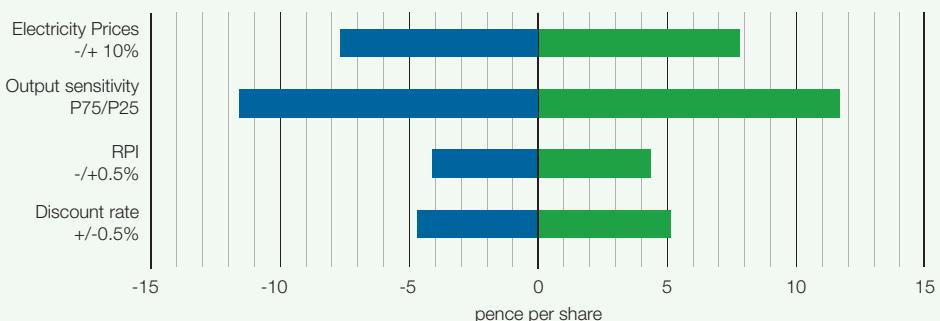
The valuation of investments in the portfolio is based on a discounted cash flow analysis of project revenues, based on a number of key assumptions such as energy yield and electricity prices. The chart shows the total return per ordinary share (NAV plus cumulative dividends paid) on a historical basis.



Sensitivity of NAV per Ordinary Share to Changes in Key Input Assumptions

(as at 31 August 2016)

The chart illustrates the sensitivity of the ordinary share NAV as at 31 August 2016 to certain key input assumptions for the remaining assumed operating lifetime of the underlying assets: electricity prices, generating output, inflation (RPI) and the discount rate applied to the cash flows in the discounted cash flow analysis.

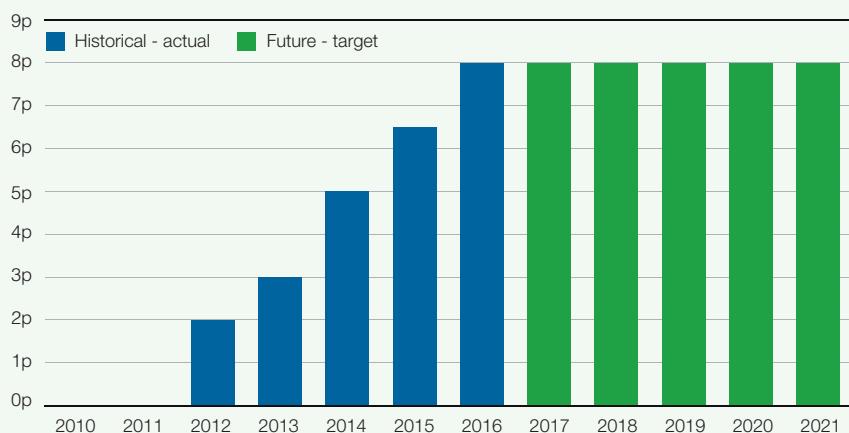


C Shares:

Dividends, Net Asset Value and Portfolio Sensitivities

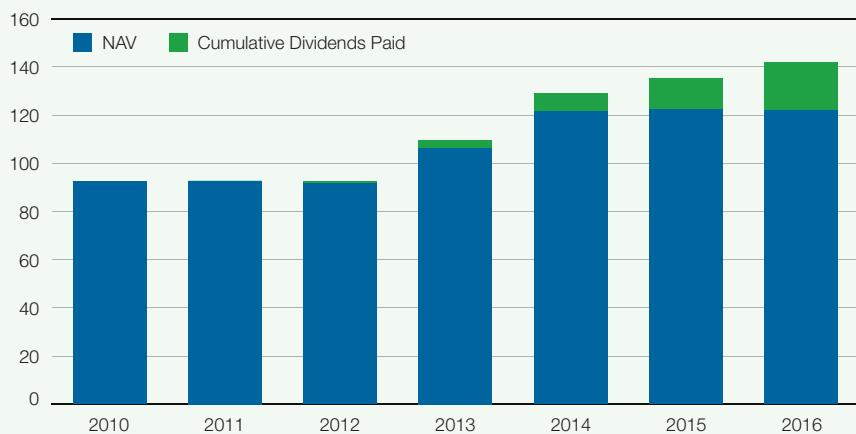
Annual Dividends Declared per C Share (year ended/ending 28/29 February)

The chart shows historical dividends of the C shares, as well as target dividends for this year and the next four years. Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or should be inferred.



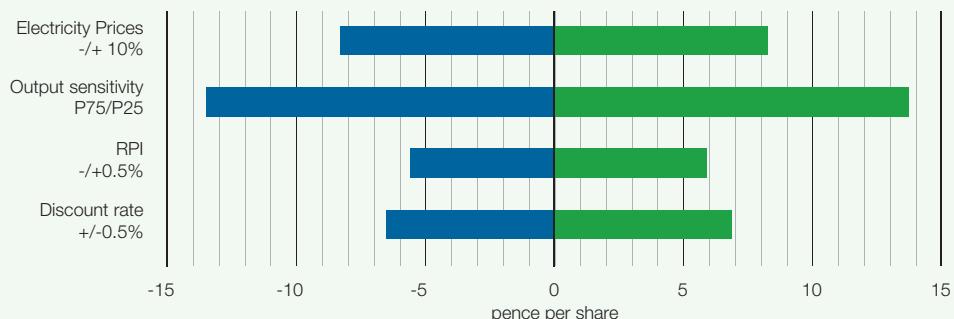
Total Return per C Share (year ended 28/29 February)

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 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 2016)

The chart illustrates the sensitivity of the ordinary share NAV as at 31 August 2016 to certain key input assumptions for the remaining assumed operating lifetime of the underlying assets: electricity prices, generating output, inflation (RPI) and the discount rate applied to the cash flows in the discounted cash flow analysis.

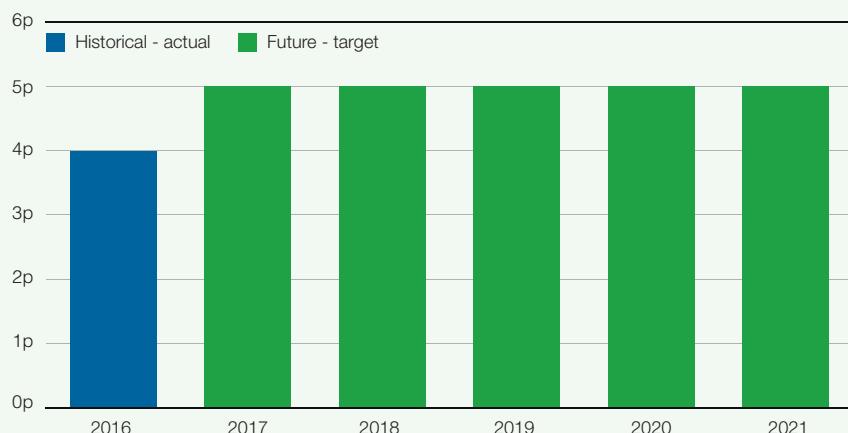


D Shares:

Dividends, Net Asset Value and Portfolio Sensitivities

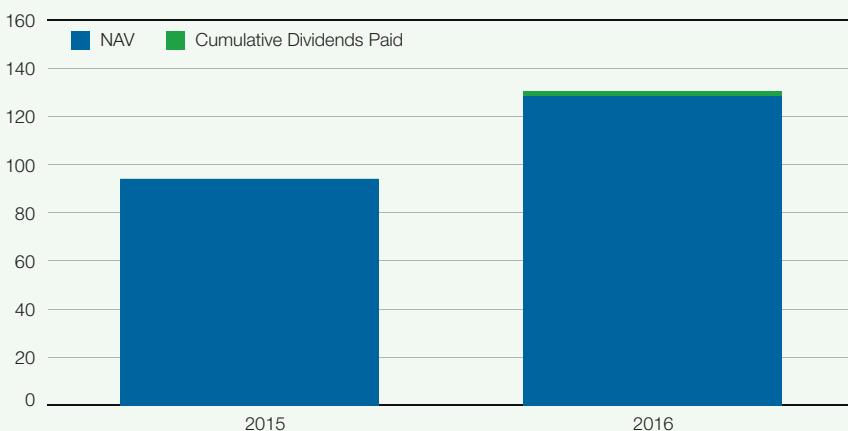
Annual Dividends Declared per D Share (year ended/ending 28/29 February)

The chart shows historical dividends of the D shares, as well as target dividends for this year and the next four years. Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or should be inferred.



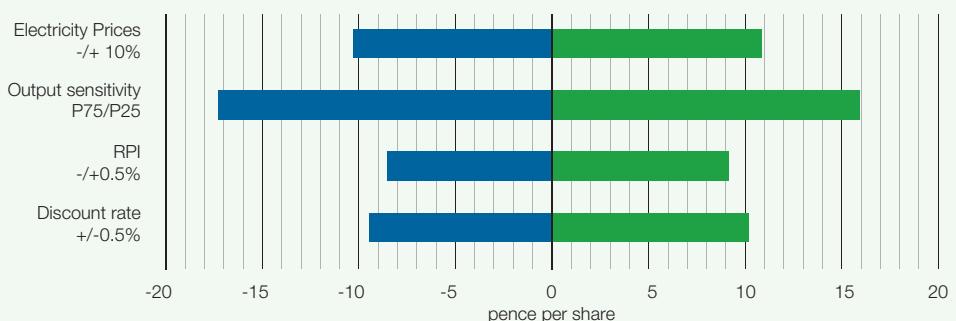
Total Return per D Share (year ended 28/29 February)

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 shows the total return per D share (NAV plus cumulative dividends paid) on a historical basis.

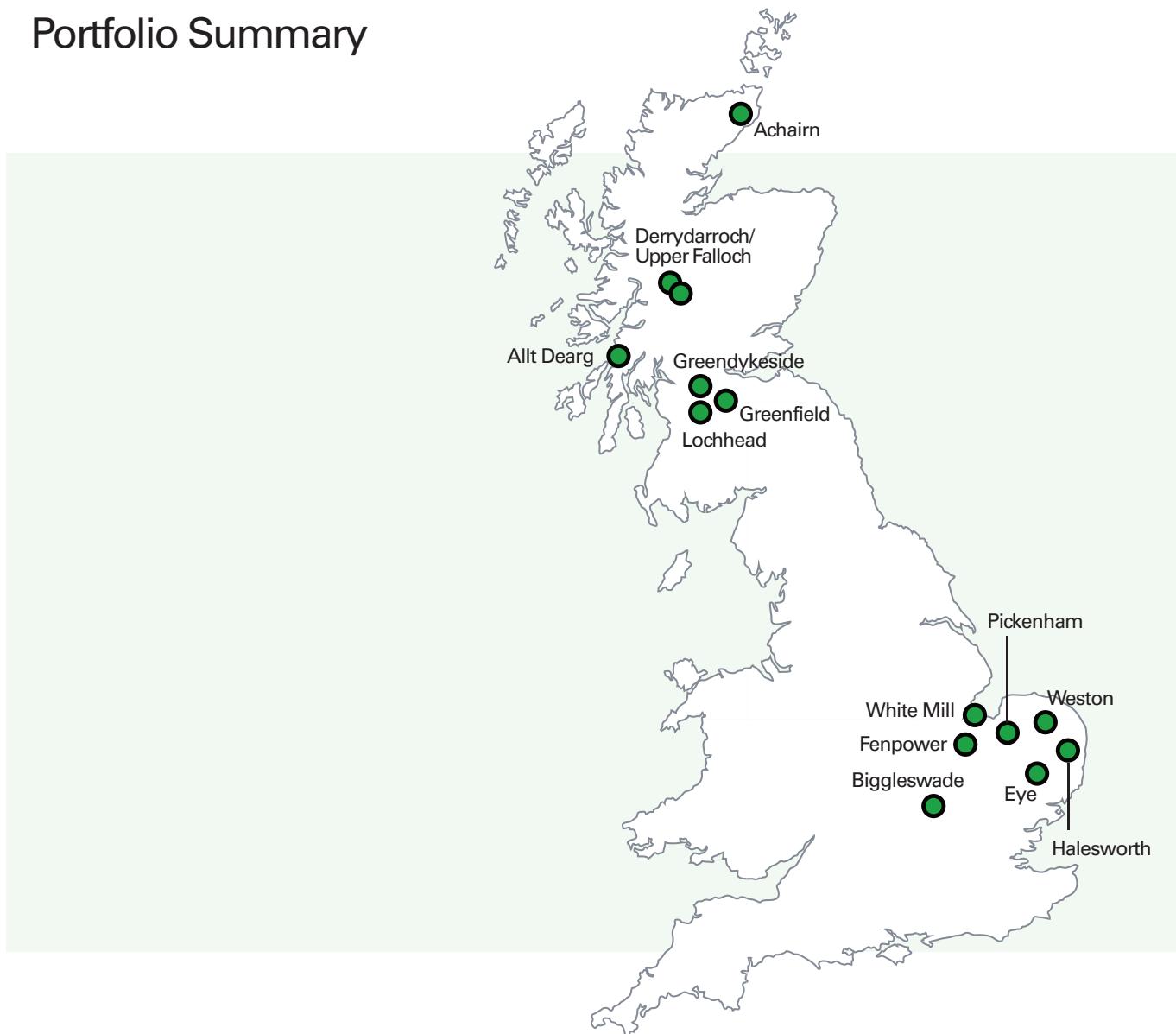


Sensitivity of NAV per D Share to changes in Key Input Assumptions (as at 31 August 2016)

The chart illustrates the sensitivity of the ordinary share NAV as at 31 August 2016 to certain key input assumptions for the remaining assumed operating lifetime of the underlying assets: electricity prices, generating output, inflation (RPI) and the discount rate applied to the cash flows in the discounted cash flow analysis.



Portfolio Summary



	Capacity Megawatts	Operational Since	Investment held by		
			Ord Share Fund	C Share Fund	D Share Fund
Operational Wind					
Fenpower Limited	10.00	May 2007	•		
A7 Greendykeside Limited	4.00	Nov 2007	•		
Achain Energy Limited	6.00	May 2009	•		
A7 Lochhead Limited	6.00	Jun 2009	•		
Greenfield Wind Farm Limited	12.30	Mar 2011	•	•	
Biggleswade Wind Farm Limited	20.00	Dec 2013	•	•	
Eye Wind Power Limited	6.80	Apr 2014	•		
BMGE Pickenham Ltd/North Pickenham Energy Ltd	4.00	Apr 2014	•	•	
BMGE Weston Ltd/Weston Airfield Investments Ltd	4.00	Apr 2014	•	•	
AD Wind Farmers Ltd (Allt Dearg Windfarmers LLP)	10.20	Dec 2012		•	
White Mill Windfarm Limited	14.40	Aug 2012		•	
BMGE Halesworth Limited	10.25	Aug 2015	•	•	•
Operational Hydro					
Darroch Power Limited (Derrydarroch)	1.90	Dec 2015	•	•	•
Upper Falloch Power Limited	0.90	Dec 2015	•	•	•

Operational Portfolio

The Company has investments in companies operating 12 wind farms with installed capacity of 107.95 megawatts and two hydroelectricity schemes with installed capacity of 2.8 megawatts. The map shows the location of the projects owned by the investee companies of the Company.

Valuation

The investee companies held by the Company are valued using a discounted cash flow methodology assuming the investee companies are unleveraged. The discount rates used to value the unleveraged cash flows of the investee companies range from 7.5% to 9%.

The key assumptions that have a significant impact on discounted cash flow valuations for these assets are the discount 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 and operating costs. The investments have been valued assuming an operating life of 25 years from the date of first operation for wind assets (albeit with an assumed reduction in availability in the final five years of operation) and an operating life of 25 years from the valuation date for hydroelectricity assets.

Revenues

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and Government subsidies, each providing approximately half of total income. The investee companies' wind assets are accredited for Renewable Obligation Certificates and the hydroelectricity assets are accredited for the Feed-in Tariff. These accreditations provide the investee companies with Government-backed, inflation-linked revenues for a period of 20 years from the date of first operation. These inflation-linked revenues protect the value of the investment as is demonstrated by the sensitivity analyses provided above. The selling price is often fixed in the medium term under power purchase agreements. For periods outside the terms of these agreements the assumed future prices are estimated using external third party forecasts which take the form of specialist consultancy reports. In respect of each share fund, as at 31 August 2016, the percentage of investee companies with a fixed electricity price and the average remaining tenor was as follows:

	Ordinary Share	"C" Share	"D" Share
Percentage of investee companies with a fixed electricity price	83%	78%	33%
Average remaining tenor of the fixed electricity price (years)	3.8	4.6	0.6

The hydro-electricity assets can opt into a floor price each year under the Feed-in Tariff arrangements, which gives these assets a floor on the price of electricity sales.

Electricity Output

Specifically commissioned external consultant reports are used to estimate the expected generating output of each investee company's generating assets taking into account their type and location. The sensitivity analyses set out above describe the sensitivity of each share fund's NAV to a higher (P75) or lower (P25) probability of exceedance of the forecast long term average output versus the base case (P50).

Exceeding probability is a commonly used measure of how likely a site is to meet a given level of performance. P50 is the generation target at which a project has a 50% likelihood of producing in excess of that figure. A P75 assessment, therefore, would represent a lower generating output, indicating that the site has a 75% chance of meeting that output figure. Conversely, P25 would represent a higher generating output, implying a 25% chance of meeting that output figure.

Debt Financing

Each of the investee companies with operational assets has been financed with senior debt. The percentage loan-to-value and the average remaining tenor of the debt finance of the investee companies with operational assets as at 31 August 2016 is set out below for each share fund's portfolio:

	Ordinary Share	"C" Share	"D" Share
Percentage Loan-to-Value	47%	53%	62%
Average remaining tenor of loan (years)	11.0	12.7	14.8

As the debt finance is repaid by the investee companies over the term of the loans, assuming all things being equal, the amount of free cash available for distribution to the investee companies' shareholders should increase.

Maturity of the Renewable Energy Assets

Assets which have been operating for a number of years and have had time to demonstrate the wind or hydro resource available to them are valued more highly than less mature assets. The relative immaturity of newer assets is reflected in their valuations which take into account the higher level of uncertainty in respect of their long term yield.

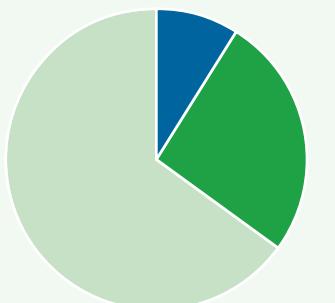
Assumptions about the extent of the operating life of renewable energy assets have been made in determining the value of the investee companies, as discussed above. These are consistent with valuation assumptions used across the industry. However, there is some considerable debate within the industry as to how long these assets may actually run in practice. There are many factors that will drive this and there is a large degree of uncertainty around these variables so it is challenging to make any meaningful predictions at this stage. Nevertheless, this is an issue that is of significant importance and will be kept under constant review.

The Board and Manager continue to monitor the market and to ensure that, wherever possible, optionality to derive any value from life extensions and repowering is preserved throughout the portfolio. Such initiatives may allow the Company to extend its lifespan beyond the current operational life of the portfolio.

Portfolio Asset Age

The charts below illustrate the age of the renewable energy assets of the companies owned by each share fund by value as at 31 August 2016:

Ordinary Share Portfolio



- Less than 2 years
- 2-5 years
- 5-10 years

Portfolio Technology Type

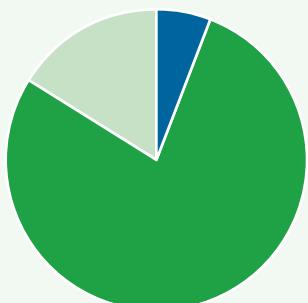
The charts below illustrate the technology type of the renewable energy assets of the companies owned by each share fund by value as at 31 August 2016:

Ordinary Share Portfolio



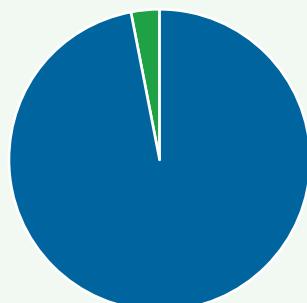
- Onshore wind
- Hydro

C Share Portfolio



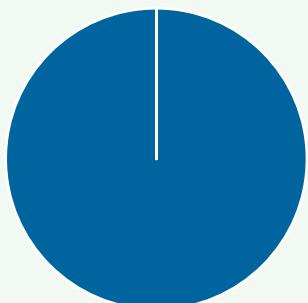
- Less than 2 years
- 2-5 years
- 5-10 years

C Share Portfolio



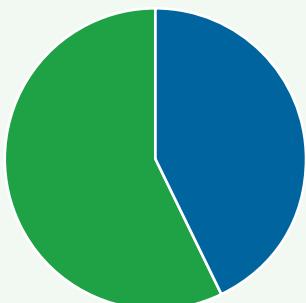
- Onshore wind
- Hydro

D Share Portfolio



- Less than 2 years

D Share Portfolio



- Onshore wind
- Hydro

FAQs

This is a new section to the Company's regular reports where opportunity is taken to respond to common questions received.

Who can I contact if I wish to buy or sell shares in the Company?

In the first instance you should contact your advisor to seek investment advice and tax advice for your own personal circumstances. If after taking advice you wish to buy or sell shares you, or your broker, should contact Chris Lloyd or Paul Nolan at Panmure Gordon (UK) Limited, the Company's market maker.

Chris Lloyd:

0207 886 2716
Chris.lloyd@panmure.com

Paul Nolan:

0207 886 2717
Paul.nolan@panmure.com

Where can I find a record of the dividends that I have received on my shares in the Company?

Your advisor should have a record of the shares that you hold and the date that dividends were paid on those shares. Alternatively, these are given on the Company's website: www.ventusvct.com

Are the management fees that the Company pays to the Manager subject to VAT?

No. Since 2008 management fees for VCTs have been exempted from VAT, therefore no VAT is payable on management fees.

What is trail commission and does the Company pay for it?

Trail commission is an annual payment which is paid to a financial advisor in respect of a product purchased through that advisor. Each of the offers to subscribe for shares in the Company offered financial advisors various levels of trail commission should their clients invest in the offer. Unlike many other VCTs, the Manager, rather than the Company, bears the cost of trail commissions. The investment management fees earned by the Manager cover the annual trail commission payable to authorised financial intermediaries.

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.

To contact the Company's corporate broker,

Panmure Gordon (UK) Limited:

Chris Lloyd: 0207 886 2716
Paul Nolan: 0207 886 2717
Chris.lloyd@panmure.com **Paul.nolan@panmure.com**

To contact the board of directors, write to:

**The City Partnership (UK) Limited,
110 George Street,
Edinburgh, EH2 4LH**

For the investment manager, please contact:

**Temporis Capital LLP
on 020 7491 9033
www.temporiscapital.com**