

## Ventus 2 VCT plc

(the "Company" or the "Alternative Investment Fund" or "AIF")

### Disclosure to Investors

Temporis Capital LLP ("Temporis") received approval from the Financial Conduct Authority with effect from 5 November 2015 to act as a full scope UK Alternative Investment Fund Manager ("AIFM"). The Company's board has amended the existing investment management agreement in place with Temporis to record the obligations of Temporis as the Company's AIFM.

As part of these additional obligations, Temporis is required to make certain disclosures to investors in accordance with FUND 3.2.2R of the FCA Rules and Article 23 of the Alternative Investment Fund Managers Directive ("AIFMD"). It should be noted that the majority of these disclosures are already made either in the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Update, or on the Company's website, to the extent that they are applicable. For ease of reference the required disclosures are summarised below:

<b>AIFMD Article 23</b>	<b>FUND 3.2.2R</b>	<b>Requirements of AIFMD article 23 and FCA Fund handbook 3.2.2R</b>	<b>Disclosures to Investors</b>
(1a)	(1a)	A description of the investment strategy and objectives of the AIF;	The Company's investment strategy and objectives are to achieve attractive long term investment returns to shareholders by maximising both dividend yield and capital growth from a portfolio of investments in companies developing or operating renewable energy projects.
(1a)	(1b)	if the AIF is a feeder AIF, information on where the master AIF is established;	N/A
(1a)	(1c)	if the AIF is a fund of funds, information on where the underlying funds are established;	N/A
(1a)	(1d)	a description of the types of assets in which the AIF may invest;	<p>The Company invests in a portfolio of companies that own wind power, landfill and hydro-electric projects.</p> <p>The Company has focused on investing in companies developing renewable energy projects with installed capacities of up to 20 megawatts. Investments are generally in companies which own and operate projects initiated by specialist small-scale developers and smaller projects which are not attractive to large development companies and utilities.</p>

(1a)	(1e)	the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks;	<p>The Company's investments are made in special purpose vehicles which were set up specifically to develop each project.</p> <p>Investments are made via subscriptions for new share capital, acquiring existing share capital or via loan stock instruments in order to secure a negotiated level of return from the project.</p> <p>Please see the Company's most recent Annual Report and Financial Statements for further details on the Company's associated risks and mitigants.</p>
(1a)	(1f)	any applicable investment restrictions;	<p>In order to comply with Venture Capital Trust ("VCT") regulations at least 70% by value of the Company's investments are required to be composed of "qualifying investments" and no more than 15% of the Company's total assets should be in a single investee company at the time the investment is made in that investee company.</p> <p>In accordance with the Company's investment policy, a maximum of 10% of the net funds raised from share offers may be invested in companies developing pre-planning projects.</p>
(1a)	(1g)	the circumstances in which the AIF may use leverage;	The Company does not intend to borrow.
(1a)	(1h)	the types and sources of leverage permitted and the associated risks;	The Company is exposed to gearing through its investee companies which typically fund the construction costs of each project through senior debt which is non-recourse to the Company.
(1a)	(1i)	any restrictions on the use of leverage and any collateral and asset reuse arrangements;	To the extent that borrowing is required, the Directors shall restrict the borrowings of the Company. The aggregate principal amount at any time outstanding in respect of money borrowed by the Company shall not, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to 10 % of the adjusted share capital and reserves of the Company in accordance with its Articles.
(1a)	(1j)	the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;	As prescribed above.
(1b)	(2)	a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;	Any significant changes to the Company's investment strategy or policy are matters for the Company's board to determine and would be announced to the Company's shareholders via RNS and on the Company's website.
(1c)	(3)	a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any	<p>By subscribing for the Company's shares, each investor has entered into a contract with the Company governed by and construed in accordance with the laws of England and Wales. Shares are held subject to the terms and conditions of the Company's Articles.</p> <p>A shareholder's liability to the Company is limited to the amount, if any, unpaid on the shares held by such shareholder.</p>

		<p>legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established;</p>	<p>In any proceedings taken in England and Wales for the enforcement of a judgment obtained against the Company in the relevant courts of a foreign jurisdiction (a "Foreign Judgment") the Foreign Judgment should be recognised and enforced by the courts of England and Wales save that to enforce such a Foreign Judgment in England and Wales it would be necessary to obtain an order of the courts of England and Wales. Such order should be granted on proper proof of the Foreign Judgment without any re-trial or examination of the merits of the case subject to the following qualifications: (i) that the foreign court had jurisdiction, according to the laws of England and Wales; (ii) that the Foreign Judgment was not obtained by fraud; (iii) that the Foreign Judgment is not contrary to public policy or natural justice as understood in English law; (iv) that the Foreign Judgment is final and conclusive; (v) that the Foreign Judgment is for a definite sum of money; and (vi) that the procedural rules of the court giving the Foreign Judgment have been observed."</p>
(1d)	(4)	<p>the identity of the AIFM, the AIF's depository, the auditor and any other service providers and a description of their duties and the investors' rights;</p>	<p>The AIFM is Temporis Capital LLP. The AIFM is primarily responsible for managing the portfolio of investments held by the Company in accordance with agreed investment objectives and guidelines as determined by the Company's board and as disclosed to shareholders in the Company's Annual Report and Financial Statements and its Half yearly Financial Report.</p> <p>It is also responsible for establishing and maintaining an appropriate risk management process designed to identify, measure, manage and monitor all risks relevant to the Company's investment strategy.</p> <p>The Company's depository is Heritage Depository (UK) Limited. The depository is responsible to the Company for monitoring the cash flows of the Company and in particular for ensuring all cash due to the Company is properly banked and that a proper reconciliation process is carried out. In addition, it will be responsible for ensuring that the assets belonging to the Company are properly registered.</p> <p>The depository may be liable to the Company, or to the shareholders for all losses suffered by them as a result of its negligent or intentional failure to fulfil its obligations.</p> <p>The Company's auditors are BDO LLP and their responsibility is to audit and express an opinion on the Company's financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require them to comply with the Financial Reporting Council's ("FRC") Ethical Standards for Auditors. A description of the scope of an audit of financial statements is provided on the "FRC" website at <a href="http://www.frc.org.uk/auditscopeukprivate">www.frc.org.uk/auditscopeukprivate</a>.</p> <p>Please see the Company's most recent Annual Report and Financial Statements for further details on the Company's service providers.</p>

(1e)	(5)	a description of how the AIFM complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk;	<p>The AIFM has Professional Indemnity Insurance (“PII”) which covers those professional liability risks for which it has legal responsibility and in addition, it maintains regulatory capital (own funds) to maintain its capital requirement.</p> <p>The AIFM has implemented effective internal operational risk management policies and procedures (which incorporate the professional liability risks) through the appointment of a Chief Risk Officer. The Chief Risk Officer is accountable to a risk committee and is responsible for incorporating the risk management policies and procedures into the overall operational risk management of the AIFM.</p>
(1f)	(6a)	a description of any AIFM management function delegated by the AIFM;	The AIFM has not delegated any of its management functions.
(1f)	(6b)	a description of any safe-keeping function delegated by the depositary;	The depositary will not be delegating any of its safe-keeping functions.
(1f)	(6c)	a description of the identity of each delegate appointed in accordance with FUND 3.10 (Delegation);	N/A
(1f)	(6d)	any conflicts of interest that may arise from such delegations;	N/A
(1g)	(7)	a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	<p>The AIFM committee makes valuation recommendations in line with the Company’s valuation policies to the Company’s board from time to time.</p> <p>Investments in unquoted companies are valued in accordance with International Private Equity and Venture Capital Guidelines, using the most appropriate methodology as determined by the board.</p> <p>Investments are initially measured at cost and at subsequent reporting dates at Fair Value in accordance with International Financial Reporting Standards (“IFRS”).</p> <p>The Company’s investments in investee companies, which operate renewable energy assets, are valued using a discounted cash flow methodology.</p> <p>The Fair Value of the Company’s investments in project companies which have not passed an initial satisfactory operational period, or are engaged in seeking planning permission, are determined to be the price of investment subject to a periodic impairment review.</p>
(1h)	(8)	a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional	The Company's policy is to maintain cash reserves of at least 5% of net proceeds raised from share offers for the purpose of meeting operating expenses and purchasing its shares in the market. Circumstances may arise which would require the Company to hold less than 5% of net proceeds in cash for a limited period of time.

		circumstances, and the existing redemption arrangements with investors;	There are no redemption rights in respect of the Company's shares.
(1i)	(9)	a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p>The AIFM is entitled to an annual fee equal to 2.5% of the Company's Net Asset Value ("NAV"). This fee covers the provision by the AIFM of investment management services as well as all accounting and administrative services together with the additional annual trail commission payable to authorised financial intermediaries. Total annual running costs are, in aggregate, capped at 3.6% of NAV (excluding the AIFM's performance-related incentive fee, any irrecoverable VAT and investment costs), and with any excess being borne by the AIFM.</p> <p>The AIFM will receive a performance-related incentive fee subject to the Company achieving certain defined targets. No incentive fee will be payable until the Company has provided a cumulative return to investors in the form of growth in NAV plus dividends (the "Return") of 60 pence per share. Thereafter, the incentive fee, which is payable in cash, is calculated as 20% of the amount by which the Return in any accounting period exceeds 7 pence per share.</p>
(1j)	(10)	a description of how the AIFM ensures a fair treatment of investors;	<p>The AIFM is appointed by and has an investment management agreement with the Company.</p> <p>The Company, together with Ventus VCT plc, has an allocation agreement in place with the AIFM. The allocation agreement prescribes the allocation of investments between the two companies and their share funds in accordance with the ratio of available funds in each share fund, subject to adjustment in consideration of maintaining the VCT status of both companies, concentration risk, expected timing of realisations and projected dividend profiles.</p>
(1j)	(11)	whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	
(1j)	(11a)	that preferential treatment	N/A
(1j)	(11b)	the type of investors who obtain such preferential treatment; and	N/A
(1j)	(11c)	where relevant, their legal or economic links with the AIF or AIFM	N/A
(1k)	(14)	the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	The Company's latest annual report is available by RNS and on the Company's website and from Companies House.
(1l)	(12)	the procedure and conditions for the issue and sale of units or shares	The shares are listed and traded on the London Stock Exchange.

(1m)	(13)	the latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in line with FUND 3.9 (Valuation);	The NAV of the Company is calculated on a periodic basis and is disclosed in the Company's Annual Report and Financial Statements, its Half-yearly Financial Report and its Interim Updates which are published by RNS and on the Company's website.
(1n)	(15)	where available, the historical performance of the AIF;	The current and previous reports of the AIF are all published on the Company's website.
(1o)	(16a)	the identity of the prime brokerage firm;	N/A
(1o)	(16b)	a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;	N/A
(1o)	(16c)	the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and	N/A
(1o)	(16d)	information about any transfer of liability to the prime brokerage firm that may exist; and	N/A
(1p)	(17)	a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed	<p>The shares of the Company are listed and traded on the London Stock Exchange. Any changes which impact its liquidity would be disclosed by RNS and on the Company's website.</p> <p>The risk profile and risk management systems employed by the AIFM, and any changes thereto, are disclosed in the Company's Annual Report and Financial Statements and its Half-yearly Financial Report which are available by RNS and on the Company's website.</p> <p>The detailed information in relation to the use of leverage is disclosed above. Any changes to the Company's policy would be disclosed by RNS and on the Company's website.</p>