



Ventus 2 VCT plc

Half-yearly Financial Report (unaudited)
for the six month period ended 31 August 2020

CONTENTS

| | | | |
|-----------|---------------------------------------|-----------|---|
| 01 | Chairman's Statement | 15 | Directors and Advisers |
| 04 | Principal Risks and Uncertainties | 16 | Condensed Statement of Comprehensive Income |
| 05 | Going Concern | 18 | Condensed Statement of Financial Position |
| 05 | Directors' Responsibilities Statement | 19 | Condensed Statement of Changes in Equity |
| 06 | Financial Performance Report | 21 | Condensed Statement of Cash Flows |
| 08 | Investment Manager's Report | 22 | Explanatory Notes to the Condensed Financial Statements |

Ventus 2 VCT plc owns
a portfolio of operating
renewable energy
companies

I am pleased to present the unaudited financial report of Ventus 2 VCT plc (the "Company") for the six month period ended 31 August 2020, which demonstrates the relative durability of the Company in the face of the ongoing economic fallout from the Covid-19 pandemic.

Electricity generation for the six month period ended 31 August 2020 was 105% of budget (for the year ended 29 February 2020: 101%). The Company benefited from the high proportion of fixed power prices in the investee companies, as realised UK wholesale prices throughout the period were significantly lower than expected.

There has been a modest decrease in net asset value ("NAV") across all share classes:

- Negative factors: Lower forecast power prices.
- Positive factors: Changes to operating expenses and certain embedded benefit revenues, based on market observations.

Strategic Objectives

The Company's key strategic objectives were described in the Annual Report for the year ended 29 February 2020 and remain unchanged.

Furthermore, the Board issued a capital allocation framework alongside the Half-yearly Financial Report for the six months ended 31 August 2019 with the following conclusions for the use of cash in descending priority:

1. To confirm and pay the current annual dividend targets.
2. To continue to make incremental investments wherever possible in the existing assets for performance enhancement and preserving life extension optionality.

If the Additional Continuation Vote is passed:

3. To undertake a tender offer to provide an opportunity for shareholders who wish to exit in an orderly and cost-effective way.
4. To undertake open market share purchases when the discount to NAV is greater than 5% subject to the availability of excess cash.
5. To pay excess cash as special dividends as available.

Summary Financial Performance

The table below gives an overview of the financial performance for the period. Details about the Company's net profit for the period is set out in the Financial Performance Report.

| | Ordinary Shares pence per share | "C" Shares pence per share | "D" Shares pence per share |
|-------------------------|--|-------------------------------------|-------------------------------------|
| NAV at 29 February 2020 | 79.4 | 133.0 | 144.4 |
| NAV at 31 August 2020 | 77.9 | 128.1 | 142.4 |
| Decrease in NAV | (1.5) | (4.9) | (2.0) |

Dividends paid during the six month period ended 31 August 2020

| | | | |
|---|-----|-----|-----|
| Dividends paid during the six month period ended 31 August 2020 | 2.5 | 4.0 | 2.5 |
|---|-----|-----|-----|

Total return (change in NAV + dividends paid)

| | | | |
|---|-----|-------|-----|
| Total return (change in NAV + dividends paid) | 1.0 | (0.9) | 0.5 |
|---|-----|-------|-----|

Dividend yield

| | | | |
|---|-------|--------|--------|
| Mid-market share price as at market close on 31 August 2020 | 72.5p | 122.0p | 128.0p |
|---|-------|--------|--------|

Target dividend per share for the year ending 28 February 2021:

| | | | |
|---|-------|--------|-------|
| Tax-free dividend paid in respect of the year* | 5.00p | 8.00p | 5.00p |
| Equivalent pre-tax dividend to Higher Rate taxpayer** | 7.41p | 11.85p | 7.41p |
| Equivalent pre-tax dividend to Additional Rate taxpayer | 8.08p | 12.92p | 8.08p |

Target dividend yield for the year ending 28 February 2021 based on mid-market share price as at market close on 31 August 2020:

| | | | |
|--|-------|-------|------|
| Tax-free yield | 6.9% | 6.6% | 3.9% |
| Equivalent pre-tax yield to Higher Rate taxpayer** | 10.2% | 9.7% | 5.8% |
| Equivalent pre-tax yield to Additional Rate taxpayer** | 11.1% | 10.6% | 6.3% |

* Dividend targets are intentions only. No forecast 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 dividends/yields are computed assuming a shareholder receives dividends from other sources in excess of the £2,000 per year tax-free dividend allowance (which became effective from April 2018). Higher Rate taxpayers pay tax on dividends in excess of the £2,000 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 £2,000 tax-free allowance at the rate of 38.1%.

Board Composition

Since the Board reorganisation in 2019, with the appointment of myself and Chris Zeal in October, and the departure from the Board of Alan Moore at the end of 2019, the Board is now composed of three Directors.

Dividends and Dividend Policy

The Company proposes to declare an interim dividend of 2.50p per ordinary share, 4.00p per "C" share and 2.50p per "D" share to be paid on 20 January 2021 to shareholders on the register as at the close of business on 18 December 2020.

Subject to the Continuation Vote passing, over the next five years the Directors have set a target annual dividend of 5.00p per ordinary share, 8.00p per "C" share and 5.00p per "D" share. It should be stressed these are intentions only, and no forecasts are intended or should be inferred.

The ability of the Company to pay dividends is dependent on the receipt of cash from its investee companies which is uncertain and depends on various factors including wind and rainfall conditions, operational availability, the price of electricity, inflation and operating costs.

Impact of Covid-19 and Going Concern

The Covid-19 pandemic started to impact the UK economy after the Company's year end and the long-term impacts are still uncertain. As the Company has a high proportion of fixed revenue from government tariffs and fixed price power contracts the Board does not currently intend to change the guidance on the target dividends.

The Investment Manager's Report contains additional detailed information on the impact of Covid-19.

The impact on operations in the period up to the end of October 2020 remains minimal. As stated in the 29 February 2020 Annual Report, the majority of wind turbine operational issues can be managed remotely or are resolved

automatically by the turbine's control systems. Where physical visits to sites are required, site managers and turbine maintenance staff have been able to work safely whilst adhering to social distancing and enhanced health and safety protocols. Procurement of spare parts has not been interrupted.

As predicted in the 29 February 2020 Annual Report, the financial impact on the Company has been price driven. The price impacts have been twofold:

Firstly, forecast power prices have fallen. Since the 29 February 2020 valuation, forecast power prices have fallen 24% for the 5 years to 2025 although latest¹ available power price forecasts now show a reversal of some of these falls.

The Company is relatively insulated (both in terms of revenue and changes in NAV) against changes in near term power prices, as a significant proportion of the investee company revenues are fixed as shown below.

| % Forecast Fixed Price Revenue at investee company level* ^A | FY021 | FY2022 | 5 years FY2021-FY2025 |
|--|-------|--------|-----------------------|
| Ordinary shares | 98% | 83% | 82% |
| "C" Shares | 97% | 97% | 80% |
| "D" Shares | 98% | 79% | 85% |
| Company weighted average** | 98% | 88% | 82% |

* including all fixed price subsidies and fixed electricity prices. Note that revenue received will still vary with energy yield.

** weighted by NAV.

^A varies from those set out in the 29 February 2020 accounts due to additional fixed prices being negotiated and certain revenue assumptions being updated

Secondly, the revenues that are received from the government for the Renewable Obligation Certificates (ROCs) and the Feed in Tariffs (FITs) are linked to inflation through the Retail Price Index (RPI). The potential range of outcomes for inflation has widened due to Covid-19. Trailing 12 month inflation is currently below the 2.75% assumption used in the valuation, although the 10-year inflation rates currently implied by index linked government bonds remains above 3.0%.

The Board has reviewed several power price scenarios and remains confident in the current dividend targets and the going concern status of the Company.

The Company has conducted additional sensitivity analysis around the potential impacts of Covid-19. These sensitivities are set out in the Investment Manager's Report.

Continuation Vote

As shareholders will be aware, the Company's Articles of Association (the "Articles") required that a "Continuation Vote" was held by way of an ordinary resolution at the 2020 Annual General Meeting ("AGM"). The resolution was passed.

As explained in the Annual Report, the Board was unable to complete its analysis and make a recommendation to shareholders as it was not possible to assess what values a purchaser would pay for the Company or its assets due to the Covid-19 pandemic. Therefore, the Board agreed to recommend to hold an Additional Continuation Vote as soon as possible, and no later than the 2021 AGM.

It is now the Board's view that the secondary market for transactions has, by and large, returned to a level of stability and volume that enables the analysis to be completed. The Board therefore expects to update shareholders further in early 2021.

Investment Management Agreement ("IMA")

As set out in detail in the RNS, which is available on the Company's website, the Company entered into a new and extended IMA with Temporis Capital Limited ("Temporis"; the "Investment Manager") in July 2020.

The management fee has therefore dropped (backdated to 1 August 2019) to 1.50% of NAV, and as such the Company has received a rebate of £55,000 from Temporis in respect of the prior year. Further details are set out in Note 3 to the financial statements.

1 The 31 August 2020 valuation uses the AFRY Q2 2020 forecast. The AFRY Q3 2020 forecast was published after the 31 August 2020

The extension to the IMA entered into in July 2020 also extended the term of the IMA until 31 July 2025, with a reduction in management fee to 1.15% of NAV from 1 August 2022.

The Board's review of the management fees across the industry demonstrate that this is an excellent result for shareholders; 1.15% matches the lowest fee paid by any renewables VCT and the cost per MW is approximately 25% lower than that charged by other larger listed infrastructure funds with a focus on wind assets.

The extended IMA will also enable the Board to provide shareholders with a clearer comparison of the economics for continuation or wind up as part of their recommendation for the Additional Continuation Vote.

VCT Qualifying Status

The Company retains Philip Hare & Associates LLP to review its compliance with VCT regulations. The Directors are satisfied that the Company has continued to fulfil the conditions for maintaining VCT status.

Lloyd Chamberlain
Chairman

11 November 2020

2020 AGM and Shareholder Engagement

Due to the restrictions on meeting in person brought about by the Covid-19 pandemic, and provisions of the Company's Articles, shareholders were unable to attend the AGM in person and questions were submitted in advance. In the Annual Report for the year ended 29 February 2020 the Board announced its intention to hold a meeting later in 2020 or early 2021 as a shareholder forum where discussion can take place. The Board intends to hold this forum early in 2021.

Share Class Merger

The Board again reiterates its commitment to proceed with the share class merger. As set out previously, the Board is of the view that there is no benefit to shareholders in conducting the share class merger ahead of the Additional Continuation Vote, and therefore this will be undertaken without delay if shareholders vote to continue in the Additional Continuation Vote described above.

PRINCIPAL RISKS AND UNCERTAINTIES

Continued

Under the Financial Conduct Authority's Disclosure and Transparency Rules, the Directors are required to identify those principal and emerging risks to which the Company is exposed and take appropriate steps to mitigate those risks. Other than the inherent risks associated with investment activities, which are discussed in the Investment Manager's Report, the risks described in the below table are those which the Directors consider to be material and are set out in the Company's Risk Register. The Directors do not expect that the risks and uncertainties presented will change significantly over the current financial year.

| Principal Identified Risk | Risk Mitigation |
|---|---|
| Impact of Covid-19 on the operational activities at investee companies potentially leading to lower energy generation due to plant not being fully operational. | <i>This risk is mitigated by use of high quality contractors for site management and turbine maintenance at investee companies, capable of implementing procedures which allow continued operations whilst adhering to restrictions on movement and social distancing are in place, together with the close monitoring by the Investment Manager of service levels from these suppliers.</i> |
| Failure to meet and maintain the investment requirements for compliance with HMRC VCT regulations may result in the Company losing its status as a VCT. | <i>The Board mitigates this risk by regularly reviewing investment management activity with appropriately qualified advisers.</i> |
| Inadequate control environment at service providers may lead to inaccurate reporting or misappropriation of assets. | <i>This risk is mitigated by only appointing service providers of a high standing under agreements that set out their responsibilities and by obtaining assurances from them that all exceptions have been reported to the Board. In addition, the Board has appointed an independent external party, Roffe Swayne, to report directly to the Board in respect of the Company's internal controls undertaken by the Investment Manager on behalf of the Company.</i> |
| Non-compliance with the Listing Rules of the Financial Conduct Authority, Companies Act Legislation and other applicable regulations may result in termination of the Company's Stock Exchange listing or other sanctions. | <i>This risk is mitigated by employing external advisers fully conversant with applicable statutory and regulatory requirements who report regularly to the Board on the Company's compliance.</i> |
| Reliance on the UK Government's continued support for the renewable energy sector and the risk of adverse changes in the application of government policies particularly in respect of the renewable energy sector and tax legislation. | <i>The future level of Government-mandated support for renewables has important implications for the industry and could impact the value of investments the Company has made in companies which own and operate renewable projects. However, the Directors believe that existing renewable energy tariffs supporting the assets owned by investee companies are secure. Government policy statements are constantly monitored.</i> |
| The financial returns to the Company are dependent on the price of electricity its investee companies are able to sell through power purchase agreements. The value of the Company's investments is dependent on projected wholesale electricity prices. | <i>This risk is mitigated because investee companies have negotiated fixed or floor price mechanisms into the power purchase agreements they have entered into for the sale of their generated output. However, in the longer term, beyond the period of these agreements, the Company is exposed to wholesale prices to a greater degree. 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. The Investment Manager's Report includes information about the sensitivity of the value of the Company's investments to changes in energy prices.</i> |
| The values of the Company's wind farm and hydro-electricity investments are dependent on expectations of the level of electricity export of each asset, which are driven by expectations of the long-term wind or rainfall conditions. It is possible that expectations of long-term climatic conditions may change over the life time of each investment. The Company's revenues and dividends to shareholders are dependent on actual wind and rainfall conditions. | <i>The Investment Manager's Report includes information about the sensitivity of the values of the Company's investments to changes in electricity export assumptions. The Company's dividend targets are based on long-term average climatic conditions.</i> |

The current economic and commercial conditions in the UK and the wider world economy as a result of the Covid-19 pandemic have created a number of risks and uncertainties which are addressed in the Chairman's Statement and the Principal Risks and Uncertainties sections of this report.

The Directors have reviewed the going concern analysis prepared by the Investment Manager, which has been prepared on a conservative basis. The Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the accounts. The Company's major cash flows are within the Company's control (namely dividends) or are reasonably predictable (namely the operating expenses).

The Company is able to forecast cash inflows comprising proceeds from investments to a reasonable degree. Having reviewed a cash flow forecast for the 18 months from the period ended 31 August 2020, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of assessment. As a result, the Directors continue to adopt the going concern basis in preparing the financial statements.

There is nothing to indicate that, should the Additional Continuation Vote be a vote for the Company not to continue, this would have any impact on the ability of the Company to meet its liabilities as they fall due, as the income from investee companies will not be affected by that decision.

The Directors acknowledge responsibility for the interim results and approve this half-yearly report. The Directors confirm that to the best of their knowledge:

- (a) the condensed financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Company as required by Disclosure Guidance and Transparency Rule ("DTR") 4.2.4R;
- (b) the interim management report, included within the Chairman's Statement and Investment Manager's Report, includes a fair review of the information required by DTR 4.2.7R, being the significant events of the first half of the year and the principal risks and uncertainties for the remaining six months of the year as set out on page 5; and
- (c) the condensed financial statements include a fair review of related party transactions and changes thereto, as required by DTR 4.2.8R.

The Responsibility Statement has been approved by the Board.

Lloyd Chamberlain
Chairman

11 November 2020

FINANCIAL PERFORMANCE REPORT

Summary Financial Performance

The summary financial performance of the Company for the six month period ended 31 August 2020 is contained within the Chairman's Statement. The Key Performance Indicators are set out below.

Investment Portfolio

The following table shows key information about the renewable energy projects owned by the Company's investee companies:

| | Capacity MW | Operational since | Location | Output as % of budget - six months ended 31 Aug 2020* | Investment held by | | |
|--|----------------|----------------------|----------------------------|---|---------------------------|----------------------|----------------------|
| | | | | | Ordinary Share Fund | "C" Share Fund | "D" Share Fund |
| Operational Wind | | | | | | | |
| Achairn Energy Limited | 6.00 | May 2009 | Caithness, Scotland | 85.1% | • | | |
| A7 Lochhead Limited | 6.00 | Jun 2009 | Lanarkshire, Scotland | 85.2% | • | | |
| Greenfield Wind Farm Limited | 12.30 | Mar 2011 | Lanarkshire, Scotland | 102.1% | • | • | |
| Biggleswade Wind Farm Limited | 20.00 | Dec 2013 | Bedfordshire | 119.4% | • | • | |
| Eye Wind Power Limited | 6.80 | Apr 2014 | Suffolk | 110.8% | • | | |
| Bernard Matthews Green Energy Pickenham Ltd/North Pickenham Energy Ltd | 4.00 | Apr 2014 | Norfolk | 122.6% | • | • | |
| Bernard Matthews Green Energy Weston Ltd/Weston Airfield Investments Ltd | 4.00 | Apr 2014 | Norfolk | 111.7% | • | • | |
| AD Wind Farmers Ltd (Allt Dearg Windfarmers LLP) | 10.20 | Dec 2012 | Argyll and Bute, Scotland | 96.7% | | • | |
| White Mill Windfarm Limited | 14.35 | Aug 2012 | Cambridgeshire | 113.2% | | • | |
| Bernard Matthews Green Energy Halesworth Limited | 10.25 | Aug 2015 | Suffolk | 113.1% | • | • | • |
| Operational Hydro | | | | | | | |
| Osspower Limited (Allt Fionn) | 1.99 | Jul 2012 | Near Loch Lomond, Scotland | 100.5% | • | | |
| Darroch Power Limited (Derrydarroch) | 1.90 | Dec 2015 | Near Loch Lomond, Scotland | 98.2% | • | • | • |
| Upper Falloch Power Limited | 0.90 | Dec 2015 | Near Loch Lomond, Scotland | 87.2% | • | • | • |
| Operational Landfill Gas | | | | | | | |
| Renewable Power Systems (Dargon Road) Limited** | 2.30 | Aug 2009 | Belfast, Northern Ireland | N/A | • | | |

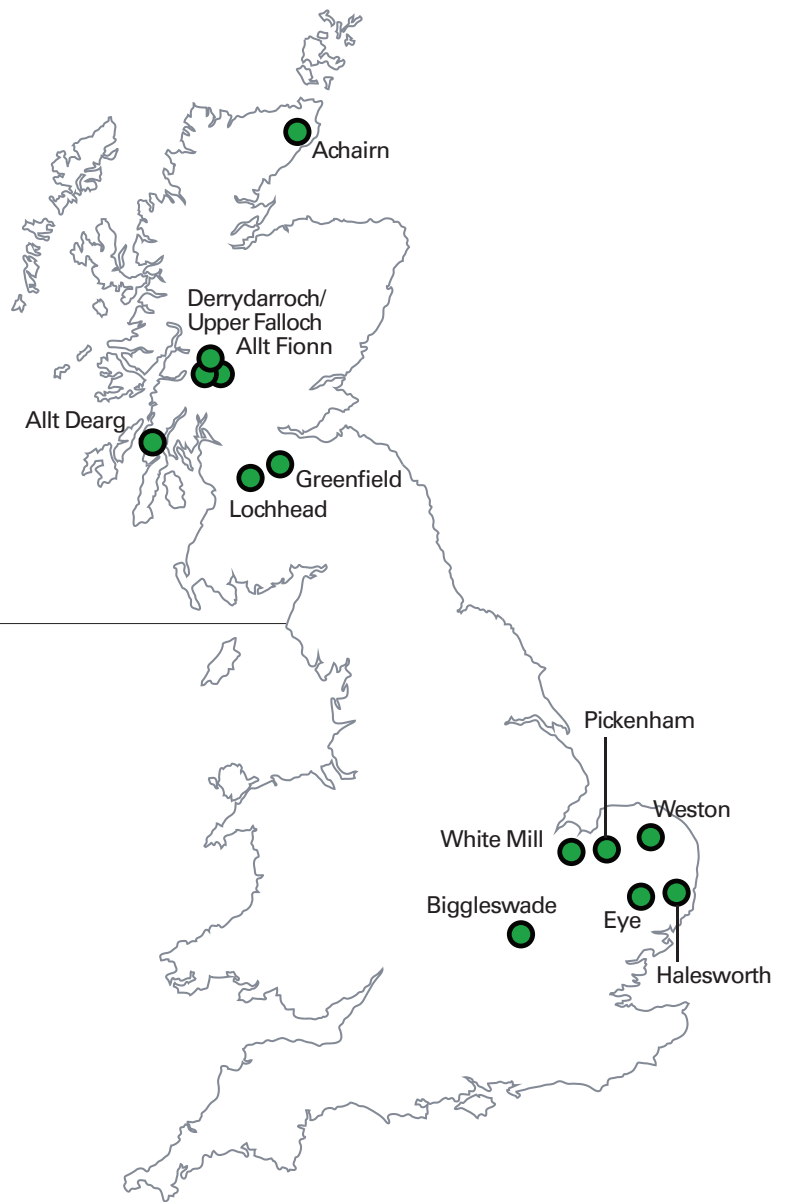
* Budget represents the most recently adopted long term energy yield assessment for the site derived from specifically commissioned external consultants reports.

** The revenues earned by Renewable Power Systems (Dargon Road) Limited consist primarily of generator availability payments and are not dependent on electricity output.

All investee companies have their registered address at: Berger House, 36-38 Berkeley Square, London, England, W1J 5AE

Except for:

- > A7 Lochhead Limited: 31a The Avenue, Poole, Dorset, BH13 6LJ
- > Achairn Energy Limited: The Ca'D'Oro, 45 Gordon Street, Glasgow, G1 3PE
- > Osspower Limited: Suite 2C, Second Floor Stuart House, Eskmills, Musselburgh, East Lothian, EH21 7PB
- > Renewable Power Systems (Dargon Road) Limited: Northwood House, 138 Bromham Road, Bedford, Beds, MK40 2QW



Key
 ● Operational

Key performance indicators

The performance of the Company is reviewed in the Investment Manager's Report

The Directors consider the following key performance indicators, which are typical for VCTs, to best measure the Company's performance and to provide shareholders with a summary of how the business's objectives are being pursued:

For the six month period ended 31 August 2020

| | £000 | Ordinary Shares Pence per share ¹ | £000 | "C" Shares Pence per share ¹ | £000 | "D" Shares Pence per share ¹ | Total £000 |
|---|-------|---|-------|---|------|---|---------------|
| Revenue profit attributable to equity shareholders | 310 | 1.27 | 238 | 2.12 | 38 | 1.91 | 586 |
| Capital gain/(loss) attributable to equity shareholders | (59) | (0.24) | (341) | (3.02) | (26) | (1.30) | (426) |
| Net gain attributable to equity shareholders | 251 | 1.03 | (103) | (0.90) | 12 | 0.61 | 160 |
| Dividends paid during the year | (610) | (2.50) | (451) | (4.00) | (50) | (2.50) | (1,111) |
| Total movement in equity shareholders' funds | (359) | (1.47) | (554) | (4.90) | (38) | (1.89) | (951) |
| | | % | | % | | % | % |
| Ongoing charges ratio ² | | 2.92% | | 2.53% | | 2.44% | 2.73% |

| | £000 | Ordinary Shares Pence per share ³ | £000 | "C" Shares Pence per share ³ | £000 | "D" Shares Pence per share ³ | Total £000 |
|--|------|---|------|---|------|---|---------------|
|--|------|---|------|---|------|---|---------------|

As at 31 August 2020

| | | | | | | | |
|---------------------------------------|--------|-------|--------|-------|-------|-------|--------|
| Net asset value | 19,004 | 77.9 | 14,449 | 128.1 | 2,836 | 142.4 | 36,289 |
| Total shareholder return ⁴ | 30,229 | 128.5 | 20,940 | 185.6 | 3,096 | 155.4 | 54,265 |

1 The "per share" value is determined in respect of the weighted average number of shares in issue during the period, except in respect of the dividends paid in the period, which is determined on the basis of the number of shares eligible to receive dividends at the time the dividends were paid.

2 The ongoing charges ratio represents the Company's total operating expenditure during the period (excluding the Investment Manager's performance fee) as a percentage of the NAV of the Company at the period end.

The total annual running costs cap is set out in Note 3 to the financial statements.

3 The "per share" value is determined in respect of the number of shares in issue at the period end, except in respect of the total shareholder return which includes dividends paid and is determined on the basis of the number of shares eligible to receive dividends at the time the dividends were paid.

4 The total shareholder return represents the NAV at period end plus the cumulative dividends paid since incorporation.

Temporis Capital Limited has been the Investment Manager of the Company since September 2011 and is a full scope UK Alternative Investment Fund Manager ("AIFM") regulated by the Financial Conduct Authority.

Investee Company Performance and Investment Manager Initiatives

Against the backdrop of the Covid-19 pandemic, the Company continues to perform well, with proactive investment management activities serving to enhance shareholder returns and protect value in the portfolio.

The three share funds of the Company are fully invested in companies that own operating wind and hydroelectric projects. All development investments have either been completed, sold or written off.

As set out in the Annual Report for the year ended 29 February 2020, changes in VCT legislation have ruled out further investments in energy generation by VCTs.

Generation for the six month period ended 31 August 2020 was above expectation at 105.2% of the combined portfolio budget. This was driven by wind speeds above the long term average in March 2020 and the period from 1 June to 31 August 2020, especially in East Anglia.

The turbine issues at Achairn Energy were resolved in late March 2020, negatively impacting generation at the start of the period. The Company expects to recoup the lost revenue through a combination of damages due under the maintenance contract and insurance proceeds in due course.

A7 Lochhead Limited had a turbine restricted from full capacity whilst awaiting a spare part which impacted generation in the period. The turbine manufacturer has made the company whole for 100% of the associated losses which have now been received.

Ongoing actions:

The following activities are ongoing, but the benefits cannot yet be fully quantified:

- > The Investment Manager continues to negotiate terms for the sale of electricity where contracts expire and is in the process of finalising a corporate power purchase agreement with a five year term on attractive commercial terms.
- > The Investment Manager has finished the process of rolling out the initial set of upgrades to both hardware and software across the wind portfolio. The Servion upgrades at five of the eight investee companies with Servion turbines have now been validated and have seen, on average, an increase in generation for a given wind speed of 0.4% per annum. The three Vestas sites are in the process of being validated currently, having been installed for almost 12 months.
- > The Investment Manager is in the process of investigating further turbine upgrades with SGRE and also optimising the flow of water from the catchment areas at the three hydro sites in order to increase generation for a given level of rainfall.

Active Asset Management

The Investment Manager continues to work actively to both increase the value of the Company's portfolio through improvements in the operations of underlying assets and to protect value where market conditions have deteriorated, best exemplified by fixing power prices in the near term prior to the full impact of the Covid-19 economic shutdown. The Investment Manager has also acted to facilitate the optimisation of the financial structure of investee companies, including the refinancing of one and the renegotiation of senior debt of three investee companies in the prior year.

The primary means of optimising revenue from, and hence capital value of, wind and hydro assets is to keep the plant available to generate and to increase the revenue per unit generated. The highest levels of electricity generation can be achieved by proactive management of the operation and maintenance providers by managing planned

downtime and ensuring that unplanned downtime is kept to a minimum.

The Investment Manager has recruited, within its existing management fee structure, specialist in-house engineering experts who, together with site managers and third party consultants, continually review operational performance data to identify opportunities to improve performance of both the machines and the investee company contractors.

Other areas where hands-on asset management delivers additional shareholder value is in relation to the negotiation of major commercial contracts including the power purchase agreements for each individual site. Coupled with this, the Investment Manager constantly monitors power prices to optimise the timing of price fixes across investee companies.

Furthermore, for our wind investments there are turbine optimisation products available to the investee companies which can also enhance generation. The Investment Manager has had upgrades installed to both hardware and software across the portfolio by the turbine suppliers (in some cases on a free trial basis until validation). The initial results are included above.

The Investment Manager has also been active in seeking out ad-hoc commercial arrangements such as the grid sharing arrangements at the Achairn site entered into in 2017 which earns £220,000, index linked, per annum for the investee company over the remaining project life.

The Investment Manager devotes attention to carefully reviewing and managing operating costs, to ensure that the Company benefits from the scale of its operating portfolio across all investee companies. Costs where the portfolio scale has delivered savings include site management, insurance, management oversight systems, auditing and reporting. This has resulted in operational cost savings across the portfolio.

The Investment Manager also seeks to reduce operating costs on a project by project basis by, for example, successfully appealing business rates assessments which has delivered significant savings for investee companies.

LTV Levels

Each of the investee companies with operational assets except RPS (Dargan Road) Limited has been financed with senior debt. The percentage average loan-to-value and the average remaining tenor of the debt finance of the investee companies with operational assets is set out below for each share fund's portfolio:

| | Ordinary Share | "C" Share | "D" Share |
|---|----------------|-----------|-----------|
| As at 31 August 2020 | | | |
| Percentage Loan-to-Value | 46% | 48% | 56% |
| Average remaining tenor of loan (years) | 10.0 | 11.0 | 12.4 |

As at 29 February 2020

| | | | |
|---|------|------|------|
| Percentage Loan-to-Value | 44% | 48% | 55% |
| Average remaining tenor of loan (years) | 10.6 | 11.6 | 13.0 |

Valuation of Investments

It is the accounting policy of the Company to hold its investments at fair value. The Company's investments in investee companies which operate renewable energy assets are valued using a discounted cash flow methodology. The Company has applied a discount rate to the unleveraged cash flows to determine the enterprise value of the investee company and then has subtracted the market value of any senior debt (including any prepayment fees and swap break costs) to calculate the value of the equity and (where applicable) the mezzanine debt in the investee company.

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.

Valuation Assumptions

Discount Rates – Wind Farms

The discount rate used to value the unleveraged cash flows of investee companies is 7.25% at 31 August 2020 (unchanged from 29 February 2020).

Discount Rates – Hydro-Electric

For projects with more than 3 years of operating history and an operational energy yield reassessment, the discount rate used to value the unleveraged cash flows of investee companies is 6.50%. Less mature assets are valued at a 7.25% discount rate (unchanged from 29 February 2020).

Inflation Rates

The inflation rate assumption applied to the valuation of the Company's investments is 2.75% (unchanged from 29 February 2020). Inflation has a positive impact on valuations because the renewable obligation certificate and Feed-in Tariff (government supported subsidies) revenues earned by investee companies are inflation linked, and are of a larger quantum than the inflation linked operating expenses incurred by each investee company.

The landfill gas investment is valued based on the revenues it is expected to earn for the Company from providing generators to the landfill gas scheme over the period in which it is contracted.

Asset Lives

Assumptions about the length of the operating lives of the renewable energy assets have been made in determining the value of the investee companies. It has been assumed the operating life of a wind farm is 25 years from date of first operation, with consistent availability throughout the asset life (unchanged from 29 February 2020).

Many windfarms including some of those owned by the Company's investee companies now have in excess of ten years of operating history. The technology behind wind farms is now demonstrably robust. However, there are only a small number of new projects in development as a result of the UK Government's removal of support for onshore wind. Therefore, wind farm operators have begun to explore the possibility of extending turbine life to 25 or 30 years. There is currently no consensus on this issue in the transaction market or in valuations.

The assumption for the operating lives of hydroelectric assets has not changed. The assumption used in the valuation models of the hydro investments is a rolling 25 year period from date of valuation. Hydro assets are generally considered to be longer-life than wind energy assets. However, there is very little consistency in the market as to the assumed operating life for hydro assets and electricity price projections beyond 25 years are very uncertain. For that reason, the Directors do not believe a change in assumption is supportable for the hydroelectric assets at the current time. The operating life assumptions for both wind energy and hydroelectric assets will be regularly reviewed in order that they may be kept in line with industry convention.

Market participants have begun to explore and validate the possibility of repowering i.e. replacing older turbines with newer, larger, more efficient machines. The first operational wind farm of scale in the UK, at Delabole in Cornwall, was successfully repowered with larger turbines in 2010, and others have followed.

Most of the land leases for investee company wind farms have clauses permitting renewal following renegotiation; grid connection agreements are generally evergreen and are owned by the investee company. Extension or repowering would normally require renegotiation of land leases and renewed planning permissions.

The Investment Manager continues to actively 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 assumed operational life of the portfolio. The economics of such a proposal is a function of the electricity market at the relevant time, as well as turbine technology. The Board does not consider it possible to ascribe a quantifiable value to life extension that may or may not be viable in 15 to 25 years. However, the Investment Manager has been instructed to preserve optionality to extend operational life throughout the portfolio, including via enhanced inspection routines of major components and installing condition monitoring equipment to gain early warning of operational issues. This does not significantly affect the current valuations of investee companies due to the effect of discounting over a prolonged period. However, it is likely that some value may be both achievable and more quantifiable later in the life of the Company.

As set out above it is anticipated that free cash flow inside investee companies will increase as senior debt amortises. As well as the potential to increase cash flow to the Company it is possible that additional free cash flow could be used by the investee companies to make further investments. This would be subject to the VCT rules prevalent at the time and, where a senior lender remains in place, the lender's consent to new investment. This route may provide a means of funding a repowering exercise or capital investment to extend turbine life and the Board will explore such opportunities at the appropriate time.

Sensitivity of Net Asset Value to Changes in Key Assumptions

The charts below illustrate the sensitivity of the NAV of the Company's share funds to changes of certain key input assumptions applied to the unleveraged cash flows in the valuation models for the remaining assumed operating lifetime of the underlying assets.

Future Power Prices

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and Government subsidies. The Company's investee companies have fixed a significant proportion of their output in the medium term under power purchase agreements. For periods where there is variable power price risk, prices are taken from a third-party forecast provided by AFRY (formerly known as Pöyry)

The hydroelectricity 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. This provides the investee companies with downside protection against changes in wholesale electricity prices. This is demonstrated by the sensitivity analysis illustrated in the tables below for the "D" share funds, which holds two investee companies with hydroelectricity assets of the three investee companies in its portfolio.

Output

External consultant reports are used to estimate the expected generating output of the investee company's generating assets, considering their type and location. The analysis set out below describes 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).

Discount Rate

The discount rates applied to the cash flows are regularly reviewed by the Investment Committee of the Investment Manager to ensure they are set at appropriate levels. The Investment Committee and the Board will also give consideration to the specific performance characteristics of the particular type of generating technology being used. The range of discount rates which forms the base case in the sensitivity analysis is set out in the section above.

Inflation

The base case inflation rate (RPI) used in the sensitivity analysis is 2.75% (unchanged from 29 February 2020). This input is also regularly reviewed by the Investment Committee of the Investment Manager to ensure it is set at an appropriate level.

Sensitivities

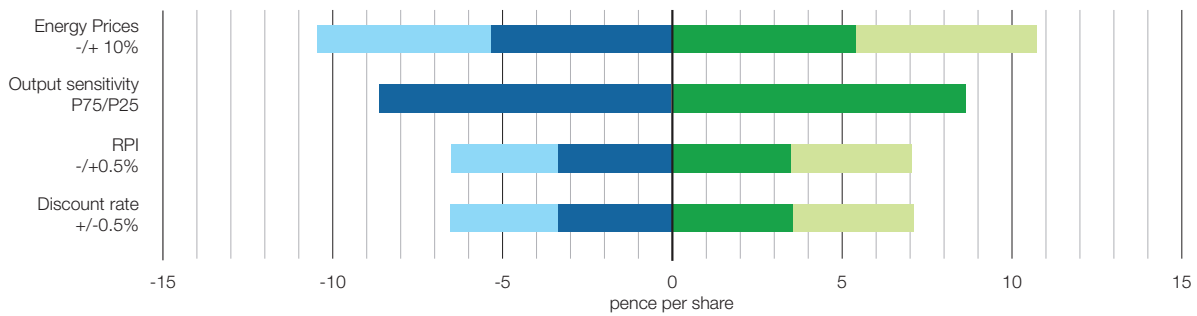
To consider the potential aggregate impact of Covid-19 on the future net asset value, the effects of multiple variables would need to be considered. For example, in the last 10 years, power prices and discount rates have both fallen, continually setting new lows. This can perhaps be explained by investors 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. Given the high degree of uncertainty about how these variables may be correlated, no aggregate sensitivities have been shown.

To demonstrate the impact of those variables most likely to be impacted by Covid-19, a wider range of sensitivities has been shown below:

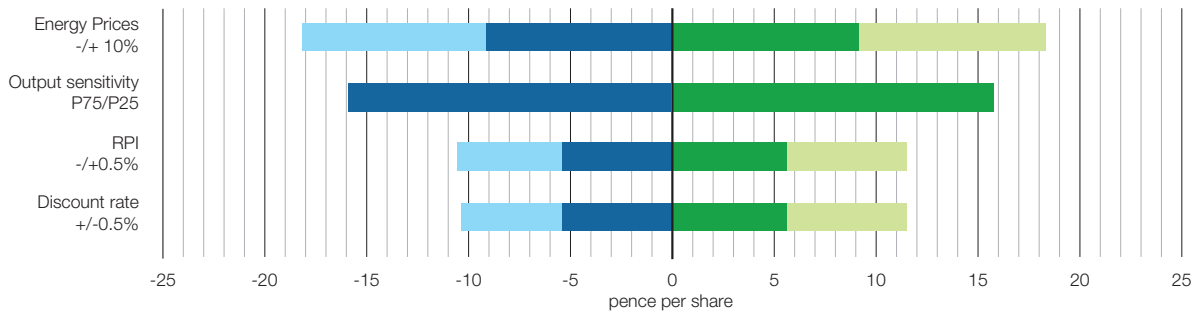
- > Energy prices at +/- 10% (darker bar) and +/- 20% (lighter bar)
- > RPI at +/- 0.5% (darker bar) and +/- 1.0% (lighter bar)
- > Discount rate at +/- 0.5% (darker bar) and +/- 1.0% (lighter bar)

In each case the narrower range is consistent with that provided in previous years.

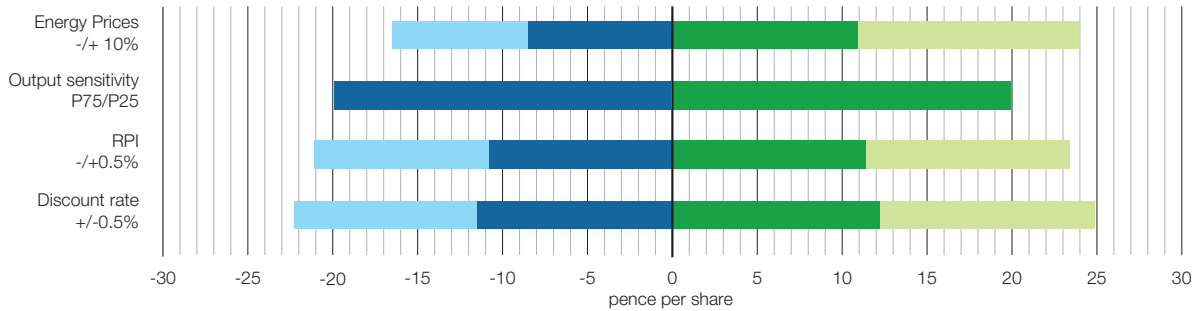
Sensitivity of the NAV of Ordinary share fund to changes in key input assumptions



Sensitivity of the NAV of "C" share fund to changes in key input assumptions



Sensitivity of the NAV of "D" share fund to changes in key input assumptions



INVESTMENT MANAGER'S REPORT

Continued

Ordinary share portfolio

A summary of the ordinary share fund's investment valuations as at 31 August 2020 and gains and losses during the six months ended 31 August 2020 is given below:

| | Voting rights as at 31 August 2020 % | Investment value | | | Investment cost | | | Unrealised gain/(loss) six months to 31 August 2020 £000 | Investment value Total as at 29 February 2020 £000 | Investment cost Total as at 29 February 2020 £000 |
|---|--------------------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|--|--|---|
| | | Shares as at 31 August 2020 £000 | Loans as at 31 August 2020 £000 | Total as at 31 August 2020 £000 | Shares as at 31 August 2020 £000 | Loans as at 31 August 2020 £000 | Total as at 31 August 2020 £000 | | | |
| Operational wind | | | | | | | | | | |
| Achair Energy Limited ^{1,2} | q 40.40% | 4,073 | 814 | 4,887 | 1,225 | 790 | 2,015 | (283) | 5,213 | 2,058 |
| A7 Lochhead Limited ¹ | q 20.00% | 1,052 | - | 1,052 | 569 | - | 569 | 66 | 986 | 569 |
| Greenfield Wind Farm Limited ¹ | PQ 16.65% | 2,341 | 466 | 2,807 | 666 | 424 | 1,090 | (9) | 3,341 | 1,615 |
| Biggleswade Wind Farm Limited ^{1,2} | q 3.50% | 432 | 113 | 545 | 86 | 102 | 188 | (39) | 575 | 179 |
| Eye Wind Power Limited ^{1,2} | q 35.38% | 2,055 | - | 2,055 | 1,480 | - | 1,480 | 5 | 2,050 | 1,480 |
| Bernard Matthews Green Energy Weston Limited ¹ | q 50.00% | 1,200 | - | 1,200 | 500 | - | 500 | 286 | 914 | 500 |
| Bernard Matthews Green Energy Pickenham Limited ¹ | q 50.00% | 652 | - | 652 | 500 | - | 500 | 28 | 624 | 500 |
| Bernard Matthews Green Energy Halesworth Limited ^{1,2} | q 10.09% | 543 | - | 543 | 351 | - | 351 | (82) | 625 | 351 |
| Operational companies in the wind sector | | | | | | | | | | |
| Firefly Energy Limited ¹ | q 50.00% | - | 12 | 12 | 200 | 30 | 230 | - | 12 | 230 |
| Operational landfill gas | | | | | | | | | | |
| Renewable Power Systems (Dargan Road) Limited | q 50.00% | 934 | 471 | 1,405 | 780 | 448 | 1,228 | 97 | 1,364 | 1,284 |
| Operational small hydro | | | | | | | | | | |
| Osspower Limited | 50.00% | 2,730 | - | 2,730 | 300 | - | 300 | (31) | 2,761 | 300 |
| Darroch Power Limited ¹ | q 11.46% | 411 | 49 | 460 | 20 | 46 | 66 | 19 | 441 | 66 |
| Upper Falloch Power Limited ¹ | q 10.97% | 171 | 32 | 203 | 8 | 31 | 39 | 21 | 182 | 39 |
| Realised investments | | | | | | | | | | |
| Redeven Energy Limited ¹ | 50.00% | - | - | - | - | 130 | 130 | - | - | 130 |
| Total | | 16,594 | 1,957 | 18,551 | 6,685 | 2,001 | 8,686 | 78 | 19,088 | 9,301 |

q Investment complies with VCT regulations on qualifying holdings.

PQ Part of the investment complies with VCT regulations on qualifying holdings.

1 An investee company in which Ventus VCT plc has also invested. The Company and Ventus VCT plc are managed by Temporis Capital Limited.

2 An investee company in which Temporis Operational Renewable Energy Strategy LP has also invested. Temporis Operational Renewable Energy Strategy LP is advised by Temporis Capital Limited.

“C” share portfolio

A summary of the “C” share fund’s investment valuations as at 31 August 2020 and gains and losses during the six months ended 31 August 2020 is given below:

| | | Voting rights as at 31 August 2020 % | Investment value | | | Investment cost | | | Unrealised gain/(loss) six months to 31 August 2020 £000 | Investment value Total as at 29 February 2020 £000 | Investment cost Total as at 29 February 2020 £000 |
|---|----|--------------------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|--|--|---|
| | | | Shares as at 31 August 2020 £000 | Loans as at 31 August 2020 £000 | Total as at 31 August 2020 £000 | Shares as at 31 August 2020 £000 | Loans as at 31 August 2020 £000 | Total as at 31 August 2020 £000 | | | |
| Operational wind | | | | | | | | | | | |
| Greenfield Wind Farm Limited ¹ | PQ | 12.50% | 1,757 | 350 | 2,107 | 500 | 318 | 818 | (7) | 2,509 | 1,213 |
| White Mill Windfarm Limited ^{1,2} | PQ | 25.00% | 3,219 | - | 3,219 | 1,000 | - | 1,000 | 34 | 3,185 | 1,000 |
| AD Wind Farmers Limited ¹ | Q | 50.00% | 1,141 | - | 1,141 | 1,000 | - | 1,000 | 3 | 1,138 | 1,000 |
| Biggleswade Wind Farm Limited ^{1,2} | Q | 21.50% | 2,670 | 689 | 3,359 | 526 | 638 | 1,164 | (237) | 3,530 | 1,098 |
| Weston Airfield Investments Limited ¹ | Q | 50.00% | 1,859 | - | 1,859 | 1,000 | - | 1,000 | (78) | 1,937 | 1,000 |
| North Pickenham Energy Limited ¹ | Q | 50.00% | 1,471 | - | 1,471 | 1,000 | - | 1,000 | 76 | 1,395 | 1,000 |
| Bernard Matthews Green Energy Halesworth Limited ^{1,2} | Q | 5.63% | 304 | - | 304 | 300 | - | 300 | (46) | 350 | 300 |
| Operational small hydro | | | | | | | | | | | |
| Darroch Power Limited ¹ | Q | 4.22% | 151 | 143 | 294 | 53 | 132 | 185 | 7 | 287 | 185 |
| Upper Falloch Power Limited ¹ | Q | 2.79% | 43 | 93 | 136 | 17 | 90 | 107 | 5 | 131 | 107 |
| Realised investments | | | | | | | | | | | |
| Iceni Renewables Limited ¹ | | 50.00% | - | - | - | 400 | 18 | 418 | - | - | 418 |
| Total | | | 12,615 | 1,275 | 13,890 | 5,796 | 1,196 | 6,992 | (243) | 14,462 | 7,321 |

Q Investment complies with VCT regulations on qualifying holdings.

PQ Part of the investment complies with VCT regulations on qualifying holdings.

1 An investee company in which Ventus VCT plc has also invested. The Company and Ventus VCT plc are managed by Temporis Capital Limited.

2 An investee company in which Temporis Operational Renewable Energy Strategy LP has also invested. Temporis Operational Renewable Energy Strategy LP is advised by Temporis Capital Limited.

INVESTMENT MANAGER'S REPORT

Continued

"D" share portfolio

A summary of the "D" share fund's investment valuations as at 31 August 2020 and gains and losses during the six months ended 31 August 2020 is given below:

| | Voting rights as at 31 August 2020 % | Investment value | | | Investment cost | | | Unrealised gain/(loss) six months to 31 August 2020 £000 | Investment value Total as at 29 February 2020 £000 | Investment cost Total as at 29 February 2020 £000 |
|---|--------------------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|--|--|---|
| | | Shares as at 31 August 2020 £000 | Loans as at 31 August 2020 £000 | Total as at 31 August 2020 £000 | Shares as at 31 August 2020 £000 | Loans as at 31 August 2020 £000 | Total as at 31 August 2020 £000 | | | |
| Operational wind | | | | | | | | | | |
| Bernard Matthews Green Energy Halesworth Limited ^{1,2} | q 13.38% | 722 | - | 722 | 712 | - | 712 | (107) | 829 | 712 |
| Operational small hydro | | | | | | | | | | |
| Darroch Power Limited ¹ | q 25.50% | 913 | 349 | 1,262 | 319 | 325 | 644 | 40 | 1,222 | 644 |
| Upper Falloch Power Limited ¹ | q 29.58% | 460 | 195 | 655 | 185 | 189 | 374 | 57 | 598 | 374 |
| Total | | 2,095 | 544 | 2,639 | 1,216 | 514 | 1,730 | (10) | 2,649 | 1,730 |

q Investment complies with VCT regulations on qualifying holdings.

1 An investee company in which Ventus VCT plc has also invested. The Company and Ventus VCT plc are managed by Temporis Capital Limited.

2 An investee company in which Temporis Operational Renewable Energy Strategy LP has also invested. Temporis Operational Renewable Energy Strategy LP is advised by Temporis Capital Limited.

Investment Policy

The investment policy of the Company is set out in detail in the Strategic Report section of the Annual Report for the year ended 29 February 2020 and has not changed since that time.

Temporis Capital Limited

Investment Manager

11 November 2020

DIRECTORS AND ADVISERS

Directors

Lloyd Chamberlain (Chairman)
Jane Tozer MBE OBE
Chris Zeal

Investment Manager and Registered Office

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Company Secretary

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Principal Banker

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Auditor

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London
W1U 7EU

Solicitors

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VCT Taxation Adviser

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Broker

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Registrars

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Internal Auditor

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Ashcombe Court
Godalming
Surrey
GU7 1LQ

Depository

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The Innovation Centre
Northern Ireland Science Park
Queen's Road
Belfast
BT3 9DT

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the six month period ended 31 August 2020

| | Note | Ordinary Shares | | | "C" Shares | | | "D" Shares | | | Total | | |
|---|------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| | | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 |
| Net unrealised gain/(loss) on investments | 6 | - | 78 | 78 | - | (243) | (243) | - | (10) | (10) | - | (175) | (175) |
| Income from Investments | | 451 | - | 451 | 323 | - | 323 | 58 | - | 58 | 832 | - | 832 |
| Investment management fees | 3 | (43) | (129) | (172) | (33) | (99) | (132) | (6) | (19) | (25) | (82) | (247) | (329) |
| Other expenses | | (106) | - | (106) | (51) | - | (51) | (10) | - | (10) | (167) | - | (167) |
| Profit/(loss) before taxation | | 302 | (51) | 251 | 239 | (342) | (103) | 42 | (29) | 13 | 583 | (422) | 161 |
| Taxation | 4 | 8 | (8) | - | (1) | 1 | - | (4) | 3 | (1) | 3 | (4) | (1) |
| Profit/(loss) and total comprehensive income attributable to equity shareholders | | 310 | (59) | 251 | 238 | (341) | (103) | 38 | (26) | 12 | 586 | (426) | 160 |
| Earnings per share | | | | | | | | | | | | | |
| Basic and diluted earnings per share (p) | 5 | 1.27 | (0.24) | 1.03 | 2.12 | (3.02) | (0.90) | 1.91 | (1.30) | 0.61 | | | |

The Company has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2014 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the six month period ended 31 August 2019

| | Note | Ordinary Shares | | | "C" Shares | | | "D" Shares | | | Total | | |
|---|------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| | | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 |
| Net unrealised gain/(loss) on investments | 6 | - | 156 | 156 | - | 523 | 523 | - | (16) | (16) | - | 663 | 663 |
| Income from Investments | | 713 | - | 713 | 233 | - | 233 | 172 | - | 172 | 1,118 | - | 1,118 |
| Investment management fees | 3 | (56) | (169) | (225) | (72) | (216) | (288) | (8) | (23) | (31) | (136) | (408) | (544) |
| Other expenses | | (119) | - | (119) | (56) | - | (56) | (9) | - | (9) | (184) | - | (184) |
| Profit/(loss) before taxation | | 538 | (13) | 525 | 105 | 307 | 412 | 155 | (39) | 116 | 798 | 255 | 1,053 |
| Taxation | 4 | - | - | - | - | - | - | (4) | 4 | - | (4) | 4 | - |
| Profit/(loss) and total comprehensive income attributable to equity shareholders | | 538 | (13) | 525 | 105 | 307 | 412 | 151 | (35) | 116 | 794 | 259 | 1,053 |
| Earnings per share | | | | | | | | | | | | | |
| Basic and diluted earnings per share (p) | 5 | 2.21 | (0.06) | 2.15 | 0.93 | 2.72 | 3.65 | 7.63 | (1.78) | 5.85 | | | |

The Company has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2014 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF FINANCIAL POSITION (unaudited)
as at 31 August 2020

| | Note | As at 31 August 2020 | | | | As at 29 February 2020 (audited) | | | |
|--|------|----------------------------|-----------------------|-----------------------|---------------|-------------------------------------|-----------------------|-----------------------|---------------|
| | | Ordinary Shares £000 | "C" Shares £000 | "D" Shares £000 | Total £000 | Ordinary Shares £000 | "C" Shares £000 | "D" Shares £000 | Total £000 |
| Non-current assets | | | | | | | | | |
| Investments | 6 | 18,551 | 13,890 | 2,639 | 35,080 | 19,088 | 14,462 | 2,649 | 36,199 |
| | | 18,551 | 13,890 | 2,639 | 35,080 | 19,088 | 14,462 | 2,649 | 36,199 |
| Current assets | | | | | | | | | |
| Trade and other receivables | | 267 | 226 | 166 | 659 | 370 | 285 | 195 | 850 |
| Cash and cash equivalents | | 256 | 408 | 46 | 710 | 12 | 364 | 48 | 424 |
| | | 523 | 634 | 212 | 1,369 | 382 | 649 | 243 | 1,274 |
| Total assets | | 19,074 | 14,524 | 2,851 | 36,449 | 19,470 | 15,111 | 2,892 | 37,473 |
| Current liabilities | | | | | | | | | |
| Trade and other payables | | (70) | (75) | (15) | (160) | (107) | (108) | (18) | (233) |
| Net current assets | | 453 | 559 | 197 | 1,209 | 275 | 541 | 225 | 1,041 |
| Net assets | | 19,004 | 14,449 | 2,836 | 36,289 | 19,363 | 15,003 | 2,874 | 37,240 |
| Equity attributable to equity holders | | | | | | | | | |
| Share capital | | 6,097 | 2,832 | 498 | 9,427 | 6,097 | 2,832 | 498 | 9,427 |
| Capital redemption reserve | | 2,105 | - | - | 2,105 | 2,105 | - | - | 2,105 |
| Share premium | | - | - | 1,433 | 1,433 | - | - | 1,433 | 1,433 |
| Special reserve | | 12,099 | 7,293 | - | 19,392 | 12,399 | 7,488 | - | 19,887 |
| Capital reserve – realised | | (11,954) | (3,158) | (237) | (15,349) | (11,817) | (3,060) | (221) | (15,098) |
| Capital reserve – unrealised | | 10,657 | 7,378 | 908 | 18,943 | 10,579 | 7,621 | 918 | 19,118 |
| Revenue reserve | | - | 104 | 234 | 338 | - | 122 | 246 | 368 |
| Total equity | | 19,004 | 14,449 | 2,836 | 36,289 | 19,363 | 15,003 | 2,874 | 37,240 |
| Basic and diluted net asset value per share (p) | 8 | 77.9 | 128.1 | 142.4 | | 79.4 | 133.0 | 144.4 | |

Approved by the Board and authorised for issue on 11 November 2020.

Lloyd Chamberlain
Chairman

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

Ventus 2 VCT plc. Registered No: 05667210

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the six month period ended 31 August 2020

| | Share capital £000 | Capital redemption reserve £000 | Share premium £000 | Special reserve £000 | Capital reserve realised £000 | Capital reserve unrealised £000 | Revenue reserve £000 | Total £000 |
|---|-----------------------|------------------------------------|-----------------------|-------------------------|----------------------------------|------------------------------------|-------------------------|---------------|
| Ordinary Shares | | | | | | | | |
| At 1 March 2020 | 6,097 | 2,105 | - | 12,399 | (11,817) | 10,579 | - | 19,363 |
| Transfer of special reserve to revenue reserve | - | - | - | (300) | - | - | 300 | - |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (137) | 78 | 310 | 251 |
| Dividends paid in the period | - | - | - | - | - | - | (610) | (610) |
| At 31 August 2020 | 6,097 | 2,105 | - | 12,099 | (11,954) | 10,657 | - | 19,004 |
| "C" Shares | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 March 2020 | 2,832 | - | - | 7,488 | (3,060) | 7,621 | 122 | 15,003 |
| Transfer of special reserve to revenue reserve | - | - | - | (195) | - | - | 195 | - |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (98) | (243) | 238 | (103) |
| Dividends paid in the period | - | - | - | - | - | - | (451) | (451) |
| At 31 August 2020 | 2,832 | - | - | 7,293 | (3,158) | 7,378 | 104 | 14,449 |
| "D" Shares | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 March 2020 | 498 | - | 1,433 | - | (221) | 918 | 246 | 2,874 |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (16) | (10) | 38 | 12 |
| Dividends paid in the period | - | - | - | - | - | - | (50) | (50) |
| At 31 August 2020 | 498 | - | 1,433 | - | (237) | 908 | 234 | 2,836 |
| Total | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 March 2020 | 9,427 | 2,105 | 1,433 | 19,887 | (15,098) | 19,118 | 368 | 37,240 |
| Transfer of special reserve to revenue reserve | - | - | - | (495) | - | - | 495 | - |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (251) | (175) | 586 | 160 |
| Dividends paid in the period | - | - | - | - | - | - | (1,111) | (1,111) |
| At 31 August 2020 | 9,427 | 2,105 | 1,433 | 19,392 | (15,349) | 18,943 | 338 | 36,289 |

All amounts presented in the Statement of Changes in Equity are attributable to equity holders. The revenue reserve, special reserve and realised capital reserve are distributable reserves. The special reserve may be used to fund buy-backs of shares, as and if it is considered by the Board to be in the interests of the shareholders, and pay dividends.

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the six month period ended 31 August 2019

| | Share capital £000 | Capital redemption reserve £000 | Share premium £000 | Special reserve £000 | Capital reserve realised £000 | Capital reserve unrealised £000 | Revenue reserve £000 | Total £000 |
|---|-----------------------|------------------------------------|-----------------------|-------------------------|----------------------------------|------------------------------------|-------------------------|---------------|
| Ordinary Shares | | | | | | | | |
| At 1 March 2019 | 6,097 | 2,105 | - | 12,543 | (11,480) | 10,910 | 348 | 20,523 |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (169) | 156 | 538 | 525 |
| Dividends paid in the period | - | - | - | - | - | - | (854) | (854) |
| At 31 August 2019 | 6,097 | 2,105 | - | 12,543 | (11,649) | 11,066 | 32 | 20,194 |

| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
|---|-------|------|------|-------|---------|-------|-------|--------|
| "C" Shares | | | | | | | | |
| At 1 March 2019 | 2,832 | - | - | 7,725 | (2,716) | 7,929 | 34 | 15,804 |
| Transfer of special reserve to revenue reserve | - | - | - | (433) | - | - | 433 | - |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (216) | 523 | 105 | 412 |
| Dividends paid in the period | - | - | - | - | - | - | (564) | (564) |
| At 31 August 2019 | 2,832 | - | - | 7,292 | (2,932) | 8,452 | 8 | 15,652 |

| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
|---|------|------|-------|------|-------|-------|------|-------|
| "D" Shares | | | | | | | | |
| At 1 March 2019 | 498 | - | 1,433 | - | (182) | 1,040 | 142 | 2,931 |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (19) | (16) | 151 | 116 |
| Dividends paid in the period | - | - | - | - | - | - | (50) | (50) |
| At 31 August 2019 | 498 | - | 1,433 | - | (201) | 1,024 | 243 | 2,997 |

| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
|---|-------|-------|-------|--------|----------|--------|---------|---------|
| Total | | | | | | | | |
| At 1 March 2019 | 9,427 | 2,105 | 1,433 | 20,268 | (14,378) | 19,879 | 524 | 39,258 |
| Transfer of special reserve to revenue reserve | - | - | - | (433) | - | - | 433 | - |
| Profit/(loss) and total comprehensive income for the period | - | - | - | - | (404) | 663 | 794 | 1,053 |
| Dividends paid in the period | - | - | - | - | - | - | (1,468) | (1,468) |
| At 31 August 2019 | 9,427 | 2,105 | 1,433 | 19,835 | (14,782) | 20,542 | 283 | 38,843 |

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF CASH FLOWS (unaudited)

For the six month period ended 31 August 2020

| | Ordinary Shares £000 | "C" Shares £000 | "D" Shares £000 | Six months ended 31 August 2020 Total £000 | Six months ended 31 August 2019 Total £000 |
|---|----------------------------|-----------------------|-----------------------|---|---|
| Cash flows from operating activities | | | | | |
| Investment income received | 572 | 421 | 94 | 1,087 | 1,164 |
| Investment management fees paid | (225) | (175) | (33) | (433) | (400) |
| Other cash payments | (108) | (79) | (13) | (200) | (166) |
| Net cash inflow from operating activities | 239 | 167 | 48 | 454 | 598 |
| Cash flows from investing activities | | | | | |
| Proceeds from investments | 615 | 328 | - | 943 | 421 |
| Net cash inflow/ (outflow) from investing activities | 615 | 328 | - | 943 | 421 |
| Cash flows from financing activities | | | | | |
| Dividends paid | (610) | (451) | (50) | (1,111) | (1,468) |
| Net cash outflow from financing activities | (610) | (451) | (50) | (1,111) | (1,468) |
| Net increase/ (decrease) in cash and cash equivalents | 244 | 44 | (2) | 286 | (449) |
| Cash and cash equivalents at the beginning of the period | 12 | 364 | 48 | 424 | 1,156 |
| Cash and cash equivalents at the end of the period | 256 | 408 | 46 | 710 | 707 |

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six month period ended 31 August 2020

1. Accounting convention and policies

The half-yearly results which cover the six month period ended 31 August 2020 have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 29 February 2020. The half-yearly financial statements have been prepared under IAS 34 Interim Financial Reporting.

The accounting policies are consistent with those of the previous financial year. The Directors do not expect the accounting policies to change over the current financial year.

2. Publication of non-statutory accounts

The financial information for the year ended 29 February 2020 contained in the Half-yearly Financial Report does not constitute the Company's statutory accounts for that period but has been derived from the statutory accounts.

Statutory accounts in respect of the year ended 29 February 2020 have been audited and reported on by the auditor and delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006.

3. Investment management fees

The Company pays the Investment Manager an annual management fee equal to 1.50% of the Company's net assets. The fee is not subject to VAT and is payable quarterly in advance. The annual management fee is allocated 75% to capital and 25% to revenue. Total annual running costs are in aggregate capped at 3.6% of NAV (excluding any performance fees, irrecoverable VAT and investment costs if applicable), with any excess being borne by the Investment Manager.

The Investment Manager will receive a performance-related incentive fee subject to the Company achieving certain defined targets. No incentive fee will be payable until the Company's Earnings (where Earnings is the profit/(loss) and total comprehensive income before deduction of the incentive fee for the relevant financial period) exceed 7p per share in the financial period. Thereafter, the incentive fee, which is payable in cash, is calculated as 20% of the amount by which the Earnings in any accounting period exceeds 7p per share. The incentive fee is exclusive of VAT.

The management fee payable to the Investment Manager for the six month period ended 31 August 2020 in respect of net asset value attributable to ordinary shareholders was £172,000 after deduction of a refund of £29,000 relating to the reduction in investment management fees dating back to 1 August 2019 (six month period ended 31 August 2019: £225,000). The management fee payable to the Investment Manager for the six month period ended 31 August 2020 in respect of the net assets attributable to the "C" shareholders was £132,000 after deduction of a refund of £22,000 relating to the reduction in investment management fees dating back to 1 August 2019 (six month period ended 31 August 2019: £288,000, which included a performance-related incentive fee of £113,000). The management fee payable to the Investment Manager for the six month period ended 31 August 2020 in respect of the net assets attributable to the "D" shareholders was £25,000 after deduction of a refund of £4,000 relating to the reduction in investment management fees dating back to 1 August 2019 (six month period ended 31 August 2019: £31,000).

4. Taxation

The Company has accrued £nil tax charge for the six month period ended 31 August 2020 in the ordinary share fund (six month period ended 31 August 2019: £nil tax charge), £nil tax charge for the six month period ended 31 August 2020 in the "C" share fund (six month period ended 31 August 2019: £nil tax charge), £nil tax charge for the six month period ended 31 August 2020 in the "D" share fund (six month period ended 31 August 2019: £nil tax charge).

The tax charges are accrued using an effective tax rate of 19% for the 2020/21 tax year and 19% for the 2019/20 tax year, however dividends and capital gains are not subject to tax resulting in a lower effective tax rate than the standard applicable rate in the UK.

No provision for deferred taxation has been made on potential capital gains due to the Company's current status as a VCT under section 274 of the ITA and the Directors' intention to maintain that status. The Company intends to continue to meet the conditions required to maintain its status as a VCT for the foreseeable future.

5. Basic and diluted earnings per share

| For the six month period ended 31 August 2020 | | Ordinary Shares | "C" Shares | "D" Shares |
|--|-------------------------|----------------------------|-----------------------|-----------------------|
| Revenue return for the period | <i>p per share*</i> | 1.27 | 2.12 | 1.91 |
| <i>Based on:</i> | | | | |
| Revenue return for the period | <i>£000</i> | 310 | 238 | 38 |
| Weighted average number of shares in issue | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |
| Capital loss for the period | <i>p per share*</i> | (0.24) | (3.02) | (1.30) |
| <i>Based on:</i> | | | | |
| Capital loss for the period | <i>£000</i> | (59) | (341) | (26) |
| Weighted average number of shares in issue | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |
| Net profit/(loss) for the period | <i>p per share*</i> | 1.03 | (0.90) | 0.61 |
| <i>Based on:</i> | | | | |
| Net profit/(loss) for the period | <i>£000</i> | 251 | (103) | 12 |
| Weighted average number of shares in issue | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |
| For the six month period ended 31 August 2019 | | Ordinary Shares | "C" Shares | "D" Shares |
| Revenue return for the period | <i>p per share*</i> | 2.21 | 0.93 | 7.63 |
| <i>Based on:</i> | | | | |
| Revenue return for the period | <i>£000</i> | 538 | 105 | 151 |
| Weighted average number of shares in issue | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |
| Capital gain/(loss) for the period | <i>p per share*</i> | (0.06) | 2.72 | (1.78) |
| <i>Based on:</i> | | | | |
| Capital gain/(loss) for the period | <i>£000</i> | (13) | 307 | (35) |
| Weighted average number of shares in issue | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |
| Net profit for the period | <i>p per share*</i> | 2.15 | 3.65 | 5.85 |
| <i>Based on:</i> | | | | |
| Net profit for the period | <i>£000</i> | 525 | 412 | 116 |
| Weighted average number of shares in issue | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |

* The value per share may differ on recalculation due to rounding differences.

There is no difference between the basic return per ordinary share and the diluted return per ordinary share, between the basic return per "C" share and the diluted return per "C" share or between the basic return per "D" share and the diluted return per "D" share because no dilutive financial instruments have been issued.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Continued

6. Investments

| Six months ended 31 August 2020 | Ordinary Shares | | | "C" Shares | | | "D" Shares | | | Total | | |
|--|-----------------|-----------------------|---------------|----------------|-----------------------|---------------|----------------|-----------------------|---------------|----------------|-----------------------|---------------|
| | Shares £000 | Loan Stock £000 | Total £000 | Shares £000 | Loan Stock £000 | Total £000 | Shares £000 | Loan Stock £000 | Total £000 | Shares £000 | Loan Stock £000 | Total £000 |
| Opening position | | | | | | | | | | | | |
| Opening cost | 6,685 | 2,616 | 9,301 | 5,796 | 1,525 | 7,321 | 1,216 | 514 | 1,730 | 13,697 | 4,655 | 18,352 |
| Closing realised losses | (442) | (229) | (671) | (464) | (17) | (481) | - | - | - | (906) | (246) | (1,152) |
| Opening unrealised gains | 10,269 | 189 | 10,458 | 7,500 | 122 | 7,622 | 889 | 30 | 919 | 18,658 | 341 | 18,999 |
| Opening fair value | 16,512 | 2,576 | 19,088 | 12,832 | 1,630 | 14,462 | 2,105 | 544 | 2,649 | 31,449 | 4,750 | 36,199 |
| During the period | | | | | | | | | | | | |
| Disposal proceeds | - | (615) | (615) | - | (329) | (329) | - | - | - | - | (944) | (944) |
| Unrealised gains/(losses) | 82 | (4) | 78 | (217) | (26) | (243) | (10) | - | (10) | (145) | (30) | (175) |
| Closing fair value | 16,594 | 1,957 | 18,551 | 12,615 | 1,275 | 13,890 | 2,095 | 544 | 2,639 | 31,304 | 3,776 | 35,080 |
| Closing position | | | | | | | | | | | | |
| Closing cost | 6,685 | 2,001 | 8,686 | 5,796 | 1,196 | 6,992 | 1,216 | 514 | 1,730 | 13,697 | 3,711 | 17,408 |
| Closing realised losses | (442) | (229) | (671) | (464) | (17) | (481) | - | - | - | (906) | (246) | (1,152) |
| Closing unrealised gains | 10,351 | 185 | 10,536 | 7,283 | 96 | 7,379 | 879 | 30 | 909 | 18,513 | 311 | 18,824 |
| Closing fair value | 16,594 | 1,957 | 18,551 | 12,615 | 1,275 | 13,890 | 2,095 | 544 | 2,639 | 31,304 | 3,776 | 35,080 |
| Year ended 29 February 2020 (audited) | | | | | | | | | | | | |
| Year ended 29 February 2020 (audited) | Ordinary Shares | | | "C" Shares | | | "D" Shares | | | Total | | |
| | Shares £000 | Loan Stock £000 | Total £000 | Shares £000 | Loan Stock £000 | Total £000 | Shares £000 | Loan Stock £000 | Total £000 | Shares £000 | Loan Stock £000 | Total £000 |
| Opening position | | | | | | | | | | | | |
| Opening cost | 6,685 | 2,924 | 9,609 | 5,796 | 1,938 | 7,734 | 1,216 | 514 | 1,730 | 13,697 | 5,376 | 19,073 |
| Closing realised losses | (442) | (229) | (671) | (464) | (17) | (481) | - | - | - | (906) | (246) | (1,152) |
| Opening unrealised gains | 10,512 | 277 | 10,789 | 7,762 | 168 | 7,930 | 1,006 | 34 | 1,040 | 19,280 | 479 | 19,759 |
| Opening fair value | 16,755 | 2,972 | 19,727 | 13,094 | 2,089 | 15,183 | 2,222 | 548 | 2,770 | 32,071 | 5,609 | 37,680 |
| During the year | | | | | | | | | | | | |
| Disposal proceeds | - | (308) | (308) | - | (413) | (413) | - | - | - | - | (721) | (721) |
| Unrealised losses | (243) | (88) | (331) | (262) | (46) | (308) | (117) | (4) | (121) | (622) | (138) | (760) |
| Closing fair value | 16,512 | 2,576 | 19,088 | 12,832 | 1,630 | 14,462 | 2,105 | 544 | 2,649 | 31,449 | 4,750 | 36,199 |
| Closing position | | | | | | | | | | | | |
| Closing cost | 6,685 | 2,616 | 9,301 | 5,796 | 1,525 | 7,321 | 1,216 | 514 | 1,730 | 13,697 | 4,655 | 18,352 |
| Closing realised losses | (442) | (229) | (671) | (464) | (17) | (481) | - | - | - | (906) | (246) | (1,152) |
| Closing unrealised gains | 10,269 | 189 | 10,458 | 7,500 | 122 | 7,622 | 889 | 30 | 919 | 18,658 | 341 | 18,999 |
| Closing fair value | 16,512 | 2,576 | 19,088 | 12,832 | 1,630 | 14,462 | 2,105 | 544 | 2,649 | 31,449 | 4,750 | 36,199 |
| Closing cost | 5,749 | 2,581 | 8,330 | 5,797 | 1,526 | 7,323 | 1,216 | 514 | 1,730 | 12,762 | 4,621 | 17,383 |

The shares held by the Company represent equity holdings in unquoted UK companies. The Investment Manager's Report above provides details in respect of the Company's shareholding in each investment and the investments disposed of during the period.

6. Investments (continued)

In order to determine the valuations of the investee companies as at 31 August 2020 (and 29 February 2020), the Company has applied a discount rate to the unleveraged cash flows to calculate the enterprise value of each investee company and has then subtracted the market value of any senior debt (including any prepayment fees and swap break costs) to calculate the value of the equity and/or mezzanine debt in the investee company. The market value of senior debt in an investee company is its liquidation cost, i.e., the principal balance plus unpaid accrued interest, early repayment fees and swap break cost (if applicable). The market value of the mezzanine debt is determined by discounting the future principal and interest cash flows at a discount rate 9% with a cap on its value equal to 110% of face value.

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using a three-level hierarchy:

- > Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- > Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- > Those with inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 August 2020, each of the Company's investments held was valued using inputs which are considered to be Level 3 inputs and a reconciliation of the movements is in the table above.

As at 31 August 2020

| | Carrying amount £000 | Quoted prices in active markets for identical instruments Level 1 £000 | Significant other observable inputs Level 2 £000 | Significant unobservable inputs Level 3 £000 |
|------------|-------------------------|--|--|--|
| Shares | 31,304 | - | - | 31,304 |
| Loan stock | 3,776 | - | - | 3,776 |
| Total | 35,080 | - | - | 35,080 |

The following economic assumptions were used in the discounted cash flow valuations at:

Key assumptions used in the valuation models:

| | 31 August 2020 | 29 February 2020 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| UK inflation rate | 2.75% | 2.75% |
| UK corporation tax rate | 19% | 19% |
| Euro/sterling exchange rate | 1.12 | 1.16 |
| Energy yield assumptions | P50 case | P50 case |
| Operating life wind energy assets | 25 years from date of first operation | 25 years from date of first operation |
| Operating life hydro projects | 25 years from valuation date | 25 years from valuation date |
| Discount rates | Range from 6.50% to 10% | Range from 6.50% to 10% |

The Board has considered the key assumptions which may affect the results reported in the Financial Statements and the Company is further required to disclose the effect of changing one or more inputs with reasonable alternative assumptions where a significant change to the fair value measurement would result. The key assumptions that have a significant impact on fair value in the discounted future cash flow valuations are the discount rates used (which range from 6.50% to 10%), the price at which power and associated benefits may be sold and the levels of electricity the investee companies' generating assets are likely to produce (which are taken from specialist consultant reports).

The Board has determined that a reasonable alternative assumption may be made in respect of the discount rates applied; the sensitivity of the value of the portfolio to the application of an increase or decrease in discount factors is set out below.

The investment portfolio has been reviewed for the effect of alternative valuation inputs, namely the sensitivity of the total value of all investments to a 0.5% increase or decrease in the discount rates applied to the valuation models which have been valued using the discounted future cash flows from the underlying businesses.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Continued

6. Investments (continued)

The following table demonstrates the impact of the application of the upside and downside alternative discount factors to the net asset value of each share fund:

| | Discount Rate +0.5% £000 | Net Asset Value £000 | Discount Rate -0.5% £000 |
|-----------------|-----------------------------------|-------------------------------|-----------------------------------|
| Ordinary shares | 18,107 | 19,004 | 19,948 |
| "C" shares | 13,761 | 14,449 | 15,174 |
| "D" shares | 2,591 | 2,836 | 3,095 |

Further sensitivity analysis is provided in the Investment Manager's Report.

7. Basic and diluted net asset value per share

As at 31 August 2020

| | | Ordinary Shares | "C" Shares | "D" Shares |
|---------------------------|-------------------------|--------------------|---------------|---------------|
| Net asset value per share | <i>p per share</i> | 77.9 | 128.1 | 142.4 |
| <i>Based on:</i> | | | | |
| Net asset value | <i>£000</i> | 19,004 | 14,449 | 2,836 |
| Number of shares | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |

As at 29 February 2020 (audited)

| | | Ordinary Shares | "C" Shares | "D" Shares |
|---------------------------|-------------------------|--------------------|---------------|---------------|
| Net asset value per share | <i>p per share</i> | 79.4 | 133.0 | 144.4 |
| <i>Based on:</i> | | | | |
| Net asset value | <i>£000</i> | 19,363 | 15,003 | 2,874 |
| Number of shares | <i>number of shares</i> | 24,392,655 | 11,283,207 | 1,990,767 |

* The value per share may differ on recalculation due to rounding differences

8. Dividends

A final dividend for the year ended 29 February 2020 of 2.50p per ordinary share was paid to ordinary shareholders on 26 August 2020.

An interim dividend of 2.50p per ordinary share has been declared for the six month period ended 31 August 2020 which will be paid on 20 January 2021 to all ordinary shareholders on the register as at close of business on 18 December 2020.

A final dividend for the year ended 29 February 2020 of 4.00p per "C" share was paid to "C" shareholders on 26 August 2020.

An interim dividend of 4.00p per "C" share has been declared for the six month period ended 31 August 2020 which will be paid on 20 January 2021 to all "C" shareholders on the register as at close of business on 18 December 2020.

A final dividend for the year ended 29 February 2020 of 2.50p per "D" share was paid to "D" shareholders on 26 August 2020.

An interim dividend of 2.50p per "D" share has been declared for the six month period ended 31 August 2020 which will be paid on 20 January 2021 to all "D" shareholders on the register as at close of business on 18 December 2020.

9. Contingencies, guarantees and financial commitments

The contingencies guarantees and financial commitments of the Company were disclosed in the annual report and financial statements for the year ended 29 February 2020. All the contingencies, guarantees and financial commitments disclosed therein remain in force.

10. Related party transactions

The investee companies in which the Company has a shareholding of 20% or more, as identified in the Investment Manager's Report, are related parties. The aggregate balances at the date of the Statement of Financial Position and transactions with these companies during the year are summarised below.

| | Ordinary Shares £000 | "C" shares £000 | "D" shares £000 | Total £000 |
|---|----------------------------|-----------------------|-----------------------|---------------|
| Balances as at 31 August 2020 | | | | |
| Investments- shares | 16,594 | 12,615 | 2,095 | 31,304 |
| Investments- loan stock | 1,957 | 1,275 | 544 | 3,776 |
| Accrued interest income | 139 | 179 | 157 | 475 |
| Transactions for the six months ended 31 August 2020 | | | | |
| Loan stock interest income | 107 | 89 | 38 | 234 |
| Dividend income | 344 | 234 | 20 | 598 |

| | Ordinary Shares £000 | "C" shares £000 | "D" shares £000 | Total £000 |
|---|----------------------------|-----------------------|-----------------------|---------------|
| Balances as at 31 August 2019 | | | | |
| Investments- shares | 16,991 | 13,727 | 2,208 | 32,926 |
| Investments- loan stock | 2,712 | 1,738 | 546 | 4,996 |
| Accrued interest income | 198 | 224 | 181 | 603 |
| Transactions for the six months ended 31 August 2019 | | | | |
| Loan stock interest income | 114 | 127 | 38 | 279 |
| Dividend income | 500 | 106 | 134 | 740 |

| | Ordinary Shares £000 | "C" shares £000 | "D" shares £000 | Total £000 |
|---|----------------------------|-----------------------|-----------------------|---------------|
| Balances as at 29 February 2020 (audited) | | | | |
| Investments- shares | 16,512 | 12,832 | 2,105 | 31,449 |
| Investments- loan stock | 2,576 | 1,630 | 544 | 4,750 |
| Accrued interest income | 261 | 277 | 192 | 730 |
| Transactions for the year ended 29 February 2020 | | | | |
| Loan stock interest income | 339 | 236 | 79 | 654 |
| Dividend income | 960 | 850 | 166 | 1,976 |

11. Report distribution

In accordance with the Company's commitment to environmental sustainability and to minimise costs wherever appropriate, the financial statements will continue to be made available through regulated news service providers and will also be available in the Financial Reports section of the Company's website www.ventusvct.com. Any shareholder who wishes to receive notification of reports by email or post may request this by contacting the Registrar, The City Partnership (UK) Limited, Suite 2 Park Valley House, Park Valley Mills, Melham Road, Huddersfield, HD4 7BH.



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