

UPDATE FROM THE TEMPORIS CAPITAL (“Temporis”) AND THE LIQUIDATORS OF VENTUS VCT PLC AND VENTUS 2 VCT PLC (together the “Ventus Funds” or “the Companies”) ON 3 MAY 2022.

Dear Ventus Fund Shareholders,

There have been a significant number of shareholder queries in relation to the liquidation process over the past 6-10 weeks, predominantly around the timing of distributions and the differences in distributions by share class.

Temporis and the liquidators acknowledge that certain expectations were set in the circulars and RNS announcements made by the Companies prior to the entry into the liquidation process and that certain details underlying the commercial arrangements of the sales were not explicitly included in those communications.

This communication aims to set out the status of these commercial arrangements and clarify the build-up of the cumulative total sale proceeds for shareholders.

Total Net Proceeds vs Distributions to Date

The dividends paid on 21 January 2022 represented a partial payment of the expected net proceeds utilising the distributable reserves of each share class with reference to the 31 August 2021 interim financial statements. The dividends were not in addition to those indicative total net proceeds.

As stated in both the Circular dated 7 January 2022 (the “Circular”) and the RNS of 23 December 2021, the *remainder* of the sale proceeds were to be distributed by the liquidators.

Commercial Matters to Resolve Prior to the Final Distribution and Winding-Up

A7 Greendykeside Limited (“Greendykeside”)

A provision of £500,000 (which equates to just over 3 pence per share) must be retained in respect of the Ventus VCT plc Ordinary shares until an agreement to release it is agreed with the purchaser. The retention relates to a foundation drainage issue with one of the turbines owned by Greendykeside (a company in which the Ventus VCT plc Ordinary share class was the only share class to invest). In order to close the whole transaction simultaneously across all 18 investee companies, it was necessary to offer this retention whilst investigation works are carried out.

These investigation works have proven more complex than anticipated, although progress has been made. The expectation is that only a relatively small proportion of this retention will be used to remedy the issue, however this is not currently certain. Temporis is actively progressing the delivery of an appropriate solution.

Once this issue is resolved, the unused retention will form part of the final distribution to be made to the Ventus VCT plc Ordinary shareholders.

Achairn Energy Limited (“Achairn”)

The distribution made to Ventus 2 VCT plc Ordinary shareholders on 30 March 2022, and to a lesser extent to the Ventus VCT plc Ordinary shareholders, was a proportionately smaller allocation of the expected remaining net proceeds versus the distributions made to the shareholders of the other

Ventus Fund share classes because the completion of the sale of the equity and mezzanine debt positions in Achairn had not yet occurred. The consideration payable to the Ventus 2 VCT plc Ordinary shares from the sale of Achairn equates to circa 23.5 pence per share and to the Ventus VCT plc Ordinary shares equates to circa 7 pence per share.

Receipt of the consideration has been delayed because of a legal issue concerning bank ring-fencing laws with the senior lender to Achairn. This relates to the security over the shares held by the Ventus Funds as part of the senior loan agreement. This issue was only raised by the bank a short time prior to the scheduled closing date of all 18 sale agreements, however it was clear that it would not be resolved in that timeframe. Therefore, the Ventus Funds entered a split “exchange and completion” agreement whereby the consideration and all terms became binding, but consideration is not transferred until the senior lender has remedied the issue. Temporis is working with the bank to resolve the issue and agree the revised documentation required and expects the consideration to be paid to the liquidators by 10 May 2022.

Given the quantum of the consideration, the liquidators intend to make an interim distribution of the Achairn proceeds to the Ordinary shareholders of both companies as soon as possible after receipt and are liaising with the registrar to arrange this payment before the end of May.

Eye Wind Power Limited (“Eye”)

Eye has a decommissioning bond requirement under its planning permission. In 2014 the only feasible way to satisfy the planning permission as well as the requirements of the senior lender was for Ventus VCT plc to enter into a fully cash-collateralised decommissioning bond with Triodos Bank on behalf of Eye. The account currently holds circa £73,000. It is not possible simply to transfer the bond and cash to the purchaser. For Ventus VCT plc to move the money unilaterally would breach the terms of the bond and most importantly breach the terms of the planning permission.

Temporis has therefore acted to resolve this matter by proposing an amendment to the planning agreement whereby the parties agree that the council will hold the decommissioning sum directly in cash. The council has a statutory determination period for such requests which it is difficult to accelerate. Furthermore, the landowner and his mortgage lender also have to review and agree the amendment. This situation has lengthened the resolution of this matter beyond the timeframes reasonably envisaged at the time of completion of the sale in December 2021.

Only once the cash has been transferred to the liquidators account and the Triodos Bank bond is terminated can the cash be distributed to the Ventus VCT plc Ordinary shareholders by the liquidators. The cash withheld from distribution in respect to this matter is less than 0.5 pence per share and was included in the estimated net proceeds.

Final Net Proceeds and Ordinary Share Distribution Payment Date

The net proceeds remaining to be paid to the shareholders of both companies are still expected to be broadly in line with those set out in the Circular dated 7 January 2022 and will be distributed to shareholders as soon as reasonably possible.

The table below sets out the total expected net proceeds as disclosed in the RNS dated 23 December 2021 and the Circular dated 7 January 2022 together with a breakdown of the distributions of the net proceeds paid to date and expected still to be paid.

Temporis and the Liquidators will provide further updates to shareholders via the companies’ website.

	Expected total net proceeds per RNS (23 December 2021) and Circular (7 January 2022)	Breakdown of the distributions paid and expected to be paid:			
		Dividend paid 21 January 2022	Liquidators' first distribution paid 30 March 2022	Expected interim distribution of the Achairn proceeds*	Expected final distribution*
Ventus VCT plc Ordinary Shares	122.9	37.0	70.0	7.0	5.0
Ventus VCT plc C Shares	153.7	64.0	85.0	-	4.0
Ventus VCT plc D Shares	201.8	11.0	185.0	-	4.0
Ventus 2 VCT plc Ordinary Shares	92.3	47.0	18.0	23.5	3.5
Ventus 2 VCT plc C Shares	155.7	64.0	85.0	-	6.0
Ventus 2 VCT plc D Shares	203.9	11.0	185.0	-	6.0

*The distributions yet to be paid are estimates and are subject to change because the final liabilities of the companies are still to be determined. The expected final distribution to the Ventus VCT plc Ordinary shareholders, as set out in the table above, excludes the amount of the retention for Greendykeside (which is approximately 3 pence per share).