

# Downing TWO VCT plc

---

Half-Yearly Report  
for the six months  
ended 30 June 2016



# CHAIRMAN'S STATEMENT

## Introduction

I am pleased to present the Half-Yearly Report for the six months ended 30 June 2016. The period has seen the Company complete the process of returning capital to 'C' Shareholders and make a start in returning funds to investors in the 'D' Share pool. The Company has also made good progress in fundraising for the new 'K' Share pool.

## Net asset values and overview

### 'C' Share pool

The task of returning funds to investors in the 'C' Share pool was completed with final dividends paid on 24 March 2016. The Total Return to Shareholders was 120.83p for a holding of one 'C' Share and one 'A' Share, compared to the cost net of income tax relief in 2009 of 70p.

The Company is now taking steps to cancel the 'C' Shares and 'A' Shares and will update relevant Shareholders on progress shortly.

### 'D' Share pool

The 'D' Share pool has now commenced the process of exiting from its investments. During the period sufficient realisations were completed to allow the payment of a dividend of 17.0p per 'D' Share in March 2016.

At 30 June 2016, the remaining net asset value ("NAV") for a combined holding of one 'D' Share and one 'E' Share was 34.9p, the same value as at the period end after adjusting for the dividend payment of 17.0p per 'D' Share in the period. Total Return (NAV plus dividends paid to date) is now 101.4p for a combined holding, compared to the original cost, net of income tax relief, of 70p per share.

### 'F' Share pool

The 'F' Share pool launched in 2012 and is scheduled to start exiting from investments in early 2018.

At 30 June 2016, the NAV for a holding of one 'F' Share was 70.0p, a net increase of 0.6p (0.8%) over the period (after adjusting for dividends paid during the period of 2.5p per 'F' Share). Total Return (NAV plus dividends paid to date) is now 92.5p, compared to the original cost, net of income tax relief, of 70p per share.

### 'G' Share pool

The 'G' Share pool raised funds in 2013 and has now completed its initial investment phase. The target date to start realising investments is late 2018.

At 30 June 2016, the NAV for a holding of one 'G' Share was 85.4p. This represents a net increase of 1.6p (1.9%) over the period (after adjusting for the dividends paid during the period of 2.5p per 'G' Share). Total Return (NAV plus dividends paid to date) is now 102.9p, compared to the initial NAV of 100.0p and the original cost to investors (net of income tax relief) of between 70.4p and 76.2p (depending on initial costs).

### 'K' Share pool

The 'K' Share fundraising offer opened in December 2015 and has to date raised £15.4 million. A good start has been made to build the portfolio with a large proportion already invested. The closing date for the offer was extended to 30 September 2016.

At 30 June 2016 the NAV for a holding of one 'K' Share was 99.7p, compared to the initial NAV of 100.0p. The small deficit arises from holding a large proportion of funds as cash during the fundraising period. We expect this "cash drag" to reduce as the funds become invested.

## CHAIRMAN'S STATEMENT (continued)

### Dividends

In line with the Company's stated policies, interim dividends will be paid as follows:

'F' Shares	2.5p per share
'G' Shares	2.5p per share

Each of the above dividends will be paid on 16 December 2016 to Shareholders on the register at 18 November 2016.

No interim dividend is being declared in respect of the 'D' Shares as additional return of capital dividends will be declared once further investment realisations have been completed.

### Share buybacks

The Company has a general policy in the first five years after the launch of a share class, of buying in its own shares that become available in the market for cancellation. As a result, the Company will currently buy 'F' Shares, 'G' Shares and 'K' Shares that become available in the market and will, subject to liquidity and regulatory constraints, buy at prices approximately equal to net asset value i.e. with no discount.

No share buybacks in any share class were undertaken during the period.

### Outlook

The Board is pleased to have delivered a good final outcome for 'C' Shareholders and the Manager's focus has now shifted to the exit process for the 'D' Share pool. Over the remainder of the year we expect to see significant progress in exiting from the remaining 'D' Share pool investments and hope to be in a position to declare a further dividend later in 2016 or early 2017. 'D' Shareholders should note that the exit process may well present some challenges which could result in the exit process taking some time to complete.

We expect investment activity in the 'F' Share and 'G' Share pools to be reasonably low during the remainder of the year as we look to the portfolio companies to develop further ahead of their planned exit dates in 2018.

The 'K' Share pool has invested in a number of companies that are preparing to commence trading so these will require close monitoring as they start to establish their businesses.

In terms of the general outlook for small businesses, the result of the EU Referendum appears to have created a period of uncertainty for the UK economy and some volatility in stock markets. With a large proportion of the Company's funds already invested, the Board believes that any possible negative impact on the Company's performance will be limited. A weaker longer term economy could result in greater difficulty in exiting from investments at the appropriate time, however the Directors feel that this is not a major risk. The Board will, of course, continue to monitor developments closely.

I look forward to updating Shareholders in my statement with the Annual Report to 31 December 2016.



**Hugh Gillespie**  
Chairman

28 September 2016

## INVESTMENT MANAGER'S REPORT 'C' SHARE POOL

The 'C' Share pool completed the task of realising its investments in January 2016, and on 24 March 2016, paid final dividends.

### Net asset value and results

Over the life of their investment, investors in the 'C' Share pool received total dividends of 105.61p per 'C' Share and 15.22p per 'A' Share making a total return of 120.83p for an original investment of 100p (70p net of income tax relief). We believe that this represents a very good return to Shareholders and brings the investment by 'C' Shareholders to a close.

### Investment activity in the period

The 'C' Share pool had two investments at the start of the period. Both Quadrate Spa Limited and Quadrate Catering Limited were sold generating gains over original cost of £160,000.

### Outlook

We are very satisfied with the final performance of the 'C' Share pool. Following the payment of the final dividends on 24 March 2016, the 'C' Share pool had negligible value at the period end and, in line with the Articles of the Company, the Company is taking steps to cancel the share class.

### Downing LLP

28 September 2016

## SUMMARY OF INVESTMENT MOVEMENTS 'C' SHARE POOL

for the six months ended 30 June 2016

Disposals	Cost £'000	Market value at 01/01/16 £'000	Disposal proceeds £'000	Gain against cost £'000	Total realised gain £'000
<b>VCT qualifying and partially qualifying investments</b>					
Quadrate Spa Limited	258	381	381	123	-
Quadrate Catering Limited	330	367	367	37	-
	<u>588</u>	<u>748</u>	<u>748</u>	<u>160</u>	<u>-</u>

## INVESTMENT MANAGER'S REPORT 'D' SHARE POOL

The 'D' Share pool is in the process of seeking to realise its investments in order to return funds to 'D' Shareholders.

### Investment activity

During the period under review, there were three full disposals, four partial disposals and deferred consideration which produced proceeds of £1.5 million and showed a gain against previous carrying value of £109,000.

At 30 June 2016, the pool held 11 investments with a valuation of £3.0 million. One minor valuation change was made at the period end resulting in a total valuation reduction of £58,000 in Mosaic Spa and Health Clubs Limited. The carrying values adopted at the end of the period are consistent with the values at which we believe the investments can be exited.

The majority of investments have performed to plan although a small number which have underperformed historically are yet to fully recover.

### Realisation plans

There are exit plans in place for the remaining 11 investments. The significant holdings in Kidspace Adventures Holdings Limited, Westcountry Solar Solutions Limited and Avon Solar Energy Limited are expected to exit in the next few months.

Although the sale of Gara Rock Resort Limited, formerly Aminghurst Limited, was agreed in March 2016, the timing of the loan repayments depends on when the underlying apartments are sold. We are exploring some options to draw the investment to a conclusion earlier than might otherwise be the case.

### Net asset value and results

At 30 June 2016, the net asset value ("NAV") for a combined holding of one 'D' Share and one 'E' Share was 34.9p. Total Return (NAV plus dividends paid to date) is now 101.4p for a combined holding.

The profit on ordinary activities for the 'D' Shares, after taxation, for the period was £9,000, comprising a revenue loss of £42,000 and a capital profit of £51,000.

### Outlook

The remainder of the year will be a busy period in terms of investment realisations and we expect the next major distribution to Shareholders to be made before the end of the year or early 2017.

### Downing LLP

28 September 2016

## SUMMARY OF INVESTMENT PORTFOLIO 'D' SHARE POOL

as at 30 June 2016

	Cost £'000	Valuation £'000	Unrealised loss in period £'000	% of portfolio by value
<b>VCT qualifying and partially qualifying investments</b>				
Kidspace Adventure Holdings Limited	375	465	-	12.9%
Mosaic Spa and Health Clubs Limited*	521	288	(58)	8.0%
Westcountry Solar Solutions Limited	250	250	-	7.0%
Avon Solar Energy Limited	210	218	-	6.1%
Future Biogas (Reepham Road) Limited	451	98	-	2.7%
Camandale Limited*	422	2	-	0.1%
Quadrate Spa Limited	144	-	-	0.0%
<b>Non-qualifying investments</b>				
Gara Rock Resort Limited	1,322	1,322	-	36.8%
Fenkle Street LLP	122	220	-	6.1%
Future Biogas (SF) Limited	84	84	-	2.3%
Redmed Limited	21	19	-	0.5%
	<u>3,922</u>	<u>2,966</u>	<u>(58)</u>	<u>82.5%</u>
<b>Cash at bank and in hand</b>		<u>629</u>		<u>17.5%</u>
<b>Total</b>		<u><u>3,595</u></u>		<u><u>100%</u></u>

\* Partially qualifying investment

## SUMMARY OF INVESTMENT MOVEMENTS 'D' SHARE POOL

for the six months ended 30 June 2016

Disposals	Cost £'000	Market value at 01/01/16*	Disposal proceeds £'000	Gain/(loss) against cost £'000	Total realised gain £'000
<b>VCT qualifying and partially qualifying investments</b>					
Quadrate Catering Limited	441	539	581	140	42
Future Biogas (Reepham Road) Limited	130	97	130	-	33
Liverpool Nurseries (Holdings) Limited	-	-	11	11	11
Quadrate Spa Limited	352	520	520	168	-
<b>Non-qualifying investments</b>					
Future Biogas (SF) Limited	85	85	102	17	17
Kilmarnock Monkey Bar Limited	-	-	6	6	6
Commercial Street Hotel Limited	100	100	100	-	-
Redmed Limited	6	5	5	(1)	-
	<u>1,114</u>	<u>1,346</u>	<u>1,455</u>	<u>341</u>	<u>109</u>

\* Adjusted for additions in the year



## INVESTMENT MANAGER'S REPORT 'F' SHARE POOL

The 'F' Share pool is fully invested in a portfolio focussed on asset backed businesses and those with predictable revenue streams. The 'F' Share pool is scheduled to start realising investments in 2017 in order to return funds to shareholders in 2018.

### Investment activity

Four new investments were made in the period totalling £700,000. £300,000 was invested into Vectis Power Generation Limited which is seeking to build and develop renewable energy plants; £150,000 was invested into Brownfields Energy Limited which is seeking to develop small-scale waste disposal projects; £125,000 was invested into both Rhodes Renewables Limited and Morava Renewables Limited which are both exploring opportunities in the wood refinery sector.

One full exit was completed in the period for Grasshopper 2007 Limited, the company that owns The Grasshopper Inn, a public house near Westerham, Kent which was sold and generated proceeds equivalent to the original cost of £378,000.

One notable partial divestment took place in the period being the part repayment of a non-qualifying loan to Gara Rock Resort Limited, formerly Aminghurst Limited, which generated proceeds of £494,000.

The majority of investments remain valued at or above cost and there was one small valuation movement in the period on Atlantic Dogstar Limited. The company owns a group of London pubs which are performing to plan and as such the valuation has been increased by £18,000.

### Net asset value, results and dividend

At 30 June 2016, the net asset value ("NAV") for a holding of one 'F' Share was 70.0p, an increase of 0.6p (0.8%) over the period. Total Return (NAV plus dividends paid to date) is now 92.5p for a combined holding.

The gain on ordinary activities for the 'F' Shares, after taxation, for the period was £69,000, comprising a revenue profit of £51,000 and a capital gain of £18,000.

The Company will pay an interim dividend of 2.5p per 'F' Share, on 16 December 2016 to 'F' Shareholders on the register at 18 November 2016.

### Outlook

The focus now for the 'F' Share portfolio is on close monitoring and support of the portfolio companies to ensure that prospects for growth are optimised in the period until the realisation process commences in 2017.

### Downing LLP

28 September 2016

## SUMMARY OF INVESTMENT PORTFOLIO 'F' SHARE POOL

as at 30 June 2016

	Cost £'000	Valuation £'000	Unrealised gain in period £'000	% of portfolio by value
<b>VCT qualifying and partially qualifying investments</b>				
Apex Energy Limited	1,000	1,000	-	13.3%
Vulcan Renewables Limited	653	778	-	10.3%
Goonhilly Earth Station Limited	760	760	-	10.1%
Lambridge Solar Limited	500	543	-	7.2%
Merlin Renewables Limited	500	500	-	6.6%
Augusta Pub Company Limited	290	324	-	4.3%
Kidspace Adventures Holdings Limited	250	310	-	4.1%
Vectis Power Generation Limited	300	300	-	4.0%
Pearce and Saunders Limited	497	248	-	3.3%
Pabulum Pubs Limited	200	229	-	3.0%
Atlantic Dogstar Limited	200	218	18	2.9%
Fresh Green Power Limited	200	200	-	2.7%
City Falkirk Limited	422	177	-	2.3%
Fubar Stirling Limited	268	169	-	2.2%
Brownfields Energy Limited	150	150	-	2.0%
Rhodes Renewables Limited	125	125	-	1.7%
Morava Renewables Limited	125	125	-	1.7%
Green Energy Production UK Limited	100	100	-	1.3%
Cheers Dumbarton Limited	48	17	-	0.2%
Redmed Limited*	13	11	-	0.1%
Lochrise Limited	13	-	-	0.0%
<b>Non-qualifying investments</b>				
Baron House Developments LLP	481	481	-	6.4%
Gara Rock Resort Limited	345	345	-	4.6%
London City Shopping Centre Limited	66	66	-	0.9%
Pearce and Saunders DevCo Limited	46	46	-	0.6%
Southampton Hotel Development Limited	298	-	-	0.0%
	<u>7,850</u>	<u>7,222</u>	<u>18</u>	95.8%
<b>Cash at bank and in hand</b>		<u>312</u>		<u>4.2%</u>
<b>Total</b>		<u>7,534</u>		<u>100.0%</u>

\* Partially qualifying investment

## SUMMARY OF INVESTMENT MOVEMENTS

### 'F' SHARE POOL

as at 30 June 2016

<b>Additions</b>	<b>£'000</b>
<b>Qualifying investments</b>	
Vectis Power Generation Limited	300
Brownfields Energy Limited	150
Rhodes Renewables Limited	125
Morava Renewables Limited	125
<b>Total</b>	<u>700</u>

<b>Disposals</b>	<b>Cost £'000</b>	<b>Market value at 01/01/16 £'000</b>	<b>Disposal proceeds £'000</b>	<b>Loss against cost £'000</b>	<b>Total realised gain £'000</b>
<b>VCT qualifying and partially qualifying investments</b>					
Grasshopper 2007 Limited	378	378	378	-	-
Redmed Limited	5	3	3	(2)	-
<b>Non-qualifying investments</b>					
Gara Rock Resort Limited	494	494	494	-	-
	<u>877</u>	<u>875</u>	<u>875</u>	<u>(2)</u>	<u>-</u>

\* adjusted for purchases made in the period

## INVESTMENT MANAGER'S REPORT 'G' SHARE POOL

The 'G' Share pool raised funds in 2013 and is planning to start realising investments in 2018. The task of building the initial VCT qualifying portfolio is now complete and the fund is fully qualifying as at 30 June 2016.

### Investment activity

Two new qualifying investments were made in the period. £1.45 million was invested into Quadrate Catering Limited which operates a restaurant in the iconic Cube Complex in Birmingham and £1 million was invested into Hermes Renewables Limited which is preparing to build and operate a wood pelleting plant.

One non-qualifying investment was made in Quadrate Spa Limited for £1.45 million which owns and operates a health club business in The Cube complex in Birmingham.

In the period, total proceeds of £2.3 million were received. Grasshopper 2007 Limited, the company that owns The Grasshopper Inn, a public house near Westerham, Kent was sold and generated proceeds equivalent to cost of £1.1m.

Two non-qualifying loans were repaid in full in the period. Pub People Limited, the public house operator in the East Midlands, repaid £873,000 and Ludlow Taverns Limited repaid £387,000.

The majority of investments remain valued at or above cost and there was one small valuation uplift in the period on Atlantic Dogstar Limited. The company owns a group of London pubs which are performing to plan and as such the valuation has been increased by £306,000.

### Net asset value

At 30 June 2016, the net asset value ("NAV") for a holding of one 'G' Share was 85.4p which represents a net increase of 1.6p (1.9%) over the period after adjusting for the dividends paid out. Total Return (NAV plus dividends paid to date) is now 102.9p.

### Results and dividend

The profit on ordinary activities for the 'G' Shares, after taxation, for the period was £406,000, comprising a revenue profit of £100,000 and a capital profit of £306,000.

The Company will pay an interim dividend of 2.5p per 'G' Share, on 16 December 2016 to 'G' Shareholders on the register at 18 November 2016.

### Outlook

The 'G' Share pool is fully qualifying and therefore our focus has now shifted to close monitoring and support of the portfolio companies in order to nurture growth before the ultimate exit date.

### Downing LLP

28 September 2016

## SUMMARY OF INVESTMENT PORTFOLIO 'G' SHARE POOL

as at 30 June 2016

	Cost £'000	Valuation £'000	Unrealised gain in period £'000	% of portfolio by value
<b>VCT qualifying and partially qualifying investments</b>				
Atlantic Dogstar Limited	3,500	3,806	306	17.6%
Kidspace Adventure Holdings Limited	1,977	1,977	-	9.2%
Antelope Pub Limited	1,760	1,760	-	8.2%
Goonhilly Earth Station Limited	1,710	1,710	-	7.9%
Quadrate Catering Limited	1,450	1,450	-	6.7%
Apex Energy Limited	1,300	1,300	-	6.0%
Hedderwick Limited	1,250	1,250	-	5.8%
Hermes Renewables Limited	1,000	1,000	-	4.6%
Augusta Pub Company Limited	580	648	-	3.0%
Pabulum Pubs Limited	400	458	-	2.1%
Oak Grove Renewables Limited	420	315	-	1.5%
Redmed Limited*	26	22	-	0.1%
<b>Non-qualifying investments</b>				
Quadrate Spa Limited	1,450	1,450	-	6.7%
Hobblers Health Limited	1,324	1,324	-	6.1%
Baron House Developments LLP	1,093	1,093	-	5.1%
Gara Rock Resort Limited	801	801	-	3.7%
Pearce and Saunders Limited	193	193	-	0.9%
London City Shopping Centre Limited	110	110	-	0.5%
Craft Beer Pub Co Limited	92	92	-	0.4%
	<u>20,436</u>	<u>20,759</u>	<u>306</u>	<u>96.1%</u>
<b>Cash at bank and in hand</b>		<u>832</u>		<u>3.9%</u>
<b>Total</b>		<u>21,591</u>		<u>100%</u>

'G' Shares

## SUMMARY OF INVESTMENT MOVEMENTS 'G' SHARE POOL

as at 30 June 2016

<b>Additions</b>	<b>£'000</b>
<b>Qualifying investments</b>	
Quadrate Catering Limited	1,450
Hermes Renewables Limited	1,000
<b>Non-qualifying investments</b>	
Quadrate Spa Limited	<u>1,450</u>
<b>Total</b>	<u><u>3,900</u></u>

<b>Disposals</b>	<b>Cost £'000</b>	<b>Market value at 01/01/16 £'000</b>	<b>Disposal proceeds £'000</b>	<b>Loss against cost £'000</b>	<b>Total realised gain £'000</b>
<b>VCT qualifying and partially qualifying investments</b>					
Grasshopper 2007 Limited	1,050	1,050	1,050	-	-
Redmed Limited	10	6	6	(4)	-
<b>Non-qualifying investments</b>					
Pub People Limited	873	873	873	-	-
Ludlow Taverns Springhill Limited	387	387	387	-	-
	<u>2,320</u>	<u>2,316</u>	<u>2,316</u>	<u>(4)</u>	<u>-</u>

## INVESTMENT MANAGER'S REPORT 'K' SHARE POOL

The 'K' Share pool is currently in the fundraising process with the offer open until 30 September 2016.

### **Investment activity**

During the last six months, ten qualifying investments have been made totalling £9.5 million as we start to build the qualifying portfolio of the 'K' Share pool.

The qualifying investments include a £1 million investment in Vectis Power Generation Limited which is seeking to build and develop renewable energy plants.

£1 million was invested in Brownfields Energy Limited which is seeking to develop small-scale waste disposal projects.

£1.3 million was invested in Yamuna Renewables Limited which is seeking investment opportunities in the wood refinery sector.

£736,000 was invested into both Ironhide Generation Limited and Indigo Generation Limited. £591,000 was invested in Rockhopper Renewables Limited and £337,000 in SF Renewables (Solar) Limited which are all in the process of acquiring land in India to build and operate 15MW ground mounted solar arrays.

Jito Renewables Limited, Rhodes Renewables Limited and Morava Renewables Limited are all exploring opportunities in the wood refinery sector following investments of £1.5 million, £1.25 million and £1.1 million respectively.

No valuation adjustments have been made in the period with all investments remaining at cost.

### **Net asset value, results and dividend**

At 30 June 2016, the net asset value ("NAV") for a holding of one 'K' Share was 99.7p compared to the initial NAV of 100.0p.

The loss on ordinary activities for the 'K' Shares, after taxation, for the period was £31,000, being wholly related to revenue.

### **Outlook**

We will continue to seek investment opportunities and develop the current investment portfolio over the remainder of the period and look forward to updating 'K' Shareholders further in the annual report to 31 December 2016.

### **Downing LLP**

28 September 2016

## SUMMARY OF INVESTMENT MOVEMENTS

### 'K' SHARE POOL

as at 30 June 2016

	Cost £'000	Valuation £'000	Unrealised gain in period £'000	% of portfolio by value
<b>VCT qualifying investments</b>				
Jito Renewables Limited	1,500	1,500	-	11.5%
Yamuna Renewables Limited	1,300	1,300	-	10.0%
Rhodes Renewables Limited	1,250	1,250	-	9.6%
Morava Renewables Limited	1,100	1,100	-	8.4%
Brownfields Energy Limited	1,000	1,000	-	7.7%
Vectis Power Generation Limited	1,000	1,000	-	7.7%
Ironhide Generation Limited	736	736	-	5.7%
Indigo Generation Limited	736	736	-	5.7%
Rockhopper Renewables Limited	591	591	-	4.5%
SF Renewables (Solar) Limited	337	337	-	2.6%
	<u>9,550</u>	<u>9,550</u>	<u>-</u>	<u>73.4%</u>
<b>Cash at bank and in hand</b>		<u>3,469</u>		<u>26.6%</u>
<b>Total</b>		<u>13,019</u>		<u>100%</u>



## SUMMARY OF INVESTMENT MOVEMENTS 'K' SHARE POOL

as at 30 June 2016

<b>Additions</b>	<b>£'000</b>
<b>Qualifying investments</b>	
Jito Renewables Limited	1,500
Yamuna Renewables Limited	1,300
Rhodes Renewables Limited	1,250
Morava Renewables Limited	1,100
Brownfields Energy Limited	1,000
Vectis Power Generation Limited	1,000
Ironhide Generation Limited	736
Indigo Generation Limited	736
Rockhopper Renewables Limited	591
SF Renewables (Solar) Limited	337
<b>Total</b>	<b>9,550</b>

# UNAUDITED SUMMARISED BALANCE SHEET

as at 30 June 2016

	30 Jun 2016					30 Jun 2015	31 Dec 2015	
	'C' Shares £'000	'D' Shares £'000	'F' Shares £'000	'G' Shares £'000	'K' Shares £'000	Total £'000	Total £'000	
<b>Fixed assets</b>								
Unquoted investments	-	2,966	7,222	20,759	9,550	40,497	33,882	31,365
<b>Current assets</b>								
Debtors	-	(3)	154	332	1	484	727	879
Cash at bank and in hand	65	629	312	832	3,469	5,307	7,112	7,021
	<u>65</u>	<u>626</u>	<u>466</u>	<u>1,164</u>	<u>3,470</u>	<u>5,791</u>	<u>7,839</u>	<u>7,900</u>
Creditors: amounts falling due within one year	(61)	(96)	(108)	(232)	(1,096)	(1,593)	(534)	(532)
<b>Net current assets</b>	<u>4</u>	<u>530</u>	<u>358</u>	<u>932</u>	<u>2,374</u>	<u>4,198</u>	<u>7,305</u>	<u>7,368</u>
<b>Net assets</b>	<u>4</u>	<u>3,496</u>	<u>7,580</u>	<u>21,691</u>	<u>11,924</u>	<u>44,695</u>	<u>41,187</u>	<u>38,733</u>
<b>Capital and reserves</b>								
Called up share capital	18	25	11	25	12	91	79	79
Capital redemption reserve	106	-	-	-	-	106	106	106
Special reserve	-	3,845	8,886	22,341	-	35,072	43,011	40,086
Share premium account	-	-	-	-	12,237	12,237	-	-
Revaluation reserve	(105)	(956)	(627)	322	-	(1,366)	(1,431)	(1,248)
Capital reserve – realised	-	-	(1,033)	(1,221)	-	(2,254)	(1,965)	(2,252)
Revenue reserve	(15)	582	343	224	(325)	809	1,387	1,962
<b>Total equity shareholders' funds</b>	<u>4</u>	<u>3,496</u>	<u>7,580</u>	<u>21,691</u>	<u>11,924</u>	<u>44,695</u>	<u>41,187</u>	<u>38,733</u>
<b>Basic and diluted net asset value per:</b>								
'C' Share	0.0p						50.0p	53.9p
'A' Share	0.0p						0.1p	0.1p
'D' Share		34.8p					73.1p	51.8p
'E' Share		0.1p					0.1p	0.1p
'F' Share			70.0p				72.0p	71.9p
'G' Share				85.4p			88.5p	86.3p
'K' Share					99.7p		N/A	N/A

## STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

	Called up share capital £'000	Capital redemption Reserve £'000	Special Reserve £'000	Share Premium Reserve £'000	Revaluation reserve £'000	Capital reserve realised £'000	Revenue reserve £'000	Total £'000
<b>At 1 January 2015</b>	79	106	47,161	-	(289)	(2,255)	548	45,350
(Loss)/gain on investments	-	-	-	-	(8)	49	-	41
Purchase of own shares	-	-	-	-	-	-	(44)	(44)
Returned revenue	-	-	-	-	-	-	1,458	1,458
Transfer between reserves	-	-	(7,075)	-	(951)	8,026	-	-
Dividends paid	-	-	-	-	-	(8,072)	-	(8,072)
<b>At 31 December 2015</b>	79	106	40,086	-	(1,248)	(2,252)	1,962	38,733
Issue of Shares	12	-	-	12,237	-	-	-	12,249
Share issue costs	-	-	-	-	-	-	(294)	(294)
Gain on investments	-	-	-	-	266	109	-	375
Returned revenue	-	-	-	-	-	-	51	51
Transfer between reserves	-	-	(5,014)	-	(384)	6,308	(910)	-
Dividends paid	-	-	-	-	-	(6,419)	-	(6,419)
<b>At 30 June 2016</b>	91	106	35,072	12,237	(1,366)	(2,254)	809	44,695

## INCOME STATEMENT

for the six months ended 30 June 2016

### Company Total

	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015			Year ended 31 Dec 2015
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	634	-	634	1,439	-	1,439	2,663
Gains/(losses) on investments							
- realised	-	266	266	-	(362)	(362)	49
- unrealised	-	109	109	-	(172)	(172)	(8)
	634	375	1,009	1,439	(534)	905	2,704
Investment management fees	(409)	-	(409)	(383)	-	(383)	(753)
Other expenses	(174)	-	(174)	(126)	-	(126)	(251)
<b>Return/(loss) on ordinary activities before taxation</b>	51	375	426	930	(534)	396	1,700
Tax on total comprehensive income and ordinary activities	-	-	-	(80)	-	(80)	(201)
<b>Return/(loss) attributable to equity shareholders</b>	51	375	426	850	(534)	316	1,499
Return per 'C' Share	(0.4p)	-	(0.4p)	7.9p	(6.5p)	1.4p	5.2p
Return per 'A' Share	-	-	-	-	-	-	-
Return per 'D' Share	(0.4p)	0.5p	0.1p	1.2p	0.4p	1.6p	7.2p
Return per 'E' Share	-	-	-	-	-	-	-
Return per 'F' Share	0.5p	0.2p	0.7p	0.4p	(1.7p)	(1.3p)	1.1p
Return per 'G' Share	0.4p	1.2p	1.6p	0.5p	0.3p	0.8p	1.1p
Return per 'K' Share	(0.4p)	-	(0.4p)	N/A	N/A	N/A	N/A

## INCOME STATEMENT

for the six months ended 30 June 2016

'C' Shares	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015			Year ended 31 Dec 2015
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	6	-	6	621	-	621	818
Gains/(losses) on investments							
- realised	-	-	-	-	(412)	(412)	(340)
- unrealised	-	-	-	-	(53)	(53)	25
	<u>6</u>	<u>-</u>	<u>6</u>	<u>621</u>	<u>(465)</u>	<u>156</u>	<u>503</u>
Investment management fees	(9)	-	(9)	(31)	-	(31)	(57)
Other expenses	(31)	-	(31)	(18)	-	(18)	(35)
<b>(Loss)/return on ordinary activities before taxation</b>	<u>(34)</u>	<u>-</u>	<u>(34)</u>	<u>572</u>	<u>(465)</u>	<u>107</u>	<u>411</u>
Tax on total comprehensive income and ordinary activities		-	7	(12)	-	(12)	(39)
<b>(Loss)/return attributable to equity shareholders</b>	<u>(27)</u>	<u>-</u>	<u>(27)</u>	<u>560</u>	<u>(465)</u>	<u>95</u>	<u>372</u>

## INCOME STATEMENT

for the six months ended 30 June 2016

'D' Shares	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015			Year ended 31 Dec 2015
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	(14)	-	(14)	227	-	227	560
Gains/(losses) on investments							
- realised	-	109	109	-	50	50	297
- unrealised	-	(58)	(58)	-	(11)	(11)	87
	(14)	51	37	227	39	266	944
Investment management fees	(27)	-	(27)	(49)	-	(49)	(97)
Other expenses	(19)	-	(19)	(24)	-	(24)	(44)
<b>(Loss)/return on ordinary activities before taxation</b>	(60)	51	(9)	154	39	193	803
Tax on total comprehensive income and ordinary activities	18	-	18	(32)	-	(32)	(80)
<b>Return/(loss) attributable to equity shareholders</b>	(42)	51	9	122	39	161	723

## INCOME STATEMENT

for the six months ended 30 June 2016

'F' Shares	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015			Year ended 31 Dec 2015
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	170	-	170	153	-	153	409
Gains/(losses) on investments							
- realised	-	-	-	-	-	-	79
- unrealised	-	18	18	-	(179)	(179)	(136)
	170	18	188	153	(179)	(26)	352
Investment management fees	(70)	-	(70)	(73)	-	(73)	(144)
Other expenses	(40)	-	(40)	(37)	-	(37)	(74)
<b>Return/(loss) on ordinary activities before taxation</b>	60	18	78	43	(179)	(136)	134
Tax on total comprehensive income and ordinary activities	(9)	-	(9)	(4)	-	(4)	(16)
<b>Return/(loss) attributable to equity shareholders</b>	51	18	69	39	(179)	(140)	118

## INCOME STATEMENT

for the six months ended 30 June 2016

'G' Shares

	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015			Year ended 31 Dec 2015
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	413	-	413	438	-	438	876
Gains on investments							
- realised	-	-	-	-	-	-	13
- unrealised	-	306	306	-	71	71	16
	413	306	719	438	71	509	905
Investment management fees	(219)	-	(219)	(230)	-	(230)	(455)
Other expenses	(70)	-	(70)	(47)	-	(47)	(98)
<b>Return on ordinary activities before taxation</b>	124	306	430	161	71	232	352
Tax on total comprehensive income and ordinary activities	(24)	-	(24)	(32)	-	(32)	(66)
<b>Return attributable to equity shareholders</b>	100	306	406	129	71	200	286



## INCOME STATEMENT

for the six months ended 30 June 2016

'K' Shares

	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015			Year ended 31 Dec 2015
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	59	-	59	-	-	-	-
Gains on investments							
- realised	-	-	-	-	-	-	-
- unrealised	-	-	-	-	-	-	-
	59	-	59	-	-	-	-
Investment management fees	(84)	-	(84)	-	-	-	-
Other expenses	(14)	-	(14)	-	-	-	-
<b>Loss on ordinary activities before taxation</b>	(39)	-	(39)	-	-	-	-
Tax on total comprehensive income and ordinary activities		-	8	-	-	-	-
<b>Loss attributable to equity shareholders</b>	(31)	-	(31)	-	-	-	-

## UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 June 2016

	Note	30 Jun 2016					Total £'000	30 Jun	31 Dec
		'C'	'D'	'F'	'G'	'K'		2015	2015
		Shares £'000	Shares £'000	Shares £'000	Shares £'000	Shares £'000		Total £'000	Total £'000
<b>Net cash inflow from operating activities</b>	<b>1</b>	136	207	15	84	1,064	1,506	725	1,178
<b>Cash flows from investing activities</b>									
Purchase of investments		-	-	(700)	(3,900)	(9,550)	(14,150)	(4,542)	(14,043)
Sale of investments		748	1,455	875	2,316	-	5,394	5,361	17,955
<b>Net cash inflow/(outflow) from investing activities</b>		748	1,455	175	(1,584)	(9,550)	(8,756)	819	3,912
<b>Net cash inflow/(outflow) before financing activities</b>		884	1,662	190	(1,500)	(8,486)	(7,250)	1,544	5,090
<b>Cash flows from financing activities</b>									
Proceeds from share issue		-	-	-	-	12,249	12,249	-	-
Share issue costs		-	-	-	-	(294)	(294)	-	-
Equity dividend paid		(3,814)	(1,700)	(270)	(635)	-	(6,419)	(4,468)	(8,072)
Purchase of own shares		-	-	-	-	-	-	(11)	(44)
<b>Net cash (outflow)/inflow from financing activities</b>		(3,814)	(1,700)	(270)	(635)	11,955	5,536	(4,479)	(8,116)
<b>(Decrease)/increase in cash</b>	<b>2</b>	(2,930)	(38)	(80)	(2,135)	3,469	(1,714)	(2,935)	(3,026)

## NOTES TO THE UNAUDITED CASH FLOW STATEMENT

for the six months ended 30 June 2016

	30 Jun 2016					Total £'000	30 Jun	31 Dec
	'C'	'D'	'F'	'G'	'K'		2015	2015
	Shares £'000	Shares £'000	Shares £'000	Shares £'000	Shares £'000		Total £'000	Total £'000
<b>1 Cash inflow from operating activities</b>								
(Loss)/return on ordinary activities before taxation	(34)	(9)	78	430	(39)	426	396	1,700
Corporation tax	4	6	1	1	-	12	-	(160)
(Gains)/losses on investments	-	(51)	(18)	(306)	-	(375)	534	(41)
Decrease/(increase) in other debtors	175	286	(23)	(42)	(1)	395	(93)	(243)
(Decrease)/increase in other creditors	(9)	(25)	(23)	1	1,104	1,048	(112)	(78)
Net cash inflow from operating activities	<u>136</u>	<u>207</u>	<u>15</u>	<u>84</u>	<u>1,064</u>	<u>1,506</u>	<u>725</u>	<u>1,178</u>
<b>2 Analysis of net funds</b>								
Beginning of period	2,995	667	392	2,967	-	7,021	10,047	10,047
Net cash (outflow)/inflow	(2,930)	(38)	(80)	(2,135)	3,469	(1,714)	(2,935)	(3,026)
End of period	<u>65</u>	<u>629</u>	<u>312</u>	<u>832</u>	<u>3,469</u>	<u>5,307</u>	<u>7,112</u>	<u>7,021</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

### 1. General information

Downing Two VCT plc (“the Company”) is a venture capital trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales.

### 2. Accounting policies - Basis of accounting

The unaudited half-yearly results cover the six months to 30 June 2016 and have been prepared in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” revised January 2009 and in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2015, which were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland (“FRS102”).

3. All revenue and capital items in the Income Statement derive from continuing operations.
4. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
5. The comparative figures are in respect of the six month period ended 30 June 2015 and the year ended 31 December 2015 respectively.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### 6. Dividends

Paid in period	Per share pence	Six months ended 30 June 2016			Year to 31 Dec 2015
		Revenue £'000	Capital £'000	Total £'000	Total £'000
<b>'C' Shares</b>					
Special 'C' 2016	30.6p	-	2,182	2,182	-
Special 'A' 2016	15.2p	-	1,632	1,632	-
Y/E Dec 2014 Final	50.0p	-	-	-	3,562
		-	3,814	3,814	3,562
<b>'D' Shares</b>					
Y/E Dec 2015 Final	17.0p	-	1,700	1,700	-
Y/E Dec 2015 Interim	27.0p	-	-	-	2,700
		-	1,700	1,700	2,700
<b>'F' Shares</b>					
Y/E Dec 2015 Final	2.5p	-	270	270	-
Y/E Dec 2015 Interim	2.5p	-	-	-	270
Y/E Dec 2014 Final	2.5p	-	-	-	270
		-	270	270	540
<b>'G' Shares</b>					
Y/E Dec 2015 Final	2.5p	-	635	635	-
Y/E Dec 2015 Interim	2.5p	-	-	-	635
Y/E Dec 2014 Final	2.5p	-	-	-	635
		-	635	635	1,270

No dividends have been paid or declared in respect of the 'E' Shares or 'K' Shares.

### 7. Basic and diluted return per share

	Weighted average number of shares in issue	Revenue return/(loss)		Capital return	
		£'000	Per share	£'000	Per share
'C' Shares	7,126,194	(27)	(0.4p)	-	-
'A' Shares	10,724,029	-	-	-	-
'D' Shares	10,000,000	(42)	(0.4p)	51	0.5p
'E' Shares	14,950,000	-	-	-	-
'F' Shares	10,822,154	51	0.5p	18	0.2p
'G' Shares	25,528,996	100	0.4p	306	1.2p
'K' Shares	6,877,568	(31)	(0.4p)	-	-
		51		375	

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### 8. Net asset value per share

	Shares in issue	Net asset value	
		£'000	Per share
'C' Shares	7,126,194	4	-
'A' Shares	10,724,029	-	-
'D' Shares	10,000,000	3,481	34.8p
'E' Shares	14,950,000	15	0.1p
'F' Shares	10,822,154	7,580	70.0p
'G' Shares	25,386,546	21,691	85.4p
'K' Shares	11,954,428	11,924	99.7p
		<u>44,695</u>	

### 9. Reserves

	Period ended 30 Jun 2016 £'000	Year ended 31 Dec 2015 £'000
Capital redemption reserve	106	106
Special reserve	35,072	40,086
Share premium reserve	12,237	-
Revaluation reserve	(1,366)	(1,248)
Capital reserve- realised	(2,254)	(2,252)
Revenue reserve	809	1,962
	<u>44,604</u>	<u>38,654</u>

The Special reserve, Capital reserve - realised and Revenue reserve are all distributable reserves. The Revaluation reserve includes losses of £2,302,000 which are included in the calculation of distributable reserves. Total distributable reserves are £31,325,000 (31 Dec 2015: £37,759,000).

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

10. The fair value of investments is determined using the detailed accounting policy set out in the statutory accounts for the year ended 31 December 2015.

The Company has categorised its financial instruments using the fair value hierarchy as follows:

- Level a Reflects financial instruments quoted in an active market;  
 Level b Reflects financial instruments that have prices that are observable either directly or indirectly; and  
 Level c i) Reflects financial instruments that use valuation techniques that are based on observable market data.  
 ii) Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

	Level a £'000	Level b £'000	Level c (ii) £'000	Period ended 30 June 2016 £'000	Level a £'000	Level b £'000	Level c (ii) £'000	Year ended 31 Dec 2015 £'000
Loan notes	-	-	12,156	12,156	-	-	15,394	15,394
Unquoted equity	-	-	28,341	28,341	-	-	15,971	15,971
			<u>40,497</u>	<u>40,497</u>			<u>31,365</u>	<u>31,365</u>

11. The unaudited condensed financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 December 2015 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.
12. The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with the "Statement: Half-Yearly Financial Reports" issued by the UK Accounting Standards Board and the half-yearly financial report includes a fair review of the information required by:
- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### 13. Risks and uncertainties

Under the Disclosure and Transparency Directive, the Board is required, in the Company's half-yearly results, to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board concluded that the key risks facing the Company over the remainder of the financial period are as follows:

- (i) Compliance risk of failure to maintain approval as a VCT; and
- (ii) Investment risk associated with investing in small and immature businesses.

The Company's compliance with the VCT regulations is continually monitored by the Manager, who reports regularly to the Board on the current position. The Company has also reappointed Philip Hare and Associates LLP to provide regular reviews and advice in this area.

In order to make VCT qualifying investments, the Company has to invest in small businesses which are often immature. It also has a limited period in which it must invest the majority of its funds. The Manager follows a rigorous process in vetting and careful structuring of new investments, including taking a charge over the assets of the business wherever possible and, after an investment is made, closely monitoring the business.

The Board is satisfied that these approaches provide satisfactory management of the key risks.

### 14. Going concern

The Directors have reviewed the Company's financial resources at the period end and conclude that the Company is well placed to manage its business risks.

The Board confirms that it is satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the Board believes that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

15. Copies of the unaudited half-yearly report will be sent to Shareholders shortly. Further copies can be obtained from the Company's registered office or will be available for download from [www.downing.co.uk](http://www.downing.co.uk).



## SHAREHOLDER INFORMATION

### Performance summary

<b>'C' Share pool</b>	<b>30 Jun 2016 Pence</b>	<b>31 Dec 2015 Pence</b>	<b>30 Jun 2015 Pence</b>
Net asset value per 'C' Share	-	53.9	50.0
Net asset value per 'A' Share	-	0.1	0.1
Cumulative distributions per 'C' Share and 'A' Share	120.8	75.0	75.0
Adjusted for performance fee estimate	-	(7.6)	(7.0)
Total return per 'C' Share and 'A' Share	<u>120.8</u>	<u>121.4</u>	<u>118.1</u>
<b>'D' Share pool</b>	<b>30 Jun 2016 Pence</b>	<b>31 Dec 2015 Pence</b>	<b>30 Jun 2015 Pence</b>
Net asset value per 'D' Share	34.8	51.8	73.1
Net asset value per 'E' Share	0.1	0.1	0.1
Cumulative distributions per 'D' Share	66.5	49.5	22.5
Total return per 'D' Share and 'E' Share	<u>101.4</u>	<u>101.4</u>	<u>95.7</u>
<b>'F' Share pool</b>	<b>30 Jun 2016 Pence</b>	<b>31 Dec 2015 Pence</b>	<b>30 Jun 2015 Pence</b>
Net asset value per 'F' Share	70.0	71.9	72.0
Cumulative distributions per 'F' Share	22.5	20.0	17.5
Total return per 'F' Share	<u>92.5</u>	<u>91.9</u>	<u>89.5</u>
<b>'G' Share pool</b>	<b>30 Jun 2016 Pence</b>	<b>31 Dec 2015 Pence</b>	<b>30 Jun 2015 Pence</b>
Net asset value per 'G' Share	85.4	86.3	88.5
Cumulative distributions per 'G' Share	17.5	15.0	12.5
Total return per 'G' Share	<u>102.9</u>	<u>101.3</u>	<u>101.0</u>
<b>'K' Share pool</b>	<b>30 Jun 2016 Pence</b>	<b>Initial Pence</b>	
Net asset value per 'K' Share	<u>99.7</u>	<u>100.0</u>	

## SHAREHOLDER INFORMATION (continued)

### Forthcoming dividends

	'F' Shares	'G' Shares
Interim 2016 – Payable 16 December 2016	2.5p	2.5p

### Dividends

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose, (forms can be downloaded from [www.capitaassetservices.com/shareholders/information](http://www.capitaassetservices.com/shareholders/information)).

Queries relating to dividends and requests for mandate forms should be directed to the Company's registrar, Capita Asset Services, whose details are on the back cover of this document.

### Terminology

Throughout this report, the term "'C' Share(s)" has been used to refer to the pool of assets allocated to the 'C' Shares and 'A' Shares combined. Similarly, the term "'D' Share(s)" has been used to refer to the pool of assets allocated to the 'D' Shares and 'E' Shares combined.

### Share scam warning

We have become aware that a significant number of shareholders of VCTs managed by both Downing and other VCT houses have recently received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website. If you have any concerns, please contact Downing on 020 7416 7780.

## SHAREHOLDER INFORMATION (continued)

### Shareholder Communications

Shareholders now have the opportunity to be notified when financial reports are available to view on Downing's website by letter or by email; alternatively you can elect to receive full hard copies via post. By default notifications will be communicated by letter. If you wish to change your communications election at any time, please contact the registrar, Capita Asset Services, whose details are on the back cover of this document.

### Share prices

The Company's share prices can be found on various financial websites. The share prices are also available on Downing's website ([www.downing.co.uk](http://www.downing.co.uk)).

	<b>'D' Shares</b>	<b>'F' Shares</b>	<b>'G' Shares</b>	<b>'K' Shares</b>
TIDM/EPIC codes	<b>DP2D</b>	<b>DP2F</b>	<b>DP2G</b>	<b>DP2K</b>
Latest share price (per share) (27 Sept 2016):	15.0p	66.0p	80.0p	105.0p

  

	<b>'E' Shares</b>
TIDM/EPIC codes	<b>DP2E</b>
Latest share price (per share) (27 Sept 2016):	5.0p

### Trading shares

Any Shareholders who are considering selling some or all of their shares should ensure they are fully aware of any tax consequences. If you are in any doubt, please contact your financial adviser.

The Company operates a policy of buying its shares in for cancellation as they become available. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. Downing is able to provide details of closed periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares. Contact details are shown on the back cover of this document.

### Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address, or other amendment, this should be notified to the Company's registrar, Capita Asset Services, under the signature of the registered holder.

### Other information for Shareholders

Up to date Company information (including company announcements, share prices and dividend history) may be obtained from Downing's website at:

**[www.downing.co.uk](http://www.downing.co.uk)**

If you have any queries regarding your shareholding in Downing TWO VCT plc, please contact the registrar on 0871 664 0324 or visit Capita's website at [www.capitaassetservices.com](http://www.capitaassetservices.com) and click on "Products and Services" and then "Shareholders".

**Directors**

Hugh Gillespie (Chairman)  
Dennis Hale  
Christopher McCann

**Company Secretary and Registered Office**

Grant Whitehouse  
Ergon House  
Horseferry Road  
London SW1P 2AL

Registered No. 5334418

**Investment and Administration Manager**

Downing LLP  
Ergon House  
Horseferry Road  
London SW1P 2AL

[www.downing.co.uk](http://www.downing.co.uk)  
Tel: 020 7416 7780

**Registrar**

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

[www.capitaassetservices.com](http://www.capitaassetservices.com)  
Tel: 0871 664 0324

(calls cost 10p per minute plus network extras,  
lines open Monday to Friday 8:30am to 5:30pm)



Ergon House  
Horseferry Road  
London SW1P 2AL

020 7416 7780  
[contact@downing.co.uk](mailto:contact@downing.co.uk)  
[www.downing.co.uk](http://www.downing.co.uk)



This document has  
been printed on  
100% recycled paper