

Antony Batty & Company LLP
Insolvency Recovery & Turnaround

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Private and Confidential

To Shareholders

Date: 26 May 2022

Contact: Sheniz Bayram
Ref: DOWNING2/SB/6

Dear Shareholder,

DOWNING TWO VCT PLC ("THE COMPANY") – IN MEMBERS' VOLUNTARY LIQUIDATION

Further to my appointment as Liquidator of the above-named Company on 30 March 2021. I have now prepared my formal report on the progress of the Liquidation following the end of the first year of my appointment as Joint Liquidator. The Supervisory Committee and Investment Manager are currently finalising a report which will be sent to shareholders shortly which will provide some details on the portfolios analysed by the various share pools and plans for distributions.

I intend to take advantage of the legislative provisions whereby I can put future formal documentation relating to the liquidation on to a website and need not write to members to notify them that I have done so. Further information about this is set out in the enclosed notice.

A copy of 'A Members' Guide to Liquidators' Fees', together with an explanatory note which shows Antony Batty & Company LLP's fee policy, are available at the link <http://www.antonybatty.com/insolvency-resources>. Please note that there are different versions of the Guidance Notes, and in this case, you should refer to the April 2017 version. A hard copy of both documents can be obtained on request from this office.

Antony Batty & Company LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Antony Batty & Company LLP uses your personal information on our website at <http://www.antonybatty.com/insolvency-resources>.

If members have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Sheniz Bayram by email at sheniz@antonybatty.com, or by phone on 020 7831 1234.

If you have any queries about your shareholding or other matters, the Administration Manager, Downing LLP, can be contacted by email at customer@downing.co.uk.

Yours faithfully

A handwritten signature in black ink, appearing to be 'WAB', written in a cursive style.

William Antony Batty
Joint Liquidator

NOTICE OF USE OF WEBSITE TO DELIVER FUTURE DOCUMENTS

DOWNING TWO VCT PLC - IN MEMBERS' VOLUNTARY LIQUIDATION

COMPANY NUMBER 05334418

Notice is given that under Rule 1.50 of The Insolvency (England and Wales) Rules 2016, future documentation from the date of this notice, relating to the insolvency of the above will be made available at www.antonybatty.net/client-login.php.

1. Future documentation will be made available for viewing and downloading at www.antonybatty.net/client-login.php using 629086837, without further notice to creditors.
2. The Joint Liquidators are not obliged to deliver any particular document to any person unless it is specifically requested.
3. Hard copies of all documents currently available on the website and all future documents which may be made available on the website can be requested by telephone on 020 7831 1234, or by email at 020 7831 1234 or in writing at 3 Field Court, Gray's Inn, London, WC1R 5EF.
4. This notice does not apply to the following circumstances:
 - i) Documents where personal delivery is required
 - ii) A notice of intention to declare a dividend
 - iii) Documents that are not being delivered generally, i.e. where they are only be sent to one or a small number of a particular class of members or creditors

Creditors requiring further information regarding the above, should either contact me at 3 Field Court, Gray's Inn, London, WC1R 5EF, or contact Sheniz Bayram by telephone on 020 7831 1234, or by email at sheniz@antonybatty.com.

I would recommend that members periodically check the portal in order to implement any actions which may be requested.

Signed



William Antony Batty,
Joint Liquidator

Dated 25 May 2022

I anticipate putting the following documents relating to the Company on to the website:

Document name	Timing
Annual progress report	No later than 2 months after the anniversary of my appointment as Liquidator.
Draft Final account on conclusion of my administration of the Liquidation.	Approximately 24 months after my appointment as Liquidator
Final account on conclusion of my administration of the Liquidation	Approximately 8 weeks after the uploading of the Draft Final Account

DOWNING TWO VCT PLC - IN LIQUIDATION

JOINT LIQUIDATORS' PROGRESS REPORT

DATE OF REPORT: 26 MAY 2022

**ANTONY BATTY & COMPANY LLP
3 FIELD COURT
GRAYS INN
LONDON
WC1R 5EF**

DOWNING TWO VCT PLC - IN LIQUIDATION

This report is prepared in accordance to the provisions of the Insolvency Act 1986, which require the Liquidator to provide members with an update of the progress of the liquidation. The report has been prepared for the purpose of advising members. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by members for any purpose other than advising them, or by any other person for any purpose whatsoever.

W A Batty was appointed as Liquidator of Downing Two VCT PLC on 30 March 2021.

WA Batty, HF Jesseman and CE Howell are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales.

Abbreviations used in this report:

- Downing TWO VCT PLC - ("the Company")
- W A Batty & HF Jesseman - ("the Joint Liquidators")

DOWNING TWO VCT PLC – IN MEMBERS' VOLUNTARY LIQUIDATION

LIQUIDATOR'S PROGRESS REPORT TO MEMBERS

For the period 30 March 2021 to 29 March 2022

EXECUTIVE SUMMARY

The Company was launched at the start of 2005, with its initial public share offer raising gross aggregate proceeds of £10.15 million for its Ordinary Share class during 2005. Ordinary Shareholders who invested in 2005 had a net cost of 60p per Ordinary Share following the receipt of income tax relief, at the time, of 40p per Ordinary Share. The investments in the Ordinary Share pool were sold, and net proceeds were distributed to Ordinary Shareholders during 2008 and 2009.

Five further share offers have since been undertaken for new C Shares, D Shares, F Shares, G Shares and K Shares with the C Share pool making its final distribution in March 2016 and the D Share pool making its final distribution in December 2017. The Ordinary Shares, C Shares and D Shares now no longer exist, and the Company now only has F Shares, G Shares and K Shares in issue. As at 31 December 2020, the remaining F Share, G Share and K Share pools of the Company held investments in companies with a total unaudited value of £11.7 million, plus net current assets (unaudited) of £4.0 million (being current assets, including cash, less current liabilities).

The Company's Board decided that it would be in the best interests of shareholders is proposing that the Company to take advantage of the VCT Winding Up Regulations, under which the Company would be placed into solvent members' voluntary liquidation, the Company's assets be realised and, after payment of its liabilities and deducting the costs of implementation, the net proceeds and other cash held by the Company be distributed to Shareholders.

Accordingly, the Company had reached the end of its useful life, and it was appropriate to wind the Company up in the form of a Members Voluntary Liquidation. I was appointed Liquidator of the Company at a meeting of members held on 30 March 2021. The Investment Manager is now working to realise the Company's investments and return funds to Shareholders.

STATUTORY INFORMATION

Company name:	Downing TWO VCT PLC
Former registered name	Downing Planned Exit VCT 2 PLC (08 Dec 2009- 16 Dec 2013) Downing Protected VCT II PLC (17 Jan 2005-08 Dec 2009)
Registered office:	3 Field Court, Gray's Inn, London, WC1R 5EF
Former registered office:	6th Floor, St Magnus House, Lower Thames Street, London, EC3R 6HD
Registered number:	05334418
Liquidator's name:	William Antony Batty and Hugh Francis Jesseman
Liquidator's address:	3 Field Court, Gray's Inn, London, WC1R 5EF
Date of appointment:	30 March 2021

JOINT LIQUIDATORS' ACTIONS SINCE APPOINTMENT

As Advised prior to the Liquidation, the Joint liquidators have instructed Downing LLP to assist with the management and realisation of the Company's investments. The Joint Liquidators have been liaising closely with them during the course of the Liquidation.

Please note that there is certain work that I am required by the insolvency legislation to undertake work in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my appointment as Liquidator is contained in the Appendices 1.

As part of my role as liquidator, I may need to access and use data relating to individuals, which may include the members of the Company in relation to my obligations under the Money Laundering Regulations 2017. In doing so, I must abide by data protection requirements. Antony Batty & Company LLP's Privacy Notice about the way that personal data is used and stored can be found at <http://www.antonybatty.com/insolvency-resources>. If you are unable to download this, please contact my office and a hard copy will be provided to you.

RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 30 March 2021 to 29 March 2022 is attached at Appendix 1. Please note that receipts and payments in the account are shown net of VAT. I have reconciled to the financial records that I am required to maintain.

The balance of funds are held in an interest bearing estate bank account.

ASSETS

The Declaration of Solvency indicated that the assets of the Company were those detailed below and held a total value of £16,353,170. I have undertaken the following work in order to protect and realise the known assets or potential assets of the Company during the period of this report:

Cash at Bank

Following correspondence with the Bank, I have received £2,022,575 being the balance in the Company's accounts on the date of my appointment. The Declaration of Solvency showed an estimated balance of £2,103,582.

Between the date of the Declaration of Solvency (30 March 2021) and funds being transferred into the liquidation account, the transactions that occurred are summarised as follows:

Howard Kennedy LLP	Legal fees	(10,455)
Downing LLP	Investment Mgmt and Admin Fees	(19,712)
Phillip Hare & Associates	VCT Monitoring Fees	(3,600)
Colourset Litho Limited	Postage	(3,647)
Antony Batty & Company	Liquidator fees	(2,400)
Colourset Litho Limited	Printing	(971)
AIC Fees	Refund	1,654
Settlement of interpool creditors		(41,314)
Sundry		(562)
Net cash outflow		(81,007)

Venture Capital Investments

In the period of this report, I have received the proceeds from the sale of venture capital investments totalling £6,088,730.

The Company is seeking to exit from its remaining investments. Although we cannot provide a clear estimate of the timing of these exits at this time, the Investment Manager and Supervisory Committee report that transactions are being progressed that could lead to exits from all investments by the end of 2023. If these transactions do not make satisfactory progress, alternative exit plans may be sought, which could extend the time to completion.

Book Debts

At the date of liquidation, the Company's sales ledger showed an amount due of £2,582,670 in respect of book debts of various fees and so are not collectible but are offset against expenses.

Other Assets

I have received £243 in respect of bank interest on the funds held during the Liquidation.

I am not aware of any further assets. However, should any member be aware of any such asset, please advise me immediately.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has no current charges over its assets.

Preferential Creditors

I am not aware of any claims from preferential creditors in this matter.

Non-preferential unsecured Creditors

The Declaration of Solvency included non-preferential unsecured creditors with an estimated total liability of £443,176. On review of the creditors on appointment, it became apparent that these amounts are accruals and not due to be paid directly, as noted above.

Following my appointment, I wrote to all creditors advising them of the Liquidation and requested that claims be submitted to me. In addition, I have placed an advert in the London Gazette advising any potential creditors to submit their claims.

Share Capital

The Company's share capital at 30 March 2020 was 10,810,859 F Shares, 25,281,571 G Shares and 15,718,154 K Shares of 0.1p each. This remains unchanged to date.

The following distributions were made to the Members holding K shares:

K Shareholder Distribution	Amount Distributed £	Rate of distribution per share p	Date
Cash distributions	1,414,634	9.0p	12 November 2021

Members should retain the notice of declaration of dividend for their own tax affairs. Individual distributions to shareholders, which remain unbanked after six months, will be transferred to the Insolvency Services unclaimed dividend account.

PRE-APPOINTMENT REMUNERATION

The Board previously authorised the payment of a fee of £2,000 plus VAT for preparing the Declaration of Solvency, producing and circulating the notices for the meeting of Members and my assistance to the board prior to my appointment at a meeting held on 30 March 2021.

JOINT LIQUIDATORS' REMUNERATION

My remuneration was previously authorised by Members at a meeting held on 30 March 2021 to be drawn on a time cost basis capped at £30,000 amount. My total time costs to date of progress report amount to £17,861, representing 69 hours work at an average charge out rate of £259.

I have not yet drawn any remuneration in this matter. A schedule of my time costs incurred to date is attached as Appendix 2.

A copy of 'A Members' Guide to Liquidators' Fees', together with an explanatory note which shows Antony Batty & Company LLP's fee policy are available at the link:
<http://www.antonybatty.com/insolvency-resources>.

JOINT LIQUIDATORS' EXPENSES

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

I have incurred total expenses of £368,047 since my appointment. We have not yet drawn any expenses in this matter.

We have used the following professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Financial Conduct Authority	Regulatory	Standard Premiums
Lubbock Fine Chartered Accountants	Accountancy	Fixed Premiums
London Stock Exchange ("LSE")	LSE Fees	Fixed Fee
Howard Kennedy LLP	Legal	Time Costs
Downing LLP	Insurance	Standard Premium
Link Market Services Ltd	Registrar	Fixed Fee
The City Partnership (UK) Ltd	Registrar	Fixed Fee

Downing LLP	Stationary & Postage	Fixed Fee
Colourset Litho Limited	Printing & Mailout	Fixed Fee
Lockton Companies LLP	D&O Liability Insurance	Standard Premium
Downing LLP	Admin of Invest Co	Time costs
Intrado Digital Media UK Ltd	Subscription Fees	Standard Premium
Downing LLP	Management Services	Fixed Fee
Hugh Gillespie	Wages & Salary	Fixed Fee
Dennis Hale	Wages & Salary	Fixed Fee
Charities Aid Foundation	Wages & Salary	Fixed Fee
HM Revenue & Customs	PAYE & NIC	% Basis
Walworth House Pub	Loan Agreement	Fixed Fee

Financial Conduct Authority ("FCA") have been paid £676 in respect of regulatory fees. The premium is based on standard charges.

Lubbock Fine Chartered Accountants ("Lubbock Fine") have been paid £4,200 plus VAT for their assistance in providing accountancy services and preparation of the Corporation Tax returns. Their fee is based on time costs.

London Stock Exchange ("LSE") have been paid £78 for the annual renewal of the Company's LEI number. Their fee is based on a fixed fee.

Howard Kennedy LLP ("HKLLP") have been paid £1,287 plus VAT in respect of advice on the disposal of various investments. HKLLP are a firm of solicitors experienced in providing advice to listed companies. Their fee is based on time costs.

HMRC have been paid £155,152 regarding the Company's Pre appointment CT liability.

Downing LLP have been paid £529 plus VAT in respect of an apportionment of insurance broker fees for the previous Directors' & Officers ("D&O") Insurance policy.

Link Market Services Limited ("Link") have been paid £12,869 plus VAT & The City Partnership (UK) Ltd ("TCPUK") has been paid £4,178 plus VAT for share registrar services. Their fees are based on a fixed fee basis.

Colourset Litho Limited ("CLL") have been paid £2,688 plus VAT & Downing LLP have been paid £174 for their assistance in providing printing and mailout expenses. There is based on a fixed fee.

Lockton Companies LLP ("Lockton") have been paid £9,520 in respect of D&O insurance. The fee is based on their standard premium.

Downing LLP have been paid £5,550 plus VAT for their assistance with the administration of an investment Company.

Intrado Digital Media UK Limited ("Intrado") have been paid 652 for stock exchange announcements / subscription fees to utilise their Newswire communication system.

Downing LLP ("Downing") has been paid fees in respect of Investment Management and Administration Services as set out in the Circular as follows. Their fee is based on a formula.

	Investment Management fees £	Administration Fees £
F Share class	26,784	7,428
G Share class	178,699	25,273
K Share class	Nil	10,245

Downing LLP has also been paid £9,715 in respect of Trail Commission for the year ended 31 December 2020.

In respect of wages, the following entities were paid such amounts over the course of the liquidation:

	£
Hugh Gillespie	9,594
Dennis Hale	6,978
Christopher McCann (Paid to Charity Aid Foundation)	12,792

HMRC were paid £8,140 in respect of PAYE and NIC in respect of H Gillespie and D Hale.

£30,000 was invested in Walworth House Pub Limited as a bridging loan to facilitate an exit from the investment.

The choice of professionals used was based on Downing LLP's (Downing") perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. Downing also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case.

I have incurred the following expenses in the period since the commencement of the Liquidation:

Type of expense	Amount incurred in the reporting period
Statutory Advertising	£268
Specific Bond – Marsh Limited	£473

Details of the category 1 expenses that I have paid to date are included in the receipts and payments account attached.

I am required to seek approval before I can pay any expenses to associates, or pay expenses where there is an element of shared costs, which are known as category 2 expenses. I have obtained approval to pay the following category 2 expenses. I have incurred the following category 2 expenses in the period since the commencement of the Liquidation:

Type of category 2 expense	Amount incurred in the reporting period
Postage	£1,625

Details of the category 2 expenses that I have paid to date are included in the receipts and payments account attached.

FURTHER INFORMATION

A Member may, with the permission of the court or with at least 5% of the total voting rights of all the Members having the right to vote at general meetings of the company request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report.

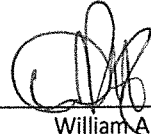
A Member may, with the permission of the court or with at least 10% of the total voting rights of all the Members having the right to vote at general meetings of the company, apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report.

The Liquidation will remain open until all remaining investments have been disposed. From discussions with the Investment Manager and Supervisory Committee, I understand that there is a reasonable prospect of this completing by the end of 2023, however, it is dependent on sales of investments to third parties and there can therefore be no certainty about timing. Additionally, I am also waiting for HMRC to issue clearance. Once resolved, the Liquidation will be finalised and my files will be closed.

If members have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Sheniz Bayram on 020 7831 1234, or by email at sheniz@antonybatty.com.



William Antony Batty
Joint Liquidator
Date: 26 May 2022



William Antony Batty
Joint Liquidator

Time Entry - SIP9 Time & Cost Summary

DOWNING2 - Downing Two VCT PLC
 Project Code: POST
 From: 30/03/2021 To: 29/03/2022

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	3.60	23.20	0.10	23.80	50.70	12,651.00	249.53
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	1.30	4.50	0.20	6.50	12.50	3,054.00	244.32
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.30	5.40	0.00	0.00	5.70	2,146.00	376.49
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	5.20	33.10	0.30	30.30	68.90	17,851.00	259.09
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

1. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Convening and holding a general meeting of Members (as applicable).
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing progress reports to Members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

Antony Batty & Company LLP**Time Costs – Charge out rates per hour and expenses policy.****1 July 2021 – 30 June 2022****Hourly charge out rates**

Office Holder (e.g. Liquidator)	£455
Senior Manager	£395
Case Manager	£375
Senior Administrator 1	£285
Senior Administrator 2	£325
Administrator	£195
Junior Administrator	£110

Hourly charge out rates**2018\21**

Office Holder (e.g. Liquidator)	£435
Senior Manager	£380
Case Manager	£340
Senior Administrator 1	£260
Senior Administrator 2	£295
Administrator	£175
Junior Administrator	£95

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

Time is recorded in units of six minutes; the minimum unit of time is therefore 6 minutes.

Members of staff with the appropriate level of experience and authority have been and will be used for the various aspects of work necessary in this assignment.

Expenses Policy

Please note that the liquidator's expenses are charged out at the following rates:-

Category 1 - represent recovery of necessarily incurred expenses at the cost incurred.

Sundry expenses, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

There is a statutory requirement to advertise the following notices in the London Gazette: first meeting of creditors, resolutions for winding-up, appointment of Liquidators, final meetings and notices to creditors to submit claims. Statutory advertising costs are at a fixed rate of £89.20 plus VAT per advert. Insurance and bonding is recharged at 100% of the relevant charge to the office holder.

There is a statutory requirement for the Liquidator to apply for specific bond cover based on the expected realisations in each appointment. The bond premiums may be found on our website: <http://antonybatty.com/insolvency-resources>.

VAT is charged as appropriate.

Category 2

Postage: Royal Mail postage rates.

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

Travel costs with the exception of mileage costs are recharged at 100% of the cost incurred.

VAT is charged as appropriate.