



Antony Batty & Company LLP
INSOLVENCY, RECOVERY & TURNAROUND

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Private and Confidential

To Shareholders

Date: 26 May 2023
Contact: Matthew Coombe-Tennant
Our ref: DOWNING2/MC/15

Dear Sir/Madam,

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

Further to the Company being placed into Liquidation and following the second anniversary of my appointment as Joint Liquidator, I write to advise you that the progress report is now available at www.antonybatty.net/client-login.php. You will need to enter the following client ID to access the report: **629086837**

1. Report on the progress of the Liquidation.
2. Summary of receipts and payments.

The report should be read in conjunction with my previous correspondence.

Shareholders should also note that the Supervisory Committee and Investment Manager published an update report providing details on the investment portfolio and progress in realising the investments on 24 May 2023.

If you cannot access the report and minutes on the web-site or otherwise want to request a paper copy or if you have any queries regarding this report or the conduct of the liquidation in general, you should contact Matthew Coombe-Tennant by email at matthewc@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.

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>.

Yours faithfully,

Hugh Jesseman
Joint Liquidator
Encs.

DOWNING TWO VCT PLC - IN LIQUIDATION

LIQUIDATORS' PROGRESS REPORT

DATE OF REPORT: 26 MAY 2023

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

DOWNING TWO VCT PLC - IN LIQUIDATION

This report is prepared in accordance with 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 and H F Jesseman were appointed Joint Liquidators 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 and H F Jesseman - ("the Joint Liquidators")
- HM Revenue & Customs - ("HMRC")

DOWNING TWO VCT PLC – IN MEMBERS’ VOLUNTARY LIQUIDATION

LIQUIDATORS’ PROGRESS REPORT TO MEMBERS

For the period 30 March 2022 to 29 March 2023

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, 3 Lower Thames Street, London, EC3R 6HD
Registered number:	05334418
Liquidators’ name:	William Antony Batty and Hugh Jesseman
Liquidators’ address:	3 Field Court, Gray's Inn, London, WC1R 5EF
Date of appointment:	30 March 2021

LIQUIDATORS’ ACTIONS SINCE LAST REPORT

During the period of this report, Downing LLP have continued to assist with the management and realisations of the Company’s investments. We have been liaising closely with them during the course of the Liquidation.

We have declared and paid further distributions to members during this period amounting to £6,779,030.

Please note that there is certain work that we are 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 our last progress report is contained in the Appendices.

As part of my role as joint 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, we 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 our office and a hard copy will be provided to you.

RECEIPTS AND PAYMENTS ACCOUNT

Our Receipts & Payments Account for the period from 30 March 2022 to 29 March 2023 is attached at Appendix 1. Please note that receipts and payments in the account are shown net of VAT. We have

reconciled to the financial records that we are 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. We 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:

Venture Capital Investments

In the period of this report, we have received the proceeds from the sale of venture capital investments and income totalling £5,032,368 bringing the total recovery throughout the whole period of the Liquidation to £11,121,098.

A brief summary of the investment portfolios and realisations during the Liquidation is as follows:

F Share Pool	Cost	Proceeds and income received in Liquidation	Gain/(Loss) against cost
Atlantic Dogstar Limited	14,197	65,306	51,109
Downing Pub EIS ONE Limited	422,415	590,534	168,119

G Share Pool	Cost	Proceeds and income received in Liquidation	Gain/(Loss) against cost
Atlantic Dogstar Limited	248,447	1,142,856	894,409
Walworth House Pub Limited	21,803	21,803	Nil
Downing Pub EIS ONE Limited	844,827	1,181,065	336,238
Walworth House Pub Limited	1,330,000	642,308	(687,692)

K Share Pool	Cost	Proceeds and income received in Liquidation	Gain/(Loss) against cost
Rockhopper Renewables Limited	590,570	Nil	(590,570)
Walworth House Pub Limited	8,197	8,197	-
Walworth House Pub Limited	500,000	234,465	(265,535)
Fenkle Street LLP	287,000	122,115	(164,885)
Fenkle Street LLP	Nil	150,338	150,338

Other Assets

We have received £3,116 in respect of bank interest during the period of this report on the funds held during the Liquidation.

We are not aware of any further assets. However, should any member be aware of any such asset, please advise us 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

We are not aware of any claims from preferential creditors in this matter.

Crown Creditors

The Declaration of Solvency did not include any liability owed to HMRC in respect of their non-preferential claim. HMRC's final non-preferential claim has not yet been received.

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.

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

We confirm that we have not received any claims from creditors to date.

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 shares:

	Amount Distributed £	Rate of distribution per share p in £	Share	Date
Cash distributions	1,414,634	9.0p	K	12 November 2021
Cash distributions	5,688,353	22.5p	G	21 October 2022
Cash distributions	550,134	3.5p	K	21 October 2022
Cash distributions	540,543	5p	F	21 October 2022

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.

LIQUIDATORS' REMUNERATION

Our 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. Our total time costs to date of progress report amount to £28,682, representing 110 hours work at an average charge out rate of £261 per hour, of which £10,697, representing 40 hours work was charged in the period since date to which last report prepared, at an average charge out rate of £267 per hour.

Our time costs have exceeded our original estimate and we will be seeking a fee increase at the point where the case is ready for closure.

A schedule of our time costs incurred to date is attached as Appendix 2 along with the schedule of our time incurred in the period of this report.

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>.

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.

We have incurred total expenses of £968,624, of which we incurred £445,423 in the period since 30 March 2022. 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
Downing LLP	Management Fees	% of net assets
Downing LLP	Admin of Investment Co.	Fixed Fee
Lubbock Fine Chartered Accountants LLP	Accountancy	Fixed Fee
HM Revenue & Customs	Corporation Tax	% Basis
The City Partnership (UK) Ltd	Registrar Services	Fixed Fee
Colourset Litho Limited	Printing & Mailout	Fixed Fee
1STOPXBRL	Printing & Mailout	Fixed Fee
Lockton Companies LLP	D&O insurance	Fixed Premiums
Hugh Gillespie	Wages & Salary	Fixed Fee
Dennis Hale	Wages & Salary	Fixed Fee
Charities Aid Foundation	Wages & Salary	Fixed Fee
H M Revenue & Customs	PAYE/NIC	% Basis

Downing LLP £78 in respect of Management Services in relation to the LEI renewal for the Company.

Downing LLP have also been paid £269,043 in respect of Investment Management and Administration Fees. Downing LLP's fee is based on the formula as follows:

		Investment Management fees £	Administration Fees £
F Share Class	@ 1.8%	33,260	34,817
G Share Class	@2.0%	200,966	
K Share Class	@2.0%	Nil - Waived	

Lubbock Fine Chartered Accountants (“Lubbock Fine”) have been paid £2,563 plus VAT for their assistance in providing accountancy services and preparation of the Corporation Tax returns. Their fee is based on time costs.

H M Revenue & Customs have been paid £104,092 in respect of Corporation Tax due in the period Y/E 29 March 2022.

The City Partnership (UK) Ltd have been paid £20,249 plus VAT for share registrar services. Their fees are based on a fixed fee basis.

1STOPXBRL have been paid £680 and Colourset Litho Limited have been paid £3,283 for their assistance in providing printing and mailout expenses. This is based on a fixed fee.

Lockton Companies LLP have been paid £13,184 in respect of D&O insurance. The fee is based on their standard premium.

In respect of wages, the following entities were paid such amounts over the period of this report:

	£
Hugh Gillespie	8,250
Dennis Hale	6,000
Christopher McCann (paid to Charity Aid Foundation)	11,000

HMRC were paid £7,000 PAYE and NIC in respect of H Gillespie and D Hale.

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

We have not incurred any further Category 1 expenses in the period since the last progress report.

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

We are required to seek approval before we can pay any expenses to associates, or pay expenses where there is an element of shared costs, which are known as category 2 expenses. We have obtained approval to pay the following category 2 expenses. Postage has now been recategorized to be a Category 1 Expense in accordance with the changing regulations and so we have no incurred any Category 2 Expenses in the period of this report.

We set out below, a comparison of the expenses incurred against those we originally anticipated would be incurred during the liquidation:

Nature of expense	Estimated expenses	Expenses incurred to date
Liquidators’ Fees	16,550	-
Statutory Advertising	255	268

Specific Bond	473	473
Swearing Fee	30	-
Formal Search fees	20	-
Case File Storage (10yrs)	75	-
Postage - Liquidator	10	1,625
Management and Administration Fees	338,394	517,472
Wages and Salaries (incl PAYE/NIC)	53,377	69,754
Registrars Fees	28,359	37,296
D & O Liability Insurance and fees	7,670	23,233
Trail Commission	14,572	9,715
Printing and Postage	13,655	6,825
Taxation Fees	7,040	6,763
Bank Charges	876	-
Sundry	162	78
Legal Advice	-	1,287
FCA Regulators Fees	-	676
Subscription Fees	-	652
London Stock Exchange Fees	-	78
New Investment - Bridging Loan	-	30,000
Corporation Tax	-	259,244
Total	£481,518	£ 965,439

As you can see above, the total expenses we have incurred in this matter have exceeded the total expenses we estimated we would incur when our remuneration was approved. The reasons we have exceeded the estimate of expenses are that Corporation Tax and New Investment costs were not included in the initial estimate. Also, a number of costs were already provided in the Company's accounts as accruals at the time of our appointment. The estimated total figure was also based on the liquidation completing within 2 years, although it was noted in the shareholder circular that costs would be higher if the investments exits could not be completed within that time.

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 the remaining investments have been realised. From discussions with the Investment Manager and Supervisory Committee, we understand that sales plans are being executed, but in order to deliver maximum value to the shareholders, the exits may be prolonged, with the K Share pool investments not completing until 2024. Once resolved, the Liquidation will be finalised, and our 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 Matthew Coombe-Tennant on 020 7831 1234, or by email at matthewc@antonybatty.com.



Hugh Jesseman
Joint Liquidator
Date: 26 May 2023

Downing Two VCT PLC
(In Liquidation)
Joint Liquidators' Summary of Receipts and Payments

RECEIPTS	Declaration of Solvency (£)	From 30/03/2021 To 29/03/2022 (£)	From 30/03/2022 To 29/03/2023 (£)	Total (£)
Book Debts	2,582,670.00	0.00	0.00	0.00
Venture Capital Investments	11,666,918.00	6,088,730.50	5,032,367.59	11,121,098.09
Cash at Bank	2,103,582.00	2,022,574.57	0.00	2,022,574.57
Bank Interest Gross		242.69	3,115.51	3,358.20
		8,111,547.76	5,035,483.10	13,147,030.86
PAYMENTS				
Management Services		0.00	78.00	78.00
Management Fees		248,428.38	260,064.07	508,492.45
Management Company's Admin Costs		0.00	8,980.07	8,980.07
FCA Regulatory Fees		676.00	0.00	676.00
Accountancy Fee		4,200.00	2,562.50	6,762.50
London Stock Exchange		78.00	0.00	78.00
Legal Advice		1,287.00	0.00	1,287.00
Corporation Tax		0.00	104,092.02	104,092.02
Pre Appointment CT payment		155,151.91	0.00	155,151.91
Irrecoverable VAT		5,866.53	5,154.99	11,021.52
Brokers Insurance Fees		529.00	0.00	529.00
Registrar Fees		17,047.09	20,249.09	37,296.18
Stationery & Postage		2,861.32	3,963.33	6,824.65
Directors & Officers Liability Insurance		9,520.00	13,183.69	22,703.69
Administration of Investment Co		5,550.00	0.00	5,550.00
Subscriptions Fees'		652.20	0.00	652.20
Annual Trial Commission		9,714.60	0.00	9,714.60
Wages & Salaries		29,364.01	25,250.00	54,614.01
PAYE & NI		8,139.80	7,000.40	15,140.20
Loan Agreement		30,000.00	0.00	30,000.00
Trade & Expense Creditors	(443,176.00)	0.00	0.00	0.00
Ordinary Shareholders		1,414,633.86	6,779,029.84	8,193,663.70
		1,943,699.70	7,229,608.00	9,173,307.70
Net Receipts/(Payments)		6,167,848.06	(2,194,124.90)	3,973,723.16
MADE UP AS FOLLOWS				
Bank 1 Current - Interest bearing		6,167,848.06	(2,194,124.90)	3,973,723.16
		6,167,848.06	(2,194,124.90)	3,973,723.16

Note:

Dividend information:

K shareholders paid at £9p per 0.1p share on 12 November 2021
Nominal amount per share - £1,414,633.86

G Shareholders paid at 22.5p per 0.1p share on 21 October 2022
Total distribution - £5,688,352.60

K Shareholders paid at 3.5p per 0.1p share on 21 October 2022
Total Distribution - £550,134.29

**Downing Two VCT PLC
(In Liquidation)
Joint Liquidators' Summary of Receipts and Payments**

F Shareholders paid at 5p per 0.1p share on 21 October 2022
Total Distribution - £540,542.95



William Antony Batty
pp Joint Liquidator

Time Entry - SIP9 Time & Cost Summary

DOWNING2 - Downing Two VCT PLC
 Project Code: POST
 From: 30/03/2021 To: 29/03/2023

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	6.70	34.60	0.50	40.95	82.75	20,417.50	246.74
Case Specific Matters	0.00	0.00	0.20	0.00	0.20	65.00	325.00
Creditors	1.60	10.90	0.20	7.60	20.30	5,711.50	281.35
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.30	6.30	0.00	0.00	6.60	2,487.50	376.89
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	8.60	51.80	0.90	48.55	109.85	28,681.50	261.10
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

DOWNING2 - Downing Two VCT PLC
 Project Code: POST
 From: 30/03/2022 To: 29/03/2023

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	3.00	11.40	0.40	16.35	31.15	7,633.00	245.04
Case Specific Matters	0.00	0.00	0.20	0.00	0.20	65.00	325.00
Creditors	0.30	6.40	0.00	1.10	7.80	2,657.50	340.71
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.00	0.90	0.00	0.00	0.90	341.50	379.44
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	3.30	18.70	0.60	17.45	40.05	10,697.00	267.09
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.
- Maintaining physical case files.
- Maintaining the case on the practice's electronic case management system and entering data.
- Dealing with all routine correspondence and emails relating to the case.
- Maintaining and managing the office holder's estate bank account.
- 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 Corporation Tax returns.

Antony Batty & Company LLP**Time Costs – Charge out rates per hour and expenses policy.****1 July 2021 – 30 June 2023****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.