



# Downing TWO VCT plc (in Liquidation)

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Shareholder update  
October 2023

Downing 

# Shareholder Information

## Performance summary

F Share pool	30 Jun 2023 Pence	31 Dec 2022 Pence	30 Jun 2022 Pence
Net asset value per F Share	8.4	14.7	21.0
Cumulative distributions per F Share	82.5	77.0	72.0
Total return per F Share	90.9	91.7	93.0

G Share pool	30 Jun 2023 Pence	31 Dec 2022 Pence	30 Jun 2022 Pence
Net asset value per G Share	8.9	17.4	41.3
Cumulative distributions per G Share	85.0	76.0	53.5
Total return per G Share	93.9	93.4	94.8

K Share pool	30 Jun 2023 Pence	31 Dec 2022 Pence	30 Jun 2022 Pence
Net asset value per K Share	10.5	15.8	21.9
Cumulative distributions per K Share	26.5	22.5	19.0
Total return per K Share	37.0	38.3	40.9

## Distributions

Distributions in liquidation are paid by the registrar on behalf of the Company. Shareholders who wish to have distributions 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 the Company's registrar, The City Partnership).

Queries relating to distributions and requests for mandate forms should be directed to the Company's registrar, The City Partnership, whose details are on the back cover of this document.

## Share scam warning

We are aware that a significant number of shareholders of VCTs managed by both Downing and other VCT managers have 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 at [www.downing.co.uk/vctboilerroomscam](http://www.downing.co.uk/vctboilerroomscam)

If you have any concerns, please contact Downing on 020 7416 7780.

# Statement from the Supervisory Committee Chairman

## Introduction

The Company has now been in members' voluntary liquidation for two and a half years, as the Manager seeks to exit from the remaining investments and return funds to Shareholders. The liquidation process continues to encounter some challenges in achieving optimal exits from the investments, brought about by high interest rates and decreasing consumer confidence. Our last report was issued in May 2023, covering the six-month period to 31 December 2022. This report covers the six-month period to 30 June 2023 and also details realisations since that period end.

## Overview

The Company still has three share pools. Progress has been made, in the period under review, towards realising investments in all three share pools, with a few disposals and the majority of the other remaining investments now close to completing a sale.

## Share pool overview

### *F Share pool*

The F Share pool launched in 2012 and, at 30 June 2023, held a portfolio of two investments with value, totalling £639,000 at the period end.

At 30 June 2023, the net asset value ("NAV") was 8.4p per F Share, a decrease of 0.8p over the period, after adjusting for the 5.5p dividend paid on 23 June 2023. Total Return (NAV plus dividends paid to date) is now 90.9p, compared to the original cost, net of income tax relief, of 70.0p per share.

During the period, distributions of £591,000 were received by the F Share pool from Downing Pub EIS One Limited. This has been treated as a partial disposal as the investee company winds down and is equal to carrying value but represents a gain over cost of £169,000. There has also been a further distribution since the end of the period, with £87,000 received by the F Share pool. A final distribution is expected to be made as the liquidation of Downing Pub EIS One Limited draws to a close, with the expected value of said distribution estimated at £15,000.

With the wind down of Downing Pub EIS One Limited and Pearce and Saunders DevCo Limited approaching completion, the share class will soon just be left with the investment in Baron House Developments LLP, where the Manager is seeking to work towards an exit in a timely manner without sacrificing significant value.

### *G Share pool*

The G Share pool launched in 2013 and, at 30 June 2023, had four remaining active investments with value, totalling £1.6 million.

At 30 June 2023, the net asset value ("NAV") was 8.9p per G Share, which represents a net increase of 0.5p over the period, after adjusting for the 9.0p dividend paid on 23 June 2023. Total Return (NAV plus dividends paid to date) is now 93.9p, compared to the initial NAV, before income tax relief, of 100.0p (or original cost, net of income tax relief, which was typically between 70.0p and 75.0p, depending on costs).

During the period, Walworth House Pub Limited made a repayment of loan stock, redemption premium and loan stock interest totalling £1.1 million, with a further £240,000 being received from the investment after the period end. Further details can be found on page 6.

# Statement from the Supervisory Committee Chairman (continued)

## **G Share pool (continued)**

Downing Pub EIS One Limited distributed £1.2 million to the G Share pool and a further £173,000 after the period end. A final distribution is expected to be made as the liquidation of Downing Pub EIS One Limited draws to a close, with the expected value of proceeds to the G Share pool estimated at £30,000.

Other than the residual value in Downing Pub EIS One Limited, the share pool's last remaining investment is that in Baron House Developments LLP, where the Manager is seeking to work towards an exit as soon as possible without sacrificing significant value.

## **K Share pool**

The overall performance of the K Share pool remains very disappointing.

The K Share pool raised the majority of its funds in the 2015/16 tax year and passed the five-year anniversary of the close of the offer for subscription at the end of 2021.

At 30 June 2023, the share pool held five active investments with total value of £1.4 million. The net asset value ("NAV") was 10.5p per K Share, a decrease of 1.3p per share over the period, after adjusting for the 4.0p dividend paid on 23 June 2023. Total Return (NAV plus dividends paid to date) is now 37.0p per K Share, compared to the initial NAV before income tax relief, of 100.0p (or original cost, net of income tax relief, which was typically between 70.0p and 75.0p, depending on costs).

During the period, the K Share pool made a full disposal of its investment in Fenkle Street LLP, for proceeds of £272,000, and a partial disposal of Walworth House Pubs Limited for total proceeds of £235,000 plus a repayment of £117,000 of loan interest.

After the period end, the share pool received a further £240,000 in respect of Walworth House Pubs Limited, £173,000 in respect of Downing Pub EIS Limited, £90,000 from Pearce and Saunders Limited and £29,000 relating to other investments. A breakdown of these repayments can be found on page 9.

The Investment Manager's Reports on pages 4 to 11 provide further details on each share pool.

## **Distributions**

As a result of some of the realisations noted above, a distribution of 1.0p per F Share and 2.0p per G Share will be made on 17 November 2023. No distribution will be made in respect of the K Shares at this time.

## **Outlook**

The F and G Share pools now have a very small number of investments remaining; however, it is likely that an exit from the main one, Baron House Developments LLP, will take some time to complete as a suitable buyer with an acceptable offer for the underlying hotel needs to be identified. The F and G Share pools will not be able to make final distributions and wind up until this sale is achieved.

The process of realising the remaining investments in the K Share pool is also expected to take some time. Offers at acceptable prices need to be found for the underlying pub, wedding venue and children's nurseries assets held by the various portfolio companies. This process is not expected to complete until 2024.

## **Hugh Gillespie**

Chairman - Supervisory Committee

25 October 2023

# Investment Manager's Report

## F Share pool

As at 30 June 2023, the F Share pool held two investments. Focus for the F Share pool remains on the realisation of the remaining investments at acceptable values.

### Net asset value and results

At 30 June 2023, the net asset value ("NAV") per F Share was 8.4p, a decrease of 0.8p over the period, after adjusting for the 5.5p dividend paid in June 2023. Total Return (NAV plus dividends paid to date) is now 90.9p.

The loss on ordinary activities for the F Shares, after taxation, was 0.8p for the period due to a reduction in the valuation of Baron House Developments LLP and Pearce and Saunders DevCo Limited.

### F Share pool – Portfolio valuation and realisations

During the period, one partial realisation was achieved. Downing Pub EIS One Limited distributed £591,000 to the F Share pool, representing a healthy £169,000 gain over cost. A further £87,000 was received from Downing Pub EIS One Limited after the period end, in August, and it is expected that when the liquidation of the investee company comes to a close, a final distribution, cautiously estimated at around £15,000, could be due to the F Share pool.

The portfolio saw limited valuation movement during the six months to 30 June 2023. Baron House Developments LLP, a partnership created to fund the development of a hotel in Newcastle, was the only investment with a change in valuation. There was previously an agreement in place for the sale of the hotel but following a material price reduction, it was decided not to go proceed with that offer.

The hotel has been remarketed but no acceptable offers have been received at this stage. We will continue in our endeavours to exit this investment at an acceptable price. At this stage, due to the uncertainty involved in the sales process, we have decided to cautiously write down the valuation of the investment by £37,000.

Elsewhere in the portfolio, Pearce and Saunders Limited, and the related Pearce and Saunders DevCo Limited, are in the process of being wound up. The F Share pool only holds equity in the companies and, in view of the debt owed by the companies, it is now thought unlikely that, any distributions will be made to equity holders. Therefore, these investments are deemed to have nil value and have been removed from the portfolio, realising the losses made.

Atlantic Dogstar Limited and London City Shopping Centre Limited have been valued at nil for some time now, and with no prospect of recovery, we have also made the decision to treat these losses as realised and remove them from the active portfolio.

### Distribution

As a result of the recent realisations, a further distribution of 1.0p per F Share will be paid on 17 November 2023 to F Shareholders, which will bring total distributions paid to 83.5p and the remaining net asset value to 7.4p.

### Outlook

We are now close to completing the extraction of the residual value from Downing Pub EIS One Limited. Unfortunately, there is no certainty about the timing of an exit from Baron House, where we continue to seek a new buyer in order to achieve an exit at an acceptable price. Once this is done, we expect a final distribution to F Shareholders to be made shortly after.

Downing LLP

25 October 2023

# Summary of Investment Portfolio

## F Share pool

as at 30 June 2023

	Cost £'000	Valuation £'000	Unrealised loss in period £'000	% of portfolio by value
Baron House Developments LLP	481	545	(37)	69.6%
Downing Pub EIS One Limited	68	94	-	12.0%
	549	639	(37)	81.6%
<b>Cash at bank and in hand</b>		144		18.4%
<b>Total</b>		783		100.0%

# Summary of Investment Disposals

## F Share pool

1 January 2023 to 30 June 2023

Disposals	Type	Cost £'000	Market value at 01/01/23 £'000	Disposal proceeds £'000	Gain/ (loss) against cost £'000	Total realised gain £'000
Downing Pub EIS One Limited	Partial	422	591	591	169	-
Pearce and Saunders Limited	Full	497	-	-	(497)	-
Atlantic Dogstar Limited	Full	152	-	-	(152)	-
London City Shopping Centre Limited	Full	66	-	-	(66)	-
Pearce & Saunders DevCo Limited	Full	44	-	-	(44)	-
		1,181	591	591	(590)	-

1 July 2023 to 31 August 2023

Disposals	Type	Cost £'000	Market value at 01/07/23 £'000	Disposal proceeds £'000	Gain against cost £'000	Total realised gain £'000
Downing Pubs EIS One Limited	Partial	58	81	87	29	6

# Investment Manager's Report

## G Share pool

Focus for the G Share pool remains on the realisation of its investments while seeking to optimise Shareholder returns.

### Net asset value and results

At 30 June 2023, the net asset value ("NAV") per G Share was 8.9p, representing an increase of 0.5p over the period, after adjusting for the 9.0p dividend paid in June 2023. Total Return (NAV plus dividends paid to date) is now 93.9p. The return on ordinary activities for the G Share pool, after taxation, for the period was 0.4p per share.

### G Share pool – Portfolio valuation and realisation plans

The portfolio showed a net unrealised loss in the period to 30 June 2023 of £231,000 which was more than offset by the realisation of a £291,000 gain on the redemption of loan notes in Walworth House Pubs Limited.

During the period, the sales process for the G Share pool's highest valued investment, Baron House Developments LLP, a partnership created to fund the development of a hotel in Newcastle, fell through as the potential buyer materially reduced their offer. The hotel has been remarketed but no appropriate offers have been received at this stage. We will continue in our endeavours to exit this investment at the best possible price, to maximise returns for Shareholders. At this stage, due to the uncertainty involved in the sales process, we have decided to cautiously reduce the valuation of the investment by £84,000.

A distribution totalling £1.1 million was received in respect of Walworth House Pub Limited, the owner of a pub in Walworth, South London, in February 2023, as a repayment of loan notes held in the company, along with a healthy premium and £506,000 of loan interest. The equity held in the company by the G Share pool is not expected to receive any returns from the liquidation process but, at 30 June 2023, it was expected that the G Share pool will receive a further £88,000 in respect of the loan provided, plus £184,000 of interest. After the period, £240,000 was received - £78,000 relating to redemption premium attached to the loan notes and £162,000 relating to interest accrued on those.

Downing Pubs EIS ONE Limited, a holding company for a number of London pubs, is in the process of winding up and distributed £1.2 million to the G Share pool in January 2023 - a £336,000 gain over cost. In addition to this, a further £173,000 was received in August 2023 and a small final distribution is expected to be received in due course.

During the liquidation of Pearce and Saunders Limited, a freehold pub company, it became apparent that there was expected to be sufficient value for the company to repay the loan provided by the G Share pool in full and therefore, the investment was revalued at 30 June 2023 to the face value of the loan notes, giving a £90,000 unrealised gain for the period. The £90,000 was repaid after the period end, in August 2023. The value of any further distributions from the investee company is expected to be very small.

# Investment Manager's Report

## G Share pool (continued)

### **G Share pool – Portfolio valuation and realisation plans** *(continued)*

Elsewhere in the portfolio there was limited movement. £20,000 has been received relating to investments in Quadrate Catering Limited and Quadrate Spa Limited, which have been valued at nil for some time now. The two companies have now been dissolved and have subsequently been removed from the portfolio.

With Atlantic Dogstar Limited, Ormsborough Limited and London City Shopping Centre Limited valued at nil, and with no prospect of recovery, we have made the decision treat these losses as realised and remove them from the portfolio.

### **Distribution**

A further distribution of 2.0p per G Share will be paid on 17 November 2023 to G Shareholders, which will bring total distributions paid to 87.0p and the remaining net asset value to 6.9p.

### **Outlook**

Good progress has been made over the period, and post the end of the period, on the exiting from most of the remaining investments of value.

The main remaining investment is now Baron House LLP. The process of seeking to identify a new buyer for the hotel with an acceptable offer is ongoing although there is no clarity over how long this might take. Once this sale completes, the share pool should soon then be in a position to make a final distribution to G Shareholders.

### **Downing LLP**

25 October 2023



# Summary of Investment Portfolio

## G Share pool

as at 30 June 2023

	Cost £'000	Valuation £'000	Unrealised (loss)/gain in period £'000	% of portfolio by value
Baron House Developments LLP	1,093	1,238	(84)	69.6%
Downing Pubs EIS ONE Limited	135	189	-	10.6%
Pearce and Saunders Limited	90	90	90	5.1%
Walworth House Pub Limited	979	88	(237)	4.9%
Quadrate Catering Limited	1,450	-	-	-
Quadrate Spa Limited	1,450	-	-	-
	5,197	1,605	(231)	90.2%
<b>Cash at bank and in hand</b>		175		9.8%
<b>Total</b>		1,780		100.0%

# Summary of Investment Disposals

## G Share pool

1 January 2023 to 30 June 2023

Disposals	Type	Cost £'000	Market value at 01/01/23 £'000	Disposal proceeds £'000	Gain/ (loss) against cost £'000	Total realised gain £'000
Downing Pubs EIS ONE Limited	Partial	845	1,181	1,181	336	-
Walworth House Pub Limited	Partial	351	351	642	291	291
Atlantic Dogstar Limited	Full	2,666	-	-	(2,666)	-
Ormsborough Limited	Full	500	-	-	(500)	-
London City Shopping Centre Limited	Full	110	-	-	(110)	-
		4,472	1,532	1,823	(2,649)	291

1 July 2023 to 31 August 2023

Disposals	Type	Cost £'000	Market value at 01/07/23 £'000	Disposal proceeds £'000	Gain/ (loss) against cost £'000	Total realised gain £'000
Downing Pubs EIS One Limited	Partial	115	161	173	58	12
Pearce and Saunders Limited	Full	90	90	90	-	-
Walworth House Pub Limited	Partial	42	78	78	36	-
Quadrate Catering Limited	Full	1,450	-	10	(1,440)	10
Quadrate Spa Limited	Full	1,450	-	10	(1,440)	10
		3,147	329	361	(2,786)	32

# Investment Manager's Report

## K Share pool

At the period end, the K Share pool held five investments with value, primarily in the hospitality sector. The share pool passed its five-year anniversary of the close of the offer for subscription at the end of 2021 and, since then, work has been ongoing to realise the value from the remaining investments.

### Net asset value

At 30 June 2023, the net asset value ("NAV") of one K Share was 10.5p, which represents a decrease of 1.3p over the period after adjusting for the 4.0p dividend paid in June 2023.

### K Share pool – Portfolio valuation and realisation plans

The portfolio had a net unrealised loss of £176,000 over the six-month period to 30 June 2023, which was partially offset by a £105,000 gain on the disposal of loan notes held in Walworth House Pub Limited.

The K Share pool's largest valued holding is Apprise Pubs Limited, which owns one remaining pub in South West London. The valuation of the investment was reduced in value by £32,000 during the period, as a result of new valuation information. The company is continuing to market the site for sale, which we believe is the best course of action to ensure optimal returns for shareholders.

The investment in Exclusive Events Venues Limited, the operator of a wedding venue in Chester, England, saw a small unrealised loss of £24,000 during the period, as a result of the company's slightly weakened balance sheet. We are currently exploring options to sell the investment but are keen not to sacrifice any significant value by pushing through an exit when market conditions for such assets are weak.

SF Renewables (Solar) Limited, an Indian solar plant, is nearing an exit. A number of bids have been received for the solar plant and we are now progressing a sale to the highest bidder. We are hopeful that the sale will complete shortly, although we have yet to reach the point of having an unconditional offer and therefore there is still some risk. The final structure of the transaction will also influence when funds from the sale can be paid to the VCT. A reduction of £31,000 in the valuation was recognised during the period due to align the value with expected achievable sales price and to factor in some uncertainty involved in the sale process.

Fenkle Street LLP held an interest in a hotel in central Newcastle. A transaction to sell the hotel completed in March 2023, which produced proceeds for the K Share pool of £272,000.

A distribution totalling £351,000 was received in respect of Walworth House Pub Limited, the owner of a pub in Walworth, South London, in February 2023, as a repayment of loan notes held in the company, along with a £291,000 premium and £117,000 of loan interest. At the period end, the remaining investment was valued at £35,000 (plus £48,000 of interest included in debtors). Since the period end, a further £31,000 was received plus £42,000 in accrued interest.

# Investment Manager's Report

## K Share pool (continued)

### **K Share pool – Portfolio valuation and realisation plans (continued)**

Finally, Pilgrim Trading Limited, the owner of two children's nurseries, has been held at the same capital value as was previously reported at 31 December 2022. A sale price had been agreed for the company's business, but that deal has fallen through after the potential buyer's funding was withdrawn. A new sale process has been initiated and, to reflect the possibility that high interest rates may impact the price a buyer may now be willing to pay, we have increased the provision made against the interest accrued on the loan stock held in the company. Our total valuation of the expected proceeds from the sale has been reduced by £55,000 to £206,000.

With Jito Trading Limited, Ormsborough Limited, Yamuna Renewables Limited and London City Shopping Centre Limited valued at nil, and with no prospect of any recovery, these have now been treated as realised and removed from the active portfolio.

### **Outlook**

Following the potential exit of SF Renewables, which is hoped to complete shortly, the K Share pool will be left with two main investments. The key to the exit from these investments will be the sale of the underlying pub and children's nurseries assets. The current economic conditions will make it challenging to achieving exits at optimal value in a timely manner, however we continue to work with the management of these businesses to that end. We are, however, hopeful that the process will complete in 2024.

### **Downing LLP**

25 October 2023

# Summary of Investment Portfolio

## K Share pool

as at 30 June 2023

	Cost £'000	Valuation £'000	Unrealised loss in period £'000	% of portfolio by value
Apprise Pubs Limited	1,300	865	(32)	55.8%
Exclusive Events Venues Limited	500	232	(24)	14.9%
SF Renewables (Solar) Limited	337	178	(31)	11.5%
Pilgrim Trading Limited	432	130	-	8.4%
Walworth House Pub Limited	369	35	(89)	2.2%
	2,938	1,440	(176)	92.8%
<b>Cash at bank and in hand</b>		111		7.2%
<b>Total</b>		1,551		100.0%

# Summary of Investment Disposals

## K Share pool

1 January 2023 to 30 June 2023

Disposals	Type	Cost £'000	Market value at 01/01/23 £'000	Disposal proceeds £'000	(Loss)/gain against cost £'000	Total realised (loss)/gain £'000
Fenkle Street LLP	Full	287	277	272	(15)	(5)
Walworth House Pub Limited	Partial	131	130	235	104	105
Jito Trading Limited	Full	1,500	-	-	(1,500)	-
Ormsborough Limited	Full	1,400	-	-	(1,400)	-
Yamuna Renewables Limited	Full	1,300	-	-	(1,300)	-
London City Shopping Centre Limited	Full	15	-	-	(15)	-
		4,633	407	507	(4,126)	100

1 July 2023 to 31 August 2023

Disposals	Type	Cost £'000	Market value at 01/07/23 £'000	Disposal proceeds £'000	Gain against cost £'000	Total realised gain £'000
Walworth House Pub Limited	Partial	17	31	31	14	-

# Unaudited Summarised Balance Sheet

as at 30 June 2023

	30 June 2023				31 Dec 2022
	F Shares £'000	G Shares £'000	K Shares £'000	Total £'000	Total £'000
<b>Fixed assets</b>					
Unquoted investments	639	1,605	1,440	3,684	6,694
<b>Current assets</b>					
Debtors	172	546	119	837	1,470
Cash at bank and in hand	144	176	111	431	498
	316	722	230	1,268	1,968
Creditors: amounts falling due within one year	(46)	(75)	(18)	(139)	(178)
<b>Net current assets</b>	270	647	212	1,129	1,790
<b>Net assets</b>	909	2,252	1,652	4,813	8,484
<b>Capital and reserves</b>					
Called up share capital	11	25	16	52	52
Capital redemption reserve	149	-	-	149	149
Special reserve	2,213	10,787	8,847	21,847	24,460
Revaluation reserve	(851)	(3,359)	(1,500)	(5,710)	(4,735)
Capital reserve - realised	(1,099)	(7,631)	(4,155)	(12,885)	(12,885)
Revenue reserve	486	2,430	(1,557)	1,359	1,443
<b>Total equity shareholders' funds</b>	909	2,252	1,651	4,812	8,484
<b>Basic and diluted net asset value per:</b>					
F Share	8.4p				14.7p
G Share		8.9p			17.4p
K Share			10.5p		15.8p

# Income Statement

for the six months ended 30 June 2023

Company	Six months ended 30 Jun 2023			Six months ended 31 Dec 2022
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	139	-	139	126
Gains/(losses) on investments				
- realised	-	354	354	951
- unrealised	-	(443)	(443)	(1,856)
	139	(89)	50	(779)
Provision for doubtful debts	(117)	-	(117)	-
Investment management fees	(55)	-	(55)	(103)
Other expenses	(52)	-	(52)	(61)
<b>Loss on ordinary activities before taxation</b>	<b>(85)</b>	<b>(89)</b>	<b>(174)</b>	<b>(943)</b>
Tax on total comprehensive income and ordinary activities <sup>1</sup>	-	-	-	42
<b>Loss attributable to equity shareholders</b>	<b>(85)</b>	<b>(89)</b>	<b>(174)</b>	<b>(901)</b>
<b>Return per F Share</b>	<b>(0.1p)</b>	<b>(0.7p)</b>	<b>(0.8p)</b>	<b>(1.3p)</b>
<b>Return per G Share</b>	<b>0.2p</b>	<b>0.2p</b>	<b>0.4p</b>	<b>(1.4p)</b>
<b>Return per K Share</b>	<b>(0.8p)</b>	<b>(0.5p)</b>	<b>(1.3p)</b>	<b>(2.6p)</b>

<sup>1</sup> Tax on total comprehensive income and ordinary activities is a positive figure due to a reduction in the accrual brought forward and a creditor that arose due to amended returns being filed for previous periods.

# Income Statement (analysed by share pool)

for the six months ended 30 June 2023

F Shares	Six months ended 30 Jun 2023			Six months ended 31 Dec 2022
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	16	-	16	15
Gains on investments				
- realised	-	(37)	(37)	51
- unrealised	-	(36)	(36)	(191)
	16	(73)	(57)	(125)
Investment management fees	(13)	-	(13)	(18)
Other expenses	(11)	-	(11)	(12)
<b>Loss on ordinary activities before taxation</b>	<b>(8)</b>	<b>(73)</b>	<b>(81)</b>	<b>(155)</b>
Tax on total comprehensive income and ordinary activities <sup>1</sup>	-	-	-	9
<b>Loss attributable to equity shareholders</b>	<b>(8)</b>	<b>(73)</b>	<b>(81)</b>	<b>(146)</b>

<sup>1</sup> Tax on total comprehensive income and ordinary activities is a positive figure due to a reduction in the accrual brought forward and a creditor that arose due to amended returns being filed for previous periods.

# Income Statement (analysed by share pool)

for the six months ended 30 June 2023

G Shares	Six months ended 30 Jun 2023			Six months ended 31 Dec 2022
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	121	-	121	147
<b>Gains/(losses) on investments</b>				
- realised	-	292	292	899
- unrealised	-	(231)	(231)	(1,296)
	121	61	182	(250)
Investment management fees	(42)	-	(42)	(85)
Other expenses	(25)	-	(25)	(36)
<b>Return/(loss) on ordinary activities before taxation</b>	54	61	115	(371)
Tax on total comprehensive income and ordinary activities <sup>1</sup>	-	-	-	19
<b>Return/(loss) attributable to equity shareholders</b>	54	61	115	(352)

<sup>1</sup>Tax on total comprehensive income and ordinary activities is a positive figure due to a reduction in the accrual brought forward and a creditor that arose due to amended returns being filed for previous periods.



# Income Statement (analysed by share pool)

for the six months ended 30 June 2023

K Shares	Six months ended 30 Jun 2023			Six months ended 31 Dec 2022
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	2	-	2	242
Gains/(losses) on investments				
- realised	-	99	99	-
- unrealised	-	(176)	(176)	(369)
	2	(77)	(75)	(127)
Provision for doubtful debts	(117)	-	(117)	(278)
Investment management fees	-	-	-	-
Other expenses	(16)	-	(16)	(13)
<b>Loss on ordinary activities before taxation</b>	<b>(131)</b>	<b>(77)</b>	<b>(208)</b>	<b>(418)</b>
Tax on total comprehensive income and ordinary activities <sup>1</sup>	-	-	-	14
<b>Loss attributable to equity shareholders</b>	<b>(131)</b>	<b>(77)</b>	<b>(208)</b>	<b>(404)</b>

<sup>1</sup> Tax on total comprehensive income and ordinary activities is a positive figure due to a reduction in the accrual brought forward and a creditor that arose due to amended returns being filed for previous periods.

# Notes

1. 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.
2. **Forthcoming Distributions**

Share class	Date payable	Per share pence
<b>F Shares</b>	17 Nov 2023	1.0
<b>G Shares</b>	17 Nov 2023	2.0

The above distributions will be paid to Shareholders on the register at 27 October 2023.

# 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 email or letter; 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, The City Partnership, whose details are 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, The City Partnership, under the signature of the registered holder.

## Other information for Shareholders

Up to date Company information (including dividend and distribution history) may be obtained from Downing's website at:

[www.downing.co.uk/existing-investor/downing-two-vct](http://www.downing.co.uk/existing-investor/downing-two-vct)

If you have any queries regarding your shareholding in Downing TWO VCT plc, please contact the registrar on 01484 240 910 or access your information on City Partnership's website via The Hub at:

[downing-vct.cityhub.uk.com](http://downing-vct.cityhub.uk.com)

### **Liquidators**

Antony Batty and Hugh Francis Jesseman  
Antony Batty & Company  
3 Field Court  
Gray's Inn  
London WC1R 5EF

### **Supervisory Committee**

Hugh Gillespie (Chairman)  
Dennis Hale  
Christopher McCann

### **Company Secretary**

Grant Whitehouse

### **Investment and Administration Manager**

Downing LLP  
St. Magnus House  
3 Lower Thames Street  
London EC3R 6HD

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

### **Registrar**

The City Partnership (UK) Limited  
The Mending Rooms  
Park Valley Mills  
Meltham Road  
Huddersfield  
HD4 7BH

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