



Downing TWO VCT plc

(in Liquidation)

Shareholder update

December 2025

Downing 

Shareholder Information

Performance summary

F Share pool	31 Dec 2025 Pence	30 Jun 2025 Pence	31 Dec 2024 Pence
Net asset value per F Share	6.1	6.4	6.5
Cumulative distributions per F Share	83.5	83.5	83.5
Total return per F Share	89.6	89.9	90.0

G Share pool	31 Dec 2025 Pence	30 Jun 2025 Pence	31 Dec 2024 Pence
Net asset value per G Share	6.1	6.4	6.1
Cumulative distributions per G Share	87.0	87.0	87.0
Total return per G Share	93.1	93.4	93.1

K Share pool	31 Dec 2025 Pence	30 Jun 2025 Pence	31 Dec 2024 Pence
Net asset value per K Share	4.7	6.9	7.8
Cumulative distributions per K Share	27.7	26.5	26.5
Total return per K Share	32.4	33.4	34.3

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

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 over four years as the Manager continues to seek to exit from the remaining four investments and return residual funds to Shareholders. The sectors in which the remaining investments operate were significantly affected by the pandemic and, more recently, by increases in the minimum wage and National Insurance. These external pressures have made exits more challenging than originally anticipated; however, securing exits at attractive valuations remains a key priority for the Manager in the year ahead.

This report includes the accounts for the six-month period to 31 December 2025.

Overview

The Company still has three active share pools, all of which have either two or three remaining investments.

Share pool overview

F Share pool

The F Share pool launched in 2012 and, at 31 December 2025, held just one active investment with a value of £481,000.

At 31 December 2025 the net asset value ("NAV") was 6.1p per F Share, a decrease of 0.3p over the period. Total Return (NAV plus dividends paid to date) is now 89.6p, compared to the original cost, net of income tax relief, of 70.0p per share.

The share pool's only active investment is Baron House Developments LLP, which has an interest in a Hampton by Hilton in Newcastle. Prior attempts to sell the hotel were unsuccessful due to high interest rates and economic uncertainty, and more recent headwinds include increases to minimum wage and national insurance rates. The Manager appointed a new hotel operator last year whose primary focus was to increase the profitability of the hotel. Performance of the hotel has improved steadily since their appointment and the intention is to remarket the hotel for sale during 2026.

G Share pool

The G Share pool launched in 2013 and at 31 December 2025 had one remaining active investment with a value of £1.1 million.

At 31 December 2025, the net asset value ("NAV") was 6.1p per G Share, which represents a decrease of 0.3p over the period. Total Return (NAV plus dividends paid to date) is now 93.1p, compared to the original cost, net of income tax relief, which was typically between 70.0p and 75.0p.

The share pool's last remaining investment is Baron House Developments LLP. As highlighted above in respect of the F Share pool, will be remarketed for sale in 2026.

Statement from the Supervisory Committee Chairman

(continued)

Share pool overview (continued)

K Share pool

The overall performance of the K Share pool continues to be 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 31 December 2025 the share pool held three active investments with a combined value of £683,000. The net asset value ("NAV") was 4.7p per K Share, a decrease of 2.2p per share over the period. 1.25p of this reduction is due to the distribution paid to shareholders on 25 July. Total Return (NAV plus dividends paid to date) is now 32.4p per K Share, compared to the original cost, net of income tax relief, which was typically between 70.0p and 75.0p.

The Manager continues to work on exit strategies for the remaining investments to return value to K Shareholders.

The Investment Manager's Reports on pages 5 to 10 provide further details on each share pool.

Distributions

The K Share pool paid a distribution of 1.25p to shareholders on 25 July. Any subsequent distributions will be dependent on the disposal of the remaining investments. At the present time, there is insufficient liquidity in the F and G share pools to make any distributions to shareholders and this is unlikely to change until the sale of the final investment completes.

Outlook

As previously noted, the F and G Share pools are awaiting the exit of their final investment, Baron House Developments LLP, which is not expected to conclude until late 2026. Meanwhile, the Manager is prioritising efforts to enhance the profitability of the associated hotel to ensure the highest possible sale price.

Post the period end, the disposal of Pilgrim Trading Ltd completed and the main focus for the K Share pool is to expedite the exit of the remaining two investments and to return residual funds to shareholders when available.

Hugh Gillespie

Chairman - Supervisory Committee
1 May 2026

Investment Manager's Report

F Share pool

As at 31 December 2025, the F Share pool held just one active investment. Focus for the F Share pool remains achieving a successful exit of this investment, but this is unlikely to be achieved until later this year at the earliest.

Net asset value and results

At 31 December 2025, the net asset value ("NAV") per F Share was 6.1p, a decrease of 0.3p over the period. Total Return (NAV plus distributions paid to date) is now 89.6p.

The loss on ordinary activities for the F Shares, after taxation, was 0.3p for the period. This was driven by loan interest accrued during the period less operating costs.

F Share pool – Portfolio valuation and realisations

During the period, the value of Baron House Developments LLP, a partnership created to fund the development of a hotel in Newcastle, remained flat. Prior attempts to sell the hotel were unsuccessful due to high interest rates and economic uncertainty, and more recent headwinds include increases to minimum wage and national insurance rates. The Manager appointed a new hotel operator last year whose primary focus was to increase the profitability of the hotel. Performance of the hotel has improved steadily since their appointment and the intention is to remarket the hotel for sale during 2026

The liquidation process for the remaining holding, Downing Pub EIS One Limited, continues but has been delayed by a tax enquiry into one of the company's subsidiaries. We expect this to complete during the year.

Outlook

Full focus remains on achieving the best possible exit from Baron House Developments LLP. Unfortunately, this is not expected to occur until later in 2026. We expect a final distribution to F Shareholders to be made shortly after this exit has complete.

Downing LLP
1 May 2026

Summary of Investment Portfolio

F Share pool

as at 31 December 2025

	Cost £'000	Valuation £'000	Unrealised gain in period £'000	% of portfolio by value
Baron House Developments LLP	481	481	-	90.1%
Downing Pub EIS One Limited	10	-	-	-
	491	481	-	90.1%
Cash at bank and in hand		50		9.9%
Total		531		100.0%

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 31 December 2025 the net asset value ("NAV") per G Share was 6.1p, representing an decrease of 0.3p over the period. Total Return (NAV plus distributions paid to date) is now 93.1p.

The loss on ordinary activities for the G Shares, after taxation, was 0.3p for the period. This was driven by loan interest accrued during the period less operating costs.

G Share pool – Portfolio valuation and realisation plans

As with the F Share pool, the value of Baron House Developments LLP was unchanged. Prior attempts to sell the hotel were unsuccessful due to high interest rates and economic uncertainty, and more recent headwinds include increases to minimum wage and national insurance rates. The Manager appointed a new hotel operator last year whose primary focus was to increase the profitability of the hotel. Performance of the hotel has improved steadily since their appointment and the intention is to remarket the hotel for sale during 2026.

The liquidation process for the remaining holding, Downing Pub EIS One Limited, continues but has been delayed by a tax enquiry into one of the company's subsidiaries. We expect this to complete during the year.

Outlook

Full focus remains on achieving the best possible exit from Baron House Developments LLP. Unfortunately, this is not expected to occur until later in 2026. We expect a final distribution to G Shareholders to be made shortly after this exit has complete.

Downing LLP
1 May 2026

Summary of Investment Portfolio

G Share pool

as at 31 December 2025

	Cost £'000	Valuation £'000	Unrealised gain in period £'000	% of portfolio by value
Baron House Developments LLP	1,093	1,093	-	90.3%
Downing Pub EIS One Limited	20	-	-	-
	1,113	1,093	-	90.3%
Cash at bank and in hand		113		9.7%
Total		1,206		100.0%

Investment Manager's Report

K Share pool

At the period end, the K Share pool held three investments, primarily in the hospitality sector. Attempts to sell the remaining investments have been unsuccessful in recent years due to challenging external market conditions; however, this remains the Manager's key focus.

Net asset value

At 31 December 2025 the net asset value ("NAV") per K Share was 4.7p, which represents a decrease of 2.2p over the period. After distributions of 1.25p were paid during the period, total Return (NAV plus distributions paid to date) is now 32.4p.

K Share pool – Portfolio valuation and realisation plans

The portfolio had an unrealised loss of £137,000 over the six-month period to 31 December 2025 mainly due to a decrease in the value of Apprise Pubs Limited and Exclusive Events Limited.

Exclusive Events Venues Limited is the operator of a wedding venue in Chester, England. The venue was marketed for sale in mid-2023 but offers received were inadequate due to the venue's underperformance. Current year performance is slightly below forecast on an EBITDA basis and future bookings are also marginally lower than anticipated. Agents continue to market the property and while interest has been expressed by a

party, no formal offers have been received. Based on forecast profits for the coming year and the ongoing challenges in exiting the business, a provision of £52,000 has been recognised during the period.

The valuation of Apprise Pubs Limited reduced by £79,000 during the period. The Company owns one remaining pub in South West London which was recently closed and marketed for sale. An offer has been accepted for the premises and it is expected that the sale will complete in the second half of 2026.

Pilgrim Trading Limited owns two children's nurseries and previous attempts to sell the business were unsuccessful. The investment was sold after the period end and as a result the valuation was reduced by £6,000 to align with the sale price achieved.

Outlook

The Manager remains fully focused on achieving optimal exits for the remaining hospitality investments and continues to work closely with investee company management to optimise value and identify suitable buyers.

Downing LLP

1 May 2026

Summary of Investment Portfolio

K Share pool

as at 31 December 2025

	Cost £'000	Valuation £'000	Unrealised loss in period £'000	% of portfolio by value
Apprise Pubs Limited	1,300	560	(79)	73.7%
Exclusive Events Venues Limited	500	117	(52)	15.4%
Pilgrim Trading Limited	432	6	(6)	0.8%
	2,232	683	(137)	89.9%
Cash at bank and in hand		77		10.1%
Total		760		100.0%

Unaudited Summarised Balance Sheet

as at 31 December 2025

	31 December 2025				30 June 2025
	F Shares £'000	G Shares £'000	K Shares £'000	Total £'000	Total £'000
Fixed assets					
Unquoted investments	481	1,093	683	2,257	2,394
Current assets					
Debtors	183	401	-	584	620
Cash at bank and in hand	50	113	77	240	448
	233	514	77	824	1,068
Creditors: amounts falling due within one year	(51)	(53)	(26)	(130)	(68)
Net current assets	182	461	51	694	999
Net assets	663	1,554	734	2,951	3,394
Capital and reserves					
Called up share capital	11	25	16	52	52
Reserves	653	1,529	718	2,899	3,342
Total equity shareholders' funds	663	1,554	734	2,951	3,482
Basic and diluted net asset value per:					
F Share	6.1p				6.4p
G Share		6.1p			6.4p
K Share			4.7p		6.9p

Income Statement

for the six months ended 31 December 2025

Company	Six months ended 31 December 2025			Six months ended 30 Jun 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	285	-	285	246
Gains/(losses) on investments				
- realised	-	-	-	109
- unrealised	-	(137)	(137)	(138)
	285	(137)	148	217
Provision for doubtful debts	(319)	-	(319)	(228)
Investment management fees	(22)	-	(22)	(22)
Other expenses	(52)	-	(52)	(55)
Loss on ordinary activities before taxation	(108)	(137)	(245)	(88)
Tax on total comprehensive income and ordinary activities	-	-	-	-
Loss attributable to equity shareholders	(108)	(137)	(245)	(88)
Return per F Share	(0.3p)	0.0p	(0.3p)	(0.1p)
Return per G Share	(0.3p)	0.0p	(0.3)p	0.3p
Return per K Share	(0.1p)	(0.9p)	(1.0p)	(1.0p)

Income Statement (analysed by share pool)

for the six months ended 31 December 2025

F Shares	Six months ended 31 December 2025			Six months ended 30 Jun 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	23	-	23	22
Gains/(losses) on investments				
- realised	-	-	-	6
- unrealised	-	-	-	-
	23	-	23	28
Provision for doubtful debts	(33)	-	(33)	(17)
Investment management fees	(6)	-	(6)	(6)
Other expenses	(13)	-	(13)	(13)
Loss on ordinary activities before taxation	(29)	-	(29)	(8)
Tax on total comprehensive income and ordinary activities	-	-	-	-
Loss attributable to equity shareholders	(29)	-	(29)	(8)

Income Statement (analysed by share pool)

for the six months ended 31 December 2025

G Shares	Six months ended 31 December 2025			Six months ended 30 Jun 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	51	-	51	49
Gains/(losses) on investments				
- realised	-	-	-	101
- unrealised	-	-	-	-
	51	-	51	150
Provision for doubtful debts	(75)	-	(75)	(38)
Investment management fees	(16)	-	(16)	(15)
Other expenses	(28)	-	(28)	(24)
Loss on ordinary activities before taxation	(68)	-	(68)	73
Tax on total comprehensive income and ordinary activities	-	-	-	-
Loss attributable to equity shareholders	(68)	-	(68)	73

Income Statement (analysed by share pool)

for the six months ended 31 December 2025

K Shares	Six months ended 31 December 2025			Six months ended 30 Jun 2025
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	211	-	211	174
Gains/(losses) on investments				
- realised	-	-	-	3
- unrealised	-	(137)	(137)	(138)
	211	(137)	74	39
Provision for doubtful debts	(210)	-	(210)	(173)
Investment management fees	-	-	-	-
Other expenses	(10)	-	(10)	(18)
Loss on ordinary activities before taxation	(9)	(137)	(146)	(152)
Tax on total comprehensive income and ordinary activities	-	-	-	-
Loss attributable to equity shareholders	(9)	(137)	(146)	(152)

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.

Shareholder Information

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

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

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