

## KEY INFORMATION DOCUMENT

### Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## GRESHAM HOUSE RENEWABLE ENERGY VCT2 PLC (ORDINARY SHARE CLASS)

**Product:** Ordinary Shares of 0.1 pence each nominal value issued by Gresham House Renewable Energy VCT2 plc (“Shares”) ISIN GB00B43GVJ82

**Name of PRIIP manufacturer:** Gresham House Renewable Energy VCT2 PLC (registered number 07378395) (“the Company”) and Gresham House Asset Management (registered number 09447087) (“Gresham”)

**Website for the PRIIP manufacturer:** [www.greshamhouse.com](http://www.greshamhouse.com)

**Call this telephone number for more information:** +44(0)20 7382 0999

**Competent Authority of the PRIIP Manufacturer in relation to the KID:** UK Financial Conduct Authority

**Date of production of this Key Information Document:** 15 December 2023

**Comprehension alert:** You are about to purchase a product that is not simple and may be difficult to understand. No new shares are being issued by the Company at this time nor does the Company intend to issue new shares in future. Also note that the shares were purchased as a “pair” of A shares and Ordinary shares, and as such this Key Information Document should be read in conjunction with the document for the A shares.

### What is this product?

**Type:** Venture Capital Trust

Gresham House Renewable Energy VCT2 plc (the “Company”) is a Venture Capital Trust (“VCT”) listed on the London Stock Exchange (“Stock Exchange”) and has two share classes: Ordinary shares and A shares. Shares can be bought and sold via a stockbroker. As a VCT, for eligible VCT shareholders, there is no liability to income tax on dividends and no liability to capital gains tax on realised gains from the sale of shares. There is a limit on investment of £200,000 per person per tax year.

**Bid-offer spread:** The price you pay for a share will be higher than the price at which you can sell shares as a result of the bid offer spread. The Company publishes a net asset value (“NAV”) for each share class at the year end (30 September) and half year (31 March) dates by valuing the underlying assets of the Company, which are mostly investments in renewable energy assets. The share price (bid price) typically trades at a discount to the NAV of the share class.

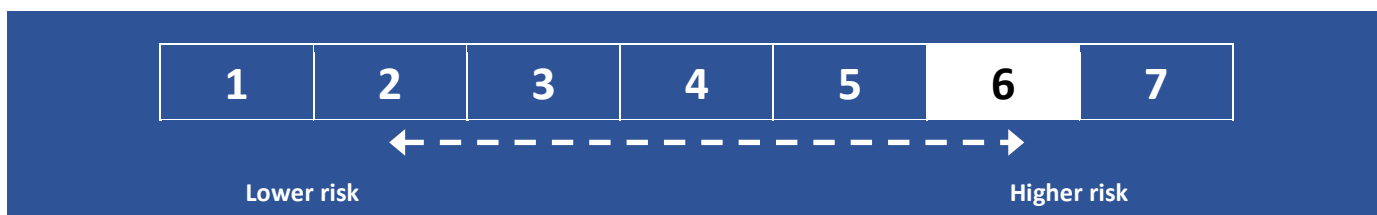
**Objectives (to 12 July 2021):** The Company has built a portfolio of Venture Capital investments focussed on long term UK renewable energy projects with the objective of maximising capital gains and income to shareholders from dividends and capital distributions while seeking to maintain VCT status to enable Shareholders to retain the income tax relief benefits available for VCTs.

**Objectives (from 13 July 2021 to date):** the principal objective of the Company is to manage the VCT with the intention of realising all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management, and with a view to returning value to Shareholders in an orderly manner whilst protecting the tax position of Shareholders.

**The recommended holding period:** One year from the date of this KID, this being a recommended holding period until 31 December 2024. The Company holds continuation votes every five years and held the last continuation vote at the AGM in 2021, where shareholders voted against continuation of the Company. On 13 July 2021 Shareholders resolved to enter a Managed Wind-Down (as defined and described in the circular to Shareholders dated 17 June 2021) and the Company’s principal objective was updated to reflect this resolution. The Board’s expectation is that the Company’s assets are likely to be realised by 31 December 2024 and the Managed Wind-Down will be completed within this timeframe, thus the recommended holding period is to hold until this date.

**Intended retail investor:** a retail client (not a corporate) who is aged 18 or over and pays UK income tax at a higher rate and who already owns a portfolio of non-VCT investments such as unit trusts/OEICs, investment trusts and/or direct shareholdings in listed companies and has sufficient income and capital so that his investment in the Company can be held for over one year. The individual will be professionally advised and/or a sophisticated investor.

## Risk Indicator



The summary risk indicator is a guide to the level of risk of the Product compared to other products. It shows how likely it is that the Product will lose money because of movements in the market or because we are not able to pay you. We have classified this Product as 6 out of 7 which is the second-highest risk class. This rates the potential losses from future performance at a high level, and poor market conditions will likely impact our capacity to pay you. This Product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay what is owed, you could lose your entire investment.

## Performance Information

The main factors that will affect the performance of the Company are ability of the Investment Manager to manage and dispose of the remaining renewable energy assets in a manner that achieves a balance between maximising the net value received from those investments and making timely returns to Shareholders before 31 December 2024. The Company's performance will rely on the performance of the underlying renewable energy resources (solar irradiation or wind, as relevant); the price of energy on the wholesale markets; and the general performance of the UK renewable energy sector. In addition, due to the existence of the A Shares, dividend payments above 5p, subject to NAV exceeding 100p, will result in a transfer of value away from Ordinary shares to the A shares. (see A Shares KID for further information).

Due to the illiquid nature of the shares for this fund we have used a proxy for risk with daily liquidity, using 6 solar and wind funds, each equally weighted. This risk proxy has a performance track record dating back to 28<sup>th</sup> March 2006. Over this period the average one-year risk was 21.9%, during periods of market stress, risk increased temporarily to 51.9%. For an indication of performance, we have calculated the best and worst one-year performance of the proxy in the "What could affect my return" sections below, however, we would expect returns to be more stable for a fund in the process of winding up.

Our forward-looking moderate performance scenario is an annualised return of 9.3% over the recommended holding period of two years. We have used this return in our reduction in yield calculations in the "What are the costs?" section below.

### What could affect my return positively?

In addition to achieving successful realisation of net value from the sale of the Company's assets, good operational performance, good conditions for solar irradiation and good technical performance of the underlying assets are factors that are likely to benefit returns. An additional positive factor would be rising inflation, which increases both inflation-linked subsidies and the price of power sold on the wholesale market. A favourable rolling one-year performance of the proxy was 265.7% annualised.

### What could affect my return negatively?

Specific factors that affect returns negatively would be if the Investment Manager is unable to secure a timely exit from the Company's assets on beneficial terms. In addition, poor technical performance of the underlying renewable assets; falling prices of electricity; a fall in inflation; an increase in costs; and an increase in taxes are likely to negatively impact on performance. An unfavourable rolling one-year performance of the proxy was -64.9% annualised.

### What could happen in severely adverse market conditions?

A representative adverse market condition was a loss of 71.8% which occurred in the proxy between May 2008 to June 2012, the proxy went on to recover in October 2017. Under severely adverse market conditions, there is a risk that the capital value of an investment in the Company's shares could reduce significantly, potentially down to zero.

## What happens if Gresham House Renewable VCT2 plc is unable to pay out?

The value of the Shares and the income derived from them is dependent on the performance of the Company's underlying investments and can fluctuate. Investors could lose all or part of their investment. Your capital is at risk. As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

## What are the costs?

The Reduction in Yield (RIY) in the table below shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures

assume you invest £10,000. The figures are estimates and may change in the future.

### Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment Scenarios	If you cash in after 1 year*
<b>Total costs</b>	<b>£296</b>
Impact on return (RIY) per year	2.96%

\*This product cannot be easily realised. This means it is difficult to estimate how much you would get back if you attempt to realise your investment early. You will either be unable to realise your investment early or you will have to pay high costs or make a large loss if you do so. You will also lose tax reliefs gained on subscription if you sell within five years of subscription.

### Composition of costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact on return per year			
<b>One-off costs</b>	<b>Entry costs</b>	0.00%	The impact of the costs you pay when entering your investment. (This is the most you could pay and could pay less).
<b>On-going costs</b>	<b>Portfolio transaction costs</b>	0.22%	The Company's costs of buying and selling underlying investments.
	<b>Other ongoing costs</b>	2.74%	The Company's annual running costs are capped at 3.0% of its net assets including management fees of 1.15% payable to Gresham.
<b>Incidental costs</b>	<b>Performance fees</b>	0.00%	The impact of the performance fee. We take these from your investment if the Product outperforms its benchmark.

### How long should I hold it and can I take money out early?

The recommended holding period is one year. The Company's shares are designed to be held over the long term and may not be suitable as short-term investments. Investments may be realised by the sale of shares in the market which may ultimately be acquired by the Company. The Company has a policy to buy back shares that become available in the market if liquidity and regulatory constraints permit. The Company is not currently buying in Shares. The Board reviews the buyback policy from time to time and may make changes if it considers that to be in the best interests of Shareholders as a whole. Accordingly, there may not be a liquid market as there is a limited secondary market for shares in VCTs and Investors may find it difficult to realise their investments.

### How can I complain?

As a shareholder of Gresham House Renewable Energy VCT2 plc you do not have the right to complain to the Financial Ombudsman Service about the management of Gresham House Renewable Energy VCT2 plc. Complaints about the Company or the key information document should be sent to the Company Secretary: JTC (UK) Limited, The Scalpel, 18<sup>th</sup> Floor, 52 Lime Street, EC3M 7AF.

### Other relevant information:

**The cost, performance and risk calculations included in this KID follow the methodology prescribed by UK rules. Accordingly, performance scenarios and the risk indicator have been based solely on historic share price total return with dividends reinvested and do not take any direct account of the underlying portfolio of assets held by the Company.**

Depending on how you buy Shares you may incur other costs, including broker commission, platform fees and Stamp Duty. The distributor will provide you with additional documents where necessary. Prospective investors should note that the value of an investment may not get back the amount originally invested. Therefore, you should only make investments in the fund that you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances: independent advice should therefore be sought. Please note that it cannot be guaranteed that the companies invested in by the Company will be qualifying companies or that the Company will maintain its qualifying status as a venture capital trust.