

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you should consult your own independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Hargreave Hale AIM VCT 1 plc and/or Hargreave Hale AIM VCT 2 plc, please send this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction.

The Companies, and the Directors accept responsibility for the information contained in this document. To the best of the knowledge of the Companies and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omissions likely to affect its import.

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### **HARGREAVE HALE AIM VCT 1 PLC**

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 05206425)*

### **HARGREAVE HALE AIM VCT 2 PLC**

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 05941261)*

#### **General Meetings in connection with Recommended Proposals relating to:**

- (i) offers for subscription of up to £10,000,000 of Ordinary Shares of 1p each in Hargreave Hale AIM VCT 1 and up to £10,000,000 of Ordinary Shares of 1p each in Hargreave Hale AIM VCT 2**
- (ii) amendment to the investment policy of Hargreave Hale AIM VCT 1**
- (iii) the extension of the life of the Companies to 2019**
- (iv) adoption of new Articles of Association of Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2**

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Your attention is drawn to the letter from the Chairmen of the Companies set out on pages 4 to 6 which contains a recommendation to vote in favour of the Resolutions to be proposed at the General Meetings.

You will find on pages 18 to 25 a notice of the General Meetings to be held on 29 November 2012 at 11.00 a.m. for Hargreave Hale AIM VCT 1 and at 12.00 p.m. for Hargreave Hale AIM VCT 2 to approve the Resolutions. The General Meetings will be held at the offices of the Companies, Accurist House, 44 Baker Street, London, W1U 7AL. To be valid, the forms of proxy enclosed with this document for the General Meetings should be returned not less than 48 hours before the General Meetings, either by post or by hand (during business hours only) to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

The whole of this Circular should be read. This document has been prepared to include all necessary information for Shareholders to make an informed decision regarding the matters being voted on. This Circular does not constitute the Prospectus which is a separate document and which sets out the full terms of the Offers. Shareholders are strongly recommended to read the full terms of the Prospectus if they wish to participate in the Offers.

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## EXPECTED TIMETABLE

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| Offers open   | 10.00 a.m. on 5 November 2012            |
| Latest time and date for receipt of proxy forms for the General Meeting of Hargreave Hale AIM VCT 1 | 11.00 a.m. on 27 November 2012           |
| Latest time and date for receipt of proxy forms for the General Meeting of Hargreave Hale AIM VCT 2 | 12.00 p.m. on 27 November 2012           |
| General Meeting of Hargreave Hale AIM VCT 1   | 11.00 a.m. on 29 November 2012           |
| General Meeting of Hargreave Hale AIM VCT 2   | 12.00 p.m. on 29 November 2012           |
| Closing date for receipt of applications for investment in the Offers for the 2012/13 tax year      | 12.00 p.m. on 5 April 2013               |
| Allotment of new Ordinary Shares under the Offers   | Monthly                                  |
| Admission and dealings expected to commence   | Within 10 business days of any allotment |
| Closing date for receipt of applications for investment in the Offers for the 2013/14 tax year      | 12.00 p.m. on 31 October 2013            |
| Dispatch of Share and tax certificates  | Within 10 business days of any allotment |

If there are any significant changes to the above times and/or dates Ordinary Shareholders will be notified by an announcement through a regulatory information service.

**Hargreave Hale AIM VCT 1 plc**  
**Hargreave Hale AIM VCT 2 plc**  
Accurist House  
44 Baker Street  
London  
W1U 7AL

5 November 2012

Dear Shareholder,

**Proposals relating to:**

- (i) **offers for subscription of up to £10,000,000 of Ordinary Shares in Hargreave Hale AIM VCT 1 and up to £10,000,000 of Ordinary Shares in Hargreave Hale AIM VCT 2**
- (ii) **amendment to the investment policy of Hargreave Hale AIM VCT 1**
- (iii) **the extension of the life of the Companies to 2019**
- (iv) **adoption of new Articles of Association of Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2**

**Introduction**

The purpose of this Circular is to provide information on and seek approval from the Shareholders for making the Offers for subscription. In addition, Hargreave Hale AIM VCT 1 is seeking an amendment to its investment policy, and both Companies are seeking an amendment to their Articles of Association in order to extend the life of the Companies to 2019. These proposals require Shareholder approval under the Companies Act 2006 and under the Listing Rules.

**The Offers**

The Companies have today announced separate offers for subscription of new Ordinary Shares. Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 are both seeking to raise up to £10 million each through the Offers. The Offers will be offered at a price per new Ordinary Share for each Company at a 3% premium to the last published Net Asset Value of an existing Ordinary Share as released by the relevant Company to the London Stock Exchange prior to the allotment. Full details of the Offers are contained in the Prospectus published by the Companies today.

The proceeds from the Offers will be invested in accordance with the Companies' investment policies. They will be used to continue to support the Companies' investment objectives of investing in both Qualifying Investment and Non-Qualifying Investment opportunities. The proceeds from the Offers will reduce the Total Expense Ratios whilst at the same time provide sufficient resources to continue the Companies' dividend and share buy-back policies.

In order to proceed with the Offers, each Company will need to authorise its Board to allot those Shares pursuant to the Offers on a non-pre-emptive basis.

**Duration of Companies and Amendments to the Articles**

It is proposed that the Articles of both Companies be amended so that the continuation resolution to be put to Shareholders at the annual general meeting of Hargreave Hale AIM VCT 1 in 2018 and Hargreave Hale AIM VCT 2 in 2018 is instead put to Shareholders at the annual general meetings of the Companies to be held in 2019 (and at each annual general meeting of the Company at five year intervals thereafter) in order that the new Ordinary Shares to be issued pursuant to the Offers can be retained for five years with the associated tax benefits.

## **Proposed changes to the Investment Policy of Hargreave Hale AIM VCT 1**

It is proposed that Hargreave Hale AIM VCT 1's investment policy be amended to permit the Company to invest new capital in the Marlborough Special Situations Fund if investment conditions are considered favourable. This will enable the Company to indirectly maintain its exposure to UK small companies whilst identifying suitable Qualifying Investments. In addition, the Company is removing references to the C Share Fund set out in the current policy as there are currently no C shares in issue.

The Marlborough Special Situations Fund is an authorised unit trust which is not listed. The proposed amendment to the Company's investment policy will enable the Investment Manager to invest up to 75% of the net proceeds of Offer relating to the Hargreave Hale AIM VCT 1 into the Marlborough Special Situations Fund to offset dilution from the funds raised under the Offer (subject to a cap of 20% of the gross assets of the Company). The Marlborough Special Situations Fund is a £490 million fund<sup>1</sup> that sits within the IMA UK Small Cap sector. It has a strong track record and is sufficiently liquid to allow the Company to invest and withdraw capital without interfering with the Marlborough Special Situations Fund's investment strategy. The investment into the Marlborough Special Situations Fund will not be a Qualifying Investment. The Investment Manager manages the Marlborough Special Situations Fund.

The existing investment policy, together with the proposed amended investment policy, are set out on pages 7 to 12 of this document. If approved by Shareholders, the Companies will have identical investment policies.

In the event that Shareholder approval to make these amendments is not received at the Hargreave Hale AIM VCT 1 GM (but all other Resolutions are passed in relation to Hargreave Hale AIM VCT 1) the Offer relating to the Company will still proceed and the previously published investment policy of Hargreave Hale AIM VCT 1 will continue to apply.

## **The General Meeting of Hargreave Hale AIM VCT 1**

The General Meeting for Hargreave Hale AIM VCT 1 will consider the following Resolutions:

Resolution 1 will, if passed, give the Board authority, pursuant to the Companies Act 2006, to allot Ordinary Shares under the Offer during the period commencing on the passing of this Resolution and expiring on the first anniversary of this Resolution.

Resolution 2 seeks the approval of Shareholders as required by the Listing Rules for the proposed amendments to the investment policy of the Company as described above and set out in full on pages 7 to 12 of this document.

Resolution 3 will, if passed, give the Board authority under the Companies Act 2006 to allot the Shares referred to in Resolution 1, other than pro rata to existing Shareholders. This authority will expire on the first anniversary of the date of this Resolution.

Resolution 4 will, if passed, under the Companies Act 2006, adopt the articles of association of the Company for the reasons set out under the heading "Duration of Company and Amendments to the Articles" on page 4 of this document.

## **The General Meeting of Hargreave Hale AIM VCT 2**

The General Meeting for Hargreave Hale AIM VCT 2 will consider the following Resolutions:

Resolution 1 will, if passed, give the Board authority, pursuant to the Companies Act 2006, to allot Ordinary Shares under the Offer during the period commencing on the passing of this Resolution and expiring on the first anniversary of this Resolution.

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<sup>1</sup> As at 28 September 2012. source: Marlborough Fund Managers

Resolution 2 will, if passed, give the Board authority under the Companies Act 2006 to allot the Shares referred to in Resolution 1, other than pro rata to existing Shareholders. This authority will expire on the first anniversary of the date of this Resolution.

Resolution 3 will, if passed, under the Companies Act 2006, adopt the articles of association of the Company for the reasons set out under the heading "Duration of Company and Amendments to the Articles" on page 4 of this document.

### **Action to be taken in respect of the General Meetings**

Shareholders will find forms of proxy attached at the end of this document for each of the General Meetings which are to be held at the offices of Hargreave Hale, Accurist House, 44 Baker Street, London W1U 7AL. Whether or not you propose to attend the General Meetings, you are requested to complete and return the enclosed form of proxy to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received not less than 48 hours before the time appointed for holding the relevant General Meeting. Completion and return of the form of proxy will not prevent a Shareholder from attending and voting in person at the relevant General Meeting should a Shareholder wish to do so.

### **Recommendation and Intentions of the Board of Hargreave Hale AIM VCT 1**

The Board of Hargreave Hale AIM VCT 1 considers that the Proposals are in the best interests of the Shareholders of Hargreave Hale AIM VCT 1 as a whole and unanimously recommends that Shareholders of Hargreave Hale AIM VCT 1 vote in favour of the Resolutions in respect of Hargreave Hale AIM VCT 1.

The Directors of Hargreave Hale AIM VCT 1 intend to vote in favour of the Resolutions in respect of their own beneficial shareholdings amounting to 0.44 per cent of the Company.

### **Recommendation and Intentions of the Board of Hargreave Hale AIM VCT 2**

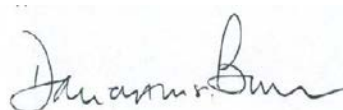
The Board of Hargreave Hale AIM VCT 2 considers that the Proposals are in the best interests of the Shareholders of Hargreave Hale AIM VCT 2 as a whole and unanimously recommends that Shareholders of Hargreave Hale AIM VCT 2 vote in favour of the Resolutions in respect of Hargreave Hale AIM VCT 2.

The Directors of Hargreave Hale AIM VCT 2 intend to vote in favour of the Resolutions in respect of their own beneficial shareholdings amounting to 2.44 per cent of the Company.

Yours faithfully



**Sir Aubrey Brocklebank Bt**  
**Chairman**  
Hargreave Hale AIM VCT 1 plc



**David Hurst-Brown**  
**Chairman**  
Hargreave Hale AIM VCT 2 plc

## EXISTING AND REVISED INVESTMENT POLICY FOR HARGREAVE HALE AIM VCT 1

### A. EXISTING INVESTMENT POLICY FOR HARGREAVE HALE AIM VCT 1

#### Investment Objectives

The Company's investment objectives are:

- to invest in a diversified portfolio of small UK based companies on a high risk, medium term capital growth basis, primarily being companies which are traded on AIM and which have the opportunity for significant value appreciation;
- to invest in smaller companies which may not be readily accessible to private individuals and which also tend to be more risky;
- to maximise distributions to shareholders from capital gains and income generated from the Company's funds; and
- **(Ordinary Share Fund\* only)** targeted investment in equities which are non-qualifying investments on an opportunistic basis to boost the performance of the Ordinary Shares.
- **(C Share Fund\*\* only)** to preserve shareholder value through selective investment of surplus funds, namely funds that are not invested in Qualifying Investments in a non-VCT qualifying portfolio of fixed income securities and cash.

\* being the net assets of the Company attributable to the Ordinary Shares.

\*\* being the net assets of the Company attributed to C Shares.

#### Asset Allocation

Hargreave Hale AIM VCT 1 will have a range of investments in three distinct asset classes:

- Equity investments in Qualifying Companies, referred to as "**Qualifying Investments**". Qualifying Investment will:
  - comprise qualifying holdings for a VCT as defined in Chapter 4 Part 6 of the Income Tax Act 2007;
  - primarily be made in AIM companies, but the Company's investment manager ("**Investment Manager**") will also consider PLUS-quoted companies and private companies that meet the investment criteria summarised below.
  - vary in size from £50,000 to £1 million.
- Sovereign debt, quasi-sovereign debt, bonds and other fixed income securities.
- Bank deposits that are readily realisable.

Hargreave Hale AIM VCT 1 Ordinary Share Fund will have additional non-qualifying equity exposure to UK and international equities.

## *Investment Strategy*

### **Qualifying Investments.**

The Investment Manager will maintain the Ordinary Share Fund's diversified and fully invested portfolio of Qualifying Investments, primarily in small UK companies with a quotation on AIM. The primary purpose of the investment strategy is to ensure Hargreave Hale AIM VCT 1 maintains its status as a VCT. To achieve this, the Company must have 70% of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued.

The C Share Fund will start with a completely clean structure with no equity exposure, qualifying or non-qualifying. The Investment Manager will gradually build a diversified portfolio of Qualifying Investments within the C Share Fund over a 2 to 3 year period following the receipt of the proceeds of this Offer.

Although VCTs are required to invest and maintain a minimum of 70% of their funds invested in Qualifying Investments as measured by the VCT rules, it is likely that the Investment Manager will target a higher threshold of approximately 80% in order to provide some element of protection against an inadvertent breach of the VCT rules. The Company's maximum exposure to a single Qualifying Investment is limited to 15% of net assets.

The Investment Manager has expanded the key selection criteria used in deciding which Qualifying Investments to make. The criteria will include, inter alia:

- the strength and credibility of the management team;
- the business plan;
- the risk/reward profile of the investment opportunity;
- the quality of the finance function and budgetary process;
- the strength of the balance sheet relative to anticipated cash flow from operations; and
- the existing balance of investments within the portfolio of Qualifying Investments. The Investment Manager will follow a stock specific, rather than sector specific, investment approach and is more likely to provide expansionary capital than seed capital.

The Investment Manager will follow a stock specific investment approach and is more likely to provide expansionary capital than seed capital.

The Investment Manager will primarily focus on investments in companies with a quotation on AIM or plans to trade on AIM. The Investment Manager prefers to participate in secondary issues of companies that have previously quoted on AIM as such companies have an established track record that can be more readily assessed and greater disclosure of financial performance. Secondary issues are often priced at an attractive discount to the market price.

### *Non-Qualifying Investments*

The two share classes will have different investment strategies applied to their portfolio of Non-VCT Qualifying Investments to reflect their different investment objectives:

- Ordinary Share Fund. Hargreave Hale AIM VCT 1 Ordinary Share Fund will have additional non-qualifying equity exposure to UK and international equities through targeted investments made on an opportunistic basis to boost the performance of the Company. This will vary in accordance with the



Investment Manager's view of the equity markets and may fluctuate between nil and 30% of the net assets of the Company. The Investment Manager will also invest in Gilts, other fixed income securities and cash.

- C Share Fund. The Investment Manager will only invest in Gilts, other fixed income securities and cash. Outside the portfolio of Qualifying Investments, the Investment Managers' primary focus will be the preservation of capital rather than capital appreciation.

The allocation between asset classes in the non-qualifying portfolio will vary depending upon opportunities that arise with a maximum exposure of 100% of the non-qualifying portfolio to any individual asset class.

### **Borrowings**

It is not the Companies' intention to have any borrowings. The Companies do, however, have the ability to borrow a maximum amount up to 15% of the "Adjusted Capital and Reserves" amount (as such term is defined in the Articles of Association of each of the Companies), which is effectively the aggregate of the nominal capital of the Companies issued and paid up and the amount standing to the credit of the consolidated reserves of the Companies, less specified adjustments, exclusions and deductions. There are no plans to utilise this ability at the current time.

## **B. PROPOSED NEW INVESTMENT POLICY FOR HARGREAVE HALE AIM VCT 1**

### **Investment Objectives**

The Company's investment objectives are:

- to invest in a diversified portfolio of small UK based companies on a high risk, medium term capital growth basis, primarily being companies which are traded on AIM and which have the opportunity for significant value appreciation;
- to invest in smaller companies which may not be readily accessible to private individuals and which also tend to be more risky;
- to maximise distributions to shareholders from capital gains and income generated from the Company's funds; and
- targeted investment in equities which are non-qualifying investments on an opportunistic basis to boost the performance of the Company.
- to maintain the Company's exposure to small companies through an initial investment of new capital into the Marlborough Special Situations Fund pending investment into Qualifying Companies (subject to a maximum of 20% of the gross assets of the Company).

### **Asset Allocation**

Hargreave Hale AIM VCT 1 will have a range of investments in three distinct asset classes:

- Equity investments in Qualifying Companies, referred to as "**Qualifying Investments**". Qualifying Investment will:
  - comprise qualifying holdings for a VCT as defined in Chapter 4 Part 6 of the Income Tax Act 2007;
  - primarily be made in AIM companies, but the Company's investment manager ("**Investment Manager**") will also consider PLUS-quoted companies and private companies that meet the investment criteria summarised below.
  - vary in size from £50,000 to £1 million.
- Sovereign debt, quasi-sovereign debt, bonds and other fixed income securities.
- Bank deposits that are readily realisable.
- Non-Qualifying equity exposure to UK and international equities through targeted investments made on an opportunistic basis to boost the performance of the company or through an investment into the Marlborough Special Situations Fund.

### **Investment Strategy**

#### *Qualifying Investments*

The Investment Manager will maintain the Company's diversified and fully invested portfolio of Qualifying Investments, primarily in small UK companies with a quotation on AIM. The primary purpose of the investment strategy is to ensure Hargreave Hale AIM VCT 1 maintains its status as a VCT. To achieve this,

the Company must have 70% of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued.

Although VCTs are required to invest and maintain a minimum of 70% of their funds invested in Qualifying Investments as measured by the VCT rules, it is likely that the Investment Manager will target a higher threshold of approximately 80% in order to provide some element of protection against an inadvertent breach of the VCT rules. The Company's maximum exposure to a single Qualifying Investment is limited to 15% of net assets.

The Investment Manager has expanded the key selection criteria used in deciding which Qualifying Investments to make. The criteria will include, inter alia:

- the strength and credibility of the management team;
- the business plan;
- the risk/reward profile of the investment opportunity;
- the quality of the finance function and budgetary process;
- the strength of the balance sheet relative to anticipated cash flow from operations; and
- the existing balance of investments within the portfolio of Qualifying Investments.

The Investment Manager will follow a stock specific, rather than sector specific, investment approach and is more likely to provide expansionary capital than seed capital.

The Investment Manager will primarily focus on investments in companies with a quotation on AIM or plans to trade on AIM. The Investment Manager prefers to participate in secondary issues of companies that are quoted on AIM as such companies have an established track record that can be more readily assessed and greater disclosure of financial performance. Secondary issues are often priced at an attractive discount to the market price.

#### *Non-Qualifying Investments.*

Hargreave Hale AIM VCT 1 will have non-qualifying equity exposure to UK and international equities through targeted investments made on an opportunistic basis to boost the performance of the Company. This will vary in accordance with the Investment Manager's view of the equity markets and may fluctuate between nil and 30% of the net assets of the Company. The Investment Manager will also invest in Gilts, other fixed income securities and cash. The Investment Manager will invest up to 75% of the net proceeds of any issue of new shares into the Marlborough Special Situations Fund subject to a maximum of 20% of the gross assets of the Company. This will enable the Company to maintain its exposure to small companies indirectly, whilst the Investment Manager identifies opportunities to invest directly into small UK companies through a suitable number of Qualifying Investments.

The allocation between asset classes in the non-qualifying portfolio will vary depending upon opportunities that arise with a maximum exposure of 100% of the non-qualifying portfolio to any individual asset class.

#### **Borrowings**

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a maximum amount up to 15% of the "Adjusted Capital and Reserves" amount (as such term is defined in the Articles of Association of each of the Companies), which is effectively the aggregate of the nominal capital of the Company issued and paid up and the amount standing to the credit of the consolidated

reserves of the Company, less specified adjustments, exclusions and deductions. There are no plans to utilise this ability at the current time.

**Please see the Appendix at page 15 of this Circular which is a comparison between the existing investment policy of Hargreave Hale AIM VCT 1 and the proposed new investment policy of Hargreave Hale AIM VCT 1. In the Appendix, text which appears struck-through is proposed to be removed from the investment policy, and text which appears underlined and in italics is proposed to be added to the investment policy.**

## DEFINITIONS

|   |   |
|---|---|
| <b>"Articles"</b>                               | the articles of association of each Company, as amended from time to time   |
| <b>"Board" or "Directors"</b>                   | (i) with respect to Hargreave Hale AIM VCT 1: Sir Aubrey Brocklebank Bt, David Brock, and Giles Hargreave and<br>(ii) with respect to Hargreave Hale AIM VCT 2: David Hurst-Brown, Philip Cammerman and Giles Hargreave           |
| <b>"Circular"</b>                               | this document   |
| <b>"Companies"</b>                              | Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2, and "Company" means either one of them as the context requires   |
| <b>"CREST"</b>                                  | the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)   |
| <b>"Euroclear"</b>                              | Euroclear UK and Ireland Limited  |
| <b>"General Meetings"</b>                       | the general meetings of the Companies to be held on 29 November 2012 (or any adjournment thereof), and a "General Meeting" means either of the general meetings as the context requires   |
| <b>"Hargreave Hale" or "Investment Manager"</b> | Hargreave Hale Limited, which is authorised and regulated by the FSA  |
| <b>"Hargreave Hale AIM VCT 1"</b>               | Hargreave Hale AIM VCT 1 plc  |
| <b>"Hargreave Hale AIM VCT 2"</b>               | Hargreave Hale AIM VCT 2 plc  |
| <b>"Listing Rules"</b>                          | the listing rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000   |
| <b>"Net Asset Value" or "NAV"</b>               | the value of each Company's assets, less its liabilities (divided by the appropriate number of shares in issue when referred to on a per-share basis)   |
| <b>"Notice of General Meetings"</b>             | the notice of the General Meetings set out on pages 18 to 24 of this document   |
| <b>"Ordinary Shares"</b>                        | ordinary shares of 1p each in the capital of the relevant Company   |
| <b>"Ordinary Shareholder"</b>                   | a holder of Ordinary Shares in the relevant Company   |
| <b>"Offers"</b>                                 | the offers for subscription for Ordinary Shares in the Companies as set out in the Prospectus, and an "Offer" means either the offer for subscription by Hargreave Hale AIM VCT 1 or the offer for subscription by Hargreave Hale |

|  |   |
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|  | AIM VCT 2, as the context requires  |
| <b>"Proposals"</b>                                     | <p>the recommended proposals relating to:</p> <ul style="list-style-type: none"> <li>(i) offers for subscription of up to £10,000,000 of Ordinary Shares of 1p each in Hargreave Hale AIM VCT 1 and of up to £10,000,000 of Ordinary Shares of 1p each in Hargreave Hale AIM VCT 2</li> <li>(ii) amendment to the investment policy of Hargreave Hale AIM VCT 1</li> <li>(iii) the extension of the life of the Companies to 2019</li> <li>(iv) adoption of new Articles of Association of Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2</li> </ul> |
| <b>"Prospectus"</b>                                    | the prospectus dated the date of this document relating to the Offers   |
| <b>"Qualifying Investment" or "Qualifying Company"</b> | an investment made by a venture capital trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA   |
| <b>"Regulations"</b>                                   | the Uncertificated Securities Regulations 2001 (SI 2001/3755)   |
| <b>"Resolutions"</b>                                   | the resolutions set out in the Notice of General Meetings for each of the Companies   |
| <b>"Shares"</b>  | shares in the capital of the Companies  |
| <b>"Shareholders"</b>                                  | holders of Ordinary Shares in the capital of the Companies  |
| <b>"Total Expense Ratio"</b>                           | the total costs of managing and operating each Company divided by its NAV (excluding VAT where applicable)  |
| <b>"VCT"</b>   | a venture capital trust as defined in section 259 of the Income Tax Act 2007  |

## APPENDIX

### PROPOSED NEW INVESTMENT POLICY COMPARED AGAINST EXISTING INVESTMENT POLICY FOR HARGREAVE HALE AIM VCT 1

#### Investment Objectives

The Company's investment objectives are:

- to invest in a diversified portfolio of small UK based companies on a high risk, medium term capital growth basis, primarily being companies which are traded on AIM and which have the opportunity for significant value appreciation;
- to invest in smaller companies which may not be readily accessible to private individuals and which also tend to be more risky;
- to maximise distributions to shareholders from capital gains and income generated from the Company's funds; and
- ~~(Ordinary Share Fund\* only)~~ targeted investment in equities which are non-qualifying investments on an opportunistic basis to boost the performance of the ~~Ordinary Shares Company~~.
- to maintain the Company's exposure to small companies through an initial investment of new capital into the Marlborough Special Situations Fund pending investment into Qualifying Companies (subject to a maximum of 20% of the gross assets of the Company).
- ~~(C Share Fund\*\* only) to preserve shareholder value through selective investment of surplus funds, namely funds that are not invested in Qualifying Investments in a non-VCT qualifying portfolio of fixed income securities and cash.~~

~~\* being the net assets of the Company attributable to the Ordinary Shares.~~

~~\*\* being the net assets of the Company attributed to C Shares.~~

#### Asset Allocation

Hargreave Hale AIM VCT 1 will have a range of investments in three distinct asset classes:

- Equity investments in Qualifying Companies, referred to as "**Qualifying Investments**". Qualifying Investment will:
  - comprise qualifying holdings for a VCT as defined in Chapter 4 Part 6 of the Income Tax Act 2007;
  - primarily be made in AIM companies, but the Company's investment manager ("**Investment Manager**") will also consider PLUS-quoted companies and private companies that meet the investment criteria summarised below.
  - vary in size from £50,000 to £1 million.
- Sovereign debt, quasi-sovereign debt, bonds and other fixed income securities.
- Bank deposits that are readily realisable.

- ~~Hargreave Hale AIM VCT 1 Ordinary Share Fund will have additional non-qualifying~~ Non-Qualifying equity exposure to UK and international equities through targeted investments made on an opportunistic basis to boost the performance of the company or through an investment into the Marlborough Special Situations Fund.

## Investment Strategy

### Qualifying Investments.

The Investment Manager will maintain the ~~Ordinary Share Fund's~~ Company's diversified and fully invested portfolio of Qualifying Investments, primarily in small UK companies with a quotation on AIM. The primary purpose of the investment strategy is to ensure Hargreave Hale AIM VCT 1 maintains its status as a VCT. To achieve this, the Company must have 70% of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued.

~~The C Share Fund will start with a completely clean structure with no equity exposure, qualifying or non-qualifying. The Investment Manager will gradually build a diversified portfolio of Qualifying Investments within the C Share Fund over a 2 to 3 year period following the receipt of the proceeds of this Offer.~~

Although VCTs are required to invest and maintain a minimum of 70% of their funds invested in Qualifying Investments as measured by the VCT rules, it is likely that the Investment Manager will target a higher threshold of approximately 80% in order to provide some element of protection against an inadvertent breach of the VCT rules. The Company's maximum exposure to a single Qualifying Investment is limited to 15% of net assets.

The Investment Manager has expanded the key selection criteria used in deciding which Qualifying Investments to make. The criteria will include, inter alia:

- the strength and credibility of the management team;
- the business plan;
- the risk/reward profile of the investment opportunity;
- the quality of the finance function and budgetary process;
- the strength of the balance sheet relative to anticipated cash flow from operations; and
- the existing balance of investments within the portfolio of Qualifying Investments. ~~The Investment Manager will follow a stock specific, rather than sector specific, investment approach and is more likely to provide expansionary capital than seed capital.~~

The Investment Manager will follow a stock specific, rather than sector specific, investment approach and is more likely to provide expansionary capital than seed capital.

The Investment Manager will primarily focus on investments in companies with a quotation on AIM or plans to trade on AIM. The Investment Manager prefers to participate in secondary issues of companies that ~~have previously quoted~~ are on AIM as such companies have an established track record that can be more readily assessed and greater disclosure of financial performance. Secondary issues are often priced at an attractive discount to the market price.



## Non-Qualifying Investments.

~~The two share classes will have different investment strategies applied to their portfolio of Non-VCT Qualifying Investments to reflect their different investment objectives:~~

~~Ordinary Share Fund.~~ Hargreave Hale AIM VCT 1 ~~Ordinary Share Fund~~ will have additional non-qualifying equity exposure to UK and international equities through targeted investments made on an opportunistic basis to boost the performance of the Company. This will vary in accordance with the Investment Manager's view of the equity markets and may fluctuate between nil and 30% of the net assets of the Company. The Investment Manager will also invest in Gilts, other fixed income securities and cash. The Investment Manager will invest up to 75% of the net proceeds of any issue of new shares into the Marlborough Special Situations Fund subject to a maximum of 20% of the gross assets of the Company. This will enable the Company to maintain its exposure to small companies indirectly, whilst the Investment Manager identifies opportunities to invest directly into small UK companies through a suitable number of Qualifying Investments.

- ~~• C Share Fund. The Investment Manager will only invest in Gilts, other fixed income securities and cash. Outside the portfolio of Qualifying Investments, the Investment Managers' primary focus will be the preservation of capital rather than capital appreciation.~~

The allocation between asset classes in the non-qualifying portfolio will vary depending upon opportunities that arise with a maximum exposure of 100% of the non-qualifying portfolio to any individual asset class.

## Borrowings

It is not the ~~Companies'~~ Company's intention to have any borrowings. The ~~Companies do~~ Company does, however, have the ability to borrow a maximum amount up to 15% of the "Adjusted Capital and Reserves" amount (as such term is defined in the Articles of Association of each of the Companies), which is effectively the aggregate of the nominal capital of the ~~Companies~~ Company issued and paid up and the amount standing to the credit of the consolidated reserves of the ~~Companies~~ Company, less specified adjustments, exclusions and deductions. There are no plans to utilise this ability at the current time.

## HARGREAVE HALE AIM VCT 1 PLC

### NOTICE OF THE GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Hargreave Hale AIM VCT 1 plc (the "**Company**") will be held at the offices of the Company, at Accurist House, 44 Baker Street, London, W1U 7AL at 11.00 a.m. on 29 November 2012 to consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions as to resolutions (1) and (2) and as special resolutions as to resolutions (3) and (4):

#### *Ordinary Resolutions*

- (1) THAT, (subject to resolution (3) being passed), and in substitution for existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal value of £100,000 during the period commencing on the passing of this resolution and expiring on the first anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted after such expiry.

Provided however that the power conferred by this resolution shall be limited to the allotment of equity securities in connection with the offers for subscription of up to £10,000,000 of ordinary shares of 1 pence each in the capital of the Company (the "Ordinary Shares") pursuant to a prospectus issued by the Company and Hargreave Hale AIM VCT 2 plc on or around 5 November 2012 (the "Offer") and subject only to such arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body in any territory.

The power and authority conferred by this resolution shall be in substitution for all previous authorities.

- (2) THAT the proposed amendments to the investment policy of the Company as set out on pages 7 to 12 of the Circular dated 5 November 2012 (produced to the meeting, and for the purpose of identification signed by the chairman, the "Circular") be and hereby are approved.

#### *Special Resolutions*

- (3) THAT, in substitution for existing authorities, the Directors be and are hereby empowered in accordance with section 570(1) of the Act during the period commencing on the passing of this resolution and expiring on the first anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the general authority conferred upon the Directors in resolution (1) above as if section 561 of the Act did not apply to any such allotment provided that this power shall expire on the first anniversary of the resolution but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.
- (4) THAT, (subject to resolution (1) being passed), the draft regulations contained in the document marked "A" produced to the meeting, and for the purpose of identification signed by the chairman, be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

By order of the Board

Stuart Brookes

Secretary

Registered Office:

Accurist House  
44 Baker Street  
London  
W1U 7AL

Information regarding the General Meeting, including the information required by section 311A of the Act, is available from <http://vmv.hargreave-hale.co.uk/fund-nnanagementiventure-capital-trusts>

5 November 2012

## Notes

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6.00 p.m. on 27 November 2012 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint his or her own choice of proxy (not the chairman) and give his or her instructions directly to them. Under section 319A of the CA 2006, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
  - answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
3. A form of proxy is attached to this document. To be valid, a form of proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not less than 48 hours before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the form of proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 29 November 2012 and any adjournment(s) thereof by using the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST

sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00 a.m. on 27 November 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. As at 2 November 2012 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 25,001,623 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 2 November 2012 was 25,001,623.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the CA 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by members of the Company.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Except as provided above, members who have general queries about the General Meeting should call Equiniti Limited on 0871 384 2957 or for overseas callers on +44 121 415 0212 (no other methods of communication will be accepted): Calls to this number are charged at 8p per minute from a BT landline. Other telephony provider costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.
10. Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and form of proxy), to communicate with the Company for any purposes other than those expressly stated.

11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
12. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website <http://www.hargreave-hale.co.uk/fund-management/venture-capital-trusts/hargreave-hale-aim-vct-1/>

## HARGREAVE HALE AIM VCT 2 PLC

### NOTICE OF THE GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Hargreave Hale AIM VCT 1 plc (the "**Company**") will be held at the offices of the Company, at Accurist House, 44 Baker Street, London, W1U 7AL at 12.00 p.m. on 29 November 2012 to consider and, if thought fit, pass the following resolutions which will be proposed as an ordinary resolution as to resolution (1) and as a special resolution as to resolutions (2) and (3):

#### *Ordinary Resolutions*

- (1) THAT, (subject to resolution (3) being passed), and in substitution for existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal value of £100,000 during the period commencing on the passing of this resolution and expiring on the first anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted after such expiry.

Provided however that the power conferred by this resolution shall be limited to the allotment of equity securities in connection with the offers for subscription of up to £10,000,000 of ordinary shares of 1 pence each in the capital of the Company (the "Ordinary Shares") pursuant to a prospectus issued by the Company and Hargreave Hale AIM VCT 2 plc on or around 5 November 2012 (the "Offers") and subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body in any territory.

The power and authority conferred by this resolution shall be in substitution for all previous authorities.

#### *Special Resolutions*

- (2) THAT, in substitution for existing authorities, the Directors be and are hereby empowered in accordance with section 570(1) of the Act during the period commencing on the passing of this resolution and expiring on the first anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the general authority conferred upon the Directors in resolution (1) above as if section 561 of the Act did not apply to any such allotment provided that this power shall expire on the first anniversary of the resolution but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.
- (3) THAT, (subject to resolution (1) being passed), the draft regulations contained in the document marked "A" produced to the meeting, and for the purpose of identification signed by the chairman, be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

By order of the Board

Stuart Brookes

Secretary

Registered Office:

Accurist House  
44 Baker Street  
London  
W1U 7AL

Information regarding the General Meeting, including the information required by section 311A of the Act, is available from <http://www.hargreave-hale.co.uk/fund-management/venture-capital-trusts>

5 November 2012

**Notes**

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6:00 p.m. on 27 November 2012 (or, in the event of any adjournment, 6:00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint his or her own choice of proxy (not the chairman) and give his or her instructions directly to them. Under section 319A of the CA 2006, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
  - answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
3. A form of proxy is attached to this document. To be valid, a form of proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not less than 48 hours before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the form of proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 29 November 2012 and any adjournment(s) thereof by using the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such

instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 12.00 p.m. on 27 November 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. As at 2 November 2012 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 7,802,709, carrying one vote each. Therefore, the total voting rights in the Company as at 2 November 2012 was 7,802,709.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the CA 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by members of the Company.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Except as provided above, members who have general queries about the General Meeting should call Equiniti Limited on 0871 384 2957 or for overseas callers on +44 121 415 0212 (no other methods of communication will be accepted): Calls to this number are charged at 8p per minute from a BT landline. Other telephony provider costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.
10. Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and form of proxy), to communicate with the Company for any purposes other than those expressly stated.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.



12. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website <http://www.hargreave-hale.co.uk/fund-management/venture-capital-trusts/hargreave-hale-aim-vct-2/>.

## FORM OF PROXY

### HARGREAVE HALE AIM VCT 1 PLC

For use at the GENERAL MEETING (Block capitals please)

I/We .....

of .....

being a shareholder(s) of the above-name Company, appoint the chairman of the meeting or

.....

for the following number of ordinary shares :

to act as my/our proxy to vote for me/us and on my/our behalf in respect of my/our voting entitlement \* at the General Meeting of the Company to be held at 11.00 a.m. on 29 November 2012 and at every adjournment thereof.

Please indicate with an 'X' if this is one of multiple proxy

Instructions being made,

Please refer to **Note 2**.

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Please indicate with an X in the space below how you wish your vote to be cast If no Indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows

| Ordinary Business   | For | Against | Withheld |
|---|-----|---------|----------|
| Resolution 1: To authorise the directors to allot ordinary shares pursuant to Section 551 of the Companies Act 2006   |     |         |          |
| Resolution 2: To approve the amendments to the Company's investment policy  |     |         |          |
| Special Business  | For | Against | Withheld |
| Resolution 3: To authorise the Directors pursuant to Section 570 of the Companies Act 2006 to allot equity securities for cash without regard to pre-emption rights |     |         |          |
| Resolution 4: To adopt the new articles of association  |     |         |          |

The "Vote Withheld" option is to enable you to abstain on any of the specified resolutions.

Please note that a Vote Withheld has no legal effect and will not be counted in the votes "For" and "Against" a resolution

Signature .....Dated .....2012

#### Notes

1. If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Equiniti. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
3. Any alterations to the form should be initialled.
4. If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
6. To be valid, this form of proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the form of proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made.
- CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Equiniti, ID RA 19, no later than 11.00 a.m. on 27 November 2012. Please see the notes to the notice of meeting for further Information on proxy appointments through the CREST facility.
7. The completion of this form will not preclude you from attending the meeting and voting in person.
8. You may not use any electronic address provided in this form of proxy to communicate with the Company for any purpose other than those expressly stated.

## FORM OF PROXY

### HARGREAVE HALE AIM VCT 2 PLC

For use at the GENERAL MEETING (Block capitals please)

I/We .....

of .....

being a shareholder(s) of the above-name Company, appoint the chairman of the meeting or

.....

for the following number of ordinary shares :

to act as my/our proxy to vote for me/us and on my/our behalf in respect of my/our voting entitlement \* at the General Meeting of the Company to be held at 12.00 p.m. on 29 November 2012 and at every adjournment thereof.

Please indicate with an 'X' if this is one of multiple proxy

Instructions being made,

Please refer to **Note 2**.

|  |
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Please indicate with an X in the space below how you wish your vote to be cast If no Indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows

| Ordinary Business  | For | Against | Withheld |
|--|-----|---------|----------|
| Resolution 1: To authorise the directors to allot ordinary shares pursuant to Section 551 of the Companies Act 2006  |     |         |          |
| Special Business   | For | Against | Withheld |
| Resolution 2: To authorise the Directors pursuant to Section 570 of the Companies Act 2006 to allot equity securities for cash without regard to pre-emption rights. |     |         |          |
| Resolution 3: To adopt the new articles of association.  |     |         |          |

The "Vote Withheld" option is to enable you to abstain on any of the specified resolutions.

Please note that a Vote Withheld has no legal effect and will not be counted in the votes "For" and "Against" a resolution

Signature .....Dated .....2012

#### Notes

1. If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Equiniti. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
3. Any alterations to the form should be initialled.
4. If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
6. To be valid, this form of proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the form of proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made.
7. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Equiniti, ID RA 19, no later than 12.00 p.m. on 27 November 2012. Please see the notes to the notice of meeting for further information on proxy appointments through the CREST facility.
8. The completion of this form will not preclude you from attending the meeting and voting in person.
8. You may not use any electronic address provided in this form of proxy to communicate with the Company for any purpose other than those expressly stated.