

HARGREAVE HALE AIM VCT 1 PLC

HARGREAVE HALE AIM VCT 2 PLC

REGISTRATION DOCUMENT

OFFERS FOR SUBSCRIPTION IN THE 2015/16 AND 2016/17 TAX YEARS

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000, as amended ("FSMA").

If you have sold or otherwise transferred all of your shares in Hargreave Hale AIM VCT 1 plc or Hargreave Hale AIM VCT 2 plc (the "Companies"), please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

This document, which constitutes a registration document (the "Registration Document") relating to the Companies, has been prepared in accordance with the Prospectus Rules made by the Financial Conduct Authority pursuant to Part VI of FSMA. Additional information relating to the Companies is contained in a securities note issued by the companies (the "Securities Note"). This Registration Document, the Securities Note and a summary (the "Summary") have been approved by the Financial Conduct Authority (the "FCA") in accordance with FSMA and constitute a prospectus ("Prospectus") issued by the Companies dated 1 December 2015. The Prospectus has been filed with the FCA in accordance with the Prospectus Rules and you are advised to read the Prospectus in full.

Each of the directors of each Company, whose names are set out on page 6 of this document and the Companies, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Companies (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 omission likely to affect the import of such information.

Howard Kennedy Corporate Services LLP (the "Sponsor"), which is authorised and regulated by the Financial Conduct Authority, is acting as sponsor for the Companies in connection with the Offers and is not advising any other person or treating any other person as a customer in relation to the Offers and will not be responsible to any such person for providing the protections afforded to customers of the Sponsor (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established there under) or for providing advice in connection with the Offers. The Sponsor does not give any representation, warranty or guarantee that the Companies will qualify as Venture Capital Trusts or that investors will obtain any tax relief in respect of their investment.

The whole of this document should be read. In particular, your attention is drawn to the risk factors on pages 4 to 5 of this document.

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)

Prospectus Relating to the Offers for Subscription

of Ordinary Shares of 1 pence each in Hargreave Hale AIM VCT 1 to raise up to £15,000,000*
and

Ordinary Shares of 1 pence each in Hargreave Hale AIM VCT 2 to raise up to £10,000,000*

* If the Offers are oversubscribed, the maximum subscription may be increased at the discretion of the Board in accordance with the Over-allotment Facility.

The existing Shares issued by each Company are listed on the premium segment of the Official List of the UK Listing Authority (UKLA) and traded on the London Stock Exchange's main market for listed securities. Application has also been made to the UKLA and the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Offers to be admitted to the premium segment of the Official List of the UKLA and to trading on the London Stock Exchange's market for listed securities. It is expected that such admission will become effective and that dealings in the New Ordinary Shares will commence within 10 business days of their allotment. The New Ordinary Shares will rank *pari passu* with the existing issued Shares from the date of issue.

The subscription list for those Ordinary Shares which are being offered to the public under the Offers will open on 1 December 2015 and may be closed at any time thereafter but, in any event, not later than 12.00 p.m. on 5 April 2016 for the 2015/16 tax year and 12.00 p.m. on 16 November 2016 for the 2016/17 tax year, unless closed prior to that date. All subscription monies will be payable in full in cash on application.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. Accordingly, no person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him to subscribe for or purchase New Ordinary Shares unless, in such territory, such offer or invitation could lawfully be made.

CONTENTS

	Page
Risk Factors	4
Directors, Investment Manager and Advisers	6
PART I	8
A. The Directors	8
B. The Companies' Investment Manager: Hargreave Hale Limited	10
C. Investment Policies of both Companies	11
D. Management of Investment Policy	12
E. Dividend History and Policy	14
F. Risk Management	15
G. Investments of Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2	16
H. Life of the Companies and Annual Accounts	24
I. VCT Status and monitoring	24
PART II	25
Financial Information on the Companies	25
PART III	29
Taxation and Conditions to be met by Venture Capital Trusts	29
PART IV	32
Additional Information	32
PART V	57
Definitions	57

RISK FACTORS

The following are those risk factors which are material to each Company and of which each Company's Directors are aware. Material risk factors relating to the Shares are set out in the Securities Note. If any of the risks described below were to occur, it could have a material effect on each of the Companies' businesses, financial condition or results of operations. Additional risks and uncertainties not presently known to the Directors or that the Directors currently deem immaterial, may also have an effect on their respective Company's business financial condition or results of operations.

- Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 will invest principally in small companies with gross assets of less than £15 million prior to investment. This may limit the number of investment opportunities available to the Companies. Small companies generally have a higher risk profile than larger 'blue chip' companies on account of various factors such as greater reliance on fewer larger customers, less financial resilience, weak or negative cash flow from operations, less management resource, controlling shareholders and volatile share prices. They may not produce the anticipated returns.
- Past performance of the Companies and their investments is no indication of their future performance. The return received by Investors will be dependent on the performance of the underlying investments of the Companies. The value of such investments, and interest income and dividends there from, may rise or fall.
- Investments may be made in companies whose shares are not readily marketable and, therefore, may be difficult to realise. ISDX (formally PLUS) markets are not regulated by either the UKLA or the London Stock Exchange. The fact that a share is quoted on ISDX, or on AIM, does not guarantee its liquidity, and an investment in such shares (in particular on ISDX) may be difficult to realise. There may also be constraints imposed on the realisation of investments to maintain the VCT tax status of the Companies.
- The Investment Manager's ability to obtain maximum value from the investments (for example, through sale) may be limited by the requirements imposed in order to maintain the VCT qualification status of the Companies.
- Whilst it is the intention of the Directors that the Companies will be managed so as to continue to qualify as a VCT, there can be no guarantee that the status will be maintained. A failure to maintain the qualifying status could result in the Companies losing the tax reliefs previously obtained, resulting in adverse tax consequences for Investors. Possible adverse consequences include: a requirement to repay the 30% income tax relief for those who have not held their shares for five years; loss of income tax relief on dividends paid (or subsequently payable) by the Companies; loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Companies; a liability to capital gains tax on the disposal of New Ordinary Shares; and the potential cancellation of the shares from the London Stock Exchange's Official List, which would require shareholder approval.
- Changes in legislation concerning VCTs in general, and Qualifying Investments and qualifying trades in particular, may restrict or adversely affect the ability of the Companies to meet their objectives and/or reduce the level of returns which would otherwise have been achievable. The levels and basis of, and relief from, taxation are those available for the 2015/16 tax year and are subject to change. Such changes could be retrospective. Those shown in this document are based upon current legislation, practice and interpretation. The tax reliefs for future tax years are subject to change and Investors should seek their own tax advice appropriate to their individual circumstances.
- There is a restriction on income tax relief available on a subscription for shares in a VCT on or after 6 April 2014, where, the subscription and sale are within six months of each other (regardless of whichever happens first) or either the subscription or sale of the shares was conditional on the other. The rules can also apply to subscriptions or sales in a successor or predecessor VCT following a merger. The amount on which income tax relief is available is reduced by the amount of the consideration given for the sale.
- A VCT cannot return share capital to an investor that does not represent profits made on investments. The restriction applies until the third anniversary of the end of the accounting

period in which investment funds are raised. If the VCT infringes the restriction, it will have its approved status withdrawn. The restriction does not apply to funds raised on or before 5 April 2014 and does not limit the VCT's ability to pay dividends from realised profits; nor does it apply to funds used to redeem or repurchase shares or to assets distributed in the course of a winding up.

- The conditions determining whether an investment of the Companies is a Qualifying Investment under the VCT rules may change and such changes could limit the types of investments available to the Companies.
- The maximum amount that can be invested in an individual company is £5 million per year, and £12 million in total (£20 million for a 'knowledge intensive' company). These investment limits extend beyond VCTs and include all other sources of State-aided risk capital. A breach of these limits may lead to HMRC withdrawing the Companies' status as a VCT with potentially adverse tax consequences, including the claw back of the 30% income tax relief from those investors who have not held their shares for five years.
- In April 2013, the FCA published a policy statement on payments to platform service providers and cash rebates from providers to consumers (PS 13/1). These rules came into force on 6 April 2014. The FCA has raised the possibility of applying similar restrictions on payments to non-platform service providers but has not published any firm proposals on this to date. If the FCA were to introduce rules restricting payments to non-platform firms, this could have an impact on the demand for shares in the Companies.
- It is possible for Investors to lose their tax reliefs by themselves taking or not taking certain steps, and Investors are advised to take their own independent financial advice on the tax aspects of their investment.
- Recent changes to the VCT legislation introduce a maximum age limit for companies receiving VCT investments (generally 7 years from first commercial sale), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12m, or £20m for Knowledge Intensive Companies). The investment must be made for the purpose of growth and development, and a company cannot use the funds it receives from the VCT to purchase shares, or an existing business or trade.
- In accordance with the Companies' articles of association the Directors of each of the Companies are obliged to put an ordinary resolution to the annual general meetings of each Company in 2021 and, if passed, to every fifth subsequent annual general meeting, proposing that the Company should continue as a Venture Capital Trust for a further five year period. If any such resolution is not passed, the Directors of the relevant Company shall draw up proposals for the reorganisation, reconstruction or voluntary winding up of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Directors on a date not more than 9 months after such annual general meeting. Possible adverse consequences of such a resolution not being passed include a requirement to repay the 30% income tax relief for those who have not held their shares for five years.
- Where the European Commission believe that State Aid has been provided which is not in accordance with the Risk Finance Guidelines, they may require that the UK government recovers that State Aid. There is currently no mechanism in place for this, but recovery may be from the investee company, the VCT or the VCT's investors.

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors

Hargreave Hale AIM VCT 1

Sir Aubrey Thomas Brocklebank Bt.
David Michael Brock
Giles St George Hargreave

Hargreave Hale AIM VCT 2

David Alan Hurst-Brown
Philip Simon Cammerman
Giles St George Hargreave

in all cases of:

Accurist House
44 Baker Street
London
W1U 7AL

Registered Office

Accurist House
44 Baker Street
London
W1U 7AL

Investment Manager

Hargreave Hale Limited
9-11 Neptune Court
Hallam Way
Blackpool
FY4 5LZ

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Marketing Adviser and Receiving Agents in Relation to the Offers

Hargreave Hale Limited
9-11 Neptune Court
Hallam Way
Blackpool
FY4 5LZ

Secretary

Stuart Brookes
9-11 Neptune Court
Hallam Way
Blackpool
FY4 5LZ

Sponsor to the Offers

Howard Kennedy Corporate Services LLP
Number 1 London Bridge
London
SE1 9BG

Principal Bankers

The Royal Bank of Scotland plc
5th Floor
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Custodians

Hargreave Hale Limited
9-11 Neptune Court
Hallam Way
Blackpool
FY4 5LZ

VCT Taxation Advisers

Philip Hare & Associates LLP
4 – 6 Staple Inn
High Holborn
London WC1V 7QH

Solicitors to the Offers

Howard Kennedy LLP
Number 1 London Bridge
London
SE1 9BG

Brokers to the Companies

Nplus 1 Singer Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Promoter

Portunus Investment Solutions
54 Broadwick Street
London
W1F 7AH

PART I

A. THE DIRECTORS

The Boards of each Company comprise three Directors, two of whom are independent of the Investment Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Companies and ensuring high levels of corporate governance. Both Boards have a wide range of investment experience and are actively engaged in the management of VCTs. Whilst the Investment Manager operates under a discretionary fund management mandate, it will, where possible, disseminate an investment report for a proposed Qualifying Investment to the Boards for consideration before making an investment. The Investment Manager will not commit to an investment into a private company with no firm intention to float without the prior approval of the Boards.

HARGREAVE HALE AIM VCT 1

Sir Aubrey Brocklebank Bt.

Following a career in corporate finance and venture capital, Aubrey assumed his first role within the VCT industry in 1997. Since then he has gone on to become one of the most experienced directors. Aubrey maintains a wide range of business interests and has been a director of six AIM listed companies. He is a non-executive director of Puma VCT 8 plc and senior independent director of Downing Planned Exit VCT 4 plc.

David Brock

An experienced retailer and former main board director of MFI Furniture Group plc, David joined the Board of Hargreave Hale AIM VCT 1 plc in September 2010. David is chairman of Kitwave, Episys Group Limited and Elderstreet VCT plc and a non-executive director of Puma VCT 8 plc.

Giles Hargreave

Giles Hargreave is the chairman of Hargreave Hale and the manager of the award winning Marlborough Special Situations Fund, which has returned more than 2,000.0% since he assumed responsibility for the fund in 1998. He also co-manages the Marlborough UK Micro Cap Growth Fund, the Marlborough UK Nano-Cap Growth Fund, the Marlborough Multi Cap Income Fund and both VCTs.

HARGREAVE HALE AIM VCT 2

David Hurst-Brown

David worked for over 25 years in the City. Much of this time was spent within the corporate finance division of UBS Warburg, where he established a small companies business unit. David has chaired the Board of Hargreave Hale AIM VCT 2 plc since incorporation in 2006. He is also non-executive chairman of Foresight Solar VCT Plc.

Giles Hargreave

Giles Hargreave is the chairman of Hargreave Hale and the manager of the award winning Marlborough Special Situations Fund, which has returned more than 2,000.0% since he assumed responsibility for the fund in 1998. He also co-manages the Marlborough UK Micro Cap Growth Fund, the Marlborough UK Nano-Cap Growth Fund, the Marlborough Multi Cap Income Fund and both VCTs.

Philip Cammerman

Philip has held management roles in engineering and high-tech industries and, more recently, fund management at YFM Group. In addition to his directorship of Hargreave Hale AIM VCT 2 plc, Philip is a non-executive director of Pressure Technologies plc, British Smaller Companies VCT plc, Howmac Ltd and FCFM Group Limited.

B. THE COMPANIES' INVESTMENT MANAGER: HARGREAVE HALE LIMITED

The Companies' investment manager is Hargreave Hale Limited, a fund manager with approximately £5.1 billion under management as at 31 October 2015 (source: Hargreave Hale). Hargreave Hale has been managing investments in UK Small and Micro Cap companies for 17 years and VCTs for 11 years. It has a long established reputation that stems from its management of the Marlborough Special Situations Fund and the Marlborough UK Micro Cap Growth Fund, and more recently the VCTs. It has won numerous awards for its management of small cap funds, most recently the 2012 Quoted Company 'Investor of the Year' Award. In accordance with the investment policy, both Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 have made investments in the Marlborough Special Situations Fund, which has returned more than 2,000.0% since Giles Hargreave took responsibility for it in July 1998.

The investments of the Companies are co-managed by Giles Hargreave and Oliver Bedford, with support from the rest of the firm's investment team together comprising a total investment team of 14, who manage approximately £3.2 billion, of which approximately £2.4 billion is invested in small companies, many of which are quoted on AIM. The breadth of the investment team, the scale of investment in small companies and the Investment Manager's track record help attract deal flow.

Management Agreements

Hargreave Hale Limited provides discretionary investment management and advisory services to both Companies in respect of their portfolio of Qualifying Investments and Non-Qualifying Investments.

For Hargreave Hale AIM VCT 1, the Investment Manager receives investment management fees equal to 1.5% per annum of the Net Asset Value of the relevant Company and a Performance Incentive Fee.

For Hargreave Hale AIM VCT 2, the Investment Manager receives investment management fees equal to 1.5% per annum of the Net Asset Value of the Company and a Performance Incentive Fee.

The appointment may be terminated on 12 calendar months' notice by either party.

In line with normal VCT practice, a performance related incentive fee will be payable subject to certain criteria. This will be payable at the rate of 20% of any dividends paid to Ordinary Shareholders in excess of 6p per Ordinary Share per annum, provided that the Net Asset Value per Ordinary Share is at least 95p, with any cumulative shortfalls below 6p per Ordinary Share having to be made up in subsequent years.

Charging Expenses to Capital

A maximum of 75% of the Investment Manager's annual fee (plus irrecoverable VAT, but excluding any incentive fee) will be chargeable against capital reserves, with the remainder of the Investment Manager's annual fee being chargeable against revenue.

Custody Arrangements

Hargreave Hale Limited (a company incorporated with limited liability in England under the Act with registered number 03146580 having its registered office at 9-11 Neptune Court, Hallam Way, Blackpool FY4 5LZ and telephone number +44 (0) 1253 754700) acts as custodian to the Companies and, in that capacity, is responsible for ensuring safe custody and dealing with settlement arrangements. Hargreave Hale Limited is authorised and regulated by the FCA.

C. INVESTMENT POLICIES OF BOTH COMPANIES

The investment policies for each Company are as follows:

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;
- targeted investment in equities which are Non-Qualifying Investments on an opportunistic basis; and
- 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.

Asset Allocation

The Company 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 Investment Manager will also consider ISDX-quoted (formally PLUS) companies and private companies that meet the investment criteria summarised below; and
 - 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; and
- Non-Qualifying Investments in the form of equity exposure to UK and international equities through targeted investments made on an opportunistic basis or through an investment into the Marlborough Special Situations Fund.

Investment Strategy

Qualifying Investments

The Investment Manager will maintain a 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 the Company 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 key selection criteria used by the Investment Manager in deciding which Qualifying Investments to make 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 growth and development 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

The Companies will have non-qualifying equity exposure to UK and international equities through targeted investments made on an opportunistic basis. 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 Companies to maintain their 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 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 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.

D. MANAGEMENT OF INVESTMENT POLICY

Deal Flow

Hargreave Hale manages in total approximately £5.1 billion. The fund management team has approximately £3.2 billion under management, of which approximately £2.4 billion is invested in small companies, many of which are quoted on AIM. The breadth of the investment team, the scale of investment in small companies and the Investment Manager's track record and many years of investing in AIM and ISDX-quoted (formerly PLUS) companies help attract deal flow.

The investment team has regular meetings, typically 27 per week, with small companies, a number of which would be suitable for investment by the Funds. These relationships, along with the ability to co-invest alongside the other funds managed by the Investment Manager, should increase the quality and quantity of the investment pipeline.

In the 12 months prior to 31 October 2015, Hargreave Hale AIM VCT 1 made 22 Qualifying Investments, whilst Hargreave Hale AIM VCT 2 made 22 Qualifying Investments.

Post-Investment Management

The Investment Manager monitors each investment closely and usually expects to meet with the management of investee companies twice a year.

As the values of underlying investments increase, the Investment Manager will monitor opportunities for the Companies to realise a proportion of the capital gain, and to make tax-free distributions to Shareholders.

Co-Investment Policy

The Investment Manager manages other funds that can invest in the same companies as Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2, including the Marlborough Special Situations Fund and the Marlborough UK Micro Cap Growth Fund. Therefore, in appropriate circumstances, the Companies will invest alongside other funds managed by the Investment Manager. When contemplating a co-investment, the Investment Manager will first consider factors such as the risk profiles and investment strategies of the participating funds, the size of the fund raising and anticipated allocations when deciding on how much each fund will subscribe for. Any scaling back of applications made by the Investment Manager for shares in investee companies, on behalf of the different funds it manages, will be pro rata to the amount originally applied for by each fund.

Where the Companies intend to invest in the same companies as other funds managed by the Investment Manager, any such investment must first be approved by at least one Director of the Board who is independent of the Investment Manager, unless the investment is made either at the same time and on the same terms, or there is insufficient time to gain prior approval, or the investment is made in accordance with a pre-existing agreement between the Companies and the Investment Manager.

When the investee company has listed as a shareholder a unit trust or another fund also managed by the Investment Manager, and the Investment Manager does not intend to make a further investment into the investee company through that unit trust or other fund, the Investment Manager is to inform a Director of the Company who is independent of the Investment Manager of the proposed investment and the potential conflict of interest prior to making the investment. Where possible, this will be the Chairman. The Investment Manager will notify the Chairman of his obligations as someone who is in possession of inside information and pass his name to the Investment Manager's compliance department to be entered into the register of insiders. The Chairman will not pass on details of the proposed investment to other members of the Board.

The Chairman will notify the Investment Manager of his decision. If in his opinion the proposed investment requires further discussion with other members of the Board and there is sufficient time, the Chairman will ask the Investment Manager to convene a Board meeting to discuss the proposed investment. The Investment Manager will circulate the details of the Board Meeting and will notify the remaining Directors of the proposed investment, along with their obligations as persons who are in possession of inside information. The Investment Manager will notify its compliance department of those additional Directors who are to be entered into the register of insiders.

It is the responsibility of the Investment Manager to notify the Board, depending on the

circumstances, and seek prior approval for the co-investment.

It is the responsibility of the Board to monitor compliance with this co-investment policy on a quarterly basis.

E. DIVIDEND HISTORY AND POLICY

Both Companies have well established track records of paying out tax free dividends to their Shareholders. The table below shows the cumulative dividend distributions paid to date to holders of Ordinary Shares. The yields listed are calculated with reference to the closing Net Asset Value per Share in the financial year to which the dividends relate.

Hargreave Hale AIM VCT 1 Ordinary Shareholders

<i>Financial Year</i>	<i>Dividends Paid</i>	<i>Year End NAV Yield</i>	<i>Cumulative Total</i>	<i>Comments</i>
2005/6	5p	4.7%	5p	First full financial year
2006/7	5p	4.8%	10p	
2007/8	5p	7.6%	15p	
2008/9	2p	3.1%	17p	No final dividend was paid in January 2010 in respect of the financial year ended 30 September 2009
2009/10	4p	6.4%	21p	
2010/11	4p	6.5%	25p	
2011/12	3.25p	5.3%	28.25p	
2012/13	3.75p	5.2%	32p	
2013/14	4.25p	5.3%	36.25p	
2014/15	1.75p	-	38p	Interim dividend only, final to be announced

Hargreave Hale AIM VCT 2 Ordinary Shareholders

<i>Financial Year</i>	<i>Dividends Paid</i>	<i>Year End NAV Yield</i>	<i>Cumulative Total</i>	<i>Comments</i>
2007/8 ¹	4p	4.1%	4p	
2008/9	5p	5.2%	9p	No interim dividend was paid in November 2008 in respect of the half-year ended 31 August 2008.
2009/10	5p	4.9%	14p	
2010/11	5p	4.6%	19p	
2011/12	5p	5.2%	24p	
2012/13	5p	5.2%	29p	
2013/14	6p	5.0%	35p	
2014/15	6p	5.4%	41p	
2015/16	-	-	-	Interim dividend of 2.0p per share was declared on 30 October 2015, payable on 11 December 2015.

1. Due to a change in accounting periods, Hargreave Hale AIM VCT 2 did not present a full set of accounts in February 2008. For

ease of reference, this table assumes the VCT's accounting period end has been in February throughout the life of the company.

The intention is to continue the existing policy of targeting a 5% distribution yield (referenced to the Net Asset Value of each Company), although the ability to pay dividends will clearly be influenced by the underlying investment performance of the Ordinary Shares and the relevant Company's available reserves and cash resources, the Act and the Listing Rules. In good years, the Directors may consider a higher dividend payment; in poor years, the Directors may reduce or even pay no dividend.

Valuation Policy

Investments in AIM and ISDX-quoted (formally PLUS) shares will be valued at the prevailing bid price.

All other investments will be valued in accordance with EVCA guidelines.

F. RISK MANAGEMENT

The structure of the Companies' investment portfolios and their investment strategies, has been developed to mitigate risk where possible.

- Both Companies have ***broad portfolios of investments*** to reduce stock specific risk.
- ***Flexible allocations*** to non-qualifying equities, the Marlborough Special Situations Funds, fixed interest securities and bank deposits allow the Investment Manager to ***adjust portfolio risk without compromising liquidity***.
- Regular company meetings aid the ***close monitoring of investments*** to identify potential risks and allow corrective action where possible.
- Regular board meetings and dialogue with the Directors, along with policies to control Conflicts of Interests and co-investment with the Marlborough fund mandates, support ***strong governance***.
- ***Quarterly risk reports provide an oversight of potential vulnerabilities such*** as the concentration of balance sheet risk, earnings risk, valuation risk and liquidity.

Category of Potential Investors

A typical investor for whom the Offers are designed is an individual who is a UK income taxpayer over 18 years of age with an investment range of between £5,000 and £200,000 per tax year who considers the investment policy as detailed in Paragraph C of Part I of this document to be attractive and can accept the high level of risk associated with an investment into a VCT. Investment in a VCT will not be suitable for every type of Investor and should be considered as a medium to long term investment with a minimum holding period of five years.

Before deciding whether to subscribe for New Ordinary Shares, Investors are strongly encouraged to consult an independent adviser authorised under FSMA and to carefully consider the suitability of an investment into the Companies in light of their personal circumstances.

G. INVESTMENTS OF HARGREAVE HALE AIM VCT 1 AND HARGREAVE HALE AIM VCT 2

HARGREAVE HALE AIM VCT 1

As at 20 November 2015, the unaudited NAV per Ordinary Share of Hargreave Hale AIM VCT 1 was 77.50p.

The investment portfolio of Hargreave Hale AIM VCT 1 as at the date of this document (the values being at 20 November 2015) is as follows (all of which information is unaudited). There has been no material change since 20 November 2015.

	Sector	Book Cost £000	(Unaudited) Valuation £000	(Unaudited) Valuation %
Qualifying Investments				
Cohort plc	Industrials	619	1,876	5.04
TrakM8 Holdings plc	Information Technology	113	1,337	3.60
Abcam plc	Health Care	67	1,109	2.98
K3 Business Technology Group plc	Information Technology	270	1,086	2.92
Intercede Group plc	Information Technology	247	1,072	2.88
Animalcare Group plc	Health Care	220	992	2.67
Craneware plc	Health Care	150	938	2.52
Science in Sport plc	Consumer Discretionary	778	851	2.29
Idox plc	Information Technology	135	801	2.15
Mexican Grill Ltd (A Pref Shares)	Consumer Discretionary	185	769	2.07
Vertu Motors plc	Consumer Discretionary	600	765	2.06
TLA Worldwide plc	Consumer Discretionary	300	682	1.83
Learning Technologies Group plc	Information Technology	663	631	1.70
Eagle Eye Solutions Ltd	Information Technology	541	629	1.69
Premaitha Health plc	Health Care	432	608	1.64
Ideagen plc	Information Technology	410	597	1.60
Portr Ltd	Information Technology	550	550	1.48
Tasty plc	Consumer Discretionary	288	542	1.46
DP Poland plc	Consumer Discretionary	333	527	1.42
Vision Direct Group Ltd	Consumer Discretionary	205	510	1.37
Quixant plc	Information Technology	160	494	1.33
Belvoir Lettings plc	Financials	513	433	1.16
MartinCo plc	Financials	225	427	1.15
CentralNic Group plc	Information Technology	293	417	1.12
Angle plc	Health Care	348	407	1.09
Flowgroup plc	Industrials	577	390	1.05
Porta Communications plc	Consumer Discretionary	505	379	1.02
Kalibrate Technologies plc	Information Technology	323	379	1.02
Mirada plc	Information Technology	618	378	1.02
ULS Technology plc	Information Technology	221	359	0.97
Instem plc	Health Care	297	348	0.94
Fusionex International plc	Information Technology	138	342	0.92
Jelf Group plc	Financials	148	300	0.81
Hardide plc	Materials	635	281	0.76
Universe Group plc	Information Technology	210	277	0.74
Reneuron Group plc	Health Care	534	276	0.74
Clearstar Inc	Industrials	449	276	0.74
Microsaic Systems plc	Information Technology	350	267	0.72
Plastics Capital plc	Materials	250	262	0.70

EKF Diagnostics Holdings plc	Health Care	300	260	0.70
Gfinity plc	Information Technology	233	248	0.67
Electrical Geodesics, Inc	Health Care	200	231	0.62
Audioboom plc	Industrials	166	224	0.60
Imaginatik plc	Information Technology	199	222	0.60
Pressure Technologies plc	Energy	170	213	0.57
Midatech Pharma plc	Health Care	200	195	0.52
Everyman Media Group plc	Consumer Discretionary	172	190	0.51
APC Technology Group plc	Information Technology	498	180	0.48
Synety Group plc	Information Technology	259	172	0.46
Lidco Group plc	Health Care	220	159	0.43
Verona Pharma plc	Health Care	127	150	0.40
Satellite Solutions Worldwide plc	Information Technology	155	136	0.37
Progressive Digital Media Group plc	Information Technology	173	134	0.36
Egdon Resources plc	Energy	158	131	0.35
Sphere Medical Holdings plc	Health Care	407	105	0.28
Redcentric plc	Information Technology	214	103	0.28
Nektan Ltd	Information Technology	92	103	0.28
Mexican Grill Ltd (Ordinary Shares)	Consumer Discretionary	21	85	0.23
Outsourcery Group Ltd	Information Technology	650	83	0.22
Ilika plc	Industrials	68	83	0.22
Synairgen plc	Health Care	140	69	0.19
Haydale Graphene Industries plc	Materials	67	67	0.18
Tangent Communications plc	Information Technology	337	56	0.15
WANDisco plc	Information Technology	89	55	0.15
Mycelx Technologies plc (D1 shares)	Industrials	300	43	0.12
TP Group plc	Industrials	185	42	0.11
Mporium Group plc	Information Technology	301	26	0.07
Proxama plc	Information Technology	105	25	0.07
Corfe Energy Ltd	Energy	50	10	0.03
Brigantes Energy Ltd	Energy	50	9	0.02
Invocas Group plc	Consumer Discretionary	169	0	0.00
Total Qualifying Equity Investments		20,375	27,373	73.61

Non Qualifying Equity Investments

FC Fund Managers Ltd	300	425	1.14
The Gym Group plc	363	381	1.02
Finsbury Food Group plc	150	270	0.73
Fulcrum Utility Services Ltd	129	270	0.73
NAHL Group plc	252	269	0.72
Horizon Discovery Group plc	260	216	0.58
Mexican Grill Ltd (Ordinary Shares)	128	196	0.53
Clipper Logistics plc	127	189	0.51
Greene King plc	171	172	0.46
IFG Group plc	154	164	0.44
Eurocell plc	146	163	0.44
Legal and General Group plc	152	162	0.44
Quixant plc	159	160	0.43
Babcock International Group plc	143	148	0.40
JD Sports Fashion plc	123	145	0.39
Workspace Group plc	136	139	0.37
DS Smith plc	123	136	0.37
Dart Group plc	129	131	0.35

Midatech Pharma plc	134	130	0.35
Dixons Carphone plc	106	116	0.31
RPC Group plc	94	105	0.28
Playtech plc	104	102	0.27
Clinigen Group plc	84	102	0.27
Reneuron Group plc	104	100	0.27
Restaurant Group plc	100	99	0.27
Everyman Media Group plc	85	92	0.25
Johnson Service Group plc	75	88	0.24
Melrose Industries plc	78	86	0.23
Learning Technologies Group plc	76	85	0.23
Plethora Solutions Holdings plc	149	84	0.23
Plexus Holdings plc	125	83	0.22
Amerisur Resources plc	167	74	0.20
Mithril Capital plc	63	72	0.19
Audioboom plc	59	72	0.19
Mycelx Technologies plc (REG S+ shares)	200	67	0.18
Restore plc	62	63	0.17
Fevertree Drinks plc	26	63	0.17
Eagle Eye Solutions Ltd	44	55	0.15
The Fulham Shore plc	37	55	0.15
Mexican Grill Ltd (A Pref Shares)	26	26	0.07
Abcam plc	3	3	0.01
MartinCo plc	2	3	0.01
Craneware plc	2	2	0.01
Animalcare Group plc	1	1	0.00
CentralNic Group plc	1	1	0.00
Hardide plc	1	1	0.00
Kalibrate Technologies plc	1	1	0.00
ULS Technology plc	1	1	0.00
Angle plc	1	0	0.00
Gfinity plc	1	0	0.00
Ideagen plc	1	0	0.00
Premaittha Health plc	1	0	0.00
Science in Sport plc	1	0	0.00
TLA Worldwide plc	1	0	0.00
Verona Pharma plc	1	0	0.00
Total Non-Qualifying Equity Investments	5,162	5,568	14.97
MFM Special Situations Fund	796	846	2.28
Total Non-qualifying investments	5,958	6,414	17.25
Cash at bank		3,609	9.71
Prepayments / Accruals		(212)	(0.57)
Total Investments	26,333	37,184	100.00

Portfolio Breakdown (by Asset Class)

Equities:	90.9%
Qualifying Investments:	73.6%
Non-Qualifying Equities:	15.0%
Marlborough Special Situations:	2.3%
Fixed Income:	0.0%
Sovereign Debt:	0.0%
Corporate Bonds:	0.0%
Cash:	9.7%
Prepayments /	
Accruals:	(0.6)
Total:	100.0%

Qualifying Investments by Sector (GICS)

Information Technology:	40.8%
Health Care:	21.4%
Consumer Discretionary:	19.4%
Industrials:	10.7%
Financials:	4.2%
Materials:	2.2%
Energy:	1.3%
Utilities:	0.0%
Total	100.0%

HARGREAVE HALE AIM VCT 2

As at 20 November 2015, the unaudited NAV per Ordinary Share of Hargreave Hale AIM VCT 2 was 105.54p excluding the 2p dividend declared on 30 October 2015 and payable on 11 December 2015.

The investment portfolio of Hargreave Hale AIM VCT 2 as at the date of this document (the values being at 20 November 2015) is as follows (all of which information is unaudited). There has been no material change since 20 November 2015.

	Sector	Book Cost £000	(Unaudited) Valuation £000	(Unaudited) Valuation %
Qualifying Investments				
TrakM8 Holdings plc	Information Technology	99	1,167	4.34
Mexican Grill Ltd (A Pref Shares)	Consumer Discretionary	277	1,154	4.29
Ideagen plc	Information Technology	190	681	2.53
Science in Sport plc	Consumer Discretionary	518	567	2.11
DP Poland plc	Consumer Discretionary	332	532	1.98
Learning Technologies Group plc	Information Technology	534	509	1.89
Animalcare Group plc	Health Care	100	451	1.68
Eagle Eye Solutions Ltd	Information Technology	385	444	1.65
Premaitha Health plc	Health Care	330	429	1.59
Portr Ltd	Information Technology	410	410	1.52
Intercede Group plc	Information Technology	91	395	1.47
Quixant plc	Information Technology	120	370	1.38
TLA Worldwide plc	Consumer Discretionary	150	341	1.27
Vision Direct Group Ltd	Consumer Discretionary	132	328	1.22
CentralNic Group plc	Information Technology	207	296	1.10
Angle plc	Health Care	252	295	1.10
Belvoir Lettings plc	Financials	335	293	1.09
Lombard Risk Management plc	Information Technology	92	259	0.96
Tristel plc	Health Care	80	256	0.95
Mirada plc	Information Technology	393	249	0.93
Sanderson Group plc	Information Technology	200	229	0.85
ULS Technology plc	Information Technology	139	226	0.84
Clearstar Inc	Information Technology	360	221	0.82
Reneuron Group plc	Health Care	262	219	0.81
Hardide plc	Materials	77	217	0.81
MartinCo plc	Financials	113	214	0.80
Gfinity plc	Information Technology	197	212	0.79
Plastics Capital plc	Materials	202	212	0.79
Microsaic Systems plc	Information Technology	272	193	0.72
Fulcrum Utility Services Ltd	Utilities	100	192	0.71
E G Solutions plc	Information Technology	200	191	0.71
Everyman Media Group plc	Consumer Discretionary	172	190	0.71
Kalibrate Technologies plc	Information Technology	161	189	0.70
Flowgroup plc	Industrials	268	186	0.69
Fusionex International plc	Information Technology	69	171	0.64
Electrical Geodesics, Inc	Health Care	145	167	0.62
Porta Communications plc	Consumer Discretionary	200	150	0.56
Midatech Pharma plc	Health Care	150	146	0.54
Lidco Group plc	Health Care	146	142	0.53
Electric Word plc	Consumer Discretionary	185	140	0.52
Synety Group plc	Information Technology	234	135	0.50
Audioboom plc	Information Technology	126	130	0.48

EKF Diagnostics Holdings plc	Health Care	150	130	0.48
Mexican Grill Ltd (Ordinary Shares)	Consumer Discretionary	31	128	0.48
APC Technology Group plc	Information Technology	350	127	0.47
Imaginatik plc	Information Technology	105	125	0.47
Omega Diagnostics Group plc	Health Care	129	120	0.45
Satellite Solutions Worldwide plc	Information Technology	103	90	0.33
Paragon Entertainment Ltd	Industrials	200	84	0.31
Verona Pharma plc	Health Care	71	84	0.31
Sphere Medical Holdings plc	Health Care	241	77	0.29
Ilika plc	Industrials	53	65	0.24
Haydale Graphene Industries plc	Materials	64	63	0.23
Synaigen plc	Health Care	90	44	0.16
Outsourcery Group Ltd	Information Technology	300	38	0.14
Nektan Ltd	Information Technology	32	36	0.13
WANDisco plc	Information Technology	53	33	0.12
TP Group plc	Industrials	125	27	0.10
Mycelx Tech plc (D1 shares)	Industrials	150	21	0.08
Tangent Communications plc	Information Technology	98	20	0.07
Proxama plc	Information Technology	63	15	0.06
Mporium Group plc	Information Technology	150	13	0.05
Brigantes Energy Ltd	Energy	25	5	0.02
Corfe Energy Ltd	Energy	25	5	0.02
Total		11,613	14,848	55.20

Non Qualifying Equity Investments

Cohort plc	176	415	1.54
Crawshaw Group plc	220	365	1.36
The Gym Group plc	258	271	1.01
FC Fund Managers Ltd	150	213	0.79
IFG Group plc	154	164	0.61
Vertu Motors plc	76	153	0.57
Babcock International Group plc	145	148	0.55
Clipper Logistics plc	92	137	0.51
Finsbury Food Group plc	75	135	0.50
NAHL Group plc	126	135	0.50
Midatech Pharma plc	134	130	0.48
Eurocell plc	109	122	0.45
Greene King plc	114	115	0.43
Puretech Health plc	114	114	0.42
Legal and General Group plc	101	108	0.40
K3 Business Tech Group plc	61	107	0.40
Flowgroup plc	199	103	0.38
Flowtech Fluidpower plc	100	102	0.38
Fulcrum Utility Services Ltd	58	96	0.36
Horizon Discovery Group plc	124	96	0.36
JD Sports Fashion plc	82	96	0.36
Workspace Group plc	91	93	0.35
Everyman Media Group plc	85	92	0.34
Idox plc	68	89	0.33
Learning Technologies Group plc	80	88	0.33
Melrose Industries plc	79	86	0.32
Plexus Holdings plc	125	83	0.31
Dart Group plc	75	76	0.28

Amerisur Resources plc	167	73	0.27
Egdon Resources plc	140	73	0.27
Tarsus Group plc	72	72	0.27
DS Smith plc	64	70	0.26
Dixons Carphone plc	63	70	0.26
RPC Group plc	63	70	0.26
Playtech plc	69	68	0.25
Clinigen Group plc	54	66	0.25
Johnson Service Group plc	56	66	0.25
Restaurant Group plc	67	66	0.25
Fevertree Drinks plc	26	63	0.23
Restore plc	63	63	0.23
Mycelx Tech plc (REG S+ shares)	170	57	0.21
Eagle Eye Solutions Ltd	44	55	0.20
The Fulham Shore plc	38	55	0.20
AA plc	66	54	0.20
Plethora Solutions Holdings plc	93	53	0.20
Softcat plc	43	52	0.19
Mithril Capital plc	42	48	0.18
Reneuron Group plc	41	45	0.17
Audioboom plc	31	37	0.14
Mexican Grill Ltd (A Pref Shares)	3	10	0.04
Genagro Ltd	22	7	0.03
MartinCo plc	2	3	0.01
Westmount Energy Ltd	9	3	0.01
TLA Worldwide plc	2	2	0.01
Animalcare Group plc	1	1	0.00
CentralNic Group plc	1	1	0.00
Kalibrate Technologies plc	1	1	0.00
Microsaic Systems plc	1	1	0.00
Mycelx Tech plc (D1 shares)	8	1	0.00
Quixant plc	1	1	0.00
Sanderson Group plc	1	1	0.00
Tristel plc	1	1	0.00
ULS Technology plc	1	1	0.00
Angle plc	1	0	0.00
Gfinity plc	1	0	0.00
Ideagen plc	1	0	0.00
Paragon Entertainment Ltd	1	0	0.00
Premaitha Health plc	1	0	0.00
Proxama plc	1	0	0.00
Science in Sport plc	1	0	0.00
Verona Pharma plc	1	0	0.00
Total Non-Qualifying Equity Investments	4,805	5,242	19.46

Sovereign Debt

UK Treasury Stock 2.5% 2024	121	119	0.44
Total - Sovereign Debt	121	119	0.44

Corporate Bonds

Scottish Amicable Finance 8.5% 2049	154	165	0.61
Total - UK Corporate Bonds	154	165	0.61

MFM Special Situations Fund	2834	3237	12.03
Total Non-qualifying investments	7,941	8,763	32.54
Cash at Bank		3,400	12.63
Prepayments / Accruals		(99)	(0.37)
Total Investments	19,527	26,912	100.00

Portfolio Breakdown (by Asset Class)

Equities:	86.7%
Qualifying Investments:	55.2%
Non-Qualifying Equities:	19.5%
Marlborough Special Situations:	12.0%
Fixed Income:	1.1%
Sovereign Debt:	0.4%
Corporate Bonds:	0.6%
Cash:	12.6%
Prepayments /	
Accruals:	(0.4)
Total:	100.0%

Qualifying Investments by Sector (GICS)

Information Technology:	48.3%
Consumer Discretionary:	23.8%
Healthcare:	17.2%
Financials:	3.4%
Materials:	3.3%
Industrials:	2.6%
Utilities:	1.3%
Energy	0.1%
Total	100.0%

H. LIFE OF THE COMPANIES AND ANNUAL ACCOUNTS

Hargreave Hale AIM VCT 1

Hargreave Hale AIM VCT 1's annual report and accounts are made up to 30 September in each year and are normally sent to Shareholders in December of each year. It is the current intention of the Directors that the first report to be sent to Investors after the close of the Offers will be the audited annual accounts for the year ending 30 September 2016.

It is intended that Hargreave Hale AIM VCT 1 should have an unlimited life, but the Directors consider that it is desirable for Shareholders to have the opportunity to review the future of the Company at appropriate intervals. Hargreave Hale AIM VCT 1's Articles of Association require the Directors to put a proposal to Shareholders concerning the continuation of that company at the annual general meeting in 2021 and, if passed, at every fifth anniversary thereafter. **As there is a risk for new Shareholders under the Offers that if the continuation vote is passed in favour of discontinuance, they will thereby be deemed to have disposed within their five year holding period, it is proposed that Shareholder approval will be sought at each Company's General Meeting to delay the continuation vote until 2022 and to adopt new articles of association accordingly.**

Hargreave Hale AIM VCT 2

Hargreave Hale AIM VCT 2's annual report and accounts are made up to 28 February in each year and are normally sent to Shareholders in June of each year. It is the current intention of the Directors that the first report to be sent to Investors after the close of the Offers will be the audited annual accounts for the year ending 28 February 2017.

It is intended that Hargreave Hale AIM VCT 2 should have an unlimited life, but the Directors consider that it is desirable for Shareholders to have the opportunity to review the future of the Company at appropriate intervals. Hargreave Hale AIM VCT 2's Articles of Association require the Directors to put a proposal to Shareholders concerning the continuation of the Company at the annual general meeting in 2021 and, if passed, at every fifth anniversary thereafter. **As there is a risk for new Shareholders under the Offers that if the continuation vote is passed in favour of discontinuance, they will thereby be deemed to have disposed within their five year holding period, it is proposed that Shareholder approval will be sought at each Company's General Meeting to delay the continuation vote until 2022 and to adopt the new articles of association accordingly.**

I. VCT STATUS AND MONITORING

Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 have appointed Philip Hare & Associates LLP to advise on tax matters generally and, in particular, on the maintenance of VCT status. HMRC has confirmed that both of the Companies qualify as VCTs, Philip Hare & Associates LLP will assist the Investment Manager in establishing the status of investments as Qualifying Investments and monitoring these investments and will report directly to the Board. In order to continue to comply with VCT requirements, both Companies must have 70% of all net funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods beginning no later than three years after the date on which those shares are issued.

As at 31 October 2015 Hargreave Hale AIM VCT 1 was 90.7% invested in Qualifying Investments. As at 31 October 2015 Hargreave Hale AIM VCT 2 was 90.3% invested in Qualifying Investments (as defined in the Income Tax Act 2007).

PART II

FINANCIAL INFORMATION ON THE COMPANIES

A. HARGREAVE HALE AIM VCT 1

Full audited financial information on the Company for the accounting years ended 30 September 2012, 30 September 2013 and 30 September 2014 and unaudited information for the half-year accounts for the six months ended 31 March 2014 and 31 March 2015 are available free of charge at the Company's registered office or can be downloaded at www.hargreaveaimvcts.co.uk.

The annual reports for the years ended 30 September 2012, 30 September 2013 and 30 September 2014 were audited by BDO LLP of 55 Baker Street, London W1U 7EU. All audit reports were unqualified under the Act.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP) and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'. The annual reports contain a description of the relevant Company's financial condition, changes in financial condition and results of operation for each relevant financial year, as well as further information in relation to the Company's investments, and are being incorporated by reference and can be accessed at the following website:

www.hargreaveaimvcts.co.uk.

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document.

The information indicated below is incorporated by reference into this document (excluding such other information as may be included in those documents):

	Audited financial statements for the period ended 30 September 2012	Audited financial statements for the period ended 30 September 2013	Unaudited half yearly financial statements for the six months ended 31 March 2014	Audited financial statements for the period ended 30 September 2014	Unaudited half yearly financial statements for the six months ended 31 March 2015
	Page numbers	Page numbers	Page numbers	Page numbers	Page numbers
Income statements	28	33	6	33	8
Statement of changes in equity	30-31	35-36	8-9	35-36	10-11
Balance sheets	29	34	7	34	9
Cash flow statements	30	35	8	35	10
Accounting policies	32-33	37-38	n/a	37-38	n/a
Notes to the accounts	32-42	37-47	9	37-48	12-13
Independent auditor's report	26-27	30-32	n/a	30-32	n/a

Operating and Financial Review

	Audited financial statements for the period ended 30 September 2012	Audited financial statements for the period ended 30 September 2013	Unaudited half yearly financial statements for the six months ended 31 March 2014	Audited financial statements for the period ended 30 September 2014	Unaudited half yearly financial statements for the six months ended 31 March 2015
	Page numbers	Page numbers	Page numbers	Page numbers	Page numbers
Chairman's statement	5-6	4-5	2-3	4-5	3-4
Investment Manager's report	8-9	10-11	4-5	10-11	5-6

This information in the annual reports has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements (which will be prepared under Financial Reporting Standard 102) in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

As at 30 September 2014, the date to which the most recent audited financial statements of the Company have been drawn up, the Company had net assets of £29.3 million or 80.31pence per Ordinary Share. As at 31 March 2015, the date to which the most recent unaudited half yearly financial statements for the company have been drawn, the company had net assets of £34.9 million or 75.05 pence per Ordinary Share.

Other

As at the date of this document, there has been no significant change in the financial or trading position of Hargreave Hale AIM VCT 1 since 31 March 2015 (being the date on which unaudited interim financial information was last published).

B. HARGREAVE HALE AIM VCT 2

Full audited financial information on the Company for the accounting years ended 28 February 2013, 28 February 2014 and 28 February 2015 and unaudited information for the half-year accounts for the six months ended 31 August 2014 and 31 August 2015 are available free of charge at the Company's registered office or can be downloaded at www.hargreaveaimvcts.co.uk.

The annual reports for the years ended 28 February 2013, 28 February 2014 and 28 February 2015 were audited by BDO LLP of 55 Baker Street, London W1U 7EU. All audit reports were unqualified under the Act.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP) and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'. The annual reports and half-yearly accounts contain a description of the relevant company's financial condition, changes in financial condition and results of operation for each relevant financial year, as well as further information in relation to the Company's investments, and, together with the half-yearly reports referred to, are being incorporated by reference into this document and can be accessed at the following website:

www.hargreaveaimvcts.co.uk. Where these documents make reference to other documents, such

other documents are not incorporated into and do not form part of this document.

The information indicated below is incorporated by reference into this document (excluding such other information as may be included in those documents):

	Audited financial statements for the period ended 28 February 2013	Audited financial statements for the period ended 28 February 2014	Unaudited half yearly financial statements for the six months ended 31 August 2014	Audited financial statements for the period ended 28 February 2015	Unaudited half yearly financial statements for the six months ended 31 August 2015
	Page numbers	Page numbers	Page numbers	Page numbers	Page numbers
Income statements	29	32	6	35	13
Statement of changes in equity	31-32	34-35	8-9	37-38	15-16
Balance sheets	30	33	7	36	14
Cash flow statements	31	34	8	37	16
Accounting policies	33-34	36-37	n/a	39-40	n/a
Notes to the accounts	33-44	36-47	9	39-49	17-21
Independent auditor's report	27-28	29-31	n/a	32-34	n/a

Operating and Financial Review

	Audited financial statements for the period ended 28 February 2013	Audited financial statements for the period ended 28 February 2014	Unaudited half yearly financial statements for the six months ended 31 August 2014	Audited financial statements for the period ended 28 February 2015	Unaudited half yearly financial statements for the six months ended 31 August 2015
	Page numbers	Page numbers	Page numbers	Page numbers	Page numbers
Chairman's statement	5-6	4-5	2-3	4-5	3
Investment Manager's report	8-9	10-11	4-5	10-11	4-5

This information in the annual reports has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements (which will be prepared under Financial Reporting Standard 102) in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

As at 28 February 2015, the date to which the most recent audited financial statements of the Company have been drawn up, the Company had net assets of £24.1 million or 110.33 pence per Ordinary Share. As at 31 August 2015, the date to which the most recent unaudited half yearly financial statements for the company have been drawn, the company had net assets of £26.7 million or 106.62 pence per Ordinary Share.

Other

As at the date of this document, there has been no significant change in the financial or trading position of Hargreave Hale AIM VCT 2 since 31 August 2015 (being the date on which unaudited financial statements were last published).

PART III

TAXATION

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Directors as to the position of the Shareholders who hold shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- (a) Taxation of dividends - under current law, no tax will be withheld by a Company when it pays a dividend.
- (b) Stamp duty and stamp duty reserve tax - the Directors have been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of New Shares. The Directors have also been advised that the transfer of shares in a Company will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5 per cent. of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- (c) Close company - the Directors of each Company believe that their Company is not, and expect that following the Offers will not be, a close company within the meaning of ITA 2007. If a Company was a close company in any accounting period, approval as a VCT for that Company would be withdrawn

CONDITIONS TO BE MET BY VENTURE CAPITAL TRUSTS

The Companies have to satisfy a number of tests to qualify as VCTs. A summary of these tests is set out below.

Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital quoted on any regulated market in the EU or European Economic Area;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by value of its investments in shares or securities in Qualifying Investments;
- (e) for funds raised after 5 April 2011, have at least 70% by value of Qualifying Investments in 'eligible shares', which are ordinary shares which carry no preferential rights to assets on a winding up and no rights to be redeemed, although they may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30% by value of Qualifying Investments have to be in 'eligible shares', which are ordinary shares which carry no preferential rights to dividends or to assets on a winding up and no rights to be redeemed;
- (f) have at least 10% by value of each Qualifying Investment in any single company or group in 'eligible shares';
- (g) not have more than 15% by value of its investments in a single company or group

(other than a VCT or a company which would, if its shares were listed, qualify as a VCT);

- (h) not retain more than 15% of its income derived from shares and securities in any accounting period;
- (i) not make an investment in any company which causes that company to receive more than £5 million from State Aid investment sources in the 12 month period ending on the date of the investment;
- (j) not return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs;
- (k) no investment made by the VCT in a company causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime;
- (l) no investment can be made by the VCT in a company whose first commercial sale was more than 7 years (10 years for a company deemed to be a Knowledge Intensive Company) prior to date of investment, except where previous Risk Finance State Aid was received by the company within 7 (or 10) years or where a turnover test is satisfied; and
- (m) no funds received from an investment by a VCT into a company can be used to acquire another existing business or trade, or shares in another company.

Conditions (i), (k), (l) and (m) do not apply to investments in certain money market securities, or shares and securities listed on a recognised stock exchange.

Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions. The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within a certain time period and not be controlled by another company. In any twelve month period the company can receive no more than £5 million from VCT funds and Enterprise Investment Schemes, and any other European State-aided risk finance source. A company may not receive a total of more than £12 million of State-aided risk finance (£20 million for a "knowledge intensive company"). The company must have fewer than 250 full time (or equivalent) employees at the time of making the investment. VCT funds cannot be used by a Qualifying Company to fund the purchase of a trade or business, or of shares in another company.

There is also a 'no disqualifying arrangements' requirement under which an investment will not be a Qualifying Investment if the investee company has been set up for the purpose of accessing tax reliefs or is in substance a financing business, although the Boards believe that these measures are unlikely to affect the Companies.

Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on certain ISDX (formally PLUS) markets and AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a relevant qualifying subsidiary (see below) at the time of the issue of shares or securities to the VCT (and at all times thereafter). The company's first commercial sale must be no more than 7 years before the VCT's investment (10 years for a "knowledge intensive company") prior to the date of investment, except where previous Risk Finance State Aid was received by the company within 7 years or where a turnover test is satisfied. A Qualifying Company must have a

permanent establishment in the UK. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries, which must be more than 50% owned.

A relevant qualifying subsidiary must be a 90% directly held subsidiary of the company invested in, its wholly owned subsidiary, or a wholly owned subsidiary of a 90% directly held subsidiary.

Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, in order to facilitate the launch of a VCT, HMRC may approve a VCT notwithstanding that certain of the tests are not met at the time of application, provided HMRC is satisfied that the tests will be met within certain time limits. In particular, in the case of the tests described at (d) and (e) under the heading "Qualification as a VCT" above, approval may be given if HMRC is satisfied that these will be met throughout an accounting period of the VCT beginning no more than three years after the date on which approval takes effect.

The Directors intend to conduct the affairs of the Companies so that they satisfy the conditions for approval as VCTs and that such approval will be maintained. HMRC has granted the Companies approval under section 274 ITA as VCTs. The Companies intend to comply with section 274 ITA and have retained Robertson Hare LLP to advise them on VCT taxation matters.

Withdrawal of Approval

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. Withdrawal of approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.

PART IV

ADDITIONAL INFORMATION

1. The Companies

- 1.1 Hargreave Hale AIM VCT 1 was incorporated and registered in England and Wales on 16 August 2004 under the 1985 Act with registered number 5206425 as a public company limited by shares. It was incorporated with the name Keydata AIM VCT plc, which was changed to Hargreave Hale AIM VCT 1 plc on 7 October 2009.
- 1.2 Hargreave Hale AIM VCT 2 was incorporated and registered in England and Wales on 20 September 2006 under the 1985 Act with registered number 5941261 as a public company limited by shares. It was incorporated with the name Keydata AIM VCT 2 plc, which was changed to Hargreave Hale AIM VCT 2 plc on 7 October 2009.
- 1.3 On 2 September 2004, the Registrar of Companies issued Hargreave Hale AIM VCT 1 with a certificate under section 117 of the 1985 Act entitling it to commence business.
- 1.4 On 30 November 2006, the Registrar of Companies issued Hargreave Hale AIM VCT 2 with a certificate under section 117 of the 1985 Act entitling it to commence business.

2. Registered Offices and Principal Legislation

- 2.1 The registered office of both Companies is at Accurist House, 44 Baker Street, London W1U 7AL. The administration office of both Companies is at 9-11 Neptune Court, Hallam Way, Blackpool, Lancashire, FY4 5LZ. Their telephone number is +44 (0)1253 754 700.
- 2.2 The principal legislation under which the Companies operate and which governs the Ordinary Shares is the Act.

3. Share and loan capital

Hargreave Hale AIM VCT 1

- 3.1 Hargreave Hale AIM VCT 1 was incorporated with an authorised share capital of £500,000 divided into 50,000,000 Ordinary Shares of 1p each, of which two Ordinary Shares were issued, nil paid, to the subscribers to the memorandum of association.
- 3.2 The subscribers to the memorandum of association were Oyez Professional Services Limited of Oyez House, 7 Spar Road, London SE16 3QQ, a company formation agent and Howard Kennedy Limited of 19 Cavendish Square, London W1A 2AW.
- 3.3 At the Annual General Meeting held on 20 December 2011 the following resolutions were passed:
 - 3.3.1 authorise the Directors to allot Ordinary Shares under Section 551 of the Act;
 - 3.3.2 authorise the continuation of the Company as a venture capital trust for a further five year period; and
 - 3.3.3 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights.
- 3.4 At a general meeting of the Shareholders of Hargreave Hale AIM VCT 1 held on 26 March 2012, resolutions were passed to:
 - 3.4.1 authorise the Directors to allot Ordinary Shares under Section 551 of the Act;
 - 3.4.2 authorise proposed amendments to the investment policy of the Company;
 - 3.4.3 authorise the creation of a class of C shares of 5p each in the capital of the Company;

- 3.4.4 authorise the entry into by the Company of an offer agreement;
 - 3.4.5 authorise the Company in accordance with Section 701 of the Act to make market purchases in connection with a tender offer;
 - 3.4.6 authorise the Company in accordance with Section 701 of the Act to make market purchases of C shares and Ordinary Shares;
 - 3.4.7 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights;
 - 3.4.8 authorise the cancellation of the amount standing to the credit of the share premium account in relation to the Ordinary Shares of the Company at the date of the court order;
 - 3.4.9 authorise the cancellation of the amount standing to the credit of the share premium account in relation to the C shares of the Company at the date of the court order; and
 - 3.4.10 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.
- 3.5 At a general meeting of the Shareholders of Hargreave Hale AIM VCT 1 held on 29 November 2012, resolutions were passed to:
- 3.5.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.5.2 approve an amendment to the Company's investment policy;
 - 3.5.3 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.5.4 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.
- 3.6 At the Annual General Meeting held on 23 January 2013 the following resolutions were passed to:
- 3.6.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.6.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.6.3 authorise the Directors to make market purchases of ordinary shares.
- 3.7 In connection with the offer for subscription launched on 1 November 2013 relating to Hargreave Hale AIM VCT 1, at a general meeting of Hargreave Hale AIM VCT 1 held on 31 October 2013, resolutions were passed to:
- 3.7.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.7.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.7.3 authorise the adoption of new articles of association of the Company in

substitution for and to the exclusion of the existing articles of association.

- 3.8 At the Annual General Meeting held on 22 January 2014 the following resolutions were passed to:
- 3.8.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.8.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights;
 - 3.8.3 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association;
 - 3.8.4 authorise the Directors to cancel the capital redemption and share premium reserves of the Company; and
 - 3.8.5 authorise the Directors to make market purchases of ordinary shares.
- 3.9 Pursuant to the authority provided by the passing of the special resolution referred to in paragraph 3.8.4 above, the capital redemption and the share premium reserves of Hargreave Hale AIM VCT 1 were cancelled by order of the Companies Court on 9 April 2014.
- 3.10 At the Annual General Meeting held on 22 January 2015 the following resolutions were passed to:
- 3.10.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.10.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.10.3 authorise the Directors to make market purchases of ordinary shares.
- 3.11 At a general meeting to be held on 12 January 2016 the following resolutions will be proposed:
- 3.11.1 to authorise the Directors to allot shares and grant rights to subscribe for Shares under Section 551 of the Act;
 - 3.11.2 to authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights; and
 - 3.11.3 to authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

Hargreave Hale AIM VCT 2

- 3.12 Hargreave Hale AIM VCT 2 was incorporated under the name Keydata AIM VCT 2 plc with an authorised share capital of £500,000 divided into 50,000,000 Ordinary Shares of 1p each, of which two Ordinary Shares were issued, nil paid, to the subscribers to the memorandum of association.
- 3.13 The subscribers to the memorandum of association were Oyez Professional Services Limited of Oyez House, 7 Spar Road, London SE16 3QQ, a company formation agent

and Howard Kennedy Limited of 19 Cavendish Square, London W1A 2AW.

- 3.14 At the Annual General Meeting held on 22 July 2011 resolutions were passed to:
- 3.14.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.14.2 approve the proposed amendments to the authorise the Directors pursuant to Section 571 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.14.3 authorise the purchase of Ordinary Shares;
- 3.15 At a general meeting of Hargreave Hale AIM VCT 2 held on 26 March 2012, resolutions were passed to:
- 3.15.1 authorise the Directors to allot Ordinary Shares under Section 551 of the Act;
 - 3.15.2 authorise proposed amendments to the investment policy of the Company;
 - 3.15.3 authorise the entry into by the Company of an offer agreement;
 - 3.15.4 authorise the entry into by the Company of a deed of variation to an investment management agreement;
 - 3.15.5 authorise the Company in accordance with Section 701 of the Act to make market purchases in connection with a tender offer;
 - 3.15.6 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights;
 - 3.15.7 authorise the cancellation of the amount standing to the credit of the share premium account in relation to the Ordinary Shares of the Company at the date of the court order; and
 - 3.15.8 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.
- 3.16 At a general meeting of Hargreave Hale AIM VCT 2 held on 29 November 2012 resolutions were passed to:
- 3.16.1 authorise the Directors to allot shares and grant rights to subscribe for Shares under Section 551 of the Act;
 - 3.16.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights; and
 - 3.16.3 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.
- 3.17 At the Annual General Meeting held on 8 July 2013 resolutions were passed to:
- 3.17.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.17.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights;
 - 3.17.3 authorise the Directors to make market purchases or ordinary shares; and
 - 3.17.4 authorise the Directors to cancel the capital redemption and share premium reserves of the Company.
- 3.18 Pursuant to the authority provided by the passing of the special resolution referred to at paragraph 3.17.4 above, the capital redemption and the share premium reserves of Hargreave Hale AIM VCT 2 were cancelled by order of the Companies Court on 18

September 2013.

- 3.19 In connection with the offer for subscription launched on 1 November 2013 relating to Hargreave Hale AIM VCT 2, at a general meeting of Hargreave Hale AIM VCT 2 held on 31 October 2013 resolutions were passed to:
- 3.19.1 authorise the Directors to allot shares and grant rights to subscribe for Shares under Section 551 of the Act;
 - 3.19.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights; and
 - 3.19.3 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.
- 3.20 At the Annual General Meeting held on 4 July 2014 the following resolutions were passed to:
- 3.20.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.20.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights;
 - 3.20.3 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association; and
 - 3.20.4 authorise the Directors to make market purchases of ordinary shares.
- 3.21 At the Annual General Meeting held on 4 July 2015 the following resolutions were passed to:
- 3.21.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.21.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights;
 - 3.21.3 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association; and
 - 3.21.4 authorise the Directors to make market purchases of ordinary shares.
- 3.22 At a general meeting to be held on 12 January 2016 the following resolutions will be proposed:
- 3.22.1 to authorise the Directors to allot shares and grant rights to subscribe for Shares under Section 551 of the Act;
 - 3.22.2 to authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights; and
 - 3.22.3 to authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

- 3.23 At 30 November 2015 (being the latest practical date prior to the publication of this document) the issued fully paid share capital of each of the Companies is:

	<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
			<i>£</i>	<i>number</i>
Hargreave Hale AIM VCT 1	Ordinary Shares	£0.01	479,795	47,979,484
Hargreave Hale AIM VCT 2	Ordinary Shares	£0.01	250,239	25,023,931

- 3.24 The issued fully paid share capital of the Companies immediately after the Offers have closed (assuming the Offers are fully subscribed) will be as follows:

	<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)*</i>	
			<i>£</i>	<i>number</i>
Hargreave Hale AIM VCT 1	Ordinary Shares	£0.01	728,830	72,882,982
Hargreave Hale AIM VCT 2	Ordinary Shares	£0.01	387,388	38,738,843

* using an Offer Price based on the NAV as at 20 November 2015

- 3.25 Other than the issue of Ordinary Shares pursuant to the Offers, the Companies have no present intention to issue any of the share capital of the Companies.
- 3.26 The Companies do not have in issue any securities not representing share capital.
- 3.27 The provisions of section 561(1) of the Act (to the extent not disapplied pursuant to section 570(1) of the Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 570(1) of the Act) which are, or are to be, paid up in cash and will apply to the authorised but unissued share capital of the Companies, except to the extent disapplied by the resolutions referred to in paragraphs 3.10 and 3.20 above. Subject to certain limited exceptions, unless the approval of Shareholders in a general meeting is obtained, the Companies must normally offer shares to be issued for cash to holders on a pro rata basis.
- 3.28 No shares of the Companies are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.29 Save as disclosed in this paragraph, there has been no issue of share or loan capital of the Companies in the three years immediately preceding the date of this document and (other than pursuant to the Offers) no such issues are proposed.
- 3.30 No share or loan capital of the Companies is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.31 Save as disclosed in paragraph 10 below, no commissions, discounts, brokerages or other special terms have been granted by the Companies in connection with the issue or sale of any share or loan capital of the Companies in the three years immediately preceding the date of this document.
- 3.32 Other than pursuant to the Offers, none of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to the Official List.
- 3.33 The Ordinary Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Ordinary Shares will be

posted to allottees as soon as practicable following allotment of the Ordinary Shares.

- 3.34 The ISIN and SEDOL Code of Hargreave Hale AIM VCT 1 Ordinary Shares are GB00B02WHS05 and B02WHS0, respectively. The ISIN and SEDOL Code of Hargreave Hale AIM VCT 2 Ordinary Shares is GB00B1GDYS53 and B1GDYS5, respectively.

4. **Articles of Association**

- 4.1 The memorandum of association of each Company, which by virtue of Section 28 of the Act is now treated as being part of the Articles of Association of the relevant Company ("the Articles"), provides that each Company's principal object is to carry on the business of a VCT.

- 4.2 The Articles of Association of each Company, contain, inter alia, the following provisions. In this paragraph 4, "the Company" means each of the Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2, (save for paragraph 4.18 which only applies to Hargreave Hale AIM VCT 1).

4.3 **Voting Rights**

Subject to any special terms as to voting on which any Shares may be issued, on a show of hands every member present in person (or being a corporation, present by authorised representative) shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every Share of which he is the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the relevant Company.

4.4 **Transfer of Shares**

The Ordinary Shares are in registered form and will be freely transferable. All transfers of Ordinary Shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of an Ordinary Share shall be executed by or on behalf of the transferor and, in the case of a partly paid share by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid Share, provided that such refusal does not prevent dealings taking place on an open and proper basis and may also refuse to register any instrument of transfer unless: it is in respect of a fully paid share; it is in respect of shares on which the relevant Company does not have a lien; it is in respect of only one class of share; and the transferees do not exceed four in number.

4.5 **Dividends**

Each Company may in general meeting declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of an Ordinary Share shall bear interest as against the relevant Company. There are no fixed dates on which entitlement to a dividend arises.

All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the relevant Company.

4.6 **Disclosure of Interest in Ordinary Shares**

If any member or other person appearing to be interested in shares of either of the Companies is in default in supplying within 42 days (or 28 days where the shares represent at least 0.25% of its the share capital) after the date of service of a notice requiring such member or other person to supply to the relevant Company in writing all or any such information as is referred to in section 793 of the Act, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares.

The restrictions available are the suspension of voting or other rights conferred by

membership in relation to meetings of the Companies in respect of the relevant shares and additionally in the case of a shareholder representing at least 0.25% by nominal value of any class of shares of the relevant Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

4.7 Distribution of Assets on Liquidation

On a winding-up any surplus assets of each Company respectively will be divided amongst the holders of its Shares according to the respective numbers of Shares held by them in the relevant Company and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges. The Articles of Association provide that the liquidator may, with the sanction of a resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the relevant Company in such manner as he may determine.

4.8 Changes in Share Capital

4.8.1 Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as each Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine.

4.8.2 Each Company may by ordinary resolution consolidate its share capital into shares of larger amount and cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction. Each Company by special resolution may sub-divide its shares or any of them into shares of smaller amounts.

4.8.3 Subject to the Act, each Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the Act (and by resolution of the holders of the shares repurchased where such shares are convertible shares), purchase its own shares.

4.9 Variation of Rights

Whenever the capital of either Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths of the nominal amount of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders.

4.10 Directors

Unless and until otherwise determined by either Company in General Meeting pursuant to Article 120 the number of Directors shall not be less than two nor more than ten. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors be less than the prescribed minimum the remaining Director or Directors shall forthwith appoint an additional Director or additional Directors to make up such minimum or shall convene a General Meeting of that Company for the purpose of making such appointment.

Any Director may in writing under his hand appoint (a) any other Director, or (b) any other person who is approved by the Board of Directors as hereinafter provided to be his alternate. A Director may at any time revoke the appointment of an alternate appointed by him. Every person acting as an alternate Director shall be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be the agent of or for the Director appointing him.

Subject to the provisions of the Act, the Directors may from time to time appoint one or

more of their body to be Managing Director or Joint Managing Directors of either Company or to hold such other executive office in relation to the management of the business of that Company as they may decide.

A Director of a Company may continue or become a Director or other officer, servant or member of any company promoted by that Company or in which it may be interested as a vendor shareholder, or otherwise, and no such Director shall be accountable for any remuneration or other benefits derived as director or other officer, servant or member of such company.

The Directors may from time to time appoint a President of a Company (who need not be a Director of the Company) and may determine his duties and remuneration and the period for which he is to hold office.

The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality, whether at home or abroad, in such manner as they think fit.

4.11 Directors' Interests

- 4.11.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with either Company shall, at a meeting of the Directors, declare, in accordance with the Act, the nature of his interest.
- 4.11.2 Provided that he has declared his interest, a Director may be a party to or otherwise interested in any transaction or arrangement with the relevant Company or in which that Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.
- 4.11.3 A Director shall not vote nor be counted in the quorum at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through either Company, unless his interest arises only because the case falls within one or more of the following paragraphs:
 - 4.11.3.1 the giving to him of any security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the relevant Company or any of its subsidiary undertakings;
 - 4.11.3.2 the giving to a third party of any security or indemnity in respect of a debt or an obligation of the relevant Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - 4.11.3.3 any proposal concerning the subscription by him of shares, debentures or other securities of the relevant Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities;
 - 4.11.3.4 any proposal relating to an arrangement for the benefit of the employees of the relevant Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and
 - 4.11.3.5 any arrangement for purchasing or maintaining for any officer or auditor of the relevant Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to him

in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the relevant Company or any of its subsidiaries of which he is a director, officer or auditor.

- 4.11.4 When proposals are under consideration concerning the appointment of two or more Directors to offices or employment with either Company or any company in which that Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

4.12 Remuneration of Directors

- 4.12.1 The ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the relevant Company in general meeting the aggregate ordinary remuneration of such Directors, including fees from both Companies, shall not exceed £200,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by that Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- 4.12.2 Any Director who, by request of the Directors, performs special services for any purposes of either Company may be paid such reasonable extra remuneration as the Directors may determine.
- 4.12.3 The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

4.13 Retirement of Director

A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. A Director shall be capable of being appointed or re-appointed a Director despite having attained any particular age.

4.14 Borrowing powers

Subject as provided below, the Directors may exercise all the powers of each Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Directors shall restrict the borrowings of each Company and exercise all voting and other rights or powers of control over its subsidiary undertakings (if any) so as to secure that the aggregate amount at any time outstanding in respect of money borrowed by the group, being that Company and its subsidiary undertakings for the time being (excluding intra-group borrowings), shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 15% of the aggregate total amount received from time to time on the subscription of shares of that Company.

4.15 Distribution of Realised Capital Profits

At any time when either Company has given notice in the prescribed form (which has not

been revoked) to the Registrar of Companies of its intention to carry on business as an investment company ("a Relevant Period") the distribution of that Company's capital profits (within the meaning of section 833 of the Act) shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the Act, the Board may determine whether any amount received by the relevant Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or payment or other dealing with investments, or other capital losses, and, subject to the Act, any expenses, loss or liability (subscription therefore) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the relevant Company or be regarded or treated as profits of that Company available for distribution (as defined in section 829 of the Act) or be applied in paying dividends on any shares in that Company. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the relevant Company or be regarded or treated as profits of the Company available for distribution (as defined by section 829 of the Act) or applied in paying dividends on any shares in the Company.

4.16 General Meetings

Annual general meetings shall be held at such time and place as may be determined by the Directors and within a period of six months beginning on the day following the relevant Company's accounting reference date.

The Directors may, whenever they think fit, convene a general meeting of a Company, and general meetings shall also be convened on such requisition or in default may be convened by such requisitionists as are provided by the Act. Any meeting convened under this Article by requisitionists shall be convened in the same manner as near to as possible as that in which meetings are to be convened by the Directors.

An annual general meeting shall be called by not less than twenty-one days' notice in writing, and all other general meetings of a Company shall be called by not less than fourteen days' notice in writing. The notice shall be exclusive of the day on which it is given and of the day of the meeting and shall specify the place, the day and hour of meeting, and in case of special business the general nature of such business. The notice shall be given to the members, other than those who, under the provisions of the articles or the terms of issue of the shares they hold, are not entitled to receive notice from the Company, to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an ordinary resolution as the case may be shall specify the intention to propose the resolution as such.

In every notice calling a meeting of a Company or any class of the members of a Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him, and that a proxy need not also be a member.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any

other case it shall stand adjourned to such time and at such place as the Chairman shall appoint. At any such adjourned meeting the member or members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. A Company shall give not less than seven clear days' notice of any meeting adjourned for the want of a quorum and the notice shall state that the member or members present as aforesaid shall form a quorum.

The Chairman may, with the consent of the meeting (and shall, if so directed by the meeting) adjourn any meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

4.17 Duration of the Company

The Directors shall put an ordinary resolution to the annual general meeting of the Company in 2021 and, if passed, to every fifth subsequent annual general meeting, proposing that the Company should continue as a Venture Capital Trust for a further five year period. If any such resolution is not passed, the Directors shall draw up proposals for the reorganisation, reconstruction or voluntary winding up of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Directors on a date not more than 9 months after such annual general meeting. The Directors shall use all reasonable endeavours to ensure that the proposals for the reorganisation, reconstruction or voluntary winding up of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after passing of such a resolution.

For the purposes of this, an ordinary resolution will not have been carried only if those members in person or by proxy who vote against such resolution hold in aggregate not less than twenty five per cent. of the issued share capital of the Company at such time entitled to attend and vote at such a meeting.

4.18 C shares (in respect of Hargreave Hale AIM VCT 1 only)¹

Holders of C shares are entitled to receive notice of, to attend, speak and vote at any General Meeting, *pari passu*, in such respect to the holders of Ordinary Shares. The holders of the Ordinary Shares and the C shares shall have the following rights to be paid dividends:

- (a) The holders of the Ordinary Shares shall be entitled to receive in that capacity such dividends as the directors may resolve to pay out of the net assets attributable to the Ordinary Shares and from income received and accrued which is attributable to the Ordinary Shares.
- (b) The holders of C shares shall be entitled to receive in that capacity such dividends as the directors may resolve to pay out of the net assets attributable to the C shares and from income received and accrued which is attributable to the C shares.

The capital and assets of the Company shall on a winding up or on a return of capital be applied amongst the ordinary shareholders *pro rata* according to the nominal capital paid up on their holdings of ordinary shares after having deducted an amount calculated by a defined conversion ratio.

5. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument.

¹ No C shares are in issue and no C shares will be issued pursuant to the Offer.

6. Directors' interests and other significant shareholdings

- 6.1 As at the date of this document the interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Companies which (i) are or will be notified to the Companies in accordance with rule 3 of the Disclosure and Transparency Rules ("DTR 3") by each Director; or (ii) are interests of a connected person (within the meaning in DTR 3) of a Director which are or will be required to be disclosed under DTR 3 and the existence of which is known to or could with reasonable diligence be ascertained by that Director; are or are expected to be as follows:

Company	Director	As at 30 November 2015 (being the latest practical date prior to the publication of this document)		After the Offers have closed*	
		Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of issued share capital
Hargreave Hale AIM VCT 1	Aubrey Brocklebank	4,845	0.01%	4,845	0.01%
Hargreave Hale AIM VCT 1	David Brock	15,325	0.03%	27,777	0.04%
Hargreave Hale AIM VCT 1	Giles Hargreave	200,108	0.42%	200,108	0.27%
Hargreave Hale AIM VCT 2	David Hurst-Brown**	45,836	0.18%	45,836	0.12%
Hargreave Hale AIM VCT 2	Philip Cammerman	8,190	0.03%	8,190	0.02%
Hargreave Hale AIM VCT 2	Giles Hargreave	164,151	0.66%	164,151	0.42%

* assuming that the Maximum Subscription is achieved in relation to Ordinary Shares, taking account of the Over-allotment Facility, and that all the allotments are made on the basis of the NAV per Ordinary Share for the relevant Company as at 20 November 2015.

** includes 25,435 Ordinary Shares held by Jacqueline Mary Hurst-Brown. David Hurst-Brown also holds 24,952 shares in Hargreave Hale AIM VCT 1.

- 6.2 As at 30 November 2015 (being the latest practical date prior to the publication of this document) and after the Offers have closed, the Companies are aware of the following persons who hold or will hold, directly or indirectly, voting rights representing 3% or more of the issued share capital of the Companies to which voting rights are attached (assuming that the Offers are fully subscribed):

Company	Name	As at the date of this Document		After the Offers have closed	
		Number of Ordinary Shares	Percentage of voting rights	Number of Ordinary Shares*	Percentage of voting rights of the Ordinary Shares*
Hargreave Hale AIM VCT 1	Hargreave Hale Nominees	2,753,399	5.74%	2,753,399	3.78%
Hargreave Hale AIM VCT 1	Hargreaves Lansdowne Nominees Limited	2,562,199	5.34%	2,562,199	3.52%
Hargreave Hale AIM VCT 2	Hargreave Hale Nominees	1,947,586	7.78%	1,947,586	5.03%
Hargreave Hale AIM VCT 2	Hargreaves Lansdowne Nominees Limited	1,760,448	7.04%	1,760,448	4.54%

* assuming that the Maximum Subscription is achieved and that all the Shareholders listed above do not subscribe for any shares under the Offers.

- 6.3 Save as disclosed in paragraphs 6.1 and 6.2 above, the Companies are not aware of any person who will, immediately following Admission, hold (for the purposes of rule 5 of the Disclosure and Transparency Rules ("DTR 5")) directly or indirectly voting rights representing 3% or more of the issued share capital of either Company to which voting rights are attached or could, directly or indirectly, jointly or severally, exercise control over either Company.
- 6.4 The persons, including the Directors, referred to in paragraphs 6.1 and 6.2 above, do not have voting rights in respect of the share capital of either of the Companies (issued or to be issued) which differ from any other Shareholder.
- 6.5 The Companies and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Companies.
- 6.6 Save in respect of the arrangements referred to in paragraphs 7, 9 and 10, no Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Companies and which were effected by the Companies in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed
- 6.7 Giles Hargreave is a director and shareholder of Hargreave Hale Limited, and, therefore, has an interest in the arrangements referred to in paragraph 9 below. Giles Hargreave is also a director of each of the Companies and as such there may be a potential conflict of interest between his duties owed to the Companies and to Hargreave Hale Limited in relation to these arrangements. Save as set out in this paragraph, there are no potential conflicts of interest between any duties owed to the Companies by the Directors and their private and/or other duties.
- 6.8 In addition to their directorships of the Companies, the Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

Name	Current Directorships/Partnership Interests	Past Directorships/ Partnership Interests
Sir Aubrey Brocklebank	Aubrey Brocklebank & Associates Limited Downing Planned Exit VCT 2011 Plc Hargreave Hale AIM VCT 1 Plc Puma VCT VIII Plc The Classic 2CV Racing Club Limited Epiquestlive Inc Epiquestlive UK Limited NGS Corporation Plc Nationwide Gritting Services Limited Salt International Limited Downing FOUR VCT plc	Downing Distribution VCT 1 Plc Grasshopper Management LLP (dissolved) Octopus Second AIM VCT Plc (dissolved) Pennine AIM VCT VI Plc (dissolved) Puma VCT Plc (dissolved) Puma VCT II Plc (dissolved) Puma VCT III Plc (in liquidation) Puma VCT IV plc (in liquidation) Top Ten Holdings Plc Urban and Country Leisure Limited Premier Fireserve Engineering Ltd (in administration) Premier Fireserve Ltd (in administration) Continental Shelf 547 Limited (dissolved) Continental Shelf 548 Limited (dissolved) AB and A Investments Limited (dissolved)

		The Media Vehicle Group Limited (dissolved)
		Inventive Property Holdings Limited
David Hurst-Brown	Hargreave Hale AIM VCT 2 Plc Leadhall Bay Limited Foresight Solar VCT Plc	Anite Limited Acuity VCT 3 Plc (liquidation) Imagination Technologies Group Plc Keydata Income VCT 2 Plc (in liquidation) Keydata Income VCT 1 Plc (in liquidation) Woodham House Limited Woodham School Limited Nevin Energy Resources Ltd Boyle Electrical Generation Ltd (in liquidation) Burley Energy Ltd Cooke Generation Ltd Hughes Power Ltd Spencer Energy Services Ltd Withion Power Ltd (in liquidation) Docherty Heat and Energy Distributor Ltd Fastfill Limited
Giles Hargreave	Hargreave Hale AIM VCT 1 Plc Hargreave Hale AIM VCT 2 Plc Hargreave Hale Limited Hargreave Hale Nominees Limited Progress Nominees Limited	
Philip Cammerman	British Smaller Companies VCT Plc Clarendon Fund Managers Limited Clarendon Fund Nominees Limited Hargreave Hale AIM VCT 2 Plc Howmac Limited N I Venture Partners Limited Nitech Venture Partners Limited Pressure Technologies Plc Evince Technology Limited FCFM Group Limited	British Smaller Companies VCT 2 Plc Connect Yorkshire Limited
David Michael Brock	Elderstreet VCT Plc Episys Group Limited Hargreave Hale AIM VCT 1 Plc Puma VCT VIII Plc Park Regis Birmingham LLP Leeson Limited	Ossian Retail Group Limited (dissolved) Puma VCT Plc (dissolved) Puma VCT II Plc (dissolved) Puma VCT III Plc (in liquidation) Puma VCT IV Plc (in liquidation)

The business address of all the Directors is: Accurist House, 44 Baker Street, London, W1U 7AL.

- 6.9 None of the Directors has at any time within the last five years:
- 6.9.1 had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
 - 6.9.2 been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
 - 6.9.3 been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors (save as set out in paragraph 6.8 above); or
 - 6.9.4 been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.
- 6.10 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a member of the administrative, management or supervisory bodies or member of senior management.
- 6.11 There are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Companies' securities.
- 6.12 There are no outstanding loans or guarantees provided by either of the Companies for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for either of the Companies.

7. Directors' remuneration and service agreements

- 7.1 In the financial year ended 30 September 2014, the total remuneration of the Directors from Hargreave Hale AIM VCT 1 was £48,000. From this, Giles Hargreave and David Brock each received £15,000 per annum (exclusive of VAT, if any), and Sir Aubrey Brocklebank Bt. received £18,000 per annum (exclusive of VAT, if any). Payments in respect of Giles Hargreave as Non-Executive Director were paid to the Investment Manager, Hargreave Hale Limited. The total remuneration of the Directors of Hargreave Hale AIM VCT 1 was increased with effect from 1 April 2015 to £58,500 (exclusive of VAT if any). From this, Giles Hargreave and David Brock will each receive £18,000 per annum (exclusive of VAT, if any), and Sir Aubrey Brocklebank Bt. will receive £22,500 per annum (exclusive of VAT, if any). Payments in respect of Giles Hargreave as Non-Executive Director would be paid to the Investment Manager, Hargreave Hale Limited.
- 7.2 In the financial year ended 28 February 2015, the total remuneration of the Directors from Hargreave Hale AIM VCT 2 was £48,000. From this, Giles Hargreave and Philip Cammerman each received £15,000 per annum (exclusive of VAT, if any), and David Hurst-Brown received £18,000 per annum (exclusive of VAT, if any). Payments in respect of Giles Hargreave as Non-Executive Director were paid to the Investment Manager, Hargreave Hale Limited. With effect from 1 March 2015 the total remuneration of the Directors of Hargreave Hale AIM VCT 2 was increased to £58,500 (exclusive of VAT if any). From this, Giles Hargreave and Philip Cammerman will each receive £18,000 per annum (exclusive of VAT, if any), and David Hurst-Brown will receive £22,500 per annum (exclusive of VAT, if any). Payments in respect of Giles Hargreave as Non-Executive Director are to be paid to the Investment Manager, Hargreave Hale Limited.
- 7.3 None of the Directors has a service contract with either of the Companies and no such contract is proposed. Each of the Directors have been appointed on terms which can be terminated by either party on three months' notice.
- 7.4 The Directors are not entitled to compensation on termination of their directorships and no

amounts have been set aside or accrued for their pensions, retirement or similar benefits.

- 7.5 Sir Aubrey Brocklebank Bt. has entered into a consultancy agreement with Hargreave Hale AIM VCT 1 (being entered into separately with him and through his associated company, Aubrey Brocklebank & Associates Limited). The fees payable in relation to these agreements are included in the fees referred to in paragraph 7.1 above.

8. **The Companies and their subsidiaries**

The Companies do not have any subsidiaries.

9. **Material contracts**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Companies in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by the Companies and which contain any provision under which either Company has any obligation or entitlement which is, or may be, material to the relevant Company as at the date of this document:

Hargreave Hale AIM VCT 1

Under the Offer Agreement dated on or around 1 December 2015 and made between the Companies (1), the Directors (2), the Sponsor (3), and the Investment Manager (4), the Sponsor has agreed to act as sponsor to the Offers and the Investment Manager has undertaken as agent of the Companies to use its reasonable endeavours to procure subscribers under the Offers. Under the Offer Agreement, the Companies will pay the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the Offers. Out of this fee, the Investment Manager will pay all other costs and expenses of or incidental to the Offers.

- 9.1 Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Investment Manager, the Companies and the Directors have given certain warranties and indemnities to the Sponsor. Warranty claims must be made by no later than 3 months after the second annual general meeting of the relevant Company following the closing date of the Offers at which Shareholders approve the relevant Company's accounts or by the date the relevant Company is subject to a takeover. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of the lesser of (i) £10 million or (ii) the total proceeds of the Offers for the Investment Manager and in respect of the Directors one year's director fees for each Director. The Companies have also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. The Offer Agreement may be terminated, inter alia, if any statement in this Prospectus is untrue, any material omission from this Prospectus arises or any breach of warranty occurs.
- 9.2 Under an offer agreement dated 2 October 2014 (the "2014 Offer Agreement") made between the Companies (1), the Directors (2), Nplus 1 Singer Advisory LLP, (3), and the Investment Manager (4), Nplus 1 Singer Advisory LLP agreed to act as sponsor to the offers in 2014 (the "2014 Offers") and the Investment Manager undertook as agent of the Companies to use its reasonable endeavours to procure subscribers under the 2014 Offers. Under the 2014 Offer Agreement, the Companies each paid the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the 2014 Offers.

Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2014 Offers.

Under the 2014 Offer Agreement, the Investment Manager, the Companies and the Directors gave certain warranties and indemnities to Nplus 1 Singer Advisory LLP. Warranty claims must be made by no later than 3 months after the second annual general meeting of the relevant Company following the closing date of the Offers at which Shareholders approve the relevant Company's accounts or by the date the relevant Company is subject to a takeover. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of the total proceeds of the 2014 Offers for the Investment Manager, and one year's director fees for each Director. The Companies also agreed to indemnify Nplus 1 Singer Advisory LLP in respect of its role as sponsor and under the 2015 Offer Agreement. The 2014 Offer Agreement may be terminated, inter alia, if any statement in the prospectus issued in relation to the 2014 Offers is untrue, any material omission from the prospectus in relation to the 2014 Offers arises or any breach of warranty occurs.

- 9.3 Under an offer agreement dated 31 October 2013 (the "2013 Offer Agreement") made between the Companies (1), the Directors (2), Nplus 1 Singer Advisory LLP (3), and the Investment Manager (4), Nplus 1 Singer Advisory LLP agreed to act as sponsor to the offers in 2013 (the "2013 Offers") and the Investment Manager undertook as agent of the Companies to use its reasonable endeavours to procure subscribers under the 2013 Offers. Under the 2013 Offer Agreement, the Companies each paid the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the 2013 Offers.

Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2013 Offers.

Under the 2013 Offer Agreement, the Investment Manager, the Companies and the Directors gave certain warranties and indemnities to Nplus 1 Singer Advisory LLP. Warranty claims must be made by no later than 3 months after the second annual general meeting of the relevant Company following the closing date of the Offers at which Shareholders approve the relevant Company's accounts or by the date the relevant Company is subject to a takeover. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of the total proceeds of the 2013 Offers for the Investment Manager, and one year's director fees for each Director. The Companies also agreed to indemnify Nplus 1 Singer Advisory LLP in respect of its role as sponsor and under the 2013 Offer Agreement. The 2013 Offer Agreement may be terminated, inter alia, if any statement in the prospectus issued in relation to the 2013 Offers is untrue, any material omission from the prospectus in relation to the 2013 Offers arises or any breach of warranty occurs.

- 9.4 An agreement (the "Hargreave Hale AIM VCT 1 Investment Management Agreement") dated 10 September 2004 (as amended) between Hargreave Hale AIM VCT 1 (1) and the Investment Manager (2) under which the Investment Manager agreed to provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments. This was amended by a deed of variation dated 13 October 2005 in relation to the previous offer of C shares (which have since converted into Ordinary Shares).

Under the agreement, the Investment Manager received fees (exclusive of VAT) equal to 0.9% per annum of the net asset value of the Company until the termination of the HH1 Investment Management Agreement, payable quarterly in arrears. The Investment Manager is also entitled to receive the Performance Incentive Fees and reimbursement of expenses incurred in performing its obligations. In respect of investments made in companies that are not quoted on AIM, the Investment Manager is entitled to charge expenses and initial management fees to investee companies that, without the Board's consent, will not exceed 1% of the value of the total investment by the Company (and any

other investor to whom the Company syndicates any part of its investment) plus, in the case of periodical fees, £10,000 per annum (plus VAT, if applicable).

In line with normal VCT practice, a performance related incentive fee will be payable to the Investment Manager. This annual performance related incentive fee will be payable at the rate of 20% of any dividends paid to Shareholders in excess of 6p per Ordinary Share per annum, provided that the Net Asset Value per Ordinary Share is at least 95p. The first payment of the performance related incentive fee was payable after 30 September 2007 and would be payable provided cumulative distributions in the first three accounting periods exceeded 18p per Ordinary Share. Thereafter, a performance related incentive fee will be payable annually, provided the hurdles have been exceeded, with any cumulative shortfalls below 6p per Ordinary Share having to be made up in subsequent years before the incentive fee becomes payable. No performance related incentive fee will be payable unless the NAV per Ordinary Share is at least 95p.

The appointment may be terminated on 12 calendar months' notice by either party. No benefits are payable on termination.

- 9.5 Under supplemental management agreements between Hargreave Hale AIM VCT 1 (1) and the Investment Manager (2) dated 10 September 2009, Hargreave Hale agreed to provide administrative and custodian services to that company and the services of Stuart Brookes, as company secretary and Giles Hargreave, as a non-executive director for an annual fee of £77,000 (plus VAT) terminable on 3 months' notice either side. Giles Hargreave is interested in this agreement as a director and shareholder of the Investment Manager. Hargreave Hale AIM VCT 1 is proposing to enter into a deed of variation to this agreement to reflect an increased annual fee of £100,000 (plus VAT).
- 9.6 Further to Keydata Investment Services Limited (the former administrator of the Companies) going into administration on 8 June 2009, under an agreement between Hargreave Hale AIM VCT 1 (1), the directors of Hargreave Hale AIM VCT 1 at the time of its 2004 and 2005 offers for subscription (Sir Aubrey Brocklebank Bt., Stewart Ford and David Hurst-Brown) (2), the Investment Manager (3), Williams De Broe Plc (4) and Keydata Investment Services Limited (In Administration) (the promoter of those offers) ("KIS")(5), dated 29 September 2010, the Company agreed to the variation of the offer agreements entered into between those parties in relation to the above offers (the "2004 and 2005 Offer Agreements") whereby the company agreed to (i) pay to KIS the sum of £60,000 in relation to compensation to KIS for the loss of any annual commissions and performance incentive fees that would have become due to KIS under the 2004 and 2005 Offer Agreements (ii) discharge all obligations of KIS to pay trail commissions that became due on or before 29 September 2010 and (iii) compensate KIS in full and final settlement of all sums due to be paid to KIS by the Company as at 8 June 2009 (being the date of the appointment of the administrator of KIS) under an administration agreement between KIS and Hargreave Hale AIM VCT 1 dated 10 September 2004, notwithstanding that that agreement was terminated by reason of the appointment of the administrator. KIS and Hargreave Hale AIM VCT 1 also agreed that the Company shall, out of the £60,000 due to KIS referred to above, assume responsibility to pay the trail commissions referred to above in this paragraph on behalf of KIS, and to pay to Hargreave Hale AIM VCT 2 £20,000 due to be paid to KIS in relation to the agreement referred to in paragraph 12.12 below. The Company also agreed to assume liability for all trail commissions payable after 29 September 2010, with KIS undertaking to indemnify the Hargreave Hale AIM VCT 1 and the directors against all claims resulting from inaccuracy of information provided by KIS to the Company, with the waiver of certain obligations of KIS under the 2004 and 2005 Offer Agreements (including the giving of an indemnity provided to the Company by KIS in relation to Annual Running Costs exceeding 3.5% of the company's net asset value).
- 9.7 Under an agreement between Hargreave Hale AIM VCT 1 (1), and the Investment

Manager (2), dated 15 December 2010, the Company agreed to the variation of the terms of the Hargreave Hale AIM VCT 1 Investment Management Agreement referred to in paragraph 12.4 above with (i) the Investment Manager providing an indemnity in relation to Annual Running Costs of the company exceeding 3.5% of the net assets of the Company with effect from 1 October 2010 and (ii) the annual management fee payable to the Investment Manager increasing to 1.5% of the net asset of the Company.

- 9.8 Under an agreement between Hargreave Hale AIM VCT 1 (1), and the Investment Manager (2), dated 27 February 2012, the Company agreed to the variation of the terms of the Hargreave Hale AIM VCT 1 Investment Management Agreement referred to in paragraph 9.4 whereby that agreement was varied so as to extend the rights and obligations of the Investment Manager to the assets attributable to the New Ordinary Shares and the C shares in Hargreave Hale AIM VCT 1. Under the relevant Deed of Variation, the Investment Manager will receive an annual investment management fee of 1.5% of the net assets attributable to the New Ordinary Shares and the C shares and a Performance Incentive Fee in respect of the New Ordinary Shares and the C shares.

Hargreave Hale AIM VCT 2

- 9.9 The Offer Agreement, details of which are set out in paragraph 9.1 above, and the 2014 Offer Agreement and the 2013 Offer Agreement, details of which are set out at paragraph 9.2 and 9.3 above.
- 9.10 An agreement (the "Hargreave Hale Aim VCT 2 Investment Management Agreement") dated 8 December 2006 between the Hargreave Hale AIM VCT 2 (1) and the Investment Manager (2) under which the Investment Manager agreed to provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments.

Under the agreement, the Investment Manager received fees (exclusive of VAT) equal to 0.9% per annum of the net asset value of the Company until the termination of the Hargreave Hale AIM VCT 2 Investment Management Agreement, payable quarterly in arrears. The Investment Manager is also entitled to receive Performance Incentive Fees and reimbursement of expenses incurred in performing its obligations. In respect of investments made in companies that are not quoted on AIM, the Investment Manager is entitled to charge expenses and initial management fees to investee companies that, without the Board's consent, will not exceed 1% of the value of the total investment by the Company (and any other investor to whom the Company syndicates any part of its investment) plus, in the case of periodical fees, £10,000 per annum (plus VAT, if applicable).

In line with normal VCT practice, a performance related incentive fee will be payable to the Investment Manager. This annual performance related incentive fee will be payable at the rate of 20% of any dividends paid to Shareholders in excess of 6 pence per Ordinary Share per annum, provided that the Net Asset Value per Ordinary Share is at least 95p. The first payment of the performance related incentive fee was payable after 28 February 2010 and would be payable provided cumulative distributions in the first three accounting periods exceeded 18 pence per Ordinary Share. Thereafter, a performance related incentive fee will be payable annually, provided the hurdles have been exceeded, with any cumulative shortfalls below 6 pence per Ordinary Share having to be made up in subsequent years before the incentive fee becomes payable. No performance related incentive fee will be payable unless the NAV per Ordinary Share is at least 95p.

The appointment may be terminated on 12 calendar months' notice by either party. No benefits are payable on termination.

- 9.11 Under supplemental management agreements between Hargreave Hale AIM VCT 2 (1) and the Investment Manager (2) dated 10 September 2009, Hargreave Hale agreed to provide administrative and custodian services to that company and the services of Stuart

Brookes, as company secretary and Giles Hargreave, as a non-executive director for an annual fee of £77,000 (plus VAT) terminable on 3 months' notice either side. Having obtained shareholder approval at its annual general meeting on 21 August 2015 Hargreave Hale AIM VCT 2 will enter into a deed of variation to this agreement to increase the annual fee to £100,000 (plus VAT). Giles Hargreave is interested in this agreement as a director and shareholder of the Investment Manager.

- 9.12 Further to Keydata Investment Services Limited (the former administrator of the Companies) going into administration on 8 June 2009, under an agreement between Hargreave Hale AIM VCT 2 (1), the directors of Hargreave Hale AIM VCT 2 at the time of its 2006 offer for subscription (Sir Aubrey Brocklebank Bt., Stewart Ford and David Hurst-Brown) (2), the Investment Manager (3) and Keydata Investment Services Limited (In Administration) (the promoter of that offer) ("KIS")(4), dated 29 September 2010, the Company agreed to the variation of the offer agreement entered into between those parties in relation to the above offer (the "2006 Offer Agreement") whereby KIS agreed to pay the Company the sum of £20,000 to (i) compensate to the Company in respect of any amount by which the Annual Running Costs exceeded 3.5% of its net assets on or before 29 September 2010, (ii) to compensate KIS for the loss of any annual commissions and performance incentive fees that would have become due to KIS under the 2006 Offer Agreement (iii) the Company to discharge all obligations of KIS to pay trail commissions that became due on or before 29 September 2010 and (iv) compensate KIS in full and final settlement of all sums due to be paid to KIS by the Company as at 8 June 2009 (being the date of the appointment of the administrator of KIS) under an administration agreement between KIS and Hargreave Hale AIM VCT 2 dated 8 December 2006, notwithstanding that that agreement was terminated by reason of the appointment of the administrator. KIS and Hargreave Hale AIM VCT 2 also agreed that the Company shall assume responsibility to pay the trail commissions referred to above in this paragraph on behalf of KIS. The Company also agreed to assume liability for all trail commissions payable after 29 September 2010, with KIS undertaking to indemnify the Hargreave Hale AIM VCT 2 and the directors against all claims resulting from inaccuracy of information provided by KIS to the Company, with the waiver of certain obligations of KIS under the 2006 Offer Agreement.

10. **Related party transactions**

Other than the agreements, deeds and shareholdings referred to in paragraphs 9.1, 9.2, 9.7, 9.8 (in the case of Hargreave Hale AIM VCT 1) and 9.9, 10.10 and 10.11 (in the case of Hargreave Hale AIM VCT 2), there have been no related party transactions relating to the Companies between 1 October 2010 (in the case of Hargreave Hale AIM VCT 1) and 1 March 2011 (in the case of Hargreave Hale AIM VCT 2) and the date of this document.

11. **Specific Disclosures in respect of Closed Ended Funds**

- 11.1 The Investment Manager intends to structure the investments of the Hargreave Hale AIM VCT 1 and the Hargreave Hale AIM VCT 2 Ordinary Share funds in accordance with the Companies' objects of spreading investment risk and in accordance with their respective published investment policies as set out in the section of Part I "Investment Policies of both Companies". These investment policies are in line with the VCT rules and neither of the Companies will deviate from them, in any material respect. Further, in accordance with the VCT rules, the Companies will invest in ordinary shares, in some cases a small number of preference shares where applicable, and always in accordance with such rules.
- 11.2 The Companies are not authorised by the FCA (or equivalent overseas regulator) although VCTs need to meet a number of conditions set out in tax legislation in order for the VCT tax reliefs to apply, and comply with the continuing obligations of listed companies under the Listing Rules and the Disclosure and Transparency Rules.
- 11.3 Each of the Companies is regulated by the VCT rules in respect of the investments they

make as described in Part III of this document. Each of the Companies has appointed Robertson Hare LLP as its VCT status monitor. Robertson Hare LLP will report twice yearly to the Companies as a part of their annual and interim reporting obligations. In respect of any breach of the VCT rules, the relevant Company, together with Robertson Hare LLP, will report directly and immediately to HMRC to rectify the breach and announce the same immediately to the relevant Company's shareholders via a Regulatory News Service provider. In addition, the Companies intend to maintain the investment approach as detailed in the section entitled "Investment Policies of both Companies" in Part I of this document. In addition each of the Companies are small registered UK AIFMs for the purposes of the AIM Regulations 2013 and subject to regulation as such by the FCA.

- 11.4 The Companies will not conduct any trading activity which is significant in the context of their groups (if any) as a whole. No more than 10%, in aggregate, of the value of the total assets of the Companies at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds themselves have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds. The Companies will, at all times, invest and manage their assets in a way which is consistent with their objective of spreading investment risk and in accordance with their published investment policies. The Companies will also invest and manage their assets to ensure compliance with the Listing Rules, the Prospectus Rules and the VCT rules and restrictions.
- 11.5 Each Board must be able to demonstrate that they will act independently of the Investment Manager. A majority of the Boards (including the Chairman) must not be directors, employees, partners, officers, or professional advisors of or to, the Investment Manager or any company in the Investment Manager's group or any other investment entity which they manage.
- 11.6 Neither Company will:
 - 11.6.1 invest more than 15% of its gross assets in any single company, in accordance with the VCT legislation, nor will either Company control the companies in which it invests in such a way as to render them subsidiary undertakings until it has obtained approval as a VCT from HMRC;
 - 11.6.2 invest directly in physical commodities;
 - 11.6.3 invest in any property collective investment undertaking; or
 - 11.6.4 invest in any derivatives, financial instruments, money market instruments or currencies other than for the purposes of efficient portfolio management (i.e. solely for the purpose of reducing, transferring or eliminating investment risk in the underlying investments of the collective investment undertaking, including any technique or instrument used to provide protection against exchange and credit risks).

11.7 The Investment Manager is responsible for the determination and calculation of the Net Asset Value of the Companies on a weekly basis. The value of investments will be determined according to their listing status. Quoted securities will be valued at bid price unless the investment is subject to restrictions or the holding is significant in relation to the share capital of a small quoted company, in which case a discount may be appropriate as per the EVCA guidelines. Unquoted investments will be valued on a cost basis in the first year and reviewed subsequently on the basis of the progression of the business. The Net Asset Value of the Companies will be communicated to Investors in Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 through a Regulatory News Service provider at the same frequency as the determinations. In the event of any suspension, valuations are held at the suspended price and a view is taken with consideration to best market practice and information from advisers. The Directors do not anticipate any circumstances arising under which the valuations may be suspended. Should the determination of Net Asset Value differ from that set out above then this will be communicated to investors in Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 through a Regulatory News Service provider.

12. Further Information on Investment Manager

12.1 Hargreave Hale Limited is regulated and authorised by the Financial Conduct Authority. It was incorporated as a private limited company in England and Wales on 16 January 1996 under number 3146580 and operates under the Act and the regulations made under the Act. Hargreave Hale Limited is domiciled in the UK. Its registered office is 9-11 Neptune Court, Hallam Way, Blackpool, Lancashire, FY4 5LZ. The telephone number is 01253 754700.

12.2 The original administrator of each Company was Keydata Investment Services Limited. Keydata Investment Services Limited went into administration on 8 June 2009. The assets and business of the Companies were ring fenced from the activities of Keydata Investment Services Limited and as such were not affected by the administration. The investment, management and custody of the Companies' assets was at all times undertaken by Hargreave Hale Limited.

13. Corporate Governance

13.1 Each Board is accountable to Shareholders for the governance of each Company's affairs and is committed to maintaining the highest standards of corporate governance. Accordingly, each Board has adopted the Corporate Governance Code published by the Financial Reporting Council in June 2010 and reports against the principles and recommendations of this Code (the "Code"). Considering the principles detailed in the Code, the Boards believe that each Company as at the date of this document complies, save as disclosed below in relation to committees, with the provisions of the Code throughout the financial year (in the case of Hargreave Hale AIM VCT 1 ended 30 September 2014 (as detailed on page 24 of its Annual Report and Accounts for the period ended 30 September 2014) and in the case of Hargreave Hale AIM VCT 2 ended 28 February 2015 (as detailed on page 26 of its Annual Report and Accounts for the period ended 28 February 2015) which can both be downloaded at www.hargreaveaimvcts.co.uk. These Accounts are incorporated by reference, as set out below:

	Hargreave Hale AIM VCT 1 Audited financial statements for the period ended 30 September 2014	Hargreave Hale AIM VCT 2 Audited financial statements for the period ended 28 February 2015
	Page numbers	Page numbers

Corporate Governance Statement:	24-28	26-30
Departures from the Code:	24	26

- 13.2 Due to the size of the Boards, each Board has not set up separate nomination and remuneration committees (as required by Code C3.1, A4.1 and B2.1 respectively) on the grounds that the Board as a whole considers these matters. As all Directors are non-executives, neither Board has appointed a senior independent non-executive director (Code A3.3) as the Chairman performs the role.
- 13.3 An audit committee has been established. The audit committee for Hargreave Hale AIM VCT 1 comprises of David Brock as chairman and Aubrey Brocklebank. The audit committee for Hargreave Hale AIM VCT 2 comprises of Philip Cammerman as chairman and David Hurst-Brown.
14. **Litigation**
- There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Companies are aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on either of the Companies' financial positions or profitability.
15. **General**
- 15.1 The estimated costs and expenses relating to the Offers will be 3.5% of gross funds raised by the relevant Company under the Offers. Assuming full subscription under the Offers, the total net proceeds of the Offers after all fees, are expected to be £19.3 million for Hargreave Hale AIM VCT 1 and £14.48 million for Hargreave Hale AIM VCT 2.
- 15.2 BDO LLP, Chartered Accountants of 55 Baker Street, London, W1U 7EU were auditors of the Companies in respect of the audited financial information set out in Part IV and have given unqualified audit reports on the statutory accounts of the Companies for those financial years referred to in Part IV within the meaning of section 495 of the Act. None of those reports contained any statements under section 237(2) or (3) of the Act. Statutory accounts of the Companies for those financial years have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the Act.
- 15.3 The Companies shall take all reasonable steps to ensure that its auditors are independent of them and will obtain written confirmation from their auditors that they comply with guidelines on independence issued by their national accountancy and auditing bodies.
- 15.4 The statements attributed to the Investment Manager in this document have been included in the form and context in which they appear with the consent and authorisation of the Investment Manager. The Investment Manager accepts responsibility for those statements, and to the best of the knowledge of the Investment Manager (which has taken all reasonable care to ensure that such is the case) those statements are in accordance with the facts and contains no omission likely to affect its import.
- 15.5 All third party information in this Prospectus has been identified as such by reference to its source and in each instance has been accurately reproduced and, so far as the Companies are aware and able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 15.6 There are no material potential conflicts of interest which any of the service providers to the Companies, including the Investment Manager, may have as between their duty to the Companies and the duties owed to third parties and their other interests, provided that the Investment Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Companies. In

particular, the Investment Manager currently does, and may continue to, provide investment management, investment advice or other services in relation to a number of other funds or accounts that may have similar investment objectives and/or policies to that of the Companies and may receive ad valorem and/or performance-related fees for doing so. As a result, the Investment Manager may have conflicts of interest in allocating investments among the Companies and other clients and in effecting transactions between the Companies and other clients. The Investment Manager may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Companies.

- 15.7 The Directors of each of the Companies have noted that the Investment Manager has other clients and have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest.

16. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of each Company at Accurist House, 44 Baker Street, London W1U 7AL whilst the Offers remain open:

- 16.1 the Articles of Association of each Company;
- 16.2 the material contracts referred to in paragraph 9 above;
- 16.3 the interim results of Hargreave Hale AIM VCT 1 for the periods ending 31 March 2014, 31 March 2015, and the annual accounts for the periods ending 30 September 2012, 30 September 2013 and 30 September 2014;
- 16.4 the interim results of Hargreave Hale AIM VCT 2 for the periods ending 31 August 2014, 31 August 2015, and the annual accounts for Hargreave Hale AIM VCT 2 for the periods ending 29 February 2013, 28 February 2014 and 28 February 2015; and
- 16.5 this Prospectus.

Dated: 1 December 2015

PART V

DEFINITIONS

"Act"	the Companies Act 2006 (as amended)
"Admission"	the admission of the New Ordinary Shares issued, and to be issued, pursuant to the Offers to the premium segment of the Official List and to trading on the London Stock Exchange becoming effective
"AIFM"	means an AIFM as defined in Regulation 4 of the AIFM Regulations
"AIFM Regulations 2013"	The Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773)
"Annual Running Costs"	means the running costs of the relevant Company and include the management fees payable to the Investment Manager (excluding any performance incentive fee), accounting and administration fees, as well as fees for directors, auditors, taxation advisers, sponsor, registrar, and the costs of communicating with shareholders; however, such costs shall exclude any VAT payable thereon (the payment of which is the responsibility of the respective Company)
"AIM"	the AIM Market operated by the London Stock Exchange
"Articles of Association"	the articles of association of each Company in force from time to time
"Companies" or "Funds"	Hargreave Hale AIM VCT 1 and/or Hargreave Hale AIM VCT 2 and "Company" or "Fund" means either one of them, as the context requires
"CREST"	the relevant system (as defined in the Regulations) operated by Euroclear
"Directors" or "Board"	the directors of each Company
"Disclosure and Transparency Rules" or "DTR"	the Disclosure and Transparency Rules published by the FCA from time to time
"Equiniti"	Equiniti Limited
"EVCA"	the European Private Equity and Venture Capital Association
"FCA"	the Financial Conduct Authority in the United Kingdom and/or any successor or replacement body or bodies from time to time
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Meeting"	the general meeting of HH1 and/or HH2 (as appropriate) to be held on 12 January 2016

"Hargreave Hale AIM VCT 1" or "HH1"	Hargreave Hale AIM VCT 1 plc
"Hargreave Hale AIM VCT 2" or "HH2"	Hargreave Hale AIM VCT 2 plc
"HMRC"	HM Revenue & Customs
"ISDX"	ICAP Securities and Derivatives Exchange (formally PLUS)
"ITA"	Income Tax Act 2007, as amended
"Investment Manager" or "Hargreave Hale"	Hargreave Hale Limited, which is authorised and regulated by the FCA
"Investor(s)"	subscriber for New Ordinary Shares under the Offers
"Knowledge Intensive Company"	a company satisfying the conditions in Section 331(A) of Part 6 ITA.
"Listing Rules"	the listing rules prescribed by the UK Listing Authority
"London Stock Exchange"	London Stock Exchange plc
"Marlborough Special Situations Fund"	the Marlborough Special Situations Fund launched on 12 July 1995 being an authorised collective investment scheme as defined in FSMA
"Management Agreements"	the agreement dated 10 September 2004 (as amended) between Hargreave Hale AIM VCT 1 and Hargreave Hale Limited governing the management of Hargreave Hale AIM VCT 1's investments and the agreement dated 8 December 2006 (as amended) between Hargreave Hale AIM VCT 2 and Hargreave Hale Limited governing the management of Hargreave Hale AIM VCT 2's investments
"Maximum Subscription"	the receipt of the maximum subscription monies under the Offer, being an aggregate amount of £15,000,000 in relation to Hargreave Hale AIM VCT 1, and an aggregate amount of £10,000,000 in relation to Hargreave Hale AIM VCT 2 (including, in each case, the Over-allotment Facility)
"Net Asset Value" or "NAV"	the value of each Company's assets and/or the relevant share pool, less its liabilities (divided by the appropriate number of shares in issue)
"New Ordinary Shares"	New Ordinary Shares in Hargreave Hale AIM VCT 1 and/or Hargreave Hale AIM VCT 2 issued pursuant to the Offer
"Non-Qualifying Investment"	investments made by the Companies which do not qualify as Qualifying Investments
"Offer Agreement"	the offer agreement detailed in paragraph 9 of Part IV of this document
"Offer(s)"	any one or more of the offers for subscription by Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 as described in this document

"Offer Price"	the relevant offer price for the New Ordinary Shares in each Company as determined by the Pricing Formula
"Official List"	the Official List of the UK Listing Authority
"Ongoing Expense Ratio"	the total costs of managing and operating each Company divided by its NAV (including VAT where applicable)
"Over-allotment Facility"	the ability of the Directors of a Company (at their discretion), if the relevant Offer is oversubscribed, to increase the number of Shares available for subscription under that Offer to raise further amounts under the Offers of up to £10 million in the case of HH1 and £5 million in the case of HH2
"Performance Incentive Fee"	the fee payable to the Investment Manager, as described in paragraphs 10.4 and 10.10 of Part IV of this document
"Pricing Formula"	the last Net Asset Value of an existing Ordinary Share (with an appropriate adjustment for any dividends declared and not yet paid if the allotment occurs whilst the shares are classified as ex-dividend) as published by the relevant Company prior to the date of allotment divided by 0.965 to allow for issue costs of 3.5% calculated, in pence, to two decimal places
"Prospectus"	this document
"Prospectus Rules"	as defined in section 73A(4) of the Financial Services and Markets Act 2000, rules expressed to relate to transferable securities
"Qualifying Investment" or "Qualifying Company"	an investment made by a venture capital trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA
"Regulations"	the Uncertificated Securities Regulations 2001 (S.I. 2001/3755)
"Risk Finance State Aid"	State aid received by a company as defined in Section 280B (4) of ITA
"Shareholder"	a holder of Shares
"Share(s)"	shares in the capital of Hargreave Hale AIM VCT 1 and/or Hargreave Hale AIM VCT 2
"Sponsor"	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the FCA and is a member of the London Stock Exchange
"Subscription"	means the amount in pounds sterling that the Investor has subscribed for in Shares
"UK Listing Authority"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Markets and Services Act 2000
"VCT" or "Venture Capital Trust"	venture capital trust as defined in section 259 ITA