



Securities Note relating to the issue by Hargreave Hale AIM VCT 1 plc

of Scheme Shares in connection with the acquisition of the
assets and liabilities of Hargreave Hale AIM VCT 2 plc

and

an offer for subscription of Ordinary Shares of
1p each in Hargreave Hale AIM VCT 1 plc to raise
up to £20,000,000, with an over-allotment
facility of up to a further £10,000,000

Tax Years:
2017/2018
2018/2019

HARGREAVEHALE

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 (the “Company”) or Hargreave Hale AIM VCT 2 plc, 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 constitutes a securities note (the “Securities Note”) relating to the Company. Additional information relating to the Company is contained in a registration document issued by the Company (the “Registration Document”). This Securities Note, the Registration Document and a summary (“Summary”) have been prepared in accordance with the Prospectus Rules made by the Financial Conduct Authority pursuant to Part VI of FSMA, and constitute a prospectus issued by the Company and dated 12 February 2018 (“Prospectus”). The Prospectus has been approved by and filed with the Financial Conduct Authority and you are advised to read the Prospectus in full.

The Directors of the Company, whose names are set out on page 25 of this document, and the Company, accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus 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 Company and is not advising any other person or treating any other person 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 thereunder) or for providing advice in connection with any of the matters referred to herein. The Sponsor does not give any representation, warranty or guarantee express or implied as to the content of this document or that the Company will qualify as a Venture Capital Trust 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 Company Act 1985 with registered number 05206425)

Prospectus Relating to:

the proposed merger of Hargreave Hale AIM VCT 1 with Hargreave Hale AIM VCT 2 by way of the issue by Hargreave Hale AIM VCT 1 of Scheme Shares in exchange for the acquisition of the assets and liabilities of Hargreave Hale AIM VCT 2 plc

and

the Offer for Subscription of Ordinary Shares of 1 pence each in Hargreave Hale AIM VCT 1 to raise up to £20,000,000*

*If the Offer is 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 the 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 Scheme Shares and Offer Shares to be admitted to the premium segment of the Official List of the UKLA and to trading on the London Stock Exchange’s main market for listed securities. It is expected that such admission will become effective and that dealings will commence on 26 March 2018 in respect of the Scheme Shares and within 10 business days of allotment in respect of the Offer Shares. The subscription list for the Shares which are being offered to the public under the Offer will open on 12 February 2018 and may be closed at any time thereafter but, in any event, not later than 12.00 p.m. on 5 April 2018 for the 2017/18 tax year and 12.00 p.m. on 31 January 2019 for the 2018/19 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 Offer Shares unless, in such territory, such offer or invitation could lawfully be made.



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RISK FACTORS

Although the significant tax benefits available to Investors in Hargreave Hale AIM VCT 1 reduce the risk of the investment, prospective investors should consider carefully the following risk factors. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks described below are those specific to the Company and all the material risks in respect of the Offer Shares. The value of the Offer Shares could decline due to any of the risk factors described below and prospective investors could lose part or all of their investment. This document does not constitute financial advice and prospective investors are recommended to consult an independent financial adviser authorised under the FSMA before deciding whether to apply for Offer Shares under the terms of the Offer.

Risks Relating to the Offer

- An investment into Hargreave Hale AIM VCT 1 should be for a minimum of five years. A disposal of Offer Shares within 5 years of subscription may lead to HMRC clawing back the 30% income tax relief from those investors.
- Since the value of a VCT depends on the performance of the underlying assets, prospective investors should be aware that the value of Offer Ordinary Shares, and the income from them, may go down as well as up. An Investor may not get back the amount originally invested.
- Past performance of the Company and its investments is no indication of its future performance. The return received by Investors will be dependent on the performance of the underlying investments of the Company. The value of such investments, and interest income and dividends therefrom, may rise or fall.
- Whilst it is the intention of the Directors that the Company 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 Company 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 Company; loss of tax relief obtained in relation to corporation tax on capital gains made by the Company; a liability to capital gains tax on the disposal of Offer 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 Company to meet its 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 2017/18 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
- The Finance Act 2014 includes a number of changes to the rules affecting VCTs. In particular, 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 also apply where the subscription and sale are of shares in different VCTs but those VCTs merge in between the subscription and the sale. The amount on which income tax relief is available is reduced by the amount of the consideration given for the sale.
- The Finance (No.2) Act 2015 and Finance Act 2016 introduced changes to the VCT rules which have placed greater restrictions on the range of investments into which the Company can deploy funds. As a result the Company must generally invest in businesses which are less than seven years old and VCT funds cannot be used to finance acquisitions by investee companies. VCTs may now only invest in Qualifying Investments, shares listed on a European regulated market, certain money market securities and short-term deposits. The penalty for breaching these new rules is loss of VCT status, so the Company and its investors may face a higher risk of the loss of tax benefits than under the previous rules.
- Following publication in August 2017 by HM Treasury of "Financing Growth in Innovative Firms" the results of its 'Patient Capital Review' which considered the effectiveness of schemes such as VCTs in relation to patient capital, the Chancellor of the Exchequer, in his Autumn Budget on 22 November 2017, announced certain changes to the rules relating to VCT's. The proposed legislation was set out in the Finance (No. 2) Bill 2017-19, published on 1 December 2017 and Guidance Notes were issued by HMRC on 4 December 2017. One of the changes is that the question of whether a company's investments can be considered as lower risk so as to enable them to be considered Qualifying Investments for VCT purposes will be considered by HMRC using a 'principles based approach'. Applications for Advance Assurance from 4 December 2017 are considered in the light of this new approach. The proposed legislative changes will come into force on Royal Assent of the Finance (No.2) Bill 2017-

19, subject to parliamentary scrutiny, process and approval. If the legislative changes come into force (in full or otherwise), the Company's investment policies may be modified accordingly, and this may limit the number of VCT qualifying investment opportunities available to the Company and/or reduce the level of returns which might otherwise have been achievable and/or increase the risk profile of the investments chosen.

- A VCT is restricted from making a payment or distribution to shareholders from the capital it has raised. The restriction applies until the third anniversary of the end of the accounting period in which the share capital is issued. If the VCT infringes the restriction, it may have its approved status withdrawn. The restriction does not apply to share capital issued before 6 April 2014, and does not limit the VCT's ability to pay dividends from realised profits or to redeem or repurchase shares or to distribute assets in the course of a winding up.
- The maximum annual amount that can be invested in an individual company per year is £5 million. This investment limit extends beyond VCTs and includes all other sources of State-aided risk capital. A breach of this limit may lead to HMRC withdrawing the Company's 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 Company.
- 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.
- Although the Ordinary Shares are listed on the Official List and are admitted to trading on the London Stock Exchange, and the Offer Shares will be listed on the Official List and admitted to trading on the London Stock Exchange, it is likely that there may not be a liquid market in the Offer Shares and Shareholders may have difficulty in selling them, primarily because the initial income tax relief is only available to those subscribing for newly issued shares. The Ordinary Shares usually trade at a discount to the Net Asset Value of the Company.
- The Directors intend, subject to liquidity, the Listing Rules, the Prospectus Rules, the Act and VCT regulations, to pursue a policy of purchasing Shares in the market in order to facilitate liquidity for Shareholders and to manage the level of the discount to NAV at which the Shares may be trading. The Company endeavours to facilitate such sales at a price which represents a discount of no more than 5% to the last published

NAV of the Company. However, the Directors reserve the right to suspend or amend the buy-back policy in certain circumstances.

- 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.
- The Articles of Association of the Company provide that Shareholders will vote at the annual general meeting of the Company to be held in 2023 as to whether the Company is to continue as a VCT. It is proposed that this be extended to 2025 by resolution at the Company's general meeting convened for 16 March 2018. In the event that such resolutions are rejected, and Shareholders vote for the Company not to continue as a VCT, proposals could be implemented such that Shareholders that had participated in the Offer would not be able to achieve the minimum five-year holding period for their Shares and which would result in the loss of the tax reliefs as further explained in Part 5 (What is a VCT?).
- On 23 June 2016, the UK held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit". As a result of the referendum, it is expected that the British government will negotiate the terms of the UK's future relationship with the EU. It is unknown at this time what terms will emerge, whether changed regulatory control affecting VCT's will increase or decrease or how the eventual terms will affect positively or negatively the business model, business operations and financial results or impact sales demand, material and labour costs, availability and cost of finance for the Company or an underlying investee company.
- Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes. In addition, the market for securities in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

Risks Relating to the Merger

- Completion of the Merger is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and HH2 Shareholders. If the Merger is not approved and/or effected, the expected benefits of the Merger will not be realised and the Company will be responsible for the costs of the proposals relating to the Merger.

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INTRODUCTION

HARGREAVE HALE AIM VCT 1

Hargreave Hale AIM VCT 1 is an established Venture Capital Trust that aims to make tax-free dividend distributions from capital gains and income generated through investment in existing and diversified portfolios of investments in small UK companies.

Although the VCT has primarily invested in Qualifying Companies that are listed on AIM, in recent years it has built, and will continue to build, a portfolio of Qualifying Investments in private companies. The Company will also make Non-Qualifying Investments in other equities, fixed income and the Marlborough Special Situations Fund.

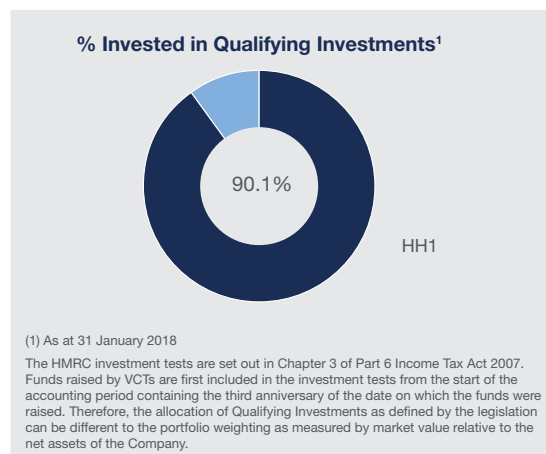
Hargreave Hale AIM VCT 1 was approved as a VCT by HMRC at launch in 2004. It has at all times satisfied the various tests required to maintain its status as a VCT.

It is now proposed to launch a further fund raising exercise for up to £20m.

As announced on 27 December 2017 in order to achieve efficiency and reduce the running costs of the Company it is proposed to merge the Company with Hargreave Hale AIM VCT 2 on a relative NAV basis, subject to shareholder approval.

HIGHLIGHTS:

- £87m raised since launch
- £16.7m returned to shareholders through dividends
- £15.6m returned to shareholders through share buy backs and tender offer
- 23 investments made in the last 12 months totalling £7.5m
- Low ongoing expense ratios of less than 2% pa.
- Proposed merger with Hargreave Hale AIM VCT 2
- Further share offer to raise up to £20m for investment into an established portfolio



HARGREAVE HALE

Established in 1897, Hargreave Hale has evolved into a leading fund manager and provider of investment management and stockbroking services to individuals, families, corporate entities, charities, trusts, solicitors, accountants and intermediaries. Hargreave Hale has an award winning fund

management team of 14 people. On 18 September 2017 Hargreave Hale was acquired by Canaccord Genuity Wealth Management, the UK & Europe based wealth management business of Canaccord Genuity Group Inc.

£5.4

BILLION

IN FUND MANAGEMENT
ASSETS

£3.7

BILLION

INVESTED IN SMALL
COMPANIES

18

YEAR

TRACK RECORD

1000+

MEETINGS

WITH COMPANIES PA

3



TERMS OF THE OFFER

TIMETABLE FOR THE OFFER

Offer opens	12 February 2018
First allotment	20 March 2018
Subsequent allotments	Monthly
Closing date for the 2017/18 tax year	12pm on 5 April 2018
Closing date for the 2018/19 tax year	12pm on 31 January 2019
Admission and dealings expected to commence	Within 10 business days of any allotment
Dispatch of Share and tax certificates	Within 15 business days of any allotment

DETAILS OF THE OFFER

Total Offer size:	£20,000,000 with £10,000,000 overallotment facility
Minimum subscription per Investor	£5,000
Offer Price	3.5% premium to NAV

The Offer is conditional on the Offer Agreement referred to in paragraph 8.1 of the section headed "Additional Information" becoming unconditional and not being terminated in accordance with its terms. The Offer is not inter-conditional upon the Scheme.

PRICING FORMULA

Offer Shares will be issued at a 3.5% premium to NAV to offset the costs of the Offer. The price of the Offer Shares will be calculated in pence to two decimal places by reference to the Pricing Formula:

$$\begin{array}{lcl} \text{Price of Offer} & & \text{Last Published Net Asset Value per Ordinary Share} \\ \text{Shares} & = & \hline & & 0.965 \end{array}$$

The NAV per Ordinary Share will be the last published by the Company prior to the date of allotment, adjusted as necessary for dividends declared but not yet paid if the allotment occurs whilst the Shares are classified as ex-dividend.

ADVISER CHARGES AND COMMISSION

Introductory commission is available to financial intermediaries in respect of non-advised subscriptions to the Offer:

- 1% initial commission, no trail or
- 0.5% initial commission plus trail commission.

The introductory commission may be waived in favour of the Investor and reinvested through an additional allotment of Offer Shares. The Company can facilitate the payment of an Adviser Charge on behalf of an Investor in respect of services provided to the Investor in relation to their subscription to the Offer. Other than in certain circumstances, legislation prohibits the payment of fees or commissions by or on behalf of the Company or its agents to platform service providers.

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LETTER FROM THE CHAIRMAN

DEAR INVESTOR,

The Offer

Following the success of the 2016-2017 offer in which £29m was raised for Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2, we are pleased to launch a further offer for subscription to raise £20m in Hargreave Hale AIM VCT 1.

The Offer will provide the Company with additional capital to invest in small British companies whilst improving its long term viability and further reducing its Ongoing Expenses Ratio, already one of the lowest in the VCT industry. It will also allow new and existing Investors to invest in small companies through a tax efficient structure with an award winning fund management team.

The Offer will remain open until 12pm on 5 April 2018 for Investors seeking tax relief in the 2017/18 tax year and 12pm on 31 January 2019 for Investors seeking tax relief in the 2018/19 tax year, unless the Offer is fully subscribed at an earlier date.

Investment policies

The Company's investment objective is to make tax-free dividend distributions from capital gains and income generated through investment in diversified portfolios of investments in small UK companies.

The Company is predominantly invested in Qualifying Companies that are listed on AIM. That will remain the case. However, its investment portfolio now also includes and will continue to include an increasing number of Qualifying Investments in private companies. Hargreave Hale AIM VCT 1 will also make Non-Qualifying Investments in other equities, fixed income and the Marlborough Special Situations Fund.

Tax Benefits

Investors who pay income tax in the United Kingdom should be able to claim up to 30% income tax relief at the point of investment provided they pay sufficient income tax to offset against the claim for income tax relief and commit to holding their shares for at least 5 years. Other tax reliefs available to Investors include an exemption from income tax on any dividend distributions made by the VCTs and an exemption from capital gains tax on disposal of their shares.

Investors should note that VCT investments are not loss allowable for the purposes of capital gains tax. Tax reliefs can be subject to change and are dependent on an individual's circumstances; we encourage Investors to consult their accountant or financial adviser and confirm their suitability before proceeding with an investment.

Merger

As announced on 27 December 2017, the Company is proposing to merge with Hargreave Hale AIM VCT 2. The Merger is being effected by way of a scheme of reconstruction of Hargreave Hale AIM VCT 2, whereby Hargreave Hale AIM VCT 2 is placed in members' voluntary liquidation and all its assets and liabilities are acquired by the Company in exchange for Shares in the Company being issued directly to the shareholders of Hargreave Hale AIM VCT 2, the number of such Shares being determined by reference to the adjusted relative net assets of the two companies.

Your Board and the board of Hargreave Hale AIM VCT 2 plc consider that the interests of each Company's shareholders will be better served by an enlarged single company with reduced annual costs as a proportion of net assets, a simplified management structure and an increased level of funds available for investment. As the Companies have the same Investment Manager and advisers, the same investment objective and policy, and significant overlap within their investment portfolios, the proposed Merger should be achievable without major additional cost or disruption to the Companies. The Board does not expect the Merger to negatively impact income tax reliefs previously claimed by the Companies' Shareholders.

In common with most public companies, VCTs have a number of fixed costs that accrue during the year including: listing costs, registrar costs, audit costs, professional adviser fees and non-executive director fees. These would be more efficiently spread across a larger asset base.

Hargreave Hale is making a significant contribution of no less than £160,000 to the costs of the Merger. This, together with the anticipated annual cost savings of approximately £180,000, should allow the Companies to recover their costs in approximately one year of the Merger. The net costs of the Merger will be split proportionately between the Companies.

Following completion of the Merger it is expected that the Annual Running Costs of the Company will be approximately £1.9m compared with an aggregate of £2.1m for the Companies which is a saving of some 8% against each Company's last published annual report.

The proposal is to merge the Companies using a scheme of reconstruction (the “Scheme”) by which the assets and liabilities of Hargreave Hale AIM VCT 2 will be transferred to the Company. The mechanism by which the Merger will be completed is as follows:

- Hargreave Hale AIM VCT 2 will be placed into members’ voluntary liquidation pursuant to a scheme of reconstruction under section 110 IA 1986; and
- all of the assets and liabilities of Hargreave Hale AIM VCT 2 will be transferred to the Company in consideration for the issue of Scheme Shares to Hargreave Hale AIM VCT 2 Shareholders.

The Scheme will be completed on a relative unaudited NAV basis, adjusted for the anticipated costs of the Scheme and based on the latest unaudited valuations of the Companies’ investments as at the Scheme Calculation Date. The effect of the Scheme will be that HH2 Shareholders will receive Shares with the same total Net Asset Value as at the Scheme Calculation Date as their HH2 Shares.

The Scheme is conditional upon its approval by Shareholders and by HH2 Shareholders, as well as the other conditions set out in Part 13 of this document.

Shareholders and Investors should note that the Merger by way of the Scheme will be outside the provisions of the City Code on Takeovers and Mergers.

The portfolio of assets which will be transferred from Hargreave Hale AIM VCT 2 to the Company as part of the Scheme is considered to be consistent with the Company’s published investment policy. The extent of the liabilities (if any) which will be transferred from Hargreave Hale AIM VCT 2 to the Company as part of the Scheme will be those which are incurred in the ordinary course of business, and Merger costs which remain unpaid at the time of transfer. Any such liabilities are expected to be nominal in comparison to the value of the assets.

HH2 Shareholders who do not vote in favour of the resolution to be proposed at the HH2 First General Meeting are entitled to dissent and have their shareholding purchased by the Liquidators at a price agreed between the dissenting HH2 Shareholders and the Liquidators (or by arbitration), which would be expected to be at a significant discount to the net asset value of an HH2 Share. If the conditions of the Scheme are not satisfied, the Companies will continue in their current form.

Clearance has been requested from HMRC that the Scheme meets the requirements of the Merger Regulations and, therefore, that the implementation of the Scheme should not affect the status of the Company as a VCT. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following the Merger so that the Enlarged Company continues to qualify as a VCT.

Further information regarding the terms of the Scheme is set out in Part 13 of this document. Details of the risks relating to the Scheme and those generally associated with investing in a VCT are set out in Part 1.

Annual Reports

Hargreave Hale AIM VCT 1’s annual report and accounts are made up to 30 September in each year and are normally published in December. The first annual report to be sent to Investors in Hargreave Hale AIM VCT 1 after the close of the Offer will be the audited annual accounts for the year ending 30 September 2019.

The Life of the Company

Although the Company is an ‘evergreen’ VCT, the Company’s constitution provides that Shareholders should have a continuation vote every 5 years. This vote is currently scheduled to take place at the Company’s annual general meeting in 2023. At the general meeting of the Company convened for 16 March 2018, we will be asking shareholders to vote on an extension of this deadline until the annual general meeting in 2025.

This Securities Note is one of three parts of the Prospectus. Please ensure you read the Summary and Registration Document in full before completing the Application Form attached to this document. These can be found on our website (www.hargreaveaimvcts.co.uk). If you would like to discuss the Offer further, please direct your enquiries to Hargreave Hale on 0207 009 493700 although no investment advice can be given.

Yours sincerely,



SIR AUBREY BROCKLEBANK Bt.

Chairman

Hargreave Hale AIM VCT 1

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WHAT IS A VCT?

INTRODUCTION

A Venture Capital Trust is a company, broadly similar to an investment trust, which has been approved by HMRC and which subscribes for shares in (or lends money to) small unquoted companies, including those traded on AIM. VCTs and their Investors enjoy certain tax reliefs. In return for these tax reliefs, HMRC requires each VCT to comply with complex legislation that restricts the Company's investment activity to a tightly defined group of small UK companies.

TAX RELIEFS FOR VCT INVESTORS RESIDENT IN THE UK

The tax position of individual investors in VCTs is summarised below. Investors should take tax advice from a professional adviser ahead of their investment. The tax reliefs are restricted to a maximum investment of £200,000 in any single tax year.

■ Income Tax

■ *Relief from income tax on investment*

Investors who subscribe for new shares can claim income tax relief at the rate of 30% of their investment, subject to the £200,000 maximum or, if lower, that amount that reduces their income tax liability to nil.

Income tax relief is restricted if, within 6 months of the subscription for shares in a VCT (before or after), the investor has disposed of shares in that VCT. Investors who hold their VCT shares for less than 5 years may have to repay some or all of their 30% income tax relief.

■ *Dividend tax relief*

Investors will not be liable for income tax on dividends paid by the VCT. Dividend tax relief can be claimed on VCT shares purchased through the secondary market as well as through a new share issue.

■ *Withdrawal of relief*

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses or in the event of death) within five years of issue or if the VCT loses its approval within this period.

Example effect of initial income tax relief

Cost of Investment	100p
Cost of investment net of tax relief	70p
Initial Net Asset Value	97p
Initial Uplift	39.0%

Investors who hold their VCT shares for less than 5 years may have to repay some or all of their 30% initial income tax relief.

■ Capital gains tax

A disposal by an Investor of Offer Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax.

Capital gains tax relief can be claimed on VCT shares purchased through the secondary market.

OBTAINING TAX RELIEFS

Hargreave Hale will issue tax relief certificates to Investors. These can be used to claim income tax relief through an immediate adjustment to an Investor's tax coding from HMRC or through the end of year tax return.

CATEGORY OF POTENTIAL INVESTORS

VCTs are not suitable for every category of investor. The Offer is designed for individuals over 18 years of age who:

- pay UK income tax;
- can invest between £5,000 and £200,000 per tax year;
- can tolerate a high level of investment risk;
- can accept a minimum holding period of five years.

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

VCTS' OBLIGATIONS

VCTS 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;
- have at least 70% by value of Qualifying Investments in Eligible Shares;
- have no more than 15% by value of its investments in a single company (by book cost at the date of investment);
- not retain more than 15% of its income derived from shares and securities in any accounting period.

VCTS MUST NOT:

- make an investment in any company that:
 - has (as a result of the investment) received more than £5 million from State Aid investment sources in the 12 month period prior to the investment;
 - has (as a result of the investment) received more than £12 million from State Aid investment sources in its lifetime (or £20 million for Knowledge Intensive Companies);
 - has been generating commercial revenues for more than 7 years (or 10 years for Knowledge Intensive Companies);
- make any investment which is not a Qualifying Investment unless permitted by section 274 ITA.
- will use the investment to fund an acquisition of another company (or its trade and assets).
- return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs.

QUALIFYING INVESTMENTS

A Qualifying Investment consists of new shares or securities issued directly to the VCT by a Qualifying Company that at the point of investment:

- has gross assets of less than £15 million prior to investment and £16 million post investment;
- undertakes a Qualifying Trade;
- is a private company or is listed on AIM or NEX;
- has a permanent UK establishment;
- will deploy the money raised for the purposes of a

Qualifying Trade within 2 years;

- has less than 250 employees (or less than 500 employees in the case of certain knowledge-intensive businesses);
- has not been set up for the purpose of accessing tax reliefs or is in substance a financing business.

APPROVAL AS A VCT

A VCT must be approved at all times by HMRC.

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.

The Directors intend to conduct the affairs of the Company so that it satisfies the conditions for approval as a VCT and that such approval will be maintained. HMRC has granted the Company approval under section 274 ITA as a VCT. The Company intends to comply with section 274 ITA and has retained Philip Hare & Associates LLP to advise it 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.

PROPOSED CHANGES TO VCT RULES

In the Autumn Budget on 22 November 2017 the Chancellor of the Exchequer announced certain changes to the rules relating to VCTs. Draft legislation was set out in the Finance (No.2) Bill 2017-19 which was published on 1 December 2017 and supporting Guidance Notes were issued on 4 December 2017. These proposals are not yet law and are subject to parliamentary scrutiny, process and approval. The proposed changes are as follows:-

- (a) With effect from Royal Assent to the Finance (No.2) Bill 2017-19, which is expected in

Spring 2018, the question of whether a company's activities or investments can be considered as lower risk so as to enable the company to qualify for VCT tax reliefs will be considered using a 'principles based approach' known as the 'risk-to-capital' condition. This condition has two parts, namely:-

- whether the company has an objective to grow and develop over the long term; and
 - whether there is a significant risk that there could be a loss of capital to the investor of an amount exceeding the net return.
- (b) From 4 December 2017, applications for advance assurance will not be considered by HMRC unless the 'risk-to-capital' condition is met.
- (c) For investments from 6 April 2018 the annual limits for investment in Knowledge Intensive Companies will be increased from £5 million to £10million.
- (d) Previously no investment could be made by a VCT in a company whose first commercial sale was more than 7 years (or 10 years in the case of a Knowledge Intensive Company). It has been proposed that from 6 April 2018 Knowledge Intensive Companies may elect for this period to commence from the date at which the company's annual turnover exceeds £200,000 rather than its first commercial sale.

- (e) For accounting periods beginning on or after 6 April 2019 a VCT will be required to have 80% of its total investments in VCT Qualifying Holdings (previously 70%).
- (f) From 6 April 2018, Qualifying Investments made by VCTs from funds raised before 6 April 2011 will be included in the requirement that at least 70% of Qualifying Holdings are in eligible shares.
- (g) From 6 April 2018, the grandfathering of older VCT funds, permitting those funds to be invested in certain trades (such as hotels, nursing homes, shipbuilding, or coal or steel production) will be removed.
- (h) For new funds raised in accounting periods beginning after 5 April 2018 a VCT must invest at least 30% of the funds raised in VCT Qualifying Holdings within 12 months of the end of the accounting period in which the shares are issued.

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

6

POLICIES AND STRATEGY

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.

INVESTMENT STRATEGY

The Investment Manager and the Company have adopted the following strategy to implement the investment policy of the Company (the full text of which is set out in the Registration Document):

Qualifying Investments

The Investment Manager will primarily focus on investments in companies with a quotation on AIM. The Investment Manager will also invest in private companies or those planning to trade on AIM. The Investment Manager prefers to participate in secondary issues of companies as such companies have an established track record that can be more readily assessed and greater disclosure of financial performance.

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

Although VCTs are required to invest and maintain a minimum of 70% (80% with effect from 6 April 2019) 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% (85% from 6 April 2019) in order

to provide some element of protection against an inadvertent breach of the VCT rules.

Whilst tax legislation limits the Company's maximum exposure to a single Qualifying Investment to 15% of net assets (at book cost), the Investment Manager's preference for portfolio diversification means that Qualifying Investments typically vary from 1-3% of net assets at book cost and rarely exceed 5% of net assets at book cost.

Although the Investment Manager prefers to maintain successful investments for the long term, it actively manages its portfolio risk through partial disposals. In most instances, single company exposure is limited to approximately 5% of net assets at market value, although on occasion this may run higher.

Non-Qualifying Investments

The Company will have non-qualifying equity exposure to UK and international equities. This will vary between nil and 30% of the net assets of the Company and will reflect the Investment Manager's view of equity market risk. The Investment Manager will also invest in fixed income securities and cash.

Subject to a maximum of 20% of the gross assets of the Company, the Investment Manager will invest up to 75% of the net proceeds of the Offer into the Marlborough Special Situations Fund to maintain the portfolio exposure to small companies whilst the Investment Manager identifies opportunities to invest directly into small UK companies through a suitable number of Qualifying Investments.

RISK MANAGEMENT

The structure of the Company's investment portfolios and their investment strategies have been developed to mitigate risk where possible.

The Company has a broad portfolio of investments to reduce stock specific risk.

Flexible allocations to non-qualifying equities, the Marlborough Special Situations Fund, 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.

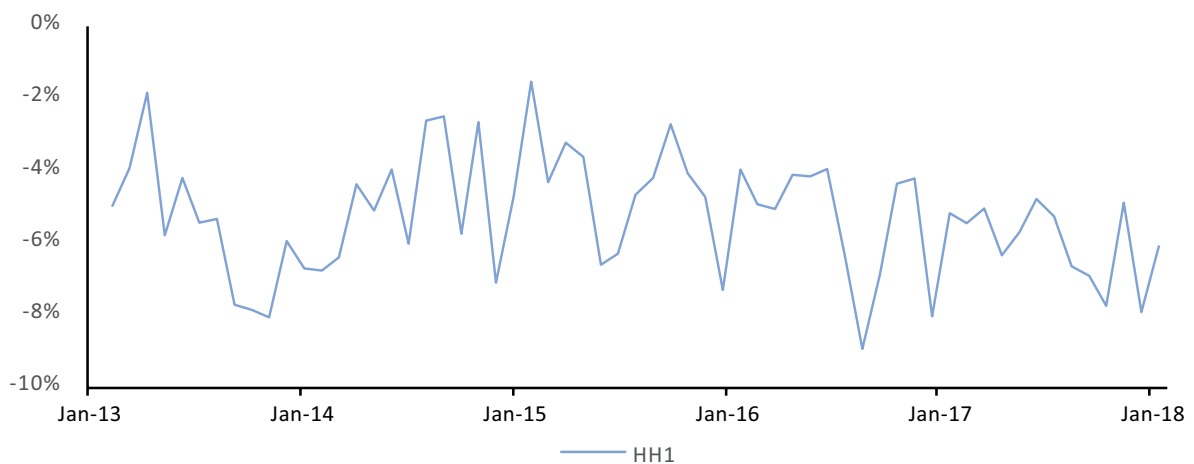
SHARE BUY-BACK HISTORY AND MANAGEMENT OF SHARE LIQUIDITY

In order to improve the liquidity in the Ordinary Shares, the Board has established a share buy-back policy whereby the Company will purchase Ordinary Shares for cancellation.

The Company targets a 5% discount to the Net Asset Value per share to improve Shareholder returns, and has achieved a 5 year average share price discount on share buy-backs of 5.0% to the Net Asset Value per share

Share buy-backs are subject to the Act, the Listing Rules and tax legislation, which may restrict the Company's ability to buy Shares back. The policy is non-binding and at the discretion of the Board.

SHARE PRICE DISCOUNT TO NAV



Source: Hargreave Hale, Bloomberg

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DIVIDENDS

DIVIDEND POLICY

The Company has established a dividend policy that targets a tax free dividend yield equivalent to 5% of the year end Net Asset Value.

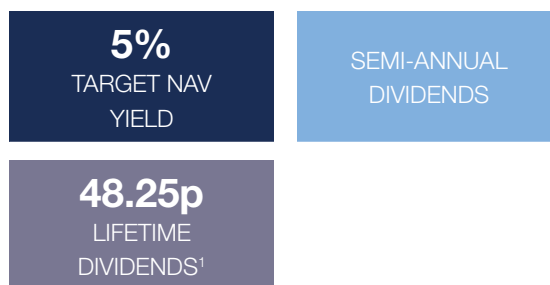
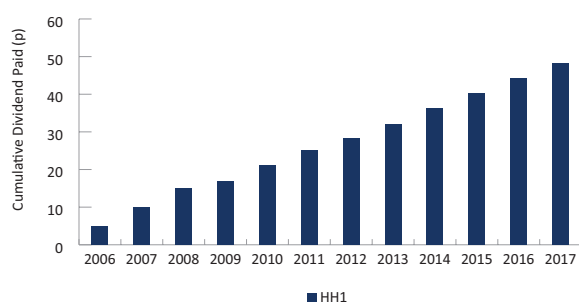
- Established track record.
- Semi-annual distributions.
- Distributions will vary with investment performance.

The ability to pay dividends is also dependent on the Company's available reserves and cash resources, the Act and the Listing Rules. The policy is non-binding and at the discretion of the Board. Dividend payments may vary from year to year in both quantum and timing. In good years, the Directors may consider a higher dividend payment; in poor years, the Directors may reduce or even pay no dividend.

DIVIDEND HISTORY

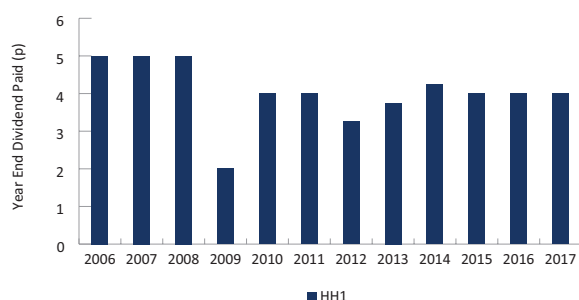
The tables below show dividend distributions by reference to the Company's accounting period.

CUMULATIVE DIVIDENDS PAYMENTS



1. Total dividends distributed to Shareholders as at 31 January 2018.

DIVIDEND PAYMENTS BY FINANCIAL YEAR



Dividend Schedule:
Final Dividend: January
Interim Dividend: July

EQUIVALENT YIELDS BASED ON A DIVIDEND POLICY OF DISTRIBUTING 5% OF NAV P.A.

Income Tax Rate	Basic Rate (20%)	Higher Rate (40%)	Additional Rate (45%)
VCT Yield (assuming 30% income tax relief)	7.10%	7.10%	7.10%
Equivalent Gross Interest Yield	8.90%	11.90%	12.90%
Equivalent Gross Dividend Yield	7.10%	9.50%	10.20%

Source: Hargreave Hale Ltd

The table above illustrates the effect of the income tax exemption on dividends from a VCT and what an Investor would need to earn on a gross basis from both bank interest and taxable investment income to achieve the same equivalent net yield from a dividend distribution by a VCT. The yields are calculated with reference to the cost of investment net of the initial 30% income tax relief.

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INVESTOR RETURNS

The table below outlines investor returns as at 31 January 2018 for the first allotment made in each offer period. The returns, which assume an initial investment of £10,000 are net of fees. When establishing the return net of income tax relief, the calculation assumes the Shareholder was able to access the income tax relief in full, which was set at 40% through to 5 April 2006 and at 30% thereafter.

RETURNS ON A £10'000 INVESTMENT THROUGH PREVIOUS OFFERS						% Gain	
Offer Period	Issue Price p	Dividends p	NAV £	Dividends £	Total Return	No Tax Relief	With Tax Relief
Hargreave Hale AIM VCT 1 ⁽¹⁾							
2004-05 Offer	100.00	48.25	8,329.00	4,825.00	13,154.00	31.5%	119.2%
2005-06 Offer ⁽²⁾	100.00	45.65	10,322.13	4,564.77	14,886.90	48.9%	148.1%
2010-11 Offer	67.52	31.25	12,335.25	4,628.13	16,963.37	69.6%	142.3%
2011 Offer	70.56	27.25	11,803.86	3,861.87	15,665.73	56.7%	123.8%
2012-13 Offer	63.79	21.75	13,056.91	3,409.63	16,466.53	64.7%	135.2%
2013-14 Offer	80.36	18.50	10,364.61	2,302.14	12,666.75	26.7%	81.0%
2014-15 Offer	80.04	14.50	10,406.05	1,811.59	12,217.64	22.2%	74.5%
2015-16 Offer	78.76	8.00	10,575.17	1,015.74	11,590.91	15.9%	65.6%
2016-17 Offer	76.82	4.00	10,842.23	520.70	11,362.93	13.6%	62.3%

(1) Returns based on unaudited NAV as at 31 January 2018, excluding income tax relief

(2) The C Shares in Hargreave Hale AIM VCT 1 were converted into Ordinary Shares on 8 October 2008 at a ratio of 1.23935 Ordinary shares for every C share held.

5 YEAR ROLLING RETURNS	1Y	2Y	3Y	4Y	5Y
Hargreave Hale AIM VCT 1 ⁽¹⁾	13.88%	28.20%	29.26%	21.75%	60.51%
FTSE AIM All-Share Total Return ⁽²⁾	1.90%	58.55%	61.42%	31.44%	55.12%

(1) Source: Hargreave Hale Ltd. Returns based on unaudited NAV as at 31 January 2018, excluding income tax relief.

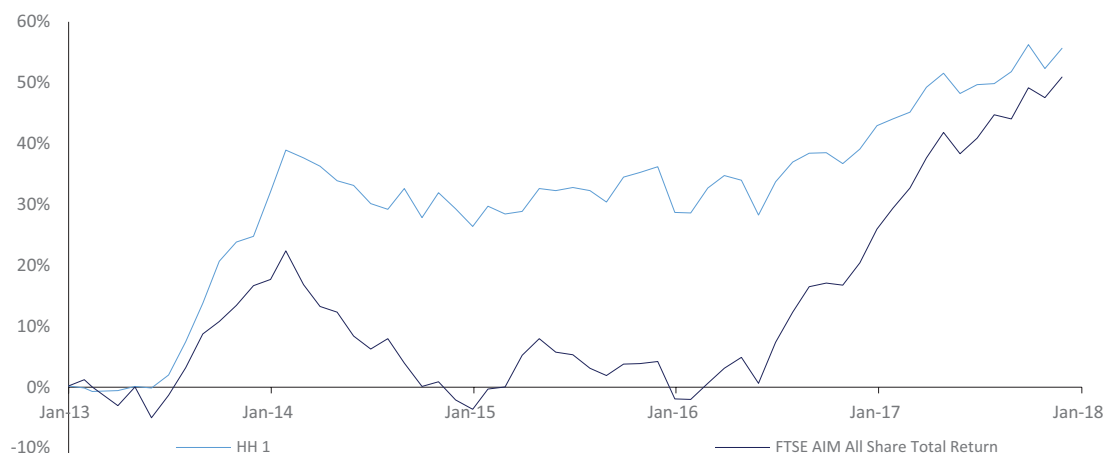
(2) Source: Bloomberg.

DISCRETE 12 MONTH RETURNS	01/2017 to 01/2018	01/2016 to 01/2017	01/2015 to 01/2016	01/2014 to 01/2015	01/2013 to 01/2014
Hargreave Hale AIM VCT 1 (Ordinary Shares) ⁽¹⁾	13.88%	13.26%	2.02%	-4.64%	32.88%
FTSE AIM All-Share Total Return ⁽²⁾	1.90%	29.31%	1.81%	-18.57%	18.01%

(1) Source: Hargreave Hale Ltd. Returns based on unaudited NAV as at 31 January 2018, excluding income tax relief.

(2) Source: Bloomberg.

5 YEAR TOTAL RETURNS ⁽¹⁾



(1) Returns based on unaudited weekly NAVs, excluding income tax relief.

9



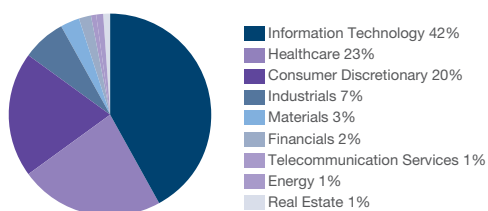
INVESTMENT PORTFOLIO

As at 31 January 2018, the unaudited NAV per Ordinary Share of Hargreave Hale AIM VCT 1 was 83.29p.

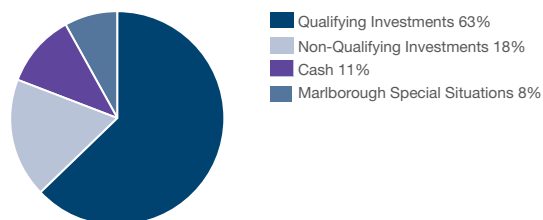
Set out below are those investments of Hargreave Hale AIM VCT 1 as at the date of this document (the values being at 31 January 2018) which have an aggregate value of at least 50 per cent. of its net assets (all of which information is unaudited). There has been no material change to the aggregate value of Hargreave Hale AIM VCT 1's investment portfolio since 31 January 2018.

Qualifying Investments	Sector	Book Cost £'000	Valuation £000 (Unaudited)	% of NAV
Learning Technologies Group plc	Information Technology	663	2,526	3.8%
Zoo Digital Group plc	Information Technology	309	2,259	3.4%
Abcam plc	Health Care	55	2,029	3.0%
Craneware plc	Health Care	125	1,818	2.7%
Cohort plc	Industrials	619	1,624	2.4%
Quixant plc	Consumer Discretionary	160	1,513	2.3%
SCA Investments Ltd (Gousto)	Consumer Discretionary	1,002	1,484	2.2%
Ideagen plc	Information Technology	410	1,484	2.2%
Animal Care Group plc	Health Care	220	1,140	1.7%
Faron Pharmaceuticals Oy	Health Care	670	1,088	1.6%
Hardide plc	Materials	863	1,071	1.6%
Science in Sport plc	Consumer Discretionary	778	1,053	1.6%
Eagle Eye Solutions Ltd	Information Technology	967	983	1.5%
DP Poland plc	Consumer Discretionary	594	947	1.4%
Zappar Ltd	Information Technology	902	900	1.3%
Other Qualifying Investments		18,933	20,242	30.2%
Non Qualifying Investments		9,211	12,361	18.4%
MFM Special Situations Fund		4,048	5,153	7.7%
Cash		7,579	7,579	11.3%
Accrued Charges and Income			-234	-0.3%
TOTAL		48,108	67,020	100.0%

Qualifying Investments By Sector



Portfolio Breakdown By Asset Class



10

HARGREAVE HALE FUND MANAGEMENT TEAM

The investment portfolio is co-managed by Giles Hargreave and Oliver Bedford, with support from Hargreave Hale's fund management team of 14. The fund management team manages approximately £5.4 billion, including more than £3.7 billion invested in small companies. Along with the scale of the investment in small companies and their track record, the breadth of the team and their reach into the market help attract Qualifying Investment deal flow.



GILES HARGREAVE

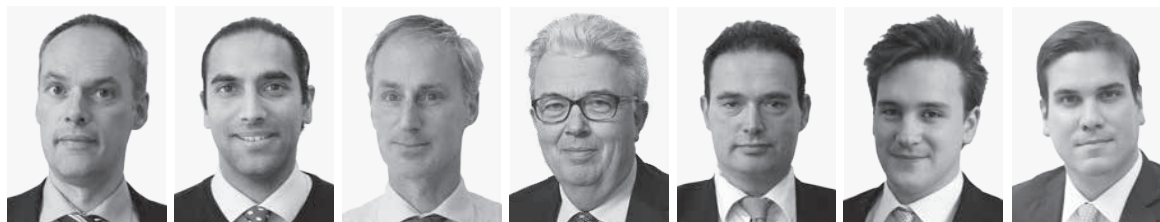
Giles Hargreave is the chairman of Hargreave Hale and the manager of the award winning Marlborough Special Situations Fund, which has returned more than 3,070% since he assumed responsibility for the fund in 1998 (source: Hargreave Hale Limited, 31 January 2018). He also co-manages the Marlborough UK Micro Cap Growth Fund, the Marlborough UK Nano- Cap Growth Fund, and both the Companies



OLIVER BEDFORD BSC MCSI

Oliver Bedford graduated from Durham University in 1995 with a degree in Chemistry. He served in the British Army for 9 years before joining Hargreave Hale in 2004. Oliver co-manages the Companies with Giles Hargreave and supports the other unit trusts through the investment committee.

Other members of the fund management team include David Walton, Siddarth Chand Lall, Richard Hallett, George Finlay, Guy Feld, Will Searle and Eustace Santa Barbara, (pictured from left to right below).



HARGREAVE HALE FEES AND EXPENSES

Hargreave Hale receives an annual management fee of 1.5% of the Net Asset Value of the Company. A maximum of 75% of the annual management charge will be chargeable against capital reserves, with the remainder being chargeable against revenue. The Investment Manager is in discussions with the Company to increase its annual investment management fees by 0.2% to 1.7% per annum of the Net Asset Value of the Company, subject to compliance with the Listing Rules. If agreement is reached, such increase would not take place before 31 March 2019 and shareholders will be updated by an announcement in due course.

Hargreave Hale is also entitled to a performance fee of 20% of any dividends paid to Ordinary Shareholders in excess of 6p per Ordinary Share per annum, provided that the Net Asset Value exceeds 95p, with any cumulative shortfalls having to be made up. The Company has not paid a performance fee since incorporation. In addition to the fund management services described above, Hargreave Hale also provides administration, custodian and company secretarial services and the services of Oliver Bedford as a non-executive director for an annual aggregate fee of £100,000 (plus VAT), which, conditional upon the Merger proceeding, will be increased to £155,000 (plus VAT).

11

DIRECTORS

The Board has three experienced non-executive directors, including two that are independent of Hargreave Hale. The duties of the Board include:

- Overseeing delivery of the investment strategy;
- Monitoring compliance with VCT rules;
- Maintaining corporate governance standards;
- Producing reports and accounts for Shareholders.

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 within the industry. Aubrey maintains a wide range of business interests and has been a director of six AIM listed companies. He is the senior independent director of Downing FOUR VCT plc.



DAVID BROCK

An experienced company chairman in both private and public companies, and a 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 Episys Group Ltd and Elderstreet VCT plc and a non-executive director of Puma VCT 12 plc.



OLIVER BEDFORD BSC MCSI

Oliver Bedford graduated from Durham University in 1995 with a degree in Chemistry. He served in the British Army for 9 years before joining Hargreave Hale in 2004. Oliver co-manages the Company with Giles Hargreave and supports the other unit trusts through the investment committee. Oliver is also a director of Hargreave Hale AIM VCT 2 plc.

12



THE MERGER

The Company and Hargreave Hale AIM VCT 2 were launched in 2004 and 2006 respectively, raising in aggregate £113 million for investment in a diversified portfolio of Qualifying Companies. Hargreave Hale Limited acts as Investment Manager to both companies, which have been run independently since launch. On 27 December 2017, the Company and Hargreave Hale AIM VCT 2 announced that they were in discussions in respect of their proposed merger, and today have announced proposals for the Merger. The Merger will allow for more cost effective and efficient management and administration, which should result in reduced running costs per share. Changes made to the VCT legislation in the last five years have led to significant overlap of the Companies' portfolios, which can be evidenced through the closely aligned five year rolling returns of both Companies. Given the significant overlap in their portfolios, the common investment policy, and the shared operational and support functions, the boards of the Companies see little merit in continuing to operate the Companies as two separate entities.

The proposal is to merge the Companies through a scheme of reconstruction under which the assets and liabilities of Hargreave Hale AIM VCT 2 are transferred to the Company in exchange for Shares in the Company, which are issued to HH2 Shareholders. To preserve the VCT status of Hargreave Hale AIM VCT 2, this can only be done by Hargreave Hale AIM VCT 2 being placed into members voluntary (solvent) liquidation, and hence it is proposed that Hargreave Hale AIM VCT 2 is placed into voluntary liquidation and at that juncture, with shareholder approval, its assets and liabilities are transferred to the Company.

The Merger is being implemented on a relative NAV basis and that will feed into the calculation for determining the number of Ordinary Shares in the Company to be issued to HH2 Shareholders under the Merger. There is a complicated formula for calculating this, which is set out on pages 52 to 53.

Legislation introduced in September 2004 allows VCTs to merge without prejudicing the VCT tax reliefs available to their Shareholders. Consequently, there should be no loss of these VCT tax reliefs by HH2 Shareholders on implementation of the Merger.

The Merger is conditional upon the approval of both Shareholders in the Company and Shareholders in Hargreave Hale AIM VCT 2 and general meetings have been convened for 16 March 2018 and 23 March 2018, and if approved by both sets of shareholders, the Merger should complete on 23 March 2018. The Merger is not conditional on the Offer, and the Offer is not conditional on the Merger.

By way of illustration only, were the Merger to complete based upon the respective (unaudited) NAVs of the Company and Hargreave Hale AIM VCT 2 as at 31 January 2018, this would have resulted in the issue of 70.0 million new HH1 Shares to HH2 Shareholders, equivalent to 1 HH1 Ordinary Share for each 0.67 HH2 Share held.

Further details of the terms on which the Merger is subject are set out on pages 51 to 54 in Part 13 under the heading "Terms of the Scheme".

13



ADDITIONAL INFORMATION

1. The Company

- 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.

2. Registered Office and Principal Legislation

- 2.1 The registered office of the Company is at 41 Lothbury, London EC2R 7AE. The administration office of the Company is at Talisman House, Boardmans Way, Blackpool, FY4 5FY. Their telephone number is +44 (0)1253 754 700.
- 2.2 The principal legislation under which the Company operates and which governs the Shares is the Act.

3. Share capital

The maximum number of Shares to be issued under the Scheme is 77,725,653 Ordinary Shares and under the Offer is 46,339,202 Ordinary Shares, in each case being that number authorised to be allotted under the authorities to be granted pursuant to the resolutions set out in paragraph 3.2 below, proposed to be put to the General Meeting:

The following resolutions will be proposed at the General Meeting, to be convened for 16 March 2018.

- 3.1 THAT, subject to the Scheme becoming unconditional:
- 3.1.1 the acquisition of the assets and liabilities of HH2 on the terms set out in the Circular be and hereby is approved; and
- 3.1.2 the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Company Act 2006 (the "Act") to exercise all the powers of the Company to allot Ordinary Shares in the Company up to an aggregate nominal amount of £0.78 million in connection with the Scheme (representing 97% of the issued ordinary share capital of the Company as at 9 February 2018, this being the latest practicable date prior to the date of this notice), provided that the authority conferred by this paragraph 3.1.2 shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting).
- 3.2 THAT, in addition to (i) existing authorities and (ii) the authorities conferred by resolution 3.1 set out in this notice, and conditional upon the passing of Resolution 3.3 below, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot Shares and to grant rights to subscribe for or to convert any security into Ordinary Shares up to an aggregate nominal amount of £0.47 million (representing 58% of the issued share capital of the Company as at 9 February 2018, this being the latest practicable date prior to the date of this notice), provided that the authority conferred by this paragraph 3.2 shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Ordinary Shares to be allotted or rights to be granted after such expiry;
- 3.3 THAT, the Directors of the Company be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to Resolution 3.1 and Resolution 3.2, above, or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this Resolution 3.3 shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in

general meeting) and provided further that this power shall be limited to:

- 3.3.1 the allotment and issue of Ordinary Shares up to an aggregate nominal value of £0.78 million in connection with the Scheme; and
- 3.3.2 the allotment and issue of Ordinary Shares up to an aggregate nominal value of £0.47 million pursuant to offer(s) for subscription; and
- 3.3.3 the allotment and issue of Ordinary Shares up to an aggregate nominal value representing 20% of the issued Ordinary Share capital, from time to time,

where the proceeds may in whole or part be used to purchase shares in the Company.

- 3.4 THAT, the Articles of Association produced to the meeting, and for the purpose of identification initialled by the Chairman, be adopted as the Articles of Association of the Company
- 3.5 THAT, the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of the Act of its own Ordinary Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - 3.5.1 the aggregate number of Ordinary Shares which may be purchased shall not exceed 12,059,676 Ordinary Shares;
 - 3.5.2 the minimum price which may be paid per Ordinary Share is the nominal value thereof;
 - 3.5.3 the maximum price which may be paid per Ordinary Share is an amount equal to the higher of (i) 105% of the average of the middle market quotation per Ordinary Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Ordinary Share is to be purchased and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;
 - 3.5.4 the authority conferred by this Resolution shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting); and
 - 3.5.5 the Company may make a contract to purchase shares under the authority conferred by this Resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority.
- 3.6 THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Company's share premium account at the date that the court order granting the cancellation is made, be cancelled.
- 3.7 THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Company's capital redemption reserve at the date that the court order granting the cancellation is made, be cancelled.

Details of the Company's share capital:

- 3.8 At 9 February 2018 (being the latest practical date prior to the publication of this document) the issued fully paid share capital of the Company is:

Class of shares	Nominal value	Issued (fully paid)	
		£	Number of shares
Ordinary Shares	£0.01	804,515	80,451,479

- 3.8 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming the Offer is fully subscribed and the over-allotment facility is utilised in full, and that 69,953,074 Scheme Shares are issued pursuant to the Merger) will be as follows:

Class of shares	Nominal value	Issued (fully paid) ¹	
		£	Number of shares
Ordinary Shares	£0.01	1,851,630	185,162,981

1. Using an Offer Price based on the NAV as at 31 January 2018.

- 3.9 Other than the issue of Ordinary Shares pursuant to the Offer and the Scheme, the Company has no present intention to issue any of the share capital of the Company.
- 3.10 The Company does not have in issue any securities not representing share capital.
- 3.11 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 Company, except to the extent disapplied by the resolutions referred to in paragraphs 3.2 above. Subject to certain limited exceptions, unless the approval of Shareholders in a general meeting is obtained, the Company must normally offer Shares to be issued for cash to holders on a *pro rata* basis.
- 3.12 No Shares of the Company 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.
- 3.13 Save as disclosed in this paragraph 3, there has been no issue of share or loan capital of the Company in the three years immediately preceding the date of this document and (other than pursuant to the Offer and the Scheme) no such issues are proposed.
- 3.14 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.15 Save as disclosed in paragraph 8 below, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company in the three years immediately preceding the date of this document.
- 3.16 Other than pursuant to the Offer, none of the Offer Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Offer Shares to be admitted to the Official List.
- 3.17 The Scheme Shares and Offer 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 Scheme Shares and Offer Shares will be posted to allottees as soon as practicable following allotment.
- 3.18 The ISIN and SEDOL Code of the Ordinary Shares are GB00B02WHS05 and B02WHS0, respectively and the Legal Entity Identifier code is 213800LRYA19A69SIT31.

4. Articles of Association

- 4.1 The memorandum of association of the Company, which by virtue of Section 28 of the Act is now treated as being part of the Articles of Association of the Company, provides that the Company's principal object is to carry on the business of a VCT.
- 4.2 Subject to approval at the General Meeting, the Articles of Association of the Company will contain, *inter alia*, the following provisions.

4.2.1 Voting Rights

Subject to any special terms as to voting on which 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 they are the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

4.2.2 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 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.

4.2.3 Dividends

The 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 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 Company.

4.2.4 Disclosure of Interest in Shares

If any member or other person appearing to be interested in shares of the Company is in default in supplying within 42 days (or 28 days where the shares represent at least 0.25% of issued share capital) after the date of service of a notice requiring such member or other person to supply to the 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 Company 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 Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

4.2.5 Distribution of Assets on Liquidation

On a winding-up any surplus assets of the Company will be divided amongst the holders of its Shares according to the respective numbers of Shares held by them in the 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. Such distributions shall be made in accordance with the class rights set out in paragraph 4.2.9 below. 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 Company in such manner as he may determine.

4.2.6 Changes in Share Capital

- 4.2.6.1 Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine.
- 4.2.6.2 The 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. The Company by special resolution may sub-divide its shares or any of them into shares of smaller amounts.
- 4.2.6.3 Subject to the Act, the 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.

4.2.7 Variation of Rights

Whenever the capital of the 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.

4.2.8 Borrowing powers

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

The Directors shall restrict the borrowings of the 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.

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.

6. Directors' interests and other significant shareholdings

- 6.1 As at 9 February 2018 (being the latest practical date prior to the publication of this document) the interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Company which (i) are or will be notified to the Company in accordance with the DTR by each Director; or (ii) are interests of a connected person (within the meaning in DTR) 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:

	As at 9 February 2018 (being the latest practical date prior to the publication of this document)		After the Offer has closed*	
Director	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of issued share capital
Aubrey Brocklebank	4,845	0.01%	4,845	0.00%
David Brock	42,170	0.05%	42,170	0.02%
Oliver Bedford	9,185**	0.01%	18,907***	0.01%

* assuming that the Maximum Subscription is achieved in relation to the Offer Shares, taking account of the Over-allotment Facility, and that all the allotments are made on the basis of the NAV per Ordinary Share as at 31 January 2018, and that the Merger proceeds on the basis of the latest published unaudited NAVs of the Companies as at the date of this document (being 83.29p and 123.76p for the Company and HH2 respectively), resulting in 69,953,074 Scheme Shares being issued.

** Includes 3,185 Ordinary Shares in Hargreave Hale AIM 1 held by Catherine Bedford.

*** Includes 6,595 Ordinary Shares in Hargreave Hale AIM 1 held by Catherine Bedford.

7. The City Code

7.1 Mandatory takeover bids

The City Code on Takeovers and Mergers (the “Code”) applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover, and that shareholders of the same class are afforded equivalent treatment. The Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing. The Takeovers Directive was implemented in the UK in May 2006 and since 6 April 2007 has effect through the Act. The Directive applies, *inter alia*, to takeovers of companies which have their securities admitted to trading on a regulated market in the EU or EEA.

The Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company the other holders of securities must be protected. This is reinforced by Rule 9 of the Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30% or more of the voting rights to make a general offer. “Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights, acquires additional shares which increase their percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with them holding shares carrying more than 50% of the voting rights.

There are not in existence any current mandatory takeover bids in relation to the Company.

7.2 Squeeze out

Section 979 of the Act provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it

has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90% in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90%, of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration available under the takeover offer.

7.3 *Sell out*

Section 983 of the Act permits a minority shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in either Company which amount to not less than 90%, in value of all the voting shares in the Company and carry not less than 90%, of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

8. **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 Company 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 Company and which contain any provision under which the Company has any obligation or entitlement which is, or may be, material to the Company at the date of this document:

- 8.1 An agreement dated 12 February 2018, between the Company (1), the Directors (2), Hargreave Hale (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to the Company in respect of the Offer and the Scheme and Hargreave Hale agreed to use reasonable endeavours to procure subscribers for Offer Shares under the Offer. Under the agreement Hargreave Hale is paid a commission of 3.5% of the aggregate value of accepted applications for Offer Shares received pursuant to the Offer. Out of this fee, the Investment Manager will pay all other costs and expenses of or incidental to the Offer. Under the Offer Agreement, which may be terminated by the parties in certain circumstances, Hargreave Hale, the Company and the Directors have given certain warranties and indemnities to Howard Kennedy. Warranty claims must be made by no later than 3 months after the second annual general meeting of the Company following the closing date of the Offer at which Shareholders approve the Company's accounts or by the date the 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 Offer and in respect of the Directors one year's director fees for each Director. The Company has also agreed to indemnify Howard Kennedy 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.
- 8.2 A deed of variation dated 12 February 2018 between Hargreave Hale AIM VCT 1 (1) and the Investment Manager (2) varying the terms of the Administration Agreement dated 30 September 2009 between the same parties, and as subsequently varied, provides that, conditional upon the Merger proceeding, the fees payable to the Investment Manager for providing administrative services to Hargreave Hale AIM VCT 1 shall be increased to an annual fee of £110,000 (plus VAT).
- 8.3 Under an offer agreement dated on 14 December 2016 (the "2016 Offer Agreement") and made between the Company and HH2 (1), the Directors (2), the Sponsor (3), and the Investment Manager (4), whereby the Sponsor agreed to act as sponsor to the share offers in 2016 (the "2016 Offers") and the Investment Manager undertook as agent of the Company to use its

reasonable endeavours to procure subscribers under the 2016 Offers. Under the 2016 Offer Agreement, the Company agreed to pay the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the 2016 Offers. Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2016 Offers.

Under the 2016 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 2016 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 were 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 2016 Offers for the Investment Manager and in respect of the Directors one year's director fees for each Director. The companies also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the 2016 Offer Agreement. The 2016 Offer Agreement could be terminated, *inter alia*, if any statement in the Prospectus for the 2016 Offer was untrue, any material omission from that prospectus arose or any breach of warranty occurred.

- 8.4 Under an offer agreement dated on 1 December 2015 (the "2015 Offer Agreement") and made between the Companies (1), the Directors (2), the Sponsor (3), and the Investment Manager (4), the Sponsor agreed to act as sponsor to the share offers in 2015 (the "2015 Offers") and the Investment Manager undertook as agent of the Companies to use its reasonable endeavours to procure subscribers under the 2015 Offers. Under the 2015 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 2015 Offers. Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2015 Offers.

Under the 2015 Offer Agreement, which could be terminated by the parties in certain circumstances, the Investment Manager, the Companies and the Directors gave 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 2015 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 2015 Offers for the Investment Manager and in respect of the Directors one year's director fees for each Director. The Companies also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the 2015 Offer Agreement. The 2015 Offer Agreement may be terminated, *inter alia*, if any statement in the prospectus for the 2015 Offers was untrue, any material omission from such prospectus arises or any breach of warranty occurs.

- 8.5 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 share 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 Offer 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.

- 8.6 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 share 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 Offer 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.

- 8.7 An agreement (the "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 Hargreave Hale AIM VCT 1 Investment Management 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.

- 8.8 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 a company secretary and a non-executive director for an annual fee currently of £100,000 (plus VAT) terminable on 3 months' notice either side.
- 8.9 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).
- 8.10 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 8.7 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.
- 8.11 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 8.7 whereby that agreement was varied so as to extend the rights and obligations of the Investment Manager to the assets attributable to the 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 Ordinary Shares and the C shares and a Performance Incentive Fee in respect of the Ordinary Shares and the C shares. The Investment Manager is in discussions with the Company to increase its annual investment management fees to an amount equal 1.7% per annum of the Net Asset Value of the Company, subject to compliance with the Listing Rules. If agreement is reached, such increase would not

take place before 1 January 2019 and shareholders will be updated by an RIS announcement in due course.

- 8.12 A transfer agreement between the Company and Hargreave Hale AIM VCT 2 (acting through the Liquidators) to give effect to the Scheme pursuant to which all of the assets and liabilities of Hargreave Hale AIM VCT 2 will be transferred to the Company (subject only to the consents from third parties which may be required to transfer such assets and liabilities) in consideration for Scheme Shares, as described in Part 13 of this document. If any of the parties so require, Hargreave Hale AIM VCT 2, acting by the Liquidators, shall promptly give instructions to any person holding any part of Hargreave Hale AIM VCT 2's assets as nominee of or on trust for Hargreave Hale AIM VCT 2, requiring such person to transfer such assets to the Company. Hargreave Hale AIM VCT 2, acting by the Liquidators, will also undertake to execute and deliver such other documents and take such other steps as shall be reasonably required by the Company to vest in the Company the assets to be transferred to the Company under this agreement and otherwise to give the Company the full benefit of this Agreement. The Liquidators will agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets of Hargreave Hale AIM VCT 2 will be transferred on receipt to the Company as part of the Scheme.
- 8.13 A deed of indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Scheme.

9. Further Information on Investment Manager

- 9.1 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 Talisman House, Boardmans Way, Blackpool, Lancashire, FY4 5FY. The telephone number is 01253 754700.

10. Working capital

- 10.1 Hargreave Hale AIM VCT 1 is of the opinion that the working capital of Hargreave Hale AIM VCT 1 is sufficient for its present requirements, that is, for at least the period of 12 months from the date of this document.

11. Capitalisation and Indebtedness

11.1 The (unaudited) capitalisation and indebtedness of the Company as at 31 January 2018 was as follows:

	£'000
<i>Shareholder equity:</i>	
Share capital	51,078
Reserves	15,942
Total	67,020
Cash	6,743
Cash equivalents	-
Trading securities	-
Liquidity	6,743
Current financial receivable	21
Current bank debt	-
Current position of non-current debt	-
Other current financial debt	(255)
Current financial debt	(255)
Net current financial cash/(indebtedness)	6,509
Non-current bank loans	-
Bonds issued	-
Other non-current loans	-
Non-current financial indebtedness	-
Net financial cash/(indebtedness)	6,509

11.2 All of the indebtedness of the Company is unsecured and unguaranteed. The Company has incurred no indirect or contingent indebtedness and has power to borrow under its respective Articles of Association, details of which are set out under the heading “Borrowing powers” at paragraph 4.2.8 above.

12. General

12.1 The estimated costs and expenses relating to the Offer will be 3.5% of gross funds raised by the Company under the Offer. Assuming full subscription under the Offer (and no utilisation of the Over-allotment Facility), the total net proceeds of the Offer after all fees, are expected to be £19.3 million. The Merger will not result in any proceeds being raised by the Company. The aggregate anticipated costs of undertaking the Merger are approximately £0.4 million.

12.2 Investors will be separately liable for any Adviser Charges that they have agreed with their Financial Intermediary and no Company shall have any responsibility to any Investor or Financial Intermediary in respect of any such Adviser Charge. Any facilitation of the payment of such Adviser Charge by a Company shall be subject to the Terms and Conditions of the Adviser Charge Agreement. To the extent that an Investor wishes the Company to facilitate the payment

of any Adviser Charge, such Investor should complete the relevant sections of the Application Form. Any applicable tax relief for Investors will only be available on the actual subscription amount which is applied to subscribe for Offer Shares on behalf of such Investor and will not be available in respect of any Adviser Charge that is paid by or on behalf of an Investor.

- 12.3 The Company consents to the use of this Prospectus by financial intermediaries and accept responsibility for the information contained in this document in respect of any final placement of Offer Shares by any financial intermediary which was given consent to use this document. The offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use this Prospectus is given commences on 12 February 2018 and closes at 12.00 p.m. on 31 January 2019. **There are no conditions attaching to this consent. Financial intermediaries may only use this document in the United Kingdom. Any financial intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent at this paragraph 12.3. Financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors. No financial intermediary will act as principal in relation to the Offer.**
- 12.4 Howard Kennedy Corporate Services LLP's office address is at No. 1 London Bridge, London, SE1 9BG. Howard Kennedy Corporate Services LLP is regulated by the Financial Conduct Authority and is acting in the capacity as Sponsor to the Company. Howard Kennedy Corporate Services LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 12.5 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.
- 12.6 The Company does not assume responsibility for the withholding of tax at source.
- 12.7 The existing issued Ordinary Shares in the Company will represent 43.4% of the enlarged share capital of the Company immediately following completion of the Scheme and the Offer, assuming (i) the Offer is fully subscribed at an Offer Price of 86.31p per Ordinary Share and (ii) 69,953,074 Scheme Shares are issued pursuant to the Merger and, on that basis, Shareholders who do not receive Offer Shares or Scheme Shares will, therefore, be diluted by 56.6%.
- 12.8 The existing issued Ordinary Shares in the Company will represent 53.5% of the enlarged share capital of the Company immediately following completion of the Scheme, assuming (i) the Offer does not proceed and (ii) 69,953,074 Scheme Shares are issued pursuant to the Merger and, on that basis, Shareholders who do not receive Scheme Shares will, therefore, be diluted by 46.5%.
- 12.9 The existing issued Ordinary Shares in the Company will represent 69.8% of the enlarged ordinary share capital of the Company immediately following completion of the Offer, assuming (i) the Offer is fully subscribed at an Offer Price of 86.31p per Ordinary Share and (ii) the Scheme does not proceed and, on that basis, Ordinary Shareholders who do not receive Offer Shares will, therefore, be diluted by 30.2%.
- 12.10 All third party information in this Securities Note has been identified as such by reference to its source and in each instance has been accurately reproduced and, so far as the Company 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.

13. Results of the Offer and the Merger and allotment and listing of Offer Shares and Scheme Shares.

- 13.1 The Details of each allotment, including the relevant Offer Price and number of shares issued, will be announced through a Regulatory Information Service on the day of allotment. The results

of the Merger (including details of the Roll-Over Value, Merger Value and the number of Scheme Shares to be issued pursuant to the Merger) are expected to be announced through a Regulatory Information Service on or around 23 March 2018.

- 13.2 Application has been made to the UK Listing Authority and the London Stock Exchange for the Offer Shares and Scheme Shares to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange.
- 13.3 Investors who have access to a CREST account, may arrange to have their Offer Shares allotted directly to their CREST account, or subsequently to convert their holdings to dematerialised form in CREST.

14. 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 the Company at 41 Lothbury, London EC2R 7AE whilst the Offer remains open:

- 14.1 the Articles of Association of the Company;
- 14.2 the annual accounts for Hargreave Hale AIM VCT 1 for the periods ended 30 September 2015, 30 September 2016, and 30 September 2017;
- 14.3 the annual accounts for Hargreave Hale AIM VCT 2 for the periods ended 28 February 2015, 29 February 2016 and 28 February 2017 and the unaudited interim accounts for Hargreave Hale AIM VCT 2 for the six month periods ended 31 August 2016 and 31 August 2017;
- 14.4 the pro-forma financial information and accountant's report set out in Part II of the Registration Document;
- 14.5 the consent letter referred to in paragraph 12.4 above; and
- 14.6 this Prospectus.

Dated: 12 February 2018

DEFINITIONS

“Act”	Companies Act 2006
“Admission”	Admission of the Offer Shares to trading on the main market of the London Stock Exchange and to the Official List
“Adviser Charge”	a charge due to a Financial Intermediary from an Investor in relation to the provision of advice and/or related services provided or to be provided by the Financial Intermediary to such Investor in connection with an investment in a Company which is agreed between the Financial Intermediary and the Investor in accordance with Applicable Laws
“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)
“AIM”	the Alternative Investment Market operated by the London Stock Exchange
“Annual Running Costs”	means the running costs of the Company and includes 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 Company)
“Application Form”	the form of application for Offer Shares under the Offer set out at the end of this document
“Applicable Laws”	any law, regulatory requirement or other industry requirement which applies to the Financial Intermediary. For these purposes, a requirement includes rules, guidance or statements of good practice issued by the FCA, any regulatory body which the Financial Intermediary is expected to comply with
“Articles of Association”	the articles of association of the Company in force from time to time
“Circular”	the circular to Shareholders issued by the Company on or around the date of this Prospectus convening General Meeting to approve various proposals in connection with the Offer and the Merger
“Company”	Hargreave Hale AIM VCT 1
“Companies”	Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2
“CREST”	the relevant system (as defined in the Regulations) operated by Euroclear
“Directors” or “Board”	the directors of the Company
“Disclosure and Transparency Rules” or “DTR”	the Disclosure Guidance and Transparency Rules published by the FCA from time to time
“Eligible Shares”	shares in Qualifying Companies
“Enlarged Company”	the Company following implementation of the Scheme
“Equiniti”	Equiniti Limited

“EVCA”	the European Private Equity and Venture Capital Association
“Existing Shareholders”	holders of Shares as at the date of this document
“FCA”	the Financial Conduct Authority in the United Kingdom and/or any successor or replacement body or bodies from time to time
“Financial Intermediary”	means, in relation to an Investor, his financial intermediary as identified at Section 11a of the Application Form
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of Hargreave Hale AIM VCT 1 to be held on 16 March 2018 (and any adjournment thereof) convened by a notice contained in the Circular
“Hargreave Hale AIM VCT 1” or “HH 1”	Hargreave Hale AIM VCT 1 plc
“Hargreave Hale AIM VCT 2” or “HH 2”	Hargreave Hale AIM VCT 2 plc
“HH2 First General Meeting”	the general meeting of HH2 to be held on 16 March 2018 (or any adjournment thereof)
“HH2 General Meetings”	the HH2 First General Meeting and the HH2 Second General Meeting
“HH2 Second General Meeting”	the general meeting of HH2 to be held on 23 March 2018 (or any adjournment thereof)
“HH2 Shareholders”	holders of HH2 Shares
“HH2 Shares”	Ordinary Shares of 1p each of the Capital of Hargreave Hale AIM VCT 2
“HMRC”	HM Revenue & Customs
“NEX”	ICAP Securities and Derivatives Exchange (formally PLUS)
“IA 1986”	Insolvency Act 1986
“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 Offer Shares under the Offer
“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
“Liquidators”	Keith Marshall and Gareth Harris of RSM Restructuring Advisory LLP, Fifth Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, being the proposed liquidators for Hargreave Hale AIM VCT 2 plc
“Management Agreement”	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

“Marlborough Special Situations Fund”	the Marlborough Special Situations Fund launched on 12 July 1995 being an authorised collective investment scheme as defined in FSMA
“Maximum Subscription”	the receipt of the maximum subscription monies under the Offer, being an aggregate amount of £30,000,000
“Merger”	the acquisition of the assets and liabilities of HH2 by the Company in accordance with the terms of the Scheme
“Merger Value”	the value of an Ordinary Share calculated in accordance with the formula set out in Part 13 of this document
“Net Asset Value” or “NAV”	the value of the Company’s assets and/or the relevant share pool, less its liabilities (divided by the appropriate number of shares in issue)
“Non-Qualifying Investment”	investments made by the Company which do not qualify as Qualifying Investments
“Offer Agreement”	the offer agreement detailed in paragraph 8.1 of Part 13 of this document
“Offer”	the offer for subscription for Offer Shares by Hargreave Hale AIM VCT 1 as described in this document
“Offer Shares”	new Ordinary Shares in Hargreave Hale AIM VCT 1 to be issued pursuant to the Offer
“Offer Price”	the relevant offer price for the Offer Shares in the 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 the Company divided by its NAV (including VAT where applicable)
“Ordinary Share(s)”	Ordinary share(s) of 1p each in the capital of the Company
“Over-allotment Facility”	the ability of the Directors of the Company (at their discretion) if the Offer is oversubscribed to increase the number of shares available for subscription under the Offer to raise further amounts of up to £10m
“Platform Charge”	a charge due to a platform service provider payable by the Investor in return for the provision of the platform service which is agreed between the platform service provider and the Investor in accordance with Applicable Laws
“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 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” or “Qualifying Holding”	an investment made by a Venture Capital Trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA

“Qualifying Trade”	a trade complying with the requirements of section 300 ITA
“Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001/3755)
“Risk Finance Guidelines”	the guidelines on state aid to promote risk finance investment published by the European Commission
“Roll-Over Value”	the value of an HH2 Share calculated in accordance with the formula set out on page 52 of this document
“Scheme Calculation Date”	the date on which the number of Scheme Shares to be issued pursuant to the Scheme will be calculated, anticipated as being after the close of business on 22 March 2018
“Scheme Effective Date”	the date on which the Scheme will be completed, anticipated as being 23 March 2018
“Scheme Record Date”	the record date to which entitlements will be allocated pursuant to the Scheme, anticipated as being 22 March 2018
“Scheme Shares”	the Ordinary Shares being issued subject to the Scheme (and each a “Scheme Share”)
“Scheme” or “Merger”	the proposed merger of the Company with HH2 by means of placing HH2 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of the assets and liabilities of HH2 in consideration for Scheme Shares
“Shareholder”	a holder of Shares
“Shareholder Information”	information regarding an Investor and/or Shareholder’s shareholding and includes number of Shares held, subscription value, offer price, allotment date(s), current value and dividend history
“Share(s)”	shares in the capital of Hargreave Hale AIM VCT 1
“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
“Terms and Conditions of the Adviser Charge Agreement”	the terms and conditions of the adviser charge agreement in relation to the facilitation by a Company of the payment of an Adviser Charge to a Financial Intermediary on behalf of an Investor set out at pages 60 to 62 of this document
“Total Return”	the sum of (i) the most recent published Net Asset Value of that Share plus (ii) all dividends paid
“Transfer Agreement”	the agreement between the Company and HH2 (acting through the Liquidators) for the transfer of all of the assets and liabilities of HH2, by the Liquidators, to the Company pursuant to the Scheme
“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

TERMS AND CONDITIONS OF THE OFFERS

- (a) The contract created by the acceptance of applications under the Offer will be conditional upon the Offer Agreement referred to in paragraph 8 of the Additional Information section above becoming unconditional and not being terminated in relation to that Company in accordance with its terms.
- (b) The Offer is not conditional on the Scheme and in the event that the Offer does not proceed due to relevant conditions not being satisfied, any application monies received in respect of the Offer will be returned, at the risk of the person entitled thereto.
- (c) The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt and to retain surplus application monies pending clearance of successful applicants' cheques. The Company also reserve the right to reject, in whole or in part, any application. Multiple applications are permitted. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned by crossed cheque in favour of the applicant through the post at the risk of the person entitled thereto. The Directors reserve the right to withdraw the Offer at any time prior to satisfaction of the applicable conditions set out in paragraphs (a) and (b) above. Monies which are not sufficient to buy one Offer Share under the Offer will not be returned to applicants but will be retained by the Company and fractions of Offer Shares will not be issued.
- (d) By completing and delivering an Application Form you:
 - (i) offer to subscribe for Offer Shares at the relevant Offer Price representing the amount in pounds sterling specified in Section 4 of your Application Form (or such lesser number for which your application is accepted) on the terms of and subject to the conditions of the Prospectus (including these Terms and Conditions of the Offer and the Terms and Conditions of the Adviser Charge Agreement, if applicable) and the Articles of Association of the Company;
 - (ii) agree that, in consideration of the Company agreeing that they will not issue or allot any Ordinary Shares which are subject to the Offer to any person other than by means of the procedures referred to in this document, your application shall not be revoked until after 31 January 2019 and this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, Hargreave Hale Limited of your Application Form;
 - (iii) warrant that your remittance will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a share certificate, or have shares allotted to your CREST account (as the case may be), in respect of the Ordinary Shares applied for unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Company in their absolute discretion (which acceptance may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company, it may (without prejudice to other rights) avoid the agreement to allot such Ordinary Shares and may allot such Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of such Ordinary Shares;
 - (iv) agree that if, following the issue of all or any Ordinary Shares applied for pursuant to the Offer (the "Issued Ordinary Shares"), your remittance is not honoured on first presentation, the Issued Ordinary Shares may, forthwith upon payment by Hargreave Hale of the Offer Price of the Issued Ordinary Shares to the Company, be transferred to Hargreave Hale at the relevant Offer Price per Issued Ordinary Share and any director of Hargreave Hale or any director of the Sponsor is hereby irrevocably appointed and instructed to complete and execute all or any form(s) of transfer and/or any other documents in relation to the transfer of Issued Ordinary Shares to Hargreave Hale or such other person as Hargreave Hale may direct and to do all such other acts and things as may be necessary or expedient, for the purpose of or in connection with, transferring title to the Issued Ordinary Shares to Hargreave Hale, or such other person, in which case you will not be entitled to any payment in respect of such Ordinary Shares;
 - (v) agree that, in respect of those Ordinary Shares for which your application has been received

and is not rejected, acceptance of your application shall be constituted, at the election of the Company either (i) by notification to the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to Hargreave Hale Limited;

- (vi) agree that any monies returnable to you may be retained by Hargreave Hale Limited pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations 2007 and that such monies will not bear interest;
 - (vii) subject as provided in paragraphs (iii) and (iv) above, authorise Hargreave Hale Limited to send a share certificate, or have shares allotted to your CREST account (as the case may be) in respect of the number of Ordinary Shares for which your application is accepted and/ or to send a crossed cheque for any monies returnable, by post, at the risk of the person entitled thereto, to the address of the person named as the applicant in the Application Form;
 - (viii) warrant that if you sign the Application Form on behalf of somebody else you have due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
 - (ix) agree that all applications, acceptances of applications and contracts resulting there from under the Offer shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (x) confirm that in making such application you are not relying on any information or representation in relation to the Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information or representation;
 - (xi) authorise Hargreave Hale Limited, or any persons authorised by either of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by you into your name or into the name of any person in whose favour the entitlement to any such Ordinary Shares has been transferred and authorise any representative of Hargreave Hale Limited to execute any document required therefor;
 - (xii) agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations concerning the Company contained herein;
 - (xiii) confirm and warrant that you have read and complied with paragraph (e) below;
 - (xiv) confirm that you have read the restrictions contained in paragraph (f) below and warrant as provided therein;
 - (xv) warrant that you are not under the age of 18; and
 - (xvi) agree that all documents and cheques sent by post to, by or on behalf of the Company or Hargreave Hale Limited, will be sent at the risk of the person(s) entitled thereto.
- (e) No person receiving a copy of this document or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

- (f) The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) and, subject to certain exceptions, the Ordinary Shares may not be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States or to any person in the United States. Persons subscribing for Ordinary Shares shall be deemed, and (unless the Company are satisfied that their respective Ordinary Shares can be allotted without breach of United States securities laws) shall be required, to represent and warrant to the Company that they are not a US Person, being a person in the United States ("US Person") and that they are not subscribing for such Ordinary Shares for the account of any such person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares in the United States or to any such person. As used herein, "United States" means the United States of America (including each of the States and the District of Columbia), its territories or possessions or other areas subject to its jurisdiction. In addition, the Company have not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Manager is not registered under the United States Investment Advisers Act of 1940, as amended.
- (g) Investors will be separately liable for any Adviser Charges that they have agreed with their Financial Intermediary and no Company shall have any responsibility to any Investor or Financial Intermediary in respect of any such Adviser Charge. Any facilitation of the payment of such Adviser Charge by a Company shall be subject to the Application Form and in particular to the Terms and Conditions of the Adviser Charge Agreement. To the extent that an Investor wishes the Company to facilitate the payment of any Adviser Charge, such Investor should complete the relevant sections of the Application Form, in which case the Terms and Conditions of the Adviser Charge Agreement shall apply.
- (h) If no advice has been provided by an authorised Financial Intermediary to an Investor in respect of their application for Offer Shares, Hargreave Hale is offering to pay introductory commission to authorised financial intermediaries at the rate of 1% on the value of successful applications submitted through them or introductory commission of 0.5% plus trail commission (as agreed between the intermediary and Hargreave Hale). The introductory commission may be waived by joint agreement between Hargreave Hale and the financial intermediaries and reinvested by them on behalf of their clients through an additional allotment of Offer Shares (the waiver may be in part or in whole). If financial intermediaries and Hargreave Hale agree to waive and reinvest introductory commission on behalf of their clients through an additional allotment of Offer Shares then the application for Offer Shares pursuant to the Offer will be increased by the amount of introductory commission waived and the enlarged application will be applied in subscribing for Offer Shares at the relevant Offer Price through the Offer. No further fees or commission will be paid in respect of such additional Offer Shares.
- (i) The Company (after consultation with Hargreave Hale) may change their arrangements in respect of Adviser Charges and the availability and terms of commission payable through an announcement to the London Stock Exchange through a Regulatory Information Service Provider authorised by the FCA applicable to applications received on or after a specified date. The Company may also provide or publish one or more amended application forms to the Application Form set out in this document pursuant to which applications under the Offer will be accepted.
- (j) Where commission is payable, Hargreave Hale will collate the Application Forms bearing the financial intermediaries' stamps and full address details and calculate and pay the introductory commission payable, and also calculate the trail commission payable by Hargreave Hale.
- (k) If the Company are required to publish a supplementary prospectus, subscribers who have yet to be entered on to the Company' register of members will be given two working days to withdraw from their application. In the event that notification of withdrawal is given by post, such notification will be effected at the time the subscriber posts such notification rather than at the time of receipt by the Company.
- (l) In the event that applications are received for an amount in excess of the Maximum Subscription, the Directors reserve the right to exercise their discretion in the allocation of successful applications although the allocation will usually be on a first come first served basis. The right is also reserved to reject in whole or in part any application or any part thereof and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.

- (m) Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

Lodging of Application Forms and Dealing Arrangements

The Offer will open on 12 February 2018 subject to the conditions set out above. The first allotment under the Offer is expected to be on or before 20 March 2018. Thereafter, the Directors reserve the right to allot Offer Shares at any time whilst the Offer remains open.

The closing date for the Offer in respect of the 2017/18 tax year will be at 12.00 p.m. on 5 April 2018. If the Offer is not fully subscribed at that time, the Directors reserve the right to allow the Offer to remain open for at least part of the 2018/19 tax year, but not beyond 12.00 p.m. on 31 January 2019.

The results of the Offer will be announced through a regulatory information service. Dealings in Offer Shares are expected to commence within 10 business days of the relevant allotments.

Completed Application Forms together with the appropriate remittance must be posted or delivered by hand to Hargreave Hale Limited, Talisman House, Boardmans Way, Blackpool, Lancashire, FY4 5FY.

The minimum subscription per Investor is £5,000 in respect of the Offer. Applications in respect of less than £5,000 will not be accepted. The Offer Price will be calculated by reference to the Pricing Formula (calculated in pence to two decimal places). Monies which are not sufficient to buy one Offer Share will not be returned to applicants but will be retained by the Company and fractions of Offer Shares will not be issued. The Offer Shares to be issued pursuant to the Offer will rank *pari passu* with the existing Ordinary Shares of the Company.

In the case of Investors requesting share certificates, it is intended that definitive share certificates will be despatched within 15 business days of allotment. Prior to despatch of definitive share certificates, transfers will be certified against the register. No temporary documents of title will be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

Investors who wish to take advantage of the ability to trade in Offer Shares in uncertificated form, and who have access to a CREST account, may arrange to have their shares allotted directly to their CREST account, or subsequently to convert their holdings into dematerialised form in CREST. Share certificates may be registered directly to an Investor's nominee company and deposited to CREST, however, applications must be made in the name of the Investor, rather than that of the nominee company. Investors should be aware that Offer Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of Offer Shares held in CREST. The Company's share register will be kept by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Money Laundering Notice

To ensure compliance with the Money Laundering Regulations 2007, Hargreave Hale may at their absolute discretion require verification of identity from any person lodging an Application Form in an amount greater than £10,000 (or if the application is one of a series of linked applications, the value of which exceeds that amount). If within a reasonable period of time following a request for verification of identity and in any case by no later than 12.00 p.m. on the relevant date of allotment Hargreave Hale have not received evidence satisfactory to them as aforesaid, the Company with the agreement of Hargreave Hale may, at their absolute discretion, reject any such application in which event the remittance submitted in respect of that application will be returned to the applicant at the risk of the person entitled thereto (without prejudice to the rights of the Company to undertake proceedings to recover any loss suffered by them as a result of the failure to produce satisfactory evidence of identity). Applicants warrant that any information supplied to Hargreave Hale for the purpose of the Money Laundering Regulations 2007 is true and accurate.

Availability of this Prospectus

Copies of this document and the Application Form are available until the close of the Offer from Hargreave Hale Limited Talisman House, Boardmans Way, Blackpool, Lancashire, FY4 5FY; and Hargreave Hale AIM VCT 1 at www.hargreaveaimvcts.co.uk.

TERMS OF THE SCHEME

The mechanism by which the Merger will be completed is as follows:

- HH2 will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 IA 1986; and
- all of the assets and liabilities of HH2 will be transferred to the Company in consideration for the issue of Scheme Shares to HH2 Shareholders.

The Scheme will be completed on a relative unaudited NAV basis, adjusted for the anticipated costs of the Scheme. The Merger Value and the Roll-Over Value will be based on the latest unaudited valuations of the Company' investments. The effect of the Scheme will be that the HH2 Shareholders will receive Shares with the same total market value as at the Scheme Calculation Date as their HH2 Shares.

The Scheme is conditional upon the approval by the Shareholders of resolution 1 to be proposed at the General Meeting and by the HH2 Shareholders of the resolutions to be proposed at the HH2 General Meetings, as well as the other conditions set out below.

As the Company and HH2 have the same investment manager and other common advisers, the Merger should be achievable without major additional cost or disruption to the Company and HH2 and their combined portfolio of investments.

The aggregate anticipated cost of undertaking the Merger is approximately £0.4m including VAT, legal and professional fees, stamp duty and the costs of winding up HH2. The Liquidators fees are expected to be up to £15,000. The costs of the Merger will be split proportionately between the Company and HH2 by reference to the relative NAVs of the Company as at the Scheme Calculation Date.

Shareholders should note that the Merger will be outside the provisions of the City Code on Takeovers and Mergers.

As is required by CA 2006, prior to the allotment of the Scheme Shares the Company will be sending to Shareholders and HH2 Shareholders at their registered addresses and uploading on to the Company' website a report on the Merger which will be prepared by Scott Moncrieff.

The portfolio of assets which will be transferred from HH2 to the Company as part of the Scheme are all considered to be consistent with the Company's investment policy, particularly as a number of these are common across the respective portfolios of the Company and HH2. The extent of the liabilities (if any) which will be transferred from HH2 to the Company as part of the Scheme will be those which are incurred in the ordinary course of business, and merger costs which remain unpaid at the time of transfer. Any such liabilities are expected to be nominal in comparison to the value of the assets.

HH2 Shareholders who do not vote in favour of the resolution to be proposed at the HH2 First General Meeting are entitled to dissent and have their shareholding purchased by the Liquidators at a price agreed between the dissenting HH2 Shareholders and the Liquidators (or by arbitration), which would be expected to be at a significant discount to the net asset value of an HH2 Share. If the conditions of the Scheme are not satisfied, the Company will continue in their current form and the Boards will continue to review all options available to them regarding the future of the Company.

Clearance has been requested from HMRC that the Scheme meets the requirements of the Merger Regulations and, therefore, that the implementation of the Scheme should not affect the status of the Company as a VCT. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following the Merger so that the Enlarged Company continues to qualify as a VCT.

Further information regarding the terms of the Scheme is set out on page 52 of this document. Details of the risks relating to the Scheme and those generally associated with investing in a VCT are set out on pages 4 to 5.

Following the transfer of the assets and liabilities by HH2 to the Company, the listing of the HH2 Shares will be cancelled and HH2 will be wound up.

Conditions of the Scheme

The Scheme is conditional upon:

- the passing of resolution 1 to be proposed at the General Meeting;

- notice of dissent not having been received from HH2 Shareholders holding more than 10% in nominal value of the entire issued share capital of HH2 under Section 111 of IA 1986;
- the passing of the resolutions to be proposed at the HH2 General Meetings; and
- HMRC approval of the Merger on terms satisfactory to the Company.

Subject to the above, the Scheme will become effective immediately after the passing of the special resolution for the winding up of HH2 to be proposed at the HH2 Second General Meeting. If it becomes effective, the Scheme will be binding on the Shareholders and HH2 Shareholders (including dissenting HH2 Shareholders) and all persons claiming through or under them.

Terms of the Scheme

On the Scheme Effective Date, the Liquidators will receive all the cash, undertakings and other assets and liabilities of HH2 and will deliver to the Company:

- particulars of all of the assets and liabilities of HH2;
- a list certified by the registrars of the names and addresses of, and the number of HH2 Shares held by each of the HH2 Shareholders on the register at 5.00 pm on the Scheme Record Date;
- an estimate of the winding-up costs of HH2; and
- the amount estimated to be required to purchase the holdings of any dissenting HH2 Shareholders.

On the Scheme Effective Date, the Company and the Liquidators (on behalf of HH2) will enter into the Transfer Agreement pursuant to which the Liquidators will procure the transfer of all the assets and liabilities of HH2 to the Company in exchange for the issue of Scheme Shares (credited as fully paid) to the HH2 Shareholders on the basis set out below.

In further consideration of such transfer of assets and liabilities of HH2 to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of HH2 and the purchase for cash of any holdings of dissenting HH2 Shareholders.

Except as otherwise provided for in the Scheme terms, for the purposes of calculating the Merger Value, the Roll-Over Value and the number of Scheme Shares to be issued, in order that the HH2 Shareholders will receive Scheme Shares with the same total net asset value as the Scheme Calculation Date as their HH2 Shares, the following provisions will apply:

Merger Calculations

Roll-Over Value:

The Roll-Over Value will be calculated as:
$$\frac{A - (B + C)}{D}$$
 where:

A = the unaudited net assets of HH2 as at the Scheme Calculation Date (taken from the HH2 unaudited management accounts to that date), plus or minus any adjustment that both the Board and the HH2 Board consider appropriate to reflect any other actual or contingent benefit or liability of HH2;

B = the costs of the Scheme to be apportioned to HH2 (by reference to the Roll-Over Value and the Merger Value, but ignoring merger costs), plus £1,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to HH2 incurred by the Company, which will indemnify the Liquidators in respect of all costs of HH2 following the transfer on the Scheme Effective Date);

C = the amount estimated to be required to purchase the holdings of HH2 Shares from dissenting HH2 Shareholders; and

D = the number of HH2 Shares in issue as at close of business on the Scheme Record Date (save for any HH2 Shares held by dissenting HH2 Shareholders).

Merger Value

The Merger Value will be calculated as:
$$\frac{E - F}{G}$$
 where:

E = the unaudited net assets of the Company as at the Scheme Calculation Date (taken from the Company's unaudited management accounts to that date), plus or minus any adjustment that the Board and the HH2 Board consider appropriate to reflect any other actual or contingent benefit or liability of the Company;

F = the costs of the Scheme to be apportioned to the Company (by reference to the Roll-Over Value and the Merger Value, but ignoring merger costs); and

G = the number of Shares in issue as at close of business on the Scheme Record Date.

Scheme Shares to be issued to HH2 Shareholders

The number of Scheme Shares to be issued to HH2 Shareholders (save for any dissenting HH2 Shareholders) will be calculated as follows:

$$\frac{H \times J}{I} \quad \text{where:}$$

H = the Roll-Over Value;

I = the Merger Value; and

J = the number of HH2 Shares in issue as at close of business on the Scheme Record Date (save for any HH2 Shares held by dissenting HH2 Shareholders).

The Scheme Shares will be issued directly to HH2 Shareholders (disregarding HH2 Shares held by dissenting HH2 Shareholders), in each case *pro rata* to their existing holdings of HH2 Shares on the instruction of the Liquidators.

The merger ratios used to allocate the Scheme Shares to each HH2 Shareholder will be rounded down to six decimal places and entitlements will be rounded down to the nearest whole number and any fractional entitlements per HH2 Shareholder (which will not exceed £2) will be aggregated and sold, with the proceeds retained for the benefit of the Enlarged Company.

The Company will not issue the Scheme Shares until the report prepared by Scott Moncrieff under CA 2006 in respect of the Scheme has been provided to the Company and sent to Shareholders and HH2 Shareholders.

Based on the formulae above but using NAVs of 83.29p and 123.76p for the Company and HH2 respectively, being the latest published unaudited NAVs of the Company as at the date of this document and after subsequent dividend payments, 69,953,074 Scheme Shares would have been issued to HH2 Shareholders for every HH2 Share held (assuming no dissenting HH2 Shareholders) had the Merger been completed on 12 February 2018.

Share Certificates and Listing

Where HH2 Shareholders hold their HH2 Shares in certificated form, they will receive a new certificate for the Scheme Shares issued. Where HH2 Shareholders hold their HH2 Shares in uncertificated form, their CREST accounts will be credited with the holding in Scheme Shares.

An application has been made to the UKLA for the Scheme Shares to be issued pursuant to the Scheme to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such Scheme Shares to be admitted to trading on its main market for listed securities. From the date of issue, the Scheme Shares will rank *pari passu* with each other.

Taxation

The following paragraphs apply to the Company and to persons holding Shares as an investment in the Company who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on

current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The Company and Shareholders

The implementation of the Scheme should not affect the VCT reliefs obtained by Shareholders on subscription for existing Shares. The implementation of the Scheme should not affect the status of the Company as a VCT. It is the intention of the Board to continue to comply with the requirements of ITA 2007 so as to continue to qualify as a VCT.

HH2 Shareholders

The receipt by HH2 Shareholders of Scheme Shares should not constitute a disposal of their HH2 Shares for UK tax purposes. HH2 Shareholders should, for UK tax purposes, effectively be able to treat the Scheme Shares received as if they had been acquired at the same cost and on the same date as the original HH2 Shares from which they derive (but allocated proportionately between such resulting Scheme Shares). Any initial income tax relief obtained and attaching to the original HH2 Shares will not, therefore, be subject to clawback, but instead will then attach to the Scheme Shares.

As the Company is also a VCT, the usual VCT tax reliefs should continue to apply. As a result, qualifying Shareholders should continue to receive tax-free dividends and should not be subject to UK taxation on any capital gains on the disposal of Scheme Shares.

For HH2 Shareholders holding (together with their associates) more than 5% of the HH2 Shares in issue, clearance has been obtained from HMRC in terms of Section 138 of TCGA 1992 that the tax treatment described above for persons who (together with their associates) own less than 5% of the HH2 Shares should also apply to them.

HH2 Shareholders who do not vote in favour of the resolution to be proposed at the HH2 First General Meeting are entitled to dissent and have their shareholding purchased by the Liquidators at a price agreed between the dissenting HH2 Shareholders and the Liquidators (or by arbitration), which is expected to be at a significant reduction to the net asset value of an HH2 Share. In addition, HH2 Shareholders should note that a purchase of HH2 Shares by the Liquidators from a dissenting HH2 Shareholder will be regarded as a disposal of such HH2 Shares for tax purposes, thereby triggering the repayment of any income tax relief on HH2 Shares subscribed for in the five years prior to purchase. The sale price received may not be sufficient to cover the amount of payment due.

Although the Company will be required to pay UK stamp duty or stamp duty reserve tax on the transfer to it of certain of the assets of HH2 (which form part of the merger costs), no UK stamp duty will be payable directly by Shareholders as a result of the implementation of the Scheme.

Clearance has been obtained from HMRC in respect of the Scheme under Section 701 ITA 2007 confirming that the receipt of Scheme Shares should, except in the case of dealers, be regarded as an income receipt for the purposes of UK taxation.

Clearance has also been requested from HMRC to confirm that the Scheme meets the requirements of the Merger Regulations and that, as such, the receipt by HH2 Shareholders of Scheme Shares should not prejudice tax reliefs obtained by those HH2 Shareholders on existing HH2 Shares and should not be regarded as a disposal.

The Finance Act 2014 restricts income tax relief on subscription to a VCT after 5 April 2014 where, within 6 months (before or after), the investor had disposed of shares in that VCT or a VCT which at any time merges with that VCT. **A receipt of Scheme Shares pursuant to the Merger is not a subscription to the Company for these purposes but Shareholders who have subscribed for shares in the Company or HH2 since 5 April 2014 should note this.** The Scheme is not conditional on the Offer and vice versa as per Finance Bill 2017.

GUIDE TO THE APPLICATION FORM

The following instructions should be read in conjunction with the Application Form, including the Terms and Conditions of the Adviser Charge Agreement (and shall be construed as being terms of the Offer). References in these instructions to Sections are references to Sections of the Application Form.

SECTION 1: PERSONAL DETAILS

Insert your full name, address, date of birth, country/place of birth, nationality, and telephone number in block capitals in Section 1. No joint applications are permitted.

Applications may only be made by persons aged 18 or over.

SECTION 2: TAX RESIDENCY

The UK Government requires the financial services industry to collect and review details of financial accounts and assets held by persons that have tax residency in jurisdictions other than the UK. This information is reported to HMRC for onward transmission under the exchange of information articles contained within the various treaties and conventions the UK is party to.

Investors are required to list all countries in which they are resident for tax purposes in section 2. Investors should include the relevant tax reference number, which is often referred to as a Tax Information Number (TIN).

A US citizen is a person who is (a) born in the United States, (b) naturalised as a US citizen or (c) has a parent who is a US citizen. Further, a person can be deemed a 'tax resident' of the United States by virtue of the 'substantial presence test' or if they hold a 'green card'.

SECTION 3: ALTERNATE ADDRESS

If you wish to have your share and income tax relief certificates sent to an alternative correspondence address please complete Section 3.

SECTION 4: APPLICATION AMOUNTS

Insert the sums you are subscribing in Section 4. The minimum subscription per Investor is £5,000 in respect of the Offer. Applications in respect of less than £5,000 in aggregate will not be accepted.

SECTION 5: REGISTRATION DETAILS

Any Offer Shares allotted to you will be in a registered form capable of being transferred by means of the CREST system. Investors who wish to take advantage of the ability to trade in Offer Shares in uncertificated form, and who have access to a CREST account, may arrange to have their shares allotted directly to their CREST account, or subsequently to convert their holdings into dematerialised form in CREST. Investors should be aware that Offer Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of Offer Shares held in CREST. The Company's share register will be kept by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

SECTION 6: DIVIDEND PAYMENTS

If you would like all future dividends to be paid directly into your bank or building society account, please complete the mandate instruction form in Section 6.

SECTION 7: FINANCIAL ADVICE

Please indicate whether you have received financial advice in connection with your application for Offer Shares and proceed to Section 8 or Section 9 accordingly. You should ask your Financial Intermediary to complete Section 17.

SECTION 8: ADVISER CHARGES

Commission cannot be paid to financial intermediaries in respect of advised sales of retail investment products sold to retail investors in the UK. Therefore if your Financial Intermediary provides you with advice in respect of this application for Offer Shares, neither Hargreave Hale nor the Company will pay commission to your Financial Intermediary. Instead, your Financial Intermediary will need to agree an Adviser Charge with you which you will be responsible for paying. Hargreave Hale can, however, facilitate the payment of an Adviser Charge on your behalf so that you do not have to make a separate payment to your Financial Intermediary. The remuneration will be an Adviser Charge for advice provided to you in relation to the Company and this charge will be withdrawn from the funds the Company receive from you. This is what is meant by facilitating the payment of this charge from the Company and the facilitation service is subject to the terms and conditions set out in the Terms and Conditions of the Adviser Charge Agreement. You will need to discuss and agree the amount and method of paying any Adviser Charge with your Financial Intermediary.

The Adviser Charge is treated separately to your investment and will not attract any income tax relief. By way of example, you can apply to make an investment of £10,000 (Box A of Section 4) and pay an Adviser Charge of £200 (Box B at Section 8), which will require a cheque from you for £10,200 (Box C at Section 9).

Alternatively, you can submit a cheque for £10,000 (Box C at Section 9), of which £9,800 (Box A at Section 4) will be invested in new Shares (and therefore attract income tax relief) and £200 (Box B at Section 8) will be paid to your Financial Intermediary as an Adviser Charge.

Payments of Adviser Charges on behalf of Investors will be paid by the Company only in respect of the amount stated in Box B in Section 8. The Terms and Conditions of the Adviser Charge Agreement will apply. In addition, no payment will be made by the Company unless the relevant application is successful and the Company are in receipt of sufficient cleared funds from Investors in the amount set out in Box C in Section 9 (which must comprise an aggregate of the amounts set out in Box A and Box B in Sections 4 and 8).

If you require Hargreave Hale to facilitate the payment of any such Adviser Charge on your behalf please complete the third box in this Section 8 and specify the amount (in pounds sterling) of the Adviser Charge that you require the Company to pay on your behalf in Box B in this Section 8. The Terms and Conditions of the Adviser Charge Agreement will apply and, by completing the third Box of Section 8 and signing the Application Form you are agreeing to the Terms and Conditions of the Adviser Charge Agreement. You will also need to ask your Financial Intermediary to complete the relevant parts of Section 17.

Please note that the Adviser Charge that you are instructing Hargreave Hale to pay should relate to such advice or services provided to you by your Financial Intermediary in connection with the Company only. Hargreave Hale will only accept instructions from you to facilitate the payment of the Adviser Charge from the Company to your Financial Intermediary by using Application Form unless it agrees otherwise at its absolute discretion.

The Terms and Conditions of the Adviser Charge Agreement are set out below and are important. You should take time to read them before you sign and complete Section 16 of the Application Form. If you are uncertain about any aspect of the Terms and Conditions of the Adviser Charge Agreement or how to complete the Application Form, you should discuss this with your Financial Intermediary or any other professional adviser acting on your behalf.

SECTION 9: FINAL CONSIDERATION

The total amount payable by you will be the aggregate of the amounts set out in Box A in Section 4 and (if applicable) the amounts set out in Box B in Section 8. Please complete this total amount in pounds sterling in Box C in Section 9. Payment by you must be in respect of this amount.

SECTION 10: PAYMENT OPTIONS

Your cheque or bankers' draft must be payable to "Joint Offer Account of the HH AIM VCTs" and should be crossed "A/C Payee". Receipt of your application will be acknowledged within a day of it having been received. Your cheque or bankers' draft must be drawn in sterling on an account at a bank, and must bear the appropriate sort code number in the top right hand corner. The right is reserved to reject any application. Please quote your surname as a reference when making any electronic payment.

Money Laundering Regulations

It is a term of the Offer that, to ensure compliance with the Money Laundering Regulations 2007, Hargreave Hale may at their absolute discretion require verification of identity from any person lodging an Application Form in an amount greater than £10,000 (or if the application is one of a series of linked applications, the value of which exceeds that amount).

If within a reasonable period of time following a request for verification of identity and in any case by no later than 12.00 p.m. on the relevant date of allotment Hargreave Hale have not received evidence satisfactory to them as aforesaid, the Company with the agreement of Hargreave Hale may, at their absolute discretion, reject any such application in which event the remittance submitted in respect of that application will be returned to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover any loss suffered by them as a result of the failure to produce satisfactory evidence of identity). Hargreave Hale may undertake electronic identity checks on applicants subject to permission being granted in Section 13 of the Application Form.

Applicants should make payment by their own cheque, banker's draft or by electronic transfer. Third party payments will not be accepted.

The above information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting Hargreave Hale's right to require verification of identity as indicated above).

SECTION 11: SHAREHOLDER COMMUNICATION

Please complete this section to indicate how you would like initial correspondence to be issued and whether you would like to receive monthly factsheets by email.

If you would like to opt in to Electronic Communications in respect of your shareholding in Hargreave Hale AIM VCT 1 please tick the relevant box in this section. Please note if you do not provide an email address we are obliged to send you notifications by letter.

SECTION 12: PRIVACY NOTICE

Please tick the box to acknowledge you have read and understood how we intend to process your personal data. Hargreave Hale may reject any application that does not include your consent to process your personal information, in which event the remittance submitted in respect of that application will be returned to the applicant without prejudice to the rights of the Company to undertake proceedings to recover any loss suffered as a result of this.

SECTION 13: VERIFICATION OF IDENTITY

It is a term of the Offer that, to ensure compliance with the Money Laundering Regulations 2007, Hargreave Hale may at their absolute discretion require verification of identity from any person lodging an Application Form in an amount greater than £10,000 (or if the application is one of a series of linked applications, the value of which exceeds that amount). This can be achieved in a number of ways as described in this section.

You will need to tick the box in Section 13 if you would like Hargreave Hale to verify your identity using an electronic search.

SECTION 14: AUTHORITY IN RELATION TO PROVIDING SHAREHOLDING INFORMATION TO FINANCIAL INTERMEDIARIES

Hargreave Hale requires your permission to share your personal information with your Financial Adviser.

By ticking the relevant box(es), you can positively identify to Hargreave Hale which information they can share with your Financial Adviser. The information that can be shared will fall into one of three categories: (a) correspondence confirming the receipt of your Application Form; (b) Shareholder Information (see Definitions) regarding this investment in Hargreave Hale AIM VCT 1; (c) Shareholder Information regarding any previous investments in Hargreave Hale AIM VCT 1 and/or Hargreave Hale AIM VCT 2.

SECTION 15: ADDITIONAL THIRD PARTY DISCLOSURES

Hargreave Hale requires your permission to share your personal information with a third party such as your accountant or other professional advisers.

By ticking the relevant box(es), you can positively identify to Hargreave Hale which information they can share with the third party identified in this section. The information that can be shared will fall into one of three categories: (a) correspondence confirming the receipt of your Application Form; (b) Shareholder Information (see Definitions) regarding this investment in Hargreave Hale AIM VCT 1; (c) Shareholder Information regarding any previous investments in Hargreave Hale AIM VCT 1 and/or Hargreave Hale AIM VCT 2.

SECTION 16: DECLARATION /SIGNATURE

Please sign and date the Application Form in Section 16. The Application Form may be signed by someone else on your behalf, if duly authorised by power of attorney to do so. Any power of attorney pursuant to which the Application Form is signed (or a duly certified copy thereof) must be enclosed for inspection.

SECTION 17: AUTHORISED FINANCIAL INTERMEDIARIES

Intermediaries who wish to receive payment for applications from the Company in accordance with this section should complete Section 17a and stamp it, giving their full name and address, telephone number and FCA number. Intermediaries will also need to arrange for signature by an authorised signatory at Section 17g to confirm that (i) the information provided by the intermediary is correct (ii) it acknowledges and agrees to the Terms and Conditions of the Adviser Charge Agreement (to the extent applicable) and (iii) if applicable, it agrees to the rebate of commission as indicated by it at Section 17d of the Application Form.

The right is reserved to withhold payment to any financial adviser if Hargreave Hale is not, in its sole discretion, satisfied that the agent is so authorised.

Intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for payment. Claims for payment must be made and substantiated on submission of an Application Form.

Adviser Charges

If an Investor's Financial Intermediary provides him with advice in respect of his investment in Offer Shares, the Investor may have agreed to pay an Adviser Charge to such Financial Intermediary, which the Investor will be responsible for paying. Where applicable, Financial Intermediaries should complete the second box in this Section 17b. The Company may facilitate the payment of an Adviser Charge by paying it direct to authorised Financial Intermediaries on behalf of Investors. The remuneration will be an Adviser Charge for advice provided to the Investor in relation to the Company and this charge will be withdrawn from the funds the Company receive from the Investor. This is what is meant by facilitating the payment of this charge from the Company and the facilitation service is subject to the Terms and Conditions of the Adviser Charge Agreement. Further details are set out at Section 8.

Commission

If no advice has been provided by a financial intermediary to an Investor in respect of his application for Offer Shares, then authorised Financial Intermediaries should complete the first box in Section 17b.

If this applies, Hargreave Hale is offering to pay introductory commission to authorised Financial Intermediaries at the rate of 1% on the value of successful applications submitted through them or introductory commission of 0.5% plus trail commission (as agreed between the intermediary and Hargreave Hale). Introductory commission will only be paid in respect of successful applications and only on the amounts set out in Box A in Section 4.

If Financial Intermediaries choose to receive introductory commission at the rate of 1% on the value of successful applications submitted through them they should complete the relevant box in Section 17c.

If Financial Intermediaries choose to receive introductory commission at the rate of 0.5% on the value of successful applications submitted through them plus trail commission they should complete the relevant box in Section 17c.

The introductory commission may be rebated by Financial Intermediaries and reinvested by them on behalf of their clients through an additional allotment of Offer Shares (the rebate in each case may be in part or in whole in 25 per cent. increments).

If Financial Intermediaries choose to rebate introductory commission and have it reinvested in Offer Shares on behalf of their client they should complete Section 17d as appropriate.

Financial Intermediaries will need to specify the percentage amount of introductory commission that they require to be rebated in Section 17d.

DELIVERY OF APPLICATION FORM

Send the completed Application Form together with your cheque or bankers' draft by post, or deliver it by hand (during normal business hours only), to Hargreave Hale Limited, Talisman House, Boardmans Way, Blackpool, Lancashire, FY4 5FY so as to be received no later than 12.00 p.m. on 5 April 2018 for investment in the 2017/18 tax year and no later than 12.00 p.m. on 31 January 2019 for investment in the 2018/19 tax year (unless the Offer is closed prior to that date).

If you post your Application Form you are recommended to use first class post and to allow at least two working days for delivery.

If you have any queries on the procedure for application and payment, you should contact Hargreave Hale Limited (telephone 01253 754755) or your normal financial adviser.

TERMS AND CONDITIONS OF THE ADVISER CHARGE AGREEMENT

For the avoidance of doubt, references to “you” in these Terms and Conditions of the Adviser Charge Agreement shall be construed as references to the Investor.

1. PAYMENT OF THE ADVISER CHARGES

- 1.1 The Company will pay to your Financial Intermediary the Adviser Charge you have instructed it to pay.
- 1.2 The Adviser Charge is strictly a matter between you and your Financial Intermediary. Before instructing the Company to pay an Adviser Charge on your behalf, you should first agree the following with your Financial Intermediary:
 - 1.2.1 you have received financial advice in relation to your application for Offer Shares;
 - 1.2.2 the level of the Adviser Charge; and
 - 1.2.3 that your Financial Intermediary will accept payment through the Adviser Charge Agreement.
- 1.3 The Company will only pay an Adviser Charge to your Financial Intermediary in respect of Offer Shares subscribed by you in those Companies.
- 1.4 When the Company pay the Adviser Charge to your Financial Intermediary, this is a payment that is made at your direction and on your behalf. The Adviser Charge is not a payment for any services provided by your Financial Intermediary to Hargreave Hale or the Company.
- 1.5 The Adviser Charge is in addition to any charges specified in respect of your Offer Shares.
- 1.6 The Adviser Charge is in addition to and separate from the Subscription.
- 1.7 The Company will act only in accordance with your instruction in respect of the payment of Adviser Charge, except where the Company expressly indicate otherwise in these Terms and Conditions of the Adviser Charge Agreement.
- 1.8 The Company will act on the instructions of your Financial Intermediary only where your Financial Intermediary is asking the Company to reduce or stop paying the Adviser Charge. The Company will not extend or increase the Adviser Charge without your instruction.
- 1.9 If after reasonable efforts, the Company or their agents have been unable to pay the Adviser Charge to your Financial Intermediary, the Company will not pay the Adviser Charge and Hargreave Hale will notify you of this action.
- 1.10 The Company will not pay interest to you or your Financial Intermediary for the non payment or late payment or on a refund of the Adviser Charge. The Company will not pay the Adviser Charge in advance of your receiving a service from your Financial Intermediary.

2. RIGHTS TO STOP PAYMENT OF THE ADVISER CHARGE

- 2.1 In exceptional circumstances, the Company (acting through their agent or otherwise) may stop the payment of all or part of the Adviser Charge and the Company or their agent will endeavour to notify you as soon as possible of the action it has have taken. These circumstances include the following:
 - 2.1.1 if the Company or their agent reasonably believes that the payment of the Adviser Charge would be in breach of any relevant laws or regulations; or
 - 2.1.2 if the Company or their agent reasonably believes that your Financial Intermediary was not appropriately authorised by the Financial Conduct Authority or exempt from authorisation under the Financial Services and Markets Act 2000 or any replacement regulator at the time of providing you with advice or services in relation to your Companies; or
 - 2.1.3 if your Financial Intermediary ceases to trade; or
 - 2.1.4 if the Company or their agent believes your Financial Intermediary may be insolvent; or
 - 2.1.5 if services to facilitate payment of Adviser Charges are terminated.

3. CHANGE OF FINANCIAL INTERMEDIARY

You should let Hargreave Hale know as soon as possible if you change your Financial Intermediary. In such circumstances, the Company will continue to pay any outstanding Adviser Charges to your Financial Intermediary unless you advise Hargreave Hale otherwise. If you wish the Company to pay the Adviser Charge to a new Financial Intermediary, you will need to contact Hargreave Hale to obtain a new Application Form. Hargreave Hale will only accept one Application Form for each new Financial Intermediary. Any such Application form will replace any existing adviser charge agreement which you have in place in relation to the Offer and the Company will no longer facilitate the Adviser Charge to your previous Financial Intermediary. On a change of Financial Intermediary, Hargreave Hale and/or the Company may provide details of the Adviser Charge paid under the Application Form to your new Financial Intermediary to the extent required to enable your new Financial Intermediary to provide you with advice and services in connection with your Shares and signing the Application Form is your consent to allow it to do so. However, you may still be liable to pay the Adviser Charge to your previous Financial Intermediary under the terms of your agreement or arrangement with them.

4. INFORMATION ABOUT THE CHARGES

- 4.1 Hargreave Hale will provide you with written confirmation after it sets up the arrangements to pay the Adviser Charge you have instructed it to pay to your Financial Intermediary or if, in accordance with these Terms and Conditions of the Adviser Charge Agreement, the Adviser Charge is varied or stopped.
- 4.2 Hargreave Hale may ask you to check the information that it provides to you and bring it to its attention if you believe there are any errors or omissions.

5. VALUE ADDED TAX (VAT)

All instructions from you to pay the Adviser Charge will be treated as including any VAT where it is applicable at the rate prevailing at the time of the payment of the Adviser Charge and taking into account any changes to the rate of VAT howsoever occurring.

6. THIRD PARTY RIGHTS

These Terms and Conditions of the Adviser Charge Agreement do not give any rights to any person other than you, the Company and Hargreave Hale. No other person (including any Financial Intermediary) shall have any rights to rely on any of these Terms and Conditions. The Company may amend or cancel these Terms and Conditions without reference to, or the consent of, any other person.

7. VARIATION

The Company or their agent may change these Terms and Conditions of the Adviser Charge Agreement if it has a valid reason for doing so, by giving you 30 days' notice in writing in advance.

8. LAW

These Terms and Conditions of the Adviser Charge Agreement will be governed by and interpreted in accordance with the laws of England and Wales. The courts of England and Wales will have exclusive jurisdiction over any dispute arising from these Terms and Conditions of the Adviser Charge Agreement.



APPLICATION FORM

Before completing this Application Form you should read the prospectus issued by the Company dated 12 February 2018 (the "Prospectus") including the Terms and Conditions of the Offer. Definitions used in the Prospectus apply herein, unless otherwise stated. The Offer opens on 12 February 2018. The closing date for the Offer in respect of the 2017/18 tax year will be at 12.00 p.m. on 5 April 2018. If the Offer is not fully subscribed at that time, the Directors reserve the right to allow the Offer to remain open for at least part of the 2018/19 tax year, but not beyond 12.00 p.m. on 31 January 2019. Please send this Application Form together with your cheque or bankers' draft, if appropriate, and proof of identity if required, to Hargreave Hale Limited, Talisman House, Boardmans Way, Blackpool, FY4 5FY.

☐

I am an existing shareholder

If you are an existing shareholder in the Company, please ensure that the details provided in this section match your existing shareholder account, to avoid duplicate shareholder accounts being created.

PLEASE COMPLETE IN BLOCK CAPITALS

1. PERSONAL DETAILS

Title (Mr/Mrs/Miss/Ms/Other):	Surname:
Forename(s) in full:	
Date of Birth (DD-MM-YYYY):	Country/Place of Birth:
Nationality:	
Permanent residential address:	
Postcode:	Email:
Telephone (work):	Telephone (home):

2. TAX RESIDENCY

Please indicate ALL countries in which you are resident for tax purposes and the relevant Tax Identification Number or functional equivalent (for UK tax residents, this will be your National Insurance Number).

Country/Countries of Tax Residency	Tax Identification Number (TIN)/ National Insurance Number	No TIN
1:		
2:		
3:		

If you ticked the "No TIN" box, please explain below why you do not have a TIN

US Person

☐

I am a US Person (as defined within the guide to the application form).

3. ALTERNATE ADDRESS

Please complete this section if you wish to nominate an alternative address for your share and income tax relief certificates.

Address:

Postcode:

4. APPLICATION AMOUNTS

The minimum subscription per Investor is £5,000. Applications for less than £5,000 will not be accepted.

I hereby offer to subscribe the following amount(s) in pounds sterling for new Ordinary Shares at the relevant Offer Price on the Terms and Conditions of the Offer:

2017/18 tax year	£
2018/19 tax year	£
Total Investment (Box A)	£

5. REGISTRATION DETAILS

You may choose to have your shares issued to you in certificated form (share certificates) or electronically (dematerialised) direct to your CREST nominee company:

☐ I would like to receive Share Certificate(s) registered in my name in certificated form and sent to my home address (or to my alternate address in the event I have completed Box 3 above).

☐ I would like my shares to be issued directly to my CREST nominee company (please complete the box below).

CREST Member Account ID:	.....
CREST Participant ID:	.....
Participant Name:	.....
Participant Address:	.....
Participant Point of Contact:	.....
Participant Contact Telephone:	.....
Participant email address:	.....

6. DIVIDEND PAYMENTS

You can elect to have your dividends paid by cheque or transferred directly to your bank or building society accounts. Dividends paid directly to your account will be paid in cleared funds on the dividend payment dates. Your bank or building society statement will identify details of the dividend as well as the dates and amounts paid.

Please note that dividends payable on shares registered to your CREST nominee company will be sent to your CREST nominee company.

The Company and their Registrar 'Equiniti' cannot accept responsibility if any details provided by you are incorrect.

☐ I would like to receive all dividend payments by cheque, sent to my home address.

☐ I would like all dividend payments to be made by bank transfer to the bank or building society account detailed below.

Name of Bank/Building Society:	.....
Title of Branch:	.....
Account Name:	.....
Account Number:	.....
Sort Code	.....

7. FINANCIAL ADVICE

Please indicate below whether or not you have received advice from a financial intermediary in relation to your application for New Ordinary Shares.

☐ I have not received any financial advice (please proceed to Section 9).

☐ I have received financial advice (please complete Section 8 and ask your financial adviser to complete Section 17).

8. ADVISER CHARGE

Hargreave Hale cannot pay commission to your financial intermediary if you have received advice in relation to your application for New Ordinary Shares. However, the Company can facilitate the payment of an Adviser Charge to your financial intermediary on your behalf. The Adviser Charge is treated separately to your investment in the Company and will not attract any tax relief and accordingly any applicable tax relief will only be available on the amount specified in Box A above.

Please indicate below whether or not you require the VCT to facilitate the payment of an Adviser Charge.

☐ I will not be paying an Adviser Charge to my financial intermediary.

☐ I have made separate arrangements to pay an Adviser Charge to my financial intermediary.

☐ I require the VCT to facilitate the payment of an Adviser Charge to my financial intermediary (please complete Box B) and acknowledge and agree that the Terms and Conditions of the Adviser Charge Agreement shall apply

ADVISER CHARGE (BOX B)	£
------------------------	---

9. FINAL CONSIDERATION

The total consideration is the combined value of your application amounts (Box A, Section 4) and (if applicable) any Adviser Charge that you require the VCT to facilitate on your behalf (Box B, Section 8).

TOTAL AMOUNT PAYABLE (BOX C = A + B)

£

10. PAYMENT OPTIONS

Please indicate below your chosen method of payment.

☐ I enclose a cheque or bankers' draft(s) drawn on a UK clearing bank for the amount specified in Box C above made payable to "Joint Offer Account of the HH AIM VCTs".

☐ I have instructed my bank to make an electronic payment for the amount specified in Box C above quoting my surname as a reference. I have emailed aimvct@hargreave.com to confirm the payment has been made and attached a copy of my application or provided details of my name, address and investment amount.

Name of Bank/Building Society:	Royal Bank of Scotland.....
Title of Branch:	Glasgow
Account Name:	Joint Offer Account of the HH AIM VCTs
Account Number:	10565882.....
Sort Code:	83-07-06.....

11. SHAREHOLDER COMMUNICATION

Please indicate below how you would like to be contacted by the Company

Initial correspondence/Receipt of application

☐ Email

☐ Post

Factsheets

☐ I would like to receive monthly factsheets by email.

Electronic communications (Companies Act 2006)

☐ Opt in to electronic communications.

Tick this box to opt in to electronic communications in respect of your shareholding in Hargreave Hale AIM VCT 1. This means you will receive notifications by email (where you have provided an email address below) or by letter that information and/or documents are available on Hargreave Hale AIM VCT 1's website. You have the right to **opt out** of electronic communications at any time and to revert to paper format delivered by post by emailing aimvct@hargreave.com or by writing to Equiniti Registrars, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. For those shareholders registered on Shareview please log in and click on the quick link to update your communication preferences.

If you do not provide an email address we are obliged to send you notifications by letter

Email:

12. PRIVACY NOTICE

Your personal data will be used by Hargreave Hale AIM VCT 1, Hargreave Hale Ltd, Equiniti Registrars Ltd and the Company's professional advisers and related support services as follows:

- To process your application and verify your identity and source of funds under the Money Laundering Regulations 2017.
- To allot your shares and provide the relevant documentation in connection with your shareholding if your application is successful.
- To provide information to your financial intermediary, or another elected third party (if applicable), where you have given us consent to do so.
- To pay dividends and process other corporate actions as necessary.
- To provide you with any reports or information required by law.
- To provide you with fund fact sheets where you have given us consent to do so.
- In certain circumstances – for example, if you are a tax resident or deemed resident of a reportable jurisdiction, the Company will be obliged to share this information with the UK tax authorities, who may pass it on to other tax authorities.

If we rely on your consent as our legal basis for processing your personal information, you have the right to withdraw that consent at any time by contacting us by telephone on 01253 754700, by email at aimvct@hargreave.com or in writing to Talisman House, Boardmans Way, Blackpool, Lancashire FY4 5FY.

The Company will not share your data with any other party other than those listed above unless required to do so by law.

☐

Please tick the box to confirm you have read and understood the above notice and to enable us to process your application accordingly.

13. VERIFICATION OF IDENTITY

Verification of identity is required for any person lodging an application in an amount greater than £10,000 (or if the application is one of a series of linked applications the value of which exceeds that amount).

If your application requires verification please enclose a certified copy of your current passport or UK driving licence and verification of address (an original utility bill, bank account statement or council tax statement, dated within the last three months).

Alternatively, your independent financial intermediary can provide a signed identity verification certificate or Hargreave Hale Ltd can seek to verify your identity by undertaking an electronic search against a public or private database. Please note that a record of this search will be retained.

☐

Please tick this box if you would like Hargreave Hale to verify your identity using an electronic search if necessary.

14. AUTHORITY IN RELATION TO PROVIDING SHAREHOLDING INFORMATION TO FINANCIAL INTERMEDIARIES

☐

I hereby authorise the Company's administrator, Hargreave Hale Ltd, to acknowledge receipt of my application form to my authorised financial intermediary as detailed in Section 17.

☐

I hereby authorise the Company's administrator, Hargreave Hale Ltd, to provide to my authorised financial intermediary as detailed in Section 17 (upon request) Shareholder Information concerning this investment in the Company.

☐

I hereby authorise the Company's administrator, Hargreave Hale Ltd, to provide to my authorised financial intermediary as detailed in Section 17 (upon request) Shareholder Information relating to my prior investment in the Companies (as applicable).

These authorities shall remain in effect until I revoke such authorities by informing the Company in writing. I understand that my financial intermediary will be unable to instruct any register changes on my behalf.

15. ADDITIONAL THIRD PARTY DISCLOSURES

☐ I hereby authorise the Company's administrator, Hargreave Hale Ltd, to acknowledge receipt of my application form to the following third party.

☐ I hereby authorise the Company's administrator, Hargreave Hale Ltd, to provide to the following third party (upon request) Shareholder Information relating to this investment in the Company.

☐ I hereby authorise the Company's administrator, Hargreave Hale Ltd, to provide to the following third party (upon request) Shareholder Information relating to my prior investments in the Company and Hargreave Hale AIM VCT 2 plc (if applicable).

These authorities shall remain in effect until I revoke such authorities by informing the Company in writing. This authority extends to the provision of information regarding my shareholding only, and I understand that the third party will be unable to instruct any register changes on my behalf.

Name:	.....
Address:	.....

Phone Number:	.....
Email address:	.....

16. DECLARATION

1. By signing this form I hereby declare that I have read the Prospectus and agree to be bound by the Terms and Conditions of the Offer, including (where applicable) the Terms and Conditions of the Adviser Charge Agreement.
2. I confirm that I have read the Company's Key Information Document (www.hargreaveaimvcts.co.uk/current-offers).
3. I understand that this subscription represents a long term investment and have read the risk factors set out in the Prospectus.
4. I undertake to advise promptly of any change in circumstances which causes the information contained herein to become incorrect or incomplete and to provide the Company with an updated declaration within 30 days of such a change in circumstances.
5. I declare that the information provided in this form is, to the best of my knowledge and belief, accurate and complete.
6. I am legally allowed to sign on behalf of the above-named applicant. (If you are signing as Power of Attorney, please submit a copy with this form.)

Signature:	Date:
------------	-------

17. AUTHORISED FINANCIAL INTERMEDIARIES

17a. CONTACT DETAILS

Name of Firm:	FCA Number:
Name of Adviser:	Address/Stamp:
Email:	
Telephone:	

17b. INVESTOR ADVICE

Please select one of the following to confirm whether or not you provided the Applicant with financial advice in relation to this application.

☐

We did not give any financial advice to the Applicant (please proceed to Section 17c).

☐

We gave financial advice to the Applicant (please proceed to Section 17e).

17c. COMMISSION OPTIONS

You may only receive commission if you have confirmed (through Section 17b) that you have not given any financial advice to the Applicant in relation to this application. You may elect to receive 1% Introductory Commission and no trail Commission or 0.5% Introductory Commission plus Trail Commission. The level of Trail Commission is to be agreed with Hargreave Hale Limited and detailed in Hargreave Hale's Terms of Business. Trail Commission will be paid annually in arrears for 5 years post allotment.

☐

I would like to receive Introductory Commission of 1%.

☐

I would like to receive Introductory Commission of 0.5% plus Trail Commission.

17d. COMMISSION REBATE

You may elect to rebate some or all of your Introductory Commission to your Client through the issue of additional new Ordinary Shares. Unless you indicate otherwise below, we will pay your Introductory Commission in full. Please select from one of the below boxes.

I wish to rebate ☐ 0% ☐ 25% ☐ 50% ☐ 75% ☐ 100% of the Introductory Commission to the Applicant.

17e. ADVISER CHARGES

Hargreave Hale AIM VCT 1 can facilitate the payment of an Adviser Charge to you in accordance with the Terms and Conditions of the Adviser Charge Agreement described on pages 60 to 62. The Adviser Charge is treated separately to the Applicant's investment and will not attract any income tax relief.

Worked Examples:

1. An Applicant can make an investment of £10,000 (Box A) and pay an Adviser Charge of £200 (Box B), which will require a cheque from the Applicant for £10,200 (Box C).
2. An Applicant can submit a cheque for £10,000 (Box C), of which £9,800 (Box A) will be invested in new Ordinary Shares (and therefore attract income tax relief) and £200 (Box B) will be paid to you as an Adviser Charge.

Adviser Charges

Please indicate below whether or not you require the VCT to facilitate the payment of an Adviser Charge.

☐

We will not be taking a fee from the Applicant in relation to this application.

☐

We have made separate arrangements with the Applicant for the payment of an Adviser Charge in relation to this application.

☐

We require the VCT to facilitate the payment of an Adviser Charge in accordance with our client's instruction (as detailed in Section 8).

17f. PAYMENT OPTIONS

Commission or Adviser Charges will be paid to your bank or building society account via BACS. Please provide your bank details to enable us to make payment. Alternatively, if you wish to receive a cheque please tick the box.

Name of Bank/Building Society:

Title of Branch:

Account Name:

Account Number:

Sort Code:

The Company and their administrators cannot accept responsibility if any details provided by you are incorrect.

☐

Please send all payments by cheque to the address listed in section 17a.

17g. SIGNATURE

By signing this form the Financial Intermediary confirms that (i) the information set out by it at Section 17 is correct (ii) it agrees to the Terms and Conditions of the Adviser Charge Agreement (to the extent applicable to it) and (iii) if applicable, it agrees to the rebate of commission indicated by it at Section 17d of this Applicable Form.

Signature:

Date:

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors

Sir Aubrey Thomas Brocklebank Bt.
David Michael Brock
Oliver Bedford

in all cases of:
41 Lothbury
London
EC2R 7AE

Registrars Equiniti

Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Secretary

Stuart Brookes
Talisman House
Boardmans Way
Blackpool
FY4 5FY

Principal Bankers

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

VCT Taxation Advisers

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

Brokers to the Company

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

Promoter

Portunus Investment Solutions
Suite 4
52-54 Broadwick Street
London
W1F 7AH

Investment Manager

Hargreave Hale Limited
Talisman House
Boardmans Way
Blackpool
FY4 5FY

Marketing Adviser and Receiving Agents in Relation to the Offer

Hargreave Hale Limited
Talisman House
Boardmans Way
Blackpool
FY4 5FY

Sponsor to the Offer

Howard Kennedy Corporate Services LLP
No. 1 London Bridge
London
SE1 9BG

Custodians

Hargreave Hale Limited
Talisman House
Boardmans Way
Blackpool
FY4 5FY

Solicitors to the Offer

Howard Kennedy LLP
No. 1 London Bridge
London
SE1 9BG

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Reporting Accountant

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

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HARGREAVE HALE AIM VCT 1 PLC
(INCORPORATED IN ENGLAND AND WALES
UNDER THE COMPANIES ACT 1985
WITH REGISTERED NUMBER 05206425)