



Securities Note relating to the offers for subscription

Of Ordinary Shares of 1p each in
Hargreave Hale AIM VCT 1 plc
to raise up to £15,000,000

and

Of Ordinary Shares of 1p each in
Hargreave Hale AIM VCT 2 plc
to raise up to £10,000,000

Tax Years:
2015/2016
2016/2017

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 or Hargreave Hale AIM VCT 2 plc (the "Companies"), please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

This document constitutes a securities note (the "Securities Note") relating to the Companies. Additional information relating to the Companies is contained in a registration document issued by the Companies (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 Companies and dated 1 December 2015 ("Prospectus"). The Prospectus has been approved by and filed with the Financial Conduct Authority and you are advised to read the Prospectus in full.

Each of the directors of each Company, whose names are set out on page 31 of this document and the Companies, accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Directors and the Companies (who have taken all reasonable care to ensure that such is the case) the information contained in 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 Companies in connection with the Offers and is not advising any other person or treating any other person as a customer in relation to the Offers and will not be responsible to any such person for providing the protections afforded to customers of the Sponsor (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established there under) or for providing advice in connection with the Offers. The Sponsor does not give any representation, warranty or guarantee express or implied as to the content of this document or that the Companies will qualify as Venture Capital Trusts or that investors will obtain any tax relief in respect of their investment.

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

HARGREAVE HALE AIM VCT 1 PLC

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

HARGREAVE HALE AIM VCT 2 PLC

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

Prospectus Relating to the Offers for Subscription

of Ordinary Shares of 1 pence each in Hargreave Hale AIM VCT 1 to raise up to £15,000,000*
and
Ordinary Shares of 1 pence each in Hargreave Hale AIM VCT 2 to raise up to £10,000,000*

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

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

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

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



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RISK FACTORS

Although the significant tax benefits available to Investors in Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 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 each of the Companies' businesses, financial condition or results of operations. The risks described below are those specific to the Companies and all the material risks in respect of the New Ordinary Shares. The value of the New Ordinary 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 New Ordinary Shares under the terms of the Offers.

- An investment into Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 should be for a minimum of five years.
- Since the value of a VCT depends on the performance of the underlying assets, prospective Investors should be aware that the value of New 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 Companies and their investments is no indication of their future performance. The return received by Investors will be dependent on the performance of the underlying investments of the Companies. The value of such investments, and interest income and dividends there from, may rise or fall.
- Whilst it is the intention of the Directors that the Companies will be managed so as to continue to qualify as a VCT, there can be no guarantee that the status will be maintained. A failure to maintain the qualifying status could result in the Companies losing the tax reliefs previously obtained, resulting in adverse tax consequences for Investors. Possible adverse consequences include: a requirement to repay the 30% income tax relief for those who have not held their shares for five years; loss of income tax relief on dividends paid (or subsequently payable) by the Companies; loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Companies; a liability to capital gains tax on the disposal of New Ordinary Shares; and the potential cancellation of the shares from the London Stock Exchange's Official List, which would require shareholder approval.
- Changes in legislation concerning VCTs in general, and Qualifying Investments and qualifying trades in particular, may restrict or adversely affect the ability of the Companies to meet their objectives and/or reduce the level of returns which would otherwise have been achievable. The levels and basis of, and relief from, taxation are those available for the 2015/16 tax year and are subject to change. Such changes could be retrospective. Those shown in this document are based upon current legislation, practice and interpretation. The tax reliefs for future tax years are subject to change and Investors should seek their own tax advice appropriate to their individual circumstances.
- 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 can also apply to subscriptions or sales in a successor or predecessor VCT following a merger. The amount on which income tax relief is available is reduced by the amount of the consideration given for the sale.
- The Finance (No.2) Act 2015 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. The penalty for breaching these new rules is loss of VCT status, so the Company and its investors may face a higher risk

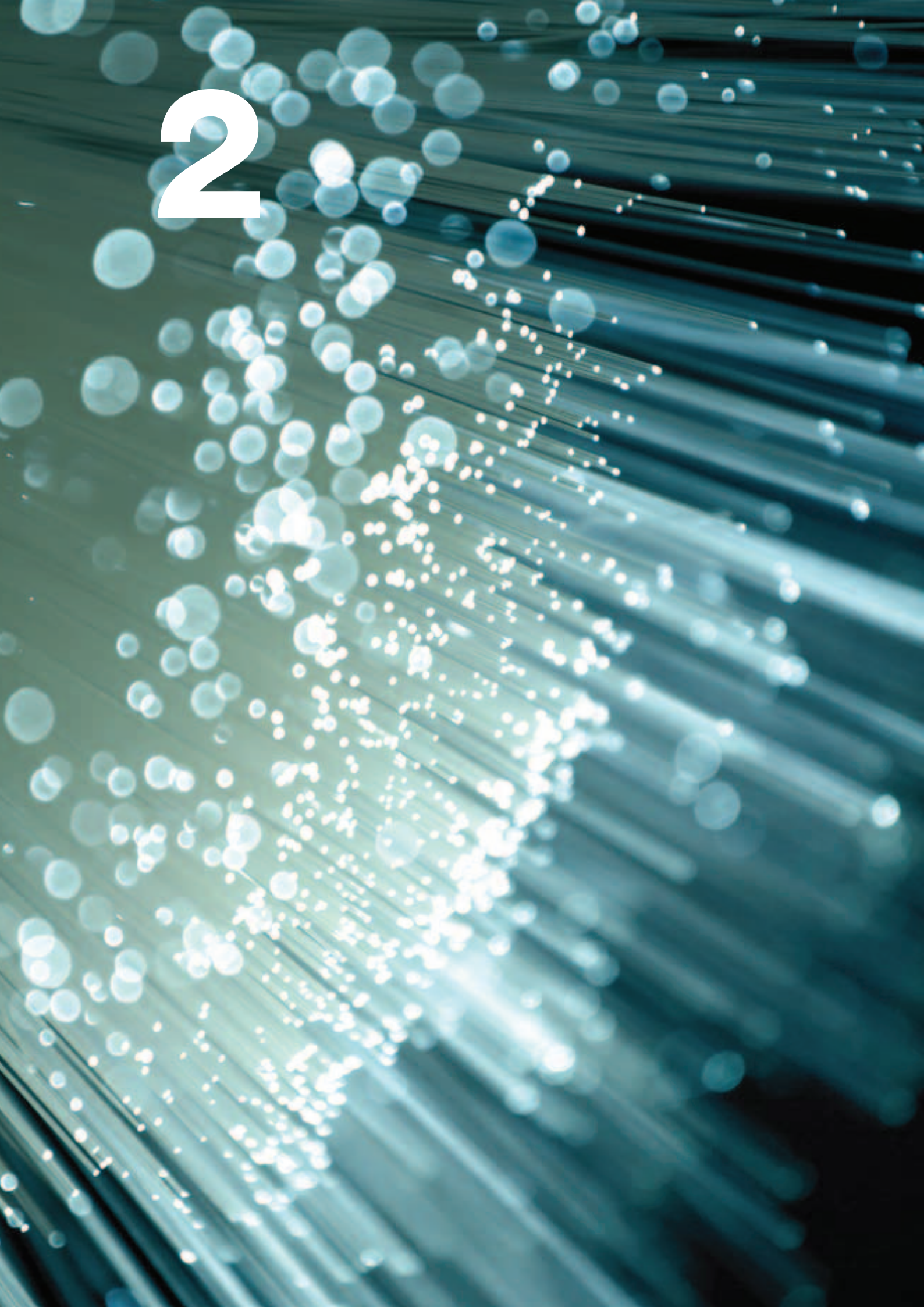
of the loss of tax benefits than under the previous rules.

- 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 Companies' status as a VCT with potentially adverse tax consequences, including the claw back of the 30% income tax relief from those investors who have not held their shares for five years.
- In April 2013, the FCA published a policy statement on payments to platform service providers and cash rebates from providers to consumers (PS 13/1). These rules came into force on 6 April 2014. The FCA has raised the possibility of applying similar restrictions on payments to non-platform service providers but has not published any firm proposals on this to date. If the FCA were to introduce rules restricting payments to non-platform firms, this could have an impact on the demand for shares in the Companies.
- It is possible for Investors to lose their tax reliefs by themselves taking or not taking certain steps, and Investors are advised to take their own independent financial advice on the tax aspects of their investment.
- Although the Ordinary Shares are listed on the Official List and are admitted to trading on the London Stock Exchange, and the New Ordinary 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 New Ordinary 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 Companies. The Directors intend, subject to liquidity, the Listing Rules, the Prospectus Rules, the Act and VCT regulations, to pursue a policy of purchasing Ordinary Shares in the market in order to facilitate liquidity for Ordinary Shareholders and to manage the level of the discount to NAV at which the Ordinary Shares may be trading. The Companies endeavour to facilitate such sales at a price which represents a discount of no more than 5% to the last published NAV of the relevant 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 each Company provide that Shareholders will vote at the annual general meetings of each Company to be held in 2021 as to whether the Companies are to continue as VCTs. It is proposed that this be extended to 2022 by resolution at each Company's general meeting convened for 12 January 2016. In the event that such resolutions are rejected for either Company, and the relevant Shareholders vote for one or more of the Companies not to continue as a VCT, proposals could be implemented such that Shareholders 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?), below.

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INTRODUCTION

THE HARGREAVE HALE AIM VCTS

Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 are established Venture Capital Trusts that aim 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.

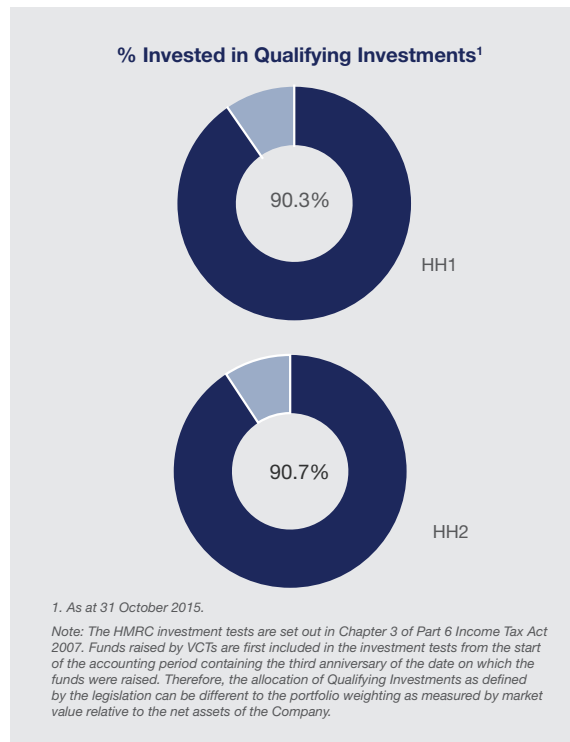
Both VCTs are predominantly invested in Qualifying Companies that are listed on AIM, however, they also include a limited number of Qualifying Investments in private companies.

Hargreave Hale will also make Non-Qualifying Investments in other equities, fixed income and the Marlborough Special Situations Fund.

Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 were approved as VCTs by HMRC at launch in 2004 and 2006 respectively. They have at all times satisfied the various tests required to maintain their status as VCTs.

HIGHLIGHTS:

- £90m raised since launch.
- £14m returned to shareholders through dividends.
- £12m returned to shareholders through share buy backs and tender offer.
- Strong position against HMRC VCT 70% investment test.
- 11 year track record.
- 23 Qualifying Investments made in the last 12 months.
- Low Ongoing Expense Ratios of less than 2.5% p.a.



HARGREAVE HALE

Established in 1897, Hargreave Hale remains a private company that 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 225 employees spread across 9 offices in the United Kingdom, including 14 members of its award winning fund management team.

£5.1
BILLION
FUNDS UNDER
MANAGEMENT.

£2.0+
BILLION
INVESTED IN SMALL
UK COMPANIES

17
YEAR
TRACK RECORD
IN FUND
MANAGEMENT

1000+
MEETINGS
WITH COMPANIES
P.A.

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TERMS OF THE OFFER

TIMETABLE

Offers open	1 December 2015
First allotment	22 December 2015
Subsequent allotments	Monthly
Closing date for the 2015/16 tax year	12pm 5 April 2016
Closing date for the 2016/17 tax year	12pm 16 November 2016
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

OFFER DETAILS

Total offer size:	£25,000,000 with £10,000,000 overallotment
Hargreave Hale AIM VCT 1 plc	£15,000,000 with £5,000,000 overallotment
Hargreave Hale AIM VCT 2 plc	£10,000,000 with £5,000,000 overallotment
Minimum subscription	£5,000
Minimum investment into each VCT	Nil or no less than £2,500
Offer Price	3.5% premium to NAV.

The Offers are conditional on the Offer Agreement referred to in paragraph 8 of the section headed "Additional Information" becoming unconditional and not being terminated in relation to a Company in accordance with its terms. The Offers are not inter-conditional.

PRICING FORMULA

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

$$\text{Price of New Ordinary Shares} = \frac{\text{Last Published Net Asset Value per Ordinary Share}}{0.965}$$

The NAV per Ordinary Share will be the last published by the relevant 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

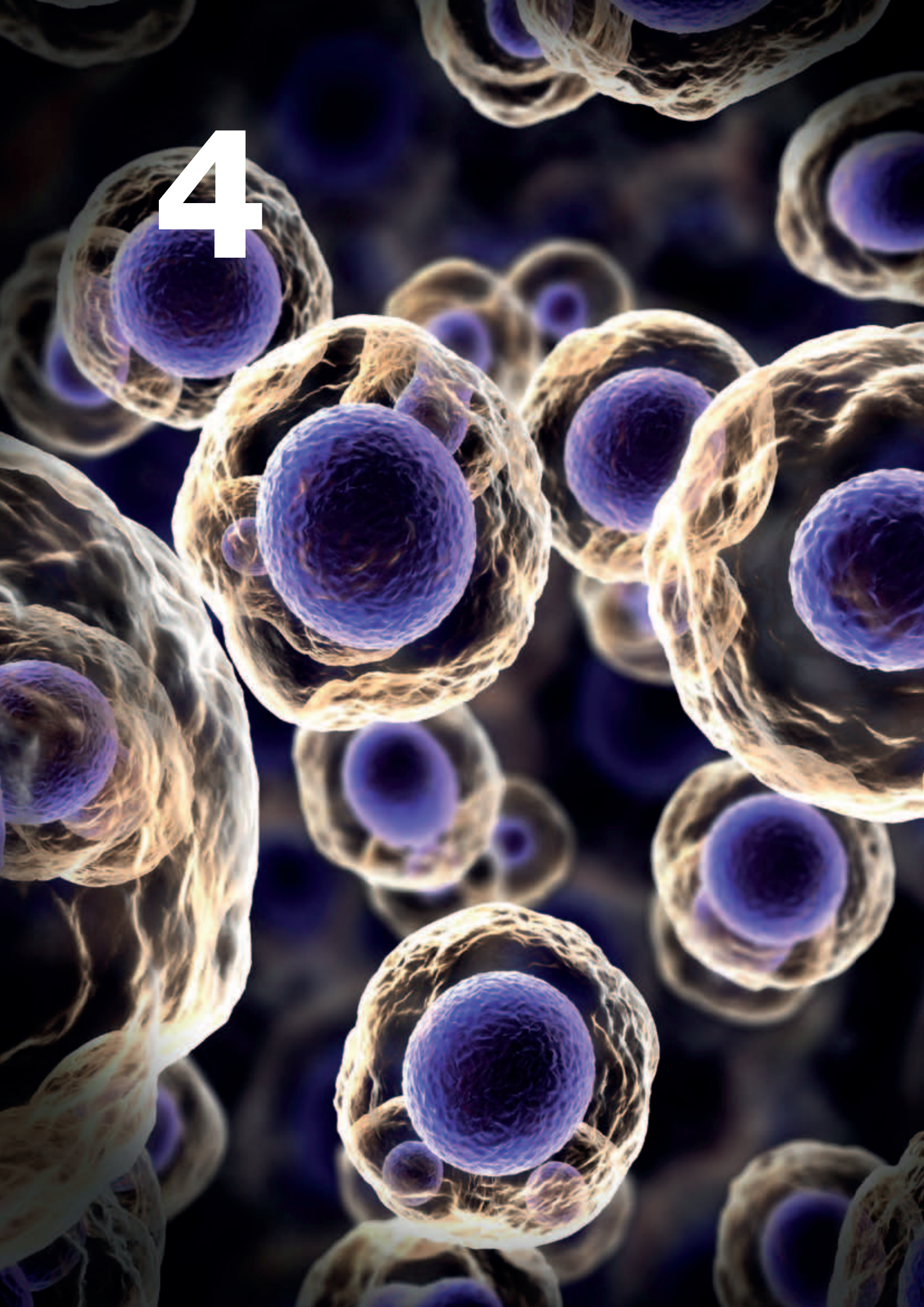
Introductory commission is available to financial intermediaries in respect of non-advised subscriptions to the Offers:

- 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 New Ordinary Shares.

The Companies 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 Offers. Other than in certain circumstances, legislation prohibits the payment of fees or commissions by or on behalf of the VCTs or their agents to platform service providers.

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LETTER FROM THE CHAIRMEN

DEAR INVESTOR,

The Offers

Following the success of the 2014-2015 offer in which £20m 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 £25m. The Offers will provide both Companies with additional capital to invest in small British companies whilst improving their long term viability and further reducing their 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 Offers will remain open until 12pm on 5 April 2016 for investors seeking tax relief in the 2015/16 tax year and 12pm on 16 November 2016 for investors seeking tax relief in the 2016/17 tax year, unless the Companies are fully subscribed at an earlier date.

Investment policies

The Hargreave Hale AIM VCTs operate under a common investment policy. The 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.

Both VCTs are predominantly invested in Qualifying Companies that are listed on AIM. However, they also include a limited number of Qualifying Investments in private companies. Hargreave Hale 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 claim 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.

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, whilst Hargreave Hale AIM VCT 2's annual report and accounts are made up to 28 February in each year and are normally published in June.

The first 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 2016. For Hargreave Hale AIM VCT 2, the first report to be sent to Investors after the close of the Offer will be the audited annual accounts for the year ending 28 February 2017.

The Life of the Companies

Although the Hargreave Hale VCTs are 'evergreen' VCTs, the Companies' constitutions provide that shareholders should have a continuation vote every 5 years. This vote is currently scheduled to take place at each Company's Annual General Meeting in 2021. At the general meeting of each Company convened for 12 January 2016, we will be asking shareholders to vote on an extension of this deadline until the Annual General Meetings in 2022.

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 new website (www.hargreaveaimvcts.co.uk). If you would like to discuss the offer further, please direct your enquiries to Hargreave Hale on 0207 009 4900.

Yours sincerely,

SIR AUBREY BROCKLEBANK Bt.

Chairman

Hargreave Hale AIM VCT 1

DAVID HURST-BROWN

Chairman

Hargreave Hale AIM VCT 2

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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 quoted 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.

■ Capital gains tax

A disposal by an Investor of Ordinary 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.

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%

OBTAINING TAX RELIEFS

Hargreave Hale will issue tax 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 Offers are 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 New Ordinary Shares, Investors are strongly encouraged to consult an independent adviser authorised under FSMA and to carefully consider the suitability of an investment into the Companies in light of their personal circumstances.

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);
 - 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 ISDX;
- 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 Companies so that they satisfy the conditions for approval as VCTs and that such approval will be maintained. HMRC has granted the Companies approval under section 274 ITA as VCTs. The Companies intend to comply with section 274 ITA and have retained Philip Hare & Associates LLP to advise them on VCT taxation matters.

WITHDRAWAL OF APPROVAL

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

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





POLICIES AND STRATEGY

INVESTMENT OBJECTIVES

The Companies' 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 Companies' funds;
- targeted investment in equities which are non-qualifying investments on an opportunistic basis; and
- to maintain the Companies' 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 Companies have adopted the following strategy to implement the investment policies of the Companies (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** or plans to trade on AIM. The Investment Manager prefers to participate in secondary issues of companies that are quoted on AIM as such companies have an established track record that can be more readily assessed and greater disclosure of financial performance.

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% of their funds invested in Qualifying Investments as measured by the VCT rules, it is likely that Hargreave Hale will target a higher threshold of approximately 80% in order to provide some element of protection against an inadvertent breach of the VCT rules.

Whilst tax legislation limits each Company's maximum exposure to a single Qualifying

Investment to 15% of net assets (at book cost), Hargreave Hale'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 Hargreave Hale 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 Companies will **have non-qualifying equity exposure to UK and international equities**. This will vary between nil and 30% of the net assets of the Companies and will reflect the Investment Manager's view of equity market risk. The Investment Manager will also invest in gilts, other fixed income securities and cash.

Subject to a maximum of 20% of the gross assets of each Company, **the Investment Manager will invest up to 75% of the net proceeds of the Offers 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 Companies' investment portfolios and their investment strategies have been developed to mitigate risk where possible.

- Both Companies have **broad portfolios of investments** to reduce stock specific risk.
- **Flexible allocations** to non-qualifying equities, the Marlborough Special Situations 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**.

Quarterly risk reports provide an oversight of potential vulnerabilities such as the concentration of balance sheet risk, earnings risk, valuation risk and liquidity.

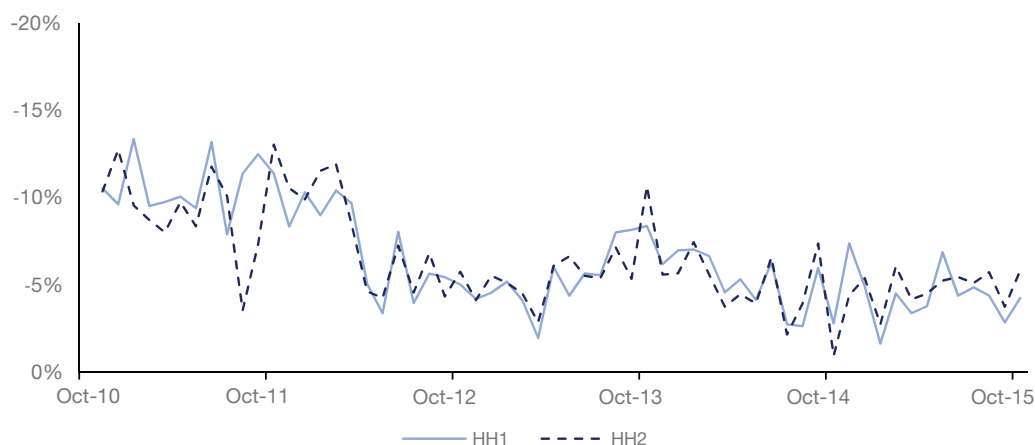
SHARE BUY-BACK HISTORY AND MANAGEMENT OF SHARE LIQUIDITY

In order to improve the liquidity in the Ordinary Shares of both Companies, each Board has established share buy-back policies whereby each Company will purchase Ordinary Shares for cancellation.

- Targets a 5% discount to the Net Asset Value per share to improve shareholder returns.
- Established track record with more than 13 million shares acquired through share buy backs and a further 5 million shares acquired through a tender offer.
- 3 year average share price discount of 5.1% to the Net Asset Value per share of Hargreave Hale AIM VCT 1 and 5.2% for Hargreave Hale AIM VCT 2.

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

SHARE PRICE DISCOUNT TO NAV





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DIVIDENDS

DIVIDEND POLICY

Both Companies have established dividend policies that target a tax free dividend yield equivalent to 5% of the year end Net Asset Value.

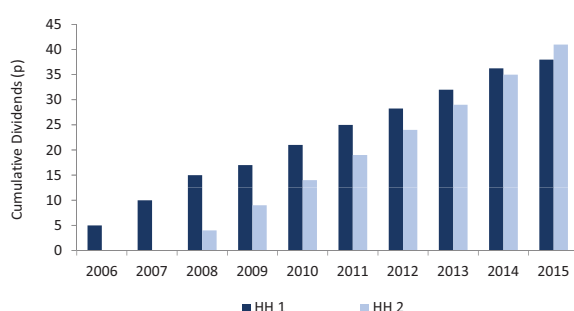
- Established track record.
- Semi-annual distributions.
- Distributions will vary with investment performance.

The ability to pay dividends is also dependent on the VCTs' available reserves and cash resources, the Act and the Listing Rules. The policy is non-binding and at the discretion of the VCT Boards. 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 each Company's accounting period.

CUMULATIVE DIVIDENDS PAYMENTS



5%
TARGET NAV
YIELD

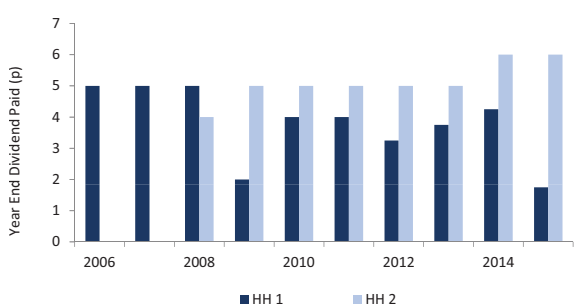
SEMI-ANNUAL
DIVIDENDS

38p
HH 1 LIFETIME
DIVIDENDS¹

41p
HH2 LIFETIME
DIVIDENDS¹

1. Total dividends distributed to Shareholders.

DIVIDEND PAYMENTS BY FINANCIAL YEAR



Dividend Schedule	
HH 1	Final Dividend: January
HH 1	Interim Dividend: July
HH 2	Final Dividend: July
HH 2	Interim Dividend: December

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 shows 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 October 2015 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.

Return on a £10,000 investment through previous years						% Gain	
Offer Period	Issue Price p	Dividends p	NAV £	Dividends £	Total Return	No Tax Relief	With Tax Relief
Hargreave Hale AIM VCT 1¹							
2004-05 Offer	100.00	38.00	7,730	3,800	11,530	15%	92%
2005-06 Offer ⁽²⁾	100.00	32.94	9,580	3,294	12,874	29%	115%
2010-11 Offer	67.52	21.00	11,448	3,110	14,559	46%	108%
2011 Offer	70.56	17.00	10,955	2,409	13,364	34%	91%
2012-13 Offer	63.79	11.50	12,118	1,803	13,921	39%	99%
2013-14 Offer	80.36	8.25	9,619	1,027	10,646	6%	52%
2014-15 Offer	80.04	4.25	9,658	531	10,189	2%	46%

Hargreave Hale AIM VCT 2¹

2006-07 Offer	100.00	41.00	10,740	4,100	14,840	48%	112%
2010-11 Offer	109.69	29.00	9,791	2,644	12,435	24%	78%
2011 Offer	110.68	25.00	9,704	2,259	11,963	20%	71%
2012 Offer	100.97	20.00	10,637	1,981	12,618	26%	80%
2012-13 Offer	91.34	15.00	11,758	1,642	13,400	34%	91%
2013-14 Offer	109.49	10.00	9,809	913	10,722	7%	53%
2014-15 Offer	111.08	4.00	9,669	360	10,029	0%	43%

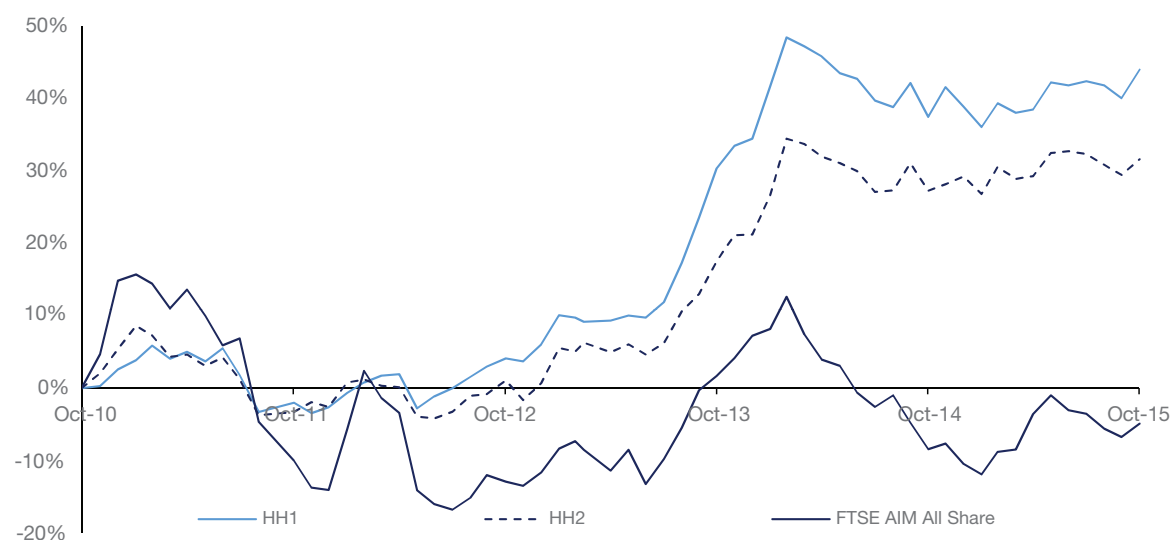
1. Returns based on unaudited NAV as at 31 October 2015, excluding income tax relief. 2. The C Shares in Hargreave Hale AIM VCT 1 were converted into Ordinary Shares on 8 October 2008 at a ratio of 1.23935 Ordinary shares for every C share held.

5 Year Rolling Returns	1Y	2Y	3Y	4Y	5Y
Hargreave Hale AIM VCT 1 ¹	5.7%	12.0%	42.9%	50.1%	44.0%
Hargreave Hale AIM VCT 2 ¹	4.1%	13.5%	32.8%	37.2%	31.6%
FTSE AIM All-Share ²	2.5%	-8.7%	5.8%	1.5%	-9.4%

1. Returns based on unaudited NAV as at 31 October, excluding income tax relief. 2. Source: .Hargreave Hale Ltd

Discrete 12 Month Returns ¹	10/2014 to 10/2015	10/2013 to 10/2014	10/2012 to 10/2013	10/2011 to 10/2012	10/2010 to 10/2011
Hargreave Hale AIM VCT 1 ¹	5.7%	6.2%	28.2%	6.7%	-2.1%
Hargreave Hale AIM VCT 2 ¹	4.1%	9.3%	17.7%	4.6%	-3.3%
FTSE AIM All-Share ²	2.5%	-10.9%	15.9%	-4.1%	-10.7%

1. Returns based on unaudited NAV as at 31 October, excluding income tax relief. 2. Source: Hargreave Hale Ltd.



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INVESTMENT PORTFOLIOS

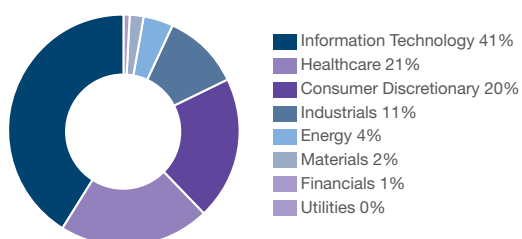
HARGREAVE HALE AIM VCT 1

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

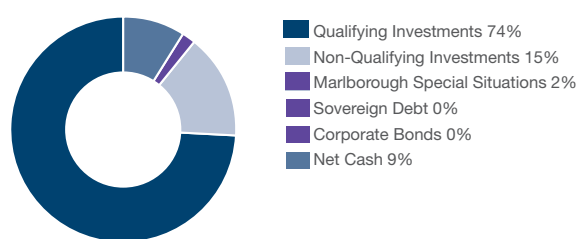
Set out below are those investments of Hargreave Hale AIM VCT 1 as at the date of this document (the values being at 20 November 2015) which have an aggregate value of at least 50 per cent. of its net assets (all of which information is unaudited). There has been no material change since 20 November 2015.

Qualifying Investment	Sector	Book Cost £'000	(Unaudited) Valuation £'000	% of NAV
Cohort	Industrials	619	1,876	5.0
Trakm8 Holdings plc	Information Technology	113	1,337	3.6
Abcam plc	Health Care	67	1,109	3.0
K3 Business Technology Group plc	Information Technology	270	1,086	2.9
Intercede Group plc	Information Technology	247	1,072	2.9
Animalcare Group plc	Health Care	220	992	2.7
Craneware plc	Health Care	150	938	2.5
Science in Sport plc	Consumer Discretionary	778	851	2.3
Idox plc	Information Technology	135	801	2.2
Mexican Grill Limited (A Pref Shares)	Consumer Discretionary	185	769	2.1
Vertu Motors plc	Consumer Discretionary	600	765	2.1
TLA Worldwide plc	Consumer Discretionary	300	682	1.8
Learning Technologies Group plc	Information Technology	663	631	1.7
Eagle Eye Solutions Limited	Information Technology	541	629	1.7
Premaitha Health plc	Health Care	432	608	1.6
Ideagen plc	Information Technology	410	597	1.6
Portr Limited	Information Technology	550	550	1.5
Tasty plc	Consumer Discretionary	288	542	1.5
DP Poland plc	Consumer Discretionary	333	527	1.4
Vision Direct Group Limited	Consumer Discretionary	205	510	1.4
Other Qualifying Investments		13,269	10,510	28.1
Non Qualifying Investments		5,162	5,568	15.0
Fixed Income		0	0	0.0
MFM Special Situations		796	846	2.3
Cash			3,609	9.7
Accrued Charges and Income			-212	-0.6
Total		26,333	37,184	100%

Qualifying Investments By Sector



Portfolio Breakdown By Asset Class



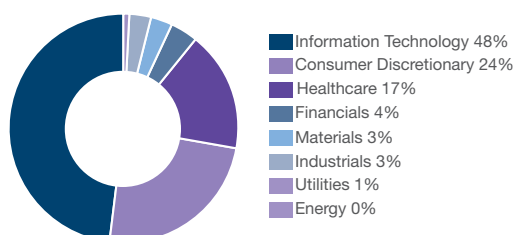
HARGREAVE HALE AIM VCT 2

As at 20 November 2015, the unaudited NAV per Ordinary Share of Hargreave Hale AIM VCT 2 was 105.54p excluding the 2p dividend declared on 12 November 2015 and payable on 11 December 2015.

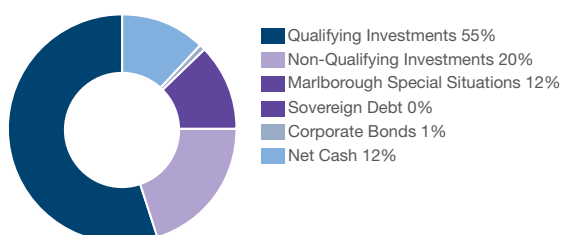
Set out below are those investments of Hargreave Hale AIM VCT 2 as at the date of this document (the values being at 20 November 2015) which have an aggregate value of at least 50 per cent. of its net assets (all of which information is unaudited). There has been no material change since 20 November 2015.

Qualifying Investments	Sector	Book Cost £000	(Unaudited) Valuation £000	% of NAV
TrakM8 Holdings plc	Information Technology	99	1,167	4.3
Mexican Grill Ltd (A Pref Shares)	Consumer Discretionary	277	1,154	4.3
Ideagen plc	Information Technology	190	681	2.5
Science in Sport plc	Consumer Discretionary	518	567	2.1
DP Poland plc	Consumer Discretionary	332	532	2.0
Learning Technology Group plc	Information Technology	534	509	1.9
Animalcare Group plc	Health Care	100	451	1.7
Eagle Eye Solutions Limited	Information Technology	385	444	1.7
Premaitha Health plc	Health Care	330	429	1.6
Portr Ltd	Information Technology	410	410	1.5
Intercede Group plc	Information Technology	91	395	1.5
Quixant plc	Information Technology	120	370	1.4
TLA Worldwide plc	Consumer Discretionary	150	341	1.3
Vision Direct Group Limited	Consumer Discretionary	132	328	1.2
CentralNic Group plc	Information Technology	207	296	1.1
Angle plc	Health Care	252	295	1.1
Belvoir Lettings plc	Financials	335	293	1.1
Lombard Risk Management plc	Information Technology	92	259	1.0
Tristel plc	Health Care	80	256	1.0
Mirada plc	Information Technology	393	249	0.9
Other Qualifying Investments		6,586	5,422	20.0
Non Qualifying Investment		4,805	5,242	19.5
Fixed Income		275	284	1.1
MFM Special Situations		2,834	3,237	12.0
Cash			3,400	12.6
Accrued Charges and Income			-99	-0.4
Total		19,527	26,912	100%

Qualifying Investments By Sector



Portfolio Breakdown By Asset Class



Quixant

TORTILLA
Real California Burritos & Tacos

 **FUSIONEX**
experience.excellence

Cohort plc

 **Hardide**
plc

ilika

ReNeuron
pioneering stem cell therapeutics

SIS
SCIENCE IN SPORT

intercedeTM
Identity & Credential Management

 ideagen

CLEARSTAR[®]

EVERYMAN

flowgroup

SYNETY
SMARTER COMMUNICATIONS

 CentralNic

 **ULS Group** incorporating eConveyancer

 **Animalcare**

WILDWOOD

 **Instem**
Information Solutions For Life

 haydale

 **FINITY**

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HARGREAVE HALE

FUND MANAGEMENT TEAM

The investment portfolios are co-managed by Giles Hargreave and Oliver Bedford, with support from Joshua Northrop and the rest of Hargreave Hale's fund management team of 14. The fund management team manages approximately £3.2 billion, including more than £2.0 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 2,000% since he assumed responsibility for the fund in 1998 (source: Hargreave Hale Limited, 31 October 2015). He also co-manages the Marlborough UK Micro Cap Growth Fund, the Marlborough UK Nano-Cap Growth Fund, the Marlborough Multi Cap Income Fund and both VCTs.



OLIVER BEDFORD BSC MCSI

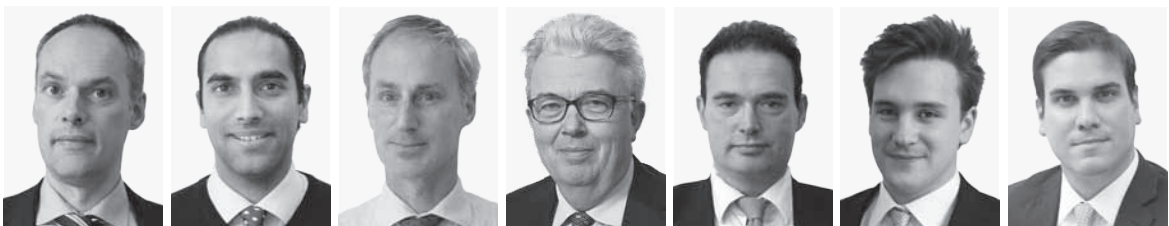
Oliver Bedford graduated from Durham University in 1995 with a degree in Chemistry. He served in the British Army for 9 years before joining Hargreave Hale in 2004. Oliver co-manages the Companies with Giles Hargreave and supports the other unit trusts through the investment committee.



JOSHUA NORTHROP BSC

Joshua Northrop joined Hargreave Hale in September 2013 as a Fund Manager's Assistant. Before joining Hargreave Hale, he studied Economics and Human Geography at University College London. He holds the Investment Management Certificate and has passed his CFA Level 1.

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



with (not pictured) Shane De Bhruin-Smith, William Rosier, Michael Stranks and Jeremy Harris St. John.

HARGREAVE HALE FEES AND EXPENSES

Hargreave Hale receives an annual management fee of 1.5% of the net asset value of both Companies. A maximum of 75% of the annual management charge will be chargeable against capital reserves, with the remainder being chargeable against revenue.

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. Neither company has 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 Giles Hargreave as a non-executive director for an annual fee of £77,000 (plus VAT) per Company.

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DIRECTORS

Each Board has three experienced non-executive directors, including two that are independent of Hargreave Hale. Their duties 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 non-executive chairman of Puma VCT 8 plc and senior independent director of Downing Planned Exit VCT 4 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 Kitwave, Episys Group Limited and Elderstreet VCT plc and a non-executive director of Puma VCT 8 plc.



GILES HARGREAVE

Giles Hargreave is the chairman of Hargreave Hale and the manager of the award winning Marlborough Special Situations Fund, which has returned more than 2,000% since he assumed responsibility for the fund in 1998 (source: Hargreave Hale Limited, 31 October 2015). He also co-manages the Marlborough UK Micro Cap Growth Fund, the Marlborough UK Nano-Cap Growth Fund, the Marlborough Multi Cap Income Fund and both VCTs.

HARGREAVE HALE AIM VCT 2



DAVID HURST-BROWN

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



PHILIP CAMMERMAN

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



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 2000% since he assumed responsibility for the fund in 1998 (source: Hargreave Hale Limited, 31 October 2015). He also co-manages the Marlborough UK Micro Cap Growth Fund, the Marlborough UK Nano-Cap Growth Fund, the Marlborough Multi Cap Income Fund and both VCTs.

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ADDITIONAL INFORMATION

1. The Companies

- 1.1 Hargreave Hale AIM VCT 1 was incorporated and registered in England and Wales on 16 August 2004 under the 1985 Act with registered number 5206425 as a public company limited by shares. It was incorporated with the name Keydata AIM VCT plc, which was changed to Hargreave Hale AIM VCT 1 plc on 7 October 2009.
- 1.2 Hargreave Hale AIM VCT 2 was incorporated and registered in England and Wales on 20 September 2006 under the 1985 Act with registered number 5941261 as a public company limited by shares. It was incorporated with the name Keydata AIM VCT 2 plc, which was changed to Hargreave Hale AIM VCT 2 plc on 7 October 2009.

2. Registered Offices and Principal Legislation

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

3. Share capital

The maximum number of Shares to be issued under the Offers is that number authorised to be allotted, as follows:

Hargreave Hale AIM VCT 1

- 3.1 The following resolutions will be proposed at the Hargreave Hale AIM VCT 1 GM:
 - 3.1.1 to authorise the Directors to allot shares and grant rights to subscribe for Shares with an aggregate nominal value of £330,000 under Section 551 of the Act;
 - 3.1.2 to authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights; and
 - 3.1.3 to authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.
- 3.2 At the Annual General Meeting held on 22 January 2015 the following resolutions were passed to:
 - 3.2.1 authorise the Directors to allot shares and grant rights to subscribe for shares up to an aggregate nominal value of £170,000 under Section 551 of the Act;
 - 3.2.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.2.3 authorise the Directors to make market purchases of ordinary shares.

Hargreave Hale AIM VCT 2

- 3.3 The following resolutions will be proposed at the Hargreave Hale AIM VCT 2 GM:
 - 3.3.1 to authorise the Directors to allot shares and grant rights to subscribe for Shares with an aggregate nominal value of £180,000 under Section 551 of the Act;
 - 3.3.2 to authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights; and

- 3.3.3 to authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing Articles of Association.
- 3.4 At the Annual General Meeting held on 4 July 2015 the following resolutions were passed to:
- 3.4.1 authorise the Directors to allot shares and grant rights to subscribe for shares up to an aggregate nominal value of £120,000 under Section 551 of the Act;
- 3.4.1 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights;
- 3.4.2 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing Articles of Association.
- 3.5 At 30 November 2015 (being the latest practical date prior to the publication of this document) the issued fully paid share capital of each of the Companies is:

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

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

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

1. Using an Offer Price based on the NAV as at 20 November 2015.

- 3.7 Other than the issue of Ordinary Shares pursuant to the Offers, the Companies have no present intention to issue any of the share capital of the Companies.
- 3.8 The Companies do not have in issue any securities not representing share capital.
- 3.9 The provisions of section 561(1) of the Act (to the extent not disapplied pursuant to section 570(1) of the Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 570(1) of the Act) which are, or are to be, paid up in cash and will apply to the authorised but unissued share capital of the Companies, except to the extent disapplied by the resolutions referred to in paragraphs 3.1 and 3.3 above. Subject to certain limited exceptions, unless the approval of Shareholders in a general meeting is obtained, the Companies must normally offer shares to be issued for cash to holders on a *pro rata* basis.
- 3.10 No shares of the Companies are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.11 Save as disclosed in this paragraph, there has been no issue of share or loan capital of the Companies in the three years immediately preceding the date of this document and (other than pursuant to the Offers) no such issues are proposed.

- 3.12 No share or loan capital of the Companies is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.13 Save as disclosed in paragraph 12 below, no commissions, discounts, brokerages or other special terms have been granted by the Companies in connection with the issue or sale of any share or loan capital of the Companies in the three years immediately preceding the date of this document.
- 3.14 Other than pursuant to the Offers, none of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to the Official List.
- 3.15 The Ordinary Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Ordinary Shares will be posted to allottees as soon as practicable following allotment of the Ordinary Shares.
- 3.16 The ISIN and SEDOL Code of Hargreave Hale AIM VCT 1 Ordinary Shares are GB00B02WHS05 and B02WHS0, respectively. The ISIN and SEDOL Code of Hargreave Hale AIM VCT 2 Ordinary Shares is GB00B1GDYS53 and B1GDYS5, respectively.

4. Articles of Association

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

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 he is the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the relevant Company.

4.2.2 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 relevant Company does not have a lien; it is in respect of only one class of share; and the transferees do not exceed four in number.

4.2.3 Dividends

Each Company may in general meeting declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such

interim dividends as appear to them to be justified. No dividend or other monies payable in respect of an Ordinary Share shall bear interest as against the relevant Company. There are no fixed dates on which entitlement to a dividend arises.

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

4.2.4 Disclosure of Interest in Ordinary Shares

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

The restrictions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Companies in respect of the relevant shares and additionally in the case of a shareholder representing at least 0.25% by nominal value of any class of shares of the relevant Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

4.2.5 Distribution of Assets on Liquidation

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

4.2.6 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 each Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine.

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

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

4.2.7 Variation of Rights

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

4.2.8 Borrowing powers

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

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

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

Company	Director	At Launch ¹		After the Offers have closed ²	
		Number of Ordinary Shares	% of issued share capital	Number of Ordinary Shares	% of issued share capital
Hargreave Hale AIM VCT 1	Aubrey Brocklebank	4,845	0.01%	4,845	0.01%
Hargreave Hale AIM VCT 1	David Brock	15,325	0.03%	27,777	0.02%
Hargreave Hale AIM VCT 1	Giles Hargreave	200,108	0.42%	200,108	0.27%
Hargreave Hale AIM VCT 2	David Hurst-Brown ³	45,836	0.18%	45,836	0.12%
Hargreave Hale AIM VCT 2	Philip Cammerman	8,190	0.03%	8,190	0.02%
Hargreave Hale AIM VCT 2	Giles Hargreave	164,151	0.66%	164,151	0.42%

1. As at 30 November 2015, being the latest practical date prior to the publication of this document.

2. Assuming that the Maximum Subscription is achieved in relation to Ordinary Shares and that all the allotments are made on the basis of the NAV per Ordinary Share for the relevant Company as at 30 November 2015.
3. Includes 25,435 Ordinary Shares held by Jacqueline Mary Hurst-Brown. David Hurst-Brown also holds 24,952 shares in Hargreave Hale AIM VCT 1.

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

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

1. The date of this document.

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

- 6.3 Save as disclosed in paragraphs 6.1 and 6.2 above, the Companies are not aware of any person who will, immediately following Admission, hold (for the purposes of rule 5 of the Disclosure and Transparency Rules ("DTR 5")) directly or indirectly voting rights representing 3% or more of the issued share capital of either Company to which voting rights are attached or could, directly or indirectly, jointly or severally, exercise control over either Company.
- 6.4 The persons, including the Directors, referred to in paragraphs 6.1 and 6.2 above, do not have voting rights in respect of the share capital of either of the Companies (issued or to be issued) which differ from any other Shareholder.
- 6.5 The Companies and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Companies.
- 6.6 Save in respect of the arrangements referred to in paragraphs 6 and 8, no Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Companies and which were effected by the Companies in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 6.7 Giles Hargreave is a director and shareholder of Hargreave Hale Limited, and, therefore, has an interest in the arrangements referred to in paragraph 8 below. Giles Hargreave is also a director of each of the Companies and as such there may be a potential conflict of interest between his duties owed to the Companies and to Hargreave Hale Limited in relation to these arrangements. Save as set out in this paragraph, there are no potential conflicts of interest between any duties owed to the Companies by the Directors and their private and/or other duties.

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 Companies, 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 his 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 him holding shares carrying more than 50% of the voting rights.

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

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 either 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 relevant 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 relevant 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. Offer Agreement

- 8.1 Under the Offer Agreement dated on or around 1 December 2015 and made between the Companies (1), the Directors (2), the Sponsor (3), and the Investment Manager (4), the Sponsor has agreed to act as sponsor to the Offers and the Investment Manager has undertaken as agent of the Companies to use its reasonable endeavours to procure subscribers under the Offers. Under the Offer Agreement, the Companies will pay the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the Offers. Out of this fee, the Investment Manager will pay all other costs and expenses of or incidental to the Offers.
- 8.2 Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Investment Manager, the Companies and the Directors have given certain warranties and indemnities to the Sponsor. Warranty claims must be made by no later than 3 months after the second annual general meeting of the relevant Company following the closing date of the Offers at which Shareholders approve the relevant Company's accounts or by the date the relevant Company is subject to a takeover. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of the lesser of (i) £10 million or (ii) the total proceeds of the Offers for the Investment Manager and in respect of the Directors one year's director fees for each Director. The Companies have also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any statement in this Prospectus is untrue, any material omission from this Prospectus arises or any breach of warranty occurs.

9. 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 9-11 Neptune Court, Hallam Way, Blackpool, Lancashire, FY4 5LZ. 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.
- 10.2 Hargreave Hale AIM VCT 2 is of the opinion that the working capital of Hargreave Hale AIM VCT 2 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 Companies as at 20 November 2015 was as follows:

	Hargreave Hale AIM VCT 1 (£'000)	Hargreave Hale AIM VCT 2 (£'000)
<i>Shareholder equity:</i>		
Share capital	33,385	22,901
Reserves	3,799	4,011
Total	37,184	26,912
Cash	3,609	3,400
Cash equivalents	—	—
Trading securities	—	284
Liquidity	3,609	3,684
Current financial receivable	59	34
Current bank debt	—	—
Current position of non-current debt	—	—
Other current financial debt	(271)	(133)
Current financial debt	(271)	(133)
Net current financial cash/(indebtedness)	3,397	3,585
Non-current bank loans	—	—
Bonds issued	—	—
Other non-current loans	—	—
Non-current financial indebtedness	—	—
Net financial cash/(indebtedness)	3,397	3,585

- 11.2 All of the indebtedness of the Companies is unsecured and unguaranteed. The Companies have incurred no indirect or contingent indebtedness. Each Company 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 Offers will be 3.5% of gross funds raised by the relevant Company under the Offers. Assuming full subscription under the Offers, the total net proceeds of the Offers after all fees, are expected to be £19.3 million for Hargreave Hale AIM VCT 1 and £14.5 million for Hargreave Hale AIM VCT 2.
- 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 New Ordinary 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 Companies consent 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 New Ordinary 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 1 December 2015 and closes at 12.00 p.m. on 16 November 2016. 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 Companies' consent at this paragraph 12.3. Financial intermediaries must give Investors information on the terms and conditions of the Offers at the time they introduce the Offers to investors. No financial intermediary will act as principal in relation to the Offers.**
- 12.4 Howard Kennedy Corporate Services LLP's office address is at Number 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 Companies.
- 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 Companies do not assume responsibility for the withholding of tax at source.
- 12.7 If the Offers were fully subscribed, the existing 47,979,484 Shares of Hargreave Hale AIM VCT 1 would represent 65.8% of the enlarged issued share capital of Hargreave Hale AIM VCT 1 and the existing 25,023,931 Shares of Hargreave Hale AIM VCT 2 would represent 65.0% of the enlarged issued share capital of Hargreave Hale AIM VCT 2.
- 12.8 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 Companies are aware and able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

13. Results of the Offers and allotment and listing of New Ordinary 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 Offers will be announced within 3 business days of the closing of the Offers.
- 13.2 Application has been made to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on main market of the London Stock Exchange.

- 13.3 Investors who have access to a CREST account, may arrange to have their New Ordinary 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 each Company at Accurist House, 44 Baker Street, London W1U 7AL whilst the Offers remain open:

- 14.1 the Articles of Association of each Company;
- 14.2 the material contracts referred to in paragraph 8 above;
- 14.3 the interim results of Hargreave Hale AIM VCT 1 for the periods ending 31 March 2014, 31 March 2015, and the annual accounts for the periods ending 30 September 2012, 30 September 2013 and 30 September 2014;
- 14.4 the interim results of Hargreave Hale AIM VCT 2 for the periods ending 31 August 2014, 31 August 2015, and the annual accounts for Hargreave Hale AIM VCT 2 for the periods ending 28 February 2013, 28 February 2014 and 28 February 2015;
- 14.5 the consent letters referred to in paragraph 12.5 above; and
- 14.6 this Prospectus.

Dated: 1 December 2015

DEFINITIONS

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the New Ordinary Shares issued, and to be issued, pursuant to the Offers to the premium segment of the Official List and to trading on the London Stock Exchange becoming effective
“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
“Application Form”	the form of application for New Ordinary Shares under the Offers 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 each Company in force from time to time
“Circular”	the circular to Shareholders issued by each Company on or around the date of this Prospectus convening general meetings to approve various proposals in connection with the Offers
“Companies”	Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 and “Company” means either one of them, as the context requires
“CREST”	the relevant system (as defined in the Regulations) operated by Euroclear
“Directors” or “Board”	the directors of each Company
“Disclosure and Transparency Rules” or “DTR”	the Disclosure and Transparency Rules published by the FCA from time to time
“Equiniti”	Equiniti Limited
“EVCA”	the European Private Equity and Venture Capital Association
“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
“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
“Hargreave Hale AIM VCT 1 GM”	the general meeting of Hargreave Hale AIM VCT 1 to be held on 12 January 2016 (and any adjournment thereof) convened by a notice contained in the Circular
“Hargreave Hale AIM VCT 2 GM”	the general meeting of Hargreave Hale AIM VCT 2 to be held on 12 January 2016 (and any adjournment thereof) convened by a notice contained in the Circular
“HMRC”	HM Revenue & Customs
“ISDX”	ICAP Securities and Derivatives Exchange (formally PLUS)
“ITA”	Income Tax Act 2007, as amended
“Investment Manager” or “Hargreave Hale”	Hargreave Hale Limited, which is authorised and regulated by the FCA
“Investor(s)”	subscriber for New Ordinary Shares under the Offers
“Knowledge Intensive Company”	a company satisfying the conditions in Section 331(A) of Part 6 ITA
“Listing Rules”	the listing rules prescribed by the UK Listing Authority
“London Stock Exchange”	London Stock Exchange plc
“Management Agreements”	the agreement dated 10 September 2004 (as amended) between Hargreave Hale AIM VCT 1 and Hargreave Hale Limited governing the management of Hargreave Hale AIM VCT 1’s investments and the agreement dated 8 December 2006 (as amended) between Hargreave Hale AIM VCT 2 and Hargreave Hale Limited governing the management of Hargreave Hale AIM VCT 2’s investments
“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 £20,000,000 in relation to Hargreave Hale AIM VCT 1, and an aggregate amount of £15,000,000 in relation to Hargreave Hale AIM VCT 2
“Net Asset Value” or “NAV”	the value of each Company’s assets and/or the relevant share pool, less its liabilities (divided by the appropriate number of shares in issue)
“New Ordinary Shares”	New Ordinary Shares in Hargreave Hale AIM VCT 1 and/or Hargreave Hale AIM VCT 2 issued pursuant to the Offer
“Non-Qualifying Investment”	investments made by the Companies which do not qualify as Qualifying Investments

“Offer Agreement”	the offer agreement detailed in paragraph 9 of Part V of this document
“Offer(s)”	any one or more of the offers for subscription by Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 as described in this document
“Offer Price”	the relevant offer price for the New Ordinary Shares in each Company as determined by the Pricing Formula
“Official List”	the Official List of the UK Listing Authority
“Ongoing Expense Ratio”	the total costs of managing and operating each Company divided by its NAV (including VAT where applicable)
“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 relevant Company prior to the date of allotment divided by 0.965 to allow for issue costs of 3.5% calculated, in pence, to two decimal places
“Prospectus”	this document
“Prospectus Rules”	as defined in section 73A(4) of the Financial Services and Markets Act 2000, rules expressed to relate to transferable securities
“Qualifying Investment” or “Qualifying Company”	an investment made by a Venture Capital Trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA
“Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001/3755)
“Shareholder”	a holder of Shares
“Share(s)”	shares in the capital of Hargreave Hale AIM VCT 1 and/or Hargreave Hale AIM VCT 2
“Sponsor”	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the FCA and is a member of the London Stock Exchange
“Subscription”	means the amount in pounds sterling that the Investor has subscribed for in Shares
“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 58 to 60 of this document

“Terms and Conditions of the Offers”	the terms and conditions of the Offers set out in Part VI of this document
“Total Return”	the sum of (i) the most recent published Net Asset Value of that Share plus (ii) all dividends paid
“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 relating to Hargreave Hale AIM VCT 1 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 contract created by the acceptance of applications under the Offer relating to Hargreave Hale AIM VCT 2 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.
- (c) The Offers are not inter-conditional and in the event that an Offer does not proceed due to relevant conditions not being satisfied, any application monies received in respect of that Offer will be returned, at the risk of the person entitled thereto.
- (d) The right is reserved by the Companies to present all cheques and bankers' drafts for payment on receipt and to retain surplus application monies pending clearance of successful applicants' cheques. The Companies 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 an 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 New Ordinary Share under the Offers will not be returned to applicants but will be retained by the relevant Company and fractions of New Ordinary Shares will not be issued.
- (e) By completing and delivering an Application Form you:
 - (i) offer to subscribe for New Ordinary Shares at the relevant Offer Price representing the amount in pounds sterling specified in Section 3 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 Offers and the Terms and Conditions of the Adviser Charge Agreement, if applicable) and the Articles of Association of each Company;
 - (ii) agree that, in consideration of the Companies agreeing that they will not issue or allot any Ordinary Shares which are subject to the Offers to any person other than by means of the procedures referred to in this document, your application shall not be revoked until after 16 November 2016 and this paragraph shall constitute a collateral contract between you and the Companies 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 Companies 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 Companies, 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 Companies, 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 Companies 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 Offers 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 Companies 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 Companies 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 Companies contained herein;
 - (xiii) confirm and warrant that you have read and complied with paragraph (f) below;
 - (xiv) confirm that you have read the restrictions contained in paragraph (g) 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 Companies or Hargreave Hale Limited, will be sent at the risk of the person(s) entitled thereto.
- (f) 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.
- (g) 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 Companies 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 Companies that they are not a person in the United States 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 Companies 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.
- (h) 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.
- (i) If no advice has been provided by an authorised Financial Intermediary to an Investor in respect of his application for New Ordinary 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 New Ordinary 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 New Ordinary

Shares then the application for New Ordinary Shares pursuant to the Offers will be increased by the amount of introductory commission waived and the enlarged application will be applied in subscribing for New Ordinary Shares at the relevant Offer Price through the Offers. No further fees or commission will be paid in respect of such additional New Ordinary Shares.

- (j) The Companies (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 Offers will be accepted.
- (k) 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.
- (l) If the Companies are required to publish a supplementary prospectus, subscribers who have yet to be entered on to the Companies' 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 Companies.
- (m) 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.
- (n) 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 Offers will open on 1 December 2015, subject to the conditions set out above. The first allotment under the Offers is expected to be on or before 22 December 2015. Thereafter, the Directors reserve the right to allot Ordinary Shares at any time whilst the Offers remain open.

The closing date for the Offers in respect of the 2015/16 tax year will be at 12.00 p.m. on 5 April 2016. If the Offers are not fully subscribed at that time, the Directors reserve the right to allow the Offers to remain open for at least part of the 2016/17 tax year, but not beyond 12.00 p.m. on 16 November 2016.

The results of the Offers will be announced through a regulatory information service within 3 business days of the closing of the Offers. Dealings in New Ordinary 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, 9-11 Neptune Court, Hallam Way, Blackpool, Lancashire FY4 5LZ.

The minimum subscription per Investor is £5,000 in respect of the Offers (and from this amount no less than £2,500 may be invested in each Company if the subscription is to be split equally or otherwise between both Companies). Applications in respect of less than £5,000 in aggregate 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 New Ordinary Share will not be returned to applicants but will be retained by the relevant Company and fractions of New Ordinary

Shares will not be issued. The New Ordinary Shares to be issued pursuant to the Offers will rank *pari passu* with the existing Ordinary Shares of the relevant 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 New Ordinary 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 New Ordinary Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of New Ordinary 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 Companies 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 Companies 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 Offers close from Hargreave Hale Limited, 9-11 Neptune Court, Hallam Way, Blackpool FY4 5LZ; and Hargreave Hale AIM VCT 1 and Hargreave Hale AIM VCT 2 (at www.hargreaveaimvcts.co.uk).

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 Offers). References in these instructions to Sections are references to Sections of the Application Form.

SECTION 1: PERSONAL DETAILS

Insert your full name, address and date of birth, national insurance number, tax identification number, tax residence 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: ALTERNATE ADDRESS

If you wish to have your share and income tax relief certificates sent to someone other than yourself, please complete Section 2. Copy certificates will not be sent to you.

SECTION 3: APPLICATION AMOUNTS

Insert the sums you are subscribing in Section 3. The minimum subscription per Investor is £5,000 in respect of the Offers (and from this amount no less than £2,500 may be invested in each Company if the subscription is to be split equally or otherwise between both Companies). Applications in respect of less than £5,000 in aggregate will not be accepted.

Please complete Column (1) if you require your application amount for New Ordinary Shares to be split equally on a 50:50 basis between each Company. Please complete Columns (2) and (3) if you wish your application monies to be applied other than on a 50:50 basis. In the event that all Columns (1), (2) and (3) are completed, Columns (2) and (3) shall be disregarded and you shall be deemed to have only completed Column (1).

SECTION 4: REGISTRATION DETAILS

Any New Ordinary 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 New Ordinary 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 New Ordinary Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of New Ordinary Shares held in CREST. The Company's share register will be kept by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

SECTION 5: 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 5.

SECTION 6: FINANCIAL ADVICE

Please indicate whether you have received financial advice in connection with your application for New Ordinary Shares and proceed to Section 7 or Section 8 accordingly. If you have received financial advice, you should ask your Financial Intermediary to complete Section 11.

SECTION 7: ADVISER CHARGES

Commission is no longer able to 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 New Ordinary Shares, neither Hargreave Hale nor the Companies 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 Companies and this charge will be withdrawn from the funds the Companies 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 3) and pay an Adviser Charge of £200 (Box B at Section 7), which will require a cheque from you for £10,200 (Box C at Section 8).

Alternatively, you can submit a cheque for £10,000 (Box C at Section 8), of which £9,800 (Box A at Section 3) will be invested in new Ordinary Shares (and therefore attract income tax relief) and £200 (Box B at Section 7) will be paid to your Financial Intermediary as an Adviser Charge.

Payments of Adviser Charges on behalf of Investors will be paid by the Companies only in respect of the amount stated in Box B in Section 7. The Terms and Conditions of the Adviser Charge Agreement will apply. In addition, no payment will be made by the Companies unless the relevant application is successful and the Companies are in receipt of sufficient cleared funds from Investors in the amount set out in Box C in Section 8 (which must comprise an aggregate of the amounts set out in Box A and Box B in Sections 3 and 7).

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 7 and specify the amount (in pounds sterling) of the Adviser Charge that you require the Companies to pay on your behalf in Box B in this Section 7. The Terms and Conditions of the Adviser Charge Agreement will apply and, by completing the third Box of Section 7 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 11.

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 relevant 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 7 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 8: FINAL CONSIDERATION

The total amount payable by you will be the aggregate of the amounts set out in Box A in Section 3 and (if applicable) the amounts set out in Box B in Section 7. Please complete this total amount in pounds sterling in Box C in Section 8. Payment by you must be in respect of this amount.

SECTION 9: 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 its 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 Offers 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 Companies 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 Companies to undertake proceedings to recover any loss suffered by them as a result of the failure to produce satisfactory evidence of identity). Hargreave Hale reserves the right to undertake electronic identity checks on applicants.

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 10: SIGNATURE

Please sign and date the Application Form in Section 10. 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 11: AUTHORISED FINANCIAL INTERMEDIARIES

Intermediaries who wish to receive payment for applications from the Companies in accordance with this section should complete Section 11a 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 11g 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 11d 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 New Ordinary 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 11b. The Companies 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 Companies and this charge will be withdrawn from the funds the Companies 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 7 above.

Commission

If no advice has been provided by a financial intermediary to an Investor in respect of his application for New Ordinary Shares then authorised Financial Intermediaries should complete the first box in Section 11b.

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 3.

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 11c.

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 11c.

The introductory commission may be rebated by Financial Intermediaries and reinvested by them on behalf of their clients through an additional allotment of New Ordinary 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 New Ordinary Shares on behalf of their client they should complete Section 11d as appropriate.

Financial Intermediaries will need to specify the percentage amount of introductory commission that they require to be rebated in Section 11d.

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, 9-11 Neptune Court, Hallam Way, Blackpool, FY4 5LZ so as to be received no later than 12.00 p.m. on 5 April 2016 for investment in the 2015/16 tax year and no later than 12.00 p.m. on 16 November 2016 for investment in the 2016/17 tax year (unless the Offers are 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 0207 009 4937) 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 Companies 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 Companies 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 New Ordinary 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 Companies will only pay an Adviser Charge to your Financial Intermediary in respect of New Ordinary Shares subscribed by you in those Companies.
- 1.4 When the Companies 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 Companies.
- 1.5 The Adviser Charge is in addition to any charges specified in respect of your New Ordinary Shares.
- 1.6 The Adviser Charge is in addition to and separate from the Subscription.
- 1.7 The Companies will act only in accordance with your instruction in respect of the payment of Adviser Charge, except where the Companies expressly indicate otherwise in these Terms and Conditions of the Adviser Charge Agreement.
- 1.8 The Companies will act on the instructions of your Financial Intermediary only where your Financial Intermediary is asking the Companies to reduce or stop paying the Adviser Charge. The Companies will not extend or increase the Adviser Charge without your instruction.
- 1.9 If after reasonable efforts, the Companies or their agents have been unable to pay the Adviser Charge to your Financial Intermediary, the Companies will not pay the Adviser Charge and Hargreave Hale will notify you of this action.
- 1.10 The Companies 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 Companies 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 Companies (acting through their agent or otherwise) may stop the payment of all or part of the Adviser Charge and the Companies or their agent will endeavour to notify you as soon as possible of the action it has taken. These circumstances include the following:
- 2.1.1 if the Companies 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 Companies 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 Companies 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 Companies will continue to pay any outstanding Adviser Charges to your Financial Intermediary unless you advise Hargreave Hale otherwise. If you wish the Companies 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 Offers and the Companies will no longer facilitate the Adviser Charge to your previous Financial Intermediary. On a change of Financial Intermediary, Hargreave Hale and/or the Companies 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 Companies and Hargreave Hale. No other person (including any Financial Intermediary) shall have any rights to rely on any of these Terms and Conditions. The Companies may amend or cancel these Terms and Conditions without reference to, or the consent of, any other person.

7. VARIATION

The Companies 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 Companies dated 1 December 2015 (the "Prospectus") including the Terms and Conditions of the Offers. Definitions used in the Prospectus apply herein, unless otherwise stated. The Offers open on 1 December 2015. The closing date for the Offers in respect of the 2015/16 tax year will be at 12.00 p.m. on 5 April 2016. If the Offers are not fully subscribed at that time, the Directors reserve the right to allow the Offers to remain open for at least part of the 2016/17 tax year, but not beyond 12.00 p.m. on 16 November 2016. Please send this Application Form together with your cheque or bankers' draft, if appropriate, and proof of identity if required, to Hargreave Hale Limited, 9-11 Neptune Court, Hallam Way, Blackpool, Lancashire FY4 5LZ.

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):	National Insurance Number/Tax Identification Number:
Permanent residential address:	
	Postcode:
Country of Tax Residence:	Email:
Telephone (work):	Telephone (home):

2. ALTERNATE ADDRESS	
<i>Please complete this section if you wish to nominate an alternative address, such as an accountant or financial adviser, for your share and income tax relief certificates.</i>	
Title (Mr/Mrs/Miss/Ms/Other):	Surname:
Forename(s) in full:	
Company Name:	Reference:
Address:	
	Postcode:

3. APPLICATION AMOUNTS

The minimum subscription per Investor is £5,000 (and from this amount no less than £2,500 may be invested in each Company if the subscription is to be split equally or otherwise between both Companies). Applications in respect of less than £5,000 in aggregate will not be accepted.

I hereby offer to subscribe the following amounts in pounds sterling for New Ordinary Shares at the relevant Offer Price on the Terms and Conditions of the Offers:

	(1) Both Hargreave Hale AIM VCTs (to be split equally)	OR	(2) Hargreave Hale AIM VCT 1	(3) Hargreave Hale AIM VCT 2
2015/16 tax year	£		£	£
2016/17 tax year	£		£	£
Total Investment (Box A)	£		£	£

Please complete Column (1) in the box above if you require your application amount for New Ordinary Shares to be split equally between the two VCTs. Otherwise, please indicate your investment into each Company in columns (2) and (3). We will endeavour to contact you if there is any uncertainty as to your intentions; however, by default we will assume that your application is to be split equally between the two VCTs and the shares are to be allotted in the tax year in which the application is received.

4. 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 and sent to my home address.

☐ 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:

5. 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 Companies 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:

6. 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 8).

☐ I have received financial advice (please complete Section 7 and ask your financial adviser to complete Section 11).

7. 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 Hargreave Hale AIM VCTs 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 Companies 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 VCTs 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(s) 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)

£

8. FINAL CONSIDERATION

The total consideration is the combined value of your application amounts (Box A, Section 3) and (if applicable) any Adviser Charge that you require the VCTs to facilitate on your behalf (Box B).

TOTAL AMOUNT PAYABLE (BOX C = A +B)

£

9. 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 to for the amount specified in Box C above (please quote your surname as a reference).

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.....

10. SIGNATURE

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 Offers, including (where applicable) the Terms and Conditions of the Adviser Charge Agreement.

Signature:

Date:

11. AUTHORISED FINANCIAL INTERMEDIARIES

11a. CONTACT DETAILS

Name of Firm: Hargreaves Lansdown

FCA Number: 115248

Contact Name:

Address/Stamp:

Email:

1 College Square South

Anchor Road

Telephone: 0117 900 9000

Bristol BS1 5HL

11b. 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 11c).

☐

We gave financial advice to the Applicant (please proceed to Section 11e).

11c. COMMISSION OPTIONS

You may only receive commission if you have confirmed (through Section 11b) 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 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.

11d. 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.

11e. ADVISER CHARGES

The Hargreave Hale AIM VCTs 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 58 to 60. 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 C) will be paid to you as an Adviser Charge.

Adviser Charges

Please indicate below whether or not you require the VCTs 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(s) to facilitate the payment of an Adviser Charge in accordance with our client's instruction (as detailed in Section 7).

11f. PAYMENT OPTIONS

You can elect to have your Commission or Adviser Fee paid by cheque or transferred directly to your bank or building society accounts.

☐

Please send all payments by cheque to the address listed in section 11a.

☐

Please send all payments 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:

Branch Address:

11g. SIGNATURE

By signing this form the Financial Intermediary confirms that (i) the information set out by it at Section 11 are 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 11d of this Applicable Form.

Signature:

Date:

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors

Hargreave Hale AIM VCT 1

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

Hargreave Hale AIM VCT 2

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

in all cases of:
Accurist House
44 Baker Street
London
W1U 7AL

Registered Office

Accurist House
44 Baker Street
London
W1U 7AL

Investment Manager

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

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Marketing Adviser and Receiving Agents in Relation to the Offers

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

Secretary

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

Sponsor to the Offers

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

Principal Bankers

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

Custodians

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

VCT Taxation Advisers

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

Solicitors to the Offers

Howard Kennedy LLP
Number 1 London Bridge
London
SE1 9BG

Brokers to the Companies

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

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Promoter

Portunus Investment Solutions
54 Broadwick Street
London
W1F 7AH

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

HARGREAVE HALE AIM VCT 2 PLC
(INCORPORATE IN ENGLAND AND WALES
UNDER THE COMPANIES ACT 1985
WITH REGISTERED NUMBER 05941261)