

HARGREAVE HALE AIM VCT PLC

REGISTRATION DOCUMENT

OFFER FOR SUBSCRIPTION OF ORDINARY SHARES OF 1P EACH IN HARGREAVE HALE AIM VCT PLC TO RAISE UP TO £20,000,000, WITH AN OVER-ALLOTMENT FACILITY OF UP TO A FURTHER £10,000,000

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.

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

This document, which constitutes a registration document (the "**Registration Document**") relating to the Company, has been prepared in accordance with the Prospectus Rules made by the Financial Conduct Authority pursuant to Part VI of FSMA. Additional information relating to the Company is contained in a securities note issued by the Company (the "**Securities Note**"). This Registration Document, the Securities Note and a summary (the "**Summary**") have been approved by the Financial Conduct Authority (the "**FCA**") in accordance with FSMA and constitute a prospectus ("**Prospectus**") issued by the Company dated 19 September 2018. The Prospectus has been filed with the FCA in accordance with the Prospectus Rules and you are advised to read the Prospectus in full.

Each of the directors of the Company, whose names are set out on page 9 of this document and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Howard Kennedy Corporate Services LLP (the "**Sponsor**"), which is authorised and regulated by the Financial Conduct Authority, is acting as sponsor for the Company and is not advising any other person or treating any other person and will not be responsible to any such person for providing the protections afforded to customers of the Sponsor (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) or for providing advice in connection with any of the matters referred to herein. The Sponsor does not give any representation, warranty or guarantee express or implied as to the content of this document or that the Company will qualify as 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 7 of this document.

HARGREAVE HALE AIM VCT PLC

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

Prospectus Relating to:

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

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

The existing Shares issued by the Company are listed on the premium segment of the Official List of the UK Listing Authority (the "**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 Offer Shares to be admitted to the premium segment of the Official List of the UKLA and to trading on the London Stock Exchange's market for listed securities. It is expected that such admission will become effective and that dealings will commence within 10 business days of their allotment in respect of the Offer Shares.

The subscription list for those Offer Shares which are being offered to the public under the Offer will open on 19 September 2018 and may be closed at any time thereafter but, in any event, not later than 12.00 p.m. on 5 April 2019 for the 2018/19 tax year and 12.00 p.m. on 31 August 2019 for the 2019/20 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 them to subscribe for or purchase Offer Shares unless, in such territory, such offer or invitation could lawfully be made.

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RISK FACTORS

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

- Hargreave Hale AIM VCT will invest principally in small companies with gross assets of less than £15 million prior to investment. This may limit the number of investment opportunities available to the Company. Small companies generally have a higher risk profile than larger 'blue chip' companies on account of various factors such as greater reliance on fewer larger customers, less financial resilience, weak or negative cash flow from operations, less management resource, controlling shareholders and volatile share prices. They may not produce the anticipated returns.
- Past performance of the Company and its investments is no indication of future performance. The return received by Investors will be dependent on the performance of the underlying investments of the Company. The value of such investments, interest income and dividends there from, may rise or fall.
- Investments may be made in companies whose shares are not readily marketable and, therefore, may be difficult to realise. The NEX exchange is not regulated by either the UKLA or the London Stock Exchange. The fact that a share is quoted on NEX, or on AIM, does not guarantee its liquidity, and an investment in such shares (in particular on NEX) may be difficult to realise. There may also be constraints imposed on the realisation of investments to maintain the VCT tax status of the Company.
- The Investment Manager's ability to obtain maximum value from the investments (for example, through sale) may be limited by the requirements imposed in order to maintain the VCT qualification status of the Company.
- Whilst it is the intention of the Directors that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that the status will be maintained. A failure to maintain the qualifying status could result in the Company losing the tax reliefs previously obtained, resulting in adverse tax consequences for Investors. Possible adverse consequences include: a requirement to repay the 30% income tax relief for those who have not held their shares for five years; loss of income tax relief on dividends paid (or subsequently payable) by the Company; loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Company; a liability to capital gains tax on the disposal of Offer Shares; and the potential cancellation of the shares from the London Stock Exchange's Official List, which would require shareholder approval.
- Changes in legislation concerning VCTs in general, Qualifying Investments and Qualifying Trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives and/or reduce the level of returns which would otherwise have been achievable. The levels and basis of, and relief from, taxation are those available for the 2018/19 tax year and are subject to change. Such changes could be retrospective. Those shown in this document are based upon current legislation, practice and interpretation. The tax reliefs for future tax years are subject to

change and Investors should seek their own tax advice appropriate to their individual circumstances.

- There is a restriction on income tax relief available on a subscription for shares in a VCT on or after 6 April 2014 where, the subscription and sale are within six months of each other (regardless of whichever happens first) or either the subscription or sale of the shares was conditional on the other. The rules also apply where the subscription and sale are of shares in different VCTs but it was known between the subscription and the sale that the VCTs intended to merge. The amount on which income tax relief is available is reduced by the amount of the consideration given for the sale.
- A VCT cannot return share capital to an investor that does not represent profits made on investments. The restriction applies until the third anniversary of the end of the accounting period in which investment funds are raised. If the VCT infringes the restriction, it will have its approved status withdrawn. The restriction does not apply to funds raised on or before 5 April 2014 and does not limit the VCT's ability to pay dividends from realised profits; nor does it apply to funds used to redeem or repurchase shares or to assets distributed in the course of a winding up.
- The conditions determining whether an investment of the Company is a Qualifying Investment under the VCT rules may change and such changes could limit the types of investments available to the Company.
- The maximum amount that can be invested in an individual company is £5 million per year, (£10 million for a 'knowledge intensive' company), and £12 million in total (£20 million for a 'knowledge intensive' company). These investment limits extend beyond VCTs and include all other sources of Risk Finance State Aid. A breach of these limits may lead to HMRC withdrawing the Company's status as a VCT with potentially adverse tax consequences, including the claw back of the 30% income tax relief from those Investors who have not held their shares for five years.
- In April 2013, the FCA published a policy statement on payments to platform service providers and cash rebates from providers to consumers (PS 13/1). These rules came into force on 6 April 2014. The FCA has raised the possibility of applying similar restrictions on payments to non-platform service providers but has not published any firm proposals on this to date. If the FCA were to introduce rules restricting payments to non-platform firms, this could have an impact on the demand for shares in the Company.
- It is possible for Investors themselves to lose their tax reliefs by taking or not taking certain steps, and Investors are advised to take their own independent financial advice on the tax aspects of their investment.
- Recent changes to the VCT legislation introduce a maximum age limit for companies receiving VCT investments (generally 7 years from first commercial sale), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12m, or £20m for Knowledge Intensive Companies). The investment must be made for the purpose of growth and development, and a company cannot use the funds it receives from the VCT to purchase shares, or an existing business or trade.
- The Finance Act 2018 introduced a new "risk-to-capital" condition for Qualifying Investments, designed to focus investments towards earlier stage, growing businesses, and away from

investments which could be regarded as lower risk. The Company may not make any prohibited non-qualifying investments, including those which breach the "risk-to-capital" condition, and the potential penalty for contravention of these rules can include loss of VCT status with a resultant claw back of VCT tax reliefs from investors. HMRC have stated that VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying if, after taking reasonable steps including seeking advice, a VCT considers that an investment is qualifying. However, HMRC may require rectification of the breach, which may mean that the VCT is forced to dispose of the investment at a loss.

- Where the European Commission believe that Risk Finance State Aid has been provided which is not in accordance with the Risk Finance Guidelines, they may require that the UK government recovers that Risk Finance 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.
- On 23 June 2016, the UK held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit". The British government is currently negotiating the terms of the UK's future relationship with the EU. It is unknown at this time what terms will emerge, whether changed regulatory control affecting VCT's will increase or decrease or how the eventual terms will affect positively or negatively the business model, business operations and financial results or impact sales demand, material and labour costs, availability and cost of finance for the Company or an underlying investee company.
- Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes. In addition, the market for securities in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.
- While the Investment Manager constantly monitors the markets and the portfolio companies and reports to the Board at each meeting, there is a risk that the value of a security or portfolio of securities could decline in the future, which is mitigated by holding a diversified portfolio, across a broad range of sectors. However, events such as economic recession and movement in interest rates could affect smaller companies' valuations.
- The Company may be at risk of fraud, inflicted by a third party. To mitigate this internal controls are documented and periodically reviewed on a quarterly basis by senior management of the Investment Manager and the investment management and administration functions of the Investment Manager are segregated by department and location.
- A failure of the Investment Manager's systems or disruption to their business could result in the inability to provide accurate reporting to the Company. To mitigate this the Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Investment Manager, which has in place its own internal policies and procedures including a documented business continuity plan and a regularly tested disaster recovery plan to mitigate risk.
- Inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors

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David Michael Brock
Oliver Michael Bedford
Ashton Charles Bradbury

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PART I

A. THE DIRECTORS

The Board comprises four Directors, three of whom are independent of the Investment Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company and ensuring high levels of corporate governance. The Board has a wide range of investment experience and is actively engaged in the management of VCTs. Whilst the Investment Manager operates under a discretionary fund management mandate, the Investment Manager will not commit to an investment into a private company with no firm intention to float without the prior approval of the Board.

Sir Aubrey Brocklebank Bt.

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

David Brock

An experienced company chairman in both private and public companies, and a former main board director of MFI Furniture Group plc, David joined the Board in September 2010. David is chairman of Episys Group Ltd and Elderstreet VCT plc and a non-executive director of Puma VCT 12 plc.

Oliver Bedford

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

Ashton Bradbury

Ashton Bradbury was appointed a director on 14 May 2018. He is a non-executive director of Standard Life UK Smaller Companies Trust plc and has previously held roles at Charterhouse Tilney, Hill Samuel Investment Management and HSBC Asset Management Europe. He was until 2014 a fund manager with Old Mutual Global Investors where he established its UK small and mid cap equities team.

B. THE COMPANY'S INVESTMENT MANAGER: HARGREAVE HALE LIMITED

The Company's investment manager is Hargreave Hale Limited who have been managing investments in UK Small and Micro Cap companies for 20 years and VCTs for 14 years. Hargreave Hale has a long-established reputation as a substantial investor in and a supporter of small British companies through the main market of the London Stock Exchange and AIM. As well as the Venture Capital Trust, the investment team manages 6 unit trusts including the Marlborough Special Situations Fund, the Marlborough UK Micro-Cap Growth Fund and the Marlborough Multi-Cap Income Fund. The investments of the Company are co-managed by Giles Hargreave and Oliver Bedford with support from the rest of the firm's investment team. The breadth of the investment team, the scale of investment into small companies and the Investment Manager's track record help attract deal flow. In accordance with its investment policy, the Company has made investments in the Marlborough Special Situations Fund, which has returned 3,205% (to 31 August 2018) since Giles Hargreave took responsibility for it in July 1998.

Management Agreement

Hargreave Hale Limited provides discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments.

The Investment Manager receives an investment management fee equal to 1.5% per annum of the Net Asset Value of the Company (which increases to 1.7% with effect from 1 April 2019) and a Performance Incentive Fee. The appointment may be terminated on 12 months' notice by either party.

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

Charging Expenses to Capital

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

Custody Arrangements

Hargreave Hale Limited (a company incorporated with limited liability in England under the Act with registered number 03146580 having its registered office at Talisman House, Boardmans Way, Blackpool, FY4 5FY and telephone number +44 (0)1253 754755) acts as custodian to the Company and, in that capacity, is responsible for ensuring safe custody and dealing with settlement arrangements in respect of the Company's equity and fixed income assets, and certain cash deposits. All other assets, including cash, are held by the Company directly. Hargreave Hale Limited is authorised and regulated by the FCA.

C. INVESTMENT POLICY OF THE COMPANY

The investment policy of the Company is as follows:

Investment Objectives

The Company's investment objectives are:

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

Asset Allocation

The Company will have a range of investments in four distinct asset classes:

- Equity investments in Qualifying Companies, referred to as "Qualifying Investments". Qualifying Investment will:
 - comprise qualifying holdings for a VCT as defined in Chapter 4 Part 6 of the Income Tax Act 2007;
 - primarily be made in AIM companies, but the Investment Manager will also consider NEX-quoted (formerly ISDX) companies and private companies that meet the investment criteria summarised in the investment strategy; and
 - vary in size typically from £250,000 to £3 million.
- Fixed income securities.
- Bank deposits that are readily realisable; and
- Non-Qualifying Investments in the form of direct equity exposure to UK and international equities through targeted investments made on an opportunistic basis or through an investment into the Marlborough Special Situations Fund.

Investment Strategy

Qualifying Investments

The Investment Manager will maintain a diversified and fully invested portfolio of Qualifying Investments. The primary purpose of the investment strategy is to ensure the Company maintains its status as a VCT. To achieve this, the Company must have 70% (80% for accounting periods beginning on or after 6 April 2019) of all funds raised from the issue of shares invested in Qualifying

Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued.

Although VCTs are required to invest and maintain a minimum of 70% (80% for accounting periods beginning on or after 6 April 2019) of their funds invested in Qualifying Investments as measured by the VCT rules, it is likely that the Investment Manager will target a higher threshold of approximately 80% (85% for accounting periods beginning on or after 6 April 2019) in order to provide some element of protection against an inadvertent breach of the VCT rules. The Company's maximum exposure to a single Qualifying Investment or Non-Qualifying Investment is limited to 15% of net assets.

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

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

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

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

Non-Qualifying Investments

The Company will have non-qualifying direct equity exposure to UK and international equities through targeted investments made on an opportunistic basis. This will vary in accordance with the Investment Manager's view of the equity markets and may fluctuate between nil and 30% of the net assets of the Company. The Investment Manager will also invest in fixed income securities and cash. The Investment Manager will invest up to 75% of the net proceeds of any issue of new shares into the Marlborough Special Situations Fund (which is a unit trust and not a company) subject to a maximum of 20% of the gross assets of the Company. This will enable the Company to maintain their exposure to small companies indirectly, whilst the Investment Manager identifies opportunities to invest directly into small UK companies through a suitable number of Qualifying Investments.

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

To the extent that any future changes to the Company's investment policy are considered to be material, Shareholder consent to such changes will be sought.

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, have the

ability to borrow a maximum amount up to 15% of the "Adjusted Capital and Reserves" amount (as such term is defined in the Articles of Association of the Company), which is effectively the aggregate of the nominal capital of the Company's shares, issued and paid up and the amount standing to the credit of the consolidated reserves of the Company, less specified adjustments, exclusions and deductions. There are no plans to utilise this ability at the current time.

D. MANAGEMENT OF THE INVESTMENT POLICY

Deal Flow

The breadth of the investment team, the scale of investment in small companies and the Investment Manager's track record and many years of investing in AIM and NEX-quoted (formerly ISDX) companies and, more recently, private companies, help attract deal flow.

The investment team has regular meetings, typically 30 per week, with small companies, a number of which are suitable for investment by the Company. These relationships, along with the ability to co-invest alongside the other funds managed by the Investment Manager, should increase the quality and quantity of the investment pipeline.

In the 12 months prior to the date of this document, the Company made 22 Qualifying Investments totalling £13.9 million of which £9.5 million was in AIM quoted companies and £4.4 was in private unquoted companies.

Post-Investment Management

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

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

Co-Investment Policy

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

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

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

The Chairman will notify the Investment Manager of his decision. If, in his opinion, the proposed investment requires further discussion with other members of the Board and there is sufficient time, the Chairman will ask the Investment Manager to convene a Board meeting to discuss the proposed

investment. The Investment Manager will circulate the details of the Board Meeting and will notify the remaining Directors of the proposed investment, along with their obligations as persons who are in possession of inside information. The Investment Manager will notify its compliance department of those additional Directors who are to be entered into the register of insiders under MAR.

It is the responsibility of the Investment Manager to notify the Board, depending on the circumstances, and seek prior approval for the co-investment.

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

E. DIVIDEND HISTORY AND POLICY

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

| <i>Financial Year</i> | <i>Dividends Paid</i> | <i>Year End NAV Yield</i> | <i>Cumulative Total</i> | <i>Comments</i> |
|-----------------------|-----------------------|---------------------------|-------------------------|-----------------------------------------------------------------------------------------------------|
| 2005/6 | 5p | 4.7% | 5p | First full financial year |
| 2006/7 | 5p | 4.8% | 10p | |
| 2007/8 | 5p | 7.6% | 15p | |
| 2008/9 | 2p | 3.1% | 17p | No final dividend was paid in January 2010 in respect of the financial year ended 30 September 2009 |
| 2009/10 | 4p | 6.4% | 21p | |
| 2010/11 | 4p | 6.5% | 25p | |
| 2011/12 | 3.25p | 5.3% | 28.25p | |
| 2012/13 | 3.75p | 5.2% | 32p | |
| 2013/14 | 4.25p | 5.3% | 36.25p | |
| 2014/15 | 4p | 5.4% | 40.25p | |
| 2015/16 | 4p | 5.3% | 44.25p | |
| 2016/17 | 4p | 4.9% | 48.25p | |
| 2017/18 | 1.75p | - | 50.00p | Interim dividend paid 31 July 2018. A final dividend will be considered at the year end. |

The intention is to continue the existing policy of targeting a 5% distribution yield (referenced to the year end Net Asset Value), although the ability to pay dividends will clearly be influenced by the underlying investment performance of the Ordinary Shares and the available reserves, cash resources, the Act and the Listing Rules. In good years, the Directors may consider a higher dividend payment; in poor years, the Directors may reduce or even pay no dividend. Past performance and payment of dividends is not a reliable indicator of future results and may not be repeated.

Valuation Policy

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

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

F. RISK MANAGEMENT

The structure of the Company's investment portfolio and its investment strategy, has been developed to mitigate risk where possible.

- The Company has a **broad portfolio of investments** to reduce stock specific risk.
- **Flexible allocations** to non-qualifying equities, the Marlborough Special Situations Funds, fixed interest securities and bank deposits allow the Investment Manager to **adjust portfolio risk without compromising liquidity**.
- Regular company meetings aid the **close monitoring of investments** to identify potential risks and allow corrective action where possible.
- Regular board meetings and dialogue with the Directors, along with policies to control conflicts of interests and co-investment with the Marlborough fund mandates, support **strong governance**.

Category of Potential Investors

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

XV: 1.4

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

G. INVESTMENTS

As at 31 August 2018, the unaudited NAV per Ordinary Share was 86.76p.

Set out below are those investments of the Company as at the date of this document (the values being at 31 August 2018) which have an aggregate value of at least 50% of its net assets (all of which information is unaudited). There has been no material change to the aggregate value of the Company's investment portfolio since 31 August 2018. All of the investments listed below are located in the United Kingdom.

| Qualifying Investments | Sector | Cost £000 | Valuation £000 (unaudited) | (Unaudited) Valuation % |
|-----------------------------------------------------|------------------------|-----------|-------------------------------|----------------------------|
| Zoo Digital Group plc | Information Technology | 2,267 | 6,791 | 4.42% |
| Learning Technologies Group plc | Information Technology | 2,835 | 6,641 | 4.32% |
| Ideagen plc | Information Technology | 1,992 | 3,924 | 2.55% |
| Creo Medical Group plc | Health Care | 2,441 | 3,923 | 2.55% |
| SCA Investments Ltd (Gousto) ⁽¹⁾ | Consumer Discretionary | 2,486 | 3,547 | 2.31% |
| Quixant plc | Consumer Discretionary | 1,209 | 2,861 | 1.86% |
| Infinity Reliance Ltd (My 1st Years) ⁽¹⁾ | Consumer Discretionary | 2,504 | 2,698 | 1.76% |
| Abcam plc | Health Care | 55 | 2,501 | 1.63% |
| Craneware plc | Health Care | 125 | 2,215 | 1.44% |
| Honest Brew Ltd ⁽¹⁾ | Consumer Discretionary | 2,203 | 2,200 | 1.43% |
| Loopup Group plc | Information Technology | 1,204 | 2,100 | 1.37% |
| Aquis Exchange plc | Information Technology | 765 | 2,062 | 1.34% |
| Hardide plc | Materials | 1,637 | 1,989 | 1.29% |
| Cohort plc | Industrials | 619 | 1,948 | 1.27% |
| Portr Ltd ⁽¹⁾ | Information Technology | 1,789 | 1,641 | 1.07% |
| Other Qualifying Investments | | 40,289 | 39,242 | 25.53% |
| Non Qualifying Investments | | 25,567 | 29,704 | 19.31% |
| Marlborough Special Situations Fund* | | 11,918 | 13,938 | 9.07% |
| Cash at bank | | 24,357 | 24,357 | 15.84% |
| Accrued Charges and Income | | - | (553) | (0.36%) |

(1) Private Companies

| Portfolio Breakdown (by Asset Class) | | Qualifying Investments by Sector (GICS) | |
|--------------------------------------|------|-----------------------------------------|------|
| Qualifying Investments | 56% | Information Technology | 42% |
| Non-Qualifying Investments | 19% | Health Care | 20% |
| Marlborough Special Situations Fund* | 9% | Consumer Discretionary | 20% |
| Net Cash | 16% | Industrials | 6% |
| | | Financials | 3% |
| | | Materials | 3% |
| | | Consumer Staples | 2% |
| | | Telecommunication Services | 2% |
| | | Real Estate | 1% |
| | | Utilities | 1% |
| | | Energy | 0% |
| Total: | 100% | Total | 100% |

*The Marlborough Special Situations Fund is an additional Non-Qualifying Investment to those included under the heading "Non-Qualifying Investments"

H. LIFE OF THE COMPANY AND ANNUAL ACCOUNTS

The annual report and accounts of the Company are made up to 30 September in each year and are normally sent to Shareholders in December of each year. It is the current intention of the Directors that the first annual report to be sent to Investors after the close of the Offer will be the audited annual accounts for the year ending 30 September 2019.

It is intended that the Company should have an unlimited life, but the Directors consider that it is desirable for Shareholders to have the opportunity to review the future of the Company at appropriate intervals. The Company's Articles of Association require the Directors to put a proposal to Shareholders concerning the continuation of the Company at its annual general meeting in 2025 and, if passed, at every fifth anniversary thereafter.

I. VCT STATUS AND MONITORING

The Company has appointed Philip Hare & Associates LLP to advise on tax matters generally and, in particular, on the maintenance of VCT status. HMRC has confirmed that the Company qualifies as a VCT. Philip Hare & Associates LLP will assist the Investment Manager in establishing the status of investments as Qualifying Investments and monitoring these investments and will report directly to the Board. In order to continue to comply with VCT requirements, the Company must have 70% of all net funds raised from the issue of shares invested in Qualifying Investments (80% for accounting periods beginning on or after 6 April 2019) throughout accounting periods beginning no later than three years after the date on which those shares are issued. For funds raised in accounting periods beginning on or after 6 April 2018, at least 30% of the gross funds raised must be invested in Qualifying Investments by the anniversary of the end of the accounting period in which the funds were raised.

As at 31 August 2018 the Company was 94.8% invested in Qualifying Investments (as defined in the ITA 2007).

PART II

FINANCIAL INFORMATION ON THE COMPANY

Full audited financial information on the Company for the accounting years ended 30 September 2015, 30 September 2016 and 30 September 2017 and unaudited information for the six months periods ended 31 March 2017 and 31 March 2018 are available free of charge at the Company's registered office or can be downloaded at www.hargreaveaimvcts.co.uk.

The annual reports for the years ended 30 September 2015, 30 September 2016 and 30 September 2017 were audited by BDO LLP of 55 Baker Street, London W1U 7EU. All audit reports were unqualified under the Act.

The annual reports for the years ended 30 September 2015 were prepared in accordance with UK Generally Accepted Accounting Practice. The annual reports for the years ended 30 September 2016 and 30 September 2017 were prepared in accordance with Financial Reporting Standard 102. In all cases the annual reports referred to above were prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'. The annual reports contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year, as well as further information in relation to the Company's investment and, together with the interim reports referred to above, are being incorporated by reference and can be accessed at the website at www.hargreaveaimvcts.co.uk.

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document. The non-incorporated parts of these annual reports and accounts are either not relevant to investors or covered elsewhere in this document.

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

| | Audited financial statements for the period ended 30 September 2015 | Audited financial statements for the period ended 30 September 2016 | Interim Report to 31 March 2017 | Audited financial statements for the period ended 30 September 2017 | Interim Report to 31 March 2018 |
|--------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|---------------------------------|
| | Page numbers | Page numbers | Page Numbers | Page numbers | Page Numbers |
| Income statements | 38 | 43 | 17 | 40 | 20 |
| Statement of changes in equity | 40-41 | 45 | 20 | 42 | 23 |
| Balance sheets | 39 | 44 | 19 | 41 | 22 |
| Cash flow statements | 40 | 46 | 22 | 43 | 25 |
| Accounting policies | 42-43 | 47-49 | 23-27 | 44-46 | 26-31 |
| Notes to the accounts | 42-52 | 47-58 | 23-29 | 44-54 | 26-33 |
| Independent auditor's report | 34-37 | 39-42 | - | 35 - 39 | - |

Operating and Financial Review

| | Audited financial statements for the period ended 30 September 2015 | Audited financial statements for the period ended 30 September 2016 | Interim Report to 31 March 2017 | Audited financial statements for the period ended 30 September 2017 | Interim Report to 31 March 2018 |
|-----------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------|---------------------------------|
| | Page numbers | Page numbers | Page numbers | Page numbers | Page numbers |
| Chairman's statement | 3-4 | 3-4 | 3-4 | 3-4 | 3-6 |
| Investment Manager's report | 10-11 | 14-15 | 5-6 | 13-14 | 7-9 |

This information in the annual reports for the years ended 30 September 2016 and 30 September 2017 has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements (which will be prepared under Financial Reporting Standard 102).

As at 31 March 2018, the date to which the most recent unaudited financial statements of the Company have been drawn up, the Company had net assets of £132.5 million or 81.74 pence per Ordinary Share.

Other

As at the date of this document, there has been no significant change in the financial or trading position of the Company since 31 March 2018 (being the date on which unaudited financial information was last published).

PART III

TAXATION

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

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

CONDITIONS TO BE MET BY VENTURE CAPITAL TRUSTS

The Company has to satisfy a number of tests to qualify as a VCT. A summary of these tests is set out below.

Qualification as a VCT

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

- (a) not be a close company;
- (b) have each class of its ordinary share capital quoted on any regulated market in the EU or European Economic Area;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by value of its investments in shares or securities in Qualifying Investments (for accounting periods commencing after 5 April 2019 this is increased to 80%);
- (e) for funds raised after 5 April 2011, and for investments made after 5 April 2018, have at least 70% by value of Qualifying Investments in 'eligible shares', which are ordinary shares which carry no preferential rights to assets on a winding up and no rights to be redeemed, although they may have certain preferential rights to dividends;
- (f) have at least 10% by value of each Qualifying Investment in any single company or group in 'eligible shares';

- (g) invest at least 30% of any funds raised in accounting periods beginning after 5 April 2018 in Qualifying Investments by the first anniversary of the accounting period in which the funds are raised;
- (h) not have more than 15% by value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (i) not retain more than 15% of its income derived from shares and securities in any accounting period;
- (j) not make an investment in any company which causes that company to receive more than £5 million from State Aid investment sources in the 12 month period ending on the date of the investment (from 6 April 2018 this is £10 million for a Knowledge Intensive Company);
- (k) not return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs;
- (l) not make an investment in a company that causes that company, to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime;
- (m) not make an investment in a company whose first commercial sale was more than 7 years (10 years for a company deemed to be a Knowledge Intensive Company) prior to date of investment, except where previous Risk Finance State Aid was received by the company within 7 (or 10) years or where a turnover test is satisfied; and
- (n) not invest in a company where funds received can be used to acquire another existing business or trade, or shares in another company.

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

Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions. The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within a certain time period and not be controlled by another company. In any twelve month period the company can receive no more than £5 million from VCT funds and Enterprise Investment Schemes, and any other European State-aided risk finance source (from 6 April 2018 this limit is increased to £10 million for a "knowledge intensive company"). A company may not receive a total of more than £12 million of State-aided risk finance (£20 million for a "knowledge intensive company"). The company must have fewer than 250 full time (or equivalent) employees at the time of making the investment (or less than 500 employees in the case of certain knowledge-intensive businesses). VCT funds cannot be used by a Qualifying Company to fund the purchase of a trade or business, or of shares in another company.

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

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

- whether the company has an objective to grow and develop over the long term; and
- whether there is a significant risk that there could be a loss of capital to the investor of an amount exceeding the net return.

Qualifying Companies

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

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

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

Approval as a VCT

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

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

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

Withdrawal of Approval

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

accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

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

PART IV

ADDITIONAL INFORMATION

1. The Company

1.1 Hargreave Hale AIM VCT was incorporated and registered in England and Wales on 16 August 2004 under the 1985 Act with registered number 05206425 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. On 6 September 2018 the Company's name was changed to Hargreave Hale AIM VCT plc.

1.2 On 2 September 2004, the Registrar of Companies issued the Company with a certificate under section 117 of the 1985 Act entitling it to commence business.

2. Registered Offices and Principal Legislation

2.1 The registered office of the Company is at 41 Lothbury, London, EC2R 7AE. The administration office of the Company is at Talisman House, Boardmans Way, Blackpool, FY4 5FY. Its telephone number is +44 (0)1253 754755.

2.2 The principal legislation under which the Company operates and which governs the Ordinary Shares is the Act.

3. Share and loan capital

3.1 Hargreave Hale AIM VCT was incorporated with an authorised share capital of £500,000 divided into 50,000,000 Ordinary Shares of 1p each, of which two Ordinary Shares were issued, nil paid, to the subscribers to the memorandum of association.

3.2 The subscribers to the memorandum of association were Oyez Professional Services Limited of Oyez House, 7 Spar Road, London SE16 3QQ, a company formation agent and Howard Kennedy Limited of 19 Cavendish Square, London W1A 2AW.

3.3 In connection with the Company's offer for subscription launched on 2 October 2014, at a general meeting of the Company held on 7 November 2014, resolutions were passed to:

3.3.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;

3.3.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and

3.3.3 authorise the adoption of new articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

3.4 At the Annual General Meeting held on 22 January 2015 the following resolutions were passed to:

3.4.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;

3.4.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and

- 3.4.3 authorise the Directors to make market purchases of ordinary shares.
- 3.5 At the Annual General Meeting held on 12 January 2016 the following resolutions were passed to:
 - 3.5.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.5.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.5.3 authorise the Directors to make market purchases of ordinary shares.
- 3.6 In connection with the offer for subscription launched on 1 December 2015 at a general meeting of the Company held on 12 January 2016 the following resolutions were passed:
 - 3.6.1 to authorise the Directors to allot shares and grant rights to subscribe for Shares under Section 551 of the Act;
 - 3.6.2 to authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights; and
 - 3.6.3 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.
- 3.7 At a general meeting of the Company held on 12 January 2017 the following resolutions were passed:
 - 3.7.1 to authorise the Directors to allot shares and grant rights to subscribe for Shares under Section 551 of the Act;
 - 3.7.2 to authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regards to pre-emption rights;
 - 3.7.3 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;
- 3.8 At the Annual General Meeting held on 12 January 2017 the following resolutions were passed to:
 - 3.8.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
 - 3.8.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
 - 3.8.3 authorise the Directors to make market purchases of ordinary shares.
- 3.9 At the Annual General Meeting held on 25 January 2018 the following resolutions were passed to:
 - 3.9.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;

- 3.9.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
- 3.9.3 authorise the Directors to make market purchases of ordinary shares.
- 3.10 At a general meeting held on 16 March 2018 the following resolutions were passed:
- 3.10.1 to approve the acquisition of the assets and liabilities of Hargreave Hale AIM VCT 2;
- 3.10.2 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
- 3.10.3 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
- 3.10.4 to authorise the Company to repurchase shares;
- 3.10.5 to approve the cancellation of the Company's share premium account; and
- 3.10.6 to approve the cancellation of the Company's capital redemption reserve.
- 3.11 At a general meeting to be held on 19 October 2018 the following resolutions will be proposed:
- 3.11.1 authorise the Directors to allot shares and grant rights to subscribe for shares under Section 551 of the Act;
- 3.11.2 authorise the Directors pursuant to Section 570 of the Act to allot equity securities for cash without regard to pre-emption rights; and
- 3.11.3 authorise the Directors to make market purchases of ordinary shares.
- 3.12 As at 18 September 2018 (being the latest practical date prior to the publication of this document) the issued fully paid share capital of the Company is:

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)</i> | |
|------------------------|----------------------|----------------------------|---------------|
| | | <i>£</i> | <i>number</i> |
| Ordinary Shares | £0.01 | 1,771,860 | 177,186,020 |

- 3.13 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming the Offer is fully subscribed and the Over-allotment Facility is utilised in full) will be as follows:

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)*</i> | |
|------------------------|----------------------|-----------------------------|---------------|
| | | <i>£</i> | <i>number</i> |
| Ordinary Shares | £0.01 | 2,105,527 | 210,552,720 |

*

using an Offer Price based on the NAV as at 31 August 2018

- 3.14 Other than the issue of Ordinary Shares pursuant to the Offer, the Company has no present intention to issue any of the share capital of the Company.
- 3.15 The Company does not have in issue any securities not representing share capital.
- 3.16 The provisions of section 561(1) of the Act (to the extent not disapplied pursuant to section 570(1) of the Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 570(1) of the Act) which are, or are to be, paid up in cash and will apply to the authorised but unissued share capital of the Company, except to the extent disapplied by the resolutions referred to in paragraph 3.11. Subject to certain limited exceptions, unless the approval of Shareholders in a general meeting is obtained, the Company must normally offer shares to be issued for cash to holders on a pro rata basis.
- 3.17 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.18 Save as disclosed in this paragraph, there has been no issue of share or loan capital of the Company in the three years immediately preceding the date of this document and (other than pursuant to the Offer) no such issues are proposed.
- 3.19 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.20 Save as disclosed in paragraph 9, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company in the three years immediately preceding the date of this document.
- 3.21 Other than pursuant to the Offer, 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.
- 3.22 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.
- 3.23 The ISIN and SEDOL Code of the Ordinary Shares are GB00B02WHS05 and B02WHS0, respectively. The Legal Entity Identifier code of the Company is 213800LRYA19A69SIT31.
- 3.24 The following allotments and repurchases of Shares have taken place since 1 October 2014:

| Allotment date | Shares issued (all Ordinary Shares) | Issue price (p) per Ordinary Share |
|-----------------------|------------------------------------------------|-----------------------------------------------|
| 11 November 2014 | 1,055,225 | 80.04 |
| 25 November 2014 | 1,188,746 | 81.18 |
| 5 December 2014 | 777,137 | 82.81 |
| 23 December 2014 | 869,831 | 80.19 |
| 13 January 2015 | 1,673,429 | 78.64 |

| | | |
|-------------------|------------|-------|
| 20 January 2015 | 1,535,989 | 77.48 |
| 27 February 2015 | 1,032,384 | 77.84 |
| 20 March 2015 | 1,179,215 | 78.00 |
| 31 March 2015 | 1,313,477 | 78.07 |
| 2 April 2015 | 759,947 | 77.77 |
| 7 April 2015 | 12,986 | 77.77 |
| 8 April 2015 | 511,856 | 77.42 |
| 5 May 2015 | 124,803 | 78.09 |
| 4 June 2015 | 203,908 | 80.68 |
| 30 June 2015 | 78,509 | 79.43 |
| 18 August 2015 | 534,964 | 79.95 |
| 22 December 2015 | 994,829 | 78.76 |
| 30 December 2015 | 664,075 | 78.66 |
| 19 January 2016 | 1,384,765 | 75.66 |
| 2 February 2016 | 3,101,290 | 73.79 |
| 25 February 2016 | 942,014 | 73.54 |
| 15 March 2016 | 1,707,644 | 74.42 |
| 4 April 2016 | 3,249,234 | 76.59 |
| 5 April 2016 | 538,704 | 76.59 |
| 6 April 2016 | 575,160 | 76.59 |
| 5 May 2016 | 163,852 | 77.97 |
| 25 May 2016 | 529,259 | 77.61 |
| 23 June 2016 | 327,931 | 73.64 |
| 4 August 2016 | 235,855 | 75.45 |
| 31 August 2016 | 314,487 | 77.39 |
| 30 September 2016 | 320,187 | 78.09 |
| 19 October 2016 | 697,299 | 79.10 |
| 17 November 2016 | 876,072 | 77.41 |
| 5 January 2017 | 635,619 | 76.82 |
| 12 January 2017 | 879,241 | 78.32 |
| 2 February 2017 | 2,986,033 | 79.43 |
| 14 February 2017 | 2,794,135 | 80.12 |
| 27 February 2017 | 1,711,449 | 80.23 |
| 20 March 2017 | 9,113,668 | 80.82 |
| 6 April 2017 | 844,468 | 80.95 |
| 20 March 2018 | 6,952,997 | 86.22 |
| 23 March 2018 | 68,680,227 | 82.07 |
| 27 March 2018 | 5,136,489 | 86.22 |
| 29 March 2018 | 1,052,716 | 84.45 |
| 5 April 2018 | 5,901,435 | 84.70 |
| 6 April 2018 | 2,458,299 | 84.70 |

| | | |
|--------------|-----------|-------|
| 3 May 2018 | 948,139 | 87.58 |
| 7 June 2018 | 3,603,615 | 89.20 |
| 12 June 2018 | 640,926 | 89.20 |
| 4 July 2018 | 2,642,353 | 89.38 |

| Buyback date | Shares bought (all Ordinary Shares) | Purchase price (p) per Ordinary Share |
|---------------------|--------------------------------------------|----------------------------------------------|
| 14 October 2014 | 25,000 | 73.6 |
| 6 November 2014 | 79,377 | 73.31 |
| 12 November 2014 | 26,000 | 73.38 |
| 14 November 2014 | 62,533 | 73.38 |
| 11 December 2014 | 37,258 | 75.43 |
| 5 February 2015 | 255,306 | 70.03 |
| 17 February 2015 | 59,944 | 70.48 |
| 18 March 2015 | 33,749 | 71.51 |
| 24 March 2015 | 3,773 | 70.98 |
| 9 April 2015 | 67,613 | 70.97 |
| 17 April 2015 | 73,649 | 71.43 |
| 8 May 2015 | 34,787 | 71.60 |
| 15 May 2015 | 37,127 | 71.93 |
| 22 May 2015 | 60,000 | 73.40 |
| 19 June 2015 | 56,079 | 72.64 |
| 24 July 2015 | 40,570 | 72.85 |
| 31 July 2015 | 95,000 | 72.276 |
| 7 August 2015 | 88,468 | 72.409 |
| 14 August 2015 | 37,026 | 73.14 |
| 2 October 2015 | 43,000 | 71.50 |
| 30 October 2015 | 49,662 | 73.29 |
| 6 November 2015 | 80,135 | 73.43 |
| 11 December 2015 | 41,245 | 74.40 |
| 24 December 2015 | 15,000 | 72.20 |
| 15 January 2016 | 15,690 | 71.77 |
| 29 January 2016 | 227,913 | 67.74 |
| 26 February 2016 | 17,489 | 67.42 |
| 18 March 2016 | 412,160 | 68.23 |
| 8 April 2016 | 53,244 | 70.21 |
| 22 April 2016 | 20,299 | 71.88 |
| 6 May 2016 | 32,836 | 71.478 |
| 10 June 2016 | 84,392 | 69.14 |
| 29 July 2016 | 35,352 | 68.80 |
| 9 September 2016 | 32,770 | 71.45 |

| | | |
|-------------------|---------|--------|
| 23 September 2016 | 45,106 | 70.95 |
| 13 January 2017 | 42,698 | 71.80 |
| 27 January 2017 | 14,810 | 72.675 |
| 10 February 2017 | 17,647 | 73.18 |
| 17 February 2017 | 17,908 | 73.45 |
| 10 March 2017 | 135,196 | 74.07 |
| 24 March 2017 | 58,835 | 74.22 |
| 31 March 2017 | 31,127 | 73.93 |
| 12 April 2017 | 93,867 | 75.47 |
| 21 April 2017 | 35,000 | 76.06 |
| 5 May 2017 | 78,000 | 76.80 |
| 24 May 2017 | 94,749 | 77.47 |
| 2 June 2017 | 75,381 | 78.28 |
| 16 June 2017 | 72,000 | 75.00 |
| 30 June 2017 | 20,000 | 74.94 |
| 14 July 2017 | 14,000 | 74.44 |
| 28 July 2017 | 28,822 | 75.36 |
| 4 August 2017 | 33,000 | 75.39 |
| 11 August 2017 | 17,000 | 75.48 |
| 13 October 2017 | 3,185 | 78.25 |
| 27 October 2017 | 31,123 | 78.81 |
| 3 November 2017 | 6,000 | 79.55 |
| 10 November 2017 | 889,075 | 79.65 |
| 15 December 2017 | 127,500 | 76.78 |
| 29 December 2017 | 50,000 | 76.08 |
| 5 January 2018 | 31,847 | 77.05 |
| 12 January 2018 | 31,009 | 77.63 |
| 19 January 2018 | 21,000 | 78.70 |
| 2 February 2018 | 11,000 | 79.515 |
| 23 February 2018 | 148,300 | 76.70 |
| 6 April 2018 | 118,700 | 77.65 |
| 20 April 2018 | 42,000 | 79.00 |
| 27 April 2018 | 160,000 | 79.50 |
| 4 May 2018 | 93,005 | 80.28 |
| 18 May 2018 | 241,574 | 81.23 |
| 15 June 2018 | 54,000 | 82.25 |
| 29 June 2018 | 117,000 | 82.55 |
| 13 July 2018 | 75,000 | 80.44 |
| 20 July 2018 | 48,726 | 81.53 |
| 31 August 2018 | 184,350 | 81.21 |

4. **Articles of Association**

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

4.2 The Articles of Association of the Company contain, inter alia, the following provisions.

4.3 Voting Rights

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

4.4 Transfer of Shares

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

4.5 Dividends

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

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

4.6 Disclosure of Interest in Shares

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

The restrictions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and additionally in the case of a shareholder representing at least 0.25% by nominal value of

any class of shares of the Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

4.7 Distribution of Assets on Liquidation

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

4.8 Changes in Share Capital

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

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

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

4.9 Variation of Rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of not less than 75% of the nominal amount of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders.

4.10 Directors

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

Any Director may in writing under their hand appoint (a) any other Director, or (b) any other person who is approved by the Board of Directors as hereinafter provided to be their alternate. A Director may at any time revoke the appointment of an alternate appointed by them. Every person acting as an alternate Director shall be an officer of the Company, and

shall alone be responsible to the Company for their own acts and defaults, and they shall not be deemed to be the agent of or for the Director appointing them.

Subject to the provisions of the Act, the Directors may from time to time appoint one or more of their body to be Managing Director or Joint Managing Directors of the Company or to hold such other executive office in relation to the management of the business of the Company as they may decide.

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

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

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

4.11 Directors' Interests

4.11.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the Act, the nature of their interest.

4.11.2 Provided the Director has declared their interest, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of being a Director, for any benefit that they derive from such office or interest or any such transaction or arrangement.

4.11.3 A Director shall not vote nor be counted in the quorum at a meeting of the Directors in respect of a matter in which they have any material interest otherwise than by virtue of their interest in shares, debentures or other securities of, or otherwise in or through the Company, unless their interest arises only because the case falls within one or more of the following paragraphs:

4.11.3.1 the giving to the Director of any security or indemnity in respect of money lent or an obligation incurred by them at the request of or for the benefit of the Company or any of its subsidiary undertakings;

4.11.3.2 the giving to a third party of any security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which they have assumed

responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

4.11.3.3 any proposal concerning the subscription of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of their participation in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities;

4.11.3.4 any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and

4.11.3.5 any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, breach of duty or breach of trust for which they may be guilty in relation to the Company or any of its subsidiaries of which they are a director, officer or auditor.

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

4.12 Remuneration of Directors

4.12.1 The ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, shall not exceed £200,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

4.12.2 Any Director who, by request of the Directors, performs special services for any purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.

4.12.3 The emoluments and benefits of any executive director for their services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to themselves or their dependants on or after retirement or death.

4.13 Retirement of Director

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

4.14 Borrowing powers

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

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control over its subsidiary undertakings (if any) so as to secure that the aggregate amount at any time outstanding in respect of money borrowed by the group, being the 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 the Company.

4.15 Distribution of Realised Capital Profits

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company ("a Relevant Period") the distribution of the Company's capital profits (within the meaning of section 833 of the Act) shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the Act, the Board may determine whether any amount received by the relevant Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or payment or other dealing with investments, or other capital losses, and, subject to the Act, any expenses, loss or liability (subscription therefore) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined in section 829 of the Act) or be applied in paying dividends on any shares in the Company. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 829 of the Act) or applied in paying dividends on any shares in the Company.

4.16 General Meetings

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

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

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

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

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such time and at such place as the Chairman shall appoint. At any such adjourned meeting the member or members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. The Company shall give not less than seven clear days' notice of any meeting adjourned for the want of a quorum and the notice shall state that the member or members present as aforesaid shall form a quorum.

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

4.17 Duration of the Company

The Directors shall put an ordinary resolution to the annual general meeting of the Company in 2025 and, if passed, to every fifth subsequent annual general meeting, proposing that the Company should continue as a Venture Capital Trust for a further five year period. If any such resolution is not passed, the Directors shall draw up proposals for the reorganisation, reconstruction or voluntary winding up of the Company for submission

to the members of the Company at an extraordinary general meeting to be convened by the Directors on a date not more than 9 months after such annual general meeting. The Directors shall use all reasonable endeavours to ensure that the proposals for the reorganisation, reconstruction or voluntary winding up of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after passing of such a resolution.

For the purposes of this, an ordinary resolution will not have been carried only if those members in person or by proxy who vote against such resolution hold in aggregate not less than 25% of the issued share capital of the Company at such time entitled to attend and vote at such a meeting.

4.18 Distribution on winding up

The capital and assets of the Company attributable to the Ordinary Shares shall on a winding up or on a return of capital be distributed amongst the Ordinary Shareholders, pro rata according to the nominal capital paid up on their holdings of Ordinary Shares.

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 Company which (i) are or will be notified to the Company in accordance with rule 3 of the Disclosure Guidance 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:

| <i>Director</i> | <i>As at 18 September 2018 (being the latest practical date prior to the publication of this document)</i> | | <i>After the Offer has closed*</i> | |
|--------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|-------------------------------------------|
| | <i>Number of Ordinary Shares</i> | <i>Percentage of issued share capital</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of issued share capital</i> |
| Aubrey Brocklebank | 4,845 | 0.00% | 4,485 | 0.00% |
| David Brock | 42,170 | 0.02% | 42,170 | 0.02% |
| Oliver Bedford | 30,558 | 0.02% | 30,558 | 0.01% |
| Ashton Bradbury | 43,223 | 0.02% | 43,223 | 0.02% |

* assuming that the Maximum Subscription is achieved in relation to the Offer Shares, taking account of the Over-allotment Facility and that all the allotments are made on the basis of the NAV per Ordinary Share as at 31 August 2018.

6.2 As at 18 September 2018 (being the latest practical date prior to the publication of this document) and after the Offer has closed, the Company is 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 Company to which voting rights are attached (assuming that the Offer is fully subscribed):

| <i>Name</i> | <i>As at the date of this Document</i> | | <i>After the Offer has closed</i> | |
|---------------------------------------|----------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------------------|
| | <i>Number of Ordinary Shares</i> | <i>Percentage of voting rights</i> | <i>Number of Ordinary Shares*</i> | <i>Percentage of voting rights of the Ordinary Shares*</i> |
| Hargreave Hale Nominees | 7,710,688 | 4.35% | 7,710,688 | 3.66% |
| Hargreaves Lansdowne Nominees Limited | 11,539,245 | 6.51% | 11,539,245 | 5.48% |

*assuming that the Maximum Subscription is achieved, taking account of the Over-allotment Facility, that all the Shareholders listed above do not subscribe for any shares under the Offer and that all the allotments are made on the basis of the NAV per Ordinary Share as at 31 August 2018.

6.3 Save as disclosed in paragraphs 6.1 and 6.2, the Company is not aware of any person who will, immediately following Admission, hold (for the purposes of rule 5 of the Disclosure Guidance 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 the Company.

6.4 The persons, including the Directors, referred to in paragraphs 6.1 and 6.2, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other Shareholder.

6.5 The Company 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 Company.

6.6 Save in respect of the arrangements referred to in paragraphs 7, 9 and 10, no Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by the Company 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 Oliver Bedford is an employee of Hargreave Hale Limited, and, therefore, has an interest in the arrangements referred to in paragraph 9 below. Oliver Bedford is also a director of the Company and as such there may be a potential conflict of interest between his duties owed to the Company 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 Company by the Directors and their private and/or other duties.

6.8 In addition to their directorship of the Company, the Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

| Name | Current Directorships/Partnership Interests | Past Directorships/ Partnership Interests | |
|------------------------|----------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
| Sir Aubrey Brocklebank | Thos & Jos Brocklebank Ltd | Downing Distribution VCT plc | |
| | Downing FOUR VCT plc | Grasshopper Management LLP (dissolved) | |
| | Evoque Claims and Appraisals Limited | Octopus Second AIM VCT Plc (dissolved) | |
| | Mast Investment Holdings Ltd (Guernsey) | Pennine AIM VCT VI Plc (dissolved) | |
| | NGS Corporation plc | Puma VCT Plc (dissolved) | |
| | Hargreave Hale AIM VCT plc | | Puma VCT II Plc (dissolved) |
| | | | Puma VCT III Plc (dissolved) |
| | | | Puma VCT IV plc (dissolved) |
| | | | Top Ten Holdings Plc (in members' voluntary liquidation) |
| | | | Salt International Limited (In Liquidation) |
| | | | Premier Fireserve Engineering Ltd (dissolved) |
| | | | Premier Fireserve Ltd (dissolved) |
| | | | Continental Shelf 547 Limited (dissolved) |
| | | | Continental Shelf 548 Limited (dissolved) |
| | | | AB and A Investments Limited (dissolved) |
| | The Media Vehicle Group Limited (dissolved) | | |
| | Inventive Property Holdings Limited | | |
| | Epiquestlive Inc | | |
| | Epiquestlive UK Limited | | |
| | Puma VCT 8 Plc (in members' voluntary liquidation) | | |
| | The Classic 2CV Racing Club Limited | | |
| | Urban and Country Leisure Limited | | |
| | NGS Corporation plc | | |
| | Nationwide Gritting Services Limited | | |
| Oliver Bedford | Hargreave Hale AIM VCT plc | Hargreave Hale AIM VCT 2 Plc | |
| David Michael Brock | ECS Global Group Ltd | Ossian Retail Group Limited (dissolved) | |
| | Elderstreet Drapper Esprit VCT Plc | Puma VCT Plc (dissolved) | |
| | Episys Limited | Puma VCT II Plc (dissolved) | |
| | Hargreave Hale AIM VCT plc | Puma VCT III Plc (dissolved) | |

| | | |
|-----------------|----------------------------------------------|----------------------------------------------------|
| | Leeson Limited | Puma VCT IV Plc (dissolved) |
| | Park Regis Birmingham LLP | Puma VCT 8 Plc (in members' voluntary liquidation) |
| | Puma VCT 12 Plc | |
| Ashton Bradbury | Golf Union of Wales Limited | |
| | Hargreave Hale AIM VCT plc | |
| | Standard Life UK Smaller Companies Trust Plc | |

The business address of all the Directors is: 41 Lothbury, London, EC2R 7AE .

6.9 None of the Directors has at any time within the last five years:

6.9.1 had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;

6.9.2 been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

6.9.3 been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors (save as set out in paragraph 6.8); or

6.9.4 been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.

6.10 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a member of the administrative, management or supervisory bodies or member of senior management.

6.11 There are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Company's securities.

6.12 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.

7. **Directors' remuneration and service agreements**

7.1 In the financial year ended 30 September 2017, the total remuneration of the Directors was £58,500 (exclusive of VAT if any). From this, David Brock received £18,000, Oliver Bedford (appointed 13 December 2016) received £14,446, Giles Hargreave (retired 13 December 2016) received £3,554 and Sir Aubrey Brocklebank Bt. received £22,500. Payments in respect of Oliver Bedford and Giles Hargreave as non-executive directors were paid to the Investment Manager, Hargreave Hale Limited. Ashton Bradbury was appointed a director of

I: 15.1
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the Company on 14 May 2018 and receives £18,000 per annum (exclusive of VAT, if any). The total amount expected to be payable to the Directors for the year ending 30 September 2018, is £65,371 (exclusive of VAT if any).

- 7.2 None of the Directors has a service contract with the Company and no such contract is proposed. Each of the Directors has been appointed on terms which can be terminated by either party on three months' notice pursuant to letters of appointment between the Company and the directors entered into on 28 September 2010 (in the case of David Brock), 10 September 2004 (in the case of Sir Aubrey Brocklebank Bt.), 13 December 2016 in the case of Oliver Bedford) and 14 May 2018 (in the case of Ashton Bradbury).
- 7.3 The Directors are not entitled to compensation on termination of their directorships and no amounts have been set aside or accrued for their pensions, retirement or similar benefits.
- 7.4 Sir Aubrey Brocklebank Bt. has entered into a consultancy agreement with Hargreave Hale AIM VCT (being entered into separately with him and through his associated company, Thos & Jos Brocklebank Limited). The fees payable in relation to these agreements are included in the fees referred to in paragraph 7.1.

8. **The Company and its subsidiaries**

- 8.1 The Company does not have any subsidiaries.

9. **Material contracts**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company in the 2 years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by the Company and which contain any provision under which either Company has any obligation or entitlement which is, or may be, material to the relevant Company at the date of this document:

- 9.1 An offer agreement dated 19 September 2018, between the Company (1), the Directors (2), Hargreave Hale (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to the Company in respect of the Offer and Hargreave Hale agreed to use reasonable endeavours to procure subscribers for new Ordinary Shares (the "Offer Shares") under the Offer. Under the agreement Hargreave Hale is paid a commission of 3.5% of the aggregate value of accepted applications for Offer Shares received pursuant to the Offer. Out of this fee, the Investment Manager will pay all other costs and expenses of or incidental to the Offer. Under the Offer Agreement, which may be terminated by the parties in certain circumstances, Hargreave Hale, the Company and the Directors have given certain warranties and indemnities to Howard Kennedy. Warranty claims must be made by no later than 3 months after the second annual general meeting of the Company following the closing date of the Offer at which Shareholders approve the Company's accounts or by the date the Company is subject to a takeover. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of the lesser of (i) £10 million or (ii) the total proceeds of the Offer for Hargreave Hale and in respect of the Directors one year's director fees for each Director. The Company has also agreed to indemnify Howard Kennedy in respect of its role as Sponsor and under the Offer Agreement. The Offer Agreement may be terminated, inter alia, if any statement in this Prospectus is untrue, any material omission from this Prospectus arises or any breach of warranty occurs.

- 9.2 A transfer agreement between the Company and Hargreave Hale AIM VCT 2 (acting through its liquidators) dated 23 March 2018 to give effect to the Scheme pursuant to which all of the assets and liabilities of Hargreave Hale AIM VCT 2 were transferred to the Company (subject only to the consents from third parties which were required to transfer such assets and liabilities) in consideration for Shares issued under the terms of the Scheme. If any of the parties so require, Hargreave Hale AIM VCT 2, acting by the liquidators, shall promptly give instructions to any person holding any part of Hargreave Hale AIM VCT 2's assets as nominee of or on trust for Hargreave Hale AIM VCT 2, requiring such person to transfer such assets to the Company. Hargreave Hale AIM VCT 2, acting by its liquidators, undertook to execute and deliver such other documents and take such other steps as shall be reasonably required by the Company to vest in the Company the assets transferred to the Company under this agreement and otherwise to give the Company the full benefit of this Agreement. The liquidators agreed that all sale proceeds and/or dividends received in respect of the underlying assets of Hargreave Hale AIM VCT 2 were transferred on receipt to the Company as part of the Scheme.
- 9.3 A deed of indemnity between the Company and Hargreave Hale AIM VCT 2 (in voluntary liquidation) dated 23 March 2018 pursuant to which the Company indemnified the liquidators of Hargreave Hale AIM VCT 2 for expenses and costs incurred by them in connection with the Scheme.
- 9.4 Under an offer agreement dated 12 February 2018 (the "2017-2018 Offer Agreement"), between the Company (1), the Directors (2), Hargreave Hale (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to the Company in respect of the 2017-2018 Offer and Hargreave Hale agreed to use reasonable endeavours to procure subscribers for new Ordinary Shares under the 2017-2018 Offer. Under the agreement Hargreave Hale was paid a commission of 3.5% of the aggregate value of accepted applications for shares received pursuant to the 2017-2018 Offer. Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2017-2018 Offer. Under the 2017-2018 Offer Agreement, which may be terminated by the parties in certain circumstances, Hargreave Hale, the Company and the Directors gave certain warranties and indemnities to Howard Kennedy. Warranty claims could be made by no later than 3 months after the second annual general meeting of the Company following the closing date of the 2017-2018 Offer at which Shareholders approve the Company's accounts or by the date the Company is subject to a takeover. The warranties and indemnities were in usual form for a contract of this type and the warranties are subject to limits of the lesser of (i) £10 million or (ii) the total proceeds of the 2017-2018 Offer for Hargreave Hale and in respect of the Directors one year's director fees for each Director. The Company agreed to indemnify Howard Kennedy in respect of its role as Sponsor and under this agreement. The agreement could be terminated, inter alia, if any statement in this prospectus relating to the 2017-2018 Offer is untrue, any material omission from this prospectus arose or any breach of warranty occurred.
- 9.5 A deed of variation dated 12 February 2018 between Hargreave Hale AIM VCT (1) and the Investment Manager (2) varying the terms of the Administration Agreement dated 30 September 2009 (summarised in paragraph 9.14) between the same parties, and as subsequently varied, provides that the fees payable to the Investment Manager for providing administrative services to Hargreave Hale AIM VCT are increased to an annual fee of £110,000 (plus VAT).

- 9.6 Under an offer agreement dated 14 December 2016 (the "2016 Offer Agreement") between the Company and HHVT (1), the Directors (2), the Sponsor (3), and the Investment Manager (4), whereby the Sponsor agreed to act as sponsor to the share offers in 2016 (the "2016 Offers") and the Investment Manager undertook as agent of the Company to use its reasonable endeavours to procure subscribers under the 2016 Offers. Under the 2016 Offer Agreement, the Company agreed to pay the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the 2016 Offers. Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2016 Offers. Under the 2016 Offer Agreement, which could 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 could be made by no later than 3 months after the second annual general meeting of the relevant company following the closing date of the 2016 Offers at which Shareholders approve the relevant company's accounts or by the date the relevant company is subject to a takeover. The warranties and indemnities were in usual form for a contract of this type and the warranties are subject to limits of the lesser of (i) £10 million or (ii) the total proceeds of the 2016 Offers for the Investment Manager and in respect of the Directors one year's director fees for each Director. The companies agreed to indemnify the Sponsor in respect of its role as Sponsor and under the 2016 Offer Agreement. The 2016 Offer Agreement could be terminated, inter alia, if any statement in the Prospectus for the 2016 Offer was untrue, any material omission from that prospectus arose or any breach of warranty occurred.
- 9.7 Under an offer agreement dated 1 December 2015 (the "2015 Offer Agreement") between the Companies (1), the Directors (2), the Sponsor (3), and the Investment Manager (4), the Sponsor agreed to act as sponsor to the share offers in 2015 (the "2015 Offers") and the Investment Manager undertook as agent of the Companies to use its reasonable endeavours to procure subscribers under the 2015 Offers. Under the 2015 Offer Agreement, the Companies each paid the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the 2015 Offers. Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2015 Offers. Under the 2015 Offer Agreement, which could be terminated by the parties in certain circumstances, the Investment Manager, the Companies and the Directors gave certain warranties and indemnities to the Sponsor. Warranty claims could be made by no later than 3 months after the second annual general meeting of the relevant company following the closing date of the 2015 Offers at which Shareholders approve the relevant company's accounts or by the date the relevant company is subject to a takeover. The warranties and indemnities were in usual form for a contract of this type and the warranties are subject to limits of the lesser of (i) £10 million or (ii) the total proceeds of the 2015 Offers for the Investment Manager and in respect of the Directors one year's director fees for each Director. The Companies agreed to indemnify the Sponsor in respect of its role as Sponsor and under the 2015 Offer Agreement. The 2015 Offer Agreement could be terminated, inter alia, if any statement in the prospectus for the 2015 Offers was untrue, any material omission from such prospectus arose or any breach of warranty occurred.
- 9.8 A deed of variation dated 1 December 2015 between Hargreave Hale AIM VCT (1) and the Investment Manager (2) varying the terms of the Administration Agreement dated 30 September 2009 (summarised in paragraph 9.14) between the same parties, under which the fees payable to the Investment Manager for the provision of administration services to Hargreave Hale AIM VCT were to be increased to an annual fee of £55,000 (plus VAT) and

that a fee of £18,000 (plus VAT) for the provision for the services of a director would be payable.

- 9.9 Under an offer agreement dated 2 October 2014 (the "2014 Offer Agreement") between the Companies (1), the Directors (2), Nplus 1 Singer Advisory LLP, (3), and the Investment Manager (4), Nplus 1 Singer Advisory LLP agreed to act as sponsor to the share offers in 2014 (the "2014 Offers") and the Investment Manager undertook as agent of the Companies to use its reasonable endeavours to procure subscribers under the 2014 Offers. Under the 2014 Offer Agreement, the Companies each paid the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the 2014 Offers. Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2014 Offers. Under the 2014 Offer Agreement, the Investment Manager, the Companies and the Directors gave certain warranties and indemnities to Nplus 1 Singer Advisory LLP. Warranty claims could 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 were in usual form for a contract of this type and the warranties are subject to limits of the total proceeds of the 2014 Offers for the Investment Manager, and one year's director fees for each Director. The Companies agreed to indemnify Nplus 1 Singer Advisory LLP in respect of its role as sponsor and under the 2014 Offer Agreement. The 2014 Offer Agreement could be terminated, inter alia, if any statement in the prospectus issued in relation to the 2014 Offers was untrue, any material omission from the prospectus in relation to the 2014 Offers arose or any breach of warranty occurred.
- 9.10 Under an offer agreement dated 31 October 2013 (the "2013 Offer Agreement") between the Companies (1), the Directors (2), Nplus 1 Singer Advisory LLP (3), and the Investment Manager (4), Nplus 1 Singer Advisory LLP agreed to act as sponsor to the share offers in 2013 (the "2013 Offers") and the Investment Manager undertook as agent of the Companies to use its reasonable endeavours to procure subscribers under the 2013 Offers. Under the 2013 Offer Agreement, the Companies each paid the Investment Manager a commission of 3.5% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the 2013 Offers. Out of this fee, the Investment Manager paid all other costs and expenses of or incidental to the 2013 Offers. Under the 2013 Offer Agreement, the Investment Manager, the Companies and the Directors gave certain warranties and indemnities to Nplus 1 Singer Advisory LLP. Warranty claims could be made by no later than 3 months after the second annual general meeting of the relevant company following the closing date of the 2013 Offers at which Shareholders approve the relevant company's accounts or by the date the relevant company is subject to a takeover. The warranties and indemnities were in usual form for a contract of this type and the warranties are subject to limits of the total proceeds of the 2013 Offers for the Investment Manager, and one year's director fees for each Director. The Companies agreed to indemnify Nplus 1 Singer Advisory LLP in respect of its role as sponsor and under the 2013 Offer Agreement. The 2013 Offer Agreement could be terminated, inter alia, if any statement in the prospectus issued in relation to the 2013 Offers was untrue, any material omission from the prospectus in relation to the 2013 Offers arose or any breach of warranty occurred.
- 9.11 A deed of variation to the Investment Management Agreement (referred to in paragraph 9.16) dated 23 January 2013 provides that if the Investment Management Agreement is terminated by the Company, other than in accordance with the terms of the Investment

Management Agreement, the Manager shall be entitled to compensation relating to the fees that it would have been entitled to under the Investment Management Agreement in connection with the share offer launched by the Company in January 2013, provided such compensation shall not exceed £359,375.

- 9.12 Under an agreement between Hargreave Hale AIM VCT (1), and the Investment Manager (2), dated 27 February 2012, the Company agreed to the variation of the terms of the Investment Management Agreement referred to in paragraph 9.16 whereby that agreement was varied so as to extend the rights and obligations of the Investment Manager to the assets attributable to the new Ordinary Shares and the C shares in Hargreave Hale AIM VCT. Under the relevant Deed of Variation, the Investment Manager will receive an annual investment management fee of 1.5% of the net assets attributable to the new Ordinary Shares and the C shares and a Performance Incentive Fee in respect of the new Ordinary Shares and the C shares. It was agreed on 16 May 2018 to increase the annual investment management fee to an amount equal to 1.7% per annum of the net asset value of the Company with effect from 1 April 2019.
- 9.13 Under an agreement between Hargreave Hale AIM VCT (1), and the Investment Manager (2), dated 15 December 2010, the Company agreed to the variation of the terms of the Investment Management Agreement referred to in paragraph 9.16 with (i) the Investment Manager providing an indemnity in relation to Annual Running Costs of the company exceeding 3.5% of the net assets of the Company with effect from 1 October 2010 and (ii) the annual management fee payable to the Investment Manager increasing to 1.5% of the net asset of the Company.
- 9.14 Under an agreement between Hargreave Hale AIM VCT (1) and the Investment Manager (2) dated 10 September 2009 (as varied on 12 February 2018 pursuant to the agreement described in paragraph 9.5), Hargreave Hale agreed to provide administrative and custodian services to the Company and the services of a company secretary and a non-executive director for an annual fee of £77,000 (plus VAT) terminable on 3 months' notice either side.
- 9.15 Further to Keydata Investment Services Limited (the former administrator of the Companies) going into administration on 8 June 2009, under an agreement between Hargreave Hale AIM VCT (1), the directors of Hargreave Hale AIM VCT at the time of its 2004 and 2005 offers for subscription (Sir Aubrey Brocklebank Bt., Stewart Ford and David Hurst-Brown) (2), the Investment Manager (3), Williams De Broe Plc (4) and Keydata Investment Services Limited (In Administration) (the promoter of those offers) ("KIS")(5), dated 29 September 2010, the Company agreed to the variation of the offer agreements entered into between those parties in relation to the above offers (the "2004 and 2005 Offer Agreements") whereby the Company agreed to (i) pay to KIS the sum of £60,000 in relation to compensation to KIS for the loss of any annual commissions and performance incentive fees that would have become due to KIS under the 2004 and 2005 Offer Agreements (ii) discharge all obligations of KIS to pay trail commissions that became due on or before 29 September 2010 and (iii) compensate KIS in full and final settlement of all sums due to be paid to KIS by the Company as at 8 June 2009 (being the date of the appointment of the administrator of KIS) under an administration agreement between KIS and Hargreave Hale AIM VCT dated 10 September 2004, notwithstanding that that agreement was terminated by reason of the appointment of the administrator. KIS and Hargreave Hale AIM VCT also agreed that the Company shall, out of the £60,000 due to KIS referred to above, assume responsibility to pay the trail commissions referred to above in this paragraph on behalf of KIS, and to pay to Hargreave Hale AIM VCT 2 £20,000 due to be paid to KIS. The Company also agreed to assume liability for all trail commissions payable

after 29 September 2010, with KIS undertaking to indemnify the Hargreave Hale AIM VCT and the directors against all claims resulting from inaccuracy of information provided by KIS to the Company, with the waiver of certain obligations of KIS under the 2004 and 2005 Offer Agreements (including the giving of an indemnity provided to the Company by KIS in relation to Annual Running Costs exceeding 3.5% of the company's net asset value).

9.16 An agreement (the "Investment Management Agreement") dated 10 September 2004 (as amended) between Hargreave Hale AIM VCT (1) and the Investment Manager (2) under which the Investment Manager agreed to provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments. This was amended by a deed of variation dated 13 October 2005 in relation to the previous offer of C shares (which have since converted into Ordinary Shares). Under the Hargreave Hale AIM VCT Investment Management Agreement, the Investment Manager received fees (exclusive of VAT) equal to 0.9% per annum of the net asset value of the Company until the termination of the Investment Management Agreement, payable quarterly in arrears. The Investment Manager is also entitled to receive the Performance Incentive Fees and reimbursement of expenses incurred in performing its obligations. In respect of investments made in companies that are not quoted on AIM, the Investment Manager is entitled to charge expenses and initial management fees to investee companies that, without the Board's consent, will not exceed 1% of the value of the total investment by the Company (and any other investor to whom the Company syndicates any part of its investment) plus, in the case of periodical fees, £10,000 per annum (plus VAT, if applicable). In line with normal VCT practice, a performance related incentive fee will be payable to the Investment Manager. This annual performance related incentive fee will be payable at the rate of 20% of any dividends paid to Shareholders in excess of 6p per Ordinary Share per annum, provided that the Net Asset Value per Ordinary Share is at least 95p. The first payment of the performance related incentive fee was payable after 30 September 2007 and would be payable provided cumulative distributions in the first three accounting periods exceeded 18p per Ordinary Share. Thereafter, a performance related incentive fee will be payable annually, provided the hurdles have been exceeded, with any cumulative shortfalls below 6p per Ordinary Share having to be made up in subsequent years before the incentive fee becomes payable. No performance related incentive fee will be payable unless the NAV per Ordinary Share is at least 95p. The appointment may be terminated on 12 calendar months' notice by either party. No benefits are payable on termination.

9.17 In addition to the above material contracts the Company also entered into a letter of appointment with each of the Directors, further details of which are set out in paragraph 7.2 of this Part IV.

10. **Related party transactions**

Other than the agreements, deeds and shareholdings referred to in paragraph 9, there have been no related party transactions relating to the Companies between 1 October 2014 and the date of this document.

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

11.1 The Investment Manager intends to structure the investments of the Hargreave Hale AIM VCT in accordance with the Company's objectives of spreading investment risk and in accordance with the published investment policy as set out in the section of Part I "Investment Policy of the Company". The investment policy is in line with the VCT rules and the Company will not deviate from it in any material respect. Further, in accordance with

the VCT rules, the Company will invest in ordinary shares, in some cases a small number of preference shares where applicable, and always in accordance with such rules.

- 11.2 The Company is not authorised by the FCA (or equivalent overseas regulator) although VCTs need to meet a number of conditions set out in tax legislation in order for the VCT tax reliefs to apply, and comply with the continuing obligations of listed companies under the Listing Rules and the Disclosure Guidance and Transparency Rules.
- 11.3 The Company is regulated by the VCT rules in respect of the investments it makes as described in Part IV of this document. The Company has appointed Philip Hare & Associates LLP as its VCT status monitor. Philip Hare & Associates LLP will report twice yearly to the Company as a part of their annual and interim reporting obligations. In respect of any breach of the VCT rules, the Company, together with Philip Hare & Associates LLP, will report directly and immediately to HMRC to rectify the breach and announce the same immediately to the Company's shareholders through a Regulatory News Service provider. In addition, the Company intends to maintain the investment approach as detailed in the section entitled "Investment Policy of the Company" in Part I of this document. In addition the Company is a small registered UK AIFM for the purposes of the AIM Regulations 2013 and subject to regulation as such by the FCA.

The Company will not conduct any trading activity which is significant in the context of its group (if any) as a whole. No more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds themselves have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds. The Company will, at all times, invest and manage its assets in a way which is consistent with its objectives of spreading investment risk and in accordance with its published investment policy. The Company will also invest and manage its assets to ensure compliance with the Listing Rules, the Prospectus Rules and the VCT rules and restrictions.

- 11.4 The Board must be able to demonstrate that it will act independently of the Investment Manager. A majority of the Board (including the Chairman) must not be directors, employees, partners, officers, or professional advisors of or to, the Investment Manager or any company in the Investment Manager's group or any other investment entity which they manage.
- 11.5 The Company will not:
- 11.5.1 invest more than 15% of its gross assets in any single company, in accordance with the VCT legislation, nor will the Company control the companies in which it invests in such a way as to render them subsidiary undertakings until it has obtained approval as a VCT from HMRC;
 - 11.5.2 invest directly in physical commodities;
 - 11.5.3 invest in any property collective investment undertaking; or
 - 11.5.4 invest in any derivatives, financial instruments, money market instruments or currencies other than for the purposes of efficient portfolio management (i.e. solely for the purpose of reducing, transferring or eliminating investment risk in the underlying investments of the collective investment undertaking,

including any technique or instrument used to provide protection against exchange and credit risks).

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

12. Further Information on Investment Manager

12.1 Hargreave Hale Limited is regulated and authorised by the Financial Conduct Authority. It was incorporated as a private limited company in England and Wales on 16 January 1996 under number 3146580 and operates under the Act and the regulations made under the Act. Hargreave Hale Limited is domiciled in the UK. Its registered office is Talisman House, Boardmans Way, Blackpool, FY4 5FY. The telephone number is 01253 754755.

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

13. Corporate Governance

13.1 The Board is accountable to Shareholders for the governance of the Company's affairs and is committed to maintaining the highest standards of corporate governance. Accordingly, the Board has adopted the Corporate Governance Code published by the Financial Reporting Council in April 2016 and reports against the principles and recommendations of this Code (the "Code"). Considering the principles detailed in the version of the Code applicable to the Company, the Boards believe that the Company as at the date of this document complies, save as disclosed below in relation to committees, with the provisions of the Code throughout the financial year ended 30 September 2017 (as detailed on page 32 of its Annual Report and Accounts for the period ended 30 September 2017) which can be downloaded at www.hargreaveaimvcts.co.uk. These Accounts are incorporated by reference, as set out below:

Hargreave Hale AIM VCT

Audited financial statements for the period ended 30 September 2017

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Departures from the Code: 29

It is proposed that the Code will be revised in respect of accounting periods beginning on or after 1 January 2019.

13.2 Due to the size of the Board it has not set up separate nomination and remuneration committees (as required in each case by Code C3.1, A4.1 and B2.1 respectively) on the grounds that the Board as a whole considers these matters. As all Directors are non-executives, the Board has not appointed a senior independent non-executive director (Code A3.3) as the Chairman performs the role.

13.3 An audit committee has been established. The audit committee comprises of David Brock as chairman, Aubrey Brocklebank and Ashton Bradbury.

14. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company are aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the Company's financial positions or profitability.

15. **General**

15.1 The estimated costs and expenses relating to the Offer will be 3.5% of gross funds raised by the relevant Company under the Offer. Assuming full subscription under the Offer (and no utilisation of the Over-allotment Facility), the total net proceeds of the Offer after all fees, are expected to be £19.3 million.

15.2 BDO LLP, Chartered Accountants of 55 Baker Street, London, W1U 7EU were auditors of the Company in respect of the audited financial information referred to in Part II and have given unqualified audit reports on the statutory accounts of the Company for those financial years referred to in Part II within the meaning of section 495 of the Act. None of those reports contained any statements under section 237(2) or (3) of the Act. Statutory accounts of the Company for those financial years have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the Act. BDO LLP is authorised and regulated by the Institute of Chartered Accountants of England and Wales.

15.3 The Company shall take all reasonable steps to ensure that its auditors are independent of them and will obtain written confirmation from their auditors that they comply with guidelines on independence issued by their national accountancy and auditing bodies.

15.4 The statements attributed to the Investment Manager in this document have been included in the form and context in which they appear with the consent and authorisation of the Investment Manager. The Investment Manager accepts responsibility for those statements, and to the best of the knowledge of the Investment Manager (which has taken all

reasonable care to ensure that such is the case) those statements are in accordance with the facts and contains no omission likely to affect its import.

- 15.5 All third party information in this Prospectus has been identified as such by reference to its source and in each instance has been accurately reproduced and, so far as the Company are aware and able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 15.6 There are no material potential conflicts of interest which any of the service providers to the Company, including the Investment Manager, may have between their duty to the Company and the duties owed to third parties and their other interests, provided that the Investment Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager currently does, and may continue to, provide investment management, investment advice or other services in relation to a number of other funds or accounts that may have similar investment objectives and/or policies to that of the Company and may receive ad valorem and/or performance-related fees for doing so. As a result, the Investment Manager may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients. The Investment Manager may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Company.

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

16. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 41 Lothbury London EC2R 7AE whilst the Offer remains open:

- 16.1 the Articles of Association of the Company;
- 16.2 the annual accounts of the Company for the periods ended 30 September 2015, 30 September 2016 and 30 September 2017 and the interim reports for the periods ended 31 March 2017 and 31 March 2018; and
- 16.3 the Prospectus.

Dated: 19 September 2018

PART V

DEFINITIONS

| | |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "2017-2018 Offer" | the offer for subscription for Shares launched by the Company on 12 February 2018 |
| "1985 Act" | the Companies Act 1985, as amended |
| "Act" | the Companies Act 2006, as amended |
| "Admission" | the admission of the Offer Shares issued, and to be issued, pursuant to the Offer to the premium segment of the Official List and to trading on the London Stock Exchange becoming effective |
| "AIFM" | means an AIFM as defined in Regulation 4 of the AIFM Regulations |
| "AIFM Regulations 2013" | The Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) |
| "AIM" | the AIM Market operated by the London Stock Exchange |
| "Annual Running Costs" | means the running costs of the Company and include the management fees payable to the Investment Manager (excluding any performance incentive fee), accounting and administration fees, as well as fees for directors, auditors, taxation advisers, sponsor, registrar, and the costs of communicating with shareholders; however, such costs shall exclude any VAT payable thereon (the payment of which is the responsibility of the Company) |
| "Articles of Association" | the articles of association of the Company in force from time to time |
| "CREST" | the relevant system (as defined in the Regulations) operated by Euroclear |
| "Directors" or "Board" | the directors of the Company |
| "Disclosure Guidance and Transparency Rules" or "DTR" | the Disclosure Guidance and Transparency Rules published by the FCA from time to time |
| "Equiniti" | Equiniti Limited |
| "EVCA" | the European Private Equity and Venture Capital Association |
| "FCA" | the Financial Conduct Authority in the United Kingdom and/or any successor or replacement body or bodies from time to time |
| "FSMA" | the Financial Services and Markets Act 2000, as amended |

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|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "General Meeting" | the general meeting of the Company to be held on 19 October 2018 or any adjournment thereof) |
| "Hargreave Hale AIM VCT " or "Company" | Hargreave Hale AIM VCT plc |
| "Hargreave Hale AIM VCT 2" or "HHVT" | Hargreave Hale AIM VCT 2 plc |
| "HMRC" | HM Revenue & Customs |
| "ITA" | Income Tax Act 2007, as amended |
| "Investment Manager" or "Hargreave Hale" | Hargreave Hale Limited, which is authorised and regulated by the FCA |
| "Investor(s)" | subscriber for Offer Shares under the Offer |
| "Knowledge Intensive Company" | a company satisfying the conditions in Section 331(A) of Part 6 ITA. |
| "Listing Rules" | the listing rules prescribed by the UK Listing Authority |
| "London Stock Exchange" | London Stock Exchange plc |
| "MAR" | Market Abuse Regulation (596/2014/EU) |
| "Marlborough Special Situations Fund" | the Marlborough Special Situations Fund launched on 12 July 1995 being an authorised collective investment scheme as defined in FSMA |
| "Management Agreement" | the agreement dated 10 September 2004 (as amended) between the Company and Hargreave Hale Limited governing the management of Hargreave Hale AIM VCT's investments |
| "Maximum Subscription" | the receipt of the maximum subscription monies under the Offer, being an aggregate amount of £30,000,000 (including the Over-allotment Facility) |
| "Net Asset Value" or "NAV" | the value of the Company's assets , less its liabilities (divided by the appropriate number of shares in issue) |
| "NEX" | the NEX Exchange, a recognised investment exchange under the FSMA and a recognised stock exchange under S1005 (1)(b) ITA 2007 operated by NEX Group Plc |
| "Non-Qualifying Investment" | investments made by the Company which do not qualify as Qualifying Investments |
| "Offer" | the offer for subscription for Offer Shares by Hargreave Hale AIM VCT as described in this document |
| "Offer Agreement" | the offer agreement detailed in paragraph 9.1 of Part IV of this document |

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|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Offer Price" | the offer price for the Offer Shares as determined by the Pricing Formula |
| "Offer Shares" | the new Ordinary Shares in the Company to be issued pursuant to the Offer |
| "Official List" | the Official List of the UK Listing Authority |
| "Ordinary Shareholders" | holders of Ordinary Shares |
| "Ordinary Shares" or "Shares" | ordinary shares of 1p each in the capital of the Company |
| "Over-allotment Facility" | the ability of the Directors of the Company (at their discretion), if the Offer is oversubscribed, to increase the number of Offer Shares available for subscription under the Offer to raise further amounts under the Offer of up to £10 million |
| "Performance Incentive Fee" | the fee payable to the Investment Manager, as described in paragraph 9.16 of Part IV of this document |
| "Pricing Formula" | the last Net Asset Value of an existing Ordinary Share (with an appropriate adjustment for any dividends declared and not yet paid if the allotment occurs whilst the shares are classified as ex-dividend) as published by the 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, the securities note and the summary |
| "Prospectus Rules" | as defined in section 73A(4) of the Financial Services and Markets Act 2000, rules expressed to relate to transferable securities |
| "Qualifying Investment" or "Qualifying Company" | an investment made by a venture capital trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA |
| "Regulations" | the Uncertificated Securities Regulations 2001 (S.I. 2001/3755) |
| "Risk Finance Guidelines" | the guidelines on State aid to promote risk finance investments published by the European Commission |
| "Risk Finance State Aid" | State aid received by a company as defined in Section 280B (4) of ITA |
| "Scheme" | the merger of the Company with HHVT by means of placing HHVT into members' voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of the assets and liabilities of HHVT in consideration for new Shares issued under the terms of the Scheme, which completed on 23 March 2018 |
| "Shareholder" | a holder of Shares |

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| "Sponsor" | Howard Kennedy Corporate Services LLP, which is authorised and regulated by the FCA and is a member of the London Stock Exchange |
| "Subscription" | means the amount in pounds sterling that the Investor has subscribed for in Shares |
| "UK Listing Authority" | the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA |
| "VCT" or "Venture Capital Trust" | venture capital trust as defined in section 259 ITA |