

SUMMARY

INTRODUCTION AND WARNING

Introduction

This document relates to the issue of ordinary shares of 1 penny each (the "Ordinary Shares") in the capital of Hargreave Hale AIM VCT plc (the "Company") in connection with the offer for subscription to raise up to £20 million, together with an over-allotment facility to raise up to a further £10 million (the "Offer"). The ISIN for the Ordinary Shares is GB00B02WHS05. The Legal Entity Identifier code of the Company is 213800LRYA19A69SIT31 and its registered office is at 41 Lothbury, London EC2R 7AE. The administration office of the Company is at Talisman House, Boardmans Way, Blackpool, FY4 5FY.

This prospectus was approved by the Financial Conduct Authority (the "FCA") in the United Kingdom on 2 September 2020. The head office of the FCA is at 12 Endeavour Square, London E20 1JN (Tel: 020 7066 1000).

Warning

The following summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on a consideration of the Prospectus as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), may go down as well as up. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who understand the potential risk of capital loss (which may be equal to the whole amount invested).

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

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 and Hargreave Hale AIM VCT plc on 6 September 2018. The Ordinary Shares were first admitted to listing on 29 October 2004. The Legal Entity Identifier code of the Company is 213800LRYA19A69SIT31. The principal legislation under which the Company operates is the Companies Act 2006.

The Company carries on business as a Venture Capital Trust. The investment objectives of the Company are to generate capital gains and income from its portfolio and to make distributions from capital or income to Shareholders whilst maintaining its status as a Venture Capital Trust.

As at 28 August 2020 (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 per cent. or more of the issued share capital of the Company to which voting rights are attached:

	As at 28 August 2020		After the Offer has closed	
	Number of Ordinary Shares	Percentage of voting rights	Number of Ordinary Shares*	Percentage of voting rights*
Hargreaves Lansdown (Nominees) Limited	13,209,707	6.61%	13,209,707	5.44%
CGWL Nominees Limited	8,067,209	4.04%	8,067,209	3.32%

* Assuming that the Maximum Subscription is achieved in relation to the Offer Shares, taking into account the Over-allotment Facility and that all the allotments are made at an Offer Price based on the NAV per Ordinary Share as at 31 July 2020. These figures assume that the Shareholders listed do not subscribe for any Offer Shares.

Save as disclosed above, 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) directly or indirectly voting rights representing 3 per cent. or more of the issued share capital of the Company or could, directly or indirectly, jointly or severally, exercise control over the Company.

The Company's investment manager is Hargreave Hale Limited (the "Investment Manager"). The Directors of the Company are as follows:

- David Brock (Chairman)
- Sir Aubrey Brocklebank
- Oliver Bedford
- Ashton Bradbury
- Angela Henderson

All of the Directors are non-executive directors and, with the exception of Oliver Bedford, are independent of the Investment Manager.

David Brock was appointed as chairman of Honest Brew Ltd, which is an investee company of the Company, on 25 July 2019. David sits on the board of Honest Brew Ltd as the Investment Manager's representative. David is also a shareholder in Honest Brew Ltd, however he does not control the entity.

The Company's auditors are BDO LLP.

What is the key financial information regarding the issuer?

Selected financial information relating to the Company which summarises the financial condition of the Company for the financial periods ended 30 September 2019 and 31 March 2020 is set out in

the following table.

	<i>Year ended</i> 30 September 2019	<i>6 months ended</i> 31 March 2020
Net asset value		
Number of Ordinary Shares in issue	204,014,367	202,022,420
Net assets (£'000)	144,042	114,552
Net asset value per Ordinary Share (p)	70.60	56.70
Ordinary Share price (p)	66.50	51.00
Income		
Total investment income before operating expenses (£'000)	(19,170)	(18,455)
Net return attributable to equity shareholders (£'000)	(22,180)	(20,026)
Performance fee (accrued/paid) (£'000)	N/A	N/A
Investment Manager's fee (accrued/paid) (£'000)	(2,261)	(1,099)
Any other material fees (accrued/paid) to service providers (£'000)	(749)	(472)
Combined return per Ordinary Share (p)	(11.05)	(9.83)
Dividend per Ordinary Share (p)	5.15	4.00
Ongoing charges		
As a percentage of average Shareholders' funds	2.05%	2.30%
Portfolio summary		
Shareholders' funds (£'000)	144,042	114,552

What are the key risks that are specific to the issuer?

The following are brief descriptions of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Company.

- Any change of governmental, economic, fiscal, monetary or political policy, in particular any changes to taxation, tax reliefs and changes to the VCT Rules, could materially affect, directly or indirectly, the operation and/or the performance of the Company (and the portfolio companies in which it invests), the value of and returns from Shares and/or the ability of the Company to achieve or maintain VCT status.
- While 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 this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains.
- As a result of the tax status of VCTs, investments by VCTs in underlying portfolio companies are regarded as State Aided investments. Where the European Commission

believes that State Aid has been provided which is not in accordance with the Risk Finance Guidelines, they may require that the UK Government recovers that State Aid. In addition following the UK's exit from the EU on 31 January 2020, it is not clear if State Aid rules will apply to the UK going forward.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The Ordinary Shares have a nominal value of 1 penny each and are denominated in sterling. The ISIN of the Ordinary Shares is GB00B02WHS05 and the SEDOL number is B02WHS0. The ticker code for the Ordinary Shares is HHV.

As at 28 August 2020 (being the latest practicable date prior to the publication of this document) the issued share capital of the Company comprised 199,832,163 Ordinary Shares and no Ordinary Shares were held in treasury.

The Offer Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the relevant Issue). Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders have the right to receive notice of, attend and vote at general meetings of the Company. Subject to the provisions of the Act, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the net assets of the Company attributable to their Ordinary Shares on a winding up of the Company or other return of capital.

There are no restrictions on the transferability of the Ordinary Shares.

The Company's dividend policy is to target a tax free dividend yield equivalent to 5 per cent. of the year end Net Asset Value. Whether a Shareholder qualifies to receive tax free dividends from the Company or not, will depend on the personal circumstances of each individual Shareholder. If an Investor is uncertain as to their tax position they should consult their accountant or financial adviser.

The ability to pay dividends is dependent on the Company's available reserves and cash resources, the Act, the Listing Rules and the VCT Rules. The policy is non-binding and at the discretion of the Board. Dividend payments may vary from year to year in both quantum and timing. The level of dividend paid each year will depend on the performance of the Company's portfolio. In years where there is strong investment performance, the Directors may consider a higher dividend payment, including the payment of special dividends. In years where investment performance is not as strong, the Directors may reduce or even pay no dividend.

Where will the securities be traded?

Applications will be made to the FCA for the Offer Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Offer Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and dealings in the Offer Shares will commence, during the period from 9 October 2020 to 1 September 2021.

What are the key risks that are specific to the securities?

The following is a brief description of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Ordinary Shares.

- The primary focus of the Company's qualifying portfolio is on investments in AIM-traded companies. Investment in AIM-traded companies, by its nature, may involve a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange. In particular, AIM-traded companies are often smaller companies which may have limited product and service lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals.
- Investments in AIM-traded companies are more likely to be illiquid than investments in companies traded on the main market of the London Stock Exchange. Investments may not be able to be realised within a reasonable timeframe or at all.
- Although the Ordinary Shares are listed on the Official List and are admitted to trading on the London Stock Exchange, and the Offer Shares will be listed on the Official List and admitted to trading on the London Stock Exchange, it is likely that there will not be a liquid market in the Offer Shares and Shareholders may have difficulty in selling them, primarily because the initial income tax relief is only available to those subscribing for newly issued shares. The Ordinary Shares usually trade at a discount to the Net Asset Value of the Company.

KEY INFORMATION ON THE OFFER

Under which conditions and timetable can I invest in this security?

It is proposed that the Company raises up to £20 million by way of the Offer, with the availability of an over-allotment facility allowing the Company to raise up to a further £10 million at the Board's discretion. The issue of the Offer Shares is subject to Shareholders approving the necessary share issuance authority at a general meeting to be held on 29 September 2020.

The Offer will open on 2 September 2020. The first allotment under the Offer is expected to be on or around 9 October 2020. Thereafter, the Directors reserve the right to allot Offer Shares at any time whilst the Offer remains open. Following the first allotment of Offer Shares, allotments will take place on a monthly basis or at such other times as the Board, in its sole discretion, may determine.

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

$$\text{Price of Offer Shares} = \frac{\text{Last Published NAV per Ordinary Share}}{0.965}$$

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

The closing date for the Offer in respect of the 2020/21 tax year will be at 12.00 p.m. on 1 April 2021. If the Offer is not fully subscribed at that time, the Directors reserve the right to allow the Offer to remain open for at least part of the 2021/22 tax year, but not beyond 12.00 p.m. on 20 August 2021.

The minimum subscription per Investor is £5,000 in respect of the Offer. Applications in respect of less than £5,000 will not be accepted. The Offer Shares to be issued pursuant to the Offer will rank *pari passu* with the existing Ordinary Shares of the Company.

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

Why is this prospectus being produced?

The Company is seeking to raise further funds under the Offer, to allow it to take advantage of attractive investment opportunities in accordance with its investment policy. The proceeds of the Offer are expected to be £19.3 million if fully subscribed or £28.95 million if the Offer is fully subscribed and the Board chooses to utilise the Over-allotment Facility.