

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A to E.

This summary contains all of the Elements required to be included in a summary for the type of shares being issued pursuant to this Prospectus and the Company (as defined below) being a closed-ended investment fund. Some of the Elements are not required to be addressed and, as a result, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this summary, it is possible that no relevant information can be given regarding that Element. In these instances, a short description of the Element is included, together with an appropriate 'Not applicable' statement.

A		Introduction and Warnings
A1	Introduction	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Member States, 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 this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A2	Consent for intermediaries	<p>Hargreave Hale AIM VCT 1 plc (the "Company") and the directors of the Company (the "Directors") consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the offer for subscription for new ordinary shares of 1p each in the capital of the Company ("the "Offer" and the "Offer Shares"). The Offer is expected to close on or before 31 January 2019. The proposed merger of the Company with HH2 (by means of placing HH2 into members' voluntary liquidation pursuant to Section 110 of Insolvency Act 1986 and the acquisition by the Company of all of the assets and liabilities of HH2 in consideration for Ordinary Shares in the Company (the "Scheme" or "Merger") is expected to complete on 23 March 2018. There are no conditions attaching to this consent.</p> <p>Financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors. No financial intermediary will act as principal in relation to the Offer.</p>
B		Issuer
B1	Legal and commercial name	Hargreave Hale AIM VCT 1 plc.
B2	Domicile / Legal form Legislation / Country of incorporation	<p>Hargreave Hale AIM VCT 1 is a public limited liability company which is registered in England and Wales with registered number 05206425.</p> <p>The principal legislation under which the Company operates is the Companies Act 2006 (and regulations made there under) (the "Act").</p>

B5	Group description	Not applicable. The Company is not presently part of a group.												
B6	Material Shareholders / Differing voting rights / Control	<p>All Shareholders have the same voting rights in respect of the existing share capital of the Company.</p> <p>Save as set out below, as at 9 February 2018 (this being the last practicable date prior to publication of this document), the Company is not aware of any person who, directly or indirectly, has or will have an interest in its share capital or voting rights which is notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more will be notified to it):</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Number of Ordinary Shares</th> <th>Percentage of voting rights</th> </tr> </thead> <tbody> <tr> <td>Hargreave Hale Nominees</td> <td>3,410,703</td> <td>4.24%</td> </tr> <tr> <td>Hargreaves Lansdowne Nominees Limited</td> <td>4,659,055</td> <td>5.79%</td> </tr> </tbody> </table>				Name	Number of Ordinary Shares	Percentage of voting rights	Hargreave Hale Nominees	3,410,703	4.24%	Hargreaves Lansdowne Nominees Limited	4,659,055	5.79%
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Hargreaves Lansdowne Nominees Limited	4,659,055	5.79%												
B7	Selected financial information and statement of any significant changes	Certain selected historical information of the Company is set out below:												
			Audited financial statements for the period ended 30 September 2015	Audited financial statements for the period ended 30 September 2016	Audited financial statements for the period ended 30 September 2017									
	Total profit / (loss) on ordinary activities before taxation (£'000s)	(470)	3,115	6,572										
	Net assets (£'000s)	35,941	47,072	65,989										
	NAV per Share (p)	74.64	75.93	80.82										
	Cumulative dividends paid per Share (p)	38.00	42.00	46.00										
	Total return per share (p)	112.64	117.93	126.82										
		Not applicable. There have been no significant changes in the financial condition and operating results of the Company during or subsequent to the period covered by the historical financial information set out above.												
B.8	Key pro forma financial information	<p>Unaudited pro forma statement of earnings</p> <p>The following unaudited pro forma statement of earnings of the Enlarged Company has been prepared to illustrate the effect of the Merger and the Offer on the earnings of the Company for the financial year ended 30 September 2017 as if the Merger and the Offer had occurred at the start of the period on 1</p>												

October 2016. The six month earnings for Hargreave Hale AIM VCT 2 plc are for the period ended 31 August 2017.

The unaudited pro forma statement of earnings has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Company's actual financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The unaudited pro forma statement of earnings is based on the earnings of the Company for the financial year ended 30 September 2017, as set out in the audited yearly report of the Company for the year ended 30 September 2017 and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information and on the basis set out in the notes set out below.

Unaudited pro forma statement of earnings

	Hargreave Hale AIM VCT 1 plc (Note 1) £'000	Hargreave Hale AIM VCT 2 plc (Note 2) £'000	Merger Costs (Note 3) £'000	Pro forma total £'000
Realised gain on disposal of fixed asset investments	(237)	626	-	389
Fixed asset investment holding gains	7,586	3,936	-	11,522
Current asset investment holding gains	-	-	-	-
Investment income	461	184	-	645
Investment management fees	(864)	(373)	-	(1,237)
Other expenses	(374)	(185)	(384)	(943)
Return on ordinary activities before tax	6,572	4,188	(384)	10,376
Taxation on return of ordinary activities	-	-	-	-
Return on ordinary activities after tax	6,572	4,188	(384)	10,376

Notes

1. The earnings of the Company for the financial year ended 30 September 2017 have been extracted without material adjustment from the audited yearly report of the Company for the year ended 30 September 2017.

Adjustments

2. The earnings of Hargreave Hale AIM VCT 2 plc for the six months ended 31 August 2017 have been extracted without material adjustment from the unaudited half-yearly report of Hargreave Hale AIM VCT 2 plc for the six months ended 31 August 2017. This adjustment is expected to have a continuing impact on the earnings of the Company.
3. An adjustment has been made to reflect the transaction costs relating to the Merger which are to be expensed. The commission on the gross proceeds of the Offer will be set off against the share premium account within Shareholder's equity. No account has been taken of any potential irrecoverable VAT. This adjustment will not have a continuing impact on the earnings of the Company.
4. No account has been taken of the effects of any synergies, and of the costs for measures taken to achieve those synergies, that may have arisen had the Merger occurred on 1 October 2016 and that may subsequently have affected the results of the Company in the financial year ended 30 September 2017.
5. No account has been taken of the trading performance of the Company since 30 September 2017 or the trading performance of Hargreave Hale AIM VCT 2 plc since 31 August 2017 nor of any other event save as disclosed above.

Unaudited pro forma statement of net assets

The following unaudited pro forma statement of net assets of the Enlarged Company has been prepared to illustrate the effect on the net assets of the Company as if the Merger and the Offer had taken place on 1 October 2016. The unaudited net assets of Hargreave Hale AIM VCT 2 plc are stated as at 31 August 2017.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Company's actual financial position or results.

The unaudited pro forma statement of net assets is based on the net assets of the Company as at 30 September 2017, as set out in the audited yearly report of the Company for the financial year ended 30 September 2017 and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information and on the basis set out in the notes set out below.

Unaudited pro forma statement of net assets

	HH AIM VCT 1 plc (Note 1) £'000	HH AIM VCT 2 plc (Note 2) £'000	Fund raising (Note 3) £'000	Merger Costs (Note 3) £'000	Pro forma total £'000
Fixed asset investments	58,125	45,061	-	-	103,186

		<p>Current assets:</p> <table> <tbody> <tr> <td>Money market funds</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Debtors</td> <td>63</td> <td>68</td> <td>-</td> <td>-</td> <td>131</td> </tr> <tr> <td>Cash at bank</td> <td>8,007</td> <td>5,773</td> <td>19,300</td> <td>(384)</td> <td>32,696</td> </tr> <tr> <td></td> <td>8,070</td> <td>5,841</td> <td>19,300</td> <td>(384)</td> <td>32,827</td> </tr> <tr> <td>Creditors</td> <td>(206)</td> <td>(254)</td> <td>-</td> <td>-</td> <td>(460)</td> </tr> <tr> <td>Net current assets</td> <td>7,864</td> <td>5,587</td> <td>19,300</td> <td>(384)</td> <td>32,367</td> </tr> <tr> <td>Net assets</td> <td>65,989</td> <td>50,648</td> <td>19,300</td> <td>(384)</td> <td>135,553</td> </tr> </tbody> </table> <p>Notes</p> <ol style="list-style-type: none"> The net assets of the Company as at 30 September 2017 have been extracted without material adjustment from the audited yearly report of the Company for the financial year ended 30 September 2017. <p>Adjustments</p> <ol style="list-style-type: none"> The net assets of Hargreave Hale AIM VCT 2 plc as at 31 August 2017 have been extracted without material adjustment from the unaudited half-yearly report of Hargreave Hale AIM VCT 2 plc for the six months ended 31 August 2017. The Offer is estimated to raise net proceeds of £19.3 million (£20.0 million gross proceeds less estimated expenses of £0.7 million). The costs of the Merger have also been accounted for. No account has been taken of the financial performance of the Company since 30 September 2017 or the trading performance of Hargreave Hale AIM VCT 2 plc since 31 August 2017 nor of any other event save as disclosed above. 	Money market funds	-	-	-	-	-	Debtors	63	68	-	-	131	Cash at bank	8,007	5,773	19,300	(384)	32,696		8,070	5,841	19,300	(384)	32,827	Creditors	(206)	(254)	-	-	(460)	Net current assets	7,864	5,587	19,300	(384)	32,367	Net assets	65,989	50,648	19,300	(384)	135,553
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B9	Profit forecast	Not applicable. There are no profit forecasts in the Prospectus.																																										
B10	Qualifications in the audit reports	Not applicable. The audit reports on the historical financial information contained within the document are not qualified.																																										
B11	Insufficient working capital	Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next twelve months from the date of this document).																																										
B34	Investment objective and policy, including investment restrictions	<p>The Company invests in a diversified portfolio of smaller companies in order to generate income and capital growth over the long-term.</p> <p>The principal investment objective of the Company is to maintain a diversified portfolio of Qualifying Investments, primarily being companies which are traded on AIM and have the potential for significant value appreciation. The Company will also invest in private companies that meet its investment criteria.</p> <p>The primary purpose of the investment strategy of the Company is to ensure that the Company maintains its status as a VCT. To achieve this, the Company must have 70% (80% from 6 April 2019) of all net funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods beginning no later than 3 years after the date on which those shares are issued.</p>																																										

		<p>It is likely that the Investment Manager will target a higher threshold of approximately 85% in order to provide some element of protection against an inadvertent breach of the VCT rules. The Company's maximum exposure to a single Qualifying Investment is limited to 15% of net assets at the time of investment.</p> <p>The Company will have non-qualifying equity exposure to UK and international equities. This will vary between nil and 30% of the net assets of the Company and will reflect the Investment Manager's view of equity market risk. The Investment Manager will also invest in other fixed income securities and cash.</p> <p>Subject to a maximum of 20% of the gross assets of the Company, the Investment Manager will invest up to 75% of the net proceeds of the Offer into the Marlborough Special Situations Fund to maintain the portfolio exposure to small companies whilst the Investment Manager identifies opportunities to invest directly into small UK companies through a suitable number of Qualifying Investments. The Company is subject to the investment restrictions relating to a Venture Capital Trust in the Income Trust Act 2007 and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds.</p>
B35	Borrowing limits	The Articles of Association of the Company restrict borrowings to 15% of the aggregate total amount received from time to time on the subscription for Shares of the Company; however, the current policy is that investments will normally be made using the shareholders' funds and it is not intended that the Company will take on any long-term borrowings. As at the date of this document the Company has no borrowings.
B36	Regulatory status	The Company is subject to the provisions of the Act and UK law generally. The Company is also a small registered UK AIFM for purposes of the UK AIFM Regulations 2013 and subject to regulation as such by the FCA. The Company's Ordinary Shares are listed on the premium segment of the Official List. As a qualifying VCT, the Company is subject to regulation by HMRC in order to retain such a status.
B37	Typical investor	A typical investor for whom the Offer is designed is an individual who is a UK income taxpayer over 18 years of age with an investment range of between £5,000 and £200,000 per tax year who considers the Company's investment policy 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.
B38	Investments of 20% or more in a single company	Not applicable. The Company does not have any investments which represent more than 20% of its gross assets in a single company or group.
B39	Investments of 40% or more in a single company	Not applicable. The Company has no investments which represent more than 40% of its gross assets in a single company or group.

B40	Service providers	<p>Hargreave Hale Limited ("Hargreave Hale" or the "Investment Manager") is the Company's investment manager. Hargreave Hale have been managing investments in UK Small and Micro Cap companies for 19 years and VCTs for 13 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 two Venture Capital Trusts, 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 their investment policies, both the Company and Hargreave Hale AIM VCT 2 have made investments in the Marlborough Special Situations Fund, which has returned 3,070% (to 31 January 2018) since Giles Hargreave took responsibility for it in July 1998.</p> <p>Hargreave Hale provides discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments as well as administrative and custodian services.</p> <p>The Investment Manager receives investment management fees equal to 1.5% per annum of the Net Asset Value of the Company as well as a Performance Incentive Fee. The appointment may be terminated on 12 calendar months' notice by either party. The Investment Manager is in discussions with the Company to increase its annual investment management fees to an amount equal 1.7% per annum of the Net Asset Value of the Company, subject to compliance with the Listing Rules. If agreement is reached, such increase would not take place before 31 March 2019 and shareholders will be updated by an announcement in due course.</p> <p>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.</p> <p>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.</p> <p>The Company currently pays Hargreave Hale a fee of £100,000 (plus VAT) per annum for administrative and custodian services. Conditional on completion of the Merger, the fees for administrative service are to increase by £55,000 per annum (plus VAT).</p>
B41	Regulatory status of Hargreave Hale	<p>Hargreave Hale is the investment manager of the Company and also provides administration, secretarial and custodian services. Hargreave Hale is registered in England and Wales as a private limited company under number 3146580. Hargreave Hale is authorised and regulated by the Financial Conduct Authority, with registered number 0209741.</p>

B42	Calculation of Net Asset Value	The Company's Net Asset Value per Share is calculated weekly and published on an appropriate regulatory information service. If for any reason valuations are suspended, Shareholders will be notified in a similar manner.												
B43	Umbrella collective investment scheme	Not applicable. The Company is not an umbrella collective investment scheme and as such there is no cross liability between classes of Shares or investment in another collective investment undertaking.												
B44	Absence of financial statements	Not applicable. The Company has commenced operations and published financial statements.												
B45	Investment portfolio	<p>The investment objective of the Company is, inter alia, to invest in a diversified portfolio of smaller companies in order to generate income and capital growth over the long-term. An unaudited summary of the Company's portfolio by reference to market value (representing at least 50 of its gross assets as at the date of this document) is set out below as at 9 February 2018:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>% of Net Assets</th> </tr> </thead> <tbody> <tr> <td>Qualifying Investments</td> <td>62.9%</td> </tr> <tr> <td>Non-Qualifying Investments</td> <td>26.1%</td> </tr> <tr> <td>Fixed Income</td> <td>0.0%</td> </tr> <tr> <td>Cash</td> <td>11.3%</td> </tr> <tr> <td>Accruals</td> <td>(0.3%)</td> </tr> </tbody> </table>	Asset Class	% of Net Assets	Qualifying Investments	62.9%	Non-Qualifying Investments	26.1%	Fixed Income	0.0%	Cash	11.3%	Accruals	(0.3%)
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Cash	11.3%													
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B46	Most recent Net Asset Value per Share	As at 31 January 2018, the unaudited NAV per Ordinary Share of Hargreave Hale AIM VCT 1 was 83.29p.												
C		Securities												
C1	Description and class of securities	The securities being offered pursuant to the Offer are new Ordinary Shares (ISIN: GB00B02WHS05).												
C2	Currency	Sterling.												
C3	Shares in issue	<p>Hargreave Hale AIM VCT 1 has 80,451,479 Ordinary Shares in issue at the date of this document (all fully paid up).</p> <p>Assuming that the Maximum Subscription is achieved for the Offer and that all allotments were made on the basis of an offer price of 86.31p per Ordinary Share (based on the NAV per Ordinary Share as at 31 January 2018), the maximum estimated number of Offer Shares to be issued pursuant to the Offer is 34,758,428 Ordinary Shares.</p> <p>The number of Ordinary Shares being issued subject to the Scheme ("Scheme Shares") will be determined at the Scheme Calculation Date (being the date on which the number of Scheme Shares to be issued pursuant to the Scheme will be calculated ("Scheme Calculation Date") by reference to the value of an Ordinary Share calculated in accordance with the formula set out in Part 13 of the Securities Note (the "Merger Value") and the Roll-Over Value (being the value of an ordinary share in the capital of Hargreave Hale AIM VCT 2 plc calculated in accordance with the formula set out in Part 13 of the Securities Note.</p>												
C4	Description of the rights attaching to the	The new Ordinary Shares issued under the Offer and the Scheme Shares will rank equally in all respects with each other and with the existing Ordinary												

	securities	Shares.
C5	Restrictions on transfer	Not applicable. There are no restrictions on the free transferability of the Ordinary Shares.
C6	Admission	Application has been made to the UK Listing Authority for the Offer Shares and the Scheme Shares to be admitted to the premium segment of the Official List and an application will be made to the London Stock Exchange for the Offer Shares and the Scheme Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings will commence, on 26 March 2018 with regards to the Scheme Shares and within 10 business days of their allotment with regards to the Offer Shares.
C7	Dividend policy	The Company has a well established track record of paying out tax free dividends to its Shareholders. The intention is to continue the existing policy of targeting a 5% distribution yield (referenced to the financial year end net asset value per share), although the ability to pay dividends will clearly be influenced by various factors, including performance.
D		Risks
D2	Key information on the risks specific to the issuer	<ul style="list-style-type: none"> • The Company will invest principally in small companies with gross assets of less than £15 million prior to investment and this may limit the number of investment opportunities available to the Company. In addition, small companies generally have a higher risk profile than larger and 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, and interest income and dividends there from, may rise or fall. • Investments may be made in companies whose shares are not readily marketable and, therefore, may be difficult to realise. 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 continue to be managed so as to qualify as a VCT, there can be no guarantee that the VCT status will be maintained, which may result in adverse tax consequences. • Changes in legislation concerning VCTs in general, and Qualifying Investments and Qualifying Trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives and/or reduce the level of returns which would otherwise have been achievable. The levels and basis of, and relief from, taxation are those available for the 2017/18 tax year and are subject to change. Such changes could be retrospective. Those shown in this document are based upon current legislation, practice and interpretation. The tax reliefs for future tax years are subject to

change.

- 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, and £12 million in total (£20 million for a 'knowledge intensive' company). These investment limits extend beyond VCTs and includes all other sources of State-aided risk capital. 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.
- On 23 June 2016, the UK held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit". As a result of the referendum, it is expected that the British government will begin 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 VCTs 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.
- Following publication in August 2017 by HM Treasury of "Financing Growth in Innovative Firms" the results of its 'Patient Capital Review' which considered the effectiveness of schemes such as VCTs in relation to patient capital, the Chancellor of the Exchequer, in his Autumn Budget on 22 November 2017, announced certain changes to the rules relating to VCT's. The proposed legislation was set out in the Finance Bill (No.2) 2017-19, published on 1 December 2017 and Guidance Notes were issued by HMRC on 4 December 2017. One of the changes is that the question of whether a company's investments can be considered as lower risk so as to enable

		<p>them to be considered Qualifying Investments for VCT purposes will be considered by HMRC using a 'principles based approach'. Applications for Advance Assurance from 1 December 2017 are to be considered in the light of this new approach. The proposed legislative changes are not yet law and (subject to an immediate change of HMRC practice adopting the principles based approach to applications for Advance Assurance) are subject to consultation in respect of the Guidance Notes, and parliamentary scrutiny, process and approval in respect of the Finance Bill (No.2) 2017-19. If the legislative changes come into force (in full or otherwise), the Company's investment policies may be modified accordingly, and this may limit the number of VCT qualifying investment opportunities available to the Company and/or reduce the level of returns which might otherwise have been achievable and/or increase the risk profile of the investments chosen.</p>
D3	Key information on the risks specific to the securities	<ul style="list-style-type: none"> • An investment into the Company should be for a minimum of five years. If a Shareholder disposes of their Offer Shares within five years of issue they will be subject to claw back by HM Revenue & Customs of some or all of the 30% income tax relief originally claimed. • Since the value of a VCT depends on the performance of the underlying assets, prospective Investors should be aware that the value of Offer Shares, and the income from them, may go down as well as up. An Investor may not get back the amount originally invested. • It is possible for Investors to lose their tax reliefs by themselves taking or not taking certain steps, and Investors are advised to take their own independent financial advice on the tax aspects of their investment. • Although the existing Ordinary Shares have been (and it is anticipated that the Offer Shares will be) admitted to the premium segment of the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and holders of shares in the Company may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment. • The Directors intend, subject to liquidity, the Listing Rules, the Prospectus Rules, the Act and VCT regulations, to pursue a policy of purchasing Ordinary Shares in the market in order to facilitate liquidity for Shareholders and to manage the level of the discount to NAV at which the Shares may be trading. The Company endeavours to facilitate such sales at a price which represents a discount of no more than 5% to the last published NAV of the relevant Shares. However, the Directors reserve the right to suspend or amend the buy-back policy in certain circumstances. • The Finance Act 2014 includes a number of changes to the rules affecting VCTs. In particular, there is a restriction on income tax relief available on a subscription for shares in a VCT on or after 6 April 2014 where the subscription and sale are within six months of each other (regardless of whichever happens first), or either the subscription or sale of the shares was conditional on the other. The rules also apply where the subscription and sale are of shares in different VCTs but those VCTs merge in between the subscription and the sale. The amount on which income tax relief is

		<p>available is reduced by the amount of the consideration given for the sale.</p> <ul style="list-style-type: none"> A VCT is restricted from making a payment or distribution to shareholders from the capital it has raised. The restriction applies until the third anniversary of the end of the accounting period in which the share capital is issued. If the VCT infringes the restriction, it may have its approved status withdrawn. The restriction does not apply to share capital raised before 6 April 2014, and does not limit the VCT's ability to pay dividends from realised profits or to redeem or repurchase shares or to distribute assets in the course of a winding up. Recent changes to the VCT legislation introduce a maximum age limit for investments into a company (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). Additionally the investment must be made for the purpose of growth and development of the company, and a company cannot use the funds it receives from the VCT to purchase shares, or an existing business or trade.
E		Offer
E1	Offer net proceeds and expenses	<p>The Merger will not result in any proceeds being raised by the Company. The aggregate anticipated costs to the Company of undertaking the Merger are approximately £0.4 million.</p> <p>The aggregate net proceeds of the Offer, assuming a £20 million subscription and the maximum initial charge, will be £19.3 million. The costs and expenses (excluding VAT but including initial intermediary commission) relating to the Offer for the Company and the expenses charged to an investor, either directly or indirectly, will be up to 3.5% of the gross funds raised by the Company.</p>
E2a	Reasons for the Offer and use of the proceeds	<p>The raising of further funds by way of the Offer is intended to create the following benefits:</p> <ul style="list-style-type: none"> provide additional capital for investment into small British companies; improve long time viability, meet expenses and reduce the ongoing expense ratios; and provide existing and new investors with the opportunity to invest into small companies through a tax efficient structure with an award winning fund management team.
E3	Terms and conditions of the Offer	<p>Offer Shares issued under the Offer, the implementation of which are conditional on the offer agreement to be entered into on the date of the Prospectus between the Company, the Directors, Hargrave Hale Limited and Howard Kennedy Corporate Services LLP becoming unconditional, will be at an offer price calculated by the most recently published NAV of an Ordinary Share (adjusted as necessary for dividends declared but not yet paid if the shares are classified as ex-dividend) at the time of allotment (to avoid dilution to Existing Shareholders), divided by 0.965. Offer Shares will be issued at a 3.5% premium to the Net Asset Value per Share to make allowance for the costs of the Offer. Proceeds from each Offer will be invested in accordance with the investment policy of the Company.</p>
E4	Description of any interest that is material	Not applicable. There are no interests that are material to the issue.

	to the issue	
E5	Name of persons selling securities	Not applicable. No person or entity is offering to sell the security as part of the Offer and there are no lock-up agreements.
E6	Amount and percentage of dilution	<p>The existing issued Shares in the Company will represent 43.4% of the enlarged ordinary share capital of the Company immediately following completion of the Scheme and the Offer, assuming that (i) the Offer is fully subscribed at an Offer Price of 86.31p per Offer Share and (ii) 69,653,074 Scheme Shares are issued pursuant to the Merger and on that basis Shareholders who do not receive Offer Shares or Scheme Shares will, therefore, be diluted by 56.6%.</p> <p>The existing issued Shares in the Company will represent 53.5% of the enlarged ordinary share capital of the Company immediately following completion of the Scheme, assuming (i) the Offer does not proceed and (ii) 69,653,074 Scheme Shares are issued pursuant to the Merger, and on that basis Shareholders who do not receive Scheme Shares will, therefore, be diluted by 46.5%.</p> <p>The existing issued Shares in the Company will represent 69.8% of the enlarged ordinary share capital of the Company immediately following completion of the Offer, assuming (i) the Offer is fully subscribed at an Offer Price of 86.31p per Offer Shares and (ii) the Scheme does not proceed, and on that basis Shareholders who do not receive Offer Shares will, therefore be diluted by 30.2%.</p>
E7	Expenses charged to the Investor	<p>The anticipated cost of undertaking the Merger is approximately £0.4 million, including VAT, legal and professional fees, stamp duty and the costs of winding up Hargreave Hale AIM VCT 2 plc. The costs of the Merger will be split proportionately between the Company and Hargreave Hale AIM VCT 2 plc by reference to their respective NAVs at the Scheme Calculation Date.</p> <p>In respect of the Offer, costs and expenses of 3.5% (and any additional adviser charges, if applicable) will be deducted from the investor's subscription.</p> <p>If an investor's financial intermediary provides him with advice in respect of his investment in Offer Shares, such investor may have agreed to pay an adviser charge to such financial intermediary, which the investor will be responsible for paying.</p> <p>If no advice has been provided by a financial intermediary to an Investor in respect of his application for Offer Shares then Hargreave Hale Limited will pay introductory commission to such financial intermediary at the rate of 1% on the value of successful applications submitted through them (or introductory commission of 0.5% plus trail commission). The introductory commission will be paid out of the 3.5% fee for costs and expenses. The introductory commission may be waived by intermediaries and reinvested on behalf of clients through an additional allotment of Offer Shares.</p>