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IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA").

THIS DOCUMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE PROSPECTUS RULES MADE UNDER FSMA AND HAS BEEN APPROVED BY THE FINANCIAL CONDUCT AUTHORITY ("FCA") IN ACCORDANCE WITH FSMA AND CONSTITUTES A SUPPLEMENTARY PROSPECTUS (THE "SUPPLEMENTARY PROSPECTUS") ISSUED BY HAZEL TARGA VCT PLC (THE "VCT"). THIS SUPPLEMENTARY PROSPECTUS IS SUPPLEMENTAL TO AND SHOULD BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 11 NOVEMBER 2015 (THE "PROSPECTUS") ISSUED BY THE VCT, SUCH PROSPECTUS CONTAINING AN OFFER FOR SUBSCRIPTION FOR UP TO 20,000,000 ORDINARY SHARES OF 1 PENCE EACH ("SHARES"), PAYABLE IN FULL IN CASH ON APPLICATION, WITH AN OVER-ALLOTMENT FACILITY OF UP TO A FURTHER 20,000,000 SHARES (THE "OFFER"). EXCEPT AS EXPRESSLY STATED HEREIN, OR UNLESS THE CONTEXT OTHERWISE REQUIRES, THE DEFINITIONS USED OR REFERRED TO IN THE PROSPECTUS ALSO APPLY IN THIS SUPPLEMENTARY PROSPECTUS.

PERSONS RECEIVING THIS DOCUMENT SHOULD NOTE THAT HOWARD KENNEDY CORPORATE SERVICES LLP IS ACTING FOR THE VCT AND NO-ONE ELSE IN CONNECTION WITH THE OFFER AND THIS SUPPLEMENTARY PROSPECTUS AND, SUBJECT TO ITS RESPONSIBILITIES AND LIABILITIES IMPOSED BY FSMA OR THE REGULATORY REGIME ESTABLISHED HEREUNDER, WILL NOT BE RESPONSIBLE TO ANY OTHER PERSON FOR PROVIDING THE PROTECTIONS AFFORDED TO CUSTOMERS OF HOWARD KENNEDY CORPORATE SERVICES LLP OR FOR PROVIDING ADVICE IN CONNECTION WITH THE OFFER. HOWARD KENNEDY CORPORATE SERVICES LLP IS AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

THIS DOCUMENT HAS BEEN PREPARED FOR THE PURPOSES OF COMPLYING WITH THE PROSPECTUS DIRECTIVE, ENGLISH LAW AND THE RULES OF THE UKLA AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD BE DISCLOSED IF THIS DOCUMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF A JURISDICTION OUTSIDE ENGLAND.

The Directors of the VCT, together with the VCT, accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Directors and the VCT (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Hazel Targa VCT PLC

(Incorporated in England and Wales with registered number 09762041)

Events arising since publishing the Prospectus

The publication of this Supplementary Prospectus is a regulatory requirement under the Prospectus Rules and Section 87G FSMA following the identification of a material mistake in the Prospectus. The Prospectus Rules and section 87G FSMA require the issue of a supplementary prospectus if, in the relevant period (being, for these purposes, the later of the closure of the Offer and the time when trading in the Shares issued under the Offer on the London Stock Exchange begins), there exists or is noted a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus. This Supplementary Prospectus has been approved for publication by the FCA.

Save as otherwise amended in this Supplementary Prospectus, the Offer is being made on the terms and subject to the conditions set out in full in the Prospectus. Investors who have already submitted Application Forms for Shares in the VCT in respect of the Offer, and who have not yet received an allotment of those Shares, may withdraw such applications, with the VCT accepting withdrawals of such applications until 5:00 pm on 18 December 2015. Investors should seek their own legal advice in regard to such withdrawal rights. Investors who wish to withdraw their application for Shares under the Offer should contact Hazel Capital LLP on telephone number 020 3434 1010 (no investment advice can be given). Withdrawals of applications can only be made by telephone.

Copies of this Supplementary Prospectus and the Prospectus may be viewed on the National Storage Mechanism of the UKLA at <http://www.morningstar.co.uk/uk/NSM>, and this Supplementary Prospectus and the Prospectus are available free of charge from the office of the investment Adviser of the VCT, Hazel Capital LLP, at 227 Shepherds Bush Road, London W6 7AS.

1. ILLUSTRATIVE RETURN SCENARIOS

The table of Illustrative Return Scenarios set out on page 32 of the Prospectus contains errors which the Directors of the VCT consider to be a material mistake under FSMA.

The table (with the corrections made), together with the relevant explanatory text and the updated notes to the table, is set out below:

“Illustrative Return Scenarios

The table below is an illustration of potential returns assuming an investment of £100,000 taking into account the effect of current tax reliefs on VCT investments:

Scenario*	Apr-17	Apr-18	Apr-19	Apr-20	Apr-21	IRR ²	Gross Equivalent IRR ³	Total Gross Equivalent Return
Low	0	£3,000	£4,000	£4,000	£104,000	3%	13%	76%
Medium	0	£3,800	£5,000	£5,000	£119,500	6%	18%	113%
High	0	£4,600	£5,800	£5,800	£134,300	9%	22%	148%

Notes

- * Illustrative returns of 3, 4 and 5% respectively in the year ending April 2018 and 4%, 5% and 6% thereafter, and capital gains of 0%, 20% and 40% respectively in the year ending April 2021
- 1. Binding Commitments are made for investments in April 2016
- 2. All returns are shown net of advisory fees, costs and performance incentives
- 3. Gross Equivalent IRR assumes 30% relief has been achieved upfront and grosses up dividends (38.1% higher rate) and capital gains (28%)

The returns set out in the table above are for illustrative purposes only and no profit forecast is to be inferred or implied from this example.”

Corrections explained:

- The Total Gross Equivalent Return column is inaccurate. These currently read (from Low to High) 51%, 82% and 111%. The correct figures should read 76%, 113% and 148% respectively.
- The bottom row of the April 21 column in the Prospectus incorrectly refers to £134,500 (rather than the correct figure of £134,300) and the bottom row of the IRR column incorrectly refers to an IRR of 22% (rather than the correct figure of 9%).
- The Medium and High figures for April 18 of £4,000 and £5,000 respectively set out in the Prospectus fail to take account of the change to the performance incentive fee hurdle after the initial tax year, resulting in a miscalculation, and should read £3,800 and £4,600 respectively.
- As a result of changes to the dividends tax rate from 37.5% to 38.1% which will take effect from April 2016, 38.1% has now been applied throughout the analysis above and the returns figures have been updated accordingly.

2. NO SIGNIFICANT CHANGE

As at the date of this document, there has been no significant change in the financial or trading position of the VCT or any significant new matter since the publication of the Prospectus.

16 December 2015



PROSPECTUS FOR
HAZEL TARGA VCT PLC

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA").

This document which comprises a prospectus dated 11 November 2015 relating to Hazel Targa VCT PLC (the "Company") in accordance with the Prospectus Rules made by the Financial Conduct Authority pursuant to Part VI of the FSMA has been approved for publication under section 87A of the FSMA. This document has also been approved by the Financial Conduct Authority as a prospectus under the Prospectus Rules on 11 November 2015.

The Directors of the Company whose names appear on page 22 of this document, together with the Company, accept responsibility for the information contained herein. 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 does not omit anything likely to affect the import of such information.

Application will be made for all the Ordinary Shares in the Company to be issued pursuant to the offer for subscription (the "Offer") and the subscriber shares to be admitted to a premium listing on the Official List of the UK Listing Authority. Application will also be made to the London Stock Exchange for the Ordinary Shares to be traded on its main market for listed securities. It is expected that admission will become effective and that dealings in the Ordinary Shares will commence within 5 Business Days of their allotment. Applications for admission of Ordinary Shares may be made at any time after the date of publication of this document and on or prior to the Closing Date. Your attention is drawn to the section entitled 'Risk Factors' set out on pages 19 to 21 of this document.

Persons receiving this document should note that Howard Kennedy Corporate Services LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as sponsor for the Company and no-one else and will not, subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder, be responsible to any other person for providing the protections afforded to customers of Howard Kennedy Corporate Services LLP or providing advice in connection with any matters referred to herein.

Hazel Capital LLP, which is authorised and regulated by the Financial Conduct Authority, is acting as promoter in connection with the Offer.

HAZEL TARGA VCT PLC

Offer for Subscription of up to 20,000,000* Ordinary Shares of 1 pence each, payable in full in cash on application

Issued share capital of the Company assuming full subscription under the Offer

Nominal Value	Number
£200,000.02	20,000,002

Sponsor: **Howard Kennedy Corporate Services LLP**

* 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 Offer will be open from 11 November 2015 until the earlier of 5.00 p.m. on the Initial Closing Date and the date on which the maximum subscription is reached. The Directors may extend the Initial Closing Date and the deadline for receipt of applications to a date no later than 1 November 2016. The Offer is not underwritten. The procedure for, and the terms and conditions of, applications under the Offer are set out at the end of this document and an Application Form is attached. The minimum investment per investor is £5,000. Completed Application Forms should be sent by post or delivered by hand (during normal business hours only) to the Receiving Agent, Downing LLP at Ergon House, Horseferry Road, London SW1P 2AL.

Copies of this document may be obtained, free of charge, from the Company's registered office and the offices of Hazel Capital LLP, until the closing of the Offer. A copy of this document has been submitted to the National Storage Mechanism and is available to the public for viewing online at the following website address: <http://www.morningstar.co.uk/uk/NSM>.

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Summary

Summaries are made up of disclosure requirements known as 'Elements'. The Elements are numbered in Sections A—E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A - Introduction and Warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in Shares 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 claimant Investor might, under the national legislation of the EEA 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 Shares.
A.2	Use of Prospectus by financial intermediaries	<p>The Company and the Directors consent to the use of the Prospectus by financial intermediaries, from the date of the Prospectus until the close of the Offer, for the purpose of subsequent resale or final placement of securities by financial intermediaries within the period of the Offer. The Offer is expected to initially close on or before 29 April 2016, unless previously extended by the Directors to a date no later than 1 November 2016. There are no conditions attaching to this consent. Financial intermediaries may only use the Prospectus in the UK.</p> <p>In the event of an offer being made by a financial intermediary, financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors.</p>

Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Hazel Targa VCT PLC (the “Company”)
B.2	Domicile and legal form	The Company was incorporated and registered in England and Wales on 4 September 2015 as a public company limited by shares under the Act with registered number 9762041. The Company operates under the Act and regulations made under the Act.
B.5	Group description	Not applicable. The Company is not part of a group.
B.6	Major shareholders	<p>On 5 October 2015, 25,000 Redeemable Preference Shares of £1 each in the capital of the Company were issued to each of the Investment Adviser and the Investment Sub-adviser for the purposes of obtaining a trading certificate for the Company to commence its business.</p> <p>The Directors are not aware of any person or persons who, following the Offer, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>
B.7	Key financial	Not applicable. At the date of this document, the Company has not commenced trading operations.
B.8	Key pro forma financial	Not applicable. The document does not contain any pro forma financial information.
B.9	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. No financial information has been prepared by the Company to date.
B.11	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).
B.34	Investment policy	<p><i>Investment Objectives</i></p> <p>The investment objective of the Company is to maximise regular tax-free dividends and capital distributions from its investments whilst investing its funds in accordance with its investment policy and within the conditions imposed on all VCTs under the VCT legislation applicable to the Company.</p> <p>The Company will typically seek to invest in a diversified portfolio of smaller companies in a combination of AIM quoted companies, pre-IPO companies and also up to 20% of funds raised in private companies, mainly in convertible loan notes and similar structures (“CLNs”) which are designed to generate</p>

Element	Disclosure requirement	Disclosure
		<p>a combination of interest payments and capital returns. Pending investment in suitable Qualifying Investments, the Company will invest in a range of investments intended to generate a positive return, which may include investments in fixed income funds, securities, UK Government bonds, money market corporate bonds and cash deposits. The Company will continue to hold between zero and 30% of its net assets in a combination of fixed income funds, securities, UK Government bonds, money market corporate bonds and cash deposits, after it is fully invested in Qualifying Investments under the VCT Rules.</p> <p><i>Qualifying Investments</i></p> <p>For its Qualifying Investments, the Company is expected to invest in a combination of AIM traded companies, pre-IPO companies and also up to 20% of funds raised in private companies mainly in CLNs. Investments will be made into VCT Qualifying Companies which are already either profitable or, in the opinion of the Investment Adviser, will have a clear path to profitability, and which must be able to demonstrate a clear growth strategy based upon events such as new products and solutions, major contract wins or international expansion plans. The Company intends to hold at least 70% of its Qualifying Investments in “eligible shares” (under VCT Rules) within three years.</p> <p>If, for whatever reason, there are insufficient CLN Qualifying Investment opportunities available to it, the Company will take advantage of investing in carefully selected equities which, in the absence of a CLN, the Investment Adviser believes will achieve and maintain the VCT qualifying status of the Company at all times.</p> <p><i>Non-Qualifying Investments</i></p> <p>The Company’s Non-Qualifying Investments will be managed with the intention of generating a positive return and, subject to the view of the board of directors of the Company (the “Board”) from time to time with respect to desirable asset allocation, will consist of a portfolio of fixed income funds, securities, UK Government bonds, money market corporate bonds and cash deposits and will have a credit rating of not less than A minus (Standard & Poor’s rated)/A3 (Moody’s rated). The Company may also consider making CLN based investments as part of its Non-Qualifying Investment portfolio. However, it is anticipated that the majority of these investee companies would list on AIM during the Company’s five year investment period and so increase the liquidity of their shares.</p>

Element	Disclosure requirement	Disclosure
		<p>The Company will not invest directly or indirectly in hedge funds or funds of hedge funds.</p> <p><i>Asset Allocation</i></p> <p>Under current VCT legislation, the Company must have at least 70% of its investments in Qualifying Investments within three years, and at least 70% of its Qualifying Investments in “eligible shares” within that period. The programme of investment in Qualifying Investments will take time to complete; thus, in the first three years a considerable but diminishing proportion of the Company’s funds (initially all of its funds) will need to be invested elsewhere, in Non-Qualifying Investments. After the end of the three years of initial investment in Qualifying Investments, the Company will continue to hold no more than 30% of its funds in Non-Qualifying Investments.</p> <p><i>Gearing</i></p> <p>Whilst the Board does not intend that the Company will borrow funds, under its Articles of Association the Company is entitled to do so up to 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company’s reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).</p> <p><i>Risk Diversification and Maximum Exposure</i></p> <p>The Board will control the overall risk of the Company’s portfolio by ensuring that risk is spread by investing in a number of different investee companies in different industry sectors.</p> <p>In order to limit concentration in the Company’s portfolio that is derived from any particular investment, at all times no more than 15% by value of the Company’s investments (at the time of investment) will be invested in any single company. In addition, no more than 10%, in aggregate, of the assets of the Company (at the time the investment is made) will be invested in other listed closed-ended investment funds.</p> <p><i>Changes to the Investment Policy</i></p> <p>The Company will not make any material change to its investment policy without shareholder approval.</p>

Element	Disclosure requirement	Disclosure
B.35	Borrowing limits	The Articles of Association permit the Company to borrow up to 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).
B.36	Regulatory status	Application has been made for the Company to be authorised and regulated by the FCA as a small registered alternative investment fund manager.
B.37	Typical investor	The profile of a typical Investor is a retail investor and/or sophisticated investor and/or high net-worth individual who is a UK tax resident individual with sufficient income and capital available to commit to an investment for over 5 years and is attracted by the income tax relief available for a VCT investment, but who seeks a strategy focused on capital preservation.
B.38	Investment of 20% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 20% in a single underlying asset or investment company.
B.39	Investment of 40% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 40% in a single underlying asset or investment company.
B.40	Applicant's service providers	<p>The Company has appointed:</p> <ul style="list-style-type: none"> the Investment Adviser to originate and advise on its investments. The annual fee payable is equal to 2.0% of the Net Asset Value (plus VAT if applicable) plus reimbursement of expenses. The Investment Adviser will also be entitled to a performance related incentive equivalent to 20% of the aggregate excess on any amounts distributed to Shareholders in excess of 1.5p per Ordinary Share in respect of the Financial Year ending 30 November 2017, 4p per Ordinary Share in respect of the Financial Year ending 30 November 2018 and 5p per Ordinary Share in each Financial Year thereafter ("Hurdle"), and 30% of any excess on any such amounts over 10p per Ordinary Share in any Financial Year. This incentive will only be payable if distributions to date and the NAV total not less than £1.00 per Ordinary Share. Any shortfall in the Hurdle in any Financial Year shall be carried forward and added to the Hurdle for the next Financial Year and so on until fully extinguished. Downing LLP to provide certain administration and company secretarial services to the Company for an annual fee of £40,000 (increasing to £45,000 if more than £20,000,000 is raised under the Offer) plus VAT; and the Investment Adviser to act as the promoter to the Offer (the "Promoter"), for a fee of 3% or 5% of the amount of the gross subscriptions (out of which the Investment Adviser will discharge the costs of the Offer including any commission payable to financial intermediaries).

Element	Disclosure requirement	Disclosure
B.41	Regulatory status of the Manager	The Investment Adviser is authorised and regulated by the Financial Conduct Authority.
B.42	Calculation of Net Asset Value	Unquoted investments will be valued at fair value in accordance with the IPEVC Guidelines. Investments in AIM market traded companies will be valued at the prevailing bid price.
B.43	Cross liability	The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	The Company has not commenced trading operations.
B.45	Portfolio	No funds for investment have been raised to date, and no investments made.
B.46	Net Asset Value	No funds for investment have been raised to date, and no investments made.

Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Types and class of securities	The Company will issue ordinary shares of 1 pence each (“Shares”) under the Offer. The ISIN and SEDOL of the Shares are GBO0BYMLHY14 and BYMLHY1 respectively.
C.2	Currency	Sterling.
C.3	Number of securities to be issued	The Company will issue up to 20,000,000 Ordinary Shares in the capital of the Company pursuant to the Offer. If the Offer is oversubscribed, the Over-allotment Facility may apply in which case the Company will issue up to a further 20,000,000 Ordinary Shares.
C.4	Description of the rights attaching to the securities	<p><i>As regards Income:</i></p> <p>The Shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Articles of Association.</p> <p><i>As regards Capital:</i></p> <p>On a return of capital on a winding up or otherwise (other than on redemption or purchase of shares) the assets of the Company available for distribution shall be divided amongst the holder of Shares pro rata to their respective holdings of such shares, in accordance with the Articles of Association.</p> <p><i>As Regards Voting and General Meetings:</i></p> <p>Subject to any special terms as to voting upon which any shares may have been issued, or may for the time being</p>

Element	Disclosure requirement	Disclosure
		<p>be held, each holder of Shares present in person or by proxy shall on a poll have one vote for every Share of which he is a holder.</p> <p><i>As regards Redemption:</i></p> <p>The Ordinary Shares are not redeemable.</p>
C.5	Restrictions on the free transferability of the securities	Not applicable. There are no restrictions on the free transferability of the Shares.
C.6	Admission	Application will be made to the UK Listing Authority for the Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.
C.7	Dividend policy	<p>Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. The Directors aim to maximise tax free distributions to Shareholders of realised capital gains.</p> <p>The Board intends that, following its first year of operation, the Company should target an annual dividend of 3 pence per Ordinary Share for the second year of operations and in the following years that the Company targets an annual dividend of 5 pence per Ordinary Share.</p> <p>Subject to applicable law and regulation, available distributable reserves cash, its working capital requirements and cash resources, it is the Company's current intention to distribute substantially all of the net proceeds of realisations made in each financial year.</p>

Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	Key information on the key risks specific to the issuer	<ul style="list-style-type: none"> • Investments in AIM-traded companies and unquoted investments can involve a higher degree of company specific risk than investments in companies listed on the Official List. • Realisations of investments in AIM-traded companies and unquoted investments can sometimes be more difficult and can take more time than realisation of investments in companies quoted on the Official List. The fact that a share is traded on AIM does not guarantee its liquidity. Underlying investments in the investment portfolio may be highly volatile and, therefore, be exposed to losses if realisation is required when falls in value have been experienced. • Investments in private companies (whether pre-IPO or otherwise) usually involve specific deal structuring and depend on the accuracy of due diligence. Standards of corporate governance in private companies are generally lower than in quoted investments and often dependent on minority investor protections. These investments involve a higher degree of risk than would investments in larger or longer-established businesses and can result in substantial losses. • 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. • The Company will invest in companies with gross assets of not more than £15 million prior to investment and with fewer than 250 employees (or fewer than 500 employees in the case of a Knowledge Intensive Company) at the point of investment. Such companies generally have a higher risk profile than larger “blue chip” companies. • During the July 2015 summer budget new qualifying conditions were announced that are expected to become effective from Royal Assent in November 2015. This introduced 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). There will be further restrictions on the use of VCT funds received by investee companies.

Element	Disclosure requirement	Disclosure
		<ul style="list-style-type: none"> • The income received from the Company's investment portfolio, whether prior to or after being fully invested, may not meet the Company's current expectations. As a result, paying out an annual dividend may erode the capital value of the Company. The ability to pay the intended dividends may also be constrained by, amongst other things, the existence of distributable reserves, legislative requirements and the available cash reserves of the Company. • There can be no guarantee that the Company will fulfil the criteria to obtain, or to enable it to maintain full VCT status. If the Company loses its approval as a VCT before Investors have held their shares for five years, the 30% income tax relief obtained will have to be repaid by such Investors. Following a loss of VCT status, an Investor will be taxed on dividends paid by the Company, and in addition, a liability to capital gains tax may arise on any subsequent disposal of Shares. • Companies which offer higher yields usually carry higher risk than lower yielding companies and may offer higher yields only to compensate for these greater risks. • There is no guarantee that an investee company will be able to make repayment of a CLN and interest on the due date. Therefore, the rights and remedies available to the Company as a holder of a CLN may be different depending on its level of security, and whether it is limited by applicable winding-up, insolvency, re-organisation, moratorium or similar provisions relating to or affecting creditors' rights generally. • Should an investee company which has issued a CLN to the Company become bankrupt or be unable to pay back the CLN, the Company may lose some or all of such an investment. • The level of returns from investments may be reduced if there are delays in the investment programme.
D.3	Key information on the key risks specific to the securities	Shares in VCTs are inherently illiquid and there may be a limited market in the shares.

Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the Issue	£19,000,000 (taking account of the costs of the issue of £1,000,000) (assuming full subscription and no utilisation of the Over-allotment Facility and a Promoter's Fee of 5%) or £3,040,000 assuming the Minimum Subscription is raised and a Promoter's Fee of 5%. Costs are borne by the Company, not Investors.
E.2a	Reason for the Offer and use of proceeds on all subscriptions	By making the Offer, the Company intends to raise funds and then to implement its investment policy so as to use a minimum of 70% of the proceeds of the Offer to acquire, by the end of the Company's third accounting period (and subsequently maintain), a portfolio of Qualifying Investments. £50,000 will be utilised from the proceeds of the Offer to redeem the Redeemable Preference Shares once they are fully paid up.
E.3	Terms and conditions of the Offer	<p>The Shares are offered at the Offer Price each payable in full upon application. Up to 20,000,000 Shares are being made available under the Offer. If the Offer is oversubscribed, the Over-allotment Facility may apply.</p> <p>The Offer is conditional on the Minimum Subscription being received by 5.00 p.m. on 5 April 2016.</p> <p>If the minimum subscription level of £3,200,000 is not received by 5.00 p.m. on 5 April 2016, the Offer will be withdrawn and subscription monies will be returned to Investors within seven days of 5 April 2016 at their own risk, without interest.</p> <p><i>Adviser Charges, Pricing of the Offer and Commission</i></p> <p>Commission is not permitted to be paid to Financial Advisers who provide a personal recommendation to UK retail clients on investments in VCTs after 30 December 2012, other than Professional Clients. Instead of commission being paid by the VCT, a fee will usually be agreed between the Financial Advisers and Investor for the advice ("Adviser Charge"). This fee can either be paid directly by the Investor to the Financial Advisers or, if it is an initial one-off fee, the payment of such fee may be facilitated by the Company. Ongoing fees will not be facilitated by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge on the Application Form. The Investor will be issued fewer Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out below.</p> <p>Commission is permitted to be paid to Financial Advisers in certain limited situations, such as in respect of execution only clients (where no advice or personal recommendation has been</p>

Element	Disclosure requirement	Disclosure
		<p>provided) or where the Financial Adviser has demonstrated to the Company that the Investor is a professional client of the Financial Adviser. The level of the Promoter's Fee reflects whether or not commission is payable.</p> <p><i>Promoter's Fee (no Adviser commission payable)</i> The Promoter will charge a Promoter's Fee of 3% of the monies subscribed, where it is not required to pay commission to a Financial Adviser.</p> <p><i>Promoter's Fee (Adviser commission payable)</i> The Promoter will charge a Promoter's Fee of 5% of the monies subscribed, where it is required to pay commission to a Financial Adviser. Those Financial Advisers who are permitted to receive commission will usually receive an initial commission of 3% of the monies subscribed by their clients under the Offer and no trail commission, or 2% of the monies subscribed by their clients under the Offer and provided that the Financial Adviser continues to act for the Investor and the Investor continues to be the beneficial owner of the Ordinary Shares, and subject to applicable laws and regulations, an annual trail commission of up to 0.5% of the NAV per Ordinary Share. This annual trail commission will be payable until the earlier of (i) the fifth anniversary of the closing of the Offer and (ii) the investment advisory services agreement between the Company and the Investment Adviser dated 11 November 2015 being terminated. Initial commission will be payable by the Promoter out of its fees.</p> <p>Out of its Promoter's Fees, the Promoter (not the Investor) will be responsible for paying all the costs of the Offer, including initial and trail commission to Financial Advisers (where applicable).</p> <p><i>Pricing of the Offer</i> The number of Ordinary Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Ordinary Share):</p> $\text{Number of Ordinary Shares} = \frac{\text{Amount subscribed less (i) Promoter's Fee and (ii) Adviser Charge}}{\text{Latest NAV per Ordinary Share}}$
E.4	Material interests	Not applicable. No interest is material to the Offer.
E.5	Name of person 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.

Element	Disclosure requirement	Disclosure
E.6	Dilution	There are no potentially dilutive securities in issue nor potentially dilutive transactions in contemplation.
E.7	Expenses charged to the Investor	<p><u>Applications received through execution only brokers and intermediaries</u></p> <p>The expenses charged to the Investor under the Offer are 5% of monies subscribed for the Company in respect of applications received through execution only brokers or intermediaries not offering financial advice, or where the Financial Adviser has demonstrated to the Company that the Investor is a professional client.</p> <p><u>Applications received directly from Applicants and through intermediaries offering financial advice</u></p> <p>The expenses charged to the Investor under the Offer are 3% of monies subscribed for the Company in respect of applications received directly from Applicants and through intermediaries offering financial advice.</p>



Risk Factors

Prospective Investors should consider carefully the following risk factors, as well as the other information in this Prospectus, before investing. Prospective Investors should read the whole of this Prospectus and not rely solely on the information in the section entitled "Risk Factors". The business and financial conditions of the Company could be adversely affected if any of the following risks were to occur and Investors could lose part or all of their investment.

Prospective Investors should be aware that the value of Ordinary Shares can fluctuate and that they may not get back the full amount they invest. In addition, there is no certainty that the market price of Ordinary Shares will fully reflect the underlying net asset value, that Shareholders will be able to realise their shareholding or that any dividends will be paid. An investment in the Company should be viewed as a higher risk, longer-term investment.

The Directors draw the attention of potential Investors to the following risk factors which may affect an investment, the Company's performance and/or the availability of tax reliefs. The Company and the Directors consider the following risks to be material for prospective Investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties currently unknown to the Company and the Directors (such as changes in legal, regulatory or tax requirements), or which the Company and the Directors currently believe are immaterial, may also have a materially adverse effect on the financial condition or prospects of the Company or on the market price of Ordinary Shares.

Risks relating to the Company

- The market price of the Ordinary Shares will not usually reflect their underlying net asset value. The value of an investment in the Company depends on the performance of its underlying assets and that value and the income derived from the investment may go down as well as up and an Investor may lose some or all of their investment.
- Although it is intended that the Ordinary Shares will be listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid and there may be a limited market in the Ordinary Shares, primarily because the initial tax relief is only available to those subscribing for newly issued shares. In such circumstances Investors will find it difficult to realise their investment.
- The Company intends, but cannot guarantee, to pay regular dividends. The ability to pay dividends may also be constrained by, amongst other things, the existence of realised profits, legislative requirements and the available cash reserves of the Company. Risks concerning VCTs and tax relief.
- Levels, basis of, and relief from, taxation are subject to change. Such changes could be retrospective. Those shown in this document are based upon legislation, practice and interpretation current at the date of this document and are dependent upon the individual circumstances of Shareholders.
- The Directors are committed to maintaining the Company's VCT status but there can be no guarantee that the Company will fulfil the criteria to obtain, or to enable it to maintain, full VCT status thereafter. If the Company loses its approval as a VCT before Investors have held their Shares for five years, the 30% income tax relief obtained will have to be repaid by such Investors. Following a loss of VCT status, an Investor will be taxed on dividends paid by the Company and, in addition, a liability to capital gains tax may arise on any subsequent disposal of Shares.
- 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.
- Investors who sell their Shares within 5 years of issue will have to repay some or all of their initial income tax relief depending on the sale proceeds and it is, therefore, probable that the market in the Shares will be illiquid for at least 5 years.
- The information in this document is based on existing legislation, including taxation legislation. Tax reliefs described are those currently available.

Legislation governing Qualifying Investments is subject to change. Such change could be retrospective. The value of tax reliefs depends on the personal circumstances of holders of Shares, who should consult their own tax advisers before making any investment.

- During the July 2015 summer budget new qualifying conditions were announced that are expected to become effective from Royal Assent in November 2015 (this is subject to State Aid approval from the EU commission). This introduced 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). There will be further restrictions on the use of VCT funds received by investee companies.

- Where full approval as a VCT is not maintained, any dividends previously paid to holders of Shares will be liable to be assessed to income tax in the year in which they were paid. Interest may also be due. The Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost, dealings in the shares will normally be suspended until such time as the Company has published proposals to continue as a VCT or be wound up. Further information concerning the loss of VCT status is set out in Part 2 of this document.

- Income tax relief on subscription to a VCT is restricted where, within 6 months, whether before or after the subscription, the investor has disposed of shares in that VCT.

Risks relating to the Company's underlying investments

The following risk factors relate to the type of investments the Company may make pursuant to its investment policy:-

- AIM is a market designed primarily for emerging or smaller companies. Investments in AIM-traded companies and unquoted investments can involve a higher degree of company specific risk than investments in companies listed on the Official List. In particular, smaller companies often have less

mature businesses and limited product lines, markets or financial resources. They may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is normally less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.

- The rules of the AIM market are, in relation to admission and continuing obligations, less demanding than those of the Official List.

- Realisations of investments in AIM-traded companies and unquoted investments can sometimes be more difficult and can take more time than realisation of investments in companies quoted on the Official List. The fact that a share is traded on AIM does not guarantee its liquidity. There may also be constraints imposed on the realisation of investments to maintain the VCT tax status of the Company.

- The spread between the bid price and the offer price of AIM-traded companies' shares may be wide and, therefore, the price of such shares for valuation purposes may not reflect the price at which such shares may be sold. Unquoted shares are inherently more difficult to value and, as a result, valuations are subject to uncertainty.

- Although estimates and assumptions concerning convertible loan notes (CLNs) in which the Company may seek to invest are believed by the Investment Adviser to be reasonable, such estimates and assumptions are uncertain and unpredictable. To the extent that actual events differ materially from the Investment Adviser's assumptions and estimates, actual results will differ from those anticipated.

- There is no guarantee that the investee company will be able to make repayment of a CLN and interest on the due date. The holder of a secured CLN, depending on what other charges may be registered, can rank first in the event of an administration or liquidation whereas an unsecured CLN holder should rank alongside other unsecured creditors and below secured creditors of the relevant company but ahead of ordinary shareholders. Therefore, the rights and remedies available to the Company as a holder of a CLN may be different

depending on the CLN's level of security and whether it is limited by applicable winding-up, insolvency, re-organisation, moratorium or similar provisions relating to or affecting creditors' rights generally.

- Investments in private (whether pre-IPO or otherwise) companies, usually with limited trading records, require specific deal structuring and detailed due diligence, the conclusions of which may subsequently be shown to be incorrect. Standards of corporate governance in private companies (whether pre-IPO or otherwise) are generally lower than in quoted investments and are often dependent on minority investor protections which the Company is able to negotiate in advance. While investments in private companies (whether pre-IPO or otherwise) can offer opportunities for above average capital appreciation, these investments involve a higher degree of risk than would investments in larger or longer-established businesses and can result in substantial losses.

- There is no guarantee that the Company's objectives will be met or that suitable investment opportunities will be identified.

- Corporate or UK Government bonds (in which the Company may invest) are loans to a company or Government ("counterparty"). Should the counterparty to a loan become bankrupt or be unable to pay back the loan, the Company may lose some or all of such an investment. Corporate bonds and corporate bond funds are exposed to the risks of changes in bond yields, particularly for medium and longer-dated securities. Capital values may fall as a result of rises in comparative bond yields after an investment is made or as a result of the worsening of the perceived creditworthiness of bond issuers.

- The Company will invest in companies in accordance with the requirements and restrictions of any VCT legislation in force at the relevant time; for Qualifying Investments this is currently companies with gross assets of not more than £15 million prior to investment and with fewer than 250 employees (or fewer than 500 employees in the case of a Knowledge Intensive Company) at the point of investment. Such companies generally have a higher risk profile than larger "blue chip" companies.

- The level of returns from investments may be reduced if there are delays in the investment programme, such that part of the net proceeds of the Offer are held in cash or cash-based similarly liquid investments for longer than anticipated, or if the investments cannot be realised at the expected time and values.

- At the end of the third year 70% of the Qualifying Investments must be held in VCT eligible shares. The Company will achieve this through conversion of the shares of certain CLN investments at the appropriate time. It may be that, in order to achieve the 70% holding in VCT eligible share criteria, some shares may be required to be converted at a higher price than the prevailing price of the company issuing the shares thus resulting in a small loss but this should be more than offset by the interest already received on the investment.

Risks related to the Investment Adviser

- The past performance of the Investment Adviser or the Investment Sub-adviser is no indication of their future performance.

- The Investment Adviser will provide advisory services to the Company in respect of its portfolio of investments, and the Investment Sub-adviser will provide advice and assistance in relation to CLNs to the Investment Adviser. The success of the Company depends upon the ability of the Investment Adviser (with the assistance of the Investment Sub-adviser) to identify, select, execute and realise appropriate investments at appropriate times and in an appropriate manner. If the Investment Adviser does not perform its obligations in accordance with the agreement regulating the provision of these services, the performance of the Company and/or its ability to achieve or maintain VCT status, may be adversely affected. Shareholders have no direct right of action against the Investment Adviser or the Investment Sub-adviser, and the Company has no right of action against the Investment Sub-adviser.

Forward Looking Statements

Investors should not place undue reliance on forward-looking statements. This Prospectus includes statements that are (or may be deemed to be) “forward looking statements”, which can be identified by the use of forward-looking terminology including the various terms “believes”, “continues”, “expects”, “intends”, “aims” “may”, “will”, “would”, “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking

statements include all matters that are not historical facts. Forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Save in relation to statements concerning working capital adequacy, forward-looking statements contained in this Prospectus, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. These statements will be updated as and when required by the Prospectus Rules, the Listing Rules and the DTR, as appropriate.

Directors and Advisers

Directors (all non-executive)

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David Christopher Armfield
Hon. Alexander Robert Hambro

Secretary

Grant Leslie Whitehouse

all of:

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Investment Sub-adviser

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Broker to the Company

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Letter from the Chairman

Dear Investor,

The London Stock Exchange's Alternative Investment Market (AIM) was formed in 1995 with just 10 companies and has, in the intervening 20 years, matured to become the world's pre-eminent equity market for growth companies. Today there are more than 1,000 companies on AIM with a combined market capitalisation in excess of £70 billion, including household names such as ASOS, FeverTree Drinks, Majestic Wine and YouGov. The overall economic impact of UK AIM companies is equivalent to £25 billion in GDP and some 731,000 jobs.

However, since 2008 the AIM market has underperformed the UK's main market largely as a result of the intensifying focus by institutional investors away from small-cap stocks, and the simultaneous move by banks towards focusing their loan books on larger businesses. We believe this has ignored some of the more exciting growth and value opportunities amongst small cap stocks, and presents an exciting opportunity to support that growth with capital not otherwise easily accessible by those companies. The opportunity for investing now is also supported by the £8.2 billion invested in new IPOs and secondary fund raisings over the last 18 months.

Hazel Targa is a fund that has been designed to address this market and the lack of available funding opportunities that high quality AIM quoted and other small cap companies face, seeking to raise up to £20 million to invest in such companies. The Company will typically seek to invest in a diversified portfolio of smaller companies in a combination of AIM quoted companies, pre-IPO companies and occasionally other compelling private companies, mainly in CLNs which are designed to generate a combination of interest payments and capital returns. Hazel Capital will act as investment adviser and Welbeck as Investment Sub-adviser to Hazel Capital.

The issue with any small cap investment strategy both in a growth market such as AIM or in unlisted companies is that there is significant share volatility, illiquidity and equity risk.

Bearing in mind the above issues, we have developed an alternative approach that offers investors equity upside, yield and downside protection through our convertible loan note investment strategy.

This is based on an investment programme that Welbeck has developed over the last 6 years and, even during the tough and uncertain times of 2009 to 2013, delivered consistent and attractive returns. Welbeck has been involved in over £52m of CLN funding over the last 6 years to AIM and private companies that have been seeking growth capital, and has achieved an overall IRR of 21% on investments in these companies. The Directors believe that this investment approach, combined with Hazel's superior historic VCT performance as an investment adviser, offers investors a compelling investment opportunity aimed both at capital preservation and capital growth.

Convertible loan notes and similar structures ("CLNs") can be used by a VCT to invest in Qualifying Companies. They offer:

- equity type returns if the CLN is converted;
- yields of up to 8-10% per annum until the CLN is converted;
- security - secured debt offers robust downside protection; and
- a defined exit at the end of the term of the CLN.

Our investment strategy is focused on CLNs that, until converted, receive interest of up to 8-10% per annum. This means that once funds are invested, the VCT will start to earn income on capital deployed. This is intended to allow us to pay a dividend from year two and such dividends will be tax free in the hands of the investor. If the companies we invest in perform as expected and their share prices increase through market appreciation

or listing, we will be able to convert and take advantage of the equity upside to generate additional returns to investors in excess of the interest payable on the loans.

If share prices do not increase, then the loan is repayable at the end of its term and the return to the VCT is still attractive, having paid out interest at up to 8-10% along the way.

The opportunity to invest in private companies that are considering IPOs in the near term, using CLN structures is also attractive. There is demand from companies seeking funding prior to an IPO to cover IPO fees and working capital in advance of an IPO. These opportunities will also form a key part of our strategy, as the CLN will be structured to convert at a discount to the IPO placing price and, should the IPO not occur, then the CLN will become repayable as a loan at the end of its term.

We believe that Hazel Targa's strategy is a highly compelling way to invest in high growth publicly quoted or soon to be quoted companies in a market that we believe is well placed for value accretion over the coming years. Whilst CLNs are a relatively new form of investment strategy for both AIM and pre-IPO companies, they have been successfully used to fund larger companies in the UK. The generous 30% income tax rebate on investment and tax free income and gains under the VCT Rules makes this an even more attractive proposition for investors.

I look forward to welcoming you as a fellow shareholder in Hazel Targa VCT PLC.

Yours sincerely,

Pippa Latham
Chairman

Timetable and Statistics of the Offer

Timetable of the Offer	
Offer opens	11 November 2015 First allotment will be as soon as the Minimum Subscription is reached
Initial Closing Date	5.00 p.m. on 29 April 2016 ¹
Dealings expected to commence	12 April 2016

Share and tax certificates expected to be despatched within ten business days of each allotment.

Statistics of the Offer	
Price per Ordinary Share	See pricing formula on page 43
Expected maximum number of Ordinary Shares in issue following the Offer, assuming full subscription ²	20,000,002
Estimated net proceeds of the Offer: - at maximum subscription - at minimum subscription	£19,000,000 £3,040,000
Minimum individual investment	£5,000
Estimated expenses of the Offer ³ - assuming full subscription - assuming Minimum Subscription	£1,000,000 £160,000

Closing dates may be extended to a date no later than 1 November 2016 at the Directors' discretion, in which case the date of admission and commencement of dealings will be revised accordingly.

Applications which are received and accepted by 5.00 p.m. on 29 January 2016 will benefit from the Promoter's Fee (as a percentage of the amount subscribed) being reduced by 1% and, for such applications received and accepted by 5.00 p.m. on 29 February 2016, such fee being reduced by 0.5%.

¹ The closing date is subject to the Offer not being fully subscribed at an earlier date.

² Assuming the Offer (a) is fully subscribed and (b) the Over-allotment Facility is not utilised.

³ Assuming a Promoter's Fee of 5% on all subscriptions.

Part 1

The Offer

Introduction

Venture capital trusts (VCTs) offer individuals 30% upfront tax relief on investments of up to £200,000 a year (provided the investment is held for 5 years), as well as tax-free dividends and capital gains. VCTs were first introduced by the Government in 1995 to encourage individuals to invest in a portfolio of UK trading companies. To 5 April 2015, approximately £5.9 billion has been raised by over 100 VCTs and over £1.04 billion has been channelled to SMEs through VCTs (Source: AIC).

The Company is seeking to raise up to £20m with a minimum subscription of £3.2m. It is the third VCT to be established by Hazel Capital, whose last two VCTs (Hazel Renewable Energy VCT1 PLC and Hazel Renewable Energy VCT2 PLC) were launched in 2010 raised £41.6m between 2010 and 2011. The two linked VCTs represented the most successful launch by a new entrant to the VCT market. There have also been two top-up offers raising £8.2m in total. They are currently the top-performing VCT when compared to all other VCT offerings launched in the 2010/11 tax year in terms of the sum of the audited NAV and the total dividend distributions to date (Source: Downing LLP).

The Company's investment strategy will be to invest in companies listed on AIM using CLNs. In certain cases the Company may also choose to invest in the equity of these companies and/or other quoted and unquoted companies.

The Investment Adviser was established in 2007 by Ben Guest who had previously been a partner at Cantillon Capital Management LLP, where he managed the Cantillon Technology Fund as well as heading research in the technology sector. He started his career at Lazard Asset Management in 1994. The Investment Adviser is managed by an investment team who together have over 60 years' experience of managing or advising on investments. Current aggregate funds under management or

advice total over £200m at the date of this document, based on the enterprise value of all projects under management or advisement.

Welbeck will be the Investment Sub-adviser to the Investment Adviser. The partners of the Investment Sub-adviser have spent the last 6 years specialising in CLN investments and have to date been involved in £52m of investment opportunities in CLNs or similar structures. These investors have included major institutional AIM investors. The partners of the Investment Sub-adviser together have over 37 years' experience of working with working with AIM and quoted companies.

The investment objective of the Company is to maximise tax free income and capital gains to shareholders from dividends and capital distributions by investing its funds in accordance with its investment policy and within the conditions imposed on all VCTs under the VCT legislation applicable to the Company. It is intended that the majority of the Company's investments will be made into VCT-qualifying AIM traded companies using CLN structures which are designed to generate a minimum return of 8% to 10% per year to the Company through interest payments and higher returns through the exercise of conversion to equity and subsequent realisation.

Investments will be made into profitable or near profitable VCT Qualifying Companies that usually have substantial fixed and/or current assets or good cash flow. The proposed investment structure enhances the potential for significant capital preservation. These companies must also be able to demonstrate a clear growth strategy based upon events such as new products and solutions or international expansion.

The advantage of using a CLN investment structure is that it creates downside protection as it is usually secured and therefore ranks ahead of ordinary creditors. The CLN only converts when the share price increases above the conversion price set in the CLN.

In the Directors' opinion it is this combination of capital preservation, income and equity upside that makes the Company an attractive proposition to investors.

The Company may also consider making CLN based investments into private companies. However, it is anticipated that these companies would list on AIM in the medium term and so increase the liquidity of their shares.

If, for whatever reason, there are insufficient CLN Qualifying Investment opportunities available to it, the Company will take advantage of investing in carefully selected equities which, in the absence of a CLN, the Investment Adviser believes demonstrates an asymmetric risk/reward opportunity (through undervaluation or otherwise) to ensure it achieves and maintains its VCT qualifying status at all times.

The initial proceeds of the Offer will be invested in a portfolio of fixed income funds, securities, UK Government bonds, corporate bonds and money market funds which will have a credit rating of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated) and cash deposits. Both credit rating agencies are registered in the European Union.

The Offer seeks to raise £20m and it is intended that the Ordinary Shares will be listed and traded on the main market of the London Stock Exchange. The Offer will open on 11 November 2015 until 5.00 p.m. on the 29 April 2016 unless extended. The Offer may close in advance of this date in the event that the maximum subscription is reached. The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the Offer, may be extended by the Directors to a date not later than 1 November 2016.

Convertible Loan Note structures

The CLN structure typically incorporates several elements:

- a duration of at least 5 years (which is a requirement under VCT rules);
- a gross annual interest rate of between 8% to 10%;
- at least 10% of the investment in the form of eligible shares (which is a requirement under VCT rules);
- for an AIM traded company, the right to convert into equity at an agreed share price which is usually set at

a premium to the share price at the time of investment. This conversion would only take place where the return offered is greater than that achieved through the remaining interest payments alone;

- for an unquoted company the ability to convert on an IPO at a discount to the IPO placing price and where the IPO does not occur repayment of the loan after 5 years. In some cases a redemption premium will also be included in the terms of the repayment should the IPO not occur; and
- in most cases a fixed and floating charge across all the assets of the Company, its group and its subsidiaries.

The Directors anticipate that up to 90% of the Company's VCT Qualifying Investments will be in secured debt compared with more typical equity risk taken by traditional VCTs.

The Directors and the Investment Adviser expect the base case of any investment to be the interest payable on the CLN. However, the Directors also believe that a significant proportion of the portfolio will have the potential to be exited through a conversion into equity and so deliver a return greater than this figure. CLNs are expected to qualify for VCT purposes from the date of the initial investment.

Reasons for the Offer

Appropriate timing

The Directors believe that the current state of AIM offers opportunities for an investor seeking to invest in CLNs through a vehicle such as the Company, particularly as the economic cycle returns to growth and so many companies traded on AIM are seeking investment to expand.

When seeking new funding through the issue of equity, these companies often face several issues including (i) investors looking to invest at significant discounts to a company's current share price, so heavily diluting existing shareholders, (ii) limited or no access to bank debt and (iii) the time and distraction in raising such funds.

The structure of CLNs overcomes many of these issues. First, conversion to ordinary shares only occurs at an agreed premium to the ordinary share price; second, until the CLN is converted or if it remains unconverted for its term, it represents non-dilutive debt for the investee company; and third, the structuring and issue of a CLN is a relatively simple and quick process to execute.

Advantages offered to potential investors in the Company

The Offer has been designed for investors that are seeking to invest in a portfolio of investments in AIM traded companies and companies that have a clear path to IPO which have the potential to offer them a return through both dividend payments and capital appreciation.

The Company is also able to mitigate much of the risk inherent in many growth companies due to the element of seniority achieved through a CLN.

The Investment Adviser

Since 2010, the Investment Adviser has built a track record of investing in VCT Qualifying Companies that offer a combination of returns through both income and capital appreciation, as well as a strong element of downside protection.

The Investment Adviser established Hazel Renewable Energy VCT 1 PLC and Hazel Renewable Energy VCT 2 PLC in 2010 and raised £41.6m between 2010 and 2011. The two linked VCTs represented the most successful launch by a new entrant to the VCT market. There have also been two top-up offers (one at the start of March 2012 and a second in 2014). Both were fully subscribed and achieved their target fund raise of £8.2m, in total.

In the five years since their launch, the two Hazel VCTs invested in 19 projects focusing on lower risk and profitable renewable energy projects that were able to take advantage from long-term government-guaranteed revenues. The aim of this strategy was to deliver a more secure investment than would normally be anticipated within a VCT structure while utilising the associated tax benefits to enhance returns.

The team similarly intends to deliver lower risk investments but largely in AIM listed or soon to be listed companies through the execution of the Company's investment policy as set out on page 33.

The Investment Sub-adviser

Since 2008, Welbeck has been involved in 14 transactions using CLNs or similar structures involving a range of private and AIM traded companies, of which 13 have performed positively achieving an IRR of 21% (22% on partial or full realisations and 10% on unrealised investments). One investment was written off. The transactions have typically ranged in size from £0.3m to £10m, with the later deals having strong institutional support.

Today, the Investment Sub-adviser introduces such opportunities to several major institutional investors and other investors, and continues to be a pioneer of these type of investments, having refined the approach to be able to deliver the combination of downside protection, cash yields and the opportunity for equity upside.

Track Record

The Investment Sub-adviser has been involved in 14 CLN offerings to various investors since 2008. The key statistics related to these are:

- total investments of over £52m made as at 30 September 2015;
- of this, the amount that was in CLNs that have now been realised was £33m and these CLNs returned a total of £43m either in the form of capital, interest and distributions, representing a realised profit of £10.2m (unaudited); and
- the remaining £19m is in CLNs that have not yet been exited and as at 30 September 2015 these had returned a total of £1.1m in the form of interest (unaudited).

Investment Returns

Of the 14 CLN transactions, 7 have been fully realised and have generated positive returns, 1 has been partially realised, 5 remain unrealised and 1 has been fully realised (with a negative return).

All those transactions that have been partially realised or remain unrealised are shown as achieving a positive return as at 30 September 2015 (in accordance with the Company's valuation policy).

The investment returns for the 13 CLN transactions with a positive return are:

- where there have been partial or full realisations, a combined IRR of 32%;
- for those transactions that remain unrealised, a combined IRR of 10%; and
- for all 13 transactions, a combined IRR of 30%.

The investment returns for all 14 CLN transactions (i.e. those with a positive or negative return) are:

- where there have been partial or full realisations, a combined IRR of 22%;
- for those transactions that remain unrealised open, a combined IRR of 10%; and
- for all 14 transactions, a combined IRR of 21%.

Where a CLN has been converted into equity, it has returned multiples of between 1.6x and 2.7x the initial investment.

In calculating the above IRR returns (which are all unaudited weighted averages), all costs of investment and realisation are excluded and interest on all CLNs that remain unrealised is assumed to be paid daily.

Deal Flow

Over the last ten years the Investment Sub-adviser has built strong relationships with most of the major AIM company advisers, and deals will continue to be sourced through these relationships.

Examples of convertible loan repayments and conversions that have been achieved on transactions introduced and executed by members of the Investment Sub-adviser are given below:

a) Company A

- An AIM listed PLC.
- Total investment of £10,000,000 was made in November/December 2009.
- The principal terms of the CLN were: (i) interest at 10% p.a. (gross); (ii) a 5 year term; (iii) a right of conversion at 40p per share; (iv) a single 20% redemption premium and (v) security.
- In November 2010 the company was acquired for cash by another PLC at a 28.8% premium to the conversion price of the CLN.
- After 18 months the CLN had received £648,000 in interest (gross) and the realised conversion proceeds were £15,923,000, which represented an aggregate total return of £16,570,000 and a realised profit of £6,570,000.
- This return represented a 1.66x multiple of monies invested with an IRR of 65%.

b) Company B

- An AIM listed PLC.
- A £0.5m bridging loan was made in February 2010, with the proceeds being rolled into a CLN of £2,300,000 in April 2010.
- The principal, terms of the CLN were (i) interest at 10% p.a. (gross); (ii) a 3 year term; (iii) a right of conversion at 18p per share; (iv) a single 25% premium on repayment and (v) security.
- The CLN was repaid in April 2013 when the CLN investors had received £691,000 in interest (gross) along with a redemption premium of £575,000, to give an aggregate total return of £3,566,000 and a realised profit of £1,266,000.
- This return represented a 1.55x multiple of monies invested with an 18% IRR.

c) Company C

- An AIM listed PLC.
- An investment of £1,317,500 was made in June 2013.
- The principal terms of the CLN were (i) interest at 10% p.a. (gross); (ii) a 3 year term; (iii) a right of conversion at 35p per share and (iv) security.
- Four months after investment, in October 2013, the share price rose to 70p, eventually reaching over 90p during the month. Consequently investors representing an aggregate total of £497,500 of the CLN opted to convert and so realised multiples of monies invested of between 2.0x and 2.6x with IRRs of between 926% and 1604%.
- Further conversions of £25,000 in December 2013 and £220,000 in April 2014 achieved multiples of monies invested of 2.1x and 2.2x with IRRs of 413% and 174% respectively.

The following are examples of some recent Investments:

d) Company D

- An AIM listed PLC.
- An investment of £6,739,000 was made in February 2015, a second tranche of £955,000 in March 2015 and a third tranche of £806,000 in August 2015, making an aggregate total investment of £8,500,000.
- The principal terms of the CLN are (i) interest at 8% p.a. (gross); (ii) a 5 year term; (iii) redeemable after 12 months without penalty; (iv) a right to subscribe for warrants at 20p per share and (v) security.
- The warrants achieve the same effect as if the loan were to convert at 20p per share.

e) Company E

- An AIM listed PLC.
- A new financing package of £7,100,000 was announced in April 2015, of which £4,700,000 comprised of CLNs. There was a top-up of a further £900,000 using CLNs in May 2015, of which £750,000 comprised CLNs.

- The principal terms of the CLNs are (i) interest at 10% p.a. (gross); (ii) a 5 year term; (iii) conversion at 209p per share and (iv) security.

- A further £2,750,000 was raised in October 2015 of which £2,390,000 was in CLNs (though these are not included in the figures referred to in "Investment Returns" above).

Realisations of Investments in Portfolio Companies

It is expected that the investments will be realised as follows:

- For investments which are in pre-IPO private companies: the loans have an annual interest rate of 8 – 10% (gross) and, in certain cases, a redemption premium, and convert at a discount to the IPO placing price.
- For AIM Qualifying Investments: the loans usually have an interest rate of 8 – 10% (gross) and a right of conversion into equity. Should the share price increase (as is expected) and the loan converts the upside becomes substantially greater than the interest payable.

It is expected that most of the private company pre IPO investments will achieve a listing on AIM within a five year period, allowing the Company to convert those investments into equity at a discount to the admission price, so generating an immediate uplift in value.

Tax Relief

For the 2015/16 tax year, the tax reliefs available to an eligible investor (being a UK resident aged 18 or over) subscribing for £200,000 of shares in the Company are:

- 30% tax rebate on the cost of investment, equating to £60,000, provided the VCT shares are held for at least 5 years and the investor has paid this amount of tax;
- no liability to higher rate income tax on dividends;
- no tax on realised gains or capital gains tax on disposal.

The above is only a brief summary of the UK tax position of investors in VCTs and is based on the Company's understanding of current law and practice. Potential investors are recommended to consult their own appropriate professional advisor as to the taxation consequences of investing in a VCT.

Illustrative Return Scenarios

The table above is an illustration of potential returns assuming an investment of £100,000 taking into account the effect of current tax reliefs on VCT investments;

Scenario*	Apr-17	Apr-18	Apr-19	Apr-20	Apr-21	IRR	Gross Equivalent IRR ³	Total Gross Equivalent Return
Low	0	£3,000	£4,000	£4,000	£104,000	3%	13%	51%
Medium	0	£4,000	£5,000	£5,000	£119,500	6%	18%	82%
High	0	£5,000	£5,800	£5,800	£134,500	22%	22%	111%

Notes

* Scenarios for Low, Medium and High returns assume yields of 4%, 5% and 6% and capital gains of 0%, 20% and 40% respectively, once fully invested:

1. Binding Commitments are made for investments in April 2016
2. All returns are net of advisory fees and costs and a 20% incentive fee for returns from 0-5% and 30% above 5%
3. Gross Equivalent IRR assumes 30% relief has been achieved upfront and grosses up dividends (37.5% tax rate) and capital gains (28%)

The returns set out in the table above are for illustrative purposes only and no profit forecast is to be inferred or implied from this example.

Investment Strategy and Investment Policy

Investment Strategy

The principal investment strategy of the Company is:

- to maximise regular tax-free dividends and capital distributions from its investments whilst investing its funds in accordance with its investment policy and within the conditions imposed on all VCTs under the VCT legislation applicable to the Company;
- to seek capital preservation and otherwise reduce the risks normally associated with venture capital investments by applying its investment policy; and
- to maintain venture capital trust status to enable investors to benefit from 30% income tax relief on investments as well as tax free income and capital gains.

Investment Policy

Investment Objectives

The investment objective of the Company is to maximise regular tax-free dividends and capital distributions from its investments whilst investing its funds in accordance with its investment policy and within the conditions imposed on all VCTs under the VCT legislation applicable to the Company.

The Company will typically seek to invest in a diversified portfolio of smaller companies in a combination of AIM quoted companies, pre-IPO companies and also up to 20% of funds raised in private companies, mainly in CLNs which are designed to generate a combination of interest payments and capital returns. Pending investment in suitable Qualifying Investments, the Investment Adviser will invest in a range of investments intended to generate a positive return, which may include investments in fixed income funds, securities, UK Government bonds, money market corporate bonds and cash deposits. The Company will continue to hold up to between zero and 30% of its net assets in a combination of fixed income funds, securities, UK Government bonds, money market corporate bonds

and cash deposits, after it is fully invested in Qualifying Investments under the VCT Rules.

Qualifying Investments

For its Qualifying Investments, the Company is expected to invest in a combination of AIM traded companies, pre-IPO companies and also up to 20% of funds raised in private companies, mainly in CLNs. Investments will be made into VCT Qualifying Companies which are already either profitable or, in the opinion of the Investment Adviser, will have a clear path to profitability, and which must be able to demonstrate a clear growth strategy based upon events such as new products and solutions, major contract wins or international expansion plans. The Company intends to hold at least 70% of its Qualifying Investments in “eligible shares” (under VCT Rules) within three years.

If, for whatever reason, there are insufficient CLN Qualifying Investment opportunities available to it, the Company will take advantage of investing in carefully selected equities which, in the absence of a CLN, the Investment Adviser believes will achieve and maintain the VCT qualifying status of the Company at all times.

Non-Qualifying Investments

The Company’s Non-Qualifying Investments will be managed with the intention of generating a positive return and, subject to the Investment Adviser’s view from time to time of desirable asset allocation, will consist of a portfolio of fixed income funds, securities, UK Government bonds, money market corporate bonds and cash deposits and will have a credit rating of not less than A minus (Standard & Poor’s rated)/A3 (Moody’s rated). The Company may also consider making CLN based investments as part of its Non-Qualifying Investment portfolio. However, it is anticipated that a majority of these investee companies would list on AIM during the Company’s five year investment period and so increase the liquidity of their shares.

The Company will not invest directly or indirectly in hedge funds or funds of hedge funds.

Asset Allocation

Under current VCT legislation, the Company must have at least 70% of its investments in Qualifying Investments within three years, and at least 70% of its Qualifying Investments in “eligible shares” within that period. The programme of investment in Qualifying Investments will take time to complete; thus, in the first three years a considerable but diminishing proportion of the Company’s funds (initially all of its funds) will need to be invested elsewhere, in Non-Qualifying Investments. After the end of the three years of initial investment in Qualifying Investments, the Company will continue to hold no more than 30% of its funds in Non-Qualifying Investments.

Gearing

Whilst the Board does not intend that the Company will borrow funds, under its Articles of Association the Company is entitled to do so up to 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company’s reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).

Risk Diversification and Maximum Exposure

The Board will control the overall risk of the portfolio by ensuring that risk is spread by investing in a number of different investee companies in different industry sectors.

In order to limit concentration in the portfolio that is derived from any particular investment, at all times no more than 15% by value of the Company’s investments (at the time of investment) will be invested in any single company. In addition, no more than 10%, in aggregate, of the assets of the Company (at the time the investment is made) will be invested in other listed closed-ended investment funds.

Changes to the Investment Policy

The Company will not make any material change to its investment policy without shareholder approval.

Profile of Typical Investor

A typical Investor in the Company is a retail investor, sophisticated investor and/or high net-worth individual who is a UK tax resident with sufficient income and capital available to be able to commit to an investment for over 5 years and who is attracted by the income tax relief available for a VCT investment, but seeks a strategy focused on capital preservation.

Share Buyback Policy

Although it is anticipated that the Ordinary Shares will be admitted to the premium segment of the Official List and to trading on the London Stock Exchange’s market for listed securities, there is likely to be an illiquid market and in such circumstances Shareholders may find it difficult to sell their Ordinary Shares in the market. In order to try to improve the liquidity in the Ordinary Shares, the Company will operate a share buyback policy. The Company will endeavour to purchase shares which Shareholders wish to sell, at a 5% discount to NAV per Ordinary Share, less transaction costs payable to market makers and stockbrokers. Any purchase of Shares will be subject to authority from Shareholders (currently the Company has authority to purchase up to 14.99% of its issued share capital annually), the Listing Rules and having the necessary cash resources and distributable reserves available for the purchase. Shares bought back by the Company may be cancelled or held in treasury for later sale in the market. Shares which have not been held for five years are considered for tax purposes to be a disposal and, therefore, subject to clawback by HMRC of any upfront income tax reliefs obtained on subscription. Shareholders should seek professional advice in relation to any disposal of Shares.

Shareholder Reporting

The Directors believe that communication with Shareholders is important. In addition to regular announcements of the NAV being released to the London Stock Exchange and periodic newsletters, Shareholders will receive a copy of the Company’s annual report and accounts (expected to be published each June) and a copy of the Company’s interim results (expected to be published each October).

The Company's first annual results are expected to be published in February 2017 and will be in respect of the period from incorporation to 30 November 2016.

All Qualifying Subscribers will automatically be provided with certificates enabling them to claim income tax relief.

Dividend policy

Generally under the VCT Rules, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. The Directors aim to maximise tax free distributions to Shareholders by way of dividends paid out of income received and from capital gains received following successful realisations.

The Board intends that, following its first year of operation, the Company should target an annual dividend of 3 pence per Ordinary Share for the second year of operations and in the following years that the Company targets an annual dividend of 5 pence per Ordinary Share. However, no profit forecast is to be inferred or implied from this statement.

Subject to applicable law and regulation, available distributable reserves, its working capital requirements and cash resources, it is the Company's current intention to distribute to Shareholders substantially all of the net proceeds of realisations made in each financial year.

All distributions are expected to be free of UK income tax to individuals aged 18 or over who acquire their shares within the annual £200,000 limit.

Corporate matters

Allotment, dealings and settlement

Application will be made to the UK Listing Authority for the Ordinary Shares issued pursuant to the Offer to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on its main market for listed securities.

It is intended that an initial allotment of Ordinary Shares will be made as soon as the Minimum Subscription is reached. Successful applicants will be notified by post.

Dealings are expected to commence at the latest 12 April 2016.

Ordinary Shares will be issued in registered form and will be freely transferable in both certificated and uncertificated form and it is anticipated that definitive share certificates will be issued within 10 business days of each allotment.

Ordinary Shares will be capable of being transferred by means of the CREST system. Investors who wish to take account of the ability to trade their Ordinary Shares in uncertificated form (and who have access to a CREST account) may arrange through their professional adviser to convert their holding into dematerialised form.

The Offer may not be withdrawn after dealings in the Ordinary Shares have commenced. In the event of any requirement for the Company to publish a supplementary prospectus, applicants who have yet to be entered into the Company's register of members will be given two days to withdraw from their subscription. Applicants should note, however, that such withdrawal rights are a matter of law that is yet to be tested in the Courts of England and Wales and applicants should, therefore, rely on their own legal advice in this regard. In the event that notification of withdrawal is given by post, such notification will be effected at the time the applicant posts such notification rather than at the time of receipt by the Company.

Corporate Governance

The UK Corporate Governance Code published by the Financial Reporting Council in September 2014 (the "Code") applies to the Company. The Directors acknowledge that the section headed "Comply or Explain" in the preamble to the Code recognises that some provisions may have less relevance for externally managed investment companies and, in particular, considers some areas inappropriate to the size and nature of the business of the Company. Accordingly,

the provisions of the Code are and will on Admission be complied with save that (i) new Directors may not receive a full, formal and tailored induction on joining the Board (such matters to be addressed on an individual basis as they arise), and (ii) the Company will not conduct a formal review as to whether there is a need for an internal audit function as the Directors do not consider that an internal audit would be an appropriate control for a VCT.

Key Rules and Regulations

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company must comply with a number of regulations as set out in Part 6 of the ITA. How the main regulations apply to the Company is summarised as follows:

- (i) the Company's ordinary share capital is listed on a regulated European market;
- (ii) the Company holds at least 70% (by value) of its investments in Qualifying Companies;
- (iii) at least 70% of the Company's Qualifying Investments (by value) are held in "eligible shares";
- (iv) at least 10% of each investment in a Qualifying Company is held in "eligible shares" (by cost at time of investment);
- (v) no investment constitutes more than 15% of the Company's portfolio (by value at time of investment);
- (vi) the Company's income for each financial year is derived wholly or mainly from shares and securities;
- (vii) the Company distributes sufficient revenue dividends to ensure that no more than 15% of the income from shares and securities in any one year is retained;
- (viii) no investment made by the Company in a company causes that company to receive more than £5 million of State Aid investment (including from VCTs) in the twelve months ending on the date of the Company's investment; and

(ix) no payment or distribution other than a buyback of shares is made to any shareholder directly or indirectly from share capital or share premium account until after the third anniversary of the end of the accounting period in which the shares were issued.

During the July 2015 summer budget new qualifying conditions were announced that are expected to become effective from Royal Assent in November 2015 (this is subject to State Aid approval from the EU commission). How these conditions apply to the Company is summarised as follows:

- (i) no investment made by the Company in a company causes that company to receive more than £12m (£20m if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime;
- (ii) no investment can be made by the Company in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous Risk Finance State Aid was received by the company within 7 (10 for knowledge intensive companies) years or where a turnover test is satisfied; and
- (iii) no funds received from an investment into a qualifying company can be used to acquire another existing business or trade.

The Company received provisional approval from HMRC that it qualifies as a Venture Capital Trust on 15 October 2015.

Listing Rules

In accordance with the Listing Rules:

- (i) the Company may not invest more than 10%, in aggregate, of the value of its total assets at the time an investment is made in other listed closed-ended investment funds except listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds;
- (ii) the Company must not conduct any trading activity which is significant in the context of its group (if any) as a whole; and

(iii) 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 as set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 of ITA.

The Investment Advisory Team and the Board

Investment Adviser

The Company will appoint the Investment Adviser, Hazel Capital, to originate and advise on its investments. The Investment Adviser is authorised by the FCA to advise on investments and it will act as investment adviser to the Company. Hazel Capital is a UK-based investment manager established in 2007.

The Investment Adviser's team members have, in total, over 60 years' experience in managing investments and the firm has over five years of direct experience in advising on VCTs and EIS products. Hazel Capital's focus to date has primarily been on renewable energy infrastructure opportunities. Hazel runs two linked VCTs which, to date, are one of the top performing VCTs launched in the 2010/11 tax year, with investments that include 8 solar farms, over 1,000 rooftop installations and approximately 300 wind turbines. In addition, Hazel Capital manages seven solar farms for other investors, all of which also benefit from EIS or VCT relief. Entities managed or advised by Hazel Capital have also acquired the rights to, developed and/or built and then sold 8 other UK solar projects totalling approximately 91MW between 2012 and 2015. Hazel Capital has also managed (and since dissolved) a cUS\$20m Guernsey-based venture capital fund called Hazel Cleantech Opportunities Fund 1 LP, whose investments were distributed to the fund's investors in specie once the fund was fully invested. Those investments are, in the Investment Adviser's opinion, indicating a promising cumulative return, all in spite of being launched during the financial crisis which was a challenging market environment for venture companies in the Cleantech Sector.

Investment Advisory Team of the Investment Adviser

- Ben Guest, Managing Partner

Ben has 21 years' investment experience, 10 years

of which have been spent investing in the Cleantech Sector. Ben has built Hazel into a firm with an extensive track record in renewable infrastructure focusing on generating a consistent cash yield to investors. Prior to founding the Investment Adviser, Ben was a co-founder of Cantillon Capital Management LLP, where he managed Cantillon Technology from 2003 to 2007, a fund which reached over \$1 billion in assets under management prior to Ben winding it up and founding Hazel Capital. Ben started his fund management career in 1994 with Lazard Asset Management and has previously qualified as a Chartered Financial Analyst. He graduated from Imperial College, London with a BEng in Mechanical Engineering.

- Bozkurt Aydinoglu, Partner

Bozkurt joined Hazel Capital in 2008 and has 22 years' experience in principal investments with 15 years' experience in the Cleantech Sector including 3 years' experience co-managing Cleantech listed-equity portfolios. Prior to joining the Investment Adviser, Bozkurt co-founded and built New Energy Finance, an independent research and information provider in clean energy, which was sold to Bloomberg in 2009. Bozkurt also has 5 years of dedicated venture capital experience, funding, assisting and successfully exiting high growth companies in Europe, North America and Israel while working with Nomura in London. He graduated from Imperial College, London with an MSc in Electrical Engineering.

- Gareth Owen, Partner

Gareth joined Hazel Capital as an investment director in 2011 and became a partner of the firm in 2014. He has been responsible for originating and executing renewable energy investments for the Hazel Renewable Energy VCTs and its co-investment partners, together with post-transaction asset management. He sits on the board of numerous portfolio companies and was a non-executive director of Hazel Renewable Energy VCT2 PLC until December 2014. Gareth has 16 years' experience of executing a variety of structured transactions. Between 2001 and 2009, he worked at Barclays Capital, and latterly was a vice president in Barclays Natural Resource Investments, a captive private equity fund investing in the natural resources and renewable energy sectors. Prior to this he worked at Deutsche Bank. Gareth started his career in infrastructure project finance at Greenwich NatWest,

he has an MBA from Imperial College Business School (Distinction), an MSc in Engineering Project Management and a BEng in Civil Engineering from the University of Manchester.

- Chris Fitzsimmons

Chris was most recently a managing partner at Optimus Capital LLP, an FCA regulated asset management firm in London which he joined in 2012. Before this he worked for a number of firms on a consultancy basis, advising them on their turnaround strategies and fundraisings. These firms ranged from high growth technology companies through to one in the leisure industry. From 2007 – 2010 he was an investment manager at YFM Private Equity Limited where he worked on three £30m funds investing growth capital and completing over 50 different transactions. From 2003 - 2007 Chris helped found and grow Tower Gate Capital PLC, a small listed merchant bank set up to advise technology companies with clients across the US, Canada and Europe in both the private and public markets (including AIM and NASDAQ). For the four years before this from 1999 – 2003 he founded and built a venture capital investment firm, Far Blue Ventures Limited, leading transactions in a range of firms in the UK and Europe, mainly in the telecoms sector. His early career was spent as a technology consultant at Sagentia PLC and as an engineer at Ford Motor Company. He has a 1st class degree in production engineering, a master's degree in industrial robotics and an MBA from Cranfield. Chris is to become an Appointed Representative of the Investment Adviser in due course.

Investment Sub-adviser

Welbeck will be the Investment Sub-adviser to the Investment Adviser. The partners of the Investment Sub-adviser have spent the last 6 years specialising in CLN investments and have to date been involved in over £52m of investment opportunities in CLNs or similar structures. Investors in these structures have included major institutional AIM investors. The partners of the Investment Sub-adviser together have over 37 years' experience of working with quoted and AIM companies.

Investment Advisory Team of the Investment Sub-adviser

- Alexander Hambro, Partner

Alex has been in the private equity industry for 27 years, during which time he has acted as a principal investor, manager and sponsor of private equity and venture capital teams. Alex managed the venture capital and private equity fund investment portfolio for Hambros PLC, prior to its sale to Société Générale in 1998. Since 1995 he has been chairman of Crescent Capital, a Belfast-based venture capital fund manager and an independent consultant for a number of private equity and venture capital fund management groups and family office investors including STAR Capital, Sand Aire Private Equity, Lennox Investment Management and Prospect Investment Management.

In addition to his private equity activities, Alex is chairman of two AIM-listed companies; Judges Scientific PLC and Benchmark Holdings PLC, and is also chairman of Octopus Eclipse VCT PLC and a non-executive director of Hazel Renewable Energy VCT2 PLC.

Alex is a director of Targa Fund Limited, a Jersey authorised OEIC which also invests in CLN opportunities. Details of the contractual co-investment arrangements agreed between the Company and Targa Fund Limited are set out on page 39.

Andrew Fearon, Partner

Andrew Fearon is a qualified corporate lawyer who practised in private equity for a number of years before moving into business. He has specialised in the AIM market since 2005 and invested into private and AIM companies since 2007. He has a wealth of experience as both a public and private company director as well as investing in capital markets and in raising capital for investment.

Board of Directors

The Board will have overall responsibility for the affairs of the Company, including determining its investment policy and directing and supervising the Investment Adviser. The Board will comprise two non-executive directors who will act independently of the Investment Adviser, with one director from the Investment Sub-adviser. A majority of the Board, including the Chairman, will be independent of the Investment Adviser and the Investment Sub-adviser.

- Pippa Latham (French), Chairman

Pippa's early career was in investment banking and management consultancy. She has worked in industry for a wide range of companies across timber distribution, publishing, mining, shale gas exploration, the leisure industry, fund management, corporate search and engineering. She is a non-executive director of the privately owned W. Lucy & Co, a manufacturer and distributors of electrical switchgear solutions and products, and was for 10 years a non-executive director James Latham PLC, an AIM quoted timber distribution company. Pippa has an MA in Economics from Cambridge and an MBA from INSEAD, and is an Associate of the Chartered Institute of Secretaries and Administrators (ACIS) and a Fellow of the Institute of Management Accountants (FCMA).

- Alexander Hambro, Non-executive Director

Please see the biography of Alex Hambro in the section on the Investment Sub-adviser above.

- David Armfield, Non-executive Director

David Armfield began his career as a solicitor at Wilde Sapte, moved to Lehman Brothers in its investment banking group in 1987 and later to co-head its European Industrial Group. In 2000 he became a partner at PricewaterhouseCoopers, leading the corporate finance team in the Midlands and later heading its national industrials corporate finance team. With his increasing specialisation in the emerging fields of the Cleantech Sector and renewable energy, David co-founded Kinetix Corporate Finance LLP in 2010 to provide corporate finance services to businesses and investors in these fields. David is also a non-executive director of The Alumasc Group PLC, which is a UK based supplier of premium building and precision engineering products.

Co-investment Arrangements and Conflicts of Interest

Although the Investment Adviser will be able to consider and pursue investments that have been introduced from sources other than the Investment Sub-Adviser, the Directors do not believe that any other funds managed by the Investment Adviser are likely to be able to invest alongside the Company.

The Investment Sub-adviser and Chris Fitzsimmons each act as consultants to Targa Fund Limited, a Jersey based investment company set up to invest in similar CLN structures.

Consequently, the Board has agreed with the Investment Sub-adviser and Targa Fund Limited the following allocation rules to manage the relationship between the Company and that fund:

- All opportunities which meet the investment criteria of both the Company and Targa Fund Limited, will be presented to them both at the same time, and before they are shown to any other investors. If both have funds available for investment, each will be offered the opportunity to invest in proportion to their available funds, with an exception in the case of Qualifying Investments, in which case the Company will have priority and will be able to invest to a higher amount.

- Where the Company chooses not to invest, then its allocation will first be offered to Targa Fund Limited. Should Targa Fund Limited choose not to take up the allocation then it will be offered to other investors.

- Where the Targa Fund Limited chooses not to invest, then its allocation will first be offered to the Company. Should the Company choose not to take up the allocation then it will be offered to other investors.

It has been agreed between the relevant entities that the Investment Adviser shall have the right to recommend the allocation of investments on a different basis from time to time. This may be required to ensure that the Company maintains its status as an HMRC approved VCT, or in the interests of balancing its portfolios. A different basis may also be required to meet the requirements of potential investee companies. In the event of a conflict of interest between the Investment Adviser and the Company in

relation to any of the Company's investments, then the matter will be referred to the independent Directors of the Company for their determination. The independent Directors are those directors who are independent of the Investment Adviser and the Investment Sub-adviser. Where a potential conflict arises the Investment Adviser, as an FCA regulated entity, is bound by the relevant conduct of business sourcebook in relation to its dealings with the Company.

Investment Process

The Investment Adviser will generate investment opportunities from the Investment Sub-adviser and other sources. Each new opportunity will be analysed and screened for hurdle risk and return criteria. When a preliminary decision is taken to proceed by the Investment Adviser's investment committee, then a detailed due diligence process on the investee company's management team, business model, financial accounts, and use of funds is carried out as well as a negotiation on terms. Assuming due diligence is completed successfully, a final proposal is then presented to the Investment Adviser's investment committee and, if approved, then it is recommended to the Company's board of directors for investment. If approval is given by the Board then the Investment Adviser will proceed with the investment, often alongside other co-investors. The Investment Adviser is then responsible for monitoring the investment going forward and judging the correct time to exit the investment in due course (assuming the loan is converted).

Investment by the Directors

The Directors and members of the Investment Advisory Team have committed to subscribe, in aggregate, £145,000 under the Offer on the same terms as Investors.

Practices and Operation

The Board is responsible for the overall control and management of the Company with responsibility for its affairs, including determining its investment policy. However, investment proposals will be sourced and decided on by the Investment Adviser under the Investment Advisory Services Agreement between the

Company and the Investment Adviser.

The Board will meet at least 4 times a year. Additionally, special meetings will take place or other arrangements will be made when Board decisions are required in advance of regular meetings. The Company has complied with the UK Corporate Governance Code as at the date of this document, save as set out below:

Audit Committee

The audit committee of the Company is chaired by David Armfield and its other member is Pippa Latham. The audit committee is expected to meet not less than once a year. The Company's auditors and the senior executives of the Investment Adviser and the Investment Sub-adviser may attend and speak at audit committee meetings.

A summary of the terms of reference of each audit committee is as follows: the committee has responsibility for, among other things, the planning and reviewing of the relevant Company's annual and half-yearly financial statements and the supervision of its auditors in the review of such financial statements. The audit committee will focus particularly on the Company's compliance with legal requirements, accounting standards, financial and regulatory reporting requirements, the Listing Rules and the Prospectus Rules and ensuring that effective systems for internal financial control and for reporting non-financial operating data are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and half yearly statements will remain with the Board. As all the Directors are non-executive and are not anticipated to change during the life of the Company, it is not considered appropriate to appoint a nomination or remuneration committee.

Other matters

The Company's senior independent director is David Armfield.

Expenses and Administration

Investment advisory services and administration

The Investment Adviser will be paid an annual investment advice fee of 2% of the Net Asset Value (plus VAT, if applicable). The fee will be payable quarterly in arrears.

Downing LLP will provide administrative services to the Company for an annual fee of £40,000 (increasing to £45,000 if more than 20,000,000 shares are issued under the Offer plus VAT, if applicable, payable quarterly in arrears. The Company will be responsible for its normal third party costs including listing fees, audit and taxation services, legal fees, sponsor fees, registrars' fees, Directors' fees and other incidental costs.

Assuming full subscription under the Offer (with the Over-allotment Facility not utilised), and excluding the Investment Adviser's annual management fee, it is expected that the annual running costs of the Company will be approximately 3.5% of Net Asset Value. In any event, the Investment Adviser has agreed to reduce its fee (if necessary to zero) to contain total Annual Running Expenses to a maximum of 3.5% of Net Asset Value.

Fees, charges and pricing of the Offer

The Investment Adviser (in its role as the promoter) will charge the Company a Promoter's Fee of 5% of the monies subscribed, where it is required to pay commission to a Financial Adviser and 3% where no commission is payable. Out of its fees, the Promoter will be responsible for paying all of the costs of the Offer and initial and trail commission (as described under the paragraph headed "Commission" below) to Financial Advisers (where permitted). The number of Ordinary Shares issued under the Offer will be determined by the "blended" issue cost. Applicants will have a different issue cost attributable to their application for Ordinary Shares under the Offer depending on the level of Promoter's Fee and Adviser Charges agreed with their Financial Adviser, or any commission which is permitted to be paid to Financial Advisers, in all cases adjusted for any early discount.

Commission

Commission is permitted to be paid to Financial Advisers under the Rules of the FCA in respect of execution only clients where no advice or personal recommendation has been given, or where the Financial Adviser has demonstrated to the Company that the Investor is a professional client of the Financial Adviser. Such authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FCA number will usually be entitled to an initial commission usually of 3% of the monies subscribed in respect of the Ordinary Shares allocated in relation to such Application Form, and no trail commission, or usually 2% of the monies subscribed by their clients under the Offer and provided that the Financial Adviser continues to act for the Investor and the Investor continues to be the beneficial owner of the Ordinary Shares, and subject to applicable laws and regulations, an annual trail commission usually of up to 0.5% of the NAV per Ordinary Share. This annual trail commission will be payable until the earlier of

- (i) the fifth anniversary of the closing of the Offer and
- (ii) the Investment Advisory Services Agreement being terminated. Initial commissions will be payable by the Promoter out of its fees.

Adviser Charge

Commission is generally not permitted to be paid to authorised Financial Advisers who provide a personal recommendation to UK retail clients on investments in VCTs, other than in respect of Professional Clients. Instead of commission being paid by the Company, a fee will usually be agreed between the adviser and Investor for the advice and related services ("Adviser Charge"). This fee can either be paid directly by the Investor to the intermediary or, if it is a one off fee, the payment of such fee may be made by the Registrar. If the payment of the Adviser Charge is to be made by the Registrar, then the Investor's Financial Adviser is required to specify the amount of the charge on the Application Form.

Promoter's Fee

Income tax relief is available on the total amount subscribed for Shares (including the amounts used to pay the Promoter's Fee but not including the amount of the Adviser Charge paid by the Registrar on behalf of an Investor prior to subscription for Shares), subject to VCT Rules, personal circumstances and changes in the availability of tax reliefs.

The fee structure is based on the relevant applicable Rules of the FCA and HMRC as they apply at the date of this document. In the event that there is a change in these Rules that affect this fee structure, the Directors reserve the right to make amendments to the fee structure outlined in this document.

Early Applications

Applications which are received and accepted by 5.00 p.m. on 29 January 2016 will benefit from the Promoter's Fee (as a percentage of the amount subscribed) being reduced by 1% and, for such applications received and accepted by 5.00 p.m. on 29 February 2016, such fee being reduced by 0.5%. The Company reserves the right (in consultation with the Promoter) to extend the deadline by which Applications must be received and accepted to be eligible for the reductions.

Performance Incentive

The Investment Adviser will be entitled to a performance related incentive of 20% of distributions in excess of 1.5p per Ordinary Share in respect of the Financial Year ending 30 November 2017, 4p per Ordinary Share in respect of the Financial Year ending 30 November 2018 and 5p per Ordinary Share in each Financial Year thereafter ("Hurdle"), and 30% of any excess distributions in excess of 10p per Ordinary Share, in any Financial Year. This incentive will only be payable if the NAV and dividends paid to date is at least of £1.00 per Ordinary Share. Any shortfall in the Hurdle in any Financial Year shall be carried forward and added to the Hurdle for the next Financial Year and so on until fully extinguished. The Directors believe that the performance incentive structure provides a strong incentive for the Investment Adviser to make distributions as high and as soon as possible.

Pricing of the Offer

The number of Ordinary Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Ordinary Share):

Number of Offer Shares = Amount subscribed, less:

(i) initial Promoter's Fee¹ and (ii) Adviser Charge (if any)

÷ Latest NAV per Ordinary Share²

¹ less any reduction for early applications and/or commission waived by Financial Advisers (where applicable)

² adjusted for any dividends declared that are ex-dividend but not yet paid, as appropriate.

Illustrative examples (based on a subscription under the Offer of £10,000 and a NAV per Ordinary Share of £1)

(i) Promoter's Fee (Execution-only Transaction 5% less 2% Financial Adviser commission waived) of 3% = £300

Number of Ordinary Shares = $(10,000 - 300 - 0) \div 1 = 9,700$

(ii) Promoter's Fee (advised) of 3% = £300

Example Adviser Charge = £225

Number of Ordinary Shares = $(10,000 - 300 - 225) \div 1 = 9,475$

(iii) Promoter's Fee (advised) of 3% = £300

Example Adviser Charge = £400

Number of Ordinary Shares = $(10,000 - 300 - 400) \div 1 = 9,300$

*Applications received and accepted by 5.00 p.m. on 29 January 2016 will benefit from a reduction in the Promoter's Fee of 1% of the amount subscribed and, for such applications received and accepted by 5.00 p.m. on 29 February 2016, such fee being reduced by 0.5%.

It should be noted that the example Adviser Charges set out above have been provided to illustrate the pricing of the Offers and should not be considered as a recommendation as to the appropriate levels of Adviser Charges.

Income tax relief should be available on the total amount subscribed, subject to VCT regulations and personal circumstances, which in each of the above examples would be £3,000 (£10,000 at 30%).



Part 2

Taxation

The following information is only a summary of the law concerning the tax position of individual Qualifying Subscribers in VCTs. Therefore, potential Investors are recommended to consult a duly authorised financial adviser as to the taxation consequences of an investment in the Company. All tax reliefs referred to in this document are UK tax reliefs dependent on companies maintaining their VCT qualifying status. Tax relief may be subject to change and will depend on individual circumstances.

1. Taxation of a VCT

VCTs are exempt from corporation tax on chargeable gains, with no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. VCTs will be subject to corporation tax on their income (generally excluding dividends received from UK companies) after deduction of attributable expenses.

2. Tax reliefs for individual Investors

In order to benefit from the tax reliefs outlined below, individuals who subscribe must be aged 18 or over.

Relief from Income Tax

Relief from income tax of 30% will be available on subscriptions for shares in a VCT, subject to the Qualifying Limit (currently £200,000 in each tax year). The relief, which will be available in the year of subscription, cannot exceed the amount which reduces the income tax liability of the Qualifying Subscriber in that year to nil. Relief may not be available if there is a loan linked with the investment. Relief will not be available or, where given, will be withdrawn, either in whole or in part, where there is any disposal (except on death) of the shares (or of an interest in them or right over them) before the end of the period of five years beginning with the date on which the shares were issued to the Qualifying Subscriber.

Relief is restricted or not available where a Subscriber disposes of shares in the same VCT within six months of their subscription, whether the disposal occurs before or after the subscription.

Income tax relief is available on the total amount subscribed (including the amounts used to pay the Promoter's Fee but not including the amount of the Adviser Charge paid by the Registrar on behalf of the Investor prior to subscription for Shares), subject to VCT Rules, personal circumstances and changes in the availability of tax reliefs.

Dividend Relief

Any Qualifying Subscriber who has acquired shares in a VCT of a value of no more than £200,000 in any tax year will not be liable for UK income tax on any dividends paid out on those shares by the VCT. There is no withholding tax on dividends.

Capital Gains Tax Relief

A disposal by a Qualifying Subscriber of his or her shares in a VCT will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is limited to the disposal of shares acquired within the £200,000 limit for any tax year.

Loss of Tax Reliefs

Relief from corporation tax on capital gains will be withdrawn should a company that has been granted approval or provisional approval as a VCT fail to maintain the conditions required to keep its qualifying status. After such a status is lost, all gains will fail to benefit from tax exemption.

For investors, loss of VCT status could result in:

- claw-back of the 30% income tax relief previously obtained on the subscription for new VCT shares;
- any payments of dividends made by the company during the accounting period in which the company loses VCT status and, thereafter, being subject to income tax; and

- a liability to tax on capital gains as would normally occur on the disposal of shares, except for any part of the gain that could be attributed to the time when the company had VCT status.

Qualifying Investors investing in a company that has provisional approval as a VCT, but fails to obtain full unconditional approval as a VCT may experience the following consequences:

- claw-back of the 30% tax relief previously obtained on the subscription for new VCT shares and interest on any overdue tax;
- any payments of dividends by the company being subject to income tax; and
- any gain from the disposal of any shares being subject to capital gains tax and losses on the shares being allowable losses for capital gains tax purposes.

For the purposes of sections 3 and 4 below, references to shares should be viewed as eligible VCT shares.

3. The impact of the death of an investor

Initial Income Tax

Should any investor die having made an investment in a VCT, the transfer of shares on his or her death will not be treated as a disposal of shares and so there will not be any claw-back of the income tax relief obtained on the subscription for those shares. However, the shares transferred will become part of the estate of the deceased for inheritance tax purposes.

Tax implications for the beneficiary

The beneficiary of any VCT shares inherited from a deceased investor will continue to be entitled to tax-free dividends and tax-relief on disposal, but will not be entitled to any initial income tax relief because they have not subscribed for those shares.

4. The impact of a transfer of shares between spouses

As it is not deemed a disposal of shares, any transfer of shares between spouses will continue to benefit from all tax reliefs.

5. General

Investors not residing in the UK

Investors who are not resident in the UK or who may become a non-resident should seek their own professional advice as to the consequences of making an investment in a VCT, as they may be subject to tax in other jurisdictions as well as in the UK.

Stamp Duty and Stamp Reserve Tax

No stamp duty or stamp duty reserve tax is payable on the issue of shares. The transfer on the sale of shares is usually liable to ad valorem stamp duty or stamp duty reserve tax. Such duties would be payable by the individual who purchases the shares from the original subscriber.

Purchasing shares after listing

Any qualifying purchaser of existing VCT shares, rather than new VCT shares, will not qualify for income tax relief on investments, but may be able to receive exemption from tax on dividends and capital gains tax on disposal of his or her VCT shares if those shares are acquired within the investor's annual £200,000 limit.

Part 3

Additional Information

1. The Company

- 1.1 The Company was incorporated and registered in England and Wales on 4 September 2015 under the name Hazel Targa VCT PLC with registered number 9762041 as a public company limited by shares under the Act. The principal legislation under which the Company operates is the Act.
- 1.2 On 12 October 2015 the Registrar of Companies issued the Company with a certificate under section 761 of the Act. On 13 October 2015 the Company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 833 of the Act.
- 1.3 The Company has not traded since incorporation.

2. Share capital

- 2.1 The Company was incorporated with two ordinary shares of 1 pence each issued fully paid to the subscribers to the memorandum of the Company ("the Subscriber Shares") which are held by HK Nominees Limited and HK Registrars Limited.
- 2.2 By ordinary and special resolutions passed on 6 October 2015:
 - 2.2.1 The Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company. This power is limited to the allotment of relevant securities up to an aggregate nominal amount of £450,000, such authority is to expire on the later of 15 months from the date of the resolution or the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting);

2.2.2 The Directors were empowered (pursuant to section 570(1) of the Act) to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority referred to in paragraph 2.2.1 above as if section 561 of the Act did not apply to any such allotment, such power to expire at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously renewed or extended by the Company in general meeting). This power was limited to the allotment of equity securities in connection with:

2.2.2.1 the Offer;

2.2.2.2 an offer of equity securities by way of rights; and

2.2.2.3 otherwise than pursuant paragraphs 2.2.2.1 and 2.2.2.2, an offer of equity securities up to an aggregate nominal amount of 10% of the issued ordinary share capital of the Company immediately following closing of the Offer.

2.2.3 Subject to approval by the High Court of Justice, the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the Offer will be cancelled;

2.2.4 The Company was authorised to make one or more market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:

2.2.4.1 the maximum aggregate number of Ordinary Shares authorised to be purchased is an amount equal to 14.99% of the issued ordinary share capital of the Company following the Offer;

2.2.4.2 the minimum price which may be paid for an Ordinary Share is 1 pence;

2.2.4.3 the maximum price which

may be paid for an Ordinary Share is an amount, exclusive of expenses, equal to 105% of the average of the middle market prices shown in the quotations for a Share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased; and

2.2.4.4 unless renewed, the authority thereby conferred shall expire either at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of this resolution, whichever is the later to occur, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

2.2.5 the Company adopted new articles of association, details of which are set out in paragraph 3 below.

2.3 On 6 October 2015, 25,000 Redeemable Preference Shares in the Company were allotted and issued to each of the Investment Adviser and the Investment Sub-adviser and paid up as to one quarter so as to enable the Company to obtain a certificate under section 761 of the Act. Once fully paid up, the Redeemable Preference Shares will be redeemed by the Company out of the proceeds of the Offer. Each of the Redeemable Preference Shares which is redeemed shall automatically be cancelled.

2.4 Save as disclosed in this paragraph 2 and paragraph 4 below, since the date of its incorporation, no share or loan capital of the Company or any subsidiary has been issued or agreed to be issued, or (except pursuant to the Offer) is now proposed to be issued, or cash or any other consideration and no commissions, discounts, brokerages, or other special terms have been granted by the Company in connection with the issue or sale of any such capital.

2.5 No share or loan capital of the Company is under option or has been agreed conditionally

or unconditionally to be put under option.

2.6 Save as disclosed in this document, no material issue of Shares (other than to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.

2.7 The Shares will be in registered form and temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB GB00BYMLHY14 and the SEDOL code is BYMLHY1.

2.8 2.8.1 Following the final closing date of the Offer and the redemption of the Redeemable Preference Shares, the issued share capital of the Company, assuming full subscription under the Offer and assuming the maximum subscription is not increased as provided for in the Over-allotment Facility, will be as follows:

Issued Ordinary Shares of 1 pence each	
Number	Nominal Value
20,000,002	£200,000.02

2.8.2 In the event that the Offer is subscribed in full on or before the Initial Closing Date the Directors may, at their discretion, increase the maximum subscription under the Offer to up to 40,000,000 Ordinary Shares in which case the issued share capital of the Company, assuming full subscription under the Offer taking account of the Over-allotment Facility and the redemption of the Redeemable Preference Shares, will be as follows:

Issued Ordinary Shares of 1 pence each	
Number	Nominal Value
40,000,002	£400,000.02

2.9 The Company will be subject to the continuing obligations of the UK Listing Authority and the London Stock Exchange with regard to the issue of securities for cash and the provisions of section 561 of the Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which

are, or are to be, paid up in cash) will apply to the Company to the extent that any such issues are not subject to the dis-application referred to in sub-paragraph 2.2.2 above.

3. Articles of Association

- 3.1 The Articles provide that the principal object of the Company is to carry on the business of a Venture Capital Trust and that the liability of members is limited.
- 3.2 The articles of association of the Company which were adopted by special resolution on 6 October 2015 contain, inter alia, provisions to the following effect:

3.2.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 3.2.5 below and 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.

3.2.2 Rights Attaching to the Redeemable Preference Shares

Each of the Redeemable Preference Shares carries the right to a fixed, cumulative, preferential, dividend of 0.1% per annum (exclusive of any imputed tax credit available to shareholders) on the nominal amount thereof, but confers no right to vote except as otherwise agreed by the holders of a majority of the Shares. On a winding-up, the Redeemable Preference Shares confer the right to be paid the nominal amount paid on such shares. The Redeemable Preference Shares are redeemable at any time by the Company and by the holder at any time after the Minimum Subscription is raised under the Offer. Each Redeemable Preference Share which is redeemed shall, thereafter, be cancelled without further resolution or consent.

3.2.3 Transfer of Shares

The Ordinary Shares are in registered form and will be freely transferable. All transfers of Ordinary Shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of an Ordinary Share shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid Share, provided that such refusal does not prevent dealings taking place on an open and proper basis and may also refuse to register any instrument of transfer unless:

3.2.3.1 it is duly stamped (if so required), is lodged at the Company's registered office or with its registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

3.2.3.2 it is in respect of only one class of share; and

3.2.3.3 the transferees do not exceed four in number.

3.2.4 Dividends

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

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

3.2.5 Disclosure of Interest in Ordinary 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 entire issued share capital) after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in section 793 of the Act, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares.

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

3.2.6 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 Company's 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.

3.2.7 Changes in Share Capital

3.2.7.1 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. Subject to the Act, the Company may issue shares, which are, at the option of the Company

or the holder, liable to be redeemed.

3.2.7.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, sub-divide its shares or any of them into shares of smaller amounts, or 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.

3.2.7.3 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.

3.2.8 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 that class or with the sanction of a resolution passed at a separate meeting of such holders.

3.2.9 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 his hand

appoint (a) any other Director, or (b) any other person who is approved by the Board of Directors as hereinafter provided, to be his alternate. A Director may at any time revoke the appointment of an alternate appointed by him. Every person acting as an alternate Director shall be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be the agent of or for the Director appointing him.

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 to be or become a Director or other officer, servant or member of 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 his 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.

3.2.10 Directors' Interests

3.2.10.1 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 his interest.

3.2.10.2 Provided that he has declared his interest in accordance with paragraph 3.2.10.1, 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 his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.

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

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such

shares, debentures or other securities;

(d) any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not (to his knowledge) hold an interest in shares representing 1% or more of any class of the equity share capital of such company or of the voting rights available to members of the company;

(e) 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

(f) 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 him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a director, officer or auditor.

3.2.10.4 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 his own appointment.

3.2.11 Remuneration of Directors

3.2.11.1 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, including fees from the Company, shall not exceed £75,000 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.

3.2.11.2 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.

3.2.11.3 The emoluments and benefits of any executive Director for his 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 him or his dependants on or after retirement or death.

3.2.12 Retirement of Directors

A Director shall 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 a Director despite having attained any particular age.

3.2.13 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 Company's power to borrow money is subject to the aggregate principal amount outstanding not at any one time exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).

3.2.14 Uncertificated Shares

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996. The Company's articles of association are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Uncertificated Securities Regulations 2001.

The Company anticipates that it will enter the CREST system on admission of the Shares to the London Stock Exchange.

3.2.15 General Meetings

The Company shall, within 6 months of a company's financial year end, at such time and place as may be determined by the Directors, hold a general meeting as its annual general meeting in addition to any other meetings in that year.

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 requisitions as are provided by the Act. Any meeting convened under this Article by requisitions 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 the 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 him, 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 (being not less than fourteen days and not more than twenty-eight days hence) 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. Directors and Other Interests in the Company

- 4.1 Save as otherwise described in this paragraph 4, neither the Company nor the Directors are aware of any person who, immediately after the close of the Offer (assuming full subscription), directly or indirectly, jointly or severally, will exercise or could exercise control over the Company or who will be interested directly or indirectly in 3% or more of the issued share capital of the Company.
- 4.2 The interests of the Directors and their immediate families in the share capital of the Company, all of which are beneficial, as they are expected to be following the close of the Offer, and of persons connected to the Directors and their immediate families and the existence of which is known to, or could with reasonable diligence be ascertained by, that Director will be as set out below together with the percentages which such interests represent of the Shares:

Name	Number of Ordinary Shares*	Percentage of total Ordinary Shares**
Philippa Latham	15,000	0.075
David Armfield	15,000	0.075
Alexander Hambro	15,000	0.075

*assuming an initial net asset value per Ordinary Share of £1.00, a Promoter's Fee of 5% and that no commissions or Adviser Charges are payable to a Financial Adviser

** assuming that the Offer is fully subscribed with no over-allotment facility having been utilised.

There are no different rights attaching to those shares.

- 4.3 No person has any interest in the share capital or loan capital or voting rights of the Company representing 3% or more of the issued share capital of the Company, whether beneficial or non-beneficial and, save as disclosed in paragraph 4.2 above, no shares in the capital of Company are being reserved for allocation to existing shareholders, Directors or employees of the Company.

- 4.4 The Company's major Shareholders do not have different voting rights.
- 4.5 No Director is or has since the period from the Company's incorporation been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 4.6 No loans made or guarantees granted or provided by the Company to or for the benefit of any Director are outstanding.
- 4.7 There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to the Company pursuant to letters of appointment dated 11 November 2015, each of which is terminable upon 3 months' notice given by the Company at any time after the first anniversary of their appointment. All the Directors are non-executive directors. Save in respect of these letters of appointment, no member of any administrative, management or supervisory body has a service contract with the Company.
- 4.8 There are no family relationships between any of the Directors or members of the Investment Adviser.
- 4.9 During the five years immediately prior to the date of this document, the Directors have been members of the administrative, management or supervising bodies or parties of the companies and partnerships specified below (excluding subsidiaries of any company of which he is also a member of the administrative, management or supervisory body):

Philippa Latham:

Current Directorships/Partnerships

W.Lucy & Co.Limited

Past Directorships

James Latham Public Limited Company

James Latham Trustee Limited

David Armfield:

Current Directorships/Partnerships

David Armfield Limited

The Alumasc Group PLC

Kinetix Corporate Finance LLP

Alexander Hambro:

Current Directorships/Partnerships

BACIT (UK) Limited

Bapco Closures Holdings Limited

Bapco Closures Research Limited

Benchmark Holdings PLC

Crescent Capital II GP Limited

Crescent Capital III GP Limited

Crescent Capital III B GP Limited

Crescent Capital NI Limited

First Magazine Limited

Halkin Development Limited

HF Partnership LLP

Hazel Renewable Energy VCT2 PLC

Izon Science Limited (New Zealand)

Judges Scientific PLC

Octopus Eclipse VCT PLC

Targa Fund Limited

Welbeck Capital Partners LLP

Whitley Asset Management Ltd

Past Directorships/Partnerships

Aldersgate House Limited (proposal to strike off)

Chloride Extraction Technologies Limited

Octopus Eclipse VCT 4 PLC (dissolved)

Welbeck Investment Partners Member Limited

None of the Directors in the five years prior to the date of this Prospectus:-

4.9.1 save as set out in paragraph 4.9 above, is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the 5 years immediately preceding the date of this document;

4.9.2 has any unspent convictions in relation to fraudulent offences;

4.9.3 has had any bankruptcies, receiverships or liquidations through acting in the capacity of a member of any administrative, management or supervisory bodies or as a partner, founder or senior manager of any

partnership or company; and

4.9.4 has had any official public recriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a Court from acting as a member of the administrative management or supervisory bodies of any company or firm acting, or in the management or conduct of the affairs of, any company.

4.10 Save as noted in paragraph 4.2 above, no Shares are being reserved for allocation to existing Shareholders, Directors or employees.

4.11 The Company will take out directors' and officers' liability insurance for the benefit of the Directors.

4.12 The estimated aggregate remuneration for the Company, including benefits in kind, to be paid to the Directors in the financial period ending 30 November 2016, based on the arrangements currently in place with each Director and excluding national insurance, will not exceed £50,000.

4.13 Save insofar as Alex Hambro is a member of the Investment Sub-adviser, no Director or member of the Investment Advisory Team has any potential conflict of interest between his duties to the Company and their private interests or other duties. The Investment Sub-adviser is the manager or adviser of other funds. Any conflicts of interest between the interests of the Company and those other funds will be dealt with in accordance with the co-investment agreement, the terms of which are referred to in paragraph 5.5 below.

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

4.15 From incorporation of the Company until the date of this Prospectus no remuneration (including any contingent or deferred compensation and benefits in kind) has been paid or granted to any of the directors of the Company or any member of the Investment Adviser by the Company for services in all capacities to the Company.

4.16 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors or members of the Investment Adviser.

4.17 None of the Directors or members of the Investment Adviser have any service contract with the Company providing for benefits upon termination of employment. See paragraph 5.3 below which refers to the Directors' Letters of Appointment.

4.18 The Company does not have a remuneration committee nor a nomination committee.

5. Material Contracts

The following constitutes a summary of the principal contents of each material contract entered into by the Company, otherwise than in the ordinary course of business, since its incorporation. There are no other contracts, not being contracts entered into in the ordinary course of business, entered into by the Company which contain any provision under which the Company has an obligation or entitlement which is material to the Company as at the date of this document:

5.1 Offer Agreement

Under the Offer Agreement, the Sponsor has agreed to act as sponsor dated 11 November 2015 to the Offer and the Promoter has undertaken, as agent of the Company, to use its reasonable endeavours to procure subscribers under the Offer for up to 20,000,000 Ordinary Shares in the Company (subject to the Over-allotment Facility if the Directors request and the Promoter so agrees). Under the Offer Agreement, the Company will pay the Promoter a commission of either 5% or 3% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the Offer.

The Promoter will also be responsible for the payment of commission to authorised financial intermediaries in respect of execution only and professional clients. Total initial costs payable by the Company under the Offer Agreement will, therefore, not exceed 5% of Gross Proceeds.

Under the Offer Agreement, which may be

terminated by the parties in certain circumstances, the Investment Adviser, the Investment Sub-adviser, the Company and the Directors have given certain warranties to the Sponsor. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to financial and time limits which are also in usual form for contracts of this type. The Company has also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. There are no value or time limits attached to the indemnity other than the statutory limit of six years. The Sponsor may terminate the Offer Agreement at any time prior to Admission if it becomes aware of any breach of warranty prior to Admission.

5.2 Investment Advisory Services Agreement

Under an agreement dated 11 November 2015 between the Company and the Investment Adviser (the "Investment Advisory Services Agreement"), the Investment Adviser will advise the Company in respect of its portfolio of investments. The Investment Adviser will receive a fee equal to 2% per annum of the Net Assets of the Company. The fee will be payable quarterly in advance. The Annual Running Costs of the Company are capped at 3.5% of its Net Assets; any excess will either be paid by the Investment Adviser or refunded by way of a reduction to its fees. The Investment Adviser will also be entitled to a performance related incentive of 20% of the aggregate excess on any amounts distributed by the Company in excess of 1.5p per Ordinary Share in respect of the Financial Year ending 30 November 2017, 4p per Ordinary Share in respect of the Financial Year ending 30 November 2018 and 5p per Ordinary Share in each Financial Year thereafter ("Hurdle"), and 30% of the aggregate excess on any amounts distributed by the Company in excess of 10p per Ordinary Share in any financial year; Shareholders will be entitled to the balance. This incentive will only be payable provided the aggregate of the latest published NAV and dividends (and other distributions) paid to date is not less than £1.00 per Ordinary Share. Any shortfall in the Hurdle in any Financial Year shall be carried

forward and added to the Hurdle for the next Financial Year and so on until fully extinguished.

The Investment Advisory Services Agreement is for a minimum period of six years from the date upon which valid applications amounting to the Minimum Subscription are received by the Company or six years after any subsequent fund raising by way of an FCA approved prospectus or 10% "top-up" and thereafter is terminable, subject to shareholders approval by way of an ordinary resolution, at a duly convened General Meeting, by either party at any time by one year's prior written notice on or at any time after the expiry of the minimum period and subject to earlier termination in the event of, inter alia, a party committing a material breach of the Investment Advisory Services Agreement (which is not remedied within a 30 day period).

5.3 Directors' Letters of Appointment

Each of the Directors has entered into an agreement with the Company dated 11 November 2015 as referred to in paragraph 4.7 above whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as non-executive Director. The Chairman of the Company is entitled to receive an annual fee of £20,000 (plus VAT, if applicable). David Armfield is entitled to £18,000 per annum (plus VAT, if applicable) and Alex Hambro is entitled to £12,000 per annum (plus VAT, if applicable). Each party can terminate the agreement by giving to the other at least three months' notice in writing.

5.4 Administration Agreement

Under an agreement dated 11 November 2015 between the Company and Downing LLP, Downing LLP will provide certain administration services to the Company for an annual fee of £40,000 (increasing to £45,000 if more than 20,000,000 shares are allotted under the Offer) plus VAT, payable quarterly in arrears.

5.5 Co-investment Agreement

Under an agreement dated 11 November 2015 between the Company, the Investment Adviser, the Investment Sub-adviser and Targa Fund

Limited, the Company has agreed with the Investment Sub-adviser and Targa Fund Limited the following allocation rules to manage the relationship between the Company and that fund:

- All opportunities which meet the investment criteria of both the Company and Targa Fund Limited, will be presented to them both at the same time, and before they are shown to any other investors. If both have funds available for investment, each will be offered the opportunity to invest in the investment in proportion to their available funds, with an exception in the case of Qualifying Investments, to which the Company will have first call.
- Where the Company chooses not to invest, then its allocation will first be offered to Targa Fund Limited. Should Targa Fund Limited choose not to take up the allocation then it will be offered to other investors.

6. General

- 6.1 The principal place of business and registered office of the Company is at 5th Floor, Ergon House, Horseferry Road, London SW1P 2AL. The telephone number of the Company is 020 3434 1010. The Company has no subsidiaries or associated companies.
- 6.2 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effect on the Company's financial position or profitability.
- 6.3 The Company has not got nor has it had since incorporation any employees and it neither owns nor occupies any premises.
- 6.4 Save as disclosed in this paragraph and in paragraph 4 above, no amount or benefit has been paid or given to any promoters and none is intended to be paid or given.
- 6.5 The Company's accounting reference date is 30 November in each year.
- 6.6 The Investment Adviser is Hazel Capital LLP, a limited liability partnership registered in England and Wales and incorporated pursuant to the LLP Act on 30 April 2007 under

registered number OC327915, which is authorised and regulated by the Financial Conduct Authority and whose principal place of business is at 227 Shepherds Bush Road, London W6 7AS. The principal legislation under which it operates is the LLP Act. The telephone number of the Investment Adviser is 020 3434 1010.

- 6.7 The initial issue price per Share will represent a premium of approximately 99 pence per Share over the nominal value of such Shares and is payable in full on application.
- 6.8 The expenses of and incidental to the Offer and the listing of the Shares, including registration and listing fees, printing, advertising and distribution costs, legal and accounting fees and expenses, are payable by the Company. If the maximum of £20,000,000 is raised under the Offer, the net proceeds will amount to approximately £19,000,000 and, if the minimum of £3.2 million is raised, the net proceeds will be approximately £3,040,000, in each case assuming the Promoter's Fee payable is 5% on all subscriptions.
- 6.9 Save in connection with the Offer, Ordinary Shares have not been marketed to and are not available to the public.
- 6.10 The Company will apply the following in relation to valuation:
- 6.10.1 Investments in AIM traded shares will be valued at prevailing bid prices in the market, unless it is thought necessary to make any adjustment for illiquidity.
- 6.10.2 Investments in CLNs will be valued:
- 6.10.2.1 unless otherwise required by FRS, convertible loans made to Pre-IPO companies will be valued at cost (if the loan is performing) plus, where the loan has a redemption premium, the accrued redemption premium and any accrued but unpaid interest up to the date of valuation.
- 6.10.2.2 unless otherwise required by FRS, convertible loans made to AIM or other quoted / listed companies:

(i) where the share price of the relevant AIM or other quoted/listed company is above the conversion price at the date of valuation, the Directors will value the convertible loan either (i) on an 'as if converted' basis (to reflect the profit which would accrue were the conversion to be carried out at the date of valuation) and if so the loan will be valued at the prevailing mid-market price minus a liquidity discount of 20% or, if a higher value, (ii) on an 'as if redeemed basis' and if so the loan will be valued at the accrued redemption premium plus any accrued but unpaid interest up to the date of valuation; or

(ii) where the share price of the relevant AIM or other quoted/listed company is below the conversion price at the date of valuation, the convertible loan will be valued at par plus any accrued but unpaid interest plus any accrued redemption premium if any.

6.10.2.3 all convertible loans will be assessed for impairment at each date of valuation. An impairment recommendation will be provided by the Investment Adviser at the relevant date of valuation with a detailed impairment review being performed by the Directors to review the recommendations of the Investment Adviser. If the Directors believe impairment is required, their decision will supersede the recommendation of the Investment Adviser.

6.10.3 All other investments will be valued by the Directors on the recommendation of the Investment Adviser in accordance with International Private Equity and Venture Capital Valuation ("IPEVC") guidelines. IPEVC guidelines have replaced BVCA guidelines for investment companies investing in unquoted investments and reporting under FRS.

6.10.4 The underlying principle of FRS is that investments should be reported at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

6.10.5 In estimating fair value for an investment, the methodology applied must be appropriate to the nature, facts and circumstances of the investment and its materiality based on reasonable assumptions and estimates. Such methodology, including earnings multiple cost, less a provision or net assets, should be applied consistently.

6.11 The Investment Adviser will be responsible for determination and calculation of the NAV of the Company in accordance with the policies set out above. The Company will announce its NAV per Ordinary Share through its annual reports and half yearly accounts, and will be communicated to shareholders through regulatory information service announcements.

6.12 The calculation of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a regulatory information service.

6.13 Rees Pollock has been the only auditor of the Company since its incorporation. It is registered to carry out audit work by The Institute of Chartered Accountants in England and Wales. The Company shall take all reasonable steps to ensure that its auditor is independent of it and has obtained written confirmation from its auditor that it complies with guidelines on independence issued by its national accountancy and auditing body.

6.14 The Company has given notice to the Registrar of Companies, pursuant to section 833 of the Act, of its intention to carry on business as an investment company, which will enhance its ability to pay dividends out of income. If and when capital profits are realised which the Directors consider it appropriate to distribute by way of dividend (for example on the disposal

of a successful investment), the Directors would anticipate revoking this status.

- 6.15 Save for the agreements described in paragraphs 5 of this Part 3, there have been no related party transactions since the incorporation of the Company.
- 6.16 Since the date of its incorporation, the Company has not commenced operations. Accordingly, no financial statements have been made up as at the date of this document.
- 6.17 Subject to the receipt of the Minimum Subscription, the Company is of the opinion that it has sufficient working capital for its present requirements, that is, for at least the next twelve months following the date of this document.
- 6.18 The Offer will not proceed if the Minimum Subscription is not reached.
- 6.19 The capitalisation of the Company as at the date of this document is shareholder's equity of £12,500.02.
- 6.20 As at the date of this Prospectus, the Company did not have loan capital outstanding, any other borrowings nor guaranteed, unguaranteed, secured and unsecured indebtedness, including indirect and contingent indebtedness.
- 6.21 The Company does not assume responsibility for the withholding of tax at source.
- 6.22 Certificates for investments made by the Company in unlisted or unquoted securities in certificated form will be held by the Company at its registered office. No external custodian has been appointed.
- 6.23 The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT, as set out under the heading "Key Rules and Regulations" in Part 1 of this document. In addition, the following restrictions are imposed upon the Company under the rules relating to admission to the Official List:
- 6.23.1 it, or any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole;
- 6.23.2 it must not invest more than 10%

in aggregate of the value of its total assets (at the time the investment is made) in other listed closed-ended investment funds except listed closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment funds; and

6.23.3 it must manage and invest its assets in accordance with the investment policy set out on page 33, which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes maximum exposure.

6.24 The Investment Adviser has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in this document and the information in the paragraph of Part I of this document under the headings "Track Record" for which it is stated to accept responsibility, in each case in the form and context in which they are included. The Investment Adviser has authorised the inclusion of such information. The full name and address of the Investment Adviser are set out in paragraph 6.6, together with details of its material interests in the Company at paragraph 5.2 of this Part 3.

6.25 The Investment Adviser accepts responsibility for the information in and referred to in the paragraph of Part 1 of this document under the heading "Investment Adviser", having taken reasonable care that such is the case, confirms that such information is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

6.26 The Investment sub-Adviser accepts responsibility for the information in and referred to in the first and second sentences of the sixth paragraph of the Chairman's letter, and in the paragraph of Part 1 of this document under the headings "Investment sub-adviser", "Track Record" and "Deal Flow", and having taken reasonable care that such is the case, confirms that such information is, to the best of its knowledge, in accordance with the facts and contains

no omission likely to affect its import. The Investment sub-Adviser has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in this document, in the form and context in which they are included.

- 6.27 The Offer has been sponsored by Howard Kennedy Corporate Services LLP whose offices are at No.1 London Bridge, London SE1 9BG and which is authorised and regulated by the Financial Conduct Authority. The Sponsor has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in the form and context in which it is included.
- 6.28 The Offer is being promoted by the Promoter whose registered office is at 227 Shepherd's Bush Road, London W6 7AS which is authorised and regulated by the Financial Conduct Authority. The Promoter has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in the form and context in which it is included.
- 6.29 There have been no significant changes in the financial or trading position of the Company since it was incorporated.
- 6.30 Shareholders will be informed, through a regulatory information service announcement, if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 6.31 The results of the Offer will be announced through a regulatory information service within 3 Business Days of the closing of the Offer.
- 6.32 The Company and the Directors consent to the use of the Prospectus by financial intermediaries, from the date of the Prospectus until the close of the Offer, for the purpose of subsequent resale or final placement of securities by financial intermediaries for Shares until the close of the Offer, and accept responsibility for the information contained therein for such purpose. The Offer is expected to close on or before 5.00 pm on 29 April 2016, unless previously extended by the

Directors to a date no later than 1 November 2016. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus only in the UK.

- 6.33 In the event of an offer being made by a financial intermediary, information on the terms and conditions of the Offer will be given to Investors by the financial intermediaries at the time that the Offer is introduced to Investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph 6.32 above.

7. Documents for Inspection

- 7.1 Copies of the following documents are available for inspection at the offices of Howard Kennedy LLP, No.1 London Bridge, London SE1 9BG, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until closing of the Offer:
- 7.1.1 the articles of association of the Company;
- 7.1.2 the material contracts referred to in paragraph 5 above; and
- 7.1.3 this document.

Dated: 11 November 2015



Part 4

Definitions

The following definitions are used throughout this document and, except where the context requires otherwise, have the following meanings.

Act	Companies Act 2006 (as amended)
Administrator	Downing LLP
Admission	The admission of the Ordinary Shares to the Official List and to trading on the London Stock Exchange's market for listed securities
Adviser Charge	The fees agreed between an Investor and his or her Financial Adviser for advice in respect of his or her proposed subscription for Shares in the Company
AIM	The AIM market of the London Stock Exchange
Annual Running Expenses	the central running costs of the Company, including Directors' fees, the annual investment advice fee and the administration fee but excluding transaction related fees and expenses, any performance incentive and costs relating to the establishment of the Company
Applicant	An applicant for Ordinary Shares under the terms of the Offer
Application Form	The application form for use in respect of the Offer set out at the end of this document
Articles	The articles of association of the Company from time to time
Board of Directors or Board	the board of directors of the Company
Business Days	Any day (other than Saturday or Sunday or public holiday in the UK) on which clearing banks in London are open for normal banking business
Cleantech Sector	A diverse range of products, services, and processes, intended to provide performance at lower costs, while reducing or eliminating negative ecological impact, at the same time as improving the productive and responsible use of natural resources
CLN	Convertible loan notes or similar structures
Closing Date	The Initial Closing Date or, if later, such date as the Directors have at their discretion selected as the Closing Date
Company or Hazel Targa VCT	Hazel Targa VCT PLC
Directors	The directors of the Company (and each a "Director")
DTR	The Disclosure and Transparency Rules, being the rules published by the FCA from time to time and relating to the disclosure of information in respect of financial instruments
Financial Conduct Authority or FCA	The United Kingdom Financial Conduct Authority
Financial Adviser	A natural or legal person which is authorised and regulated by the FCA to give advice to its clients on investments
Gross Proceeds	The total gross funds raised under the Offer
Hazel Capital or the Investment Adviser or the Promoter	Hazel Capital LLP, authorised and regulated by the Financial Conduct Authority, adviser of the Qualifying Investments Portfolio and the Non-Qualifying Investments Portfolio

HMRC	HM Revenue and Customs
Initial Closing Date	5.00 p.m. on 29 April 2015
Investment Advisory Services Agreement	The investment advisory services agreement entered into between the Company and the Investment Adviser dated 11 November 2015
Investment Advisory Team	Members and employees of the Investment Adviser and/or the Investment Sub-adviser
Investment Sub-adviser or Welbeck	Welbeck Capital Partners LLP, its partners and/or employees
Investor(s)	An individual(s) aged 18 or over who subscribes for Shares under the Offer
IPO	An initial public offering
ITA	Income Tax Act 2007 (as amended)
Knowledge Intensive Company	A company satisfying the conditions in Section 331(A) of Part 6 ITA of the proposed draft legislation. These rules are subject to Royal Assent, which is expected in November 2015.
Listed	Admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
Listing Rules	The Listing Rules of the UK Listing Authority
LLP Act	Limited Liability Partnerships Act 2000 (as amended)
London Stock Exchange	London Stock Exchange PLC
Minimum Subscription	Subscriptions under the Offer of at least £3,200,000
ML Regulations	Money Laundering Regulations 2007 (as amended)
Net Asset Value or NAV	The aggregate of the gross assets of the Company less its gross liabilities
Non-Qualifying Investment	An investment of the Company which is not a Qualifying Investment
Non-Qualifying Investments Portfolio	The portfolio of Non-Qualifying Investments held by the Company at any time
Offer	The offer for subscription of up to 20,000,000 Shares (or such increased number in accordance with the Over-allotment Facility) as described in this document
Offer Agreement	The agreement dated 11 November 2015 between the Company, the Directors, the Promoter, the Sponsor and the Investment Sub-Adviser relating to the Offer, a summary of which is set out in Part 3 of this document
Offer Price	100p per Share
Official List	The Official List of the UK Listing Authority
Ordinary Shares or Shares	Ordinary shares of 1 pence each in the capital of the Company
Over-allotment Facility	The ability of the Directors (at their discretion), if the Offer is oversubscribed, to increase the number of Shares available for subscription under the Offer to 40,000,000
Professional Client	An Investor who is a professional client as defined in Section 3.5 of the FCA's Conduct of Business Sourcebook

Promoter's Fee	The fee, as described on page 41 payable to the Investment Adviser in respect of its role as promoter in connection with the Offer
Prospectus	This document which describes the Offer in full
Prospectus Rules	The Prospectus Rules issued by the Financial Conduct Authority and made under Part VI of the Financial Services and Markets Act 2000
Qualifying Company	A company satisfying the conditions in Chapter 4 of Part 6 ITA, as described in Part 2 of this document
Qualifying Holding	Shares in, or securities of, a Qualifying Company, which satisfy the conditions in Chapter 4 of Part 6 ITA, as described in Part 2 of this document
Qualifying Investment	An investment in an unquoted company or stocks which are AIM -traded which satisfies the requirements of Chapter 4 of Part 6 ITA, as described in Part 2 of this document
Qualifying Investments Portfolio	The portfolio of Qualifying Investments held by the Company at any time
Qualifying Limit	A total amount of £200,000 per individual investor
Qualifying Purchaser	An individual who purchases Shares from an existing Shareholder and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
Qualifying Subscriber	An individual who subscribes for Shares under the Offer and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
Qualifying Subsidiary	A subsidiary company which falls within the definition of Qualifying Subsidiary contained in Section 298 ITA, as described in Part 2 of this document
Qualifying Trade	A trade complying with the requirements of Section 300 ITA
Redeemable Preference Shares	Redeemable preference shares of £1 each in the capital of the Company
Registrar	Capita Asset Services
Risk Finance State Aid	State aid received by a company as defined in Section 280B (4) of ITA.
Shareholders	Holders of Ordinary Shares
SME	Small and medium-sized enterprises
Sponsor	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the Financial Conduct Authority
UK Listing Authority	The Financial Conduct Authority in its capacity as the competent authority under the Financial Services and Markets Act 2000
VCT Rules	Part 6 ITA and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs
Venture Capital Trust or VCT	A company approved as a venture capital trust under Section 274 ITA by the board of HMRC

Part 5

Terms and Conditions of the Offer and Application

1. In these terms and conditions and the Application Form, the expression "Prospectus" means the prospectus for Hazel Targa VCT PLC dated 11 November 2015.

The expression "Application Form" means the application form for use in accordance with these Terms and Conditions and posting it (or delivering it by hand during normal business hours) to Downing LLP at Ergon House, Horseferry Road, London SW1P 2AL, or as otherwise indicated in this document or on the Application Form.

2. The right is reserved to reject any application or to accept any application or to accept any application in part only. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for less money than the subscription amount tendered, or if in any other circumstances there is an excess paid on application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest, by post, at the risk of the applicant. In the meantime application monies will be retained in the bank account of the Company or the Receiving Agent.

3. You may pay for your application for Ordinary Shares by cheque, bankers' draft or by BACS, provided that an Application Form is submitted at the same time.

4. The contract created by the acceptance of applications in respect of the first allotment of Ordinary Shares under the Offer will be conditional on:

- 4.1 the Minimum Subscription being received by 5.00 p.m. on 5 April 2016; and
- 4.2 Admission of the Ordinary Shares (in respect of such first allotment of Shares) being granted not later than 5.00 p.m. on 13 April 2016 (or such later date as the Directors determine if the Offer is extended).

If the Minimum Subscription is not received by 5.00 p.m. on 5 April 2016, the Offer will be withdrawn and subscription monies will be returned to Investors within seven days of 5 April 2016 (or within seven days of the Closing Date if the Initial Closing Date is extended at the discretion of the Directors), at their own risk, without interest.

5. The Offer is not underwritten.

6. By completing and delivering an Application Form, you:

6.1 offer to subscribe the amount specified on your Application Form for Shares at the Offer Price (subject to paragraph 12) and in accordance with the Prospectus, these terms and conditions, and the Articles;

6.2 (if your subscription is accepted), will be allocated the relevant number of Ordinary Shares subscribed for;

(i) authorise your Financial Adviser, or whoever he or she may direct, to instruct the Registrar of the Company to send a document of title for, or credit your account in respect of, the number of Ordinary Shares for which your application is accepted and/or send a cheque for any monies returnable, by post, at your risk, to your address as set out on your Application Form;

(ii) agree that your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery of your duly completed Application Form to the Company, the Receiving Agent or your Financial Adviser;

(iii) warrant that your remittance will be honoured on first presentation and agree that if it is not so honoured, you will not be entitled to receive share certificates in respect of the Ordinary Shares applied for until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Sponsor, and the Registrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such Ordinary Shares and may issue or allot such Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of such

Ordinary Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque, BACS payments or banker's draft accompanying your application, without interest;

(iv) agree that all cheques, BACS payments and bankers' drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;

(v) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Sponsor) to ensure compliance with the ML Regulations;

(vi) agree that, in respect of those Ordinary Shares for which your application has been received and is not rejected, your application may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Registrar;

(vii) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and will be sent to you at the address supplied in the Application Form;

(viii) agree that, having had the opportunity to read the Prospectus and Application Form, you shall be deemed to have had notice of all the information and representations, including the risk factors and these terms and conditions of, contained therein and agree to be bound by them;

(ix) confirm that (save for advice received from your Financial Adviser) in making such an application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;

(x) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or the Sponsor to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or any court of competent jurisdiction;

(xi) irrevocably authorise the Registrar and/or the Sponsor or any person authorised by either of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed for by or issued to you into your name and authorise any representative of the Registrar or of the Sponsor to execute any documents required therefore and to enter your name on the register of members of the Company;

(xii) agree to provide the Company with any information which it may request in connection with your application or to comply with the VCT Rules or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;

(xiii) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Registrar and/or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offer as a result of your application;

(xiv) confirm that you have read and complied with paragraph 7 below and warrant that and neither of the Registrar and/or the Sponsor will infringe any laws of any such territory or jurisdiction directly or indirectly as a result of,

or in consequence of any acceptance of, your application;

(xv) confirm that you have reviewed the restrictions contained in paragraph 8 below;

(xvi) warrant that you are not under the age of 18 years;

(xvii) agree that the Registrar and/or the Sponsor are each acting for the Company in connection with the Offer and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or be responsible to you for any protections as a customer;

(xviii) warrant that, if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation, you have the requisite power to make such investments as well as the authority to do so and such person or corporation will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;

(xix) warrant that you are not subscribing for the Ordinary Shares using a loan which would not have been given to you or any associate or not have been given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;

(xx) warrant that the Ordinary Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT legislation is not itself tax avoidance;

(xxi) warrant that you are not a "US Person" as defined in the United States Securities Act of 1933 ("Securities Act") (as amended), nor

a resident of Canada and that you are not applying for any Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US Person or a resident of Canada;

(xxii) warrant that you will be the beneficial owner of the Ordinary Shares in the Company issued to you under the Offer; and

(xxiii) warrant that the information contained in the Application Form is accurate.

7. No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an Application to satisfy him or herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

8. The Ordinary Shares have not been and will not be registered under the Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction ("the USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Adviser will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.

8.1 The Application Form is addressed to the Registrar and the Sponsor. The rights and remedies of the Registrar and the Sponsor under these terms and conditions and the Application Form are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise

or partial exercise of one will not prevent the exercise of the others.

9. The dates and times referred to in these terms and conditions and the Application Form may be altered by the Company with the agreement of the Sponsor.

10. Where a fee is payable by an Investor for the advice and related charges he has received from a Financial Adviser who has provided a personal recommendation to invest in the Company, this "Adviser Charge" (the amount agreed between the Investor and a Financial Adviser) can either be paid directly by the Investor or, if it is a one off fee, its payment may be made by the Registrar.

11. Investors are required:

- (i) to identify such part of the overall cost of financial advice from their Financial Adviser which is related to their decision to subscribe for Shares (plus VAT if relevant); and
- (ii) to authorise their Financial Adviser to disclose such amount to the Company or the Promoter.

12. Where commission is permitted to be paid to Financial Advisers under the Rules of the Financial Conduct Authority (for example, in respect of execution only clients where no advice or personal recommendation has been provided or in respect of Professional Clients) Financial Advisers who, acting on behalf of their clients, return valid Application Forms bearing their stamp and Financial Conduct Authority registration number may be entitled to commission from the Promoter, calculated by reference to the amount payable in respect of the Ordinary Shares allocation for each such Application Form.

13. Intermediaries or Financial Advisers may agree to waive part or all of their initial commission or Adviser Charge in respect of an application. If this is the case then such an application may be treated as an application to apply for the amount stated in section 2 of the Application Form, together with an additional amount equivalent to the commission or Adviser Charge waived or subscribed on an Investor's behalf for extra Ordinary Shares, which waived commission will be applied in subscription for such extra Ordinary Shares at an issue price reflecting the fact that no Promoter's Fee will be applied to these additional Shares.

The Company is authorised to amend the amount stated in section 2 of the Application Form to include any additional amount. Financial Advisers and intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.

14. The arrangements described in paragraphs 10 to 13 above are based on the relevant applicable rules of the FCA as they apply at the date of this document. In the event that there is a change in these Rules that affect the way advisers are permitted to charge Investors and the arrangements described in paragraphs 10 to 13 above, the Directors reserve the right to make amendments to those arrangements.

15. Investors should be aware of the following requirements in respect of the ML Regulations:

- (i) Please supply either an Identity Verification Certificate from your financial intermediary or, if you do not have an adviser, one of each of the following:
 - a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of [name]"; and
 - an original or a certified copy of a recent bank or building society statement or utility bill showing your name and address.
- (ii) Your cheque or bankers' draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, a member of the Scottish Clearing Banks Committee or the Belfast Clearing Committee or which has arranged for its cheques or bankers' drafts to be cleared through facilities provided for members of any of those companies or associations and must bear the appropriate sorting code in the top right hand corner. Cheques should be drawn on the personal account to which you have sole or joint title to such funds. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by

stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Registrar to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. The right is reserved to reject any Application Form in respect of which the cheque or bankers' draft has not been cleared on first presentation. In the event that the Offer does not reach the Minimum Subscription any monies returned will be sent by cheque crossed "A/C Payee only" in favour of the person named in Section 1 of the Application Form ("the Applicant").

16. The basis of allocation of Ordinary Shares will be determined by the Directors of the Company in their absolute discretion after consultation with the Promoter. The right is reserved to reject in whole or in part and/or scale down and/or ballot any application or any part thereof including, without limitation, applications in respect of which any verification of identity which the Company or the Registrar consider may be required for the purposes of the ML Regulations has not been satisfactorily supplied. Dealings prior to the issue of certificates for Ordinary Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated, or at all. The Company may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner acceptable to the Company to apply in accordance with these terms and conditions.

17. The application of the subscription proceeds is subject to the absolute discretion of the Directors.

Notes on Application Form

Before making an application to acquire Ordinary Shares you are strongly recommended to consult and obtain advice from an appropriate financial intermediary authorised under the Financial Services and Markets Act 2000. It is essential that you complete all parts of the Application Form in accordance with the instructions in these notes. Please send the completed Application Form, together with your cheque or banker's draft, by post, or deliver it by hand, to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. If you have any questions on how to complete the Application Form please contact Downing LLP on 020 7416 7780 or your financial intermediary. Since the Finance Act 2014, investors are able to subscribe for Shares through a nominee. If you wish to subscribe through a nominee, please contact Downing LLP. Investors and their Intermediaries should provide an email address if they require the receipt of the Application Form to be acknowledged.

The following notes should be read in conjunction with the Application Form and the Terms and Conditions of Application.

- 1 Insert in Box 1 in BLOCK CAPITALS your full name, permanent address, daytime telephone number, date of birth, National Insurance number and, if you have one, your email address. Joint applications are not permitted.
- 2 Insert (in figures) in Box 2A the total amount you wish to invest under the Offer in respect of the 2015/16 tax year (state nil if appropriate). Insert (in figures) in Box 2B the amount you wish to invest under the Offer in respect of the 2016/17 tax year (state nil appropriate). Insert (in figures) the total of Boxes 2A and 2B in Box 2C. This is the total amount you are subscribing under the Offer. Share subscriptions will be adjusted to reflect any commission waived (by agents) as extra Ordinary Shares.

Please note that the minimum investment is £5,000 (or such lower amount at the Board's discretion). The maximum investment, on which tax reliefs on investments in VCTs are available, is £200,000 in each of the 2015/16 and 2016/17 tax years.

Attach your cheque or banker's draft to the Application Form for the exact amount shown in Box 2C. Your cheque or banker's draft must be made payable to "Hazel Targa VCT PLC". Your payment must relate solely to this application.

Money Laundering ("ML") Regulations - Important note for applications of £10,000 or more

If the value of the shares applied for is more than £10,000 (or is one of a series of linked applications, the value of which exceeds that amount) payment should be made by means of a cheque drawn on an account in the name of the Applicant. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should write the name, address and date of birth of the Applicant on the back of the cheque or banker's draft and:

- (a) if a building society cheque or banker's draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited; or
- (b) if a cheque is drawn by a third party, you must ensure that one item from each of List A and List B (see below) is enclosed with the form.

Alternatively, verification of the Applicant's identity may be provided by means of a "Letter of Introduction" or "Identity Verification Certificate" in the prescribed form from a UK or European Economic Area financial institution (such as a bank or stockbroker) or other regulated person (such as a solicitor, accountant or appropriate financial intermediary) who is required to comply with the ML Regulations. The relevant financial institution or regulated person will be familiar with the requirements and the relevant form.

For applications of more than £10,000 and subscription by way of a cheque drawn by a third party (one item from List A AND one item from List B)

List A (Verification of Identity)

Current signed passport
Current UK Driving Licence
HM Revenue and Customs Tax Notification
Firearms Certificate

List B (Verification of Address)

Recent* utility bill (but not a mobile telephone bill)
Recent* local authority tax bill
Recent* bank or building society statement
Recent* mortgage statement from a recognised lender

Please send original (not passport or driving licence) or certified copies of the documents. Certified as a true copy of the original by a UK lawyer, banker, authorised financial intermediary (e.g. financial adviser or an FCA authorised mortgage broker), accountant, teacher, doctor, minister of religion, postmaster or sub-postmaster. The person certifying the document should state that the copy is a true copy of the original, print their name, address, telephone number and profession and sign and date the copy. *"Recent" means dated within the last three months.

Notes on Application Form (continued)

No money laundering verification is required to be enclosed if the application is for £10,000 or less or if payment is by means of a cheque drawn on an account in the name of the Applicant (provided that (a) the cheque includes details of the Applicant's bank account or building society account (as applicable) and (b) the cheque is drawn on a UK or European Union authorised bank or credit institution). Please note, however, that Downing may, in its absolute discretion, require Money Laundering verification and that Money Laundering verification will be required by introducing financial advisers.

- 3** Indicate in Box 3 whether your investment is (i) an advised investment (ii) a non-advised 'execution-only' or an investment by a professional client or (iii) a direct investment.

If you are an advised client, and have agreed an upfront Adviser Charge for personal advice provided in respect of this investment and would like the Company to facilitate the payment of such fee, please set out the amount in pounds (e.g. "£500") in Box 3. The Financial Adviser should complete Box 7. Please note, the Company does not facilitate ongoing Adviser Charges. The Adviser Charge is inclusive of VAT, if applicable.

In the event of non-advised investments or investments by Professional Clients, the Financial Adviser should complete Box 8.

For direct investment, please leave Boxes 7 and 8 blank.

- 4** The Company will offer Shareholders the opportunity of receiving annual reports and other shareholder communications in electronic form. Please select the method by which you would like to receive communications by ticking one of the boxes 4A – 4C. If you do not tick any box and provide an email address in Box 1, Option A will be applied to your shareholding by default. If you do not provide an email address, Option B will be applied by default.

- 5** Read the declaration and sign and date the Application Form in Box 5. If someone other than the Applicant named in Box 1 signs on such Applicant's behalf, such signatory must ensure that the declaration given on behalf of such Applicant is correct.

- 6** If you wish to have dividends paid into your nominated bank or building society account, please complete the mandate instruction form.

- 7** To be completed by Financial Advisers only. Financial Advisers who are entitled to receive commission or have agreed an Adviser Charge with their client should complete this box, giving their full name and address, telephone number and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold payment if the Company is not, at its sole discretion, satisfied that the agent is so authorised, or that any payment is or may be in breach of any applicable rules or regulations. In order for commission or an Adviser Charge to be paid by BACS, please complete the relevant boxes.



Please pin or staple
your cheque here.

Tax Year 2015/16

Reservation Number
(if applicable)

HAZEL TARGA VCT PLC APPLICATION FORM

Make your cheque or banker's draft out to "Hazel Targa VCT PLC" and return this form as soon as possible to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. The initial closing date for the 2015/16 Offer will be 5.00 p.m. on 5 April 2016 and for the 2016/17 Offer will be 5.00 p.m. on 29 April 2016 (unless extended or fully subscribed earlier).

1	Title and Name in Full (BLOCK capitals, please) _____ Permanent Address: _____ _____ _____ Postcode: _____ Daytime Telephone: _____ E-Mail Address: _____ Date of Birth: _____ (DD/MM/YYYY) National Insurance No.: _____
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Investors and their Financial Advisers should provide an email address if they require the receipt of the Application Form to be acknowledged.

2 I am applying for Ordinary Shares as follows:

2015/16 tax year	2016/17 tax year	Total (A + B)
£ 2A	£ 2B	£ 2C

or such lesser sum for which this application may be accepted on the Terms and Conditions of Application set out in Part 5 of this document. Please send me a certificate(s) confirming my entitlement to VCT tax reliefs. Please note your cheque or payment should be for the sum shown in Box 2C.

3 Adviser Charge or Intermediary/Financial Adviser Payment

Type of investment (tick ONE box only)

<input type="checkbox"/>	If you have agreed an Adviser Charge with your Financial Advisers and request that the Company pays that fee, please insert the fee (stated as a sum of money) in this box (to the right). Please note that the number of Ordinary Shares issued to you will be reduced by the amount of the Adviser Charge. This payment is inclusive of VAT, if applicable.	£
<input checked="" type="checkbox"/>	This is a non-advised 'execution-only' investment or an investment by a Professional Client i.e. you are submitting this application through an intermediary who has not advised you or to whom you have demonstrated that you are a Professional Client.	
<input type="checkbox"/>	This is a direct investment i.e. you are not submitting this application through any Financial Adviser/intermediary.	

Shareholder communications (PLEASE TICK ONE BOX ONLY)

4 The Company offers Shareholders the option to receive annual reports and other shareholder communications in electronic form. Please select the option you prefer below.

Option A: Notifications by email

If you wish to receive notifications by email when accounts and other shareholder communications are available for download from the Company's website, please tick this box. NB. You must supply your email address in Box 1.

4A

☐

Option B: Notification by post

If you wish to receive notifications by post when accounts and other shareholder communications are available for download from the Company's website, please tick this box.

4B

☐

Option C: Hard copy by post

If you wish to receive hard copies of accounts and other shareholder communications (i.e. in paper form), please tick this box.

4C

☐

5

BY SIGNING THIS FORM I HEREBY DECLARE THAT: (i) I have had an opportunity to receive the Prospectus dated 11 November 2015 and to read the terms and conditions of application therein; (ii) I will be the beneficial owner of the Ordinary Shares in Hazel Targa VCT PLC issued to me pursuant to the Offer; and (iii) to the best of my knowledge and belief, the particulars I have given to Hazel Targa VCT PLC are correct.

HM Revenue & Customs may inspect this Application Form. It is a serious offence to make a false declaration.

Signature

Date

6

Dividend Mandate

Dividends may be paid directly into Shareholders' bank or building society accounts. In order to facilitate this, please complete the mandate instruction form below. Please note that if you are an Existing Shareholder this instruction applies to all of your shareholdings in the Company and completing the form below will direct the Company to send all dividend payments due on all your shareholdings in the Company to this bank account. Dividends paid directly to your account will be paid in cleared funds on the dividend payment dates. Your bank or building society statement will identify details of the dividend as well as the dates and amounts paid. By completing the details below I am instructing the Company to forward, until further notice, all dividends that may from time to time become due on any Shares now standing, or which may hereafter stand, in my name in the register of members of Hazel Targa VCT PLC to the bank or building society account listed below.

Name of Bank or Building Society: _____

Branch: _____

Branch Address: _____

Account Name: (BLOCK capitals please) _____

Account Number: (Please quote all digits and zeros) _____

Sort Code: _____

Signature

Date

Applicant's Name

Postcode

 (BLOCK CAPITALS PLEASE)

THE COMPANY AND DOWNING LLP DO NOT ACCEPT RESPONSIBILITY IF ANY DETAILS PROVIDED BY YOU ARE INCORRECT.

7

TO BE COMPLETED BY FINANCIAL ADVISERS ONLY

Contact Name: _____
(for administration)

Email: _____

Financial Adviser: _____

Email: _____

Firm Name: _____

Address: _____

Postcode: _____

Tel: _____

FCA No: _____

Email: _____

Tick this box if you are permitted to receive commission in respect of this application in compliance with COBS 6.1A of the FCA Handbook.

☐

Reason: _____

Tick this box if the Adviser Charge stated in Section 3 has been agreed with your client and complies with COBS 6.1A of the FCA Handbook.

☐

7 TO BE COMPLETED BY FINANCIAL ADVISERS ONLY (Continued)

Please provide details of your bank or building society account so that commission or the Adviser Charge (as applicable) can be paid to you via BACS.

Name of Bank or Building Society: _____

Branch: _____

Branch Address: _____

Account Name: (BLOCK capitals please) _____

Account Number: (Please quote all digits and zeros) _____

Sort Code: _____

Email address for commission statements:

THE COMPANY AND DOWNING LLP DO NOT ACCEPT RESPONSIBILITY IF ANY DETAILS PROVIDED BY YOU ARE INCORRECT.

I confirm that the information shown in Section 7 is complete and accurate and that any Adviser Charge shown in Section 3 has been agreed by the Applicant.

Signature Position

Name Date

8 TO BE COMPLETED BY AUTHORISED FINANCIAL ADVISERS ONLY IN RELATION TO NON-ADVISED 'EXECUTION-ONLY' INVESTMENTS AND PROFESSIONAL CLIENT INVESTMENTS

Contact Name: **Sophie Muller** Email: **sophie.muller@eqinvestors.co.uk**
(for administration)

Firm Name: **EQ Investors**

Address: **Centennium House, 100 Lower Thames St**

Postcode: **EC3R 6DL** Tel: **020 7488 7186**

FCA No: **539422** Email: **sophie.muller@eqinvestors.co.uk**

☐ Option (i) (3% UPFRONT)

☐ Option (ii) (2% + TRAIL)

Insert the amount of commission (if any and up to a maximum of 3%) that you wish to be waived and invested in additional Ordinary Shares for your client:

Reason for client eligibility:

BY SIGNING THIS FORM I HEREBY DECLARE THAT: I am eligible to receive commission for the reason set out below.

Signature Position

Name Date

Due completion of the Financial Adviser's box indicates that the Financial Adviser is duly authorised to transact investments of this type under the Financial Services and Markets Act 2000. Authorised Financial Advisers will usually be paid, by the Promoter, an initial commission of (i) 3% of the monies subscribed by the Applicant in respect of the Ordinary Shares allotted under the Offer, in respect of all accepted applications which include the FCA number of the relevant authorised Financial Adviser, or (ii) 2% of the monies subscribed by the Applicant in respect of the Ordinary Shares allotted under the Offer, in respect of all accepted applications which include the FCA number of the relevant authorised Financial Adviser and, provided they continue to act for their Applicant and their Applicant continues to hold the relevant Ordinary Shares, an annual trail commission of up to 0.5% of the NAV per Ordinary Share. This annual trail commission will be payable until the earlier of (i) the fifth anniversary of the closing of the Offer and (ii) the Investment Advisory Services Agreement being terminated.

Further Information

*For further information about
Hazel Targa VCT PLC, please contact us at:*

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