



## **BLUEHONE AIM VCT2 PLC**

### **Offer for Subscription of New Shares**

to raise a maximum of £2.175 million (the sterling equivalent of €2.5 million)

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN PERSONAL FINANCIAL ADVICE FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES.**

If you have sold or transferred all your shares in Bluehone AiM VCT2 plc ("the Company"), you should pass this document to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## Expected Timetable

Offer opens	9 March 2010
First allotment under the Offer	25 March 2010*
Subsequent allotments	at the Board's discretion
Closing date for the 2009/2010 tax year	1 pm on 1 April 2010
Offer closes	1 pm on 30 June 2010
Listing and commencement of dealings	expected 3 business days after allotment
Share certificates to be dispatched	expected 10 business days after allotment

(\*The Board reserve the right to allot New Shares under the Offer earlier or otherwise at their discretion. The Board also reserve the right to extend the Offer or close the Offer earlier at its discretion).

## Offer Statistics

Maximum number of New Shares available under the Offer	5,922,600
Unaudited NAV of a Share as at 31 January 2010	41.04p
Estimated Offer Price (NAV per Share as at 31 January 2010 divided by 0.945) rounded up to the nearest 0.1p	43.5p
Offer costs	5% of the capital raised
Intermediary commission	3% of the Offer Price

## Important Notes

This document, which constitutes a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000, has been approved, for the purposes of that section only, by Bluehone Investors LLP which is authorised and regulated by the Financial Services Authority in the United Kingdom pursuant to the Financial Services and Markets Act 2000.

In approving this document Bluehone Investors LLP is acting solely for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to Bluehone Investors LLP or for providing financial advice in relation to the subject of this document.

There is no guarantee that the Company's investment objectives will be attained. If you are in any doubt as to what action to take, you should contact an independent financial adviser who specialises in advising on the acquisition of shares and other securities. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an investor's individual circumstances.

The Company's Shares are dealt in by three market makers. No person has been authorised to issue any advertisements or give any information, or make any representations in connection with the Offer, other than those contained in this document and, if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Company.

# Chairman's Letter

Bluehone AiM VCT2 plc ("VCT2") was launched in December 2000 and has £24.3 million of net assets (as at 31 January 2010). This is an Offer for subscription of New Shares to raise a maximum of £2.175 million (the sterling equivalent of €2.5 million).

I believe this Offer represents an attractive investment opportunity for the following reasons:

It provides shareholders with access to an established portfolio of both qualifying and non qualifying investments which has been built over a period of nine years and includes a number of investee companies which would be difficult to gain exposure to through a qualifying holding by investing in a new VCT;

Smaller company shares have recovered well from their low point but remain at a discount to the larger peers, with many individual valuations yet to participate fully in the market's recovery;

Historically, investment returns have been greater when investments are made in the weaker parts of economic cycles as valuations are lower and beneficial terms can be more easily negotiated;

The Manager, Bluehone Investors LLP continue to look for opportunities for the uninvested cash within the Company, whilst maintaining funds for follow-on investments and in both regards have experienced a steady flow of investment candidates for consideration;

The Company has a record of paying regular dividends to shareholders and the Board intends to continue to encourage the Manager to realise investments when market conditions and the development plans permit, in order to facilitate further capital distributions.

The Company has a buy-back policy of making occasional market purchases of its shares, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and to reduce to a degree any prevailing discount to NAV in the current market price than might otherwise prevail. The Board agrees the discount to NAV at which Shares will be bought back and regularly reviews this policy.

## VCT Tax Reliefs

Qualifying subscribers investing under the Offer will be able to receive up to 30% of their initial investment back in the form of an income tax rebate (subject to holding the New Shares for 5 years and the Company maintaining VCT status). In addition, subject to the Company maintaining VCT status, dividends paid on the New Shares will be tax-free for Qualifying Shareholders.

## The Offer

**This Offer will be the only opportunity to invest in the Company in the 2009/10 tax year. Applications will be met on a 'first come, first served' basis (subject always to the discretion of the Board).**

This Offer is now open and will close at 1 pm on 30 June 2010 (or earlier, if fully subscribed). For applications for the 2009/2010 tax year, the closing date for applications is 1 pm on 1 April 2010. For advice, please consult your usual independent adviser. For further information or if you have any questions on this Offer, please contact Bluehone Investors LLP (please note no investment or tax advice can be given):

Robert Mitchell  
Bluehone Investors LLP  
Investment Manager  
Tel: 020 7496 8929  
Email: [enquiries@bluehone.com](mailto:enquiries@bluehone.com)

Please fill out the Subscription Form, at the back of this document, to subscribe to the Offer. Please read this document in full before choosing to invest, taking particular note of the Risk Factors on pages 12 and 13.

I am pleased to offer this opportunity to existing Shareholders to add to their holdings and to new subscribers to invest in the Company.

Yours faithfully

**Gordon Brough**  
Chairman

9 March 2010

# The Offer

## Background

By investing in this Offer, subscribers have the opportunity to access an established VCT with a diversified pool of investments. The Company's investment objective is to provide shareholders with a tax efficient means of gaining long term capital growth and an attractive dividend stream.

The Company invests in a range of securities including, but not limited to ordinary and preference shares, loan stocks, convertible securities and fixed interest securities, as well as cash. Unquoted investments are usually a combination of ordinary shares and loan stocks, while AiM investments are primarily held in ordinary shares. Pending investment in securities, cash is primarily held in UK gilts.

Investments are primarily made in companies which are substantially based in the UK, although many of these investments will trade overseas. The companies in which investments are made will have no more than £15 million of gross assets at the time of investment (or £7 million if the funds being invested were raised after 5 April 2006) to be classed as Qualifying Holdings.

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by the HMRC. Currently the Company must have 70% of its investments in Qualifying Holdings, 30% of which must be in eligible shares. For funds raised after 5 April 2010 the amount which will need to be in eligible shares will need to represent 70%.

The Company will be at least 70% invested in broadly spread AiM shares or securities which are Qualifying Holdings. Investment will be considered in all VCT qualifying business sectors provided that the investee company can demonstrate the ability to achieve profits growth. The Company can invest in new shares issued as companies come to AiM for the first time and in secondary issues by existing AiM companies. The Manager can also consider investment in unquoted (non AiM) companies using the resources and expertise at their disposal.

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to £1 million in a fiscal year and generally this amount will not be exceeded in the same company. The value of an individual company is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

## Established Portfolio

As at 30 November 2009, the portfolio of the Company comprised 66 holdings, spread across different sectors and in various stages of development. The portfolio is analysed below by sector:

Healthcare	25.0%
Industrials	24.5%
Technology	17.8%
Oil & Gas	14.7%
UK Government Securities	5.0%
Consumer Services	3.7%
Financials	2.2%
Consumer Goods	1.8%
Utilities	1.7%
Telecommunications	0.7%
Net Current Assets	2.9%

## Ten Largest Investments

<b>Infrastrata</b>	Richmond, Surrey
Sector	Oil equipment, service and distribution
Market value of investment	£3,122,714
% of Net Assets	12.7

Infrastrata (formerly Portland Gas) is a developer of gas storage sites. The company is currently operating two projects: Larne Lough, an early stage project in Northern Ireland with an anticipated capacity of 500 million cubic metres of gas and Portland, the company's largest project, a salt cavern gas storage facility underneath the Isle of Portland in Dorset. This facility has proven feasibility for storing 1,000 cubic metres of gas and in May 2008 was granted planning permission from Dorset County Council after undergoing rigorous environmental and safety planning. Preliminary works have started on site but major construction will begin once finance is secured from prospective partners and the company is being assisted in this process by BNP Paribas and is expected to be concluded in 2010. It is further expected that the first gas could be stored in the winter of 2013/14. The UK became a net importer of gas in 2004 and the strategic importance of gas storage facilities to hold gas as a reserve in the UK is of national importance – Portland would provide storage of approximately 1% of the UK's annual demand, or 5% of the nation's supply on a cold winter's day. The Company successfully de-merged from Egdon Resources to form a new AiM company in January 2008.

<b>Vectura</b>	Chippenham, Wiltshire
Sector	Pharmaceuticals & Biotechnology
Market value of investment	£2,554,825
% of Net Assets	10.4

Vectura is a pharmaceutical company focussing on developing a range of inhaled drugs for the treatment of lung diseases and conditions where delivery via the lungs can provide significant benefits. The company is developing several drugs to be delivered through its own patented delivery system, Gyrohaler and is mostly targeting the market for asthma and COPD (Chronic Obstructive Pulmonary Disease), which covers emphysema, lung disease and chronic bronchitis. In 2007, the company acquired Innovata plc, another UK listed pulmonary product development company which already has several products under licence; the mature revenue stream will off-set further development costs of Vectura's future major products. The company has key collaborations with Sandoz, the generics division of Novartis, as well with Novartis itself. These partnerships are providing revenue streams in the form of milestone payments linked to the achievement of clinical, regulatory and commercial milestones as well as future royalties. The company is well funded with more than £75 million on its balance sheet and has recently joined the FTSE 250 index after moving from AiM to the main market of the London Stock Exchange.

<b>Cambridge Sensors</b>	Huntingdon, Cambs
Sector	Healthcare equipment services
Market value of investment	£1,174,976
% of Net Assets	4.8

Cambridge Sensors manufactures and supplies an advanced range of glucose strips used in electrochemical blood glucose monitoring systems for the diabetic market. Diabetes is the body's inability to produce or use insulin and if left untreated it can cause blindness, heart disease and neurological complications. Diabetes care is a huge global market with an estimated 17 million Americans and 2.5 million people in the UK suffering from the condition and a similar number to the USA again in the EU, using approximately 7 billion test strips worldwide every year. Blood glucose testing systems are essential to diabetes sufferers, as they need to test their blood sugar levels daily and take insulin as necessary. The Company has developed its own Microdot branded products and has successfully entered the US market and now supplies 1500 long term care facilities with its strips. This year the Company began a progressive launch of its new Microdot+ product through Primary Care Trusts of the NHS starting with the Cambridge and Fenland PCT.

<b>IS Pharma</b>	Wrexham, N Wales
Sector	Pharmaceuticals & biotechnology
Market value of investment	£823,939
% of Net Assets	3.3

IS Pharma (formerly Maelor plc) is a medical distribution group, specialising in medicines for the hospital environment. The group's strategy is to grow its product portfolio via acquisition of new products and companies and then develop and market these assets using its existing expertise and distribution networks. The group's products include both pharmaceuticals and medical devices and are focussed in the fields of critical care, neurology and oncology. Brands include Volplex, a plasma substitute, Aloxi, to treat chemotherapy induced nausea and Mysoline, to treat epilepsy. In March 2008, the company announced the acquisition of Speciality European Pharma Intl, whose main product is Variquel, a critical care drug for the treatment of oesophageal varices (enlarged veins) and the management of liver disease. This is expected to offer good growth opportunities across the EU having recently received European regulatory approval for Variquel.

<b>Bond International Software</b>	Goring, W Sussex
Sector	Software & computer services
Market value of investment	£800,000
% of Net Assets	3.2

Bond is a leading supplier of Human Capital Management software. The company counts among its customers some of the world's leading recruitment houses, including Hays, Adecco and Michael Page and also corporate customers who recruit in-house, such as British Airways and the Bank of New York. Acquisitions made in 2007 enabled the group to expand its human resource and payroll software and included Gowi Group, a provider of personnel tools and Strictly Education, a provider of resource management software to schools and colleges. The company is rapidly expanding globally and to reflect this, its recently launched next generation of platform-independent software has multi-language capabilities. Its wide customer list and healthy recurring revenues have helped it weather the downturn affecting the human capital sector and the Company looks forward to a recovery with a strong order book.

<b>Quadnetics</b>	Studley, Warwicks
Sector	Support services
Market value of investment	£760,041
% of Net Assets	3.1

Established in 1983, Quadnetics is a leading UK security service company providing the development, design, integration and management of advanced surveillance, technology and security networks. The company has several subsidiaries operating in the growing CCTV & surveillance market – developing, selling and maintaining CCTV systems for public spaces, prisons, casinos, retail and public transport. Growing incidences of terrorist threats are helping to propel this market, particularly with customers in the Middle East, South Africa and Eastern Europe. The company has recently appointed a new CEO who is restructuring the operations of the business as well as implementing a cost reduction programme to improve profitability.

<b>Supporta</b>	Bromsgrove, West Midlands
Sector	Support services
Market value of investment	£673,948
% of Net Assets	2.7

Supporta is a leading provider of outsourced services to Local Authorities through its Care and Professional Services divisions. Supporta Care is one of the UK's top four providers of domiciliary care services and has contracts with 52 Local Authorities and accounts for 75% of group turnover. The Company has a reputation for providing excellent quality services to its customer base and as a result has a strong forward order book of £85 million and will benefit from increasing demand due to an ageing population. Its Professional Services division, Supporta TerraQuest, provides a range of land development related consultancy services to public sector customers.

<b>FfastFill</b>	London
Sector	Software & computer services
Market value of investment	£633,889
% of Net Assets	2.6

FfastFill is a leading supplier of software as a service (SaaS) to the global derivatives trading community. Its software, which is delivered to clients over the internet or via leased lines, enables the trading, clearing, settlement and risk measurement of electronic transactions in a wide range of assets including commodities, equities, bonds and foreign exchange. After a difficult period which has seen demand dampened by the turmoil in the financial markets FfastFill reported improved trading at the interim stage as well as a strong order book looking ahead to 2010.

<b>FDM Group</b>	Brighton, East Sussex
Sector	Software & computer services
Market value of investment	£614,250
% of Net Assets	2.5

FDM is a specialist IT recruitment and services company, placing both IT contractors and its own internally trained staff, known as Mounties, into companies looking to outsource their IT programming, application development, training and support functions. The Mountie model is unique in the IT recruitment sector; FDM trains the candidates in its own in-house training centres, based in Brighton, Manchester and now London. The Mounties command a higher margin for FDM than their IT contractor counterparts and currently account for approximately 62% of group gross profits with a 97.5% utilisation rate. So far FDM's business model has proved resilient to the economic downturn despite FDM's customer base including several blue chip banks and financial institutions, where growth is being driven by the desire to reduce operational and financial risk by improvement in IT systems. The Company was subject to a takeover by its management in November 2009.

<b>Clarity Commerce Solutions</b>	Basingstoke, Hants
Sector	Software & computer services
Market value of investment	£608,270
% of Net Assets	2.5

Clarity Commerce specialises in the delivery of transaction processing solutions for the retail, leisure, ticketing and hospitality sectors. In retail the company supplies point of sale software to grocers, department stores, DIY stores and amusement parks. In leisure the company supplies membership and management software to public and private sector health clubs. Its ticketing software is used by many of the cinema chains in the UK and mainland Europe. Its hospitality software assists businesses with the management of supply chains, stock, EPOS, staff and promotions. One of the attractions of Clarity's business model is its recurring revenue stream which comes from its installed base. Following a change in management in 2007 the company has been restructured to reduce costs and eliminate loss making activities and is showing a much improved operating performance.

## Investment Manager

The Company's investment portfolio is managed by Bluehone Investors LLP (the Manager), which is a wholly owned operating subsidiary of Bluehone Holdings plc, which is itself listed on the PLUS-quoted market. Bluehone Investors is a fund management company focussed on managing small company investment and currently manages two closed ended investment companies which are listed on the London Stock Exchange. Bluehone Investors is authorised and regulated by the FSA.

## Investor Information

The Company provides financial, portfolio and valuation information on a regular basis through its annual reports, half-yearly reports and fact sheets. Copies of the most recently published documents, including the annual report and accounts, are available by visiting [www.bluehoneaimvct2.com](http://www.bluehoneaimvct2.com).

## Use of Funds

The Company intends to invest the funds raised pursuant to the Offer alongside the existing capital of the Company so as to pursue the Company's overall investment objectives. The Company aims to be at least 80% invested in VCT qualifying investments, subject always to the quality of investment opportunities and the timing of realisations.

## Offer Shares Available for Subscription

The Company is permitted under the Prospectus Directive to issue Shares in aggregate up to the lower of Shares representing 10% of the issued Share capital or having a value of no more than €2.5 million, on a rolling 12 monthly basis, without having to publish a prospectus. Accordingly, the Company is inviting investors to subscribe for New Shares (subject to a maximum of £2.175 million, this being the sterling equivalent of €2.5 million on the date of this document and a maximum of 5,922,600 New Shares being issued).

## Offer Price and Issue of New Shares

The New Shares will be issued at an Offer Price calculated on the basis of the following formula (the "Pricing Formula"):

**Latest published Net Asset Value per Share on the day of allotment divided by 0.945 (to allow for issue costs of approximately 5%), rounded up to the nearest 0.1 pence per share**

The number of New Shares allotted will be the amount subscribed, divided by the Offer Price, as determined by the Pricing Formula, rounded down to the nearest whole New Share. Fractions of New Shares will not be issued. Subscription monies of £1 or more not used to acquire New Shares will be refunded. The application of the Pricing Formula avoids the need to announce repeatedly the Offer Price of the New Shares during the Offer period and makes explicit the basis on which the price of the New Shares will be determined.

Based on the unaudited NAV as at 31 January 2010 of 41.04p per Share, the New Shares would be issued at 43.5p per Share. The Offer Price may be higher or lower than this, dependent on the latest published NAV on the day of allotment, which is subject to market conditions. The Offer Price will be determined in accordance with the Pricing Formula so as to avoid dilution in the NAV attributable to each existing Share when the New Shares are issued.

## Tax Reliefs

A Qualifying Shareholder who pays income tax will be able to receive up to 30% of their investment back in the form of an income tax rebate (subject to the maximum investment limit of £200,000 in VCTs in any one tax year) provided they hold the Shares subscribed for the minimum five year retention period.

In summary, a Qualifying Subscriber under the Offer could benefit from:

- Income tax relief of up to 30%, if the New Shares are retained for five years;
- Tax-free dividends, including capital distributions of realised gains on investments; and
- No capital gains tax on any gains arising on the disposal of the New Shares.

Further details of the tax benefits of investing in VCTs can be found on page 10.

## Long Term Investment

Whilst investors need to retain their shareholding for a minimum of five years in order to retain income tax relief, investors should bear in mind that the nature of the underlying assets means that an investment in the Company should be regarded as long term in nature and are advised to read the risk factors set out on pages 12 and 13 of this document.

## Costs and Adviser Commission

The costs of the Offer will be capped at 5% of the capital raised (including upfront commission payable to independent financial advisers). Any costs in excess of 5% will be borne by the Manager. The net proceeds of the Offer will, therefore, be approximately £2.175 million.

Authorised financial intermediaries will normally be paid commission of 3% of the value of the relevant investment on successful applications under the Offer.

Authorised financial intermediaries may agree to waive initial commission in respect of an application. If this is the case, then the amount of a Subscriber's application will be increased by an amount equivalent to the amount of commission waived and additional New Shares allotted at the same Offer Price under the Offer (which, for the avoidance of doubt, will not be subject to any additional fees or initial commission).

## Subscription Procedure

Subscribers are encouraged to submit their Subscription Form early in order to be confident that their subscription will be successful. Applications will be accepted on a 'first come, first served' basis (subject always to the discretion of the Board).

A Subscription Form is attached to this document, together with explanatory notes. The terms and conditions of subscription for the New Shares are also set out on pages 15 to 17.

Applications can be for any amount, subject to a minimum of £5,000 and thereafter, in multiples of £100. **Subscription Forms should only be sent or delivered, together with a remittance for the full amount payable in respect of the application, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive by no later than 1pm on 1 April 2010 (if subscriptions are for the 2009/2010 tax year completed Subscription Forms should be received by 1 April 2010).** Please note that the Offer may close earlier if fully subscribed or may be extended by the Board in its discretion.

All payments must be made in pounds sterling by cheque or banker's draft drawn on an account with a bank or building society in the UK which is either a member of The Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by any of those companies, which is in the sole or joint name of the investor and must bear the appropriate sort code in the top right hand corner. Cheques and banker's drafts should be made payable to "Capita Registrars Limited re Bluehone AiM VCT2 plc Offer for Subscription a/c" and crossed "A/C Payee Only". Your attention is drawn to the statements concerning the Money Laundering Regulations 2007 in the terms and conditions of subscription. Third party cheques will not be accepted except building society cheques or banker's drafts where the bank or building society has confirmed that the relevant applicant has title to the underlying funds and adds their signature and branch stamp to the back of the draft or the cheque.

An application will be made to the UK Listing Authority for the New Shares to be issued pursuant to the Offer to be admitted to the Official List of the UK Listing Authority and the London Stock Exchange for their trading on the London Stock Exchange's main securities market.

Subscribers who are not existing shareholders in the Company may elect to receive a copy of the Annual Report and Accounts when published and/or to receive the Summary Annual Financial Statement of the Company. Should you wish to receive a copy of either document, please notify F&C Asset Management plc whose details are set out at the end of this document.

*Your attention is drawn to the section headed Important Notes set out on page 2 and the risk factors set out on pages 12 and 13 of this document.*

# Tax Benefits for VCT Investors

## 1. Tax Reliefs

The following is only a summary of the law concerning the tax position of individual investors in VCTs. Investors are recommended to consult a professional adviser as to the taxation consequences of an investment in a VCT.

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Offer. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

### **(a) Income Tax**

#### **(i) Relief from income tax on investment**

A Qualifying Subscriber will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 in any tax year. To obtain relief, a Qualifying Subscriber must subscribe on his own behalf, although the New Shares may subsequently be transferred to a nominee. The relief is given at the rate of 30% on the amount subscribed regardless of whether the Qualifying Subscriber is a higher rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the Qualifying Subscriber's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

#### **(ii) Dividend relief**

A Qualifying Subscriber who acquires in any tax year VCT shares (including New Shares) having a value of up to a maximum of £200,000 will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

#### **(iii) Purchasers in the market**

An individual purchaser of existing Shares in the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).

#### **(iv) Withdrawal of relief**

Relief from income tax on a subscription for VCT shares (including New Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period. Dividend relief ceases to be available once the Qualifying Subscriber ceases to own the VCT shares in respect of which it has been given.

### **(b) Capital Gains Tax**

#### **(i) Relief from capital gains tax on the disposal of New Shares**

A disposal by a Qualifying Shareholder of New Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

#### **(ii) Purchasers in the market**

An individual purchaser of existing Shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph b(i) above)

### **(c) Loss of VCT Status**

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn or treated as never having been given. In these circumstances, relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

## 2. Illustration of effect of Tax Relief for Subscribers

The table below has been prepared for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial tax reliefs available can reduce the effective cost of an investment of £10,000 in a VCT by a Qualifying Subscriber to only £7,000:

	<b>Effective cost</b>	<b>Tax relief</b>
Subscriber unable to claim any tax reliefs	£10,000	Nil
Qualifying Subscriber able to claim full 30% income tax relief	£7,000	£3,000

Income tax relief will be withdrawn if the New Shares are not held for the minimum holding period of five years.

## 3. Obtaining Tax Reliefs

The Company will provide to each Qualifying Subscriber a tax certificate which the Qualifying Subscriber may use to claim income tax relief, either by obtaining from HM Revenue & Customs an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using his tax return to claim relief.

## 4. Subscribers not resident in the UK

Subscribers not resident in the UK 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.

# Risk Factors

**Investors should consider carefully the following risk factors in addition to the other information presented in this document as a whole. If any of the risks described below were to occur, it could have a material affect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or investors in the Shares will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believes are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of the Shares could decline due to any of these risk factors described below, and investors could lose part or all of their investment. Investors who are in doubt should consult their independent financial adviser. The attention of prospective investors is drawn to the following risks.**

- The value of Shares and the income from them can fluctuate and Shareholders may not get back the amount they invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying net asset value that Shareholders will be able to realise for their shareholding or that dividends will be paid. Investment in the Company should be seen as a long term investment.
- The past performance of the Company or other funds managed by the Manager is not necessarily an indication of the future performance of the Company.
- Although the existing Shares issued by the Company have been (and it is anticipated that the New Shares in the Company to be allotted pursuant to the Offer will be) admitted to the official list of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities, it is possible that there will not be a liquid market as there is a limited secondary market for VCT shares, partly due to the holding period required to maintain up-front income tax reliefs and investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Such a discount may also be exacerbated by the availability of income tax relief on the issue of new VCT shares.
- While it is the intention of the directors that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that the Company's status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained and could also cause the Company to lose its exemption from corporation tax.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company are subject, may change during the life of the Company and such changes could be retrospective.
- If a Qualifying Subscriber who subscribes for New Shares under the Offer disposes of those shares within five years, the Qualifying Subscriber is likely to be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor they may not be in a position fully to protect their interests.
- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisations of investments in order to maintain the VCT status of a Company which may restrict that Company's ability to obtain maximum value from its investments.
- The net asset value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall.
- Investment in unquoted, AiM-traded and PLUS markets-traded companies by its nature involves a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange. In particular, markets for smaller companies may not be regulated and are often less liquid and there may be difficulties in valuing and disposing of investments in such companies. Disposing of such companies and smaller companies generally through trade sales may be difficult and may not produce hoped for returns and investors could get back less than they invested. Further the valuation of investments and opportunities for realisation depend on stock market conditions.

- In addition, such companies and smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies.
- To the extent that the investee companies are unable to pay the interest on the loan stock instruments, the Company's income return will be adversely affected.
- Investee companies may have debt, such as bank loans, which rank ahead of the loan stock issued to the Company.
- To be Qualifying Holdings, VCT funds raised after 5 April 2006 must invest in smaller companies with gross assets of not more than £7 million prior to the investment and £8 million post investment. In addition, to be qualifying holdings, VCT funds raised after 5 April 2007 must be invested in companies which have fewer than 50 full time (or equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Investment Scheme in any rolling 12 month period.
- Changes in legislation, including those proposed in the Pre-Budget Report 2009, concerning VCTs in general and qualifying holdings and qualifying trades in particular, may limit the number of new qualifying investments opportunities for the Company and/or reduce the level of returns which would otherwise have been available to the Company.

# Definitions

In this document, unless the context otherwise permits, the words and expressions used herein shall mean:

<b>“AiM”</b>	the Alternate Investment Market of the London Stock Exchange
<b>“Board”</b>	the board of directors of the Company
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited
<b>“Closing Date”</b>	the closing date of the Offer, expected to be 1 pm on 30 June 2010
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Manager” or “Bluehone”</b>	the investment manager of the Company, being, Bluehone Investors LLP
<b>“the Company”</b>	Bluehone AiM VCT2 plc
<b>“NAV”</b>	net asset value
<b>“New Shares”</b>	new Shares to be allotted to investors pursuant to the Offer
<b>“Offer”</b>	the offer for subscription for New Shares pursuant to this document
<b>“Offer Price”</b>	the offer price of a New Share as determined by the Pricing Formula
<b>“Pricing Formula”</b>	the pricing formula used to calculate the price of a New Share to be issued pursuant to the Offer as detailed on page 8 of this document
<b>“Qualifying Holdings”</b>	investments in unquoted (including AiM listed and PLUS Markets listed) companies which satisfy the requirements of Part 4 of Chapter 6 of the Income Tax Act 2007
<b>“Qualifying Shareholders”</b>	an individual aged 18 or over who subscribes for Shares within the investor’s qualifying subscription limit of £200,000 per tax year (and each a “Qualifying Shareholder”)
<b>“Receiving Agent”</b>	Capita Registrars
<b>“Shareholder”</b>	a holder of Shares
<b>“Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“Subscriber”</b>	a person whose name appears as such in a Subscription Form for use in connection with the Offer
<b>“Subscription”</b>	the offer by a Subscriber by completing a Subscription Form and posting (or delivering) it to the Receiving Agent or as otherwise indicated on the Subscription Form
<b>“Subscription Form”</b>	the subscription form of the Offer, as attached to this document
<b>“UK Listing Authority”</b>	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000
<b>“VCT”</b>	a company satisfying the requirements of Chapter 3 of Part 6 of Income Tax Act 2007

# Terms and Conditions of Subscription

Save where the context otherwise requires, words and expressions defined in this document have the same meanings when used in the Subscription Form and explanatory notes. In these terms and conditions, which apply to the Offer (“the Offer”) the following words have the following meanings:

The section headed “Notes on Completion of the Subscription Form” forms part of these terms and conditions of Subscription.

- (a) The contract created by the acceptance of a Subscription under the Offer will be conditional on admission to the Official List in respect of the relevant New Shares becoming effective. In addition, the Offer will be subject to the Directors having the requisite shareholder authorities to make such allotment of New Shares.
- (b) The right is reserved by the Company to present all cheques and banker's drafts for payment on receipt and to retain share certificates and subscription monies, pending clearance of successful Subscribers' cheques and banker's drafts. The Company may treat Subscriptions as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept a Subscription in respect of which payment is not received by the Company prior to the Closing Date. If any Subscription is not accepted in full or if any contract created by acceptance does not become unconditional, the subscription monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Subscriber's cheque or banker's draft or by crossed cheque in favour of the Subscriber, through the post at the risk of the person(s) entitled thereto. In the meantime, subscription monies will be retained by the Receiving Agent in a separate account. The Directors reserve the right to accept Subscriptions and issue New Shares in respect of Subscriptions accepted, prior to the Closing Date. Subscriptions which are not accompanied by cheques available for immediate presentation or by other valid payment means will be dealt with at the Directors' discretion. If any dispute arises as to the date or time on which a Subscription is received, the Directors' determination shall be final and binding.
- (c) By completing and delivering a Subscription Form, you:
  - (i) offer to subscribe for such number of New Shares as is determined by dividing the amount specified in your Subscription Form (or such lesser amount for which your Subscription is accepted) by the Offer Price of the New Shares resulting from the application of the Pricing Formula or, as the case may be, NAV, subject to these terms and conditions, and subject to the Memorandum and Articles of Association of the Company;
  - (ii) agree that, in consideration of the Company agreeing to process your Subscription, your Subscription will not be revoked until the Offer is closed and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon receipt by the Receiving Agent of your Subscription Form;
  - (iii) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the New Shares until you make payment in cleared funds for such New Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it and the Receiving Agent 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 such New Shares and may issue or allot such New Shares to some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or banker's draft accompanying your Subscription Form, without interest;
  - (iv) agree that, in respect of those New Shares for which your Subscription has been received and is not rejected, your Subscription 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 Receiving Agent;
  - (v) agree that the Receiving Agent will hold any monies in respect of your Subscription together with other monies received in respect of all Subscriptions on trust for the payment of the Offer Price in respect of New Shares you have subscribed for or failing such payment to be returned to you without interest earned in respect of such monies which will be paid to the Company;

- (vi) agree that any monies refundable to you may be retained by the Receiving Agent pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2007 and that such monies will not bear interest;
- (vii) authorise the Registrar (Capita Registrars) to send share certificate(s) in respect of the number of New Shares for which your Subscription is accepted and the Receiving Agent to send a crossed cheque for any monies returnable, by post, at your own risk, without interest, to your address set out in the Subscription Form and to procure that your name is placed on the register of members of the Company in respect of such New Shares;
- (viii) agree that all Subscriptions, acceptances of Subscriptions and contracts resulting therefrom shall be governed 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 to bring any action, suit or proceeding arising out of or in connection with any such Subscriptions, acceptances of Subscriptions and contracts in any other manner permitted by law or any court of competent jurisdiction;
- (ix) agree and acknowledge that you are making your Subscription on the basis of the information and statements concerning the Company and the New Shares contained in this document and the latest publicly available accounts of the Company and that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any other information or representation relating to the Company or the New Shares or for any change in the law or regulations affecting venture capital trusts;
- (x) irrevocably authorise the Receiving Agent and/or the Company, or any person authorised by either of them, to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name and authorise any representative of the Company to execute any document required therefor;
- (xi) confirm that you are not a US person as defined under the United States Securities Act of 1933, as amended, or a resident of Canada and that you are not applying for any New Shares with a view to their offer, sale, delivery to or for the benefit of any US person or a resident of Canada, and that you have reviewed the restrictions contained in paragraphs (d) and (e) below and warrant compliance therewith;
- (xii) declare that you are an individual aged 18 or over;
- (xiii) agree that all documents in connection with the Offer and any returned monies will be sent at your risk;
- (xiv) agree, on request by the Company, or the Receiving Agent on behalf of the Company, to disclose promptly in writing to the Company any information which the Company or the Receiving Agent may reasonably request in connection with your Subscription including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations 2007 and authorise the Company and the Receiving Agent to disclose any information relating to your Subscription as it considers appropriate;
- (xv) undertake that you will notify the Company if you are not or cease to be either an individual subscribing for the New Shares within the limit set out in section 262 of the Income Tax Act 2007 or beneficially entitled to the New Shares;
- (xvi) declare that a loan has not been made to you or any associate which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares and that the New 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;
- (xvii) declare that the Subscription Form has been completed to the best of your knowledge;
- (xviii) warrant that, if you sign the Subscription Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties, undertakings and authority contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Subscription Form; and
- (xix) acknowledge that the Receiving Agent, Bluehone Investors LLP and F&C Asset Management Limited are acting solely for the Company and/or Bluehone Investors LLP and no-one else and will not be responsible to anyone other than the Company for providing any advice in relation to the subject of this document.

- (d) No person receiving a copy of this document or a Subscription Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Subscription Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Subscription Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the UK wishing to make a Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (e) The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, 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. Bluehone Investors LLP is not and will not be registered under the United States Investment Advisers Act of 1940, as amended. No subscription will be accepted if it bears an address in the USA.
- (f) Applications will be on a 'first come, first served' basis (subject always to the discretion of the Board). The right is reserved to reject in whole or in part and scale down and/or ballot any Subscription or any part thereof including, without limitation, Subscriptions in respect of which any verification of identity which the Company or the Receiving Agent considers may be required for the purposes of the Money Laundering Regulations 2007 has not been satisfactorily supplied. The Directors in their absolute discretion may decide to close, suspend or extend the Offer. The Offer shall be suspended if (i) the issue of New Shares pursuant to the Offer would result in the Company being required to prepare a prospectus pursuant to the Prospectus Rules of the FSA or (ii) the issue of such shares would result in the breach of the Listing Rules of the FSA. Dealings prior to the issue of certificates for New Shares will be at the risk of Subscribers. A person so dealing must recognise the risk that a Subscription may not have been accepted to the extent anticipated or at all.
- (g) Authorised financial intermediaries who, acting on behalf of their clients, return valid Subscription Forms bearing their stamp or full address details and FSA number will normally be paid 3% commission on the amount payable by the applicant in respect of the New Shares allocated for each such Subscription Form.

The Receiving Agent will collate the Subscription Forms bearing the financial intermediaries' stamps or full address details and calculate the initial commission payable which will be paid following allotment of New Shares to such intermediary's client.

Authorised financial intermediaries may agree to waive all or part of their initial commission in respect of your application. If this is the case then the amount of a Subscriber's application will be increased by an amount equivalent to the amount of commission waived and additional New Shares allotted at the same Offer Price under the Offer (which, for the avoidance of doubt, will not be subject to any additional fees or initial commission).

# Bluehone AIM VCT 2 PLC

## Notes on Completion of the Subscription Form

**It is essential that you complete all parts of the Subscription Form in accordance with the following instructions. Authorised Financial Intermediaries MUST read Points 6 and 7 of these notes.**

### 1. Personal Details

Insert your full name, address, date of birth and National Insurance Number in BLOCK CAPITALS and black ink in Box 1.

Applications can only be made by persons over the age of 18.

Please provide a daytime telephone number and email address in case of query.

### 2. Application and Amount Payable

Insert in Box 2 the amount you wish to subscribe for shares in each of the 2009/2010 and 2010/2011 tax years. You must also insert your total payment. Your cheque or bankers draft should be for an amount that represents this total payment. Your application must be for a minimum of £5,000 and thereafter in multiples of £100.

#### Payment

Payments must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "**Capita Registrars Limited re Bluehone AIM VCT2 Plc**". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or Bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/bankers' draft to such effect.

The account name should be the same as that shown on the application.

#### Money Laundering Regulations

Under the Money Laundering Regulations 2007, Capita Registrars Limited (Capita) may be required to check the identity of persons who subscribe for in excess of the sterling equivalent of €15,000 of Offer Shares.

Capita may therefore undertake electronic searches for the purposes of verifying identity. To do so Capita may verify the details against the Applicant's identity, but also may request further proof of identity. Capita reserve the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

### 3. Declaration and Signature

Sign and date Box 3.

The Subscription Form may only be signed by someone other than the applicant named in Box 1 if duly authorised to do so. In such cases the original Power of Attorney (or other relevant legal document) or duly certified copy thereof must be enclosed for inspection.

### 4. Dividend Reinvestment Scheme

If you wish to participate in any dividend reinvestment scheme that Bluehone AIM VCT 2 plc may operate from time to time please enter the word "YES" in Box 4.

### 5. Dividend Mandate

All dividends on new shares may be paid directly into your bank or building society account. In order to facilitate this please complete the mandate instruction form in Box 5.

# Bluehone AIM VCT 2 PLC

## NOTES FOR AUTHORISED FINANCIAL INTERMEDIARIES ONLY

### 6. Financial Intermediaries Details

IFA's must complete (in BLOCK CAPITALS) and STAMP (giving their full name and address) and complete Box 6 in BLOCK CAPITALS, giving a contact name, telephone number, email address and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold any payment of commission if the Company is not, at their sole discretion, satisfied that the agent is authorised or is unable to identify the agent on the basis of the information provided.

Please note: Commission cheques will be made payable only to the IFA detailed in Box 6.

#### Money Laundering Regulations

If you complete and stamp Box 6 on page 2 of the Subscription Form you are warranting that the applicant is known to you and that you have completed all the verification procedures as required by the relevant rules and guidance of the FSA, the Joint Money Laundering Steering Group Guidance Notes and other anti-money laundering laws and regulations as may be considered appropriate.

You also confirm that this information can be relied upon by the Receiving Agent and will, subject to reasonable notice, be made available to the Company or the Receiving Agent for inspection upon request.

In the event of delay or failure to produce such information, the Company may refuse to accept an application for the Offer for Subscription.

### 7. Commission

Complete Box 7 to show the commission structure you wish to receive. If Box 7 is not completed or the election is unclear commission of 3% will be paid in cash.

IFA's must complete and stamp Box 6 and complete Box 7 in order to receive commission. Commission cheques will only be issued in accordance with the details submitted on the Subscription Form. No other form of instruction will be accepted.

### 8. Frequently Asked Questions

*Q: To whom should I make the cheque payable?*

A: Cheques should be made payable to "Capita Registrars Limited re Bluehone AiM VCT 2 plc Offer for Subscription a/c".

*Q: Where should I send my Subscription Form?*

A: Your Subscription Form and cheque should be sent to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

*Q: What happens after I invest?*

A: Capita Registrars will send you confirmation that it has received your Subscription Form. If it has any questions about your Subscription it will contact you in the first instance so it is important that you provide your contact information on the Subscription Form. Applications will be accepted at the discretion of the Board, though the Board intends to meet applications on a 'first come, first served' basis.

*Q: When can I expect to receive share and tax certificates?*

A: The Company's Registrar, Capita Registrars, will send share and tax certificates approximately ten business days after the allotment of shares. Allotments can take place at the discretion of the Directors. However, allotments of shares will take place no later than 5 April 2010, if subscriptions are for the 2009/2010 tax year and completed Subscription Forms should be received by 1 pm on 1 April 2010. Allotments will be announced via a Regulatory Information Service.

If you have any queries regarding the procedure for application and payment please call the

**Capita Registrars VCT Helpline on 0871 664 0324**

Calls to the 0871 664 0324 number cost 10 pence per minute (including VAT) plus your service provider's network extras.

Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline will not be able to provide advice on the merits of the Offer for Subscription or give any personal tax, investment or financial advice

Return this form by post or (during normal business hours only) by hand to

**Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**

to arrive no later than **1 pm on 1 April 2010** for the 2009/2010 tax year or

no later than **1 pm on 30 June 2010** for the 2010/2011 tax year.

# BLUEHONE AIM VCT 2 PLC

2009/2010  
2010/2011  
Tax Year

#

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE YOU ARE RECOMMENDED TO CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES.**

Before completing this Subscription Form you should read the Terms and Conditions of Subscription and Notes on Completion of Subscription Form.

The Offer for Subscription opens on 9 March 2010 and closes at 1 pm on 30 June 2010. The Offer for Subscription may close earlier if fully subscribed or may be extended by the board of Bluehone AIM VCT 2 plc at its discretion. Applications will be accepted at the discretion of the board of Bluehone AIM VCT 2 plc, though the board intends to meet application on a 'first come, first served' basis.

Make your cheque payable to **Capita Registrars Limited re: Bluehone AIM VCT 2 plc Offer for Subscription** (crossed A/C payee only) and return it together with this form by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as **to arrive no later than 1 pm on 1 April 2010.**

If you require assistance or have any queries regarding the completion of this Subscription Form please call the **Capita Registrars VCT Helpline on 0871 664 0324.**

Calls to the 0871 664 0324 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline will not be able to provide advice on the merits of the Offer for Subscription or give any personal tax, investment or financial advice.

## Box 1 – Personal Details PLEASE COMPLETE IN BLOCK CAPITALS ONLY and in BLACK INK

Title	<input type="text"/>	Surname	<input type="text"/>
First Name	<input type="text"/>		
Home Address	<input type="text"/>		
	<input type="text"/>	Postcode	<input type="text"/>
Daytime Telephone Number	<input type="text"/>	Email Address	<input type="text"/>
National Insurance Number	<input type="text"/>	Date of Birth	<input type="text"/>

## Box 2 – Application and Amount Payable

**Applications must be for a minimum of £5,000 and thereafter in multiples of £100**

### 2009/2010 Tax Year:

£

I wish to subscribe for such number of New Shares as may be purchased in the Company, or such lesser amount for which this subscription will be accepted on the terms and conditions set out on pages 15 to 17 of the document relating to the Offer dated 9 March 2010 (the "Offer Document").

### 2010/2011 Tax Year:

£

I wish to subscribe for such number of New Shares as may be purchased in the Company, or such lesser amount for which this subscription will be accepted on the terms and conditions set out on pages 15 to 17 of the document relating to the Offer Document.

### Total:

£

## Box 3 – Declaration and Signature

By signing this form I HERBY DECLARE THAT:

- I have received and read the Offer Document dated 9 March 2010 and have read the Terms and Conditions of Subscription contained therein and agree to be bound by them;
- I will be the beneficial owner of the ordinary shares in Bluehone AIM VCT 2 plc issued to me pursuant to the Offer for Subscription; and
- to the best of my knowledge and belief, the particulars I have given Bluehone AIM VCT 2 plc are correct.

**HM Revenue and Customs may inspect this Subscription Form. It is a serious offence to make a false declaration.**

Signature  Date

## Box 4 – Dividend Reinvestment Scheme

Enter "YES" in this box if you would like to receive the mandate form and terms and conditions for any dividend investment scheme that Bluehone AIM VCT 2 plc may adopt from time to time.

## Box 5 – Dividend Mandate

Dividends on Shares held in Bluehone AIM VCT 2 plc can be paid into your bank or building society account. To arrange for all future dividend payments to be paid directly into your account, please **complete and sign the mandate instruction form below**.

Dividends paid directly to your account will be paid in cleared funds on the dividend payment date. You will receive the corresponding tax voucher by post advising you of the payment amount and date. Your bank or building society statement will identify details of the dividend as well as the date and amount paid.

Please 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 Bluehone AIM VCT 2 plc to:

Bank				
Branch Title				
Address				
	Post Code			
Sort Code	<input type="text"/>	<input type="text"/>	Account Number	<input type="text"/>
Account Name				
Signature			Date	<input type="text"/>

**BOX 6 AND BOX 7 MUST BE COMPLETED BY AUTHORISED FINANCIAL INTERMEDIARIES ONLY**

## Box 6 – Financial Intermediaries Details

By completing and stamping Box 6 below you are deemed to have given the warranty and undertaking set out in Note 6 of the accompanying Notes on Completion of the Subscription Form.

IFA STAMP	Name of Firm	Allenbridge Group plc
	FSA Number	137716
	Signature	
	Print Name	Priti Patel
	Position	Consultant
	Date	
	Telephone No.	0207 4091111

## Box 7 – Commission

**In order to receive commission you must complete and stamp Box 6 above and complete Box 7 below, clearly indicating the commission structure you wish to receive.**

INSTRUCTIONS:

- Indicate in Boxes B and C how much commission you wish to have paid or waived in favour of the applicant named in Box 1 above (expressed as a % of the TOTAL SUBSCRIPTION detailed in Box 2).
- Insert in Box D the total of Boxes B and C. This must equal 3%.

BOX A Commission	BOX B Pay to IFA	BOX C Waive & Reinvest	BOX D TOTAL	For Official Use Only
[3]% <input checked="" type="checkbox"/>	Example 1.5 %	Example 1.5 %	Example 3 %	Example
3% <input type="checkbox"/>	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/>

**If no election is made or the election is unclear a commission of 3% will be paid**

# Directors, Manager and Advisers

## Directors

Gordon Brough (Chairman)  
Gordon Harvey  
Gordon Humphries  
Jamie Matheson  
Steven Mitchell

## Website

[www.bluehoneaimvct2.com](http://www.bluehoneaimvct2.com)

## Solicitors

Martineau  
No.1 Colmore Square  
Birmingham  
B4 6AA

## Registrar

Capita Registrars  
Northern House  
Woodsome Park  
Fennay Bridge  
Huddersfield  
HD8 0GA

## Auditors

KPMG Audit plc  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

## Brokers

Matrix Corporate Capital LLP  
1 Vine Street  
London  
W1J 0AH  
Telephone: 020 3206 7000

## Registered Office

Exchange House  
Primrose Street  
London  
EC2A 2NY

## Registered Number

04084875

## Investment Manager & Promoter

Bluehone Investors LLP  
48/54 Moorgate  
London  
EC2A 2NY  
Telephone: 020 7496 8929

## Company Secretary

F&C Asset Management plc  
80 George Street  
Edinburgh  
EH2 3BU  
Telephone: 0207 628 8000

## Receiving Agent

Capita Registrars  
Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH