

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in the Company, please send this document, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Martineau, which is regulated in the UK by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to herein.

---

## **Circular to Shareholders of**

# **Bluehone AiM VCT2 plc**

(Incorporated in England and Wales with registered number 04084875)

## **Proposal to change the investment policy**

---

Your attention is drawn to the letter from the Chairman of the Company set out in Part I of this document which contains a recommendation to vote in favour of the resolution to be proposed at the General Meeting of the Company referred to below.

A notice convening a General Meeting of the Company to be held at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY at 10.30 am on 30 March 2011 is set out on page 8 of this document.

A Form of Proxy for use at the General Meeting of the Company is attached at the end of this document and a reply paid envelope is enclosed with Shareholders' copies of this document. To be valid, Forms of Proxy should be returned not less than 48 hours before the General Meeting, either by post or by hand (during normal business hours only) to the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

For further information on the General Meeting or the completion and return of a Form of Proxy, please telephone Capita Registrars helpline on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 8.30 am and 5.30 pm (GMT) on any weekday (excluding UK bank holidays). Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposal or provide financial, legal, tax or investment advice.

## CONTENTS

EXPECTED TIMETABLE	2
PART I – CHAIRMAN'S LETTER	3
PART II – EXISTING AND THE PROPOSED INVESTMENT POLICY	5
PART III – DEFINITIONS	7
NOTICE OF GENERAL MEETING	8
FORM OF PROXY	

## EXPECTED TIMETABLE

Latest time for receipt of Forms of Proxy for the General Meeting	10.30 a.m. on 28 March 2011
Annual General Meeting	10.00 a.m. on 30 March 2011
General Meeting	10.30 a.m. on 30 March 2011
New Investment Policy becomes effective	30 March 2011
Change of Company name to Maven Income and Growth VCT 5 PLC	30 March 2011

## PART I – CHAIRMAN’S LETTER

# Bluehone AiM VCT2 plc

(Incorporated in England and Wales with registered number 04084875)

### **Directors**

Gordon Brough (Chairman)  
Gordon Humphries  
Jamie Matheson  
Steven Mitchell

### **Registered Office:**

Exchange House  
Primrose Street  
London  
EC2A 2NY

7 March 2011

Dear Shareholder

### **Proposal to change the investment policy**

#### **Introduction**

The Board announced on 11 February 2011 that, with effect from 10 February 2011, Maven had been appointed as the investment manager to the Company in place of Bluehone. As a result of the appointment of Maven, the Board now proposes to change the investment policy of the Company and the purpose of this document is to explain the reasons for, and seek Shareholders’ approval of, a change to the Company’s investment policy.

#### **Background and Change of Investment Manager**

The Board considers that the prospective returns from many AiM quoted investments are poorer than they were when the Company was launched. Share prices of a number of companies remain depressed due to the lack of secondary buyers and a significant fall in the number of IPOs has reduced the number of good VCT qualifying investments available for AiM-focussed managers. Consequently, many AiM stocks now exhibit reduced liquidity and provide little or no dividend yield. In addition, government changes to legislation have reduced the limits on VCT investments, which has further reduced the opportunities available for VCT qualifying investments in AiM quoted companies. In contrast, the Board believes that there is greater potential for yields from unquoted private equity investments than would be available on AiM.

The Board, therefore, considers that changing the Company’s investment policy to facilitate such investments would be in the best interests of its Shareholders. By amending the investment strategy in the manner proposed, the Company will be able to place greater emphasis on investing in income-producing private companies whose valuations and growth prospects are established by careful due diligence and close monitoring.

In order to implement this change in the focus of investment strategy, the Board has appointed a new investment manager, Maven Capital Partners UK LLP. Maven currently manages six later-stage private equity focused generalist VCTs, employing almost 30 people in a network of five offices across the UK, which provides access to a large number of attractive private company transactions each year from the corporate finance advisory community. Maven has an investment strategy aimed at building a diversified portfolio of holdings in profitable and income generating private companies through transactions with a significant loan stock component, thereby offering attractive income yields from the outset of each investment. Maven also has two full time executives with many years’ experience of AiM, who will ensure that the existing portfolio is actively managed for the benefit of Shareholders.

### **Change to the Investment Policy**

In light of the above, and following the appointment of Maven, it is now proposed to change the investment policy of the Company to that of a generalist VCT, similar to that of the other VCTs managed by Maven. Generalist VCTs typically aim to invest primarily in unquoted companies, but may also have investments in AiM and other quoted companies. This change would allow the Company to gradually realise part of the AiM portfolio and to redeploy the proceeds in establishing a portfolio of mature, income-producing unquoted companies. Shareholders should note, however, that it may take a number of years to re-align the investment portfolio to that of a generalist VCT. The new investment policy will also apply to any future funds raised by the Company.

The continuing objective of the Board will be to generate capital growth and an attractive dividend stream for Shareholders. Shareholders should, however, note that investments in unquoted companies by their nature carry more risk; in particular small companies can have limited product lines, markets or financial resources and may be dependent on a small number of key individuals. In addition, the market for securities in unquoted companies is usually less liquid.

The existing investment policy and the proposed investment policy are set out in full in Part II of this document. Under the Listing Rules, the change to the investment policy requires Shareholder approval and the Resolution to be proposed at the General Meeting seeks such authority.

### **Change of Company Name**

In order to reflect the change of investment manager and the proposed new investment policy, the Board considers that it would be appropriate for the Company to adopt a new name. Accordingly, following the Annual General Meeting and the General Meeting, the Company will change its name to Maven Income and Growth VCT 5 PLC. This can be completed by a resolution of the Board pursuant to the Companies Act 2006 and the articles of association of the Company adopted last year and, therefore, does not require Shareholder approval. Existing share certificates will continue to be valid following the change of name and new share certificates will not be issued.

### **General Meeting**

A notice convening a General Meeting to be held at 10.30 am on 30 March 2011 at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY can be found on page 8 of this document. At this meeting, the Resolution will be proposed to approve the change to the investment policy to that set out in section (B) of Part II of this document.

The Resolution will be proposed as an ordinary resolution requiring the approval of more than 50 per cent. of the votes cast at the General Meeting.

### **Action to be Taken**

A Form of Proxy for use at the General Meeting is set out at the end of this document. Shareholders are asked to complete the Form of Proxy and return it to the Company's registrars, Capita Registrars, in accordance with the instructions set out thereon, so as to be received as soon as possible but no later than 10.30 am on 28 March 2011. Completion and return of a Form of Proxy will not affect a Shareholder's right to attend and vote at the General Meeting should he or she wish to do so.

### **Recommendation**

The Board considers that the Proposal is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of their own beneficial shareholdings totalling 83,019 Shares (representing 0.14 per cent. of the issued share capital of the Company).

Yours faithfully



**Gordon Brough**

Chairman

## PART II – EXISTING AND THE PROPOSED INVESTMENT POLICY

The existing investment policy of the Company is to invest primarily in AiM or PLUS market traded companies. It is proposed, following the change of investment manager, to change the investment policy to that of a generalist VCT. This change will allow the Company to make investments in unquoted companies and, over time, gradually realise the existing AiM portfolio and diversify the portfolio to that of a generalist VCT.

By changing the Company's investment policy, the Company will also be better aligned with the existing investment policies of the other Maven VCTs. This will allow, where appropriate, for the Company to co-invest more easily with other Maven VCTs.

The existing investment policy and the proposed investment policy are set out below in sections (A) and (B) of this Part II. The change to the investment policy requires Shareholder approval under the Listing Rules and the Resolution to be proposed at the General Meeting seeks such authority.

### **(A) Existing investment policy of the Company**

The Company aims to achieve its objective through an investment policy of primarily investing in a diversified portfolio of AiM or PLUS market traded companies and unquoted companies which anticipate a stock market quotation.

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.

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 a VCT qualifying holding.

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15 per cent. of its investments in a single company at acquisition and must have at least 70 per cent. by value of its investments throughout the period in shares or securities comprised in qualifying holdings, of which 30 per cent. by value must be ordinary shares. From 5 April 2010, 70 per cent. by value of its investments must be in ordinary shares.

The Company will be at least 70 per cent. invested in broadly spread AiM securities or securities which qualify for VCT relief. 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.

The Manager will ensure that investment opportunities are apportioned fairly and equitably among the Company and other clients of the Manager. Allocations of AiM investments will generally be made pro rata up to an agreed normal investment unit for each client, subject to the availability of funds to make the investment and other portfolio exposures such as sector exposure. In addition, the Manager will also take into account the requirement to maintain a minimum of 70 per cent. in qualifying holdings in allocating investment opportunities between the Company and other clients managed by the Manager from time to time.

The Company's articles permit borrowings up to the value of 15 per cent. of the gross assets of the Company, following Board approval. The Company's policy is to use borrowings for short term liquidity purposes only.

No material change may be made to the Company's investment policy set out above without the prior approval of shareholders by the passing of an ordinary resolution.

#### **(B) Proposed investment policy of the Company**

The Company aims to achieve long term capital appreciation and generate maintainable levels of income for Shareholders.

The Company intends to achieve its objective by:

- investing the majority of its funds in a diversified portfolio of shares and securities in smaller, unquoted UK companies and AiM/PLUS quoted companies which meet the criteria for VCT qualifying investments and have strong growth potential;
- investing no more than £1 million in any company in one year and no more than 15 per cent. of the Company's assets by cost in one business at any time;
- borrowing up to 15 per cent. of net asset value, on a selective basis, in pursuit of its investment strategy; and
- retaining the services of a Manager that can provide the breadth and depth of resources required to achieve the investment objective.

The Company manages and minimises investment risk by:

- diversifying across a large number of companies;
- diversifying across a range of economic sectors;
- actively and closely monitoring the progress of investee companies;
- seeking to appoint a non-executive director to the board of each private investee company, provided from the Manager's investment management team or from its pool of experienced independent directors;
- co-investing with other funds run by the Manager in larger deals, which tend to carry less risk;
- not investing in hostile public to private transactions; and
- retaining the services of a Manager that can provide the breadth and depth of resources required to meet the criteria stated above.

Other risks are managed as follows:

- VCT qualifying status is monitored continuously and risk is minimised by retaining the services of a Manager that has the resources to provide sufficient flow of investment opportunities and integrated administrative and management systems to ensure continuing compliance with regulations; and
- risks of political change, exchange controls, taxation or other regulations that might affect investee companies, are monitored and taken account of before investments are made and when determining the valuations of unlisted investments.

## PART III – DEFINITIONS

The following definitions apply throughout this document unless the context otherwise permits:

“AiM”	the Alternative Investment Market
“Annual General Meeting”	the annual general meeting of the Company to be held on 30 March 2011
“Bluehone”	Bluehone Investors LLP
“Board” or “Directors”	the board of directors of the Company
“Company”	Bluehone AiM VCT2 plc
“Form of Proxy”	the form of proxy for use in connection with the General Meeting attached at the end of this document
“General Meeting”	the general meeting of the Company to be held on 30 March 2011
“HMRC”	HM Revenue & Customs
“IPO”	initial public offering
“Listing Rules”	the listing rules of the UKLA
“Manager” or “Maven”	Maven Capital Partners UK LLP
“PLUS”	‘Plus quoted’, a prescribed market for the purposes of section 118 of the Financial Services and Markets Act 2000, operated by PLUS Markets Group plc
“Proposal”	the Resolution and the proposal set out in this document to change the investment policy of the Company
“Resolution”	the resolution to be proposed at the General Meeting
“Shares”	ordinary shares of 10p each in the capital of the Company
“Shareholders”	holders of Shares in the Company (and each “a Shareholder”)
“UKLA”	the UK Listing Authority, being the Financial Services Authority acting in capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“VCT”	a company approved as a venture capital trust under Section 274 of the Income Tax Act 2007 by the Commissioners of HMRC (or “VCTs” as the context permits for more than one such company)

## NOTICE OF GENERAL MEETING

# Bluehone AiM VCT2 plc

(Incorporated in England and Wales with registered number 04084875)

Notice is hereby given that a general meeting of Bluehone AiM VCT2 plc ("the Company") will be held at 10.30 am on 30 March 2011 (or as soon thereafter as the annual general meeting of the Company convened for 10.00 am on that day has concluded) at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY for the purpose of considering, and if thought fit, passing the following resolution, which will be proposed as an ordinary resolution.

### Ordinary Resolution

That the investment policy of the Company be changed to the investment policy as set out in section (B) of Part II of the circular to shareholders of the Company dated 7 March 2011.

By order of the Board

### Scott Macrae

for F&C Asset Management plc  
Secretary  
80 George Street  
Edinburgh EH2 3BU

7 March 2011

### Notes:

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulation 2001), members must be registered in the register of members of the Company at 6.00 pm on 28 March 2011 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars, between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the proposal or provide financial, legal, tax or investment advice.



4. A form of proxy is attached to this document and a reply paid envelope is enclosed. To be valid, the form of proxy should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 10.30 am on 28 March 2011 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a form of proxy in their own envelope with the address FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
5. The right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. As at 4 March 2011 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 59,277,137 ordinary shares of 10p each carrying one vote each. Therefore, the total voting rights in the Company as at 4 March 2011 was 59,277,137.
7. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (RA10) by 10.30 am on 28 March 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. A copy of this notice and further information regarding the meeting is available on the Company's website, [www.bluehoneaimvct2.com](http://www.bluehoneaimvct2.com)



FORM OF PROXY – GENERAL MEETING

# Bluehone AiM VCT2 plc

I/We .....  
(Block Capitals Please)

of .....

being a shareholder(s) of the above named Company, appoint the chairman of the meeting or .....

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held to be held at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY at 10.30 am on 30 March 2011 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' if this is one of multiple proxy instructions being given

Please indicate with an 'X' in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

Ordinary Resolution	For	Against	Vote Withheld
To approve the change to the investment policy of the Company			

Signature ..... Dated ..... 2011

**Notes:**

- The notice of the meeting is set out in the circular to shareholders of the Company dated 7 March 2011.
- If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars, between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the proposal or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, should be returned in the reply paid envelope provided and must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (or, if using your own envelope, FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU) not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.

