

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 Northern 3 VCT PLC ("**the Company**"), please send this document and accompanying documents, 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.

Applications have been made to the UKLA for the New Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its main market for listed securities. The New Shares will rank *pari passu* with the existing issued Shares from their date of issue.

Northern 3 VCT PLC

(Registered in England and Wales with registered number 4280530)

General Meeting in connection with Recommended Proposals to:

- **acquire the assets and liabilities of Northern AIM VCT PLC;**
- **authorise the issue of New Shares under the Scheme and repurchase of Shares and New Shares; and**
- **cancel the share premium account.**

Your attention is drawn to the letter from the chairman of the Company set out in Part II of this document which contains a recommendation to vote in favour of the Resolutions. Your attention is also drawn to the risk factors set out in Part II of this document.

You will find set out at the end of this document notice of the General Meeting, to be held at 2.15pm on 14 September 2011 (or as soon thereafter as the Annual General Meeting convened for the same day concludes) at The George Hotel, 19-21 George Street, Edinburgh EH2 2PB to approve the Resolutions to effect the Proposals.

To be valid, the form of proxy attached to this document for the General Meeting should be returned not less than 48 hours before the meeting, either by post or by hand (during normal business hours only), to Equiniti Limited at Aspect House, Spencer House, Spencer Road, Lancing BN99 6ZR.

This document should be read in conjunction with the Prospectus which accompanies this document, the full terms of which are incorporated by reference and can be accessed at: www.nvm.co.uk/n3vctgm2011.

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EXPECTED TIMETABLES

EXPECTED TIMETABLE FOR THE COMPANY

(Dates subject to variation if any General Meeting is adjourned)

Latest time for receipt of forms of proxy for the General Meeting	2.15pm on Monday 12 September 2011
General Meeting	2.15pm on Wednesday 14 September 2011 (or as soon thereafter as the Annual General Meeting on the same day concludes)
Calculation Date	after 5.00pm on 23 September 2011
Effective Date for the transfer of the assets and liabilities of Northern AIM to the Company and the issue of Consideration Shares to Northern AIM Shareholders	26 September 2011
Announcement of the results of the Scheme	26 September 2011
Admission of and dealings in the New Shares to commence	27 September 2011
CREST accounts credited with the New Shares	27 September 2011
Certificates for the New Shares dispatched	By 11 October 2011

EXPECTED TIMETABLE FOR NORTHERN AIM

(Dates subject to variation if any General Meeting is adjourned)

Latest time for receipt of forms of proxy for the Northern AIM First General Meeting	12.30pm on Wednesday 14 September 2011
Northern AIM First General Meeting	12.30pm on Friday 16 September 2011
Record Date for Northern AIM shareholders' entitlements under the Scheme	23 September 2011
Northern AIM Register of Members closed	23 September 2011
Calculation Date	after 5.00pm on 23 September 2011
Latest time for receipt of forms of proxy for the Northern AIM Second General Meeting	12.30pm on Saturday 24 September 2011
Dealings in Northern AIM Shares suspended	7.30am on 26 September 2011
Northern AIM Second General Meeting	12.30pm on Monday 26 September 2011
Effective Date for the transfer of the assets and liabilities of Northern AIM to the Company	26 September 2011
Announcement of the results of the Scheme	26 September 2011
Cancellation of the Northern AIM Shares' listing	7.30am on 27 September 2011
Payment of the Special Dividend	7 October 2011

COMPANY INFORMATION

Directors (all Non-Executive)	James Ferguson (Chairman) Christopher Fleetwood Timothy Levett John Waddell
Company Secretary and Registered Office	Christopher Mellor FCA MCSI Northumberland House Princess Square Newcastle upon Tyne NE1 8ER
Principal Place of Business	Northumberland House Princess Square Newcastle upon Tyne NE1 8ER
Email: Telephone: Website:	n3vct@nvm.co.uk 0191 244 6000 www.nvm.co.uk
Company Number	4280530
Investment Manager and Administrator	NVM Private Equity Limited Northumberland House Princess Square Newcastle upon Tyne NE1 8ER
Fixed Income Investment Advisers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU
Sponsor	Howard Kennedy Corporate Services LLP 19 Cavendish Square London W1A 2AW
Solicitors	Howard Kennedy LLP 19 Cavendish Square London W1A 2AW
VCT Tax Advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Independent Auditors	KPMG Audit Plc Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Stockbroker

Singer Capital Markets Limited
1 Hanover Street
London W1S 1YB

Bankers

Barclays Bank PLC
71 Grey Street
Newcastle upon Tyne NE1 6EF

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing BN99 6DA

PART I - RISK FACTORS

Shareholders and prospective Shareholders should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect 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 Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or results of operations. The value of the New Shares could decline due to any of the risk factors described below and Shareholders could lose part or all of their investment. Shareholders and prospective Shareholders should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. References to the Company should be taken as including the Enlarged Company, if appropriate.

The Directors consider the following to be all the material known risks for potential Investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority:

- Completion of the Proposals is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and the Scheme becoming effective. If the Scheme does not proceed the Company will continue to be operated and managed as hitherto and the cost savings and other benefits that could result from the Proposals will not be achieved.
- The past performance of the Company/Northern AIM and/or any other fund managed by NVM is no indication of future performance. It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.
- Although it is intended that the Company will be managed so as to continue qualifying as a VCT, there is no guarantee that such status will be maintained. Failure to do so could result in adverse tax consequences for investors, including being required to repay up to the full 30% income tax relief.
- If at any time VCT status is lost by the Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound up have been announced.
- The majority of the Company's investments are and will continue to be in small companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. Such businesses may well be in high risk sectors and would therefore be exposed to greater risks than established businesses. In addition, such companies generally have a higher risk profile than larger companies and may also have limited trading records.
- There is no guarantee that the Company's objectives will be met or that suitable investment opportunities will be identified.
- The Company's ability to obtain maximum value from its investments (for example, through their sale) may be limited by the requirements of the relevant VCT legislation in order to maintain the VCT status of the Company (such as the obligation to have at least 70% by value of its investments in Qualifying Investments). The past performance of investments made by the Company or other funds managed by NVM should not be regarded as an indication of the future performance of investments made by the Company.
- Changes in legislation concerning VCTs in general, and VCT qualifying investments and qualifying trades in particular, may limit the number of new qualifying investment opportunities and/or reduce the level of returns which would otherwise have been achievable.
- There is a limited secondary market for VCT shares primarily because the initial income tax relief is only available to those subscribing for newly issued shares. VCTs invest in small companies usually with limited trading records which may not produce hoped for returns and

investors could get back less than they invested. The value of a VCT depends on the performance of the underlying assets. The value of the investment and the dividend stream can rise and fall.

- The levels and bases of reliefs from taxation may change and could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors.
- The Company's ability to make market purchases of its own Shares each year will be limited by the liquidity of the Company, the rules of the UK Listing Authority, the Act and the VCT regulations.

Northern 3 VCT PLC

(Registered in England and Wales with registered number 4280530)

Directors

James Ferguson (Chairman)
Christopher Fleetwood
Timothy Levett
John Waddell

Registered Office

Northumberland House
Princess Square
Newcastle upon Tyne
NE1 8ER

16 August 2011

Dear Shareholder

General Meeting in connection with recommended Proposals to:

- **acquire the assets and liabilities of Northern AIM;**
- **authorise the issue of New Shares under the Scheme and the repurchase of Shares and New Shares; and**
- **cancel the share premium account.**

The Company and Northern AIM announced on 3 June 2011 that they were in discussions with a view to a possible merger of the two companies, and have announced that they have now reached agreement in principle to merge the companies. The purpose of this Circular is to seek Shareholders' formal approval for the merger, the issue of New Shares under the Scheme, the repurchase of Shares and New Shares, and the cancellation of the Company's share premium account, as required by the CA 2006.

The Merger is being effected by way of a scheme of reconstruction of Northern AIM, whereby Northern AIM is placed in members' voluntary liquidation and all its assets and liabilities are transferred to the Company in exchange for Shares in the Company being issued directly to the shareholders of Northern AIM, the number of such Shares being determined by reference to the adjusted relative net assets of the two companies.

Your Board and the board of Northern AIM consider that the interests of each company's shareholders will be better served by an enlarged single company with a more diverse investment portfolio, reduced annual costs as a proportion of total net assets and an increased level of funds available for investment and by merging with a VCT with many common holdings under the same management. Since 2004 VCTs have been able to merge without shareholders losing their VCT tax reliefs and, to date, more than 40 VCT mergers have taken place.

In order to effect the Proposals, the consent of Shareholders is required under CA 2006 and, accordingly, a General Meeting is being convened at which Shareholders will be asked to:

- **approve the Merger**
- **approve the issue of New Shares to effect the Scheme**
- **authorise the Directors to buy back Shares; and**
- **sanction the cancellation of the share premium on the Shares.**

Background

The Company is a venture capital trust launched in 2001. It has raised over £46 million to date through its public share offers. The Company invests mainly in unquoted venture capital holdings, with its remaining assets invested in a portfolio of listed fixed-interest and equity investments and bank deposits.

The Company is managed by NVM, an independent specialist firm of venture capital managers based in Newcastle upon Tyne, Reading and Manchester. NVM also acts as manager of four other listed investment companies, including Northern AIM, and has a total of approximately £210 million under management.

As at 31 March 2011, the Company's audited NAV was 92.2p per share. Since incorporation, the Company has paid a total of 31.4p per share in dividends.

NVM acts as investment manager to both the Company and Northern AIM and both companies have a similar investment policy. Northern AIM invests mainly in AIM-quoted companies although it has some later-stage unquoted holdings.

Merger

The Merger will involve all of the assets and liabilities of Northern AIM being transferred to the Company (in accordance with the Company's investment policy) in exchange for the issue of Consideration Shares to Northern AIM Shareholders, the number of Consideration Shares being determined by reference to the net asset value of the companies, subject to adjustment under the Scheme.

Reasons for the Proposed Merger

Both the Company and Northern AIM are required to be listed on the Official List, which involves significant fixed costs in maintaining that listing and ensuring that they both comply with all relevant legislation. A larger VCT will have lower proportionate costs and, therefore, is potentially able to pay a higher level of dividends to shareholders. Additionally, there are a number of commercial advantages to both sets of shareholders of merging the companies, namely:

- the creation of a single VCT of a more economically efficient size with a greater capital base over which to spread administration, regulatory and management costs producing a reduction in the annual running costs of the Enlarged Company compared to the total annual running costs of the separate companies;
- participation in a larger VCT with a more diversified portfolio thereby spreading the portfolio risk across a broader range of investments and businesses which are consistent with the Company's existing investment policy; and
- an enhanced ability to pay dividend distributions in future and the operation of a strong buyback policy due to the reduced running costs of the Enlarged Company.

Accordingly, your Board has agreed with the board of Northern AIM to merge the companies on a basis reflecting their respective net assets and on the terms set out in the Prospectus.

Following the completion of the Merger it is expected that the Annual Running Costs of the Company will be approximately £1,150,000 compared with an aggregate of £1,212,000 for the Company and Northern AIM based on their financial years ended 31 March 2011 and 31 October 2010 respectively – an annual saving of some 5%. The anticipated cost of the Merger is approximately £250,000 (including VAT), half of which will be split equally between the Company and Northern AIM, with the balance being borne by NVM.

The Company

The Company has raised some £46 million to date through its public share offers and is now invested in some 40 companies. As at 31 March 2011 (the date to which the most recent audited financial information on the Company have been drawn up) its audited net assets were £37.4 million and its audited NAV per share was 92.2p. The Company has paid dividends totalling £9.4 million, or 31.4p per Share, to Shareholders since its launch.

Northern AIM

Northern AIM is a venture capital trust and was launched in 2000, raising £22 million (before issue costs) with the intention of investing in VCT-qualifying companies traded on AIM as well as some later-stage unquoted companies. As at 30 April 2011 (the date to which the most recent unaudited half-yearly report to Shareholders was drawn up) Northern AIM had net assets of £6.5 million and its NAV per share was 29.0p. The investment portfolio at that date comprised 20 AIM quoted and eight unquoted holdings. Northern AIM has paid dividends totalling £5.6 million, or 25.3p per Share, since its launch. The investment policy of Northern AIM is broadly similar to that of the Company and, accordingly, the proposed acquisition of the assets of Northern AIM is consistent with the Company's investment policy.

Details of the Scheme

The Scheme provides for Northern AIM to be placed into members' voluntary liquidation and for all of its assets and liabilities to be transferred to the Company in consideration for Consideration Shares being issued directly to the shareholders of Northern AIM, such number of Consideration Shares being determined by reference to the adjusted relative net assets of the Company and Northern AIM. Once the Scheme is effected the listing of Northern AIM Shares will be cancelled and the company wound up.

The Scheme is conditional upon the approval by the shareholders of the Company and Northern AIM of resolutions to be proposed at their respective general meetings, and the other conditions set out in paragraph 7 of Part III of this document.

The number of Consideration Shares to be issued to Northern AIM Shareholders will be calculated by multiplying the number of Northern AIM Shares in issue by the Merger Ratio, this being the Northern AIM Roll-Over Value Share divided by the Merger Value per Share. Such Consideration Shares will be issued *pro rata* to Northern AIM shareholders on the register of members on the Record Date. For these purposes, dissenting shareholders in Northern AIM will be disregarded.

The Consideration Shares will be issued in registered form, will be transferable and will rank *pari passu* in all respects with each other. Application will be made for the Consideration Shares to be admitted to the CREST system and it is anticipated that holders of Consideration Shares will be able to hold their Consideration Shares in certificated or uncertificated form.

The holdings of dissenting Northern AIM Shareholders will be purchased for cash by the liquidator of Northern AIM at the 'break value' which will be an estimate of the amount a shareholder of Northern AIM would receive in an ordinary winding-up of Northern AIM if all its assets had to be realised. The break value is expected to be significantly below the estimated Roll-Over Value. If a sufficient number of Shareholders holding over 5% of the number of Shares in issue elect not to participate in the Merger, then it will not proceed. If the level of dissent is less than 5% then the Merger will proceed and Shareholders who do not wish to participate in the Merger will have their Shares purchased for cash by the Liquidators, but this will be at a price likely to be well below the current NAV of the Shares and further details of this are set out in paragraph 10 of Part III of this document.

Investment Manager

The investment manager of both the Company and Northern AIM is NVM, which specialises in investing in smaller UK companies of the type qualifying under the VCT legislation. NVM was established in 1988 by the executive team previously employed directly by Northern Investors Company and currently manages funds in excess of £210 million through its offices in Newcastle upon Tyne, Reading and Manchester.

NVM manages three generalist VCTs (as well as Northern AIM) and a generalist private equity investment trust (which invest mainly in UK AIM quoted and unquoted companies). NVM's investment team comprises five executive directors (three of whom have been NVM executives for over twenty years) and six other executives.

NVM receives a basic annual management fee from the Company of 2.06% of net assets, together with a performance related fee equivalent to 14.2% of the amount, if any, by which the total return in each financial year (expressed as a percentage of opening net asset value) exceeds a performance hurdle. The hurdle is a composite rate based on 7% on average long-term investments and the higher of base rate and 3% on average cash and near-cash investments during the year. Following a period

in which net assets decline, a "high water mark" will apply to the calculation of the performance-related fee but will be then adjusted downwards to the extent that a positive return is achieved in the following financial year. The performance-related management fee is subject to an overall cap of 2.25% of net assets. NVM bears the cost of Sarasin & Partners LLP's fees for managing the fixed income portfolio. NVM also provides administrative and secretarial services to the Company for an index linked fee currently of £44,000 per annum. The Annual Running Costs of the Company are capped at 3.5% of net assets and NVM has agreed that any excess will be refunded by way of a reduction in its fees. Following completion of the Merger, these arrangements will continue to apply to the Enlarged Company.

NVM also operates a co-investment scheme with its investment executives.

Share Issue Authorities

In order to implement the Scheme, the Company's Shareholders will need to approve a resolution to authorise the Board to allot New Shares pursuant to the Scheme.

Purchase of Shares and New Shares

Subject to liquidity, the Listing Rules and applicable VCT regulations, it is intended that the Company will continue to make market purchases of its own Shares, at a price equivalent to the Company's most recently published NAV, at the time of purchase, less a discount of 15%. The purchases of Shares by the Company will enable Shareholders to realise their investment after five years should they so desire.

Cancellation of the Share premium account

The Board considers it appropriate to obtain Shareholders' authority to cancel the share premium account of the Company to create (subject to Court sanction) further distributable reserves which can be regarded as a distributable reserve, enabling dividends to be paid to Shareholders. A special resolution is, therefore, being proposed at the General Meeting to cancel the Company's share premium account. The special reserve to be created following Court sanction will be used to fund future distributions to Shareholders and buy backs, to set off or write off losses and for other corporate purposes of the Company.

General Meeting

Notice of the General Meeting is set out at the end of this document. The General Meeting will be held at 2.15pm on 14 September 2011 at The George Hotel, 19-21 George Street, Edinburgh EH2 2PB to approve the Resolutions and to implement the Proposals. Resolutions 1 and 2 will be proposed as ordinary resolutions. Resolutions 3 to 5 will be proposed as special resolutions.

An explanation of the Resolutions is set out below:

Resolution 1 seeks the approval of Shareholders as required by the CA 2006 to authorise the Directors pursuant to Section 551 CA 2006 to allot New Shares up to an aggregate nominal value of £500,000 (representing 24.73% of the issued share capital of the Company as at 15 August 2011), this being the latest practicable date prior to publication of this document) in connection with the Scheme. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution unless previously renewed, varied or revoked by the Company in general meeting.

Resolution 2 seeks the approval of Shareholders as required by the CA 2006 to authorise the Directors pursuant to Section 551 CA 2006 to allot Shares (other than in relation to the Scheme) up to an aggregate nominal value representing no more than 10% of the aggregate nominal value of the Shares issued from time to time. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.

Resolution 3 seeks the approval of Shareholders for the purchase by the Company of all of the assets and liabilities of Northern AIM under the Scheme.

Resolution 4 seeks the approval of Shareholders as required by the CA 2006 to disapply pre-emption rights in respect of any Shares issued pursuant to the authorities contained in Resolutions 1 and 2

(representing 24.64% of the issued share capital as at 15 August 2011). The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution.

Resolution 5 seeks the approval of Shareholders as required by the CA 2006 to authorise the cancellation of the share premium account of the Company at the date of the order made confirming such cancellation by the court, in order to establish a new reserve which may be treated as distributable, which can be used, inter alia, to fund the Company's buy back of Shares and the payment of future dividends.

Before taking any action, you are recommended to read the further information set out in this document.

Shareholders will find attached a form of proxy for use at the General Meeting enclosed with this document. If you are a holder of Shares, you are asked to complete and return the Form of Proxy relating to the General Meeting.

Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy attached so as to be received not less than 48 hours before the time appointed for holding of the General Meeting. Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting should you wish to do so.

Recommendation

The Board believes that the Scheme and the Resolutions are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of all of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own holdings of 378,776 Shares representing approximately 0.94% of the issued share capital of the Company.

Yours sincerely

James Ferguson
Chairman

PART III — THE SCHEME

1. Calculation of Merger Value and Roll-Over Value

NVM, instructed by the Liquidators, will be required to calculate the Roll-Over Value and the Merger Value, in accordance with paragraph 4 below, on or immediately prior to the Effective Date.

2. Provision of Information

On the Effective Date, the Liquidators will receive all the cash, undertakings and other assets, and will assume all the liabilities, of Northern AIM and will deliver to the Company:

- details of all the assets and liabilities of Northern AIM;
- a list certified by the registrars of the names and addresses of, and the number of shares in Northern AIM held by, each of the shareholders of Northern AIM on the register at 5.30pm on the Record Date;
- an estimate of the winding-up costs (one half of which will be allocated equally between the Company and Northern AIM); and
- the amount estimated to be required to purchase the shareholdings of any dissenting Northern AIM Shareholders.

3. Transfer Agreement

On the Effective Date, the Company will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Northern AIM to the Company in consideration of the issue of New Shares to the shareholders of Northern AIM on the basis set out below.

In further consideration of such transfer of all of the assets and liabilities of Northern AIM to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including the cost of implementing the Scheme, the winding-up of Northern AIM and the purchase for cash of any holdings of dissenting Northern AIM Shareholders.

4. Calculation of the Merger Value, the Roll-Over Value and the Number of New Shares to be Issued

For the purposes of calculating the Roll-Over Value, the Merger Value and the number of Consideration Shares to be issued, the following provisions will apply:

Northern AIM

The Northern AIM Roll-Over Value will be calculated as:

$$\frac{(A + B + C) - (D + E)}{F}$$

where:

A = the unaudited net asset value of Northern AIM as at 30 April 2011, calculated in accordance with Northern AIM's normal accounting policies (except that securities listed on AIM will be valued at their closing bid price less 3(three)%), less the Special Dividend;

B = any increase/decrease in the valuations of: (i) investments held by Northern AIM in quoted securities listed on a recognised stock exchange (including AIM and the PLUS market) by reference to their bid price (less 3(three)%) as at the close of business from 30 April 2011 to the Record Date; (ii) unquoted investments held by Northern AIM where there has been an event in the period between 30 April 2011 and the Record Date which requires a revaluation of the investment in accordance with Financial Reporting

Standard 26 'Financial Instruments: Measurement (IAS 39)', which will be re-valued at their fair value as determined by the directors of Northern AIM; and (iii) any investment held by Northern AIM following an event in the period between 30 April 2011 and the Record Date, which, in the opinion of the boards of the Company and Northern AIM (acting jointly), has had a material impact on such an investment, which will be re-valued as previously stated;

- C* = any adjustment that both the Board and the Northern AIM board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of Northern AIM between 30 April 2011 and the Record Date (including, for the avoidance of doubt, acquisitions and disposals of investments, income from securities and running costs of Northern AIM);
- D* = 25(twenty-five)% of the costs of the Scheme;
- E* = the amount estimated to be required to purchase the holdings of Northern AIM Shares from dissenting Northern AIM shareholders; and
- F* = the number of Northern AIM Shares in issue following close of business on the Record Date (save for any Northern AIM Shares held by dissenting Northern AIM Shareholders).

The Company

The Merger Value will be calculated as follows:

$$\frac{(G + H + I) - (J)}{K}$$

where:

- G* = the audited net asset value of the Company as at 31 March 2011, calculated in accordance with the Company's normal accounting policies;
- H* = any increase/decrease in the valuations of: (i) investments held by the Company in quoted securities listed on a recognised stock exchange (including AIM and the PLUS market) by reference to their bid price as at the close of business from 31 March 2011 to the Record Date; (ii) unquoted investments held by the Company where there has been an event in the period between 31 March 2011 and the Record Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement (IAS 39)', which will be re-valued at their fair value as determined by the directors of the Company; and (iii) any investment held by the Company following an event in the period between 31 March 2010 and the Record Date, which, in the opinion of the boards of the Company and Northern AIM (acting jointly), has had a material impact on such an investment, which will be re-valued as previously stated;
- I* = any adjustment that the boards of the Company and Northern AIM (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Company between 31 March 2011 and the Record Date (including, for the avoidance of doubt, acquisitions and disposals of investments, income from securities and running costs of the Company);
- J* = 25(twenty-five)% of the costs of the Scheme; and
- K* = the number of Shares in issue following close of business on the Record Date.

Consideration Shares

The number of Consideration Shares to be issued to Northern AIM Shareholders (save for any dissenting Northern AIM Shareholders) will be calculated as follows:

$$\left(\frac{L}{M} \right) \times N$$

where:

L = the Northern AIM Roll-Over Value;

M = the Merger Value; and

N = the number of Northern AIM Shares in issue as at close of business on the Record Date (save for any Northern AIM Shares held by dissenting Northern AIM Shareholders).

The Consideration Shares to be issued pursuant to the Scheme will be issued directly to Northern AIM Shareholders (save for any dissenting Northern AIM shareholders) *pro rata* to their existing holdings on the instruction of the Liquidators.

Entitlements will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £5) will be sold in the market and the proceeds retained for the benefit of the Enlarged Company.

The Consideration Shares will be issued in registered form. Consideration Shares are eligible for electronic settlement and can be held within the CREST system. If, following issue, recipients of Consideration Shares pursuant to the Scheme should wish to hold their Consideration Shares in uncertificated form they should contact their broker or independent financial adviser. Any dividend payment mandates provided for Northern AIM will, unless Northern AIM Shareholders advise otherwise, be transferred to the Company.

Application has been made to the UKLA for the Consideration Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such Consideration Shares to be admitted to trading on its market for listed securities. The Consideration Shares will rank *pari passu* with the New Shares from the date of issue.

5. Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions as the parties to the relevant Transfer Agreement may from time to time approve in writing.

6. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Scheme and the relevant Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company and Northern AIM or the Northern AIM board, the Board (or any individual director of the Company and Northern AIM), the registrar or the bankers of the Company and Northern AIM or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

7. Scheme Conditionality

The Scheme is conditional upon:

- the passing of Resolutions 1, 3 and 4 to be proposed at the General Meeting;
- notice of dissent not having been received from shareholders of Northern AIM holding more than 5% in nominal value of the issued capital of Northern AIM under Section 111 IA 1986 (this condition may be waived by the board of Northern AIM); and
- the passing of the resolutions to be proposed at the Northern AIM Meetings.

Subject to the above, the Scheme shall become effective immediately after the passing of the special resolution for the winding up of Northern AIM to be proposed at the Northern AIM Second General Meeting. If it becomes effective, the Scheme shall be binding on all Shareholders and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 7 November 2011, the Scheme shall not become effective.

8. Pro Forma Financial Information on the Enlarged Company

Pro forma financial information on the Enlarged Company, on the basis that the Scheme had been effected as at 31 March 2011, by reference to the audited net assets of the Company as at 31 March 2011 and the unaudited net assets of Northern AIM as at 30 April 2011, is set out in Part IV of the Prospectus.

9. Consideration Share Certificates

Following completion of the Scheme, Northern AIM Shareholders will receive new share certificates in respect of their Consideration Shares.

10. Dissenting Northern AIM Shareholders

The Liquidators will offer to purchase the holdings of dissenting shareholders of Northern AIM at the break value price, this being an estimate of the amount a shareholder of Northern AIM would receive per Northern AIM Share in an ordinary winding-up of Northern AIM if all of the assets of Northern AIM had to be realised. The break value is expected to be significantly less than the Roll-Over Value.

11. Governing Law

The Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

PART IV - ADDITIONAL INFORMATION

1. Responsibility

The Directors whose names appear in paragraph 3 below accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital

- 2.1 As at 15 August 2011 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

Issued and fully paid

No. of Shares	£
40,434,802	£2,021,740

- 2.2 As at 15 August 2011 (being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor are there any outstanding warrants, nor did the Company hold any share capital in treasury.

3. Directors and their Interests

- 3.1 As at 15 August 2011 (being the latest practicable date prior to publication of this document), the interests of the Directors (and their respective immediate families) in the issued share capital of the Company and Northern AIM were as follows:

The Company

Director

Shares

	Number	% of Share capital
James Ferguson	176,734	0.44%
Christopher Fleetwood	25,577	0.06%
Timothy Levett	169,182	0.42%
John Waddell	7,283	0.02%

Northern AIM

Director

Northern AIM Shares

	Number	% of share capital
James Ferguson	103,000	0.46%
Christopher Fleetwood	-	-
Timothy Levett	25,000	0.11%
John Waddell	-	-

- 3.2 Each of the Directors has entered into a letter of appointment with the Company, a copy of which is available for inspection at the address set out in paragraph 7 of this Part IV below, for the provision of their services as directors for the fees disclosed in paragraph 3.3 below. The current agreements were entered into on 1 July 2011 (Timothy Levett and Christopher Fleetwood), 2 July 2009 (James Ferguson) and 3 July 2008 (John Waddell) between the Company and each of the Directors. These agreements remain in force for an initial three year period and then as agreed. They are also terminable by either party giving the other at least three months' notice in writing, are subject to retirement by rotation and earlier cessation for any reason under the Articles or any other event of default. There are no commission or profit

sharing arrangements and no compensation is payable on termination of the agreements. No amounts have been put aside to provide pensions, retirement or similar benefits to any Directors. Save as disclosed in this paragraph, none of the Directors has entered into any service contract with the Company.

- 3.3 The current annual remuneration of the Directors is as follows:

Director	Annual Fees
James Ferguson	£20,000
Christopher Fleetwood	£15,000
Timothy Levett (fees waived)	£15,000
John Waddell	£15,000

Fees paid to the Directors in respect of the year ended 31 March 2011 were £48,500. In addition John Hustler, who retired from the Board in September 2010, received a director's fee of £6,750 in respect of the period from 1 April 2010 to 23 September 2010.

- 3.4 Timothy Levett is an executive director of the Investment Manager and, accordingly, is interested in the agreements described in paragraphs 5.1.1, 5.1.8, 5.1.9 and 5.1.10 below.
- 3.5 Save as disclosed in this paragraph 3, no Director has an interest in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or significant to the business of the Company or material to the Company or the Scheme.

4. Substantial Shareholders

The Company is not aware of any person, not being a member of its administrative, management or supervisory bodies, who as at the date of this document is directly or indirectly interested in 3% or more of the issued share capital of the Company and is required to notify such interest in accordance with the Disclosure Rules & Transparency Rules or who directly or indirectly controls the Company.

5. Material Contracts

- 5.1 The following, together with the non-executive director appointment letters referred to in paragraph 3.2 above, are (a) the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company within the two years preceding date of publication of this document and which are or may be material to the Company, and (b) the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company within the two preceding years and contain any provisions under which the Company has any obligation or entitlement which are material to the Company as at the date of this document:

- 5.1.1 An agreement ("NVM Investment Management Agreement") dated 24 September 2001 between the Company and NVM (as varied by Deeds of Amendment dated 26 September 2001 and 13 May 2011) whereby NVM agreed to provide discretionary portfolio management services to the Company in relation to its investments, money and assets for a fee of 2.06% per annum of the net assets of the Company payable quarterly in advance and calculated at half yearly intervals. NVM bears the cost of Sarasin & Partners' fees for managing the listed fixed-interest portfolio. NVM also provides administrative and secretarial services to the Company for a fee currently of £44,000 per annum (linked to the movement in the RPI). NVM is also entitled to receive a performance-related management fee equivalent to 14.2% of the amount, if any, by which the total return in each financial year (expressed as a percentage of opening net asset value) exceeds a performance hurdle. The hurdle is a composite rate based on 7% on average long-term investments and the higher of base rate and 3% on average cash and near-cash investments during the year. Following a period in which net assets decline, a "high water mark" will apply to the calculation of the performance-related fee but will be then adjusted downwards to the extent that a positive return is achieved in the following financial year. The performance-related management fee is subject to an overall cap of 2.25% of net assets.

If the Annual Running Costs of the Company exceed 3.5% of its net assets, the Manager has undertaken to refund its fees to the extent of such excess.

- 5.1.2 Each of the Directors has entered into a letter of engagement on the terms described in paragraph 3.2 above.
- 5.1.3 A discretionary portfolio management agreement dated 6 August 2010 between the Company and Speirs & Jeffrey Limited, Stockbrokers, for the provision of discretionary portfolio services. Under this agreement commission is payable at a flat rate of 0.25% and certain nominee fees are charged on a per holdings basis.
- 5.1.4 An agreement dated 24 February 2003 between the Company and Brewin Dolphin Securities Limited for the provision of general advisory and dealing services, together with related research, in relation to certain securities.
- 5.1.5 A discretionary investment management entered into on or around 2 April 2008 between the Company and Sarasin Investment Management Limited for the provision of discretionary investment management services.
- 5.1.6 A letter agreement dated 8 October 2009 between the Company and Singer Capital Markets Limited for the provision of corporate broking services.
- 5.1.7 An Offer Agreement dated 22 January 2010 between the Company, the Directors, Howard Kennedy and Downing Corporate Finance Limited ("Downing"), whereby Howard Kennedy agreed to act as sponsor to the Company's offer for subscription ("2010 Offer") and Downing undertook, as agent of the Company, to use its reasonable endeavours to procure subscribers for up to 15,000,000 Shares.

Under the Offer Agreement the Company agreed to pay Downing an amount equal to 5.5% of the aggregate amount of subscription monies received by the Company pursuant to the 2010 Offer together with an annual commission of 0.2% of the gross funds subscribed under the 2010 Offer for five years. Pursuant to this agreement, Downing agreed to pay all costs, charges, fees and expenses payable by the Company or the Manager in connection with, or incidental to, the 2010 Offer.

Under the Offer Agreement, certain warranties were given by the Company and the Directors to Howard Kennedy and Downing, without limitation in time or amount. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the Offer Agreement. These warranties and indemnity were in usual form for a contract of this type.

- 5.1.8 An engagement letter dated 12 January 2010 between the Company, NVM and Downing, whereby Downing was appointed to co-ordinate the 2010 Offer and to assist the Company in achieving its objective of issuing 15,000,000 Shares. Downing was entitled to receive an amount equal to 5.5% of the aggregate amount of subscription monies received by the Company pursuant to the 2010 Offer together with an annual commission of 0.4% of the gross funds subscribed under the 2010 Offer for five years. This later payment was made by the Company and NVM in equal proportions. Pursuant to the letter, Downing agreed to pay all costs, charges, fees and expenses payable by the Company or NVM in connection with, or incidental to, the 2010 Offer, including paying for "early-bird" shares.
- 5.1.9 A co-investment agreement dated 24 March 2006 between the Company and NVM pursuant to which investment executives employed by the Manager who have been nominated by the Manager (in its absolute discretion) to participate in the scheme and who agree to participate (the "Co-Investors") are required to invest directly (and on the same terms as the Company) in the ordinary shares of the investee companies in which the Company invests. Co-Investors are required to subscribe for:
 - Where the investment comprises a mixture of ordinary shares and loans or redeemable preference shares, 5% of the aggregate amounts invested in ordinary shares at the same time by the Company and the Co-Investors together; or

- where the investment is structured entirely as ordinary shares (including investments quoted on AIM), 1% of the aggregate amount invested at the same time by the Company and the Co-Investors together; or
- where a further investment is made in an existing portfolio company, 1% of the entire investment “strip” (i.e. ordinary shares and any other investment instruments) invested at the same time by the Company and Co-Investors together.

All investments made by Co-investors under the co-investment scheme will be realised at the same time as, and on the same terms as, the corresponding investments made by the Company in unquoted entities. Co-Investors under the scheme will not be required to realise investments at the same time as or on the same terms as the corresponding investments made by the Company in respect of investments in quoted entities.

5.1.10 An agreement dated 16 August 2011 between the Company, the Directors, Howard Kennedy Corporate Services LLP and NVM pursuant to which Howard Kennedy Corporate Services LLP will act as sponsor to the Company in respect of the Proposals. Under the agreement, which may be terminated by Howard Kennedy Corporate Services LLP in certain circumstances, certain warranties have been given by the Company and the Directors to Howard Kennedy Corporate Services LLP. The Company has also agreed to indemnify Howard Kennedy Corporate Services LLP in respect of its role as sponsor. The warranties and indemnity are in usual form for a contract of this type. The agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

5.2 The following contracts will be entered into subject, inter alia, to the approval by Shareholders of the resolutions to be proposed at the General Meeting and the Northern AIM Meetings:

5.2.1 A transfer agreement between the Company and Northern AIM (acting through the Liquidators) pursuant to which all of the assets and liabilities of Northern AIM will be transferred to the Company (subject only to the consents required to transfer such assets and liabilities) in consideration for Consideration Shares in accordance with Part III of this document. The Liquidators will agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets of Northern AIM will be transferred on receipt to the Company as part of the Scheme.

5.2.2 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Scheme.

6. Other

6.1 The Company was incorporated and registered in England and Wales on 3 September 2001 with limited liability as a public limited company under the Companies Act 1985 with the name Northern 3 VCT PLC and with registered number 4280530.

6.2 Statutory accounts of the Company for the years ended 31 March 2009, 2010 and 2011 in respect of which the Company's auditors have made unqualified reports under the Acts, have been delivered to the Registrar of Companies. KPMG Audit plc have been the Company's auditors in respect of these accounts.

6.3 Other than as disclosed in paragraph 5.1.1, the Company has not entered into any related party transactions during the period covered by the financial information referred to in paragraph 6.2 above and up to the date of this document.

6.4 There has been no significant change in the financial or trading position of the Company since 31 March 2011, the date to which the most recent audited financial statements of the Company were made up, except for the investment transactions set out in paragraph 6.5 below.

6.5 Since 31 March 2011, the Company's investment activity is summarised as follows:

(a) Additions

	Amount invested £000
Tinglobal Holdings (unquoted)	988
Paladin Group (unquoted)	152

(b) Disposals

	Cost £000	Market value at 31 March 2011 £000	Disposal proceeds £000	Realised gain/ (loss) £000
Andor Technology (AIM quoted)*	14	58	85	27
Britspace Group (unquoted)	794	-	-	-

* Part disposal

6.6 There are no Governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

6.7 All of the Company's Shares have identical voting rights.

7. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the registered office of the Company and at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AW:

- 7.1 the Articles of the Company;
- 7.2 the audited annual reports and accounts of the Company for the three financial years ended 31 March 2009, 2010 and 2011;
- 7.3 the audited annual reports and accounts of Northern AIM for the three financial years ended 31 October 2008, 2009 and 2010;
- 7.4 the material contracts referred to in paragraph 5 above;
- 7.5 a draft of the Transfer Agreement;
- 7.6 the Northern AIM Circular dated 16 August 2011;
- 7.7 the Prospectus issued by the Company on 16 August 2011; and
- 7.8 this document.

16 August 2011

PART V - DEFINITIONS

“Acts”	the Companies Act 1985 and the Companies Act 2006
“Admission”	the date on which the Consideration Shares allotted pursuant to the Scheme are listed on the premium segment of the Official List of the UK Listing Authority
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Annual Running Costs”	annual costs and expenses incurred by the Company in the ordinary course of its business (including irrecoverable value added tax but excluding any amount payable in respect of the Performance Incentive Fees)
“Articles”	the articles of association of the Company, as amended from time to time
“Board” or “Directors”	the board of directors of the Company
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
“CA 2006” or “Act”	Companies Act 2006
“Calculation Date”	the date on which the Roll-Over Value and the Merger Value will be calculated, expected to be 23 September 2011
“Circular”	this document
“Company” or “Northern 3”	Northern 3 VCT PLC registered in England and Wales under number 4280530, whose registered office is at Northumberland House, Princess Square, Newcastle upon Tyne NE1 8ER
“Consideration Shares”	the Shares to be issued by the Company to Northern AIM Shareholders pursuant to the Scheme (and each a “Consideration Share”)
“Disclosure Rules & Transparency Rules”	the disclosure rules and transparency rules of the FSA
“Effective Date”	the date on which the Scheme will be completed, expected to be 26 September 2011
“Enlarged Company”	the Company, following implementation of the Scheme
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000
“General Meeting”	the general meeting of the Company convened for 14 September 2011 (or any adjournment thereof)
“HMRC”	Her Majesty's Revenue & Customs
“Howard Kennedy”	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the Financial Services Authority and is an FSA registered sponsor
“IA 1986”	Insolvency Act 1986, as amended
“Investment Manager” or “NVM”	NVM Private Equity Limited, the investment manager to the Company and Northern AIM of Northumberland House, Princess Square, Newcastle upon Tyne NE1 8ER
“ITA 2007”	Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Sarah Louise Burge of RSM Tenon Limited, Unit 1, Calder Close, Calder Park, Wakefield WF4 3BA
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“Meetings”	the General Meeting and the Northern AIM Meetings (and each a “Meeting”)

“Merger Ratio”	the Roll-Over Value per Northern AIM Share divided by the Merger Value per Share
“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Values”	the Northern 3 Roll-Over Value and the Northern AIM Merger Value
“NAV”	net asset value
“New Ordinary Shares”	the new ordinary shares of 5p each (and each a “New Ordinary Share”)
“New Shares”	the Shares to be issued pursuant to the Scheme (and each a “New Share”)
“Northern 3 Merger Value”	the value of a Share calculated in accordance with Part III of this document
“Northern AIM”	Northern AIM VCT PLC registered in England and Wales under number 4075686, whose registered office is at Northumberland House, Princess Square, Newcastle upon Tyne NE1 8ER
“Northern AIM Board”	the board of directors of Northern AIM
“Northern AIM Circular”	the circular to Northern AIM shareholders dated 16 August 2011
“Northern AIM First General Meeting”	the first general meeting of Northern AIM to be held on Friday 16 September 2011 (or any adjournment thereof)
“Northern AIM Meetings”	the Northern AIM First General Meeting and the Northern AIM Second General Meeting
“Northern AIM Roll-Over Value”	the value of a Northern AIM Share calculated in accordance with Part III of this document
“Northern AIM Second General Meeting”	the second general meeting of Northern AIM to be held on Monday 26 September 2011 (or any adjournment thereof)
“Northern AIM Shareholder”	a holder of Northern AIM Shares
“Northern AIM Shares”	ordinary shares of 5p each in the capital of Northern AIM
“Official List”	the official list of the UKLA
“Performance Incentive Fees”	fees payable to the Investment Manager in the event that certain target returns are achieved, as further described in paragraph 5.1.1 of Part IV
“PLUS”	PLUS Markets plc, a recognised investment exchange
“Proposals”	the proposals to implement the Merger by way of the Scheme and pass the resolutions to be proposed at the General Meeting
“Prospectus”	this document, being the prospectus issued by the Company dated 16 August 2011
“Prospectus Rules”	the prospectus rules of the FSA
“Qualifying Company”	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“quoted”	quoted on the London stock Exchange’s market for listed securities, AIM or PLUS Markets

“Record Date”	the record date for Shareholders’ entitlements under the Scheme, expected to be 23 September 2011
“Resolutions”	the resolutions to be proposed at the General Meeting
“Roll-Over Value”	the value of a Northern AIM Share calculated in accordance with Part III of this document
“Scheme” or “Merger”	the proposed merger of the Company with Northern AIM by means of placing Northern AIM into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Northern AIM’s assets and liabilities in consideration for Consideration Shares as set out in Part III of this document
“Shareholder(s)”	a holder or holders of Shares
“Shares”	ordinary shares of 5p each in the capital of the Company (and each a “Share”)
“Special Dividend”	the special dividend of 3.0p per Northern AIM Share proposed to be paid on 7 October 2011 to Northern AIM shareholders on the register on the Record Date, conditional on completion of the Merger, expected to be on 26 September 2011
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“Transfer Agreement”	the agreement between the Company and Northern AIM (acting through the Liquidators) for the transfer of all of the assets and liabilities of Northern AIM by the Liquidators to the Company pursuant to the Scheme
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	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
“unquoted”	private or public companies not quoted on any market or exchange
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts

Northern 3 VCT PLC

(Registered in England and Wales with registered number 4075686)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Northern 3 VCT PLC (the “**Company**”) will be held at 2.15pm (or as soon thereafter as the Annual General Meeting convened for the same day concludes) on Wednesday 14 September 2011 at The George Hotel, 19-21 George Street, Edinburgh EH2 2PB for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed as to resolutions 1 and 2 as ordinary resolutions and as to resolutions 3 - 5 (inclusive) as special resolutions:

Ordinary Resolutions

1. That, in substitution for existing authorities, the Directors be and hereby are authorised in accordance with Section 551 of the Companies Act 2006 (“CA 2006”) to exercise all of the powers of the Company to allot shares in the capital of the Company (the “Shares”) and to grant rights to subscribe for or to convert any security into Shares in the Company up to an aggregate nominal value of £500,000 in connection with the Scheme (as such terms are defined in the circular to shareholders of the Company dated 16 August 2011 (a copy of which is produced to the meeting and initialled for the purpose of identification by the chairman of the meeting (the “Circular”))), provided that the authority conferred by this Resolution 1 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.
2. That, in substitution for existing authorities but without prejudice to the authority conferred by Resolution 1 set out in this notice, the Directors be and hereby are authorised in accordance with Section 551 of CA 2006 to exercise all of the powers of the Company to allot Shares and to grant rights to subscribe for or to convert any security into Shares up to an aggregate nominal value representing no more than 10% of the aggregate nominal value of the Shares issued from time to time provided that the authority conferred by this Resolution 2 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require Shares to be allotted or rights to be granted to subscribe for or to convert any security into Shares in the Company after such expiry and notwithstanding such expiry the Directors may allot Shares or grant rights to subscribe for or to convert any security into Shares in pursuance of such offers or agreements).

Special Resolutions

3. That the acquisition by the Company of the assets and liabilities of Northern AIM on the terms set out in the Circular be and hereby is approved.
4. That in substitution for existing authorities, the Directors be and hereby are empowered pursuant to Section 570(1) of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of CA 2006) for cash pursuant to the authority given in accordance with Section 551 of CA 2006 by Resolutions 1 and 2 as if Section 561(1) of CA 2006 did not apply to such allotments, provided that the power provided by this Resolution 4 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.
5. That the amount standing to the credit of the share premium account of the Company, at the date the order is made confirming such cancellation by the court, be and is hereby cancelled.

Dated 16 August 2011

By order of the Board

C D Mellor

Secretary

Notes:

Registered Office:

Northumberland House
Princess Square
Newcastle upon Tyne NE1 8ER

- 1 A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so. A form of proxy which may be used is attached.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her.
- 3 To be valid, a form of proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6ZR not later than 2.15pm on Monday 12 September 2011.
- 4 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on Monday 12 September 2011 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after 6.00pm on Monday 12 September 2011 (or after 6.00pm on the day which is two working days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 5 As at 15 August 2011 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 40,434,802 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 15 August 2011 was 40,434,802.
- 6 CREST members who wish to appoint a proxy or proxies for the meeting or any adjournment thereof by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting 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.
- 7 In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this notice. 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.
- 8 CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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(s), 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 service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 9 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 10 The above statement as to proxy rights does not apply to a person who receives this notice of meeting as a person nominated to enjoy "information rights" under Section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person, the following statements apply: (a) you may have a right under an agreement between you and the member of the Company by whom you were nominated to be appointed or to have someone else appointed as a proxy for this general meeting; and (b) if you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to that member as to the exercise of voting rights.
- 11 A copy of this notice, and the other information required by Section 311A of the Companies Act 2006, can be found at **www.nvm.co.uk/n3vctgm2011**.
- 12 Any member attending the meeting has the right to ask questions.
- 13 You may not use any electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Northern 3 VCT PLC

Form of Proxy for the General Meeting on 14 September 2011

I/We

.....
(block capitals please)

of

.....
being a member of Northern 3 VCT PLC, hereby appoint (see notes 1 and 2)

.....
or failing him/her the chairman of the meeting to be my/our proxy and exercise all or any of my/our rights to attend, speak and vote for me/us in respect of my/our voting entitlement on my/our behalf at the General Meeting of the Company to be held at 2.15pm on Wednesday 14 September 2011, notice of which was sent to shareholders on 16 August 2011, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number		For	Against	Vote withheld
1	Authority to allot Shares (Scheme)	☐	☐	☐
2	Authority to allot Shares (extra 10%)	☐	☐	☐
3	Approval of acquisition of assets and liabilities of Northern AIM pursuant to the Scheme	☐	☐	☐
4	Issue of Shares other than pro rata	☐	☐	☐
5	Cancellation of Share Premium Account	☐	☐	☐
☐	Please indicate by placing an X in this box if this proxy appointment is one of multiple appointments being made (see note 2 overleaf).			

Please refer to the notes overleaf

Signed:

Date:2011

NOTES RELATING TO FORM OF PROXY

- 1 Every member has the right to appoint some other person(s) of his/her choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak or vote on his/her behalf at the meeting. A member wishing to appoint a person other than the chairman of the meeting as proxy should insert the name of such person in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter alongside the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Any alteration or deletion must be signed or initialled.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that the proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, please contact Equiniti Limited on 0800 028 2349 for (an) additional form(s), or you may photocopy this form. Please indicate alongside the proxy holder's name the number of shares in relation to which the proxy holder is authorised to act as your proxy. Please also indicate by placing an X in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- 3 Use of the form of proxy does not preclude a member from attending and voting in person.
- 4 Where the form of proxy is executed by an individual it must be signed by that individual or his or her attorney.
- 5 Where the form of proxy is executed by joint shareholders it may be signed by any of the members, but the vote of the member whose name stands first in the register of members of the Company will be accepted to the exclusion of the votes of the other joint holders.
- 6 Where the form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
- 7 If the form of proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes, as he/she will on any other matters to arise at the meeting.
- 8 To be valid, the form of proxy, together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6ZR not later than 2.15pm on Monday 12 September 2011.
- 9 The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the resolution.