

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult an appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately. If you have sold or transferred all your Ordinary Shares in the Company, please forward this Circular together with the Form of Proxy to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice of a General Meeting of the Company to be held at the Life Bioscience Centre, Times Square, Newcastle upon Tyne NE1 4EP at 11.30am on Monday 17 February 2014 is set out on pages 4 and 5 of the Circular. A Form of Proxy for use at the meeting is attached. To be valid, Forms of Proxy should be completed and returned in accordance with the notes to the Notice of Meeting and the Form of Proxy itself.

Northern 3 VCT PLC

Registered office: Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX

T 0191 244 6000 F 0118 951 7001 E n3vct@nvm.co.uk

Registered in England no 4280530

Directors:

James Ferguson, *Chairman*

Chris Fleetwood

Tim Levett

John Waddell

17 January 2014

Dear Shareholder

Proposed cancellation of the amounts standing to the credit of the share premium account and the capital redemption reserve of the Company

Introduction

Your Board is seeking the approval of Shareholders for the cancellation of the amounts standing on the Company's balance sheet to the credit of the share premium account and the capital redemption reserve. The cancellations will result in the creation of a new distributable reserve. This reserve will be available, together with the Company's existing distributable reserves, to be used by the Company inter alia to re-purchase Ordinary Shares for cancellation and to pay dividends to Shareholders (subject to the provisions of the Act and to the legislation relating to Venture Capital Trusts). The cancellations will have no impact on the balance sheet assets and liabilities of the Company.

At the date of this letter the balance on the share premium account is approximately £21.0 million and the balance on the capital redemption reserve is approximately £0.5 million. The proposed cancellations will require the approval of Shareholders by special resolution and subsequent confirmation by the High Court. Shareholders have previously considered and approved similar resolutions in 2002, 2007 and 2012.

Action to be taken by Shareholders

Pages 4 and 5 of this Circular contain a notice convening a General Meeting of the Company to be held at the Life Bioscience Centre, Times Square, Newcastle upon Tyne NE1 4EP at 11.30am on Monday 17 February 2014 where a special resolution will be proposed that the amounts standing to the credit of the share premium account and capital redemption reserve of the Company be cancelled.

Once Shareholders have approved the cancellation of the amounts standing to the credit of the Company's share premium account and capital redemption reserve, it will be necessary for the Company to apply to the High Court to seek its confirmation of the cancellations. It is expected that the Court order confirming the cancellation of the amounts standing to the credit of the share premium account and the capital redemption reserve will be made in March 2014. The cancellation of the amounts standing to the credit of the share premium account and capital redemption reserve will take effect only when a copy of the Court order is duly registered by the Registrar of Companies.

Prior to confirming the proposed cancellations, the Court will need to be satisfied that the creditors of the Company are not materially prejudiced by the proposal. The High Court may require protection for creditors of the Company whose debts remain outstanding at the effective date unless such creditors consent otherwise. Appropriate arrangements will be made with the approval of the High Court for the protection of any creditors of the Company.

It is important that you complete the Form of Proxy and return it to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing BN99 6DA by no later than 11.30am on Thursday 13 February 2014.

Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

Recommendation

Your Board considers that the cancellation of the amounts standing to the credit of the share premium account and capital redemption reserve of the Company is in the best interests of the Company and its Shareholders as a whole and unanimously recommends Shareholders to vote in favour of the special resolution to be proposed at the General Meeting. Your Directors will be voting in favour of the resolution in respect of their own beneficial holdings which, in aggregate, amount to 659,594 Ordinary Shares representing approximately 1.0% of the issued share capital of the Company.

Yours sincerely

A handwritten signature in black ink that reads "James Ferguson". The signature is written in a cursive, slightly stylized font.

JAMES FERGUSON
Chairman

Definitions

In this letter, unless the context otherwise requires, the following expressions bear the following meanings:

Act	the Companies Act 2006
General Meeting or GM	the general meeting of the Company to be held at the Life Bioscience Centre, Times Square, Newcastle upon Tyne NE1 4EP at 11.30am on Monday 17 February 2014
Circular	this document dated 17 January 2014, addressed to the Shareholders
Company	Northern 3 VCT PLC
Directors or Board	the directors of the Company, whose names are set out on page 1 of this document
Form of Proxy	the form of proxy for use at the General Meeting
Ordinary Shares	ordinary shares of 5p each in the capital of the Company
Shareholders	holders of Ordinary Shares

Northern 3 VCT PLC

Notice of General Meeting

Notice is hereby given that a general meeting of the Company will be held at the Life Bioscience Centre, Times Square, Newcastle upon Tyne NE1 4EP at 11.30am on Monday 17 February 2014 for the following purposes:

RESOLUTION

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That the amounts standing to the credit of the share premium account and the capital redemption reserve of the Company, at the date the order is made by the High Court confirming such cancellations, be and are hereby cancelled."

By order of the Board

C D MELLOR

Secretary
Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne NE1 3DX

17 January 2014

NOTES

- 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 6DA not later than 11.30am on Thursday 13 February 2014.
- 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 Thursday 13 February 2014 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 Thursday 13 February 2014 (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 16 January 2014 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 65,699,878 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 16 January 2014 was 65,699,878.
- 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 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.

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.

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.

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.

- 7 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.

- 8 A copy of this notice, and the other information required by Section 311A of the Act, can be found at www.nvm.co.uk/n3vctgm2014.
- 9 Any member attending the meeting has the right to ask questions. Section 319A of the Act requires the Directors to answer any questions raised at the General Meeting which relate to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the proceedings of the General Meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the General Meeting that the question be answered.
- 10 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.
- 11 If the total number of voting rights that the Chairman will be able to vote (taking into account any proxy appointments from Shareholders over which he is given discretion and any voting rights in respect of his own Shares) is such that he will have a notifiable obligation under the Disclosure and Transparency rules of the Financial Conduct Authority (the "DTRs"), the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. Therefore, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs, need not make a separate notification to the Company and to the Financial Conduct Authority. However, any member holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as proxy will need to ensure that both the member and the proxy comply with the respective disclosure obligations under the DTRs.

Northern 3 VCT PLC

Form of Proxy for the General Meeting on 17 February 2014

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 the Life Bioscience Centre, Times Square, Newcastle upon Tyne NE1 4EP at 11.30am on Monday 17 February 2014, notice of which was sent to shareholders on 17 January 2014 and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolution set out in the notice of meeting:

Resolution	For	Against	Vote withheld
To cancel the amounts standing to the credit of the Share Premium Account and the Capital Redemption Reserve	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

☐ Please indicate by placing an **X** in this box if this proxy appointment is one of multiple appointments being made (see note 2 below).

Please refer to the notes overleaf

Signed:

Date:2014

Attendance indication

Shareholders who intend to attend the General Meeting are requested to place a tick in the box below in order to assist with administrative arrangements.

I/we intend to attend the General Meeting at the Life Bioscience Centre, Times Square, Newcastle upon Tyne NE1 4EP at 11.30am on Monday 17 February 2014.

☐

Signed:

Date:2014

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 6DA not later than 11.30am on Thursday 13 February 2014.
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.