

NORTHERN VCTS

PROSPECTUS

Draft 9 – 20 September 2017

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Offer statistics

Gross proceeds of the Offers, if fully subscribed (£20,000,000 per Company)	£60,000,000
Minimum investment per applicant (in all or any of the three Companies – minimum £2,000 in any one Company)	£6,000
Maximum investment on which tax reliefs are available	£200,000
Offers open	21 September 2017
Offers close (unless fully subscribed at an earlier date, or extended by the Directors)	3.00pm on 5 April 2018

Financial calendar for Northern Venture Trust

Financial year end	30 September
Annual results announcement and annual report published	November
Annual general meeting	December
Dividends paid (first dividend in respect of the Offer Shares expected December 2017)	June and December
Half-yearly results announcement and half-yearly report published	May

Financial calendar for Northern 2 VCT

Financial year end	31 March
Annual results announcement and annual report published	May
Annual general meeting	July
Dividends paid (first dividend in respect of the Offer Shares expected January 2018)	January and July
Half-yearly results announcement and half-yearly report published	November

Financial calendar for Northern 3 VCT

Financial year end	31 March
Annual results announcement and annual report published	May
Annual general meeting	July
Dividends paid (first dividend in respect of the Offer Shares expected January 2018)	January and July
Half-yearly results announcement and half-yearly report published	November

This document constitutes a prospectus dated 21 September 2017 (the “**Prospectus**”) issued by Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC (the “**Companies**”), prepared in accordance with the Prospectus Rules made under Section 84 of the Financial Services and Markets Act 2000 (“**FSMA**”) and has been approved by the Financial Conduct Authority (“**FCA**”) in accordance with FSMA.

A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Companies and the ordinary shares in the capital of the Companies (the “**Offer Shares**”) which are being offered for subscription (the “**Offers**”) is contained in a summary on page 5 of this document. The Prospectus has been filed with the FCA in accordance with the Prospectus Rules and you are advised to read it in full.

The Companies and their Directors (whose names are set out on pages 25 and 26) each accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Companies and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Companies and the Directors consent to the use of the Prospectus and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offers. The Offers are expected to close no later than 5 April 2018. There are no conditions attaching to this consent. Financial intermediaries may only use the Prospectus in the UK.

Information on the terms and conditions of the Offers will be given to Investors by financial intermediaries at the time that the Offers are introduced to Investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with this consent.

Northern Venture Trust PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03090163)

Northern 2 VCT PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03695071)

Northern 3 VCT PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 04280530)

Offers for subscription in the 2017/18 tax year to raise up to £20,000,000 for each of Northern Venture Trust, Northern 2 VCT and Northern 3 VCT

Following the Offers, assuming full subscription and based on the illustrative Offer prices for applications through an execution only platform or broker where commission of 2.25% is waived by the intermediary, the Companies’ issued and to be issued share capitals will be as follows:

	Issued and to be issued fully paid	
	No. of Shares	Nominal value
Northern Venture Trust – Ordinary Shares of 25p each (ISIN GB0006450703)	132,765,407	£33,191,352
Northern 2 VCT – Ordinary Shares of 5p each (ISIN GB0005356430)	130,343,915	£6,517,196
Northern 3 VCT – Ordinary Shares of 5p each (ISIN GB0031152027)	90,454,132	£4,522,707

The existing Shares issued by the Companies are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange’s main market for listed securities. Application will be made to the UK Listing Authority for all of the Offer Shares to be issued pursuant to the Offers to be listed on the Official List and will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on its main market for listed securities. It is expected that Admission to the Official List will become effective and that dealings in the Offer Shares will commence three Business Days following allotment. Dealings may begin before notification of allotments is made. Revocation of the Offers cannot occur after dealings in the Offer Shares have commenced. The Offer Shares will rank *pari passu* with existing issued Ordinary Shares from the date of issue.

Howard Kennedy Corporate Services LLP (“**Howard Kennedy**”), which is authorised and regulated in the UK by the FCA, is acting as sponsor for the Companies and no-one else and will not be responsible to any other person for providing the protections afforded to customers of Howard Kennedy or for providing advice (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder).

In connection with the Offers, Downing LLP ("**Downing**"), the promoter of the Offers, is acting for the Companies and no-one else and will not be responsible to anyone other than the Companies for providing the protections afforded to customers of Downing or for providing advice in relation to the Offers (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder). Downing is authorised and regulated in the UK by the FCA.

Copies of this document are available (and any supplementary prospectus published by the Companies will be available) free of charge from the offices of Downing, at Ergon House, Horseferry Road, London SW1P 2AL (website: www.downing.co.uk), from the offices of NVM Private Equity LLP at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN (website: www.nvm.co.uk) and from the office of Howard Kennedy Corporate Services LLP at No. 1 London Bridge, London SE1 9BG (website: www.howardkennedy.com).

Your attention is drawn to the risk factors set out on pages 12 and 13 of this document. An investment in the Companies is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise. If you are in doubt as to the action you should take, you should consult an independent financial intermediary authorised under FSMA.

Summary

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E.

This summary contains all the Elements required to be included in a summary for the type of shares being issued pursuant to this Prospectus. Some of the Elements are not required to be addressed and, as a result, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this summary, it is possible that no relevant information can be given regarding that Element. In these instances, a short description of the Element is included, together with an appropriate ‘Not applicable’ statement.

A		Introduction and warnings
A1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A2	Consent for intermediaries	<p>The Companies and the Directors consent to the use of the Prospectus by financial intermediaries, from the date of the Prospectus until the close of the Offers, for the purpose of subsequent resale or final placement of securities by financial intermediaries. The Offers are expected to close on 5 April 2018, subject to the Offers not being fully subscribed at an earlier date. There are no conditions attaching to this consent.</p> <p>In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offers at the time they introduce the Offers to investors.</p>
B		Issuers
B1	Legal and commercial names	Northern Venture Trust PLC, Northern 2 VCT PLC, Northern 3 VCT PLC.
B2	Domicile / Legal form / Legislation / Country of incorporation	The Companies are public limited liability companies which are registered in England and Wales with registered numbers 03090163, 03695071 and 04280530 respectively. The principal legislation under which the Companies operate is the Companies Act 2006 (the “2006 Act”) and the regulations made thereunder.
B5	Group description	Not applicable. None of the Companies are part of a group.
B6	Material Shareholders / Different voting rights / Control	<p>All Shareholders have the same voting rights in respect of the existing share capital of the Companies.</p> <p>As at 20 September 2017 (being the latest practicable date prior to the publication of this document), the Companies are not aware of any person who, directly or indirectly, has or will have an interest in the capital of any of the Companies or voting rights which are notifiable under UK law (under which, pursuant to the 2006 Act and the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more will be notified to that Company).</p>

B7 Selected financial information and statement of any significant changes

Certain key historical information of the Companies is set out below:

Northern Venture Trust	Half-yearly reports and unaudited accounts for six months ended 31 March 2017	Audited year end to 30 September 2016	Half-yearly reports and unaudited accounts for six months ended 31 March 2016	Audited year end to 30 September 2015	Audited year end to 30 September 2014
	£ million	£ million	£ million	£ million	£ million
Net Assets	76.9	77.2	77.9	78.9	83.5
Return on activities before tax	2.0	9.6	2.6	6.8	6.6
Return per Share	Pence 2.1	Pence 10.1	Pence 2.8	Pence 7.2	Pence 7.1
Net Asset Value per Share	79.1	80.0	82.9	83.0	87.8
Dividends per Share	8.0	13.0	10.0	12.0	6.0
Northern 2 VCT	Audited year end to 31 March 2017	Audited year end to 31 March 2016	Audited year end to 31 March 2015		
	£ million	£ million	£ million		
Net Assets	71.6	71.3	78.7		
Return on activities before tax	8.6	7.4	3.1		
Return per Share	Pence 9.3	Pence 8.0	Pence 3.4		
Net Asset Value per Share	76.6	77.9	85.4		
Dividends per Share	10.5	10.5	15.5		
Northern 3 VCT	Audited year end to 31 March 2017	Audited year end to 31 March 2016	Audited year end to 31 March 2015		
	£ million	£ million	£ million		
Net Assets	69.9	67.0	71.2		
Return on activities before tax	9.6	6.8	2.6		
Return per Share	Pence 14.6	Pence 10.4	Pence 3.9		
Net Asset Value per Share	106.2	102.2	107.2		
Dividends per Share	10.5	10.5	15.5		

There have been no significant changes in the financial condition or operating results of any of the Companies during or subsequent to the period covered by the historical information set out above.

B8	Key pro forma financial information	Not applicable. There is no pro forma financial information contained in the Prospectus.
B9	Profit forecast	Not applicable. There is no profit forecast in the Prospectus.
B10	Qualifications in the audit report	Not applicable. There were no qualifications in the audit report for any of the Companies in the period covered by the historical information in this document.
B11	Insufficient working capital	Not applicable. The Companies are of the opinion that their working capital is sufficient for their present requirements; that is for at least the twelve month period from the date of this document.
B34	Investment objective and policy, including investment restrictions	<p>Investment objectives</p> <p>The net proceeds of the Offers will be invested by the Companies in accordance with their respective published investment policies, initially in a portfolio of cash and a range of quoted securities.</p> <p>In November 2015, the legislation governing investments by VCTs was changed to focus on providing development capital for younger growing companies. NVM has adapted to the new rules, added new people to the team and completed 11 new VCT qualifying investments and two follow on investments since the change in rules. Over the coming years, the intention is to build a diversified portfolio of companies to generate capital growth.</p> <p>Corporate objective: The objective of each of the Companies is to provide high long-term tax-free returns to investors through a combination of dividend yield and capital growth, by investing primarily in unquoted UK manufacturing, service and technology businesses which meet the Manager's key criteria of good value, growth potential, strong management and ability to generate cash in the medium to long term.</p> <p>Investment policy: The investment policy of each of the Companies has been designed to enable the relevant Company to achieve its objective whilst complying with the qualifying conditions set out in the VCT Rules, as amended by HM Government from time to time. The Directors of each Company intend that the long-term disposition of each of the Companies' assets will be approximately 80% in a portfolio of VCT-qualifying unquoted and AIM-quoted investments, and 20% in other investments selected with a view to producing an enhanced return while avoiding undue capital volatility, to provide a reserve of liquidity which will maximise the relevant Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks. Within the VCT-qualifying portfolio, investments will be structured using various investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth. The selection of new investments will necessarily have regard to the VCT Rules, which are designed to focus investment on early stage and development capital opportunities. The portfolio will be diversified by investing in a broad range of VCT-qualifying industry sectors and by holding investments in companies at different stages of maturity in the corporate development cycle. The normal investment holding period is expected to be in the range from three to ten years. No single investment will normally represent in excess of 3% of the relevant Company's total assets at the time of acquisition. As investments are held with a view to long-term capital growth as well as income, it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available. Investments will normally be made using the relevant Company's equity shareholders' funds and it is not intended that any of the Companies will take on any long-term borrowings. The Companies each operate a co-investment scheme under which the Manager's investment executives are required to co-invest with them in all new VCT-qualifying investments.</p>

B35	Borrowings	The Directors may exercise all the powers of the Companies to borrow money and to mortgage or charge their undertakings, property and uncalled capital. The Directors shall restrict the borrowings of the Companies and exercise all voting and other rights or powers of control exercisable by the Companies in relation to their subsidiaries (if any) so as to secure (so far, as regards the subsidiaries, as by such exercise they can secure) that the aggregate amount at any one time owing or deemed to be owing by the Companies and/or any subsidiaries, determined as hereinafter mentioned, in respect of moneys borrowed by them or any of them shall not at any time, without the previous sanction of an ordinary resolution of the Companies, exceed an amount equal to the aggregate amount paid up on the issued share capital of the Companies and the amounts standing to the credit of the consolidated reserves of the Companies as shown in the latest audited balance sheet, adjusted where appropriate to take account of movements since that date.
B36	Regulatory status	The Companies are subject to the 2006 Act and the regulations made thereunder and in the UK generally, their shares are listed on the premium segment of the Official List and, as a qualifying VCT, they are subject to regulation by HM Revenue & Customs in order to retain such status.
B37	Typical investor	A typical investor in the Companies will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £5,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
B38	Investments of 20% or more in a single company	Not applicable. The Companies do not and will not hold any investments which represent more than 20% of their gross assets in a single company or group.
B39	Investments of 40% or more in a single company	Not applicable. The Companies do not and will not hold any investments which represent more than 40% of their gross assets in a single company or group.
B40	Service providers	Downing has undertaken to use its reasonable endeavours to procure subscribers under the Offers to raise up to £20,000,000 for Northern Venture Trust, £20,000,000 for Northern 2 VCT and £20,000,000 for Northern 3 VCT for a fee between 2% to 4% of the gross funds raised, dependent on whether or not commission is payable on the share applications.

The Manager will receive from each Company an annual management fee, payable quarterly in advance, at the rate of 2.06% of Net Asset Value, calculated at half-yearly intervals. The management fee payable by the Companies in respect of the net proceeds of the Offers will be reduced to 1.0% for the period from the date of allotment to 30 September 2018. The Manager also provides secretarial and administration services to each of the Companies for annual fees of £68,500, £56,200 and £53,000 for Northern Venture Trust, Northern 2 VCT and Northern 3 VCT respectively (rising annually with the movement in the UK Index of Retail Prices).

The Manager is also entitled to receive a performance-related management fee from each of the Companies equivalent to a specified percentage 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 relevant specified percentages are 15.0% for Northern Venture Trust, 12.0% for Northern 2 VCT and 14.2% for Northern 3 VCT. The hurdle is a composite rate based on the level of long-term investments and cash and near-cash investments during the year. For the most recent financial year the hurdle rate for Northern Venture Trust was 6.0%, for Northern 2 VCT 6.0% and for Northern 3 VCT 6.2%. Following a year in which the NAV declines, a “high water mark” will apply to the calculation of the performance-related fee, but will then be adjusted downwards to the extent that a positive return is achieved in the following year. The performance-related fee payable by each of the Companies is subject to an overall annual cap of 2.25% of net assets.

NVM executives invest alongside the Companies in every deal in a co-investment scheme on the following basis:

- where the investment comprises a mixture of ordinary shares and loans or redeemable preference shares, for 5% of the aggregate amounts invested in ordinary shares at the same time as the relevant Company; or
- where the investment is structured entirely as shares in an unquoted company, for 5% of the aggregate investment in ordinary shares at the same time as the relevant

Company, subject to not less than 70% of the Company's investment being in shares with preferential rights.

B41	Regulatory status of the Manager	NVM Private Equity LLP is registered in England and Wales as a limited liability partnership with registered number OC392261. NVM Private Equity LLP is authorised and regulated by the Financial Conduct Authority, with registration number 653677.
B42	Calculation of net asset value	The Companies' net asset values are calculated in accordance with each Company's accounting policies and will be published at least quarterly on an appropriate regulatory information service. If for any reason valuations are suspended, shareholders will be notified in a similar manner.
B43	Umbrella collective investment scheme	Not applicable. The Companies are not part of an umbrella collective investment scheme.
B44	Absence of financial statements	Not applicable. The Companies have commenced operations and published financial statements.
B45	Investment portfolio	The Companies invest in a diversified portfolio of UK growth businesses, whether unquoted or traded on AIM. A summary of each Company's unquoted and quoted venture capital portfolios as at the date of this Summary, based on internal financial information as at 30 June 2017, is set out below:

	Cost (£000)	Carrying Value (£000)	% of NAV
Northern Venture Trust			
Unquoted	42,885	43,960	59.1
Quoted	3,115	4,945	6.6
Northern 2 VCT			
Unquoted	34,303	39,750	52.5
Quoted	2,602	3,464	4.6
Northern 3 VCT			
Unquoted	30,967	36,238	48.9
Quoted	7,600	11,920	16.1

B46	Most recent NAV per Ordinary Share	As at 30 June 2017, the unaudited net asset value per Northern Venture Trust Share was 70.8p. As at 30 June 2017, the unaudited net asset value per Northern 2 VCT Share was 76.4p. As at 30 June 2017, the unaudited net asset value per Northern 3 VCT Share was 106.1p.
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C Securities

C1	Description and class of securities and authority	The securities being offered pursuant to the Offers are Northern Venture Trust PLC Shares of 25 pence each ("NVT Shares") (ISIN: GB0006450703), Northern 2 VCT PLC Shares of 5 pence each ("N2 Shares") (ISIN: GB0005356430) and Northern 3 VCT PLC Shares of 5 pence each ("N3 Shares") (ISIN: GB0031152027); collectively known as the "Offer Shares".
C2	Currency	The Companies' share capital currently comprises Northern Venture Trust Shares of 25 pence each, Northern 2 VCT Shares of 5 pence each and Northern 3 VCT Shares of 5 pence each (GBP).
C3	Shares in issue	As at the date of this document, Northern Venture Trust has 105,026,156 Ordinary Shares in issue, Northern 2 VCT has 101,400,355 Ordinary Shares in issue and Northern 3 VCT has 70,313,146 Ordinary Shares in issue (all fully paid up). The maximum number of Offer Shares to be issued pursuant to the Offers are approximately 30,000,000 for Northern Venture Trust, 31,000,000 for Northern 2 VCT and 22,000,000 for Northern 3 VCT.
C4	Description of the rights attaching to the securities	The Offer Shares will rank equally in all respects with each other and with the existing Shares in that Company.

C5	Restrictions on transfer	The Offer Shares for each Company will be listed on the premium segment of the Official List and will be freely transferable.
C6	Admission	Applications will be made to the UKLA for the Offer Shares to be listed on the Official List and will be made to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is anticipated that dealings in the Offer Shares will commence three Business Days following allotment.
C7	Dividend policy	In recent years Northern Venture Trust has paid a base annual dividend of 6p and Northern 2 VCT and Northern 3 VCT have each paid a base annual dividend of 5.5p, with the objective of enabling Shareholders to benefit from a strong and consistent flow of tax free income. Changes in the VCT Rules with effect from November 2015 mean that in future the Companies will be required to invest mainly in relatively young businesses which need funding for growth and development. Typically, this funding will consist largely of equity rather than income-yielding debt instruments, which will make future returns to the Companies more dependent on the timing of outright exits. This is likely to lead to a lower annual income from investments made by the Companies under the new rules, and hence to a reduction in the amounts of income available for distribution by the Companies. As a result, future dividend payments by the Companies are likely to be subject to fluctuation. The dividends payable by the Companies in respect of any financial year cannot be guaranteed and will be subject to the availability of distributable reserves, cash resources and applicable regulations.

D		Risks
D1	Key information on the key risks specific to the Company	<p><i>The Companies</i></p> <ul style="list-style-type: none"> • There can be no assurances that the Companies will meet their objectives, identify suitable investment opportunities or be able to diversify their portfolio. The past performance of NVM and other funds managed or advised by NVM is no guide to future performance and the value of an investment. The value of the Offer Shares may fall as well as rise and an investor may not receive back the full amount invested. • There can be no guarantee that the Companies will retain their status as VCTs, the loss of which could lead to adverse tax consequences for Investors, including a requirement to repay the 30% income tax relief. • The tax rules, or their interpretation, in relation to an investment in the Companies and/or the rates of tax may change during the life of the Companies and may apply retrospectively which could affect tax reliefs obtained by Shareholders and the VCT status of the Companies. • Investments made by the Companies will be in companies which have a higher risk profile than larger “blue chip” companies and whose securities are not readily marketable and therefore may be difficult to realise. • Although the Companies may receive customary venture capital rights in connection with their investments, as a minority investor they may not be in a position to protect their interests fully.
D3	Key information on the key risks specific to the securities	<p><i>The Securities</i></p> <ul style="list-style-type: none"> • Investors may find it difficult to realise their investment in Offer Shares and the price at which Northern Venture Trust, Northern 2 VCT or Northern 3 VCT Shares are traded may not reflect their net asset value. • If a qualifying investor disposes of his or her shares within five years of issue, he or she will be subject to clawback by HM Revenue & Customs of any income tax reliefs originally claimed. • Although the Companies’ existing Ordinary Shares have been (and it is anticipated that the Offer Shares will be) admitted to the Official List of the UKLA and to trading on the London Stock Exchange’s market for listed securities, there may not be a liquid market and Investors may find it difficult to realise their investments.

E		Offer
E1	Offer net proceeds	The Companies are proposing to raise up to £60 million (£20 million in each Company) pursuant to the Offers. The total initial expenses of the Offers (assuming full subscription by Execution-Only Investors and/or Professional Client Investors only) will be 4.0% of the gross proceeds and the total net proceeds are therefore estimated to be £19.2 million per Company, if the Offers are fully subscribed.

E2	Reasons for the Offer and use of proceeds	<p>In deciding to launch the Offers, the Directors of the Companies have taken the following factors into account:</p> <ul style="list-style-type: none"> • The UK has a world leading research environment, a high proportion of companies exhibiting high growth and is becoming one of the best environments in the world for entrepreneurs across the UK to form businesses to commercialise their ideas. • The Northern VCTs have a growing pipeline of opportunities and are confident that, with access to capital, high growth companies will be identified and supported through to realisation. • VCTs are ideally structured to support the scale-up of high growth companies. Under the VCT Rules, £5 million can be invested in a company in a twelve month period with a limit of £12 million overall, or £20 million for a knowledge intensive company. This provides scope for VCTs to follow their money and attract other investors in later rounds. • High growth early stage companies sometimes take 5-10 years to mature and need investors that are aligned to this dynamic. VCTs are evergreen and are well placed to be patient and supportive. • The additional funds raised will allow the Companies to mitigate investment risk by holding more diversified portfolios of unquoted and AIM-quoted investments, and will enhance the Companies' flexibility when determining future policy as to dividend payments, tender offers and share buy-backs. • An increase in the size of each of the Companies will enable the fixed element of each of the Companies' running costs to be spread over a wider capital base. <p>The Companies are seeking to raise £60 million to provide liquidity and flexibility to capitalise on investment opportunities in accordance with their investment policies.</p>
E3	Terms and conditions of the Offer	<p>The number of Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Share):</p> $\text{Number of Offer Shares} = \left[\begin{array}{l} \text{Amount subscribed, less:} \\ \text{(i) initial Promoter's Fee and} \\ \text{(ii) Initial Adviser Charge (if} \\ \text{any)} \end{array} \right] \div \left[\begin{array}{l} \text{Latest published} \\ \text{NAV} \\ \text{per Offer Share} \end{array} \right]$ <p>The proceeds of the Offers will be invested in accordance with each Company's investment policy.</p>
E4	Description of any interest that is material to the issue	Not applicable. There are no interests that are material to the issue.
E5	Name of persons selling securities	Not applicable. No entity is selling securities in the Companies.
E6	Amount and percentage of immediate dilution	The Offer Shares will not dilute the NAV of the existing Shares as they will be issued at a price equal to NAV plus issue costs.
E7	Expenses charged to the investor	<p>For applications received from Execution-Only Investors and/or Professional Client Investors only, the costs of the Offers will be 4.0% of the Net Asset Value of each Offer Share issued pursuant to that Investor's application (save for permissible trail commission which the Companies will be responsible for).</p> <p>For applications received from Retail Client Investors and/or Direct Investors, the Investor will pay a Promoter's Fee of 2.0% and may facilitate any agreed Adviser Charge which the Investor has negotiated with their financial intermediary through a reduction in the number of Offer Shares the Investor will receive, calculated in accordance with the Pricing Formula.</p>

Risk factors

Prospective Investors should carefully consider the following risk factors in addition to the other information presented in this document. If any of the risks described below were to materialise, they could have a material effect on the respective businesses, financial condition, results or operations of any of the Companies. The risks and uncertainties described below are not the only ones that the Companies or Investors may face. Additional risks which are not currently known to the Companies or their Directors, or that the Companies or their Directors currently believe are not material, may also adversely affect the respective business, financial condition and results or operations of the Companies. The value of the Offer Shares could decline due to any of these risk factors. Investors who are in any doubt as to the action that they should take are advised to obtain advice from an Intermediary who specialises in advising on the acquisition of shares. The attention of prospective Investors is drawn to the following risks.

Risks material to the Companies:

- Investment in smaller and unquoted companies, such as those in which the Companies will invest, involves a higher degree of risk than investment in larger listed companies because they generally have limited product lines, markets and financial resources and may be more dependent on their management or key individuals. The securities of smaller companies in which the Companies invest are typically unlisted, making them illiquid, and this may cause difficulties in valuing and disposing of the securities. The Companies may invest in companies whose shares are quoted on AIM - the fact that a share is quoted on AIM does not mean that it can be readily traded and the spread between the buying and selling prices of such shares may be wide.
- The value of the Offer Shares and the income derived from them is dependent on the performance of the Companies' underlying investments and can fluctuate and Investors could lose all or part of their investment.
- Investment in the Companies should be seen as a long-term investment.
- The past performance of investments made by the Companies or other funds managed by the Manager should not be regarded as an indication of the future performance of investments made by the Companies.
- There can be no guarantee that suitable investment opportunities will be identified in order to meet the Companies' objectives. Additionally, the Companies' ability to obtain maximum value from their investments may be limited by the requirements of the relevant VCT Rules in order to maintain the VCT status of the Companies (such as the obligation to have at least 70% by value of their investments in Qualifying Investments).
- While it is the intention of the directors of each of the Companies that each will be managed so as to continue to qualify as a VCT, there can be no guarantee that this status will be maintained. A failure to continue meeting the qualifying requirements could result in the loss of VCT Tax Relief, the Companies losing their exemption from corporation tax on capital gains, to Investors being liable to pay income tax on dividends received from the Companies and, in certain circumstances, to Investors being required to repay the initial income tax relief on their investment.
- The information, including tax rules, contained in this document is based on the existing VCT Rules. The tax rules or their interpretation in relation to an investment in the Companies and/or the rates of tax, or other statutory provisions to which the Companies are subject, may change during the life of the Companies and such changes could be retrospective. The Government introduced changes to the VCT Rules effective from November 2015 which, inter alia, imposed an age limit for companies receiving investment from VCTs, a cap on cumulative investment received and new restrictions on the uses to which investments by VCTs may be put. These changes may mean that fewer investment opportunities are open to the Companies, that the Companies may not be able to make additional investments in companies already within their portfolios, and that future investment returns and dividends may be less than those which would otherwise have been achievable. There can be no guarantee that the Government will not implement further changes to the VCT Rules.
- The Companies hold a number of financial instruments and cash deposits and are dependent on the counterparties discharging their commitments.
- On 23 June 2016, the UK held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit". As a result of the referendum, the British government has begun negotiating the terms of the UK's future relationship with the EU. It is unknown at this time what terms will emerge, whether changed regulatory control at this time affecting VCTs will increase or decrease or how the eventual terms will affect positively or negatively the business model, business operations and financial results or impact sales demand, material and labour costs, availability and cost of finance for the Companies or underlying investee companies.
- Although the Companies expect to receive certain conventional venture capital rights in connection with their investments, as minority investors the Companies may not be in a position to fully protect their interests, nor will the Companies control the companies in which they invest (or their boards of directors).

- In August 2017 HM Treasury published a consultative document entitled 'Financing growth in innovative firms'. That consultation is part of a review established to identify and tackle factors affecting the supply of patient capital, being “long-term investment in innovative firms led by ambitious entrepreneurs who want to build large-scale businesses”. The review and consultation assess the effective supply and allocation of patient capital, barriers to investing in patient capital and current interventions to support investment in patient capital and entrepreneurship, including tax-efficient schemes such as VCTs like the Companies. Any solutions or measures implemented following the Treasury consultation could impact the investment policies of the Companies, the levels of tax reliefs that are available to Investors, and the level of demand and competition for investment in the target markets of the Companies. Decisions around the allocation of resources across existing and any new programmes will be made by the Chancellor in the Autumn Budget 2017, considering potential benefits of options against their costs. It has been announced that the Budget will take place on 22 November 2017.

Risks material to the Shares:

- Although the Offer Shares will be admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange’s main market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for shares in VCTs and Investors may find it difficult to realise their investments. The market price of the Offer Shares may not fully reflect, and will usually be at a discount to, their underlying Net Asset Values. Such a discount may be exacerbated if the Companies lack sufficient cash reserves, and during prohibited periods when the Companies are unable to purchase their own Shares.
- Investors who subscribe for Offer Shares and subsequently dispose of them within five years may be subject to clawback by HM Revenue & Customs of any income tax relief obtained on subscription. Income tax relief is restricted if, within six months of a subscription for shares in a VCT (before or after), an investor disposes of any shares in that VCT (or a VCT which at any time merges with that VCT).
- The Offer Shares are being issued at a price, calculated by a formula, based on the latest published NAV of each Company. The most recent published NAVs of the Companies were as at 30 June 2017. Investors should be aware that if revised NAVs are published during the course of the Offers then Investors may receive different allocations of Offer Shares from those anticipated.
- Changes in the VCT Rules in November 2015, which mean that the Companies will be required to invest mainly in relatively young businesses and that such investment will consist largely of equity rather than income-yielding debt instruments, may impact on the level of future dividends.
- Shareholders should note that if they have sold, or if they sell, any shares in the Companies within six months either side of their subscription for Offer Shares, then for the purposes of calculating tax relief on the Offer Shares the subscribed amount must be reduced by the amount received from the sale.
- The Companies’ ability to make market purchases of their own Shares may be limited by the liquidity of the relevant Company, the rules of the UK Listing Authority, the 2006 Act and the VCT Rules.
- Events such as economic recession or general fluctuation in stock markets and interest rates may affect the valuation of investee companies and their ability to access adequate financial resources, as well as affecting the Companies’ own share price and discount to Net Asset Value.



Northern Venture Trust PLC
Northern 2 VCT PLC
Northern 3 VCT PLC
Time Central, 32 Gallowgate
Newcastle upon Tyne NE1 4SN

21 September 2017

Dear Investor

On 26 July 2017, Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC (“the Northern VCTs” or “the Companies”) announced their intention to raise up to £60 million (up to £20 million for each VCT) through a joint public offer of new ordinary shares (“the Offers”). This Prospectus contains further details of the Offers and an Application Form for use by Investors.

Background - The three Northern VCTs were launched in 1995, 1999 and 2001 respectively and are among the longest established funds in the VCT sector. They have delivered attractive long-term performance to shareholders and are currently ranked first, third and fourth amongst generalist VCTs on the basis of NAV total return measured over the past ten years (*source: The Association of Investment Companies*). NVM Private Equity, the manager of the Companies, has specialised in the funding of smaller UK private companies for almost 30 years and has a strong and experienced management team, with the capability of not only identifying and transacting new investment opportunities but also providing strategic support to investee companies as they seek to achieve their long-term objectives.

The Offers – This is the first significant fund-raising by the Northern VCTs since 2013, when a total of £50 million was subscribed by Investors. During the past four years, we have used these funds to carry on an active programme of new investment, whilst generating substantial cash inflows from investment realisations and distributing over £107 million in tax-free dividend payments. We believe that there is strong investor appetite for a further share issue by the Companies, and that the time is now right to approach the market for additional funds which will facilitate our investment activities for the next three years.

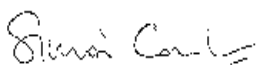
Investment focus - Investors will be aware that as a result of changes to the VCT Rules in 2015, VCTs are now focused on providing growth capital for relatively young companies. NVM has responded to this challenge by recruiting additional investment executives with relevant expertise to add to the skill set of its existing team; we have already made 11 new VCT qualifying investments and two follow on investments under the amended VCT rules and have a strong pipeline of opportunities under examination. We expect that the profile of returns from investments made under the new regime may fluctuate more than was the case under the old rules. However, it is important to remember that each of the Companies has a substantial “legacy” portfolio of later-stage VCT-qualifying investments acquired prior to 2015, which should help to underpin the overall performance of the Companies in the near future.

VCT tax reliefs - under the VCT Rules, 30% income tax relief will be available on the value of the shares subscribed under the Offers, so long as they are held for at least five years, and dividends and gains from VCTs are tax-free. Further information about the tax incentives available to Investors is set out in Part VI of this Prospectus.

Shareholder priority - We expect there will be strong market demand for shares in the Companies in response to the Offers. In recognition of the loyalty of our existing shareholders, many of whom have supported the Northern VCTs for over 20 years, applications from each VCT's shareholders (or their spouse or civil partner) will have priority, on a first come first served basis, in that VCT for a period of 21 days from the date of publication of the Prospectus. Thereafter, each VCT (if not already fully subscribed) will satisfy applications already received from shareholders in the other Northern VCTs (or their spouse or civil partner) during the 21 day period, prior to accepting applications from any other Investors. The Offers will be available only for the 2017/18 tax year and will close on 5 April 2018, or earlier if fully subscribed or for any other reason at the discretion of the Directors.

How to apply - In order to invest, please read the Prospectus and complete the Application Form. Early application is advisable. If you have any questions relating to investment in the Offers, you should contact your usual financial adviser. Investors' attention is drawn to the risk factors set out on pages 12 and 13 of this document. For questions relating to a specific application, please telephone NVM Private Equity on 0191 244 6000 (please note that NVM Private Equity is unable to provide personal investment advice).

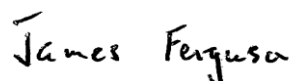
Yours sincerely



Simon Constantine
Chairman, Northern Venture
Trust PLC



David Gravells
Chairman, Northern 2 VCT
PLC



James Ferguson
Chairman, Northern 3 VCT
PLC

Part I – The Offers

The investment opportunity

The investment opportunity is to back an experienced team that is already operating at scale with benefits to existing and new Shareholders from deploying further funds.

22 year successful track record

The Northern VCTs are among the longest established in the market and over the last 22 years almost £380 million has been invested in over 220 companies providing a total return since inception of between 230p and 178p per Share on the three VCTs.

Building on existing scale

The three Northern VCTs have combined Net Assets of £224 million and a portfolio of 52 unquoted and AIM-quoted companies with a combined value of £149 million.

Diversification

Diversity and scale are critical to successful growth capital funding and over the next three years the funds raised will be used to continue to build and support a portfolio of growing companies with the intention of delivering attractive realised capital growth over the next three to ten years.

Increased liquidity

Shareholders may, from time to time, wish to sell some of their shares to assist with personal and financial estate planning. It is the policy of each Company to endeavour to buy back shares which its Shareholders wish to sell, currently at a discount of 5% to the most recently announced NAV (see page 18 for further details).

Reasons for the Offers and use of proceeds

The Northern VCTs are building a portfolio of growth capital investments in companies in which we expect to provide both initial scale-up funding and follow on investment. Over the next five years and in line with the Companies' investment policies, the objective is to invest in a diversified portfolio of companies in which we are expecting to commit around £30 million per year. We are now seeking to raise £60 million to provide liquidity and flexibility to capitalise on investment opportunities.

In deciding to launch the Offers, the Directors of the Companies have taken the following factors into account:

- The UK has a world leading research environment, a high proportion of companies exhibiting high growth and is becoming one of the best environments in the world for entrepreneurs across the UK to form businesses to commercialise their ideas.
- The Northern VCTs have a growing pipeline of opportunities and are confident that, with access to capital, high growth companies will be identified and supported through to realisation.
- VCTs are ideally structured to support the scale-up of high growth companies. Under the VCT Rules, £5 million can be invested in a company in a twelve month period with a limit of £12 million overall, or £20 million for a knowledge intensive company. This provides scope for VCTs to follow their money and attract other investors in later rounds.
- High growth early stage companies sometimes take 5-10 years to mature and need investors that are aligned to this dynamic. VCTs are evergreen and are well placed to be patient and supportive.
- The additional funds raised will allow the Companies to mitigate investment risk by holding more diversified portfolios of unquoted and AIM-quoted investments, and will enhance the Companies' flexibility when determining future policy as to dividend payments, tender offers and share buy-backs.
- An increase in the size of each of the Companies will enable the fixed element of each of the Companies' running costs to be spread over a wider capital base.

Summary of current portfolios

The three Northern VCTs currently have 34 unquoted investee companies with a combined (unaudited) net asset value of £130 million. There are 11 qualifying investments under the new VCT Rules valued at £27 million and there are 24 unquoted investments made prior to 2015 predominantly in management buy-outs currently valued at £103 million. The structure of the pre-November 2015 investments gives rise to dividend and interest income as well as the potential for capital gain on disposal.

Corporate objectives and investment policies

The net proceeds of the Offers will be invested by the Companies in accordance with their respective published investment policies, initially in a portfolio of cash and a range of quoted securities. The Companies are entitled to participate in each opportunity introduced by NVM pro rata to their respective Net Assets.

In November 2015 the legislation governing investments by VCTs was changed to focus on providing development capital for younger growing companies. NVM has adapted to the new VCT Rules, added new people to the team and completed 11 new VCT qualifying investments and two follow on investments since the change in rules. Over the coming years the intention is to build a diversified portfolio of companies to generate capital growth.

Corporate objective: The objective of each of the Companies is to provide high long-term tax-free returns to Investors through a combination of dividend yield and capital growth, by investing primarily in unquoted UK manufacturing, service and technology businesses which meet the Manager's key criteria of good value, growth potential, strong management and ability to generate cash in the medium to long term.

Investment policy: The investment policy of each of the Companies has been designed to enable the relevant Company to achieve its objective whilst complying with the qualifying conditions set out in the VCT Rules, as amended by HM Government from time to time. The Directors of each Company intend that the long-term disposition of each of the Companies' assets will be approximately 80% in a portfolio of VCT-qualifying unquoted and AIM-quoted investments, and 20% in other investments selected with a view to producing an enhanced return while avoiding undue capital volatility, and to provide a reserve of liquidity which will maximise the relevant Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks. Within the VCT-qualifying portfolio, investments will be structured using various investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth. The selection of new investments will necessarily have regard to the VCT Rules, which is designed to focus investment on early stage and development capital opportunities. The portfolio is expected to be diversified by investing in a broad range of VCT-qualifying industry sectors and by holding investments in companies at different stages of maturity in the corporate development cycle. The normal investment holding period will be in the range from three to ten years. No single investment will normally represent in excess of 3% of the relevant Company's total assets at the time of acquisition. As investments are held with a view to long-term capital growth as well as income, it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available. Investments will normally be made using the relevant Company's equity shareholders' funds and it is not intended that any of the Companies will take on any long-term borrowings.

The Companies each operate a co-investment scheme under which the Manager's investment executives are required to co-invest with them in all new VCT-qualifying investments.

Any material change to any of the Companies' investment policies in any event will only be made with the approval of that Company's shareholders by ordinary resolution.

Dividend policies and Dividend Investment Schemes

In recent years Northern Venture Trust has paid a base annual dividend of 6p and Northern 2 VCT and Northern 3 VCT have each paid a base annual dividend of 5.5p, with the objective of enabling Shareholders to benefit from a strong and consistent flow of tax free income. Changes in the VCT Rules with effect from November 2015 mean that in future the Companies will be required to invest mainly in relatively young businesses which need funding for growth and development. Typically, this funding will consist largely of equity rather than income-yielding debt instruments, which will make future returns to the Companies more dependent on the timing of outright exits. As a result, future dividend payments by the Companies are likely to be subject to fluctuation. The dividends payable by the Companies in respect of any financial year cannot be guaranteed and will be subject to the availability of distributable reserves, cash resources and applicable regulations. This is likely to lead to a lower annual income from investments made by the Companies under the new VCT Rules, and hence to a reduction in the amounts of income available for distribution by the Companies.

Set out below is a table illustrating the income yields to Investors assuming the present base annual dividends referred to above continue to be paid. These yields are based on an illustrative Offer Price net of 30% income tax relief and the costs of the Offers but before any Adviser Charges. Investors should note that the target base annual dividends are objectives and are not guaranteed.

Illustrative yield per Offer Share (after 30% income tax relief)					
Company	Illustrative Offer Price after 30% tax relief ¹	Present base annual dividend	Tax-free yield	Gross equivalent yield Higher rate taxpayer ²	Additional rate taxpayer ²
Northern Venture Trust	50.5p	6.0p	11.9% pa	17.6% pa	19.2% pa
Northern 2 VCT	48.5p	5.5p	11.3% pa	16.7% pa	18.3% pa
Northern 3 VCT	69.7p	5.5p	7.9% pa	11.7% pa	12.8% pa
¹ The returns listed are based on an illustrative Offer Price of 72.2p for Northern Venture Trust, 69.3p for Northern 2 VCT and 99.6p for Northern 3 VCT, multiplied by 70%, to reflect initial income tax relief of 30%. Investors should note that they will be required to pay the full Offer Price and claim the income tax relief separately. ² The gross equivalent yield is the yield on a non-VCT UK dividend that would result in a net yield of 11.9% for Northern Venture Trust, 11.3% for Northern 2 VCT and 7.9% for Northern 3 VCT (being a 6.0p dividend divided by 50.5p for Northern Venture Trust, a 5.5p dividend divided by 48.5p for Northern 2 VCT and a 5.5p dividend divided by 69.7p for Northern 3 VCT, in all cases the illustrative Offer Price less 30% to reflect the initial income tax relief), assuming a higher rate taxpayer and an additional rate taxpayer respectively with at least £5,000 of other dividend income. The returns shown above are illustrative only, and no forecast or projection is inferred or implied.					

Investors will be eligible for the next dividend payments after their Shares have been allotted, subject to allotment having taken place prior to the relevant dividend record date. The next dividends are expected to be paid in December 2017 in respect of Northern Venture Trust and January 2018 in respect of Northern 2 VCT and Northern 3 VCT. The Companies all intend to pay dividends bi-annually, usually in June and December in respect of Northern Venture Trust and January and July in respect of Northern 2 VCT and Northern 3 VCT.

The Companies have adopted Dividend Investment Schemes under which Shareholders are given the opportunity to reinvest dividend payments by way of subscription for new Shares. Subject to a Shareholder's personal circumstances, Shares subscribed for under the Dividend Investment Schemes should obtain the usual VCT tax advantages as set out below.

Share buyback policies

The Companies wish to ensure that there is liquidity in their Shares and, accordingly, it is the present intention of each of the Companies to continue to pursue an active discount management policy. Each Company will endeavour to buy back those Shares which its Shareholders wish to sell, currently at a discount of 5% to the latest published NAV, subject to applicable legislation governing the relevant Company, authority from Shareholders (currently each Company has authority to purchase up to 10% of its issued share capital annually), market conditions at the time and the relevant Company having both cash resources and distributable reserves available for the purpose. Shares which are bought back by any of the Companies may be cancelled or held in treasury and later sold in the market. The buyback policy of each of the Companies aims to support the share price of that Company by limiting the discount to the NAV at which its Shares trade. The making and timing of any share buybacks will remain at the absolute discretion of the Board of each Company.

Taxation benefits to Investors (see Part VI for further details)

The principal UK tax reliefs, which are available on a maximum investment of £200,000 per individual in the 2017/18 tax year, are set out below:

- **income tax relief at 30%** of the amount subscribed provided that the Offer Shares are held for at least five years. Income tax relief is restricted to the amount which reduces the Investor's income tax liability to nil;
- **tax-free dividends, which may include capital distributions**, from a VCT; and
- **capital gains tax exemption** on the disposal of ordinary shares in a VCT.

The table below shows the effect of the initial 30% income tax relief (based on a notional investment of £10,000).

Illustration of the effect of the initial income tax relief	
Illustrative cost of investment	£
Gross investment	10,000
30% income tax relief	(3,000)
Illustrative net of tax cost of investment	7,000
Illustrative initial value of investment	
Gross subscription by Investor	10,000

The above table shows that, based on an illustrative investment of £10,000 and income tax relief at 30%, an Investor's net of tax cost of investment is £7,000 and the net assets initially attributable to the investment are £10,000. The table ignores the effect of the Promoter's Fee, any Adviser Charges or commission waivers.

Investors should note that they are required to hold the Offer Shares for at least five years in order to retain the income tax relief.

The above is only a very brief summary of the UK tax position of investors in VCTs and is based on the Companies' understanding of current law and practice. Further details are set out in Part VI of this document. Potential Investors are advised to consult an Intermediary who specialises in advising on the taxation consequences of investing in a VCT before investing.

Track record of the Companies

Northern Venture Trust was incorporated in 1995, Northern 2 VCT was incorporated in 1999 and Northern 3 VCT was incorporated in 2001. Of almost 50 generalist VCT share classifications listed on the London Stock Exchange, all three of the Companies rank in the top 10 in terms of Total Return over 3, 5 and 10 years (*source: The Association of Investment Companies, 25 August 2017*). The financial performance of the Companies over their last three financial years is summarised below (*source: announcements made by the relevant Company through an RIS*).

Northern Venture Trust

Year ended	30 September 2016	30 September 2015	30 September 2014
Dividends per Share	13.0p	12.0p	6.0p
Cumulative dividends per Share paid since inception†	148.5p	135.5p	123.5p
NAV per Share	80.0p	83.0p	87.8p
Total Return per Share	228.5p	218.5p	211.3p

Northern 2 VCT

Year ended	31 March 2017	31 March 2016	31 March 2015
Dividends per Share	10.5p	10.5p	15.5p
Cumulative dividends per Share paid since inception†	101.4p	90.9p	75.4p
NAV per Share	76.6p	77.9p	85.4p
Total Return per Share	178.0p	168.8p	160.8p

Northern 3 VCT

Year ended	31 March 2017	31 March 2016	31 March 2015
Dividends per Share	10.5p	10.5p	15.5p
Cumulative dividends per Share paid since inception†	75.4p	64.9p	49.4p
NAV per Share	106.2p	102.2p	107.2p
Total Return per Share	181.6p	167.1p	156.6p

† Excluding dividends declared but not yet paid at the balance sheet date.

The most recently published NAV per Share at 30 June 2017 (unaudited), which was calculated on a basis consistent with the tables above, was 70.8p for Northern Venture Trust, 76.4p for Northern 2 VCT and 106.1p for Northern 3 VCT.

The Manager

Introduction

NVM has 30 years' experience of making later and early stage investments in SMEs. There is a long established presence in the regions with offices in Manchester, Newcastle upon Tyne and Reading and since 1988 NVM has steadily built an investment team who have been making both venture capital and private equity investments predominantly in VCTs, but also in private equity funds and will continue to seek to make a mix of early stage investments in the VCTs and later stage investments. NVM has built up a core strength in selecting high growth assets and nurturing their development, and since the changes in the VCT Rules in 2015 has augmented the team with specialist investors with an earlier stage focus. To build on the track record of adding value to companies, NVM is committed to further recruitment to add value to the existing portfolio and new investments. Deal flow, as laid out below, is strong reflecting the strength and prospects of small companies in the UK, with the regions in particular providing a favourable dynamic with fewer investors, but nevertheless a strong entrepreneurial and business opportunity. The Manager has established robust and proven investment processes, including extensive due diligence procedures, developed through consideration of thousands of investment prospects, which has led to making over 300 investments since NVM was formed, the majority of which have been in the regions. With its depth of experience, regional network and strong reputation, the Manager aims to gain access to the best opportunities available to the industry, identifying those companies which potentially offer the best possible risk/return scenarios.

Track record of the Manager

NVM manages the three Northern VCTs. The respective returns of these Companies to Investors who subscribed at launch are as follows:

Track record of the Northern VCTs				
	Tax year of launch	Net cost ¹	Total Return to date ²	Increase over net cost (%)
Northern Venture Trust	1995/96	80p	230.3p	188%
Northern 2 VCT	1998/99	80p	177.8p	122%
Northern 3 VCT	2001/02	80p	181.5p	127%
¹ Net cost is the initial Offer Price of 100p per Share less income tax relief of 20% available to Investors in each of the VCTs at that time.				
² Total Return is cumulative dividends declared (including the tax credits where reclaimable) plus the most recently announced (unaudited) Net Asset Value for each Company in pence per Share (as at 30 June 2017). (Source: announcements made by the relevant Company through an RIS)				

Please note that the past performance of the Manager and of the funds it manages may not be repeated and is not a guide to the future performance of the Companies and no projection is implied or should be inferred.

Deal flow

The Boards consider a strong deal flow to be of vital importance to the future performance of the Companies. The Manager's credentials are as follows:

- NVM sources deals through its executives from across the UK with regional offices in Manchester, Newcastle upon Tyne and Reading.
- Since 1 January 2016, NVM has generated 197 investment opportunities and funds managed by NVM have invested £28 million in eleven companies.
- During 2017, this deal flow has accelerated with 130 potential investment opportunities reviewed to date, reflecting the greater level of entrepreneurial activity but more limited scale up capital availability.
- The current pipeline of active prospects is particularly strong with five potential investments in exclusivity.

Recent portfolio activity

Recent investments

Set out below are some examples of recent substantial investments made by the Northern VCTs.



Volo Commerce has created a technology platform that allows online merchants and brands to list, sell, and deliver their products through online market places such as Amazon, eBay, La Redoute and Ratuken. These online market places are the fastest growing segment of e-commerce and are forecast to represent 40% of all online retail sales by 2020. In August 2017 the Northern VCTs invested £3.4 million in Volo Commerce as part of a £5 million funding round to support the future development of the business.



Contego Fraud Solutions provides an automated compliance solution across a wide range of industries, helping organisations in the property, banking, financial services and public sectors to gain a full understanding of their clients, customers and employees by automating onboarding, monitoring and data enrichment processes, and providing complex, real-time compliance and fraud checks. In July 2017 the Northern VCTs invested £1.5 million to support the continued growth of the business through new product and market development.



London based Knowledgemotion is the creator of boclips – a video platform designed specifically for the education sector. In the 21st century, the traditional model of teaching is being radically changed. As with other industries, education is being transformed by digital technology. More students are working on computers and tablets, whilst teachers are increasingly using screens to illustrate aspects of their lessons. Within this the potential of video to powerfully captivate and contextualise learning is just starting to be realised. In July 2017 the Northern VCTs invested £3.0 million in Knowledgemotion, reflecting the potential of video to engage the Netflix generation and ensure it is a component of ongoing learning.



Intelling is a communications business which provides customer services support for companies such as Telefonica and Missguided. The company has a number of growth opportunities including new geographies and markets and the £3.0 million of funding received from the Northern VCTs in March 2017 will accelerate the development of new business streams and help strengthen the growth of Intelling's core activity.



Channel Mum is an online multi-channel video blog community network for parents. In August 2016, the Northern VCTs invested £2.0 million to support Channel Mum's plan to accelerate and grow the company over the next few years. Building on Channel Mum's skill set, the ultimate growth strategy is focused on expanding the core product offering and growing the 'Millennial' audience.



Rockar has pioneered an innovative method of retailing motor vehicles, based on a sophisticated website and customer-friendly retail outlets. In July 2016 the Northern VCTs invested £2.5 million in Rockar to fund the roll-out of digital stores and the technology platform. The investment will enable Rockar to partner with other major automotive manufacturers following its initial success with Hyundai – launching further digital stores in high footfall shopping centres and continuing to develop its innovative technology.



Sorted is the developer of SortedPRO, an innovative and effective delivery management platform which enables retailers to rapidly increase the number of delivery options they offer to their customers. The Northern VCTs invested £2.5 million in Sorted in April 2016 to fund further development of the SortedPRO project.

Recent exits

Since 1 April 2016 the Northern VCTs have exited from five portfolio companies, four of which were unquoted and one AIM-quoted. The total sale proceeds generated were £31 million. The exits achieved in the period are set out below.



Silverwing manufactures non-destructive testing (NDT) equipment for use with storage tanks, vessels and pipeline inspection within the oil, gas and petrochemical industries. The Northern VCTs invested £4.4 million in Silverwing in August 2012 as part of a £6.0 million funding round led by NVM. The company was acquired by the Canadian group Eddyfi in May 2016, with the Northern VCTs receiving sale proceeds of £7.7 million.



Arleigh Group is a distributor of products and accessories to the caravan, holiday home, motorhome and inland marine markets. The Northern VCTs invested £1.0 million in Arleigh in October 2004 as part of a £1.3 million funding round led by NVM, and a further £1.2 million in 2010. The company was acquired by Euro Car Parts in July 2016, when the Northern VCTs received sale proceeds of £4.1 million in addition to earlier loan stock repayments of £2.1 million.



Cawood Scientific is the UK's largest independent provider of analytical laboratory testing services, such as soil analysis, for land-based industries. The Northern VCTs invested £2.9 million in Cawood in December 2010 as part of a £4.2 million funding round led by NVM. The company was sold in March 2017 in a secondary buy-out transaction led by Inflexion Private Equity. The Northern VCTs received proceeds of £7.9 million on exit.



Optilan Group is a telecommunications systems integrator. The Northern VCTs invested £3.0 million in March 2008 as part of a £5.2 million funding round led by NVM. The company was sold in April 2017 in a secondary buy-out transaction led by Blue Water Energy, the Northern VCTs receiving proceeds of £7.1 million on exit, with the possibility of additional payments based on future performance.



Gear4music (Holdings) came to the AIM market in June 2015, raising £10 million through a placing of new shares to finance its growth strategy. The Northern VCTs invested a total of £0.5 million in the placing. The holding was sold in tranches between October 2016 and May 2017 in response to strong market demand, producing total proceeds of £1.8 million.

Growth capital case studies

The Manager has also sourced a number of investments for the Companies which have presented the opportunity to provide growth capital allowing early-stage investee companies to scale up their operations. Recent examples of such growth capital investments include the following:



Lineup Systems is based in London and provides advertisement booking and customer relationship software, as well as business analysis and performance management for any business which relies on advertising for all or part of their revenues. Lineup's software facilitates the booking of advertising through a range of media including print (newspapers, magazines) and online publishing, broadcast media (radio and TV) as well as outdoor advertising. It also helps these businesses to maximise the revenue from their media assets.

The software was originally developed for MISA, the owners of the Metro free newspaper, but was spun out of MISA in 2010, with MISA providing Lineup with an exclusive licence to develop and market the software to third party customers.

The Northern VCTs invested £3 million in Lineup in 2011 to support the development of the newly independent business.

The business has demonstrated strong revenue growth over recent years, winning and delivering contracts with significant blue chip customers. Despite its relatively small size, it has developed a strong reputation in the market place and has a pipeline of prospects that includes a number of large media organisations worldwide. Lineup has successfully established a presence in the USA, and management are currently negotiating partnerships with German and French counterparts to expand into Europe.



It's All Good was launched as a start-up in 2012. The company is an innovative manufacturer of high quality snacks, based in Gateshead, with a focus on tortilla chips. Customers range from a number of the major multiples to high end independent stores including Fortnum & Masons and Fenwicks. The business is at the forefront of new product development in this sector and has launched a premium tortilla chip brand, Manomasa, which the management team believe will be the first successful premium branded tortilla chips made in the UK.

The Northern VCTs invested £3.5 million of development capital in It's All Good in February 2014. Approximately half of this was for an additional production line which has provided the business with the capacity to deliver a Marks and Spencer contract and achieve its three year business plan. The remainder was to provide the business with a robust financial structure.

The It's All Good team has been successful in securing listings of Manomasa products in Waitrose, Sainsbury's and Tesco - in addition to the many independent stores. They have also grown their own label tortilla chip and pitta bread chip sales through contracts with Marks and Spencer, Sainsbury's, Waitrose and Aldi. In addition, the company has recently further expanded its manufacturing capacity and is now also producing rice cakes specifically for Marks and Spencer.

Management team

The Manager's VCT investment team comprises 12 executives who have an average of approximately 12 years' service with NVM. The background and experience of the team is as follows:

Sue Bromham qualified as a chartered accountant with BDO Binder Hamlyn and worked in financial management for The Go-Ahead Group before joining NVM in 2005. She carries out market research and financial analysis projects as well as working with other members of the team on portfolio matters.

Karl Cockwill joined NVM in 2014 as portfolio manager from 3i where he worked for eleven years as portfolio manager responsible for investments in the North of England, Scotland and Northern Ireland. He actively managed 29 exits, achieving substantial value uplifts, across a range of notable transactions.

Alastair Conn qualified as a chartered accountant with Price Waterhouse before co-founding NVM in 1988. He was managing director of NVM until 2008 when he became financial director. He is a non-executive director of Northern 2 VCT and a member of The Association of Investment Companies' VCT Technical Committee.

Martin Green qualified as a chartered accountant before joining 3i in Birmingham. He became a director responsible for 3i's investment activity across the Midlands before leaving in 2001 to join Montagu Capital as a founding director. He joined NVM in 2004 and became managing director in 2008. He has over 20 years' experience in private equity and is the managing partner and chief investment officer of NVM.

Victoria Howarth joined NVM as an investment associate in 2017 from IBM Global Business Services where she worked for over five years as a senior business and technology consultant, undertaking a wide range of technology consultancy programmes with FTSE 250 clients. She also completed placements in the NHS after gaining a degree in Information Systems from Newcastle University.

Simon John joined NVM in 2016 as financial controller and is responsible for the accounting and financial reporting of the Northern VCTs. He qualified as a chartered accountant with PricewaterhouseCoopers and was for four years an assistant director in the corporate finance team of the Newcastle office, working on a range of corporate transactions, before spending two years with Sage Group where he was director of investor relations.

Tim Levett co-founded NVM in 1988 and was chief investment officer until 2008. During this period NVM built a mixed portfolio including early stage investments such as DxS and Alaric Systems. After 20 years leading the investment team he became chairman of NVM in 2008, taking responsibility for corporate strategy and investor relations. Since 2015 he has led the VCT investment team's re-focus on early stage investment. He is a non-executive director of Northern Venture Trust and Northern 3 VCT and a member of The Association of Investment Companies' VCT Forum.

Liam May joined NVM in 2014 from Altium Capital where he worked for two years as a corporate finance associate, with responsibility for advising clients on deal structuring, execution and negotiation strategy. Previously, he spent four years in Ernst & Young's corporate finance department where he qualified as a chartered accountant. He is responsible for making VCT investments in the North of England.

Chris Mellor qualified as a chartered accountant with Spicer and Pegler. He was a co-founder of NVM in 1988, becoming a director in 1996 and is company secretary of the Northern VCTs and Northern Investors Company. He is also responsible for compliance, legal services, information technology systems, London Stock Exchange liaison and personnel.

Charlie Pidgeon qualified as a chartered accountant with PricewaterhouseCoopers, where he was involved in M&A advisory work across a variety of business sectors. He joined NVM in 2012, based in the Reading office, and works with the investment team on new business generation and portfolio issues. He is responsible for making VCT investments in the Southern region.

Jason Warren joined NVM in 2017 as an investment associate. He studied Mathematics and Computer Science at the University of Oxford, where he obtained a Masters degree. He became a software engineer with Morgan Stanley, before joining a systematic hedge fund as a quantitative developer, where he was responsible for the trade generation systems and working with the research team on automated trading algorithms.

Charles Winward joined NVM in 2016, having over 12 years' experience in venture investing having been a director of IP Group, where he ran the fund management subsidiary. Whilst at IP Group, he was intensively involved from the earliest stages as investor and director with a number of companies that scaled up successfully, including Tracsis, Xeros Technology and Retroscreen. Charles holds an engineering degree as well as an MBA from the University of California at Berkeley, and is also a CFA Charterholder.

The existing Northern VCTs' venture capital portfolio which is currently valued at £149 million is expected to generate income and realised gains in the coming years. This portfolio is managed by the broad NVM team who will continue to source VCT investments in the regions that will be transacted and managed by the VCT team and will also be investing in later stage deals on behalf of private equity funds managed by NVM. With the increased funds NVM is expanding the specialist VCT team to include experienced people with scale-up expertise and also new investment managers.

Investment by NVM management team in the Companies

Partners and employees of NVM Private Equity held beneficially a total of 3,581,619 shares in the Companies as at the date of this document. They intend to invest a total of £505,000 in the Companies under the Offers.

AIFM

Northern Venture Trust is registered with the FCA as a Small Alternative Investment Fund Manager. Northern 2 VCT and Northern 3 VCT have each appointed NVM as their Alternative Investment Fund Manager.

Directors

The Directors of the Companies are as follows:

^A Member of the Audit Committee

^M Member of the Management Engagement Committee

^N Member of the Nomination Committee

Northern Venture Trust PLC

Simon Constantine MA ACA (Chairman) (58) ^{A M N} co-led the management buy-in and subsequent trade sale of Life Sciences International plc and has served as a non-executive director of a number of venture-backed businesses. He is currently chairman of Capstone Foster Care Limited and a non-executive director of Bioquell PLC and Oxford Photovoltaics Limited. He was appointed to the Board in 2012 and became chairman in 2014.

Nigel Beer BA FCA (63) ^{A M N} was formerly London Head of Corporate Finance at KPMG and has over 20 years' experience in corporate transactions and investments, followed by 10 years' experience as a non-executive director of asset management and investment businesses. He is a non-executive director of Community Health Partnerships Limited. He was appointed to the Board in 2009 and is chairman of the Audit Committee.

Richard Green BA FCA CF (55) ^{A M N} joined Kleinwort Benson Development Capital in 1988 and was a founder in 2001 of August Equity LLP, where he was managing partner until 2009 and then chairman until 2014. He is a past chairman of the British Private Equity & Venture Capital Association and is a non-executive director of Qannas Investments Limited and Hydrogen Group plc and non-executive chairman of Technology Venture Partners LLP. He was appointed to the Board in 2014 and is chairman of the Management Engagement Committee.

Tim Levett MBA (68) ^N is executive chairman of NVM Private Equity LLP, whose business he co-founded in 1988. He is a non-executive director of Northern 3 VCT PLC and several unquoted companies and is a member of The Association of Investment Companies' VCT Forum and the British Private Equity & Venture Capital Association's Venture Capital Committee. He was appointed to the Board in 2013.

David Mayes (53) ^{A M N} is an experienced investment professional who previously managed an emerging markets investment team for Credit Suisse Securities (Europe) Limited. He is currently a trustee director of a major pension fund and vice chair of its investment committee, and is a non-executive director of an EIS-backed pub company and the Salvation Army International Trustee Company. He was appointed to the Board in 2014.

Hugh Younger LLB (59) ^{A M N} is senior partner at Murray Beith Murray, a leading firm of solicitors based in Edinburgh. He has more than 30 years' experience of private client work and brings a perspective on matters relating to wealth management and asset protection. He was appointed to the Board in 2009.

The Directors of Northern Venture Trust, other than Tim Levett, have indicated that they intend to invest a total of £310,000 in the Company under the Offers. Tim Levett's intended subscription of £nil is included in the NVM partners' and employees' total shown above.

Northern 2 VCT PLC

David Gravells MSc JP (Chairman) (68) ^{A M N} is an experienced business entrepreneur with a wide range of private equity financed businesses. He is currently consultant to a number of companies and is a non-executive director of the Student Loans Company Limited. He was appointed to the Board in 2007 and became chairman in 2008.

Alastair Conn FCA (62) is financial director of NVM Private Equity LLP. He qualified as a chartered accountant with Price Waterhouse and was a co-founder of NVM in 1988. He was appointed to the Board in 1999.

Simon Devonshire (49) ^{A M N} has extensive business experience in corporate leadership, financial governance, strategy, communications and sales and marketing. He has a portfolio of business interests including being an entrepreneur in residence at the Department for Business, Energy and Industrial Strategy and a non-executive director of the Student Loans Company. He was appointed to the Board on 3 January 2017.

Cecilia McAnulty CA (54) ^{A M N} was formerly a partner and portfolio manager with Centaurus Capital, a London based hedge fund, head of structured finance at Royal Bank of Scotland and a director of Barclays Capital. She was recently appointed a member of Industrial Development Advisory Board, an organisation which advises HM Government on funding requests from early stage and mature businesses. She was appointed to the Board in 2014 and is chairman of the Audit Committee.

Frank Neale MBA (67) ^{A M N} is a partner in IRRfc, a private equity advisory business and is a non-executive director of FutureLearn Limited which is an early stage company. He is a past vice-chairman of the British Private Equity and Venture Capital Association. He was appointed to the Board in 1999.

The Directors of Northern 2 VCT, other than Alastair Conn, have indicated that they intend to invest a total of £41,000 in the Company under the Offers. Alastair Conn's intended subscription of £10,000 is included in the NVM partners' and employees' total show on page 25.

Northern 3 VCT PLC

James Ferguson MSc (Chairman) (69) ^{A M N} was chairman and managing director of Stewart Ivory Limited from 1989 until 2000. He is chairman of Value & Income Trust plc, The Monks Investment Trust PLC, North American Income Trust plc and The Scottish Oriental Smaller Companies Trust plc, a non-executive director of The Independent Investment Trust plc and a former deputy chairman of The Association of Investment Companies. He was appointed to the Board in 2001 and became chairman in 2009.

Chris Fleetwood BA FCA (66) ^{A M N} is managing partner of io solutions (e-business strategy advisers), a non-executive director of NCFE Limited and a governor of Teesside University. He was formerly chairman of Darlington Building Society and group chief executive of Whesoe plc. He was appointed to the Board in 2001 and is chairman of the Audit Committee.

Tim Levett MBA (68) ^N is executive chairman of NVM Private Equity LLP, whose business he co-founded in 1988. He is a non-executive director of Northern Venture Trust PLC and several unquoted companies and is a member of the Association of Investment Companies' VCT Forum and the British Private Equity & Venture Capital Association's Venture Capital Committee. He was appointed to the Board in 2001.

John Waddell LLB FRSE (61) ^{A M N} was until 2015 chief executive of Archangel Investors Limited, a Scottish based syndicate of individual private investors and sits on the boards of three unquoted companies. He also advises two early stage funds and was previously a director of Noble Grossart Limited. He was appointed to the Board in 2007.

The Directors of Northern 3 VCT, other than Tim Levett, have indicated that they intend to invest a total of £122,500 in the Company under the Offers. Tim Levett's intended subscription of £60,000 is included in the NVM partners' and employees' total show on page 25.

Operation of the Companies and board practices

(a) Board of Directors

As at the date of this document the Companies comply with The Association of Investment Companies (the "AIC") Code of Corporate Governance and the relevant provisions of the UK Corporate Governance Code save as described below:

- (i) the UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Corporate Governance Guide for Investment Companies, and in the preamble to the UK Corporate Governance Code, the Boards consider these provisions are not relevant to the position of the Companies, which are externally managed venture capital trusts. Accordingly, the Companies do not report further in respect of these provisions.
- (ii) the Boards do not have separate remuneration committees, as the Companies have no employees or executive directors.

The Board of Northern Venture Trust comprises six members, the Board of Northern 2 VCT five members, and the Board of Northern 3 VCT four members, all of whom are non-executive Directors. The Companies consider that each of their Directors is independent for the purposes of the UK Corporate Governance Code, with the exception of Alastair Conn (Northern 2 VCT), and Tim Levett (Northern Venture Trust and Northern 3 VCT), who are both members and executives of the Manager.

The Boards meet regularly throughout the year (normally at least quarterly), and all necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. Additionally, special meetings take place or other arrangements are made when Board decisions are required in advance of regular meetings. The Boards are responsible for leading and controlling each Company.

Each Board delegates specific responsibilities to the committees described below.

(b) Northern Venture Trust

(i) The Audit Committee

The audit committee is chaired by Nigel Beer and its other members are Simon Constantine, Richard Green, David Mayes and Hugh Younger. It normally meets five times a year. Northern Venture Trust's auditor and senior executives of NVM may attend and speak at meetings of the audit committee. A summary of the terms of reference of the audit committee is as follows: the committee has responsibility for, among other things, the planning and reviewing of Northern Venture Trust's annual financial statements, half-yearly results and interim management statements, and the supervision of its auditor in the review of such financial statements. The audit committee will focus particularly on Northern Venture Trust's compliance with legal requirements, accounting standards, financial and regulatory reporting requirements, the Listing Rules and the Prospectus Rules and on ensuring that effective systems for internal financial control and for reporting non-financial operating data are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly financial report remains with the Board.

(ii) The Nomination Committee

The nomination committee, which meets on an ad hoc basis but at least once a year, is chaired by Simon Constantine and its other members are Nigel Beer, Richard Green, Tim Levett, David Mayes and Hugh Younger. This committee has responsibility for considering the size, structure and composition of the Board, the retirement and appointment of Directors and the level of fees paid to Directors, and makes appropriate recommendations to the Board in relation to these matters.

(iii) The Management Engagement Committee

The management engagement committee is chaired by Richard Green and its other members are Nigel Beer, Simon Constantine, David Mayes and Hugh Younger. The committee undertakes a periodic review of the performance of NVM and of the terms of the management agreement and performance incentive arrangements.

(c) Northern 2 VCT

(i) The Audit Committee

The audit committee is chaired by Cecilia McNulty and its other members are David Gravells, Simon Devonshire and Frank Neale. It normally meets three times a year. Northern 2 VCT's auditor and senior executives of NVM may attend and speak at meetings of the audit committee. A summary of the terms of reference of the audit committee is as follows: the committee has responsibility for, among other things, the planning and reviewing of Northern 2 VCT's annual financial statements, half-yearly results and interim management statements, and the supervision of its auditor in the review of such financial statements. The audit committee will focus particularly on Northern 2 VCT's compliance with legal requirements, accounting standards, financial and regulatory reporting requirements, the Listing Rules and the Prospectus Rules and on ensuring that effective systems for internal

financial control and for reporting non-financial operating data are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly financial report remains with the Board.

(ii) The Nomination Committee

The nomination committee, which meets on an ad hoc basis but at least once per year, is chaired by David Gravells and its other members are Simon Devonshire, Cecilia McNulty and Frank Neale. This committee has responsibility for considering the size, structure and composition of the Board, the retirement and appointment of Directors and the level of fees paid to Directors, and makes appropriate recommendations to the Board in relation to these matters.

(iii) The Management Engagement Committee

The management engagement committee is chaired by David Gravells and its other members are Simon Devonshire, Cecilia McNulty and Frank Neale. The committee undertakes a periodic review of the performance of NVM and of the terms of the management agreement and performance incentive arrangements.

(d) Northern 3 VCT

(i) The Audit Committee

The audit committee is chaired by Chris Fleetwood and its other members are James Ferguson and John Waddell. It normally meets three times a year. Northern 3 VCT's auditor and senior executives of NVM may attend and speak at meetings of the audit committee. A summary of the terms of reference of the audit committee is as follows: the committee has responsibility for, among other things, the planning and reviewing of Northern 3 VCT's annual financial statements, half-yearly results and interim management statements, and the supervision of its auditor in the review of such financial statements. The audit committee will focus particularly on Northern 3 VCT's compliance with legal requirements, accounting standards, financial and regulatory reporting requirements, the Listing Rules and the Prospectus Rules and on ensuring that effective systems for internal financial control and for reporting non-financial operating data are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly financial report remains with the Board.

(ii) The Nomination Committee

The nomination committee, which meets on an ad hoc basis but at least once per year, is chaired by James Ferguson and its other members are Chris Fleetwood, Tim Levett and John Waddell. This committee has responsibility for considering the size, structure and composition of the Board, the retirement and appointment of Directors and the level of fees paid to Directors, and makes appropriate recommendations to the Board in relation to these matters.

(iii) The Management Engagement Committee

The management engagement committee is chaired by James Ferguson and its other members are Chris Fleetwood and John Waddell. The committee undertakes a periodic review of the performance of NVM and of the terms of the management agreement and performance incentive arrangements.

(e) Dividend Policy

In recent years Northern Venture Trust has paid a base annual dividend of 6p and Northern 2 VCT and Northern 3 VCT have each paid a base annual dividend of 5.5p, with the objective of enabling Shareholders to benefit from a strong and consistent flow of tax free income. Changes in the VCT Rules with effect from November 2015 mean that in future the Companies will be required to invest mainly in relatively young businesses which need funding for growth and development. Typically, this funding will consist largely of equity rather than income-yielding debt instruments, which will make future returns to the Companies more dependent on the timing of outright exits. As a result, future dividend payments by the Companies are likely to be subject to fluctuation. The dividends payable by the Companies in respect of any financial year cannot be guaranteed and will be subject to the availability of distributable reserves, cash resources and applicable regulations. This is likely to lead to a lower annual income from investments made by the Companies under the new rules, and hence to a reduction in the amounts of income available for distribution by the Companies.

(f) Dividend Investment Schemes

It is expected that the first applicable dividend in relation to which the Dividend Investment Schemes will operate for the Offer Shares will be the final dividend for the financial year ending 30 September 2017 for Northern Venture Trust, expected to be paid in December 2017, or the interim dividends for the financial year ending 31 March 2018 for Northern 2 VCT and Northern 3 VCT, which are expected to be paid in January 2018. Under the Dividend Investment Schemes, participants may apply to have all or a specified part of their dividends invested in new Shares. New Shares will be issued at a price equivalent to the greatest of (a) the latest published Net Asset Value per Share (net of all dividends declared on or before the relevant investment day (being a day on which a special dividend or an annual dividend on Ordinary Shares is credited to the account of Shareholders or, if such day is not a dealing day on the London Stock Exchange, the next dealing day thereafter) but not yet paid), (b) the nominal value per Share and (c) the mid-market price per Share as quoted on the London Stock Exchange, each at the close of business on the tenth Business Day preceding the date of issue of such Shares. On the basis of current law and subject to the limits set out below,

Scheme participants should qualify for income tax relief on the amount applied in acquiring new Shares, provided they hold the Shares for the five year VCT qualifying period applicable to new subscriptions. Shareholders should note that Shares acquired first will be treated as being disposed of first, whether or not income tax relief was obtained on those Shares. The tax consequences of a Shareholder choosing to participate in the relevant Dividend Investment Scheme will depend upon his or her personal circumstances. Shares subscribed through the Dividend Investment Schemes will form part of each Shareholder's annual qualifying limit of £200,000 for new subscriptions in VCTs. Dividends paid by each Company are tax free provided the Shareholder's holding is acquired within the current annual qualifying limit of £200,000 and need not be reported in the Shareholder's annual tax return. Any loss or gain accruing to a Shareholder on a disposal of the Shares acquired within the current annual qualifying limit of £200,000 will neither be a chargeable gain, nor an allowable tax loss, for the purposes of capital gains tax. Shareholders should consult an independent intermediary authorised under FSMA before participating in the Scheme.

Costs

Offer costs

The Promoter will, in respect of the services provided pursuant to the Offers, receive a fee of 2% of the gross proceeds of the Offers in respect of subscriptions received either direct or through a financial adviser or 4% of the gross proceeds of the Offers for subscriptions received through an execution only platform or broker. Out of this fee, the Promoter will pay all costs associated with the Offers, including Adviser Charges payable to Intermediaries. Assuming the costs of the Offers are 4% of the gross proceeds of the Offers, the net proceeds of the Offers would be approximately £19.2 million per Company if the Offers are fully subscribed.

Commissions

Initial commissions may be payable by the Companies (although the Promoter ultimately bears the costs of such commissions) in respect of subscriptions received through execution only brokers. Those Intermediaries that are permitted to receive commission will receive an initial commission of 2.25% of the amount invested by their clients under the Offers. Where initial commission is payable the Intermediary may agree to waive all or part of the initial commission in respect of a subscription. If this is the case, the commission waived will be added to the amount subscribed and Offer Shares will be allotted to the Investor at the relevant Offer Price. Execution only brokers must indicate on the Subscription Form the basis on which they wish to receive their commission.

Additionally, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the Offer Shares, and subject to applicable regulations, the Intermediary will usually be paid an annual trail commission of 0.4% of their client Investors' gross subscriptions for five years, of which the Manager will pay 0.2% and the balance will be paid by the Companies. Trail commission will be paid annually in April (commencing in 2019).

Adviser Charges

The Companies have agreed to facilitate the payment of one-off Adviser Charges, by accepting instructions from an Investor to deduct the amount of the fee agreed by them with their Intermediary, from the amount they send to the Companies. Ongoing fees to Intermediaries will not be facilitated by the Companies. Investors who wish the Companies to facilitate the payment of a fee in this manner are required to specify the amount of the charge in Part (i) of section 4 of the Application Form, and the Adviser Charge will be paid to the relevant Intermediary, on behalf of the Investor from an equivalent amount due to the Investor from the Companies. The Investor will be issued fewer Offer Shares (to the equivalent value of the Adviser Charge) as set out on in the Pricing Formula. Where the Adviser Charge stated on the Application Form is inclusive of VAT, the Investor may remain liable for the VAT element thereof.

Income tax relief should still be available on the total amount subscribed, before deduction of Adviser Charges, subject to VCT Rules and personal circumstances.

Management and administration costs

The Manager will receive from each Company an annual management fee, payable quarterly in advance, at the rate of 2.06% of Net Assets, calculated at half-yearly intervals. The management fee payable by the Companies in respect of the net proceeds of the Offers will be reduced to 1.0% for the period from the date of allotment to 30 September 2018. The Manager also provides secretarial and administration services to each of the Companies for annual fees of £68,500, £56,200 and £53,000 for Northern Venture Trust, Northern 2 VCT and Northern 3 VCT respectively (rising annually with the movement in the UK Index of Retail Prices).

The Manager is also entitled to receive a performance-related management fee from each of the Companies equivalent to a specified percentage of the amount, if any, by which the Total Return in each financial year (expressed as a percentage of opening NAV) exceeds a performance hurdle. The relevant specified percentages are 15.0% for Northern Venture Trust, 12.0% for Northern 2 VCT and 14.2% for Northern 3 VCT. The hurdle is a composite rate based on the level of long-term investments and cash and near-cash investments during the year. For the most recent financial year the hurdle rate for Northern Venture Trust was 6.0%, for Northern 2 VCT 6.0% and for Northern 3 VCT 6.2%. Following a year in which the NAV declines, a "high water mark" will apply to the calculation of the performance-related fee, but will then be adjusted downwards to the extent that a positive return is achieved in the following year. The performance-related fee payable by each of the Companies is subject to an overall annual cap of 2.25% of net assets.

The Annual Running Costs of the Companies (excluding performance-related management fees) are each capped at 2.9% of average Net Assets during the relevant financial year, with any excess being borne by the Manager by way of a reduction of its fees.

Each of the Companies has established a management performance incentive scheme under which the Manager's executives are required to invest personally in the ordinary share capital of investee companies in which the Companies invest, on the same terms as the Companies and other funds managed by the Manager. The Directors review the operation of the scheme annually. Please see part 7(b) of the Material Contracts section on page 64 for more details.

Other information

The Offers and minimum and maximum subscription

Applications are to be made by delivery of an Application Form with a cheque attached to the Newcastle office of NVM at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN.

Applicants are encouraged to submit their Application Forms early in order to be confident that their applications will be successful, as Offer Shares will be allotted on a “first come first served” basis. However, applications from Shareholders on the Companies’ registers of members as at the close of business on 25 July 2017 will have priority in respect of the Company or Companies of which they are a member for a period of 21 days from the date of this document. Thereafter, valid applications received by the Companies during the 21 day period from Shareholders on the registers of members of any of the Companies as at the close of business on 25 July 2017 will be satisfied prior to the Offers becoming open to all applicants. Provided they reside at the same address, applications received from the spouse or civil partner of a Shareholder on the register of members of any of the Companies as at the close of business on 25 July 2017 will have the same priority as applications received from the relevant registered Shareholder, subject to an aggregate subscription limit of £200,000 per couple. The Offers will remain open until 5 April 2018, unless fully subscribed at an earlier date and subject to the Directors’ right to close the Offers at any time.

Written notification will be sent to each successful Applicant as soon as practicable. The first allotment under the Offers is expected to take place on or around 30 October 2017.

Share certificates (where applicable) and certificates to enable a claim for income tax relief to be made in respect of Offer Shares will be posted to Shareholders within 30 days of each allotment. Prior to despatch of definitive share certificates (where applicable), transfers (if any) will be certified against the register of members of the relevant Company.

The minimum individual subscription for Offer Shares under the Offers is £6,000. Applicants may apply for Offer Shares in one, two or all of the Companies provided that the total subscribed is not less than £6,000 and the amount subscribed in each Company is not less than £2,000.

The Offers are separate share offers being made by each Company. The result of the Offers will be announced through a regulatory information service provider authorised by the FCA.

Allocation of Offer Shares

In accordance with the information contained in the Application Form, subscription monies received under the Offers will be allocated to the Companies which the Applicant wishes to invest in. If a particular Company’s Offer is fully subscribed, and providing that the Applicant has provided authorisation in section 3 of the Application Form, the subscription monies will be allocated to the other Offers which are not fully subscribed in accordance with the Applicant’s authorisation. If the Offers in which the Applicant wishes to invest are fully subscribed, and section 3 has not been completed, then the application monies will be returned to the Applicant without interest.

Fractions of Offer Shares will not be issued and the number of Offer Shares allocated to Applicants will be rounded down to the nearest whole number.

Pricing of the Offers

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

$$\text{Number of Offer Shares} = \left[\begin{array}{l} \text{Amount subscribed, less:} \\ \text{(i) initial Promoter’s Fee}^1 \text{ and} \\ \text{(ii) Adviser Charge (if any)} \end{array} \right] \div \left[\begin{array}{l} \text{Latest published} \\ \text{NAV} \\ \text{per Share}^2 \end{array} \right]$$

¹ less any reduction for commission waived by Intermediaries (where applicable)

² after deducting any dividends declared but not receivable by Investors and not already deducted from the NAV

Illustrative Offer Prices

An illustration of the application of the Pricing Formula based on the most recently published (unaudited) NAV at 30 June 2017 is set out below:

Unaudited NAV per Share as at 30 June 2017	Illustrative Offer Price* Direct or through a financial adviser	Illustrative Offer Price* Execution only platform or broker
Northern Venture Trust – 70.8p	72.2p	73.8p
Northern 2 VCT – 76.4p	69.3p	70.7p
Northern 3 VCT – 106.1p	99.6p	101.7p

*The illustrative Offer Prices shown above may differ from the prices at which Offer Shares are actually allotted as the NAV may be different for the purpose of calculating the actual Offer Prices applicable to the allotment of Offer Shares under the Offer (which may be higher or lower than in the examples above).

Illustrative Share allotments

Set out below is an illustration of the number of Offer Shares that would be allotted for a subscription of £10,000 in each of the three Companies, based on the illustrative Offer Prices above. Where applicable these examples assume an Adviser Charge (to an Intermediary) of 2% or commission waived by an execution only broker of 2.25%.

Northern Venture Trust

	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2%)	Execution only platform or broker – no commission waived by an Intermediary	Execution only platform or broker – 2.25% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000
Adviser Charge	-	(£200)	-	-
Commission waived by the Intermediary	-	-	-	£225
Amount invested in Shares	£10,000	£9,800	£10,000	£10,225
Number of Offer Shares to be allotted	13,841	13,559	13,559	13,877

Northern 2 VCT

	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2%)	Execution only platform or broker – no commission waived by an Intermediary	Execution only platform or broker – 2.25% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000
Adviser Charge	-	(£200)	-	-
Commission waived by the Intermediary	-	-	-	£225
Amount invested in Shares	£10,000	£9,800	£10,000	£10,225
Number of Offer Shares to be allotted	14,432	14,138	14,138	14,469

Northern 3 VCT

	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2%)	Execution only platform or broker – no commission waived by an Intermediary	Execution only platform or broker – 2.25% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000
Adviser Charge	-	(£200)	-	-
Commission waived by the Intermediary	-	-	-	£225
Amount invested in Shares	£10,000	£9,800	£10,000	£10,225
Number of Offer Shares to be allotted	10,040	9,836	9,836	10,066

Forward-Looking Statements

You should not place undue reliance on forward-looking statements. This Prospectus includes statements that are (or may be deemed to be) “forward-looking statements”, which can be identified by the use of forward-looking terminology including the terms “believes”, “continues”, “expects”, “intends”, “may”, “will”, “would”, “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Prospectus or based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. Any such statements do not, nor are intended to qualify the Companies’ working capital statements.

The information contained in this document will be updated if required by the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, as appropriate.

Part II – Financial information on Northern Venture Trust

1. Introduction

Audited statutory accounts of the Company for the financial years ended 30 September 2014, 30 September 2015 and 30 September 2016, in respect of which the Company's auditors, KMPG LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG, registered auditors under the Statutory Audit Directive (2006/43/EC) and registered by the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts are available at the registered office of the Company at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN.

The audited statutory accounts of the Company for the year ended 30 September 2016 were prepared under FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The financial statements for the years ended 30 September 2014 and 2015 were drawn up under UK Generally Accepted Accounting Practice (UK GAAP). An assessment of the impact of adopting FRS 102 was carried out and found that no re-statement of balances as at the transition date, 1 October 2015, or comparative figures in the financial statements was necessary. The Directors and the Company confirm that the Company's financial information for the year ended 30 September 2015 (prepared under UK GAAP) has been presented and prepared in a form which is consistent with that which will be adopted in the Company's next published annual financial statements (which will be prepared under FRS 102) having regard to accounting standards, policies and legislation applicable to such financial statements in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

These financial statements also contain a description of the Company's financial condition, changes in financial condition and results of operations for each financial period.

The most recent announced unaudited NAV was 70.8p per Ordinary Share as at 30 June 2017.

2. Historical Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the published annual reports and audited statutory accounts of the Company for the periods stated (which are each hereby incorporated by reference) as follows:

	Annual report and audited accounts for year ended 30 September 2014	Annual report and audited accounts for year ended 30 September 2015	Annual report and audited accounts for year ended 30 September 2016	Half-yearly report and unaudited accounts for six months ended 31 March 2016	Half-yearly report and unaudited accounts for six months ended 31 March 2017
<i>Nature of information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Income statement	28	28	28	6	6
Dividend per share	34	34	34	1	1
Balance sheet	29	29	29	8	8
Statement of cash flows	30	30	31	10	10
Notes to the financial statements	31	31	32	11	11
Accounting policies	31	31	32	11	11
Independent auditors' report	26	26	26	N/A	N/A

3. Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Strategic Report" and "Investment Portfolio" in the published audited statutory accounts of the Company for the periods stated.

	Annual report and audited accounts for year ended 30 September 2014	Annual report and audited accounts for year ended 30 September 2015	Annual report and audited accounts for year ended 30 September 2016	Half-yearly report and unaudited accounts for six months ended 31 March 2016	Half-yearly report and unaudited accounts for six months ended 31 March 2017
<i>Nature of Information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	2	2	2	2	2
Investment Manager's report	6	6	6	N/A	N/A
Investment portfolio	11	11	11	5	5

The only information incorporated by reference in this document is that set out in this paragraph 3 and in paragraph 2 above.

4. Significant Change

Since 30 June 2017, being the date of the last published financial information of the Company (unaudited NAV announcement), there have been no significant changes in the financial or trading position of the Company.

5. Historical Financial Information Incorporated by Reference

The audited statutory accounts of the Company for the years ended 30 September 2014, 30 September 2015 and 30 September 2016, and the half-yearly unaudited accounts for the six months ended 31 March 2016 and 31 March 2017 are being incorporated by reference in this Prospectus and are available at the address set out in paragraph 11 of Part V and which can be accessed at the following website: <http://www.nvm.co.uk/investor-area/nvt/>. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this Prospectus by reference are either not relevant for Investors or are covered elsewhere in this Prospectus.

6. Investment portfolio

Unaudited information on Northern Venture Trust's investment portfolio as at the date of this document is set out below. All the companies below are incorporated in the UK and are valued in Sterling.

Significant venture capital investments

The significant venture capital investments held by Northern Venture Trust as at the date of this document, representing in aggregate over 50% of the Company's total net assets, are set out below. The valuations are as at 30 June 2017.

	Cost £000	Valuation £000	% of net assets by value	Sector
Entertainment Magpie Group <i>Re-commerce website for pre-owned media and electronics</i>	1,610	4,550	6.1%	Consumer
No 1 Lounges <i>Airport lounge operator</i>	2,006	4,012	5.4%	Services
Buoyant Upholstery <i>Upholstered furniture</i>	1,674	3,263	4.4%	Consumer
MSQ Partners Group <i>Marketing and communications agencies</i>	1,695	2,798	3.8%	Services
Lineup Systems <i>Software for advertising and media</i>	974	2,468	3.3%	IT services
Agilitas IT Holdings <i>Outsourced IT inventory management</i>	1,662	1,981	2.7%	IT services
IDOX* <i>Document and information management systems</i>	238	1,926	2.6%	IT services
Wear Inns <i>Managed public houses</i>	1,640	1,854	2.5%	Leisure
Biological Preparations Group <i>Environmental biotechnology</i>	2,366	1,759	2.4%	Healthcare
It's All Good <i>Premium savoury snacks</i>	1,205	1,751	2.4%	Consumer
Closerstill Group <i>Business-to-business exhibitions</i>	1,747	1,747	2.3%	Services
Weldex (International) Offshore Holdings <i>Crawler crane hire and lifting equipment</i>	3,262	1,670	2.2%	Construction
Graza <i>Investment holding company</i>	1,581	1,581	2.1%	Financial
Volumatic <i>Cash handling equipment</i>	1,423	1,555	2.1%	Industrial
Customs Connect Group <i>Tariff, duty and VAT consultancy</i>	1,406	1,406	1.9%	Services
Love Saving Group <i>Energy comparison and procurement consultancy</i>	1,204	1,327	1.8%	Services
Intuitive Holding <i>Software and IT services for travel sector</i>	1,674	1,095	1.5%	IT services
Intelling Group <i>Business communication consultancy</i>	1,048	1,048	1.4%	Services
Axial Systems Holdings <i>Systems integration</i>	1,004	979	1.3%	IT services
CGI Group Holdings <i>Fire-resistant glass</i>	3,818	945	1.3%	Construction
20 largest venture capital investments	33,237	39,715	53.5%	
Net assets		74,380	100.0%	

*Quoted on AIM

Part III – Financial information on Northern 2 VCT

1. Introduction

Audited statutory accounts of the Company for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, in respect of which the Company's auditors, KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG, registered auditors under the Statutory Audit Directive (2006/43/EC) and registered by the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts are available at the registered office of the Company at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN.

The audited statutory accounts of the Company for the years ended 31 March 2016 and 31 March 2017 were prepared under FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The financial statements for the year ended 31 March 2015 were drawn up under UK Generally Accepted Accounting Practice (UK GAAP). An assessment of the impact of adopting FRS 102 was carried out and found that no re-statement of balances as at the transition date, 1 April 2015, or comparative figures in the financial statements was necessary.

These financial statements also contain a description of the Company's financial condition, changes in financial condition and results of operations for each financial period.

The most recent announced unaudited NAV was 76.4p per Ordinary Share as at 30 June 2017.

2. Historical Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the published annual reports and audited statutory accounts of the Company for the periods stated (which are each hereby incorporated by reference) as follows:

	Annual report and audited accounts for year ended 31 March 2015	Annual report and audited accounts for year ended 31 March 2016	Annual report and audited accounts for year ended 31 March 2017
<i>Nature of information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Income statement	28	28	28
Dividend per share	34	35	35
Balance sheet	29	29	29
Statement of cash flows	30	31	31
Notes to the financial statements	31	32	32
Accounting policies	31	32	32
Independent auditor's report	26	26	26

3. Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Strategic Report" and "Investment Portfolio" in the published audited statutory accounts of the Company for the periods stated.

	Annual report and audited accounts for year ended 31 March 2015	Annual report and audited accounts for year ended 31 March 2016	Annual report and audited accounts for year ended 31 March 2017
<i>Nature of Information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	2	2	2
Strategic report	6	6	6
Investment portfolio	11	11	11

The only information incorporated by reference in this document is that set out in this paragraph 3 and in paragraph 2 above.

4. Significant Change

On 21 July 2017 the Company paid a dividend of 8.5p per Ordinary Share, totalling £8.4 million.

Since 30 June 2017, being the date of the last published financial information of the Company (unaudited NAV announcement), there have been no other significant changes in the financial or trading position of the Company.

5. Historical Financial Information Incorporated by Reference

The audited statutory accounts of the Company for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 are being incorporated by reference in this Prospectus and are available at the address set out in paragraph 11 of Part V and which can be accessed at the following website: <http://www.nvm.co.uk/investor-area/n2vct/>. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this Prospectus by reference are either not relevant for Investors or are covered elsewhere in this Prospectus.

6. Investment portfolio

Unaudited information on Northern 2 VCT's investment portfolio as at 30 June 2017 is set out below. All the companies below are incorporated in the UK and are valued in Sterling.

Significant venture capital investments

The significant venture capital investments held by Northern 2 VCT as at the date of this document, representing in aggregate over 50% of the Company's total net assets, are set out below. The valuations are as at 30 June 2017.

	Cost £000	Valuation £000	% of net assets by value	Sector
Entertainment Magpie Group <i>Re-commerce website for pre-owned media and electronics</i>	1,503	4,247	5.6%	Consumer
No 1 Lounges <i>Airport lounge operator</i>	1,977	3,962	5.2%	Services
Buoyant Upholstery <i>Upholstered furniture</i>	1,508	2,941	3.9%	Consumer
MSQ Partners Group <i>Marketing and communications agencies</i>	1,672	2,756	3.6%	Services
Lineup Systems <i>Software for advertising and media</i>	974	2,468	3.3%	IT services
Wear Inns <i>Managed public houses</i>	1,868	2,113	2.8%	Leisure
Agilitas IT Holdings <i>Outsourced IT inventory management</i>	1,638	1,952	2.6%	IT services
Closerstill Group <i>Business-to-business exhibitions</i>	1,683	1,683	2.2%	Services
It's All Good <i>Premium savoury snacks</i>	1,145	1,668	2.2%	Consumer
Biological Preparations Group <i>Environmental biotechnology</i>	2,166	1,605	2.1%	Healthcare
Volumatic <i>Cash handling equipment</i>	1,423	1,555	2.1%	Industrial
Graza <i>Investment holding company</i>	1,523	1,523	2.0%	Financial
Customs Connect Group <i>Tariff, duty and VAT consultancy</i>	1,322	1,322	1.7%	Services
Love Saving Group <i>Energy comparison and procurement consultancy</i>	1,124	1,239	1.6%	Services
Intuitive Holding <i>Software and IT services for travel sector</i>	1,508	987	1.3%	IT services
Intelling Group <i>Business communication consultancy</i>	979	979	1.3%	Services
Axial Systems Holdings <i>Systems integration</i>	1,004	979	1.3%	IT services
Rockar <i>Innovative motor vehicle retailing</i>	823	823	1.1%	Consumer
Sorted Group <i>Delivery management platform</i>	813	813	1.1%	Services
Nasstar* <i>Managed IT services</i>	390	701	0.9%	IT services
Channel Mum <i>Parenting video website</i>	674	674	0.9%	Media
AVID Technology Group <i>Powertrain and thermal management systems for heavy duty vehicles</i>	673	674	0.9%	Industrial
Lanner Group <i>Process simulation software</i>	486	649	0.9%	IT services
23 largest venture capital investments	28,876	38,313	50.6%	
Net assets		75,707	100.0%	

*Quoted on AIM

Part IV – Financial information on Northern 3 VCT

1. Introduction

Audited statutory accounts of the Company for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, in respect of which the Company's auditors, KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG, registered auditors under the Statutory Audit Directive (2006/43/EC) and registered by the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts are available at the registered office of the Company at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN.

The audited statutory accounts of the Company for the years ended 31 March 2016 and 31 March 2017 were prepared under FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The financial statements for the year ended 31 March 2015 were drawn up under UK Generally Accepted Accounting Practice (UK GAAP). An assessment of the impact of adopting FRS 102 was carried out and found that no re-statement of balances as at the transition date, 1 April 2015, or comparative figures in the financial statements was necessary.

These financial statements also contain a description of the Company's financial condition, changes in financial condition and results of operations for each financial period.

The most recent announced unaudited NAV was 106.1p per Ordinary Share as at 30 June 2017.

2. Historical Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the published annual reports and audited statutory accounts of the Company for the periods stated (which are each hereby incorporated by reference) as follows:

	Annual report and audited accounts for year ended 31 March 2015	Annual report and audited accounts for year ended 31 March 2016	Annual report and audited accounts for year ended 31 March 2017
<i>Nature of information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Income statement	28	28	28
Dividend per share	34	34	34
Balance sheet	29	29	29
Statement of cash flows	30	31	31
Notes to the financial statements	31	32	32
Accounting policies	31	32	32
Independent auditor's report	26	26	26

3. Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Strategic Report" and "Investment Portfolio" in the published audited statutory accounts of the Company for the periods stated.

	Annual report and audited accounts for year ended 31 March 2015	Annual report and audited accounts for year ended 31 March 2016	Annual report and audited accounts for year ended 31 March 2017
<i>Nature of Information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	2	2	2
Strategic report	6	6	6
Investment portfolio	11	11	11

The only information incorporated by reference in this document is that set out in this paragraph 3 and in paragraph 2 above.

4. Significant Change

On 21 July 2017 the Company paid a dividend of 8.5p per Ordinary Share, totalling £5.9m.

Since 30 June 2017, being the date of the last published financial information of the Company (unaudited NAV announcement), there have been no other significant changes in the financial or trading position of the Company.

5. Historical Financial Information Incorporated by Reference

The audited statutory accounts of the Company for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 are being incorporated by reference in this Prospectus and are available at the address set out in paragraph 11 of Part V and which can be accessed at the following website: <http://www.nvm.co.uk/investor-area/n2vct/>. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this Prospectus by reference are either not relevant for Investors or are covered elsewhere in this Prospectus.

6. Investment portfolio as at 30 June 2017

Unaudited information on Northern 3 VCT's investment portfolio as at the date of this document is set out below. All the companies below are incorporated in the UK and are valued in Sterling.

Significant venture capital investments

The significant venture capital investments held by Northern 3 VCT as at the date of this document, representing in aggregate over 50% of the Company's total net assets, are set out below. The valuations are as at 30 June 2017.

	Cost £000	Valuation £000	% of net assets by value	Sector
Entertainment Magpie Group <i>Re-commerce website for pre-owned media and electronics</i>	1,360	3,842	5.2%	Consumer
No 1 Lounges <i>Airport lounge operator</i>	1,748	3,511	4.7%	Services
IDOX* <i>Document and information management systems</i>	530	2,667	3.6%	IT services
MSQ Partners Group <i>Marketing and communications agencies</i>	1,478	2,628	3.5%	Services
Buoyant Upholstery <i>Upholstered furniture</i>	1,294	2,518	3.4%	Consumer
Lineup Systems <i>Software for advertising and media</i>	974	2,468	3.3%	IT services
Agilitas IT Holdings <i>Outsourced IT inventory management</i>	1,448	1,725	2.3%	IT services
It's All Good <i>Premium savoury snacks</i>	1,131	1,656	2.2%	Consumer
Wear Inns <i>Managed public houses</i>	1,406	1,589	2.1%	Leisure
Volumatic <i>Cash handling equipment</i>	1,423	1,555	2.1%	Industrial
Closerstill Group <i>Business-to-business exhibitions</i>	1,520	1,520	2.1%	Services
Eco Animal Health Group* <i>Pharmaceutical products for animal care</i>	497	1,415	1.9%	Healthcare
Biological Preparations Group <i>Environmental biotechnology</i>	1,915	1,412	1.9%	Healthcare
Graza <i>Investment holding company</i>	1,375	1,375	1.9%	Financial
Ideagen* <i>Software management solutions</i>	541	1,275	1.7%	IT services
Customs Connect Group <i>Tariff, duty and VAT consultancy</i>	1,242	1,242	1.7%	Services
Axial Systems Holdings <i>Systems integration</i>	1,293	1,224	1.7%	IT services
Sinclair Pharma* <i>Aesthetic dermatology products</i>	957	1,183	1.6%	Healthcare
Love Saving Group <i>Energy comparison and procurement consultancy</i>	1,017	1,121	1.5%	Services
Intelling Group <i>Business communication consultancy</i>	958	958	1.3%	Services
Intuitive Holding <i>Software and IT services for travel sector</i>	1,293	846	1.1%	IT services
21 largest venture capital investments	25,400	37,690	50.8%	
Net assets		74,044	100.0%	

*Quoted on AIM

Part V – General information on the Companies

1. Listing

This Prospectus relating to the Companies, has been prepared in accordance with the Prospectus Rules made under section 73A and in accordance with section 84 of FSMA. Copies of the Prospectus are available from NVM Private Equity LLP at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN and from Downing LLP at Ergon House, Horseferry Road, London SW1P 2AL.

Northern Venture Trust

2. Incorporation and Administration

- (a) Northern Venture Trust was incorporated and registered in England and Wales on 11 August 1995 with limited liability as a public limited company under the Companies Act 1985 with the name Northern Venture Trust PLC and with registered number 03090163.
- (b) On 15 September 1995 the Registrar of Companies issued Northern Venture Trust with a certificate under Section 117 of the Companies Act 1985 entitling it to commence business.
- (c) There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Northern Venture Trust is aware) in the 12 months prior to the date of this document which may have or have had in the recent past a significant effect on Northern Venture Trust's financial position or profitability.
- (d) The principal legislation under which Northern Venture Trust operates is the 2006 Act, the AIFMD, FSMA and the regulations made thereunder (including the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules). The City Code on Takeovers and Mergers applies to Northern Venture Trust. Northern Venture Trust is registered with the FCA as its own Alternative Investment Fund Manager under the Alternative Investment Managers Directive. Northern Venture Trust is not otherwise regulated.
- (e) The principal activity of Northern Venture Trust is to operate as a VCT.
- (f) Northern Venture Trust's Articles require that the Directors shall procure that at the Annual General Meeting in 2023 and at every fifth annual general meeting thereafter an ordinary resolution will be proposed to the effect that Northern Venture Trust shall continue in being as a VCT for a further five year period. Further information on this requirement is given in paragraph (h) of the summary of the Articles of Association on page 53.
- (g) Northern Venture Trust was launched in August 1995 and raised over £14 million in its initial offer for subscription. By way of further offers for subscription between 1996 and 2017, Northern Venture Trust raised an additional £86 million.

3. Share Capital

3.1 Shares issued by the Company since 1 October 2013 are summarised as follows:

Date	No. of Ordinary Shares	Average issue price (pence per share)
04/10/2013	16,090,036	86.13
20/12/2013	503,903	84.30
13/05/2014	1,244,495	89.41
02/06/2014	511,770	84.80
23/12/2014	503,340	84.80
30/06/2016	2,606,159	72.90
23/12/2016	768,716	77.00
03/04/2017	5,409,557	79.43
30/06/2017	2,406,904	71.10

3.2 Shares bought back by the Company since 1 October 2013 are summarised as follows:

Date	No. of Ordinary Shares	Average issue price (pence per share)
20/06/2014	175,000	77.50
30/09/2014	250,000	79.00
19/12/2014	50,000	76.75
26/03/2015	135,000	78.50
08/07/2015	250,000	75.60
28/09/2015	50,000	75.25
20/11/2015	275,000	78.75
18/12/2015	135,000	76.00

21/01/2016	90,000	76.00
29/01/2016	200,000	76.00
30/03/2016	440,000	76.70
29/09/2016	125,000	69.35

3.3 The following resolutions, *inter alia*, were passed at the annual general meeting held on 15 December 2016:

- (a) That, in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors be generally and unconditionally authorised pursuant to Section 551 of the 2006 Act to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £2,411,024 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 31 March 2018, save that the Company may before expiry of this authority make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of that offer or agreement as if this authority had not expired.
- (b) That, subject to the passing of the resolution in paragraph (a) above and in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors may:
 - (i) allot equity securities (as defined in Section 560 of the 2006 Act) pursuant to the authorisation for the purposes of Section 551 of the 2006 Act conferred by the resolution in paragraph (a) above; and
 - (ii) sell equity securities which immediately before the sale are held by the Company as treasury shares, in each case as if Section 561(1) of the 2006 Act (existing shareholders' right of pre-emption) did not apply to the allotment or sale, provided that the power conferred by this resolution shall be limited to the allotment or sale of equity securities up to an aggregate nominal value of £2,411,024 and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 31 March 2018, save that the Company may before this power expires make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after the power expires.
- (c) That, the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the 2006 Act to make one or more market purchases (within the meaning of Section 693(4) of the 2006 Act) of its ordinary shares of 25p each provided that:
 - (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 9,644,097;
 - (ii) the minimum price (excluding expenses) which may be paid for an ordinary share shall be 25p per share;
 - (iii) the maximum price (excluding expenses) which may be paid for an ordinary share shall not be more than 105% of the average market value of the ordinary shares of the Company for the five business days prior to the date the purchase is made; and
 - (iv) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 31 March 2018, save that the Company may execute a contract of purchase before this authority expires that would or might be concluded wholly or partly after this authority expires.

3.4 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of 2006 Act (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of the Company which is not subject to the disapplication referred to in paragraph 3.3(b) above.

3.5 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.

3.6 The Directors are not aware of any person who directly or indirectly is interested in 3% or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

3.7 As at 20 September 2017, the last practicable date prior to the publication of this document, the issued share capital of the Company was 105,026,156 Ordinary Shares.

4. The Company

- (a) Save as disclosed in paragraph 3.1 above, since 1 October 2013 no share or loan capital of the Company has been issued or (except pursuant to or in connection with the Offers) agreed to be issued or is now proposed to be issued for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. The Company has no contingent liabilities.
- (b) No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. Other than pursuant to the Offers and the authorities referred to above in sub-paragraph 3.3 above, no material issue of shares (other than where offered to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- (c) The Ordinary Shares will be in registered form. The Company's share register will be kept by Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA. Evidence of title to Shares will be through possession of a Share certificate in the Shareholder's name; alternatively, Shares may be held in an account through the CREST system.

Northern 2 VCT

2. Incorporation and Administration

- (a) Northern 2 VCT was incorporated and registered in England and Wales on 8 January 1999 with limited liability as public limited company under the Companies Act 1985 with the name Northern 2 VCT PLC and with registered number 03695071.
- (b) On 18 January 1999 the Registrar of Companies issued Northern 2 VCT with a certificate under Section 117 of the Companies Act 1985 entitling it to commence business.
- (c) There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Northern 2 VCT is aware) in the 12 months prior to the date of this document which may have or have had in the recent past a significant effect on Northern 2 VCT's financial position or profitability.
- (d) The principal legislation under which Northern 2 VCT operates is the 2006 Act, the AIFMD, FSMA and the regulations made thereunder (including the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules). The City Code on Takeovers and Mergers applies to Northern 2 VCT. Northern 2 VCT is not otherwise regulated.
- (e) The principal activity of Northern 2 VCT is to operate as a VCT.
- (f) Northern 2 VCT's Articles require that the Directors shall procure that at the Annual General Meeting in 2023 and at every fifth annual general meeting thereafter an ordinary resolution will be proposed to the effect that Northern 2 VCT shall continue in being as a VCT for a further five year period. Further information on this requirement is given in paragraph (h) of the summary of the Articles of Association on page 53.
- (g) Northern 2 VCT was launched in February 1999 and raised over £22 million in its initial offer for subscription. By way of further offers for subscription between 1999 and 2017, Northern 2 VCT raised an additional £79 million.

3. Share Capital

3.1 Shares issued by the Company since 1 April 2014 are summarised as follows:

Date	No. of Ordinary Shares	Average issue price (pence per share)
13/05/2014	1,099,005	85.39
16/01/2015	301,902	82.20
22/07/2016	2,011,229	69.40
27/01/2017	426,208	75.30
03/04/2017	5,570,393	77.14
21/07/2017	2,269,295	68.10

3.2 Shares bought back by the Company since 1 April 2014 are summarised as follows:

Date	No. of Ordinary Shares	Average issue price (pence per share)
24/06/2014	120,000	75.50
30/09/2014	190,000	76.00
19/12/2014	50,000	74.25
26/03/2015	100,000	76.50
08/07/2015	50,000	68.30
21/01/2016	200,000	71.00
30/03/2016	320,000	72.40

29/09/2016	225,000	66.40
30/03/2017	260,000	71.90

- 3.3 The following resolutions, *inter alia*, were passed at the annual general meeting held on 12 July 2017:
- (a) That, in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors be generally and unconditionally authorised pursuant to Section 551 of the 2006 Act to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £495,655 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2018, save that the Company may before expiry of this authority make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of that offer or agreement as if this authority had not expired.
 - (b) That, subject to the passing of the resolution in paragraph (a) above and in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors may:
 - (i) allot equity securities (as defined in Section 560 of the 2006 Act) pursuant to the authorisation for the purposes of Section 551 of the 2006 Act conferred by the resolution in paragraph (a) above; and
 - (ii) sell equity securities which immediately before the sale are held by the Company as treasury shares, in each case as if Section 561(1) of the 2006 Act (existing shareholders' right of pre-emption) did not apply to the allotment or sale, provided that the power conferred by this resolution shall be limited to the allotment or sale of equity securities up to an aggregate nominal value of £495,655 and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2018, save that the Company may before this power expires make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after the power expires.
 - (c) That, the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the 2006 Act to make one or more market purchases (within the meaning of Section 693(4) of the 2006 Act) of its ordinary shares of 5p each provided that:
 - (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 9,913,106;
 - (ii) the minimum price (excluding expenses) which may be paid for an ordinary share shall be 5p per share;
 - (iii) the maximum price (excluding expenses) which may be paid for an ordinary share shall not be more than 105% of the average market value of the ordinary shares of the Company for the five business days prior to the date the purchase is made; and
 - (iv) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2018, save that the Company may execute a contract of purchase before this authority expires that would or might be concluded wholly or partly after this authority expires.
- 3.4 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of 2006 Act (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of the Company which is not subject to the disapplication referred to in paragraph 3.3(b) above.
- 3.5 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.
- 3.6 The Directors are not aware of any person who directly or indirectly is interested in 3% or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 3.7 As at 20 September 2017, the last practicable date prior to the publication of this document, the issued share capital of the Company was 101,400,355 Ordinary Shares.

4. The Company

- (a) The Company is not regulated to conduct investment business under the Financial Services and Markets Act 2000. The Company is a small AIF for the purposes of the AIFMD.
- (b) Save as disclosed in paragraph 3.1 above, since 1 April 2014 no share or loan capital of the Company has been issued or (except pursuant to or in connection with the Offers) agreed to be issued or is now proposed to be issued for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. The Company has no contingent liabilities.
- (c) No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. Other than pursuant to the Offers and the authorities referred to above in sub-paragraph 3.3 above, no material issue of shares (other than where offered to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- (d) The Ordinary Shares will be in registered form. The Company's share register will be kept by Equiniti Limited, Aspect House, Spencer road, Lancing BN99 6DA. Evidence of title to Shares will be through possession of a Share certificate in the Shareholder's name; alternatively, Shares may be held in an account through the CREST system.

Northern 3 VCT

2. Incorporation and Administration

- (a) Northern 3 VCT 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 04280530.
- (b) On 21 September 2001 the Registrar of Companies issued Northern 3 VCT with a certificate under Section 117 of the Companies Act 1985 entitling it to commence business.
- (c) There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Northern 3 VCT is aware) in the 12 months prior to the date of this document which may have or have had in the recent past a significant effect on Northern 3 VCT's financial position or profitability.
- (d) The principal legislation under which Northern 3 VCT operates is the 2006 Act, the AIFMD, FSMA and the regulations made thereunder (including the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules). The City Code on Takeovers and Mergers applies to Northern 3 VCT. Northern 3 VCT is not otherwise regulated.
- (e) The principal activity of Northern 3 VCT is to operate as a VCT.
- (f) Northern 3 VCT's Articles require that the Directors shall procure that at the Annual General Meeting in 2023 and at every fifth annual general meeting thereafter an ordinary resolution will be proposed to the effect that Northern 3 VCT shall continue in being as a VCT for a further five year period. Further information on this requirement is given in paragraph (h) of the summary of the Articles of Association on page 53.
- (g) Northern 3 VCT was launched in September 2001 and raised almost £14 million in its initial offer for subscription. By way of further offers for subscription between 2001 and 2017, Northern 3 VCT raised an additional £66 million.

3. Share Capital

3.1 Shares issued by the Company since 1 April 2014 are summarised as follows:

Date	No. of Ordinary Shares	Average issue price (pence per share)
13/05/2014	1,003,316	109.24
25/07/2014	222,153	105.40
16/01/2015	128,052	103.50
15/07/2016	826,656	93.70
27/01/2017	167,915	105.10
03/04/2017	3,958,863	108.12
21/07/2017	855,313	97.70

3.2 Shares bought back by the Company since 1 April 2014 are summarised as follows:

Date	No. of Ordinary Shares	Average issue price (pence per share)
20/06/2014	150,000	98.00
19/12/2014	100,000	93.00
26/03/2015	250,000	96.00
08/07/2015	350,000	89.00

28/09/2015	170,000	89.75
21/01/2016	50,000	93.75
30/03/2016	250,000	95.70
02/06/2016	200,000	97.00
30/06/2016	130,000	89.00
29/09/2016	150,000	91.65
22/02/2017	150,000	99.90
30/03/2017	100,000	100.70
04/07/2017	299,000	92.80

3.3 The following resolutions, *inter alia*, were passed at the annual general meeting held on 13 July 2017:

- (a) That, in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors be generally and unconditionally authorised pursuant to Section 551 of the 2006 Act to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £348,784 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2018, save that the Company may before expiry of this authority make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of that offer or agreement as if this authority had not expired.
- (b) That, subject to the passing of the resolution in paragraph (a) above and in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors may:
 - (i) allot equity securities (as defined in Section 560 of the 2006 Act) pursuant to the authorisation for the purposes of Section 551 of the 2006 Act conferred by the resolution in paragraph (a) above; and
 - (ii) sell equity securities which immediately before the sale are held by the Company as treasury shares, in each case as if Section 561(1) of the 2006 Act (existing shareholders' right of pre-emption) did not apply to the allotment or sale, provided that the power conferred by this resolution shall be limited to the allotment or sale of equity securities up to an aggregate nominal value of £348,784 and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2018, save that the Company may before this power expires make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after the power expires.
- (c) That, the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the 2006 Act to make one or more market purchases (within the meaning of Section 693(4) of the 2006 Act) of its ordinary shares of 5p each provided that:
 - (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 6,975,683;
 - (ii) the minimum price (excluding expenses) which may be paid for an ordinary share shall be 5p per share;
 - (iii) the maximum price (excluding expenses) which may be paid for an ordinary share shall not be more than 105% of the average market value of the ordinary shares of the Company for the five business days prior to the date the purchase is made; and
 - (iv) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2018, save that the Company may execute a contract of purchase before this authority expires that would or might be concluded wholly or partly after this authority expires.

3.4 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of 2006 Act (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of the Company which is not subject to the disapplication referred to in paragraph 3.3(b) above.

3.5 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.

3.6 The Directors are not aware of any person who directly or indirectly is interested in 3% or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

3.7 As at 20 September 2017, the last practicable date prior to the publication of this document, the issued share capital of the Company was 70,313,146 Ordinary Shares.

4. The Company

- (a) The Company is not regulated to conduct investment business under the Financial Services and Markets Act 2000. The Company is a small AIF for the purposes of the AIFMD.
- (b) Save as disclosed in paragraph 3.1 above, since 1 April 2014 no share or loan capital of the Company has been issued or (except pursuant to or in connection with the Offers) agreed to be issued or is now proposed to be issued for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. The Company has no contingent liabilities.
- (c) No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. Other than pursuant to the Offers and the authorities referred to above in sub-paragraph 3.3 above, no material issue of shares (other than where offered to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- (d) The Ordinary Shares will be in registered form. The Company's share register will be kept by Equiniti Limited, Aspect House, Spencer road, Lancing BN99 6DA. Evidence of title to Shares will be through possession of a Share certificate in the Shareholder's name; alternatively, Shares may be held in an account through the CREST system.

5. Articles of Association

The Articles of each of the Companies, copies of which are available for inspection as stated in the 'Documents For Inspection' section of this Part V, set out details of the rights attaching to the Shares. The objects of the Companies are unrestricted. The Articles, and the rights of the holders of the Shares set out therein, may be changed by the respective members of each Company by special resolution (requiring a majority of at least 75% of the persons voting on the relevant resolution). The following is a summary of the rights attaching to the Shares and applies to all Companies unless otherwise stated.

(a) Dividends and distributions

- (i) The Company may in general meeting from time to time declare dividends to be paid to members not exceeding the amount recommended by the Board. If, in the Board's opinion, the Company's profits justify such payments, the Board may pay interim dividends on any class of Shares of such amounts and on such dates as they see fit. Provided that the Directors act in good faith, they shall not be liable for any loss the holders of such Shares may suffer as a consequence of such a payment.
- (ii) Unless otherwise provided all dividends shall be declared and paid pro rata to the nominal amounts of the Shares in respect of which the dividend is paid. Dividends shall be paid only from profits available for distribution. Subject to the provisions of the 2006 Act the profits and losses of the Company on a purchase of any asset, business or property previously bought by the Company (before or after the date of incorporation of the Company) may be treated for all purposes as profits and losses of the Company. Any dividend or interest payable in shares or securities purchased by the Company may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalise the same. No dividend or other monies payable on Shares shall bear interest against the Company.
- (iii) The Directors may retain the dividends payable upon Shares in respect of which any person is entitled to become a member, or which any person is entitled to transfer, until such person shall become a member or shall transfer the Shares. A waiver of any dividend shall be effective only if such waiver document is signed by the Shareholder and delivered to the Company and if, or to the extent that, the same is accepted as such or acted upon by the Company. Payment by the Directors of any unclaimed dividend into a separate account shall not constitute the Company as a trustee in respect of the unclaimed amount. Any unclaimed dividend shall revert to the Company after a period of 12 years.
- (iv) Upon the recommendation of the Directors the Company may, in a general meeting declaring a dividend, direct payment of a dividend by distribution of specific assets. The Directors may settle any difficulty in this respect in a manner they think expedient and in particular may issue fractional certificates, may fix the value for distribution, may determine that cash payments shall be made in order to adjust the rights of all parties and may vest any such specific assets in trustees.
- (v) Any dividend or other distribution payable in respect of a Share may be paid by cheque sent by post to the registered address of the member, or such address as the member directs in writing. Every such cheque should be made payable to the member or the person the member directs in writing. Dividends may also be paid by transfer to a bank or building society or any other method the Directors consider appropriate. Every such cheque is sent at the risk of the person entitled to the money. If on two consecutive occasions cheques sent are returned undelivered or left uncashed the Company need not despatch further cheques until the member has notified the Company of the correct address or appropriate address. If two or more people are registered as joint holders of any Share any one of them may give effectual receipts for any dividend or other monies payable or properly distributable on or in respect of the Shares.

- (vi) The Directors, if so authorised by ordinary resolution, may offer the holders of Shares the right to receive further Shares instead of cash in respect of any dividend payment. The following provisions apply:
- the resolution may specify a particular dividend, or all or any dividends declared or resolved in a specified period (such period may not end later than the next annual general meeting after the meeting at which such ordinary resolution is passed);
 - the value of the entitlement of each holder to new Shares shall be as nearly as possible equal to (but not in excess of) such cash amount of the dividend that such holder elects to forego;
 - if the Directors intend to offer an election in respect of a dividend, they shall announce that intention, and shall notify the holders in writing and specify the procedure;
 - the first 0.1 pence per share of the first dividend to be declared in each year shall not be subject to such election right but shall be payable in cash;
 - the Directors may specify a minimum number of Shares to which such election right may apply, no member may receive a fraction of a share and the Directors have discretion to deal with fractional entitlements as they think fit;
 - the Directors may exclude or restrict such election rights of any holders of Shares if they believe that this is necessary to comply with applicable laws or the requirement of any regulatory body or stock exchange;
 - a dividend shall not be payable on the Shares on which an election has been made and instead additional Shares shall be allotted to the holders of these Shares but the additional Shares when allotted shall rank *pari passu* in all other respects with the fully paid Shares; and
 - the Directors may do all things necessary or expedient to give effect to such capitalisation.

(b) Voting rights

- (i) Subject to the provisions of the 2006 Act, to any special terms as to voting in accordance with the Articles or certain legislation relating to uncertificated securities, on a show of hands every member who is present in person or by proxy at any general meeting of the Company shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Share of which he is the holder.
- (ii) The instrument appointing a proxy shall be in writing. The proxy instrument shall be delivered to such address specified in the notice of the meeting not less than 48 hours before the time appointed for holding the meeting (or adjourned meeting). Any proxy instrument that is not properly delivered shall be invalid. The proxy instrument shall be valid for any adjournment of the meeting for which the original proxy was intended. On a vote on a resolution on a show of hands, where a proxy has been appointed by more than one member, if the proxy has been instructed by one member to vote in favour and by another to vote against, the proxy has one vote for and one vote against. If the proxy has been instructed by more than one member to vote in one direction and by another to vote in accordance with his discretion, the proxy has one vote in one direction and may, at his discretion, cast another vote in the other direction.
- (iii) No member shall, unless the Board otherwise determines, be entitled to receive any dividend or to be present and to vote, either personally or by proxy, or to be reckoned in a quorum at any general meeting unless all calls or other sums payable by him in respect of Shares have been paid.

(c) Variation of rights

The special rights attached to any class of Shares having preferential rights shall not, unless otherwise expressly stated, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with them but in no respect in priority to them.

(d) Alteration of capital

- (i) Any fractions of Shares as a result of a consolidation or division of Shares may be sold to any person (including the Company) and the net proceeds of sale shall be distributed among those members or the Company (as appropriate).
- (ii) Where the Company may purchase its own shares, neither the Company nor the Directors are required to select the shares to be purchased rateably or in any other particular manner as between the holders of the same class or as between them and the holders of another class or in accordance with rights as to dividends or capital conferred by any class of shares.

(e) Transfer of Shares

- (i) The instrument of transfer of a Share may be in any usual or common form or in any other form that the Board may approve and may be under hand only and such instruments shall be signed by or on behalf of the transferor and in the case of a partly paid Share, the transferee. The transferor shall remain the holder of the Shares until the name of the transferee is entered in the register of members.
- (ii) The Directors may refuse to register a transfer of Shares in favour of more than four persons jointly.

- (iii) The Directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of one class of Share and has been lodged at the transfer office accompanied by the relevant share certificate and such other evidence as the Directors may reasonably require. In the case of a transfer by a recognised clearing house or certain nominees, the lodgement of a share certificate may not be necessary. All instruments of transfer that are registered may be retained by the Company.
 - (iv) No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or other such documentation relating to or affecting title to shares.
 - (v) The Company shall be entitled to destroy instruments of transfer which have been registered after six years from the date of registration.
- (f) **Borrowing powers**
- (i) The Board may exercise all powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the 2006 Act, to create and issue debenture and other loan stock and debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
 - (ii) The Directors are required to restrict the borrowings of the Company so as to secure that the aggregate amount at any one time owing or deemed to be owing by the Company in respect of moneys borrowed by it shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to the aggregate of the amount paid on the issued share capital of the Company and the amount standing to the credit of the reserves of the Company (all as shown by the latest published audited balance sheet of the Company) subject to certain adjustments and deductions as set out in the Articles of Association.
- (g) **Directors**
- (i) Unless and until otherwise determined by ordinary resolution of the Company, the number of Directors shall not be subject to any maximum but shall not be less than three.
 - (ii) At every annual general meeting, any Director who has been appointed by the Directors since the last annual general meeting and any Director who was not appointed or re-appointed at one of the preceding two annual general meetings must retire from office. A retiring Director shall be eligible for re-election.
 - (iii) If the Company does not fill the vacancy left by a retiring Director and that Director is willing to act he shall be deemed to be reappointed unless it was resolved not to fill the vacancy or unless a resolution for the reappointment of the Director was put to the meeting and lost, or if the Director is unwilling to be re-elected. Retirement by rotation shall not have effect until the conclusion of the meeting unless some other person has been re-elected in place of the retired Director or he has not been reappointed.
 - (iv) A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved without a prior resolution that it shall be so moved. A notice must be served not less than seven and no more than forty two days before a general meeting signed by a member duly qualified to attend and vote at the meeting of his intention to propose a person for election as a Director including the relevant particulars together with notice in writing signed by the person to be proposed of his willingness to be appointed or re-appointed. The Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. A Director shall not be required to hold any shares in the Company.
 - (v) The office of a Director shall be vacated if the Director ceases to be a Director by virtue of any provision of the 2006 Act or otherwise becomes prohibited by law from becoming a Director, or he becomes bankrupt or makes any arrangement or composition with his creditors generally, or he is certified as physically or mentally incapable of acting as a director and may remain so for over three months, or he shall for more than six consecutive months have been absent without permission of the Directors from meetings of the Board, or he resigned his office by notice in writing to the Company, or he offers in writing to resign and the Directors accept, or he has been requested in writing by all the other Directors to resign.
 - (vi) The Directors shall be entitled to such remuneration as the Directors shall determine. Such ordinary remuneration shall not exceed a maximum of £100,000 per annum for Northern 3 VCT or £150,000 for Northern Venture Trust and Northern 2 VCT, unless otherwise approved by ordinary resolution. However, such remuneration shall be divisible among the Directors as they agree or, failing agreement, equally. Any executive Director or any Director who performs duties outside the scope of the ordinary duties of a Director may be paid such extra remuneration by way of salary or otherwise as the Directors may determine.
 - (vii) A Director notwithstanding his office may be a member of or otherwise interested in the Company or be a party to or otherwise interested in any transaction or arrangement with which the Company is otherwise interested, may be a director or other officer of or employed by a member or another body corporate in which the Company is interested or that in acting as investment manager and may be a party to any

transaction or arrangement with any other such body corporate. A Director may act in a professional capacity for the Company or any body corporate in which the Company is interested. The Directors are authorised to permit individual matters which are or may be in breach of that Director's duty under the 2006 Act to avoid conflicts of interest.

- (viii) The Company may provide benefits for any Director or former Director and for any member of his family or any other person or any other dependant.
- (ix) The business and affairs of the Company shall be managed by the Directors who shall exercise all powers of the Company as are not by the 2006 Act or Articles required to be exercised by the Company in general meeting. Such management by the Directors shall be subject to the Articles, the provisions of the 2006 Act and to such regulations as may be prescribed by special resolution of the Company but no regulation made by the Company shall invalidate any prior act of the Directors which would have been valid had such regulation not been made.
- (x) The Directors may establish any local, group or divisional boards or agencies for managing any part of the affairs of the Company. They may appoint any persons to such boards or agencies and may fix their remuneration and may, subject to the provisions of the Articles, delegate to such groups any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate and may authorise the members of any such boards or agencies to fill any vacancies therein. The Directors may, from time to time, appoint any company, firm or person to be agent or agents or attorneys of the Company for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as they may think fit. The Directors may delegate any of their powers and discretions to committees consisting of one or more members of their body. Meetings and proceedings of any such committee shall be governed by the provisions of the Articles.
- (xi) Subject to the provisions of the Articles the Directors may regulate their proceedings as they think fit. A Director may and the secretary shall at the request of the Director call a meeting of the Directors. Notice of a Directors' meeting must be given to each Director but need not be in writing. Any Director may waive notice of any meeting and such waiver may be retroactive. Questions arising at the meeting shall be decided by a majority of votes. Each participating Director shall have one vote. The chairman shall have a casting vote. A Director may participate in a meeting by means of conference telephone or other suitable communication equipment. A quorum is necessary for the transaction of business. The quorum may be fixed by the Directors. If not so fixed the quorum shall be two.
- (xii) The subsequent discovery of a defect in the appointment of a Director or committee of Directors or any person acting as Directors or any disqualification shall not invalidate any acts done by such Directors, or committee of Directors.
- (xiii) Save as otherwise provided by the Articles, a Director shall not vote in respect of any contract or arrangement in which he has a material interest otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company. A Director with such interests shall not be counted in the quorum at a meeting in relation to any resolution on which he cannot vote.
- (xiv) Subject to the provisions of the 2006 Act a Director shall be entitled to vote and be counted in the quorum in respect of any resolution concerning the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred at the request of or for the benefit of the Company or any subsidiary; the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any subsidiary for which he himself has assumed responsibility under a guarantee or indemnity or by the giving of security; any proposal concerning an offer for shares or debentures or other securities of the Company or any subsidiary for subscription or purchase in which offer he is or may be entitled to participate; any proposal concerning any other company in which he is interested directly or indirectly, has a material interest except where he/she is beneficially interested (directly or indirectly) in 1% or more of the issued shares of any class of such company or of the voting rights available to members of the relevant company; any proposal concerning an arrangement for the benefit of employees of the Company or any subsidiary or which does not award him any privilege or benefit not generally awarded to employees; or any proposal concerning any insurance which the Company has the power to purchase or maintain for the benefit of any Directors or indemnities in favour of Directors or funding or defending proceedings against Directors. Any investment proposal in which the investment manager or Director is required to co-invest with the Company at the same time and on substantially similar terms or made in accordance with a pre-existing agreement between the Company and the investment manager; any investment proposal in which a company who has the same investment manager co-invests with the Company at the same time and on substantially similar terms.
- (xv) A proposal under consideration concerning the appointment or termination of two or more Directors in relation to any company in which the Company is interested, may be divided and considered in relation to each Director separately thus allowing Directors to vote in respect of each resolution except that concerning his own appointment or termination.
- (xvi) If a question of materiality of a Director's interest or his entitlement to vote and/or count in the quorum is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the

chairman and his ruling shall be final and conclusive except in a case where the nature/extent of the Director's interest has not been disclosed.

(h) Duration and winding-up

The Board shall procure that at the Company's annual general meeting in 2023 and at every fifth annual general meeting thereafter, a resolution will be proposed to the effect that the Company shall continue as a VCT for a further five year period. The resolution that the Company should continue as a VCT shall not be passed only where there is a poll vote and the majority vote against the resolution and such votes represent not less than 25% of votes exercisable on that resolution. If any such resolution is not passed the Board shall, within nine months of such meeting, convene an extraordinary general meeting to consider proposals for the liquidation, reorganisation or unitisation of the Company. The Directors shall use all reasonable endeavours to ensure that such proposals for liquidation, unitisation or reorganisation of the Company are approved by special resolution or implemented as soon as reasonably practicable.

(i) Uncertificated Shares

The Articles are consistent with CREST membership and allow for the holding and transfer of Shares in uncertificated form pursuant to the Uncertificated Securities Regulations 2001 (SI 2001/3755).

(j) Proceedings at general meetings

- (i) No business other than the appointment of a chairman of the meeting shall be transacted at any general meeting unless a quorum is present. If a quorum is not present within 15 minutes from the appointed start time, or if a quorum ceases to be present during the meeting, the meeting shall be adjourned to the same day in the following week at the same time and place or such other time and place as may have been specified in the original meeting notice or (if not so specified) as the meeting's chairman determines.
- (ii) An ordinary resolution to be proposed to a meeting may be amended by ordinary resolution if notice of the proposed amendment is given to the company secretary in writing by a person entitled to vote at the general meeting no less than 48 hours before the meeting (or such later time as the meeting's chairman may determine) and the proposed amendment does not materially alter the scope of the resolution.
- (iii) A special resolution to be proposed to a meeting may be amended by ordinary resolution if the meeting's chairman proposes the amendment at the relevant general meeting and the amendment does not go beyond correcting grammatical or other non-substantive errors in the resolution.
- (iv) A resolution put to the vote at any general meeting shall be decided on a show of hands unless, either in advance of the meeting or at the meeting either before a show of hands on the relevant resolution or immediately after the show of hands is declared, a poll is duly demanded or if the Directors have decided in advance of the meeting that there should be a poll.
- (v) Subject to the 2006 Act, a poll may be demanded by a chairman of the meeting; by not less than three members having the right to vote on the relevant resolution; by a member or members representing at least one-tenth of the total voting rights of all members entitled to vote on the resolution; or by a member or members holding shares that confer a right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
- (vi) The demand for a poll may be withdrawn before the poll is taken but only with the consent of the meeting's chairman and a demand so withdrawn shall not invalidate the result of a show of hands taken before the demand was made.
- (vii) A poll shall be taken in such manner as the meeting's chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The meeting's chairman may adjourn the meeting to a place and time of his decision for purposes of declaring the results of the poll.
- (viii) A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time and place as the meeting's chairman shall direct but cannot be more than 30 days from the date of the meeting at which the poll was demanded. The demand for a poll shall not prevent the continuance of a meeting other than the question on which the poll was demanded. If a poll is demanded before the declaration of a result of a show of hands and the demand was withdrawn, the meeting shall continue as if the demand had not been made.

6. Directors' and Others' Interests in Northern Venture Trust

- (a) 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 Guidance and Transparency Rules.
- (b) As at 20 September 2017 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which: (i) have been notified by each Director to the Company; (ii) are required pursuant to section 809 of the 2006 Act to be entered in the register referred to therein; or (iii) are interests of a connected person of the Director which would, if the connected person, within the meaning of section 252 of the 2006 Act, were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

Director	Number of Shares	Percentage of issued share capital
Simon Constantine	243,203	0.23%
Nigel Beer	192,631	0.18%
Richard Green	10,000	0.01%
Tim Levett	410,164	0.39%
David Mayes	91,134	0.09%
Hugh Younger	52,253	0.05%

The Directors of the Company, other than Tim Levett, have given undertakings to invest a total of £310,000 in the Company under the Offers. Tim Levett's intended subscription of £nil is included in the NVM partners' and employees' total shown on page 25.

Following the Offers, assuming full subscription and based on the Initial Offer Price adjusted for a Promoter's Fee of 2% and no Adviser Charge being paid, the shareholdings of the Directors will be not less than as follows:

Director	Number of Shares	Percentage of issued share capital assuming full subscription of the Offers*
Simon Constantine	298,570	0.22%
Nigel Beer	192,631	0.15%
Richard Green	79,209	0.06%
Tim Levett	410,164	0.31%
David Mayes	367,970	0.28%
Hugh Younger	79,936	0.06%

*Based on an initial Offer Price of 72.2p

Save as disclosed in this paragraph, no Director nor any person (to the extent the same is known to, or could with reasonable diligence be ascertained by, that Director) connected with any Director (within the meaning of the Disclosure Guidance and Transparency Rules) has any interest in the share capital of the Company which is required to be notified pursuant to the Disclosure Guidance and Transparency Rules or which is required to be entered in the register maintained under section 809 of the 2006 Act.

- (c) None of the Directors has a service contract. Directors' appointments are subject to 3 months' notice and all Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be directors. The office of non-executive director is also not pensionable. Aggregate Directors' emoluments for the year ended 30 September 2016 amounted to £118,000 (plus applicable employer's National Insurance Contributions). Each Director is currently entitled to receive during the year ending 30 September 2017 the fees listed below.

Name	Annual remuneration (with effect from 1 October 2016) £
Simon Constantine	30,000
Nigel Beer	24,000
Richard Green	22,000
Tim Levett*	22,000
David Mayes	22,000
Hugh Younger	22,000
	<u>142,000</u>

*Tim Levett has waived his entitlement to a director's fee for the year ending 30 September 2017

- (d) No loan or guarantee has been granted or provided by the Company to any Director.
- (e) Save as disclosed in paragraph (c) above, this paragraph and paragraph (m) below, 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.
- (f) The Company has taken out directors' and officers' liability insurance for the benefit of its Directors and the Company Secretary.
- (g) The following are directorships (unless otherwise stated) and partnership interests held by the Directors in the five years prior to the date of this document and the principal activities of the Directors outside the Company where these are significant with respect to the Company:

Directorships and partnership interests

	Current	Past 5 Years
Simon Constantine	Bioquell PLC Capstone Foster Care (North) Limited Capstone Foster Care (South East) Limited Capstone Foster Care (South West) Limited Capstone Foster Care Limited Classic Foster Care Limited Fostercare Uk Ltd Oxford Photovoltaics Limited Vision Fostering Agency Limited Welcome Foster Care Limited Worktalk Learning	Capital Children's Services Limited Family Matters Fostering Limited Reinnervate Limited The Capstone Care Leavers' Trust Worknet Learning Limited Xena Systems Limited
Nigel Beer	Community Health Partnerships Limited	LPE Limited Stokeley Barton Management Company Limited Trafalgar Court Limited Trafalgar Court Holdings Limited
Tim Levett	Channel Mum Limited Gentronix Limited Graza Limited Intuitive Holding Limited Northern VCT Managers Limited Northern Venture Managers Limited Northern 3 VCT PLC NV1 CP Limited NV1 GP Limited NV2 CP Limited NV2 Nominee Limited NV3 CP Limited NVM Group Limited NVM Nominees Limited NVM PE Limited NVM Private Equity LLP Project NVM Limited Ultra Secure Products Limited	Alaric Systems Limited Control Risks Group Holdings Limited Hunley Limited NF Holdings Limited Northstar Ventures Limited Oceanos Limited Saluda Limited Seawise Limited Turbinia Limited
Richard Green	Hydrogen Group PLC Technology Venture Partners LLP Qannas Investments Limited August Equity Partners II Executives Partnership LP August Equity Partners III Executives Partnership LP	August Equity LLP August Equity Partners I Executives Partnership LP August Equity Partners I Executives GP Limited August Equity Partners I GP Limited Boat International Group Limited Dyslexia Action Shop Limited Dyslexia Institute Limited Dyslexia Institute Trading Limited
David Mayes	Airbeem Limited British Country Inns PLC British Country Inns 2 PLC British Country Inns 3 Ltd British Country Inns 4 PLC Coutts Middle East & North Africa Private Equity LP Credit Suisse First Boston Trustees Limited Cumberland House BPRA Property Fund LLP D & M No. 1 LLP Docklands 2001 Plan, L.P. Docklands 2002 Plan, L.P. Docklands 2004 Plan, L.P. Docklands 2005 Plan, L.P.	Connect Capital Partners Limited Cumberland House (Car Park) LLP Eastern Markets Capital Partners Limited Osprey Income & Growth 9 LP Tritax Amazon A LP Tritax Prime Distribution Income LP

	<p>Docklands 2006 Plan, L.P. Docklands 2007 Plan, L.P. Fenkle Street BPRA Property Fund LLP Inside Track 1 LLP Inside Track 2 LLP Inside Track Productions LLP Maven Capital (Ambassador Homes) LP Maven Capital (Courthouse Apartments Dundee) LP Maven Capital (Maidenhead) LP Maven Co-invest CBT LP Maven Co-invest DPP LP Maven Co-invest Endeavour LP Maven Co-invest Fathom LP Maven Co-invest Fletcher LP Maven Co-invest Geneva LP Maven Co-invest HCS LP Maven Co-invest Incremental LP Maven Co-invest Lambert LP Maven Co-invest Platinum LP Maven Co-invest Prime LP Maven Co-invest Rock LP Maven Co-invest Ropley LP Maven Co-invest Space LP Maven Co-invest Sputnik LP Maven Co-invest Vodat LP Maven MIP Regional Buyout Co-invest LP Maven Co-invest Ouseburn LP Osprey Income & Growth 1 LP Osprey Income & Growth 2 LP The 2010/11 Brookfields Thetford LP Tritax 2010/11 Cortonwood Retail LP PB China Harvest II Offshore Feeder LP The Salvation Army International Trustee Company Tritax Aberdeen HQ Office LP</p>	
Hugh Younger	<p>39 Castle Street Limited 41 Castle Street Limited Castle Street Nominees Limited Castle Street Nominees UK Limited Castle Street Trustees French Street Properties Limited Great Stuart Trustees Limited Inchcape Family Trustees Limited Lothian Hill Farms MBM Board Nominees Limited MBM Trustee Company Limited Murray Asset Management Limited Murray Asset Management UK Limited Murray Asset Nominees Limited Murray Asset Nominees UK Limited Murray Beith Murray Nominees Limited Murray Beith Murray Murray Investment Management Limited Rutherford Fishings Smith Trustee Company Limited (The) Snawdon Partnership</p>	MB&M PEP Nominees Limited

- (h) None of the Directors nor any member of the Manager has for at least the previous five years:
 - (i) had any convictions in relation to fraudulent offences; or
 - (ii) been associated with bankruptcies, receiverships or liquidations (save for members' voluntary liquidations) in relation to an entity for which they have been acting as members of the administrative, management or supervisory bodies or senior management who was relevant to establishing that the entity had the appropriate expertise and experience for the management of its business; or
 - (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or been disqualified by a Court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issuer.
- (i) The Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company.
- (j) There are no potential conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have. With the exception of Tim Levett, all of the Company's Directors will be independent of the Manager throughout its life.
- (k) None of the Company's major holders of Shares have voting rights different from other holders of Shares.
- (l) No amounts have been set aside by the Company or Manager for pensions, retirement or similar benefits.
- (m) Other than with respect to the shareholdings in the Company held by the Directors as set out in paragraph 6(b) of this Part V and subscriptions in the Company by the Directors and the agreements referred to in paragraphs 7(a), (b) and (c) below the Company has not entered into any related party transactions since the date of its respective incorporation and up to the date of this document.
- (n) There are no service contracts with the Company providing for benefits upon termination of employment.
- (o) The Disclosure Guidance and Transparency Rules require a Shareholder to notify the Company of the percentage of its Shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds.

6. Directors' and Others' Interests in Northern 2 VCT

- (a) 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 Guidance and Transparency Rules.
- (b) As at 20 September 2017 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which: (i) have been notified by each Director to the Company; (ii) are required pursuant to section 809 of the 2006 Act to be entered in the register referred to therein; or (iii) are interests of a connected person of the Director which would, if the connected person, within the meaning of section 252 of the 2006 Act, were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

Director	Number of Shares	Percentage of issued share capital
David Gravells	26,692	0.03%
Alastair Conn	446,355	0.44%
Simon Devonshire	-	0.00%
Cecilia McAnulty	51,957	0.05%
Frank Neale	105,030	0.10%

The Directors of the Company, other than Alastair Conn, have given undertakings to invest a total of £41,000 in the Company under the Offers. Alastair Conn's intended subscription of £10,000 is included in the NVM partners' and employees' total shown on page 25.

Following the Offers, assuming full subscription and based on the Initial Offer Price adjusted for a Promoter's Fee of 2% and no Adviser Charge being paid, the shareholdings of the Directors will be not less than as follows:

Director	Number of Shares	Percentage of issued share capital assuming full subscription of the Offers*
David Gravells	35,351	0.03%
Alastair Conn	460,787	0.35%
Simon Devonshire	Nil	0.00%
Cecilia McAnulty	66,389	0.05%
Frank Neale	141,112	0.11%

*Based on an initial Offer Price of 69.3p

Save as disclosed in this paragraph, no Director nor any person (to the extent the same is known to, or could with reasonable diligence be ascertained by, that Director) connected with any Director (within the meaning of the Disclosure Guidance and Transparency Rules) has any interest in the share capital of the Company which is required to be notified pursuant to the Disclosure Guidance and Transparency Rules or which is required to be entered in the register maintained under section 809 of the 2006 Act.

- (c) None of the Directors has a service contract. Directors' appointments are subject to 3 months' notice and all Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be directors. The office of non-executive director is also not pensionable. Aggregate Directors' emoluments for the year ended 31 March 2017 amounted to £84,000 (plus applicable employer's National Insurance Contributions). Each Director is currently entitled to receive during the year ending 31 March 2018 the fees listed below.

Name	Annual remuneration (with effect from 1 April 2017) £
David Gravells	24,000
Alastair Conn*	18,500
Simon Devonshire	18,500
Cecilia McAnulty	18,500
Frank Neale	18,500
	<hr/> 98,000

*Alastair Conn has waived his entitlement to a director's fee for the year ending 31 March 2018

- (d) No loan or guarantee has been granted or provided by the Company to any Director.
- (e) Save as disclosed in paragraph 6(b) above, this paragraph and paragraph (m) below, 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.
- (f) The Company has taken out directors' and officers' liability insurance for the benefit of its Directors and the Company Secretary.
- (g) The following are directorships (unless otherwise stated) and partnership interests held by the Directors in the five years prior to the date of this document and the principal activities of the Directors outside the Company where these are significant with respect to the Company:

Directorships and partnership interests

Current		Past five years
David Gravells	Paraclete Limited Student Loans Company Limited The Grammar School At Leeds	The Association Of Masters In Business Administration Holmes Catering Equipment Ltd. Holmes Catering Group Ltd White Horse Machinery Limited Time of Year Limited
Alastair Conn	Community Foundation Serving Tyne & Wear and Northumberland Glendale Crossing Places Trust Northern VCT Managers Limited Northern Venture Managers Limited NV1 CP Limited NV1 GP Limited NV2 CP Limited NV2 Nominee Limited NV3 CP Limited NVM Group Limited NVM Nominees Limited NVM PE Limited NVM Private Equity LLP Project NVM Limited Seed Capital General Partner Limited Tyne & Wear Foundation Limited	CNE General Partner Limited Northern AIM VCT PLC Northern Enterprise (General Partner) Limited Team General Partner Limited The Northern Baptist Association
Simon Devonshire	Intelesant Limited Student Loans Company Limited Tall Man Business Limited Talent Cupboard Limited	Ding Limited Finance Matters (J.P.) Ltd. Latitude Underwear Ltd The Local Data Company Ltd Wayra Social Ventures Limited Wayra UK Limited
Cecilia McAnulty	Celtica Investments LLP	English National Ballet English National Ballet Enterprises Limited European Capital Advisers Limited Root Six (UK) Consulting Limited Ulisse Due SRL
Frank Neale	Croxton Park Farm Limited Futurelearn Limited IRRFC West Herts College	Garrets (Holdings) Limited Francis Combe Academy

- (h) None of the Directors nor any member of the Manager has for at least the previous five years:
- (i) had any convictions in relation to fraudulent offences; or
 - (ii) been associated with bankruptcies, receiverships or liquidations (save for members' voluntary liquidations) in relation to an entity for which they have been acting as members of the administrative, management or supervisory bodies or senior management who was relevant to establishing that the entity had the appropriate expertise and experience for the management of its business; or
 - (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or been disqualified by a Court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issuer.
- (i) The Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company.
- (j) There are no potential conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have. With the exception of Alastair Conn, all of the Company's Directors will be independent of the Manager throughout its life.

- (k) None of the Company's major holders of Shares have voting rights different from other holders of Shares.
- (l) No amounts have been set aside by the Company or Manager for pensions, retirement or similar benefits.
- (m) Other than with respect to the shareholdings in the Company held by the Directors as set out in paragraph 6(b) of this Part V and subscriptions in the Company by the Directors and the agreements referred to in paragraphs 7(a), (b) and (d) below the Company has not entered into any related party transactions since the date of its respective incorporation and up to the date of this document.
- (n) There are no service contracts with the Company providing for benefits upon termination of employment.
- (o) The Disclosure Guidance and Transparency Rules require a Shareholder to notify the Company of the percentage of its Shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds.

Directors' and Others' Interests in Northern 3 VCT

- (a) 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 Guidance and Transparency Rules.
- (b) As at 20 September 2017 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which: (i) have been notified by each Director to the Company; (ii) are required pursuant to section 809 of the 2006 Act to be entered in the register referred to therein; or (iii) are interests of a connected person of the Director which would, if the connected person, within the meaning of section 252 of the 2006 Act, were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

Director	Number of Shares	Percentage of issued share capital
James Ferguson	556,374	0.79%
Chris Fleetwood	55,305	0.08%
Tim Levett	238,148	0.34%
John Waddell	14,340	0.02%

The Directors of the Company, other than Tim Levett, have given undertakings to invest a total of £122,500 in the Company under the Offers. Tim Levett's intended subscription of £60,000 is included in the NVM partners' and employees' total shown on page 25.

Following the Offers, assuming full subscription and based on the Initial Offer Price adjusted for a Promoter's Fee of 2% and no Adviser Charge being paid, the shareholdings of the Directors will be not less than as follows:

Director	Number of Shares	Percentage of issued share capital assuming full subscription of the Offers*
James Ferguson	656,783	0.73%
Chris Fleetwood	70,366	0.08%
Tim Levett	298,393	0.33%
John Waddell	21,870	0.02%

*Based on an initial Offer Price of 99.6p

Save as disclosed in this paragraph, no Director nor any person (to the extent the same is known to, or could with reasonable diligence be ascertained by, that Director) connected with any Director (within the meaning of the Disclosure Guidance and Transparency Rules) has any interest in the share capital of the Company which is required to be notified pursuant to the Disclosure Guidance and Transparency Rules or which is required to be entered in the register maintained under section 809 of the 2006 Act.

- (c) None of the Directors has a service contract. Directors' appointments are subject to 3 months' notice and all Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be directors. The office of non-executive director is also not pensionable. Aggregate Directors' emoluments for the year ended 31 March 2017 amounted to £57,500 (plus applicable employer's National Insurance Contributions). Each Director is currently entitled to receive during the year ending 31 March 2018 the fees listed below.

Name	Annual remuneration (with effect from 1 April 2017) £
James Ferguson	25,000
Chris Fleetwood	20,000
Tim Levett*	20,000
John Waddell	20,000
	<u>85,000</u>

*Tim Levett has waived his entitlement to a director's fee for the year ending 31 March 2018

- (d) No loan or guarantee has been granted or provided by the Company to any Director.
- (e) Save as disclosed in paragraph 6(b) above, this paragraph and paragraph (m) below, 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.
- (f) The Company has taken out directors' and officers' liability insurance for the benefit of its Directors and the Company Secretary.
- (g) The following are directorships (unless otherwise stated) and partnership interests held by the Directors in the five years prior to the date of this document and the principal activities of the Directors outside the Company where these are significant with respect to the Company:

Directorships and partnership interests

	Current	Past five years
James Ferguson	Amati Global Partners LLP Amadeus and Angels Seed Fund Amadeus III Affiliates Fund LP Monks Investment Trust Public Limited Company (The) National Galleries Of Scotland Foundation Penicuik House Preservation Trust The Independent Investment Trust PLC The North American Income Trust PLC The Scottish Oriental Smaller Companies Trust PLC Value And Income Services Limited Value And Income Trust PLC	Amati Global Investors Limited Archangels Investments LLP Audax Properties plc Gordonstoun Foundation Limited Gordonstoun Schools, Limited Henry Duncan Foundation Lloyds TSB Foundation For Scotland Real Tennis Edinburgh The Corra Foundation
Chris Fleetwood	IO Solutions Limited NCFE Limited	Digitalcity Business Trading Limited
Tim Levett	Channel Mum Limited Gentronix Limited Graza Limited Intuitive Holding Limited Northern VCT Managers Limited Northern Venture Managers Limited Northern Venture Trust PLC NV1 CP Limited NV1 GP Limited NV2 CP Limited NV2 Nominee Limited	Alaric Systems Limited Control Risks Group Holdings Limited Hunley Limited NF Holdings Limited Northstar Ventures Limited Oceanos Limited Saluda Limited Seawise Limited Turbinia Limited

	NV3 CP Limited NVM Group Limited NVM Nominees Limited NVM PE Limited NVM Private Equity LLP Project NVM Limited Ultra Secure Products Limited	
John Waddell	City Health Clinic Edinburgh Limited Cortex Worldwide (Holdings) Limited Indigo Lighthouse Group Ltd Indigo Lighthouse Solutions Ltd JWEB Limited MGB Biopharma Limited NCTECH Ltd Indigo Lighthouse Solutions (Europe) Ltd Terry Trim Limited The Map Magazine Limited Amadeus III Affiliates Fund LP Amadeus IV Early Stage Fund LP Amadeus and Angels Seed Fund	Archangel Directors Limited Archangel Informal Investment Limited Archangels Investments LLP Archangel Investors (Management) Limited Archangel Investors Limited CXR Biosciences Limited Instant Group Limited Photonic Solutions (Holdings) Limited PRL (Scotland) PDA Systems Limited PRL Scotland Limited Touch Bionics Limited

- (h) None of the Directors nor any member of the Manager has for at least the previous five years:
- (i) had any convictions in relation to fraudulent offences; or
 - (ii) been associated with bankruptcies, receiverships or liquidations (save for members' voluntary liquidations) in relation to an entity for which they have been acting as members of the administrative, management or supervisory bodies or senior management who was relevant to establishing that the entity had the appropriate expertise and experience for the management of its business; or
 - (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or been disqualified by a Court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issuer.
- (i) The Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company.
- (j) There are no potential conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have. With the exception of Tim Levett, all of the Company's Directors will be independent of the Manager throughout its life.
- (k) None of the Company's major holders of Shares have voting rights different from other holders of Shares.
- (l) No amounts have been set aside by the Company or Manager for pensions, retirement or similar benefits.
- (m) Other than with respect to the shareholdings in the Company held by the Directors as set out in paragraph 6(b) of this Part V and subscriptions in the Company by the Directors and the agreements referred to in paragraphs 7(a), (b) and (e) below the Company has not entered into any related party transactions since the date of its respective incorporation and up to the date of this document.
- (n) There are no service contracts with the Company providing for benefits upon termination of employment.
- (o) DTR5 of the Disclosure Guidance and Transparency Rules require a Shareholder to notify the Company of the percentage of its Shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds.

7. *Material contracts*

The following are (i) the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Companies for the two years immediately preceding publication of this document and which are or may be material to the Companies, and (ii) the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Companies at any time and contain any provisions under which each Company has any obligation or entitlement which is material to the Companies as at the date of this document:

- (a) A letter of engagement dated 15 September 2017 between the Companies, Downing and the Manager pursuant to which Downing is appointed as promoter of the Offers. Under this letter, the Companies are obliged to pay Downing an amount equal to 4% (or 2% where no commission is payable) of the aggregate amount of subscription monies received by the Companies pursuant to the Offers together with an annual commission of 0.2% for five years of the gross funds subscribed under the Offers in respect of which trail commission is payable. Pursuant to this engagement letter, Downing agrees that it will pay all costs, charges, fees and expenses payable by the Companies or the Manager in connection with, or incidental to, the Offers and the Admission.
- (b) Co-investment agreements dated 9 March 2006 between Northern 2 VCT and NVM, as amended on 18 September 2017, dated 24 March 2006 between Northern Venture Trust and NVM, as amended on 20 September 2017 and dated 24 March 2006 between Northern 3 VCT and NVM, as amended on 18 September 2017, pursuant to which investment executives employed by the Manager who have been nominated by the Manager (in its absolute discretion) to participate in a co-investment (the "Co-Investors") are required to invest directly (on the same terms as the Companies) in the ordinary shares of the investee companies in which the Companies invests, whether from the proceeds of the Offers or from the funds attributable to the Existing Shares. Co-Investors are required to subscribe as follows, subject to an annual cap set by the Manager for each Co-Investor:
- where the investment comprises a mixture of ordinary shares and loans or redeemable preference shares, for 5% of the aggregate amounts invested in ordinary shares at the same time as the Company; or
 - where the investment is structured entirely as shares in an unquoted company, for 5% of the aggregate investment in ordinary shares at the same time as the company, subject to not less than 70% of the company's investment being in shares with preferential rights.

All investments in unquoted entities 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 Companies. Co-Investors under the scheme will not necessarily be required to realise investments at the same time as or on the same terms as the corresponding investments made by the Companies in respect of investments in quoted entities.

- (c) A Management and Investment Advisory Deed dated 26 January 2015, as amended on 15 December 2016, made between Northern Venture Trust and NVM, pursuant to which NVM is responsible for managing Northern Venture Trust and advising on its investment portfolio in line with the investment policy determined by the Board of Northern Venture Trust. Northern Venture Trust is registered with the FCA as a small Alternative Investment Fund Manager and retains full discretion over matters relating to the investment portfolio. The Board retains overall responsibility for the conduct of Northern Venture Trust's affairs. NVM has agreed to offer investment opportunities to Northern Venture Trust and to other funds it manages pro-rata to the Net Assets of each fund at the time of investment. The Management and Investment Advisory Deed continues without limitation in point of time unless terminated by either party on giving one year's notice.

NVM receives a basic management fee, payable quarterly in advance, at the rate of 2.06% per annum of Net Assets less current liabilities calculated at half-yearly intervals as at 31 March and 30 September and a performance-related management fee equivalent to 15% of the amount, if any, by which the Total Return increases in each financial year (expressed as a percentage of opening NAV) 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, subject to such cash investments being limited to 25% of the total investments of Northern Venture Trust. Following a year in which Total Return decreases, a "high water mark" will apply to the calculation of the performance-related fee, whereby an amount equivalent to the reduction will be deducted from subsequent increases in Total Return achieved prior to any further performance-related fee calculation taking place. The performance-related management fee is subject to an overall cap of 2.25% of net assets per annum.

Out of such fees NVM will pay the fees of Speirs & Jeffrey Limited, who manage the Company's non-VCT qualifying listed investments. NVM also provides secretarial and administration services to Northern Venture Trust, for which it receives an annual fee of £68,500 (plus VAT) payable quarterly in advance. The secretarial and administration fee is adjusted annually in line with changes in the UK Index of Retail Prices.

The Annual Running Costs of Northern Venture Trust are capped at 2.9% of its net assets, any excess being borne by the Manager by way of a reduction of its fees. Annual Running Costs include, inter alia, Directors' fees, fees for audit and taxation advice, registrars' fees, costs of communicating with Shareholders, the basic annual fees payable to the Manager and annual commission payments to Downing, but exclude performance-related management fees. The total annual running costs (excluding performance-related fees) for the most recently completed financial year for Northern Venture Trust was 2.55% of its average net assets.

NVM is entitled to receive arrangement fees (i.e. fees to cover costs of due diligence and implementing investments) and monitoring/directors' fees from companies in which Northern Venture Trust invests. Costs incurred on abortive investment proposals are the responsibility of NVM.

- (d) A Management and Administration Deed dated 30 July 2014, as amended on 8 November 2016, made between Northern 2 VCT and NVM, pursuant to which NVM is responsible for managing Northern 2 VCT and its investment portfolio in line with the investment policy determined by the Board of Northern 2 VCT. The Board retains overall responsibility for the conduct of Northern 2 VCT's affairs. NVM has agreed to offer investment opportunities to Northern 2 VCT and to other funds it manages pro-rata to the Net Assets of each fund at the time of investment.

The Management and Administration Deed continues without limitation in point of time unless terminated by either party on giving one year's notice.

NVM receives a basic management fee, payable quarterly in advance, at the rate of 2.06% per annum of Net Assets less current liabilities calculated at half-yearly intervals as at 31 March and 30 September and a performance-related management fee equivalent to 12% of the amount, if any, by which the Total Return increases in each financial year (expressed as a percentage of opening NAV) exceeds a performance hurdle. The hurdle is a composite rate based on 7% on average long-term investments and the higher of base rate plus 1% and 2.5% on average cash and near-cash investments during the year. Following a year in which Total Return decreases, 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 per annum.

Out of such fees NVM will pay the fees of Speirs & Jeffrey Limited, who manage the Company's non-VCT qualifying listed investments. NVM also provides secretarial and administration services to Northern 2 VCT, for which it receives an annual fee of £56,200 (plus VAT) payable quarterly in advance. The secretarial and administration fee is adjusted annually in line with changes in the UK Index of Retail Prices.

The Annual Running Costs of Northern 2 VCT are capped at 2.9% of its net assets, any excess being borne by the Manager by way of a reduction of its fees. Annual Running Costs include, inter alia, Directors' fees, fees for audit and taxation advice, registrars' fees, costs of communicating with Shareholders, the basic annual fees payable to the Manager and annual commission payments to Downing, but exclude performance-related management fees. The total annual running costs (excluding performance-related fees) for the most recently completed financial year for Northern 2 VCT was 2.58% of its average net assets.

NVM is entitled to receive arrangement fees (i.e. fees to cover costs of due diligence and implementing investments) and monitoring/directors' fees from companies in which Northern 2 VCT invests. Costs incurred on abortive investment proposals are the responsibility of NVM.

- (e) A Management and Administration Deed dated 21 May 2014 made between Northern 3 VCT and NVM, as amended on 10 November 2016, pursuant to which NVM is responsible for managing Northern 3 VCT and its investment portfolio in line with the investment policy determined by the Board of Northern 3 VCT. The Board retains overall responsibility for the conduct of Northern 3 VCT's affairs. NVM has agreed to offer investment opportunities to Northern 3 VCT and to other funds it manages pro-rata to the Net Assets of each fund at the time of investment.

The Management and Administration Deed continues without limitation in point of time unless terminated by either party on giving one year's notice.

NVM receives a basic management fee, payable quarterly in advance, at the rate of 2.06% per annum of Net Assets less current liabilities calculated at half-yearly intervals as at 31 March and 30 September and a performance-related management fee equivalent to 14.2% of the amount, if any, by which the Total Return increase in each financial year (expressed as a percentage of opening NAV) 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 year in which Total Return decreases, 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 per annum.

Out of such fees NVM will pay the fees of Speirs & Jeffrey Limited, who manage the Company's non-VCT qualifying listed investments. NVM also provides secretarial and administration services to Northern 3 VCT, for which it receives an annual fee of £53,000 (plus VAT) payable quarterly in advance. The secretarial and administration fee is adjusted annually in line with changes in the UK Index of Retail Prices.

The Annual Running Costs of Northern 3 VCT are capped at 2.9% of its net assets, any excess being borne by the Manager by way of a reduction of its fees. Annual Running Costs include, inter alia, Directors' fees, fees for audit and taxation advice, registrars' fees, costs of communicating with Shareholders, the basic annual fees payable to the Manager and annual commission payments to Downing, but exclude performance-related management fees. The total annual running costs (excluding performance-related fees) for the most recently completed financial year for Northern 3 VCT was 2.52% of its average net assets.

NVM is entitled to receive arrangement fees (i.e. fees to cover costs of due diligence and implementing investments) and monitoring/directors' fees from companies in which Northern 3 VCT invests. Costs incurred on abortive investment proposals are the responsibility of NVM.

- (f) Each of the Directors of Northern Venture Trust has entered into a letter of appointment with Northern Venture Trust for a period of up to three years from the dates set out against their names below and each letter of engagement is terminable on three months' notice given by either side.

Director	Date of appointment or reappointment	Annual general meeting at which current appointment terminates
Simon Constantine	17 December 2015	December 2018
Nigel Beer	17 December 2015	December 2018
Richard Green	18 December 2014	December 2017
David Mayes	18 December 2014	December 2017
Tim Levett	15 December 2016	December 2017
Hugh Younger	17 December 2015	December 2018

Pursuant to the terms of each letter of engagement, a Director is required to devote such time to the affairs of Northern Venture Trust as the Board reasonably requires consistent with his role as a non-executive Director. Each Director is entitled to receive the fees set out in paragraph 6 (c) under the heading Directors' and Others' Interests in Northern Venture Trust in this Part V. Each Director is entitled to be reimbursed for expenses properly incurred. There are no specific provisions for compensation in the event of early termination of the letters of engagement. In such event, the Director will be entitled to remuneration pro-rata to the proportion of the accounting period for which he has served. None of the Directors has entered into any service contract with Northern Venture Trust.

- (g) Each of the Directors of Northern 2 VCT has entered into a letter of appointment with Northern 2 VCT for a period of up to three years from the dates set out against their names below and each letter of engagement is terminable on three months' notice given by either side.

Director	Date of appointment or reappointment	Annual general meeting at which current appointment terminates
David Gravells	12 July 2017	July 2018
Alastair Conn	12 July 2017	July 2018
Simon Devonshire	12 July 2017	July 2020
Cecilia McAnulty	12 July 2017	July 2020
Frank Neale	12 July 2017	July 2018

Pursuant to the terms of each letter of engagement, a Director is required to devote such time to the affairs of Northern 2 VCT as the Board reasonably requires consistent with his role as a non-executive Director. Each Director is entitled to receive the fees set out in paragraph 6 (c) under the heading Directors' and Others' Interests in Northern 2 VCT in this Part V. Each Director is entitled to be reimbursed for expenses properly incurred. There are no specific provisions for compensation in the event of early termination of the letters of engagement. In such event, the Director will be entitled to remuneration pro-rata to the proportion of the accounting period for which he has served. None of the Directors has entered into any service contract with Northern 2 VCT.

- (h) Each of the Directors of Northern 3 VCT has entered into a letter of appointment with Northern 3 VCT for a period of up to three years from the dates set out against their names below and each letter of engagement is terminable on three months' notice given by either side.

Director	Date of appointment or reappointment	Annual general meeting at which current appointment terminates
James Ferguson	8 July 2015	July 2018
Chris Fleetwood	6 July 2016	July 2019
Tim Levett	13 July 2017	July 2018
John Waddell	13 July 2017	July 2020

Pursuant to the terms of each letter of engagement, a Director is required to devote such time to the affairs of Northern 3 VCT as the Board reasonably requires consistent with his role as a non-executive Director. Each Director is entitled to receive the fees set out in paragraph 6 (c) under the heading Directors' and Others' Interests in Northern 3 VCT in this Part V. Each Director is entitled to be reimbursed for expenses properly incurred. There are no specific provisions for compensation in the event of early termination of the letters of engagement. In such event, the Director will be entitled to remuneration pro-rata to the proportion of the accounting period for which he has served. None of the Directors has entered into any service contract with Northern 3 VCT.

- (i) Under the Offer Agreement dated 21 September 2017 between the Companies, the Directors, the Sponsor and Downing, the Sponsor has agreed to act as sponsor to the Offers and Downing has undertaken, as agent of the Companies, to use its reasonable endeavours to procure subscribers for up to £20,000,000 in Northern Venture Trust's offer under the Offers, £20,000,000 in Northern 2 VCT 's offer under the Offers and £20,000,000 in Northern 3 VCT's offer under the Offers. Neither the Sponsor nor Downing is obliged to subscribe for Offer Shares.

Under the Offer Agreement the Companies are obliged to pay Downing an amount equal to 4% (or 2% where no commission is payable) of the aggregate amounts of the subscription monies as received by the Companies pursuant to the Offers together with an annual commission of 0.2% for five years of the gross funds subscribed under the Offers in respect of which trail commission is payable. Pursuant to this agreement, Downing agrees that it will pay all costs, charges, fees and expenses payable by the Companies or the Manager in connection with, or incidental to, the Offers and the Admission.

Under the Offer Agreement, which may be terminated by the Sponsor and Downing in certain circumstances, certain warranties have been given by each Company and the Directors to the Sponsor and Downing, subject to certain limitations. Each Company has also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. The warranties and indemnity are in usual form for a contract of this type. The Offer Agreement may be terminated by the Sponsor if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

- (j) Each of the Companies has entered into a letter agreement dated 18 September 2017 in the case of Northern 2 VCT and Northern 3 VCT and 20 September 2017 in the case of Northern Venture Trust, with NVM pursuant to which NVM has agreed to reduce its management fee to 1.0% of NAV in respect of the net proceeds of the Offers for the period from the date of allotment to 30 September 2018.

8. General

- (a) The legal name of the Companies are Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC and their principal place of business and registered offices are at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN (telephone no: 0191 2446000). The Companies have not, nor have had since incorporation, any employees other than their Directors. The Companies do not have any subsidiaries or associated companies.
- (b) The principal place of business and registered office of the Manager is at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN (telephone no: 0191 2446000). NVM has 9 partners and 17 employees. The Manager is UK domiciled and was incorporated in England and Wales under the 2000 Limited Liability Partnerships Act on 27 March 2014 with registered number OC392261.
- (c) KPMG LLP (formerly KPMG Audit Plc) of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG has been the registered auditor of Northern Venture Trust since its incorporation.

KPMG LLP (formerly KPMG Audit Plc) of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG has been the registered auditor of Northern 2 VCT since 2003. From incorporation until 2003, PricewaterhouseCoopers LLP of 89 Sandyford Road, Newcastle upon Tyne NE99 1PL was the registered auditor of Northern 2 VCT.

KPMG LLP (formerly KPMG Audit Plc) of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG has been the registered auditors of Northern 3 VCT since 2003. From incorporation until 2003, PricewaterhouseCoopers LLP of 89 Sandyford Road, Newcastle upon Tyne NE99 1PL was the registered auditor of Northern 3 VCT.

- (d) Directors of the Companies or the Manager may, from time to time, become interested in transactions with or in certain companies in which the Companies have invested or proposes to invest, subject to full disclosure, the relevant Board approval and compliance with the Listing Rules.
- (e) The Boards are responsible for the determination and calculation of the Companies' Net Asset Values and announces them at least quarterly, through a regulatory information service. The Boards believe that, by announcing their Companies' financial results on a regular basis, this should help to provide a fairer market price for their Shares. The Boards do not envisage any circumstances in which such calculations would be suspended but, were this to occur, such suspension would be communicated to shareholders in a similar manner.
- (f) The Companies each hold their unquoted assets at their registered offices at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN. The custodian of the Companies' quoted venture capital assets is Brewin Dolphin Limited, which is authorised and regulated by the FCA and whose registered office is at 12 Smithfield Street, London EC1A 9BD and whose telephone number is 0203 201 3900. Brewin Dolphin Limited was incorporated in England and Wales on 1 June 1987 with registered number 2135876. The custodian of the Companies' non-VCT qualifying listed investments is Speirs & Jeffrey Limited which is authorised and regulated by the FCA and whose registered office is at George House, 50 George Square, Glasgow, G2 1EH and whose telephone number is 0141 248 4311. Speirs & Jeffrey Limited was incorporated under the Companies Act 1985 under number SC098335 and is registered in Scotland.
- (g) Valuation of investments: Listed investments and investments traded on AIM will be stated at closing bid prices. Unquoted investments and investments traded on ISDX will be stated at fair value as determined by the Directors. In valuing unquoted investments, the Directors will follow a number of general principles in accordance with the latest venture capital industry guidelines.
- (h) Reporting to Shareholders - the annual report and accounts are made up to 30 September in each year for Northern Venture Trust and 31 March in each year for each of Northern 2 VCT and Northern 3 VCT and are normally sent to Shareholders in May and November as applicable. The unaudited half yearly reports are made up to 31 March in each year for Northern Venture Trust and 30 September in each year for each of Northern 2 VCT and Northern 3 VCT and are normally sent to Shareholders in November and May as applicable.
- (i) Save for payments made under the agreements described in paragraphs (c) to (e) of the Material Contracts section on pages 64 to 66 above and investments in which Co-Investors have invested (as described on pages 8 and 9), there have been no related party transactions since 30 September 2013 to the date of this document in respect of Northern Venture Trust and since 31 March 2013 to the date of this document in respect of Northern 2 VCT and Northern 3 VCT.
- (j) All material contracts of the Company will be in English and the Company and/or its Manager will communicate with Investors and/or Shareholders in English.
- (k) Complaints about any of the Companies or the Manager should be referred to the chairman of the relevant board at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN. Any such complaint may subsequently be referred to the Financial Ombudsman Service. Compensation will not be available from the Financial Services Compensation Scheme in the event of default by the Manager.
- (l) A typical investor in the Companies will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £5,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
- (m) As at the date of this document, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect the Companies' operations.

- (n) The Companies have to satisfy a number of tests to qualify as VCTs and will be subject to various rules and regulations in order to continue to qualify as VCTs, as set out under paragraph 5 of Part VI of this document ("Taxation Considerations for Investors"). In addition, under the rules relating to Admission, the Companies must manage and invest their assets in accordance with the investment policy set out in the section headed "Corporate objective and investment policies" on page 17, which contains information about the policies which they will follow relating to asset allocation, risk diversification and gearing and which includes a maximum exposure. Investors will be informed through a regulatory information service of the action that the Boards propose to take in the event that any of these investment restrictions are breached.
- (o) All third-party information in this document has been identified as such by reference to its source and has been accurately reproduced and, so far as the Companies are aware, and is able to ascertain from information published by the relevant party, no facts have been omitted which would render such information inaccurate or misleading.

9. Stamp Duty, Stamp Duty Reserve Tax and Close Company Status

The Companies have been advised that no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of the Shares issued under the Offers.

The transfer on sale of any Shares will be liable to ad valorem stamp duty normally at the rate of 0.5% of the amount or value of the consideration (rounded up to the nearest £5). An unconditional agreement to transfer Shares also gives rise to an obligation to account for SDRT, which is payable within seven days of the start of the month following that in which the agreement was entered into. The payment of stamp duty gives rise to a right to repayment of any SDRT paid. There will be no stamp duty or SDRT on the transfer of the Shares into CREST unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5%. A transfer of Shares effected on a paperless basis through CREST will generally be subject to SDRT at a rate of 0.5% of the value of the consideration. Following the issue of the Shares pursuant to the Offers, the Companies are not likely to be a close company for tax purposes.

10. Consents

The Sponsor, the Promoter and the Manager have given and have not withdrawn their written consents to the issue of this document with the references to them in the form and context in which they appear.

11. Documents for Inspection

Copies of the following documents are available for inspection at the offices of Howard Kennedy Corporate Services LLP at No. 1 London Bridge, London SE1 9BG and at the registered office of the Companies at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN during normal business hours on any weekday (public holidays excepted) from the date of this document until the closing date of the Offers:

- (a) the Memorandum of Association and Articles of the Companies;
- (b) the material contracts referred to in paragraph 7 above;
- (c) the consent letters referred to in paragraph 10 above;
- (d) the Prospectus; and
- (e) the Companies' audited annual accounts for the previous three financial years, and, in the case of Northern Venture Trust, the half yearly reports and unaudited accounts for the six months ended 31 March 2016 and 31 March 2017, all of which are incorporated by reference herein.

Part VI – Taxation considerations for Investors

VCTs: Summary of the applicable legislation in respect of Investors

1. Taxation of a VCT

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

2. Tax reliefs for Individual investors

Individuals who subscribe for Offer Shares must be aged 18 or over to qualify for the tax reliefs outlined below.

Relief from income tax

An Investor subscribing up to £200,000 in the 2017/18 tax year for eligible shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the Investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. If an Investor has sold, or if they sell, any shares in the Companies within six months either side of the subscription for the Offer Shares, then for the purposes of calculating income tax relief on the Offer Shares the subscribed amount must be reduced by the amount received from the sale. Relief is also restricted to the amount which reduces the investor's income tax liability to nil.

Dividend relief

An investor who subscribes for or acquires eligible shares in a VCT (up to a maximum of £200,000 in the 2017/18 tax year) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to Investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Companies do not assume responsibility for the withholding of tax at source.

Capital gains tax relief

A disposal by an individual Investor of his/her shares in a VCT will neither give rise to a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is also limited to disposals of shares acquired within the £200,000 limit described above.

Loss of tax reliefs

- (i) If a company which has been granted approval or provisional approval as a VCT subsequently fails to comply with the conditions for approval, VCT status may be withdrawn or treated as never having been given. The exemptions from corporation tax on capital gains will not apply to any gain realised after VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).
- (ii) For Investors, the withdrawal of VCT status may (depending upon the timing of such withdrawal) result in:
 - repayment of the 30% income tax relief on subscription for new VCT shares;
 - income tax becoming payable on subsequent payments of dividends by the company; and
 - a liability to tax on capital gains being suffered in the normal way on the disposal of shares in the company, except that any part of the gain attributable to the period for which the VCT was approved would be exempt.
- (iii) The consequences for Investors in a company which never obtains full unconditional approval as a VCT are as follows:
 - repayment of the 30% income tax relief on subscriptions for new VCT shares and interest on overdue tax may arise;
 - income tax becoming payable on all payments of dividends by the company; and
 - any gain arising on a disposal of the shares would be liable to capital gains tax and losses on the shares would be allowable losses for capital gains tax purposes.

The Offer Shares are eligible VCT shares for the purposes of this section.

3. Consequences of an Investor dying or a transfer of shares between spouses

(i) *Initial income tax*

If an Investor dies at any time after making an investment in a VCT, the transfer of shares on death is not treated as a disposal and, therefore, the initial income tax relief is not withdrawn. However, the shares will become part of the deceased's estate for inheritance tax purposes.

(ii) *Tax implications for the beneficiary*

Provided a number of conditions are met, the beneficiary of any VCT shares will be entitled to tax-free dividends and will not pay capital gains tax on any disposal within the £200,000 limit described above, but will not be entitled to any initial income tax relief.

(iii) *Transfer of shares between spouses*

Transfers of shares in a VCT between spouses is not deemed to be a disposal and, therefore, all tax reliefs will be retained.

4. General

(i) *Investors who are not resident in the UK*

Non-resident Investors, or Investors who may become non-resident, should seek their own professional advice as to the consequences of making an investment in a VCT, because they may be subject to tax in other jurisdictions.

(ii) *Stamp duty and stamp duty reserve tax*

No stamp duty or (unless shares in a VCT are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax will be payable on the issue of VCT shares. The transfer on the sale of shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within two months) stamp duty reserve tax generally, in each case at the rate of 50p for every £100 or part of £100 of the consideration paid where the total consideration exceeds £1,000 or if it forms part of a series of transactions where the total consideration exceeds £1,000. Such duties would be payable by a person who purchases such shares from the original subscriber.

(iii) *Purchases in the market after listing*

Any subsequent purchaser of existing VCT shares, as opposed to a subscriber for new VCT shares, will not qualify for income tax relief on investment but may benefit from dividend relief and from capital gains tax relief on the disposal of his/her VCT shares.

(iv) *The VCT Regulations 2004*

Under the VCT Regulations, monies raised by any further issue of shares by an existing VCT are subject to a grace period of three years before they must be applied in making investments which meet the VCT qualifying thresholds. However, to the extent any of the money raised (save for an insignificant amount in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares then this grace period shall not apply.

5. Tax Position of the Companies

To obtain VCT status a company must be approved by HM Revenue & Customs as a VCT. HM Revenue & Customs has granted the Companies approval under Section 274 ITA as a VCT and the Companies intend to continue complying with the requirements of such section.

For a VCT to obtain full unconditional approval, the conditions summarised below must be satisfied in relation to the accounting period of the company which is current when the application for approval is made, or in any event must be satisfied by no later than the beginning of the VCT's next accounting period and must continue to be satisfied throughout the life of the VCT:

- (i) the VCT's income must have been derived wholly or mainly from shares and securities (in the case of securities issued by a company, meaning loans with a five-year or greater maturity period);
- (ii) no holding in a company (other than a VCT or a company which would, if its shares were listed, qualify as a VCT) by the VCT may represent more than 15% by value of the VCT's total investments at the time of investment;
- (iii) the VCT must not have retained more than 15% of the income derived from shares or securities in any accounting period; and
- (iv) the VCT must not make an investment into a company which causes that company to have received more than £5 million of State Aided Risk Finance in a rolling 12 month period, or more than £12 million in total (£20 million for a 'knowledge intensive' company);
- (v) no investment can be made by the VCT in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous State Aid Risk Finance was received by the company within 7 years (10 years for a 'knowledge intensive' company) or where a turnover test is satisfied; and
- (vi) no funds received from an investment by the VCT into a company can be used to acquire another existing business or trade.

The VCT must not be a close company. Its ordinary share capital must be quoted on any regulated market in the EU or European Economic Area.

The VCT must not in respect of any share capital created on or after 6 April 2014, and any reserves created from the cancellation thereof, make any payment or distribution out of such share capital and reserves to shareholders within three years from the end of the accounting period in which that share capital was created.

The following conditions also have to be satisfied by no later than the beginning of the VCT's accounting period which commences no later than three years after provisional approval takes effect and must continue to be satisfied throughout the life of the VCT:

- (i) at least 70% by value of its investments is represented by shares or securities comprising qualifying investments;
- (ii) for funds raised before 6 April 2011, at least 30% by value of its qualifying investments is represented by holdings of ordinary shares which carry no present or future preferential rights to dividends, return or capital on a winding up or any redemption rights. For funds raised on or after 6 April 2011, at least 70% by value of its qualifying investments is represented by "eligible shares" which are ordinary shares which carry no present or future preferential rights to a return of capital on a winding up or any redemption rights, but may have certain preferential rights to dividends.
- (iii) The VCT must not make a non-qualifying investment other than those specified in section 274 ITA 2007.

Disposals of Qualifying Companies, which have been a qualifying holding throughout the six months prior to disposal, are disregarded for the purposes of the 70% test for a period of six months.

"Qualifying investments" comprise shares or securities (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) issued by unquoted trading companies which exist wholly or mainly for the purpose of carrying on one or more qualifying trades. The trade must be carried on by, or be intended to be carried on by, the investee company or a 90% held qualifying subsidiary (directly held or in the third tier within the group) at the time of the issue of the shares or securities to the VCT and at all times thereafter). The Qualifying Company must have a permanent establishment in the UK.

A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter. The definition of a qualifying trade excludes certain activities, including dealing in property, shares, securities, commodities or futures. It also excludes banking, insurance, receiving royalties or licence fees in certain circumstances, leasing, the provision of legal and accounting services, farming and market gardening, forestry and timber production, property development and operating or managing hotels, guest houses, nursing and residential care homes, coal production, steel production, ship building, the production of fuel or power, the generation or export of heat or electricity or making reserve electricity generation capacity available. The funds raised by the investment must be used for the purposes of the qualifying trade within certain time limits.

A qualifying investment can be made in a company which is a parent company of a trading group where the activities of the group, taken as a whole, consist of carrying on one or more qualifying trades. The subsidiary carrying on the qualifying trade in question must be at least 90% owned by the parent company. The investee company's gross assets must not exceed £15 million immediately prior to the investment. Neither the VCT nor any other company may control the investee company. At least 10% of the VCT's total investment in the investee company must be in ordinary non-preferential shares. In respect of investments made from funds raised on or after 6 April 2007 Qualifying Companies or groups must have fewer than 250 employees. Companies are permitted to receive a maximum of £5 million from all State Aid investments sources in the 12 months ending on the date of the VCT's investment. There is also a disqualifying purpose test designed to exclude companies set up for the purpose of accessing the tax reliefs. VCT funds may not be used by investee companies to acquire shares, another business or intangible assets in use in a trade.

Companies whose shares are traded on AIM or are ISDX-quoted or ISDX-traded are treated as unquoted companies for the purposes of calculating qualifying investments. Shares in an unquoted company which subsequently become listed may still be regarded as a qualifying investment for a further five years following listing, provided all other conditions are met.

The Companies will notify an RIS as to any action that the Manager takes in the event of a breach of any of the conditions to remaining a VCT.

The above is only a summary of the tax position of individual investors in VCTs, based on the Companies' understanding of current law and practice. Investors are recommended to consult a professional adviser as to the taxation consequences of investing in a VCT. Tax reliefs referred to in this document are UK tax reliefs and are dependent on the Companies maintaining their VCT qualifying status.

Part VII – Definitions

2006 Act	Companies Act 2006, as amended from time to time
Admission	date on which the Offer Shares allotted pursuant to the Offers are listed on the Official List of the UKLA and admitted to trading on the London Stock Exchange's main market for listed securities
Adviser Charge	fee, payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in Offer Shares, and detailed on the Application Form
AIM	a sub market of the London Stock Exchange established in 1995 to provide a market for small, growing companies with greater regulatory flexibility than applies to the main market
AIF	an alternative investment fund
AIFM (s)	manager(s) of AIF(s) for the purposes of the AIFMD
AIFMD	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
Annual Running Costs	annual running costs incurred by the Companies in the ordinary course of their business (including irrecoverable VAT)
Applicant	person who applies for Offer Shares under the Offers through means of completing an Application Form
Application Form(s)	form of application for Offer Shares
Articles	articles of association of the Companies as at the date of this document
Board or Directors	board of directors of each Company
Business Day	any day (other than a Saturday or Sunday) on which clearing banks in London are open for normal banking business in sterling
Closing Date	5 April 2018
Company or Companies or Northern VCTs	either individually, or any combination of Northern Venture Trust, Northern 2 VCT and Northern 3 VCT
CREST	relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of Shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 02878738)
Direct Investors	an investor with no adviser
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules, made by the FCA under Part VI of FSMA and relating to the disclosure of information in respect of financial instruments
Dividend Investment Scheme(s) or Scheme(s)	the respective dividend investment scheme for each Company as detailed in Part X of this document, as amended from time to time
Downing	Downing LLP, which is authorised and regulated by the FCA (registered number OC341575, FCA number 545025)
Execution-Only Investor	an Investor who has not sought advice from an independent financial adviser
Existing Shares	the Ordinary Shares in issue at the date of this Prospectus
FCA	Financial Conduct Authority or its successor
FSMA	Financial Services and Markets Act 2000, as amended from time to time
Initial Adviser Charge	a one-off Adviser Charge to be paid at the time of or shortly after the investment being made

ITA	Income Tax Act 2007, as amended from time to time.
Intermediary	financial intermediary or adviser, authorised under FSMA, who signs the Application Form and whose details are set out in Section 5 on the Application Form
Investor	individual who subscribes for Offer Shares pursuant to the Offers
Listed	admitted to the premium segment of the Official List and to trading on the London Stock Exchange
Listing Rules	listing rules of the UKLA
London Stock Exchange or LSE	London Stock Exchange plc
Mandate Form	the form that enables shareholders in the Companies to participate in the Dividend Investment Scheme, available on NVM's website at www.nvm.co.uk
ML Regulations	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
Net Assets	gross assets less all liabilities (excluding contingent liabilities) of the Companies calculated in accordance with the Companies' normal accounting policies in force at the date of circulation
NAV or Net Asset Value	net asset value in pence per Share
Northern 2 VCT	Northern 2 VCT PLC (registered number 03695071)
Northern 3 VCT	Northern 3 VCT PLC (registered number 04280530)
Northern Venture Trust	Northern Venture Trust PLC (registered number 03090163)
NVM, Manager or NVM Private Equity	NVM Private Equity LLP which is authorised and regulated by the FCA
Offers	offer for subscription to raise in aggregate up to £60 million by issues of Ordinary Shares by the Companies pursuant to the Prospectus
Offer Price	price paid by an Investor for Offer Shares
Offer Shares	ordinary shares of 25p each in the capital of Northern Venture Trust (ISIN: GB0006450703), ordinary shares of 5p each in the capital of Northern 2 VCT (ISIN: GB0005356430) or ordinary shares of 5p each in the capital of Northern 3 VCT (ISIN: GB0031152027) individually or collectively as appropriate, in each case subscribed for under the terms of the Offers (as the context dictates)
Official List	official list of the UK Listing Authority maintained in accordance with section 74(1) FSMA
Ordinary Shares or Shares	ordinary shares of 25 pence each in the capital of Northern Venture Trust (ISIN: GB0006450703), ordinary shares of 5 pence each in the capital of Northern 2 VCT (ISIN: GB0005356430) or ordinary shares of 5 pence each in the capital of Northern 3 VCT (ISIN: GB0031152027)
Ordinary Shareholders or Shareholders	holders of Ordinary Shares
Pricing Formula	the pricing formula by which the number of Offer Shares issued under the Offers is determined for each investor
Professional Client Investor	an investor who is either a per se professional client or an elective professional client under rule 3.5 of the conduct of business sourcebook as published in the FCA's handbook.
Promoter	Downing LLP, the promoter of the Offers
Promoter's Fee	fee payable by the Companies to Downing, calculated as a percentage of each Applicant's gross subscription in the Offers in return for which Downing will pay the launch costs of the Offers
Prospectus	this document
Prospectus Rules	Prospectus Rules of the UKLA

Qualifying Company	unquoted (including an AIM-quoted) company which satisfies the requirements of Part 4 of Chapter 6 of the ITA
Qualifying Investments	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 3 and 4 of Chapter 6 of the ITA
Receiving Agent	NVM Private Equity LLP
Registrar	Equiniti Limited, of Aspect House, Spencer Road, Lancing BN99 6DA
Retail Client Investor	Investors who apply for Offer Shares through their Intermediary where the Intermediary has classified the Investor as a retail client for the purposes of the FCA rules
RIS	regulatory information service
RPI	inflation measured by the Retail Price Index
Sponsor	Howard Kennedy Corporate Services LLP
Total Return	NAV, plus cumulative dividends paid, including tax credits where reclaimable
UK Corporate Governance Code	the UK Corporate Governance Code issued by the Financial Reporting Council and as updated from time to time
UK Listing Authority or UKLA	FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
VCT Regulations 2004	Venture Capital Trust (Winding Up and Mergers) (Tax) Regulations SI 2004 No. 2199
VCT Rules	legislation, rules and HM Revenue & Customs interpretation and practice regulating the establishment and operation of venture capital trusts
Venture Capital Trust or VCT	venture capital trust as defined in section 259 of the ITA

Part VIII – Additional information

1. The Companies

1.1 Borrowing policy

The Directors may exercise all the powers of the Companies to borrow money and to mortgage or charge its undertakings, property and uncalled capital. The Directors shall restrict the borrowings of the Companies and exercise all voting and other rights or powers of control exercisable by the Companies in relation to their subsidiaries (if any) so as to secure (so far, as regards the subsidiaries, as by such exercise they can secure) that the aggregate amount at any one time owing or deemed to be owing by the Companies and/or any subsidiaries, determined as hereinafter mentioned, in respect of moneys borrowed by them or any of them shall not at any time, without the previous sanction of an ordinary resolution of the Companies, exceed an amount equal to the aggregate amount paid up on the issued share capital of the Companies and the amounts standing to the credit of the consolidated reserves of the Companies as shown in the latest audited Balance Sheet, adjusted where appropriate to take account of movements since that date.

1.2 Cancellation of the share premium account

The Directors are aware of the possibility that the Companies' Shares may trade at a discount to their net asset value at some point. The Directors consider that the Companies should have the ability to purchase their Shares in the market (such Shares to be automatically cancelled) with the aim of reducing any discount and increasing the NAV of the remaining Shares. In the view of the Directors, the awareness of Investors that the Companies have such a capability may tend to moderate the scale of any discount which may emerge and the action of buying in shares should enable any such discount to be narrowed.

The 2006 Act provides that a public company may only purchase its own shares out of distributable profits or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase. Subject to confirmation from HM Revenue & Customs that such proposals will not adversely affect the Companies' VCT status and Court approval, the Companies have decided to cancel the share premium account (created on the issue of the Offer Shares) and to transfer the balance to a special reserve which may be treated as a distributable profit, out of which purchases of Shares can be made, subject to regulations, VCT Rules and company legislation. Distributions will not be made from such a reserve to the extent it is attributable to share capital raised after 5 April 2018 for a minimum of three years following the end of the accounting period in which the relevant shares are issued.

1.3 The Offer Shares

Shareholders authorities to create, allot and issue Offer Shares, as if applicable statutory pre-emption rights do not apply, up to the following aggregate maximum nominal value of £10,150,000 were obtained at the following general meetings of the Companies:

Company	Aggregate nominal value of Offer Shares	Date of general meeting
Northern Venture Trust	£7,500,000	20 September 2017
Northern 2 VCT	£1,550,000	18 September 2017
Northern 3 VCT	£1,100,000	18 September 2017

All Shareholders will have the same voting rights in respect of the existing share capital of the Companies. An existing holder of Ordinary Shares who does not subscribe for Offer Shares pursuant to the Offers would experience no dilution in terms of NAV per share (as the assets of the Companies will be increased by the proceeds of the Offers and the upfront costs of the Offers are borne by subscribers). The Offer Shares are up to approximately 30,000,000 ordinary shares of 25 pence each in the capital of Northern Venture Trust (ISIN: GB0006450703), up to approximately 31,000,000 ordinary shares of 5 pence each in the capital of Northern 2 VCT (ISIN: GB0005356430) or up to approximately 22,000,000 ordinary shares of 5 pence each in the capital of Northern 3 VCT (ISIN: GB0031152027) and are created under the 2006 Act and are freely transferable.

2. Working capital and capitalisation and indebtedness statements

2.1 Working capital

Northern Venture Trust, Northern 2 VCT and Northern 3 VCT are each of the opinion that they individually have sufficient working capital for their present requirements (that is, for at least 12 months from the date of this document).

2.2 Statement of capitalisation and indebtedness of Northern Venture Trust

The table below shows the capitalisation of Northern Venture Trust as at 30 June 2017, the most recent date in respect of which unaudited financial information of Northern Venture Trust has been published.

	£000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	26,257
Other reserves	48,123
	<hr/>
	74,380

There has been no material change in the capitalisation of Northern Venture Trust, total debt or shareholder equity since 30 June 2017.

The following table shows the net indebtedness of Northern Venture Trust as at 30 June 2017, the most recent date in respect of which unaudited financial information of Northern Venture Trust has been published.

	£000
A Cash	13,617
B Cash equivalent	-
C Trading Securities	-
D Liquidity (A+B+C)	13,617
E Current financial receivables	-
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
I Current financial debt (F+G+H)	-
J Net current financial indebtedness (I-E-D)	(13,617)
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
N Non-current financial indebtedness (K+L+M)	-
O Net financial indebtedness (J+N)	(13,617)

Northern Venture Trust does not have any contingent or indirect indebtedness.

2.3 Statement of capitalisation and indebtedness of Northern 2 VCT

The table below shows the capitalisation of Northern 2 VCT as at 30 June 2017, the most recent date in respect of which unaudited financial information of Northern 2 VCT has been published.

	£000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	4,957
Other reserves	70,750
	<u>75,707</u>

There has been no material change in the capitalisation of Northern 2 VCT, total debt or shareholder equity since 30 June 2017.

The following table shows the net indebtedness of Northern 2 VCT as at 30 June 2017, the most recent date in respect of which unaudited financial information of Northern 2 VCT has been published.

	£000
A Cash	23,767
B Cash equivalent	-
C Trading Securities	-
D Liquidity (A+B+C)	23,767
E Current financial receivables	-
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
I Current financial debt (F+G+H)	-
J Net current financial indebtedness (I-E-D)	(23,767)
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
N Non-current financial indebtedness (K+L+M)	-
O Net financial indebtedness (J+N)	(23,767)

Northern 2 VCT does not have any contingent or indirect indebtedness.

2.4 Statement of capitalisation and indebtedness of Northern 3 VCT

The table below shows the capitalisation of Northern 3 VCT as at 30 June 2017, the most recent date in respect of which unaudited financial information of Northern 3 VCT has been published.

	£000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	3,488
Other reserves	70,556
	74,044

There has been no material change in the capitalisation of Northern 3 VCT, total debt or shareholder equity since 30 June 2017.

The following table shows the net indebtedness of Northern 3 VCT as at 30 June 2017, the most recent date in respect of which unaudited financial information of Northern 3 VCT has been published.

	£000
A Cash	17,864
B Cash equivalent	-
C Trading Securities	-
D Liquidity (A+B+C)	17,864
E Current financial receivables	-
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
I Current financial debt (F+G+H)	-
J Net current financial indebtedness (I-E-D)	(17,864)
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
N Non-current financial indebtedness (K+L+M)	-
O Net financial indebtedness (J+N)	(17,864)

Northern 3 VCT does not have any contingent or indirect indebtedness.

3. Overseas Investors

- No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an offer or invitation to him/her to subscribe for or purchase Shares unless, in such territory, such offer or invitation could lawfully be made.
- No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. All Applicants will be required to warrant that they are not a US person as defined in paragraph 7(x) of Part IX of this document or a resident of Canada.

4. General Information

The Companies and their Shareholders are subject to the provisions of the Takeover Code and 2006 Act, which require shares to be acquired/transferred in certain circumstances.

As at 20 September 2017, being the latest practicable date prior to the publication of this document, the Companies are not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Companies or voting rights which is notifiable under UK law (under which, pursuant to 2006 Act and the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more will be notified to the Companies).

21 September 2017

Part IX - Terms and conditions of application

1. In these Terms and Conditions of Application, the expression “Prospectus” means this document. The expression “Application Form” means the application form for use in accordance with these Terms and Conditions of Application. Save where the content otherwise requires, the terms used in the Application Form bear the same meaning as in the Prospectus.
2. The right is reserved to reject any application or to accept any application in part only. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Offer Shares than the number applied for, or if in any other circumstances there is an excess payment in relation to an application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the Applicant. In the meantime application monies will be retained in the relevant Company's bank account.
3. Offer Shares will be allotted on a “first come first served” basis. However, applications from shareholders on the Companies’ registers of members as at the close of business on 25 July 2017 will have priority in respect of the Company or Companies of which they are a member for a period of twenty one days from the date of this document. Thereafter, valid applications received by the Companies during the twenty one day period from shareholders on the registers of members of any of the Companies as at the close of business on 25 July 2017 will be satisfied prior to the Offers becoming open to all applicants. The Company may also (in its absolute discretion) accept priority applications for Offer Shares made by the spouse or civil partner of a shareholder registered on the register of members of the Company or Companies as at the close of business on 25 July 2017, provided that they reside at the same address as the registered shareholder and subject to the receipt by the Receiving Agent of such evidence of the identity of the applicant as the Receiving Agent may accept in its absolute discretion. The right is reserved in the absolute discretion of the Company to reject any such application or to accept any application in whole or part only. The Offers will remain open until 3.00pm on 5 April 2018, unless fully subscribed at an earlier date and subject to the Directors' right to close the Offers at any time.
4. The maximum amount that can be subscribed in respect of priority application(s) for Offer Shares is £200,000 for each individual registered shareholder provided that:
 - (a) such maximum amount shall apply to the combined applications received from an individual registered shareholder and his or her spouse or civil partner under paragraph 3 above; and
 - (b) where a shareholder registered on the register of members on 25 July 2017 was acting as nominee for one or more beneficial owners of Shares such maximum amount shall apply to applications made on behalf of each such beneficial owner and/or his or her spouse or civil partner subject to:
 - i. the receipt by the Receiving Agent of such evidence as it may accept (in its absolute discretion) of the appointment of such registered shareholder as nominee; and
 - ii. a list duly certified by such nominee of the beneficial owners and their spouses or civil partners for whom applications are being made by the nominee shareholder and the number of shares held by such beneficial owners.The right is reserved in the absolute discretion of the Company to reject any such application which is not accompanied by satisfactory evidence of the appointment of such registered shareholder as nominee or to accept any application in whole or part only. The application will not be processed until satisfactory evidence is provided. Satisfactory evidence may include a form of statement from the nominee shareholder detailing their appointment as nominee.
5. You may pay for your application for Offer Shares by cheque or banker’s draft submitted with the Application Form only.
6. The contract created by the acceptance of applications in respect of the Offer Shares will be unconditional.
7. By completing and delivering an Application Form, you:
 - (a) offer to subscribe for the amount specified on your Application Form plus any commission waived for extra shares or any smaller sum for which such application is accepted at the Offer Price;
 - (b) acknowledge that, if your subscription is accepted, you will be allocated such number of Offer Shares as determined by the Pricing Formula;
 - (c) authorise your financial adviser, or whoever he or she may direct, the Registrar or the Companies to send a document of title for, or credit your CREST account in respect of, the number of Offer Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - (d) in consideration of the Companies agreeing that they will not, prior to the closing date of the Offers, offer any Offer Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked once made and that this paragraph constitutes a collateral contract between you and

- the applicable Company which will become binding upon despatch by post or delivery of your duly completed Application Form to the applicable Company or to your financial adviser;
- (e) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive share certificates for the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares unless and until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Companies (such acceptance shall be in their absolute discretion and may be on the basis that you indemnify them against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Companies of such late payment in respect of such Offer Shares, the Companies may (without prejudice to its other rights) treat the agreement to allot such Offer Shares as void and may allot such Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than return of such late payment at your risk and without interest);
 - (f) agree that all cheques and banker's drafts may be presented for payment on the due dates and any definitive documents of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;
 - (g) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Companies and NVM) to ensure compliance with the ML Regulations;
 - (h) agree that, in respect of those Offer Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by the relevant Company instructing NVM or the Registrar to enter your name on the share register;
 - (i) agree that all documents in connection with the Offers and any returned monies will be sent at your risk and may be sent to you at your address as set out in the Application Form;
 - (j) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations including the risk factors contained therein;
 - (k) confirm that (save for advice received from your financial adviser) in making such application you are not relying on any information and representation other than those contained in the Prospectus, or any supplementary prospectus, and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
 - (l) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offers shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Companies to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (m) irrevocably authorise the Companies, the Registrar or NVM or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Offer Shares subscribed by or issued to you into your name and authorise any representatives of the Companies, the Registrar or NVM to execute any documents required therefore and to enter your name on the registers of members of the relevant Company;
 - (n) agree to provide the Companies with any information which they may request in connection with your application or to comply with the VCT Regulations or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
 - (o) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Companies, NVM or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offers or your application;
 - (p) confirm that you have read and complied with paragraph 8 below;
 - (q) confirm that you have reviewed the restrictions contained in paragraph 9 below;
 - (r) warrant that you are not under the age of 18 years;
 - (s) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Companies, NVM, Downing or the Sponsor or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;
 - (t) agree that NVM, Downing and the Sponsor are acting for the Companies in connection with the Offers and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Offer Shares or concerning the suitability of Offer Shares for you or be responsible to you for the protections afforded to their customers;
 - (u) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;

- (v) warrant that you are not subscribing for the Offer Shares using a loan which would not have been given to you or any associate, or not given to you on such favourable terms, if you had not been proposing to subscribe for the Offer Shares;
 - (w) warrant that the Offer Shares are being acquired by you for *bona fide* investment purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT Rules is not of itself tax avoidance;
 - (x) warrant that you are not a “US person” as defined in the United States Securities Act of 1933 (as amended) nor a resident of Canada and that you are not applying for any Offer Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US person or resident of Canada; and
 - (y) warrant that the information contained in the Application Form is accurate.
8. No person receiving a copy of the Prospectus, or an Application Form, in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any of the formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
 9. The Offer Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the “USA”). In addition, the Companies have not been and will not be registered under the United States Investment Company Act of 1940, as amended. NVM will not be registered under the United States Investment Adviser Act of 1940 (as amended). No application will be accepted if it bears an address in the USA.
 10. This application is addressed to the Companies, NVM and the Sponsor. The rights and remedies of the Companies, NVM and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
 11. The dates and times referred to in these Terms and Conditions of Application may be altered by the Companies with the agreement of the Sponsor.
 12. Shareholders can register to receive information by email. In order to opt-in to e-communications, please visit the following website: <http://www.nvm.co.uk/investor-area/e-communications/>. If you have holdings in more than one Company, you will only need to register once to receive e-communications for all of the Companies. For any queries regarding e-communications, please telephone 0800 028 2349. By default, the Companies will send any shareholder communications in paper form unless Shareholders have opted in to e-communications.
 13. Authorised Intermediaries whose client has agreed an Adviser Charge and requested the Companies to facilitate the payment of that Adviser Charge out of his or her subscription monies and who return valid Application Forms bearing their stamp and FCA Number will be entitled to payment of the Adviser Charge specified on the Application Form. Intermediaries should keep a record of Application Forms submitted bearing their Stamp to substantiate any claim for their Adviser Charge.
 14. Intermediaries who have not provided personal recommendations or advice to UK retail clients in respect of the Offer Shares and who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FCA number may be entitled to commission on the amount payable in respect of the Offer Shares allocated for each such Application Form at the rates specified in the paragraph headed “Commissions” in Part I of this document. Intermediaries may agree to waive part or all of their initial commission in respect of an application for Offer Shares. If this is the case, then the offer charges will be adjusted, in accordance with the Pricing Formula. Intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.
 15. The section headed “Notes on Application Form” forms part of these Terms and Conditions of Application.

16. It is a condition of the Offers to ensure compliance with the ML Regulations. NVM is therefore entitled to require, at its absolute discretion, verification of identity from any Applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the Applicant or (ii) appears to NVM to be acting on behalf of some other person. Pending the provision of evidence satisfactory to NVM as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, NVM may, in its absolute discretion, retain an Application Form lodged by an Applicant and/or the cheque or other remittance relating thereto and/or the Registrar may not enter the Applicant on the register of members or issue any share certificates in respect of such application. If verification of identity is required, this may result in delay in dealing with an application and in rejection of the application. The Companies reserve the right, in their absolute discretion, for them or NVM to reject any application in respect of which NVM considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Companies reserve the right in their absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the Offer Shares in question (but in each case without prejudice to any rights the Companies may have to take proceedings to recover in respect of loss or damage suffered or incurred by them as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the Applicant to provide promptly to NVM such information as may be specified by it as being required for the purpose of the ML Regulations.
17. The right is also reserved to treat as valid and binding any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Notes on the Application Form. In particular, but without limitation, the Companies may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed in some other manner acceptable to the Companies to apply in accordance with these Terms and Conditions of Application.
18. The Companies and/or NVM may use the information you give for administration, research and/or statistical purposes. Your details may be used by the Companies and/or NVM (but will not be sold to third parties) to send you information on other potential investment opportunities (maximum six communications per annum). If you would prefer not to receive such information, please write to NVM.
19. The minimum subscription is £6,000 across all three Companies and at least £2,000 in any one Company subject to the Board's discretion.
20. The application of the subscription proceeds is subject to the absolute discretion of the Directors.

Annex I – Terms and conditions of the Dividend Investment Scheme

INTRODUCTION

The Companies are offering to its Shareholders the opportunity to participate in a Dividend Investment Scheme ("the Dividend Investment Scheme" or "the DRIS") whereby they may elect to receive Shares, credited as fully paid, instead of receiving dividends in cash. This is a simple, cost effective method for Shareholders to increase the value of their investment in the Companies and to benefit from additional VCT income tax relief.

To participate in the Dividend Investment Scheme, Shareholders must download and complete the Mandate Form from www.nvm.co.uk and return to:

Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA (or in a prepaid envelope)

The Mandate Form must be received no later than 10 Business Days before an Investment Day (as defined below).

A Shareholder's membership of the Dividend Investment Scheme will continue until such a time as that Shareholder cancels their membership. Participation in the Dividend Investment Scheme can be cancelled at any time subject to the cancellation request being received by Equiniti Limited, the Scheme Administrator, before the record date for the relevant dividend.

The Companies retain the right to suspend or terminate the Scheme at any time.

PART A - DRIS TERMS AND CONDITIONS

The following definitions apply throughout this Annex I, unless the context otherwise requires:

Admission	admission of the Ordinary Shares to the Official List and to trading on the premium segment of the London Stock Exchange's main market for listed securities becoming effective, and "Admitted" shall be construed accordingly
Applicant	a Shareholder participating in the DRIS or, where a Shareholder holds Ordinary Shares as a Nominee Shareholder, the person, being the Beneficial Shareholder
Beneficial Shareholder	an individual entitled to the economic benefit of any Ordinary Shares which are held by a Nominee Shareholder
Board or Directors	the directors of the relevant Company
Business Day	a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in the City of London
Company	Northern Venture Trust PLC, Northern 2 VCT PLC or Northern 3 VCT PLC (as the case may be)
CREST	the computerised settlement system to facilitate the transfer of title to securities in uncertificated form operated by Euroclear UK & Ireland Limited
Dividend Investment Scheme or DRIS	the dividend investment scheme operated by each of the Companies
DRIS Manager	Equiniti Limited, or such other person or persons who may from time to time be appointed by the Company to manage the DRIS
DRIS Terms and Conditions	the terms and conditions relating to the DRIS as amended from time to time, the latest version of which is set out in this document
Investment Day	a day on which a special dividend or an annual dividend on Ordinary Shares is credited to the account of Shareholders or, if such day is not a dealing day on the London Stock Exchange, the next dealing day thereafter
ITA	Income Tax Act 2007
London Stock Exchange	London Stock Exchange plc
Mandate Form	the form to be completed by a Shareholder in respect of his or her application for participation in or withdrawal from the DRIS
Nominee Shareholder	the registered owner of any Ordinary Shares as appointed by the Beneficial Shareholder
Nominee Shareholding	Ordinary Shares held by a Beneficial Shareholder but registered in the name of a Nominee Shareholder
Official List	the Official List maintained by the Financial Conduct Authority in accordance with Part VI of the Financial Services and Markets Act 2000 (as amended from time to time)
Ordinary Shares	ordinary shares of 25p each in the capital of Northern Venture Trust PLC and ordinary shares of 5p each in the capital of Northern 2 VCT PLC and Northern 3 VCT PLC
Qualifying Companies	has the meaning set out in the ITA
Qualifying Investments	has the meaning set out in the ITA

Shareholders	registered holders of Ordinary Shares
venture capital trust or VCT	a venture capital trust as defined in Section 259 of ITA

- 1 The Company shall apply the monies held within the DRIS (being dividends paid, or to be paid, on Ordinary Shares held by, or on behalf of, Applicants participating in the DRIS) in the subscription of Ordinary Shares. The DRIS Manager shall not have the discretion, and Applicants may not instruct the DRIS Manager, to apply such monies towards any investments other than investments in further Ordinary Shares. Applicants may join the DRIS by giving notice in writing to the DRIS Manager. The Company, acting through the DRIS Manager, shall have absolute discretion to accept or reject applications to participate in the DRIS. An Applicant shall become a member of the DRIS upon acceptance of his or her application by the DRIS Manager on the Company's behalf. The DRIS Manager will provide written notification if an application is rejected. Only Shareholders or their applicable Nominee Shareholder may join the DRIS. Where an Applicant joins the DRIS in respect of all Shares registered in his or her name, the number of Ordinary Shares held by any such Applicant which are mandated to the DRIS shall be altered immediately following any change to the number of Ordinary Shares in respect of which such Shareholder is the registered holder as entered onto the share register of the Company from time to time. Applicants who are not Shareholders may join the DRIS in respect of the number of Ordinary Shares of the Company specified as Nominee Shareholdings and notified to the DRIS Manager by the Applicant and the Shareholder in whose name the Ordinary Shares are held. The right to participate in the DRIS in respect of any Investment Day shall only be available to those Applicants who have notified the DRIS Manager of their wish to participate in the DRIS, and have not withdrawn or cancelled such notification, at least 10 Business Days prior to the relevant Investment Day.
- 2 On or as soon as practicable after an Investment Day, the funds held within the DRIS on behalf of an Applicant shall, subject to the conditions at paragraphs 18 and 20 below and the Company having the requisite Shareholder authorities to allot Ordinary Shares and to the Ordinary Shares falling within an exception to Section 85(2) of the Financial Services and Markets Act 2000, be applied on behalf of that Applicant in the subscription for the maximum number of whole new Ordinary Shares as can be acquired with those funds.
- 3 The number of new Ordinary Shares to be allotted to an Applicant pursuant to the condition at paragraph 2 shall be calculated by dividing the funds held within the DRIS on behalf of the Applicant by the greatest of (a) the latest published net asset value per Ordinary Share (net of all unpaid dividends declared on or before an Investment Day), (b) the nominal value per Ordinary Share and (c) the mid-market price per Ordinary Share as quoted on the London Stock Exchange, each at the close of business on the tenth Business Day preceding the date of issue of such Ordinary Shares. Fractions of new Ordinary Shares will not be allotted to Applicants and their entitlement will be rounded down to the nearest whole number of new Ordinary Shares. The new Ordinary Shares will rank equally with all existing Ordinary Shares.
- 4 Any balance of cash remaining within the DRIS for the account of an Applicant after a subscription is made pursuant to the condition at paragraph 2 shall be held by the Company on behalf of the relevant Applicant and added to the cash available in respect of that Applicant for the subscription of Ordinary Shares on the next Investment Day. No interest shall accrue or be payable in favour of any Applicant on any such cash balances carried forward. All cash balances held by the Company will be held as banker and not trustee and as a result will not be held in accordance with any client money rules made by the Financial Conduct Authority from time to time.
- 5 The Company shall immediately after the subscription of Ordinary Shares in accordance with the condition at paragraph 2 above take all necessary steps to ensure that those Ordinary Shares shall be admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange, provided that at the time of such subscription the existing Ordinary Shares in issue are so admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange. The DRIS Manager shall as soon as practicable after the subscription of Ordinary Shares in accordance with the condition at paragraph 2 take all necessary steps to ensure that the Applicants (or, where an Applicant is not a Shareholder, the Shareholder on whose behalf the Ordinary Shares mandated to the DRIS are held) are entered onto the share register of the Company as the registered holders of the Ordinary Shares issued to them in accordance with the condition at paragraph 3 above, and that share certificates (unless such Ordinary Shares are to be uncertificated in which case the new Ordinary Shares will be credited to the Applicant's CREST account) in respect of such Ordinary Shares are issued and delivered to Applicants at their own risk. Shareholders (or such other person as aforesaid) will receive with their share certificates (if any) a statement detailing:

- (a) the total number of Ordinary Shares held at the Investment Day in respect of which a valid election to participate in the DRIS was made;
- (b) the dividend available for investment and participation in the DRIS;
- (c) the price per Ordinary Share subscribed pursuant to the condition at paragraph 2;
- (d) the number of Ordinary Shares issued and the date of issue; and
- (e) the amount of cash to be carried forward for investment on the next Investment Day.

6 All costs and expenses incurred by the DRIS Manager and the Company in administering the DRIS will be borne by the Company.

7 By completing and delivering a Mandate Form, each Applicant (and in the case of (b) and (c) below the Shareholder in whose name the Ordinary Shares are mandated to the DRIS are held, if not the Applicant) warrants to the Company and the DRIS Manager that:

- (a) during the continuance of his or her participation in the DRIS, he or she will remain the sole Beneficial Shareholder of the Ordinary Shares mandated to the DRIS free from encumbrances or security interests;
- (b) all information set out in the Mandate Form to participate in the DRIS is correct and to the extent any of the information changes, he or she will notify the DRIS Manager of such changes; and
- (c) during the continuance of his or her participation in the DRIS, he or she will comply with the provisions of paragraph 8 below.

Mandate forms current at the time the DRIS Terms and Conditions are amended shall apply in respect of the DRIS. Each Shareholder or other person to whom such a mandate form relates shall be deemed to have given the warranties set out in this paragraph 7.

8 The right to participate in the DRIS will not be available to any person who is a citizen, resident or national of, or has a registered address in, any jurisdiction outside the United Kingdom, unless such right could properly be made available to such person. It is the responsibility of any Applicant wishing to participate in the DRIS to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).

9 Each Applicant acknowledges that neither the DRIS Manager nor the Company is providing a discretionary management service to him or her. Neither the DRIS Manager nor the Company shall be responsible for any loss or damage suffered by any Applicant as a result of his or her participation in the DRIS unless due to the negligence or wilful default of the DRIS Manager or the Company (respectively), or their employees or their respective agents.

10 An Applicant may at any time by completing a Mandate Form and sending it to the DRIS Manager:

- (a) terminate his or her participation in the DRIS and withdraw any monies held by the Company on his or her behalf in relation thereto; or
- (b) vary the number of Ordinary Shares registered in the name of the Applicant in respect of which he or she is entitled to receive dividends pursuant to the DRIS.

If an Applicant who is a Shareholder shall at any time cease to hold Ordinary Shares, he or she shall be deemed to have submitted a Mandate Form under paragraph (a) above in respect of his or her participation in the DRIS. Whenever a Nominee Shareholder sells Ordinary Shares on behalf of the Beneficial Shareholder, the Nominee Shareholder agrees to notify the DRIS Manager of the full details of the sale as soon as practicable. Neither the Company nor the DRIS Manager shall be responsible for any loss or damage as a result directly or indirectly of a failure by a Nominee Shareholder to comply with such obligation. If a Shareholder in whose name Ordinary Shares are held on behalf of an Applicant shall at any time cease to hold any Ordinary Shares on behalf of that Applicant, he or she shall be deemed to have submitted a Mandate Form under paragraph (a) above in respect of his or her participation in the DRIS. If notice of termination is served or deemed to have been served, all of the monies held by the Company on the Applicant's behalf shall be delivered to the Applicant as soon as reasonably practicable at the address set out in the Mandate Form, subject to any deductions which the Company may be entitled or bound to make hereunder. Any Mandate Form submitted or deemed to have been submitted under the condition at this paragraph 10 shall not be effective in respect of the next forthcoming Investment Day unless it is received by the DRIS Manager at least 10 Business Days prior to such Investment Day.

11 Cash balances of less than £1 held on behalf of Applicants who have withdrawn from, or otherwise cease to participate in, the DRIS will not be repaid, but will be donated to a recognised registered charity at the discretion of the Company.

- 12 The Company and the DRIS Manager shall be entitled, at their absolute discretion at any time and from time to time, to suspend the operation of the DRIS and/or to terminate the DRIS without notice to the Applicants and/or to resolve to pay dividends to Applicants partly by way of cash and partly by way of new Ordinary Shares and/or to refuse to invest dividends due on Ordinary Shares held by a Nominee Shareholder where the DRIS Manager is unable to obtain confirmation of the identity and shareholdings of the relevant Beneficial Shareholder. In the event of termination, the Company shall, subject to the condition at paragraph 11 above, pay to each Applicant all of the monies held by the Company on his or her behalf under the DRIS.
- 13 All Mandate Forms and any other notices and instructions to be given to the DRIS Manager shall be in writing and delivered or posted to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.
- 14 The Company and the DRIS Manager shall be entitled to amend the DRIS Terms and Conditions on giving one month's notice in writing to all Applicants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Applicants unless in the Company's and the DRIS Manager's opinion, the change materially affects the interests of Applicants. Amendments to the DRIS Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Applicants may be effected without notice.
- 15 By completing and delivering the Mandate Form, the Applicant:
- (a) agrees to provide the Company and the DRIS Manager with any information which they may request in connection with such application and to comply with the applicable legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
 - (b) declares that a loan has not been made to the Applicant or, where the Applicant is not a Shareholder, the Shareholder on whose behalf the Ordinary Shares mandated to the DRIS are held, or any associate of either of them, which would not have been made, or would not have been made on the same terms, but for the Applicant offering to subscribe for, or acquiring, Ordinary Shares pursuant to the DRIS and that the Ordinary Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is avoidance of tax.
- 16 Subscriptions by individuals or their nominees for eligible shares in a venture capital trust should (depending on individual circumstances) attract applicable VCT tax reliefs for the tax year in which the new shares are allotted provided that such subscriptions for eligible shares do not exceed £200,000 (including subscriptions pursuant to dividend reinvestment schemes) in any tax year. Where Ordinary Shares are registered in the name of a Nominee Shareholder, the Nominee Shareholder shall notify the Beneficial Shareholder of the amount of the dividend to which he or she is entitled and which is eligible for participation in the DRIS. Each of the Nominee Shareholder and the Beneficial Shareholder shall complete the Mandate Form and the Beneficial Shareholder shall further confirm that the dividends attributable to the Ordinary Shares held on behalf of such individual shall be applied towards participation in the DRIS and indicate in whose name the Ordinary Shares should be registered.
- 17 Applicants will be treated as having received a cash dividend. Shareholders qualifying for VCT tax relief should not be liable to income tax on new Ordinary Shares allotted in respect of dividends from qualifying VCT shares (subject to the terms of the VCT Rules). Applicants are responsible for ascertaining their own tax status and liabilities and neither the DRIS Manager nor the Company accepts any liability in the event that tax reliefs are not obtained.
- 18 Since dividends on Ordinary Shares acquired in excess of £200,000 in any tax year will not be exempt from income tax in the same way as Ordinary Shares acquired within this limit, Applicants will generally be liable to tax on such dividends. The Company will nevertheless invest the whole of such dividends unless the DRIS Manager is notified to the contrary in writing at least 10 Business Days before an Investment Day.
- 19 For capital gains tax purposes, Shareholders who elect to receive new Ordinary Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Ordinary Shares. The new Ordinary Shares will be treated as a separate asset for capital gains purposes.
- 20 The Company will, subject to the conditions at paragraphs 2, 3, 4, and 10, issue such number of Ordinary Shares in the manner specified in the Mandate Form completed by the Applicant (for the avoidance of doubt in the case of an allotment of further Ordinary Shares irrespective of whether the amount of allotment is greater than any maximum investment limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless notified to the contrary in writing at least 10 Business Days before an Investment Day.
- 21 The Company shall not be obliged to accept any application or issue Ordinary Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules,

regulations or requirement of any regulatory authority or other body which is binding upon the Company or the DRIS Manager.

22 The amount of any claim or claims an Applicant has against the Company or the DRIS Manager shall not exceed the value of such Applicant's Ordinary Shares in the DRIS. Neither the Company nor the DRIS Manager will be responsible for:

- (a) acting or failing to act in accordance with a court order of which the DRIS Manager has not been notified (regardless of the jurisdiction which may govern the relevant court order);
- (b) forged or fraudulent instructions from or on behalf of a Shareholder (the Company and the DRIS Manager will be entitled to assume that instructions purporting to be from a Shareholder (or, where relevant, a Nominee Shareholder), are genuine);
- (c) losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a Nominee Shareholder) by reason of industrial action or any cause beyond the control of the Company or the DRIS Manager, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these DRIS Terms and Conditions resulting from breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or
- (d) any indirect or consequential loss.

Nothing in these DRIS Terms and Conditions shall exclude the Company or the DRIS Manager from any liability caused by fraud, wilful default or negligence.

23 Notwithstanding any other provision of the DRIS Terms and Conditions:

- (a) a separate offer of Ordinary Shares is made in respect of dividends announced and paid in each period of 12 months commencing 1 December annually (irrespective of the number of dividends announced or paid in each such period);
- (b) the offer for each period of 12 months shall be made on the date the first dividend to be paid within the relevant period is announced except if it is announced at the same time that the DRIS is not to apply in respect of that dividend;
- (c) the total nominal value of Ordinary Shares for each offer shall not exceed 10% of the Company's issued ordinary share capital at the date of the most recent notice convening an annual general meeting of the Company prior to 1 December annually;
- (d) upon payment of a dividend and application of the dividend in subscribing Ordinary Shares under the DRIS the offer shall be closed to the extent of the Ordinary Shares issued; and
- (e) if in relation to any dividend which is announced the amount to be applied in subscribing Ordinary Shares under the DRIS would result in the relevant limit being exceeded, then all the applications utilising the monies arising on that dividend (or carried forward in accordance with these DRIS Terms and Conditions) shall be reduced pro rata so that the total subscription monies then used arising from that particular dividend (but not any previous dividend) together with the amount of all monies already applied in the relevant period in subscribing Ordinary Shares under the DRIS is an amount not exceeding the relevant limit, and the balance shall be paid in cash to the Applicants.

24 The provision and implementation of the DRIS should not be taken as a recommendation by the Company or the DRIS Manager to any Shareholder to acquire or hold Ordinary Shares in the Company; the value of Ordinary Shares can go down as well as up and the Shareholder may not get back the full value of his or her investment. It may be difficult to sell Ordinary Shares and investment in the Company involves a higher degree of risk than certain other investments. It is the responsibility of Shareholders to decide whether to participate in the DRIS; if the Shareholder has any doubts, he or she should ask for advice from an appropriately qualified financial adviser. On acceptance of an application for participation in the DRIS from an Applicant, the DRIS Terms and Conditions and the instruction set out in the Mandate Form shall constitute an agreement between the Applicant and the Company.

25 These DRIS Terms and Conditions shall be governed by, and construed in accordance with, English law and each Applicant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company or the DRIS Manager to bring any action, suit or proceeding arising out of or in connection with the DRIS in any other manner permitted by law or in any court or competent jurisdiction.

Shareholders in any doubt about their tax position should consult their independent professional adviser.

PART B
RISK FACTORS

The Company's business, financial condition or results could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Ordinary Shares may decline due to any of these risks and Investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company. The Directors consider the following to be all the material 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:

- 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 the 30% income tax relief.
- The levels and bases of reliefs from taxation may change and could apply retrospectively. The value of the tax reliefs depends on the individual circumstances of Investors.
- Although the Ordinary Shares will be admitted to the Official List, there may not be a liquid market in the Ordinary Shares and there may never be two competitive market makers. It may, therefore, prove difficult for Shareholders to sell their Ordinary Shares. In addition, there is no guarantee that the market price of the Ordinary Shares will fully reflect their underlying net asset value or the ability to buy and sell at that price. It should be noted that shares held in VCTs usually trade at a discount to the VCT's net asset value per share.
- The Ordinary Shares are being issued at a price calculated on the basis of a formula based on, amongst other things, the latest published net asset value of the Company. Shareholders should be aware that if a revised net asset value is published on or before the day 10 Business Days prior to the Investment Day, Shareholders may receive a different allocation of Ordinary Shares from that anticipated.
- Shareholders should be aware that the sale of Ordinary Shares within five years of their subscription will require the repayment of some or all of the 30% income tax relief obtained upon investment. Accordingly, investment in the Company is not suitable as a short or medium term investment.
- The majority of the Company's investments will be in 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.
- Any Qualifying Companies in which the Company invests the proceeds of new Ordinary Shares issued under the DRIS must comply with certain conditions imposed by VCT Rules. The Government introduced changes to the VCT Rules effective from November 2015 which, inter alia, imposed an age limit for companies receiving investment from VCTs, a cap on cumulative investment received and new restrictions on the uses to which investments by VCTs may be put. These changes may mean that fewer investment opportunities are open to the Company, that the Company may not be able to make additional investments in companies already within its portfolio, and that future investment returns and dividends may be less than those which would otherwise have been achievable. Such companies generally have a higher risk profile than larger companies.
- 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 Rules 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 or advised by NVM Private Equity LLP 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 Qualifying Investments and qualifying trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives and/or reduce the level of returns which would otherwise have been achievable.
- The value of Ordinary Shares and the income derived from them may go down as well as up and Shareholders may not receive back the full amount invested.

Directors and advisers

Northern Venture Trust Directors (all non-executive)

Simon Constantine
Nigel Beer
Richard Green
Tim Levett
David Mayes
Hugh Younger
(in each case whose business address is Time Central,
32 Gallowgate, Newcastle upon Tyne NE1 4SN)

Northern 2 VCT Directors (all non-executive)

David Gravells
Alastair Conn
Simon Devonshire
Cecilia McAnulty
Frank Neale
(in each case whose business address is Time Central,
32 Gallowgate, Newcastle upon Tyne NE1 4SN)

Northern 3 VCT Directors (all non-executive)

James Ferguson
Christopher Fleetwood
Tim Levett
John Waddell
(in each case whose business address is Time Central,
32 Gallowgate, Newcastle upon Tyne NE1 4SN)

Company Secretary and Registered Office

Chris Mellor
Time Central, 32 Gallowgate
Newcastle upon Tyne NE1 4SN

Investment Manager, Receiving Agent and Administrator

NVM Private Equity Limited
Time Central, 32 Gallowgate
Newcastle upon Tyne NE1 4SN

Promoter and Receiving Agent

Downing LLP
Ergon House, Horseferry Road
London SW1P 2AL

With effect from 2 October 2017:
Magnus House, 3 Lower Thames Street,
London EC3R 6HE

Sponsor

Howard Kennedy Corporate Services LLP
No. 1 London Bridge
London SE1 9BG

Solicitors to the Companies

Reed Smith LLP
Broadgate Tower, 20 Primrose Street
London EC2A 2RS

Solicitors to the Issuer

Howard Kennedy LLP
No. 1 London Bridge
London SE1 9 BG

Auditors

KPMG Audit Plc
Saltire Court, 20 Castle Terrace
Edinburgh EH1 2EG

Bankers

Barclays Bank PLC
Barclays House, 5 St Ann's Street,
Newcastle upon Tyne NE1 3DX

Bank of Scotland Plc
Head Office
The Mound
Edinburgh EH1 1YZ

Registrar

Equiniti Limited
Aspect House, Spencer Road,
Lancing BN99 6DA

VCT Taxation Advisers

Philip Hare & Associates LLP
Suite C – First Floor, 4-6 Staple Inn,
London WC1V 7QH

There is no family relationship between any of the Directors, the Company Secretary or any member of Management.

NVM Private Equity LLP

Time Central, 32 Gallowgate
Newcastle upon Tyne NE1 4SN

Tel: 01912446000

Email: vct@nvm.co.uk

Web: www.nvm.co.uk

NVM Private Equity LLP is authorised and regulated by the Financial Conduct Authority