

Northern Venture Trust PLC Northern 2 VCT PLC Northern 3 VCT PLC ("The Companies")

Offer Document (including Application Form)
Offers for subscription in the 2016/17 tax year



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Key information about the Offers

Maximum amount to be raised by each Company	UK £ equivalent of €5 million
Minimum investment per applicant	£6,000
Maximum investment on which VCT Tax Reliefs are available per tax year	£200,000
Offers open to Existing Northern VCT Shareholders	8.00am on 7 February 2017
Offers open to the general public (unless fully subscribed at an earlier date)	8.00am on 20 February 2017
Offers close (unless fully subscribed at an earlier date or previously extended)	5.00pm on 31 March 2017

Financial calendar for Northern Venture Trust

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

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Northern Venture Trust PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03090163)
("the Northern Venture Trust Offer")

Northern 2 VCT PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03695071)
("the Northern 2 VCT Offer")

Northern 3 VCT PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 04280530)
("the Northern 3 VCT Offer")

Offers for subscription in the 2016/17 tax year to raise up to £4,300,000 for each of Northern Venture Trust, Northern 2 VCT and Northern 3 VCT

The Northern Venture Trust Offer, the Northern 2 VCT Offer and the Northern 3 VCT Offer shall be collectively referred to in this Offer Document as "the Offers".

The Offers will open at 8.00am on 7 February 2017 and may close at any time thereafter but not later than 5.00pm on 31 March 2017 unless previously extended by the Directors. The terms and conditions of application are set out on pages 14 and 15 of this document and are followed by an Application Form for use in connection with the Offers. There is no minimum subscription required for any single one Offer to proceed, no Offer is contingent or dependent one upon the others, and they are not underwritten.

Important notice

There is no guarantee that the investment objectives of any of the Companies will be achieved. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an Investor's individual circumstances.

Your attention is drawn to the risk factors set out on page 1 of this document. An investment in any one or more of 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 that might arise. If you are in any doubt as to the action you should take then you are advised to obtain advice from an Intermediary who specialises in advising on the acquisition of shares.

Further copies of this document may be obtained from:

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

Telephone: 0191 244 6000
Email: vct@nvm.co.uk

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 the Boards, or that the Companies or the Boards 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.

- 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 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).
- 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.
- 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 VCTs, 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 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.
- Investors who subscribe for Offer Shares and subsequently dispose of them within five years will be subject to claw back 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 NAV of the Companies was as at 31 December 2016. Investors should be aware that if a revised NAV is published during the course of the Offers then Investors may receive a different allocation of Offer Shares from that anticipated.

Part I – The Companies

Introduction

Investors who subscribe for Offer Shares will benefit from an immediate exposure to the Companies' venture capital portfolios. As at 31 December 2016, the Companies held a total of 56 venture capital investments, valued at £62 million in the case of Northern Venture Trust, £55 million in the case of Northern 2 VCT and £60 million in the case of Northern 3 VCT.

Income

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 legislation 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 may 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.

Set out below is a table illustrating the income yields to Investors assuming the target annual dividends are 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	Target annual dividend	Tax-free yield	Gross equivalent yield Higher rate taxpayer ²	Additional rate taxpayer ²
Northern Venture Trust	55.4p	6.0p	10.8% pa	16.0% pa	17.4% pa
Northern 2 VCT	53.8p	5.5p	10.2% pa	15.1% pa	16.5% pa
Northern 3 VCT	75.2p	5.5p	7.3% pa	10.8% pa	11.8% pa
¹ The returns listed are based on an illustrative Offer price of 79.1p for Northern Venture Trust, 76.8p for Northern 2 VCT and 107.4p 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 10.8% for Northern Venture Trust, 10.2% for Northern 2 VCT and 7.3% for Northern 3 VCT (being a 6.0p dividend divided by 55.4p for Northern Venture Trust, a 5.5p dividend divided by 53.8p for Northern 2 VCT and a 5.5p dividend divided by 75.2p 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, which are expected to be paid in June 2017 in respect of Northern Venture Trust and July 2017 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.

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

The principal UK tax reliefs, which are available on a maximum investment of £200,000 per individual in the 2016/17 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 Manager'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 III 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, 31 December 2016*). The financial performance of the Companies over their last three financial periods 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 2016	31 March 2015	31 March 2014
Dividends per Share	10.5p	15.5p	5.5p
Cumulative dividends per Share paid since inception†	90.9p	75.4p	73.4p
NAV per Share	77.9p	85.4p	83.9p
Total Return per Share	168.8p	160.8p	157.3p

Northern 3 VCT

Year ended	31 March 2016	31 March 2015	31 March 2014
Dividends per Share	10.5p	15.5p	5.5p
Cumulative dividends per Share paid since inception†	64.9p	49.4p	43.9p
NAV per Share	102.2p	107.2p	108.9p
Total Return per Share	167.1p	156.6p	152.8p

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

The most recently published NAV per Share at 31 December 2016 (unaudited), which was calculated on a basis consistent with the tables above, was 77.5p for Northern Venture Trust, 77.3p for Northern 2 VCT and 107.2p for Northern 3 VCT.

Investment policy

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 other securities.

In November 2015 the legislation under which VCTs invested 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 six VCT qualifying investments in 2016. 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 and service 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 legislation, 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 legislation, which is 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 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.

Share buyback policy

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 repurchase 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.

Directors

Profiles of the Directors of each of the Companies are available on the NVM website (www.nvm.co.uk) or on request from NVM by telephoning 0191 244 6000.

Costs

Offer costs

The Manager 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 Manager will pay all costs associated with the Offers, including initial commissions 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 £12.4 million if the Offers are fully subscribed.

Commissions

Initial commissions may be payable by the Companies (although the Manager 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%. Trail commission will be paid annually in April (commencing in 2018).

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 NAV, calculated at half-yearly intervals. The Manager also provides secretarial and administration services to each of the Companies for annual fees of £66,500, £54,800 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 5.8%. 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.

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, subject to the absolute discretion of the Boards of each of the Companies. Written notification will be sent to each successful Applicant as soon as practicable.

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.

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.

The Offers are being made to Shareholders and the general public on a “first come first served” basis. Fractions of Offer Shares will not be issued and 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):

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

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 31 December 2016 is set out below:

Unaudited NAV per Share as at 31 December 2016	Illustrative Offer price* Direct or through a financial adviser	Illustrative Offer price* Execution only platform or broker
Northern Venture Trust – 77.5p	79.1p	80.7p
Northern 2 VCT – 77.3p	76.8p	78.4p
Northern 3 VCT – 107.2p	107.4p	109.5p

*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 Offers (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
	£10,000	£9,800	£10,000	£10,225
Number of Offer Shares to be allotted	12,645	12,387	12,387	12,677

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
	£10,000	£9,800	£10,000	£10,225
Number of Offer Shares to be allotted	13,014	12,749	12,749	13,047

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
	£10,000	£9,800	£10,000	£10,225
Number of Offer Shares to be allotted	9,315	9,125	9,125	9,339

Part II – The Manager: NVM Private Equity LLP

Introduction

The Companies' venture capital investment portfolios are managed by the Manager, who specialises in investing in smaller UK Companies of the type qualifying under the VCT Rules. The Manager was established in 1988 and currently manages funds in excess of £250 million through its offices in Newcastle, Reading and Manchester.

The Manager's 16 investment executives have together a total of almost 300 years' experience in the venture capital industry. The Manager is authorised and regulated by the Financial Conduct Authority (FRN 653677) and is a member of the British Private Equity and Venture Capital Association. The Manager's team of investment professionals aim to ensure that the Companies gain access to some of the best opportunities available to the industry and, by carrying out extensive due diligence procedures, seeks to identify 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 cost¹	Total Return to date²	Increase over net cost (%)
Northern Venture Trust	1995/96	80p	229.0p	186%
Northern 2 VCT	1998/99	80p	176.7p	121%
Northern 3 VCT	2001/02	80p	180.6p	126%
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 Net Asset Value for each Company in pence per Share (as at 31 December 2016). <i>(Source: announcements made by the relevant Company through an RIS)</i>				

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:

- Since 1 January 2015 NVM has generated 470 investment opportunities and funds managed by NVM have invested £36 million in 10 companies.
- In 2016 the Companies invested £15 million in six companies that qualified under the current VCT Rules.
- NVM has a regional network of 16 investment executives covering England, Scotland and Wales with offices in Newcastle, Reading and Manchester.

Recent substantial investments

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

	<p>Channel Mum is an online multi-channel video blog community network for parents. In August 2016, the Northern VCTs invested £2.0 million (Northern Venture Trust £0.7 million, Northern 2 VCT £0.7 million and Northern 3 VCT £0.6 million) to support and work with Channel Mum to accelerate and grow the company over the next few years. Building on Channel Mum's skillset the ultimate growth strategy is focused on expanding the core product offering and growing the 'Millennial' audience.</p>
	<p>In July 2016 the Northern VCTs invested £2.5 million (Northern Venture Trust £0.9 million, Northern 2 VCT £0.8 million and Northern 3 VCT £0.8 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 platform.</p>
	<p>NVM led a fundraising round for Manchester based software company MPD Group in April 2016. The Northern VCTs invested £2.5 million (Northern Venture Trust £0.9 million, Northern 2 VCT £0.8 million and Northern 3 VCT £0.8 million) which will enable the business to continue to develop and deploy their new, disruptive Electio SaaS product. Electio is an innovative and effective delivery management platform enabling retailers to rapidly increase the number of delivery options they offer to their customers.</p>
	<p>In September 2015 Entertainment Magpie Limited (musicmagpie.co.uk), the Stockport-based recommerce site, received a significant development capital investment from NVM managed funds. The investment by NVM's funds, including the Northern VCTs (Northern Venture Trust £1.6 million, Northern 2 VCT £1.5 million and Northern 3 VCT £1.4 million), will primarily enable musicMagpie to launch its new 'faster payment' consumer offer which will in particular support the rapid acceleration of its trade-in of electronics such as mobile phones, games consoles and laptops, along with enhancing the musicMagpie offer generally for all consumers who are seeking "quick cash".</p>
	<p>The Northern VCTs invested £3.5 million (Northern Venture Trust £1.2 million, Northern 2 VCT £1.2 million and Northern 3 VCT £1.1 million) of development capital in It's All Good in February 2014, an innovative high-quality snack manufacturer specialising in premium tortilla chips. The new funding enabled the management team to further enhance manufacturing capability and product development to become a first choice supplier for tortilla chips to the UK grocery industry.</p>
	<p>The Northern VCTs invested £2.0 million (Northern Venture Trust £0.7 million, Northern 2 VCT £0.7 million and Northern 3 VCT £0.6 million) in July 2016 as part of a £3.4 million funding round in AVID Technology Group, a leader in the design and manufacture of electrified vehicle powertrain systems that improve vehicle efficiency and reduce emissions. The funding will increase engineering and manufacturing capability and capacity at its Cramlington facility to meet the needs of its customers.</p>

(Source: NVM)

Part III – Taxation

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

The Offer Shares are eligible VCT shares for the purposes of this document. Individuals who subscribe for eligible shares in a VCT 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 2016/17 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. Relief is restricted to the amount which reduces the investor's income tax liability to nil. Income tax relief on a subscription of shares in a VCT is restricted to the extent that an investor disposes of shares in that same VCT (or another VCT which at any time merges with that VCT) within six months of the subscription (whether the disposal is before or after the subscription).

Dividend relief

An investor who subscribes for or acquires eligible shares in a VCT (up to a maximum of £200,000 in the 2016/17 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 eligible 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:
 - a. repayment of the 30% income tax relief on subscription for new VCT shares;
 - b. income tax becoming payable on subsequent payments of dividends by the Company; and
 - c. 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.

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

- (i) *Initial income tax relief*
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, but will not be entitled to any initial income tax relief.
- (iii) *Transfer of shares between spouses*
A transfer 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 the Companies, 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 such 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, subject to the annual acquisition limit described above, benefit from dividend relief and from capital gains tax relief on the disposal of his/her VCT shares.
- (iv) *The VCT Regulations 2004*
The VCT Regulations came into force on 17 October 2004. Under the VCT Regulations, monies raised by any further issue of shares by an existing VCT must be applied by that VCT for qualifying purposes. If any of the money raised (except for amounts which HM Revenue & Customs agrees are insignificant in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares then the funds may be deemed to not have been used for a qualifying purpose.

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

Part IV – Definitions

Where used in this document the following words and expressions will, unless the context otherwise requires, have the following meanings:

“Adviser Charge”	fee agreed between an Investor and his/her Intermediary for the provision of a personal recommendation and/or related services in relation to an investment in the Offer Shares;
“AIM” or “Alternative Investment Market”	London Stock Exchange’s international market for smaller growing companies;
“Annual Running Costs”	annual costs and expenses incurred, in the ordinary course of business (including irrecoverable VAT), by the Companies;
“Applicant(s)”	person(s) who applies for Offer Shares under the terms of the Offers;
“Application Form”	application form for Offer Shares under the terms of the Offers;
“Articles”	articles of association of Northern Venture Trust and/or Northern 2 VCT and/or Northern 3 VCT (as the context dictates);
“Board(s)”	board of directors of Northern Venture Trust and/or Northern 2 VCT and/or Northern 3 VCT (as the context dictates);
“Company/Companies”	Northern Venture Trust PLC (registered number 03090163), Northern 2 VCT PLC (registered number 03695071) and Northern 3 VCT PLC (registered number 04280530);
“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;
“Directors”	directors of Northern Venture Trust and/or Northern 2 VCT and/or Northern 3 VCT (as the context dictates);
“Execution-only Transaction”	transaction executed by an FCA authorised firm upon the specific instructions of a client where the firm does not give advice or make a personal recommendation;
Existing Northern VCT Shareholder(s)	Shareholder(s) in any of Northern Venture Trust , Northern 2 VCT or Northern 3 VCT whose holding(s) is/are included in the relevant register of members as at close of business on 11 January 2017;
“FCA”	Financial Conduct Authority or its successor;
“FCA Handbook”	handbook of rules made by the FCA from time to time;
“FSMA”	Financial Services and Markets Act 2000 as amended from time to time;
“Howard Kennedy”	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the FCA (FRN 523524);
“Index of UK Retail Prices”	Retail Prices Index, being a measure of inflation published by the Office of National Statistics;
“Intermediary/Intermediaries”	firms authorised under the FSMA;
“Investor(s)”	subscriber/subscribers for Offer Shares under the terms of the Offers;
“ITA”	Income Tax Act 2007 (as amended);
“London Stock Exchange”	London Stock Exchange plc (registered number 02075721);
“Manager” or “NVM”	NVM Private Equity LLP which is authorised and regulated by the Financial Conduct Authority (FRN 653677);
Manager’s Fee	the fee to be charged to the Companies by the Manager as explained on page 6 of this document;
“ML Regulations”	Money Laundering Regulations 2007 (as amended);
“NAV” or “Net Asset Value”	most recently published net asset value attributable to a Share calculated in accordance with each Company’s normal accounting policies in force at the date of calculation subject to any adjustments deemed necessary by the relevant Directors;
“Northern 2 VCT”	Northern 2 VCT PLC (registered number 03695071);
“Northern 2 VCT Offer”	offer for the subscription of up to £4,300,000 of Shares in the capital of

	Northern 2 VCT under the terms of this document;
"Northern 3 VCT"	Northern 3 VCT PLC (registered number 04280530);
"Northern 3 VCT Offer"	offer for the subscription of up to £4,300,000 of Shares in the capital of Northern 3 VCT under the terms of this document;
"Northern VCTs"	Northern Venture Trust, Northern 2 VCT and Northern 3 VCT PLC;
"Northern Venture Trust"	Northern Venture Trust PLC (registered number 03090163);
"Northern Venture Trust Offer"	offer for the subscription of up to £4,300,000 of Shares in the capital of Northern Venture Trust under the terms of this document;
"Offer Document"	this document dated 6 February 2017, together with the Application Form;
"Offer Shares"	Shares subscribed for under the terms of the separate Northern Venture Trust Offer, the Northern 2 VCT Offer or the Northern 3 VCT Offer (as the context dictates);
"Offer(s)"	Northern Venture Trust Offer, Northern 2 VCT Offer and/or Northern 3 VCT Offer (as the context dictates);
"Official List"	official list of the UK Listing Authority;
"Pricing Formula"	mechanism by which the pricing of the Offers may be adjusted according to the latest published NAV of the relevant Company, the level of Adviser Charges and commission waived, as described on page 7 of this document;
"Prospectus Regulation"	regulation number 809/2004 of the European Commission;
"Prospectus Rules"	prospectus rules of the FCA;
"Qualifying Investments"	investment in an unquoted trading company, which comprises a qualifying holding for a VCT as defined in Chapter 4 Part 6 of the ITA;
"Registrar"	Equiniti Limited (registered number 06226088);
"RIS"	regulatory information service;
"Shareholders"	holders of Shares;
"Share(s)"	ordinary shares of 25p each in the capital of Northern Venture Trust in issue as at the date of this document (ISIN: GB0006450703), ordinary shares of 5p each in the capital of Northern 2 VCT in issue as at the date of this document (ISIN: GB0005356430) and/or ordinary shares of 5p each in the capital of Northern 3 VCT (ISIN: GB0031152027) (as the context dictates);
"Spouse"	spouse or civil partner
"Total Return"	sum of the NAV and the cumulative dividends paid to Shareholders per Share;
"UK Listing Authority"	FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
"VCT" or "Venture Capital Trust"	venture capital trust as defined in Section 259 of the ITA;
"VCT Tax Relief(s)"	reliefs from taxation described in the VCT Rules; and
"VCT Rules"	legislation, rules and HM Revenue & Customs interpretation and practice regulating the establishment and operation of VCTs.

Part V – Terms and conditions of application

1. In these terms and conditions of application, the expression “Offer Document” 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 context otherwise requires, the terms used in the Application Form bear the same meaning as in the Offer Document.
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, if any contract created by acceptance does not become unconditional, or if any application is scaled back 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 Northern Venture Trust bank account with Bank of Scotland PLC or the Northern 2 VCT bank account with Barclays Bank PLC or the Northern 3 VCT bank account with Barclays Bank PLC depending on which Company the monies were to be invested in.
3. You may pay for your application for Offer Shares by cheque(s) or bankers’ draft(s) submitted with the Application Form.
4. The contract created by the acceptance of applications under the Offers will be unconditional.
5. By completing and delivering an Application Form, you:
 - (a) Offer to subscribe for the amount specified on your Application Form or any smaller amount for which such application is accepted at a price as determined by the Pricing Formula subject to the Offer Document, these terms and conditions of application, and the Articles of each of the Companies;
 - (b) authorise the Registrar or the Companies to send documents of title for 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. An Investor applying for Offer Shares under the Offers may subsequently hold Shares in CREST by making arrangements with a system-member (as defined in the CREST regulations) in relation to converting their shareholding represented by a share certificate into CREST;
 - (c) in consideration of the Companies agreeing that they will not, prior to the Offers closing, Offer any Offer Shares for subscription to any persons other than as set out in the Offer Document, agree that your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Companies which will become binding upon despatch by post or delivery of your duly completed Application Form to the Companies or to your financial adviser;
 - (d) 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 or to enjoy or receive any rights or distributions in respect of the Offer Shares for which you applied unless and until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Companies (which acceptance shall be in their absolute discretion and may be on the basis that you indemnify each Company 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 their 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);
 - (e) agree that all cheques and bankers’ 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 completion of any verification of identity required by the ML Regulations and that such monies will not bear interest;
 - (f) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Companies) to ensure compliance with the ML Regulations;
 - (g) 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 Companies instructing the Registrar or the relevant Company Secretary to enter your name on the register of members of the relevant Company;
- (h) 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;
- (i) agree that, having had the opportunity to read the Offer Document, you shall be deemed to have had notice of all information and representations including the risk factors and investment considerations contained therein;
- (j) 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 Offer Document and you accordingly agree that (save in the event of fraud by that person) no person responsible solely or jointly for the Offer Document or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
- (k) 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;
- (l) irrevocably authorise the Companies, the Registrar, the Manager 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 in your name and authorise any representatives of the Companies, the Registrar or the Manager to execute any documents required therefore and to enter your name on the registers of members of the relevant Companies;
- (m) agree to provide the Companies with any information which any one of them may request in connection with your application or to comply with the VCT Rules (as amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
- (n) 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, the Manager or Howard Kennedy Corporate Services LLP acting in breach of the regulatory or legal requirements of any territory in connection with the Offers or your application;
- (o) confirm that you have read and complied with paragraph 6 below;
- (p) confirm that you have reviewed the restrictions contained in paragraph 7 below;
- (q) warrant that you are not under the age of 18 years;
- (r) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, warrant that you have complied with all such laws and none of the Companies, the Manager or Howard Kennedy Corporate Services LLP 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;
- (s) agree that the Manager and Howard Kennedy Corporate Services LLP 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;
- (t) 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 Intermediary on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form and if signed by an Intermediary on behalf of the Investor, to enclose the original, or duly certified copy, of such authority;
- (u) 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;
- (v) 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 legislation is not of itself tax avoidance;

- (w) 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;
 - (x) warrant that the information contained in the Application Form is accurate; and
 - (y) agree that if you request that Offer Shares are issued to you on a date other than the date on which the Offer Shares are issued to you that none of the Companies, their respective agents or Directors will have any liability to you arising from the issue of such Offer Shares on a different date.
6. No person receiving a copy of the Offer Document 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.
 7. 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. The Manager will not be registered under the United States Manager Act of 1940 (as amended). No application will be accepted if it bears an address in the USA.
 8. The application is addressed to one or more of the Companies. The rights and remedies of the Companies under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any one of them, and the exercise or partial exercise of one will not prevent the exercise of others.
 9. The dates and times referred to in these terms and conditions of application may be altered by any of the Companies.
 10. Intermediaries who have not provided personal recommendations or advice to UK retail clients on 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 "Other information" in Part I of this document. Intermediaries may agree to waive part or all of their initial commission in respect of an application. 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.
 11. The section headed "Notes on Application Form" forms part of these terms and conditions of application.
 12. Intermediaries whose clients have agreed Adviser Charges and requested the Companies to facilitate the payment of such Adviser Charges and who return valid Application Forms bearing their stamp and FCA number will be entitled to the payment of the Adviser Charges specified on the Application Form. Intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their Adviser Charges.
 13. It is a condition of the Offers to ensure compliance with the ML Regulations. The Manager 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 bankers' draft drawn on an account in the name of a person or persons other than the Applicant; or (ii) appears to the Manager to be acting on behalf of some other person. Pending the provision of evidence satisfactory to the Manager as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, the Manager 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 the Manager to reject any application in respect of which the Manager 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 the Manager such information as may be specified by it as being required for the purpose of the ML Regulations.
 14. 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 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.

Notes on Application Form

Before making an application to acquire Offer Shares you are strongly recommended to consult and obtain advice from an appropriate financial Intermediary authorised under the Financial Services and Markets Act 2000. It is essential that you complete all parts of the Application Form in accordance with the instructions in these notes. Please send the completed Application Form, together with your cheque(s) or banker's draft(s) by post, or deliver it by hand, to NVM Private LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN. If you have any questions on how to complete the Application Form please contact NVM on 0191 244 6000 or your Intermediary. NVM cannot provide you with any investment advice.

The following notes should be read in conjunction with the Application Form and the Terms and Conditions of Application.

1

Insert in Box 1 in BLOCK CAPITALS your full name, permanent address, daytime and evening telephone numbers, date of birth, National Insurance number, if you have one, your email address, your country of tax residence, and whether you or your Spouse is an Existing Northern VCT Shareholder and if your existing Shares are held in a nominee. Joint applications are not permitted.

Please indicate whether you or your Spouse is an Existing Northern VCT Shareholder.

2

Insert (in figures) the total amount you wish to invest in each of the Companies and in total under the Offers (state nil if appropriate).

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 maximum investment on which tax reliefs on investments in VCTs is available is £200,000 in the 2016/17 tax year.

You must write separate cheques for your subscription to each Company. Post-dated cheques will not be accepted.

Attach your cheque(s) or banker's draft(s) to the Application Form for the exact amount(s) shown in Section 2. Your cheque(s) or banker's draft(s) must be made payable to "Northern Venture Trust PLC" in respect of subscriptions in Northern Venture Trust, "Northern 2 VCT PLC" in respect of subscriptions in Northern 2 VCT and/or "Northern 3 VCT PLC" in respect of subscriptions in Northern 3 VCT, and crossed "A/C Payee only". Your payment must relate solely to this application. No receipt will be issued.

No anti money laundering verification is required to be enclosed if the application is for less than £12,500 or if payment is by means of a cheque drawn on an account in the name of the Applicant (provided that (a) the cheque includes details of the Applicant's bank account or building society account (as applicable) and (b) the cheque is drawn on a UK or European Union authorised bank or credit institution). Please note, however, that NVM may, in its absolute discretion, require anti money laundering verification and that anti money laundering verification will be required by introducing financial advisers.

Anti money laundering

If the application is for £12,500 or more and payment is not by means of a cheque drawn on an account in the name of the Applicant, please supply:

(a) an Identity Verification Certificate from your authorised Intermediary.

or

(b) (i) a copy of your current passport or UK driving licence certificated by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; AND

(ii) a recent (no more than three months old) original bank or building society statement, or utility bill, or council tax statement, or recent tax bill (not a mobile phone bill), in your name and showing your current address.

3

In case any of the Offers applied for are closed, tick the relevant box to give instructions as to the action that will be taken with any remaining subscription. If you do not tick any of the boxes and any of the Offers applied for are closed, then the sums subscribed in respect of these closed Offers will be returned to you at your risk and at the address set out in Box 1.

4

Please tick the relevant box to identify the type of investment you are making – Advised, Execution-only, or Direct. Intermediaries on Advised Investments are entitled to the payment of Adviser Charges agreed with their clients. Please insert the agreed fee in the box (either as a sum of money or a percentage of the amount invested in Box 2). The number of Offer Shares issued to the Applicant will be reduced by the amount of the Adviser Charge as set out in the Pricing Formula on page 7. The Adviser Charge is inclusive of VAT, if applicable.

5

The information in this section must be completed or confirmed by your Intermediary. Intermediaries who are entitled to receive commission or an Adviser Charge should stamp and complete the agent's box, giving their full name and address, telephone number and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold payment of commission or Adviser Charges if the Companies or NVM are, at their sole discretion, not satisfied that the agent is so authorised and entitled, or consider that payment of such commission or Adviser Charge is or may be in breach of any applicable rules or regulations. In order for commission or Adviser Charges to be paid by BACs, please complete the relevant boxes.

6

Read the declaration, sign where indicated and enter the date. If someone other than the Applicant named in Section 1 signs on the Applicant's behalf, such signatory must ensure that they are authorised by the Applicant to give this declaration and to sign the Application Form. In such cases the original power of attorney (or other relevant authorising document) or a copy thereof duly certified by a solicitor must be submitted with the Application Form for inspection.

7

Leave blank if you wish to receive a share certificate in respect of your investment. If you require your Shares to be issued electronically to a CREST account, please complete the boxes.



Please pin or staple your
cheque(s) here

Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC

Application Form

The closing date for the exclusivity period for Existing Northern VCT Shareholders is Friday 17 February 2017

The closing date for the Offers will be 5.00pm on Friday 31 March 2017 (unless fully subscribed earlier)

You are recommended to return this form by first class post or by courier

Make your cheque(s) or banker's draft(s) payable to "Northern Venture Trust PLC" if you are investing in Northern Venture Trust PLC and/or "Northern 2 VCT PLC" if you are investing in Northern 2 VCT PLC and/or "Northern 3 VCT PLC" if you are investing in Northern 3 VCT PLC and return this form as soon as possible to NVM Private Equity LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN.

1

Title and full name			
Permanent address			
Postcode		Email address	
Tel (day)		Tel (evening)	
Date of birth		National Insurance no.	
Country of residence for tax purposes			
Are you or your Spouse an Existing Northern VCT Shareholder? (Y/N)			
If your existing Shares are held in a nominee or CREST, please insert the name in which they are held			

2

I am applying for Offer Shares as follows:

Northern Venture Trust PLC

2016/17 tax year

£

Northern 2 VCT PLC

£

Northern 3 VCT PLC

£

TOTAL

£

Min £6,000

or such lesser sum for which this application may be accepted on the terms and conditions of application set out in Part V of this document. Please send me a certificate(s) confirming my entitlement to VCT Tax Reliefs.

3

Reallocation/return instructions – please tick the appropriate box (i), (ii) or (iii)

In the event that one or more of the Offers for which I have applied has/have closed by the time my Application Form is processed, Please tick then I hereby request that the sums subscribed in respect of these closed Offers are processed as follows: one box (✓)

- (i) Invested equally in any Offer(s) which has/have not yet closed and for which I have applied in Box 2 above, unless all the Offers I have applied for are closed, in which case option (ii) below will apply; ☐
- OR
- (ii) Invested equally in any Offer(s) which has/have not yet closed, irrespective of whether I applied for it/them in Box 2 above; ☐
- OR
- (iii) My subscription cheque(s) for the closed Offer(s) is/are to be returned to me, as I do not wish the sum(s) subscribed to be reallocated as in option (i) or (ii) above. ☐

If I have not ticked either box 3 (i), (ii) or (iii) above, I hereby request that the sums I have subscribed in respect of the closed Offers are returned to me.

4

Investment type – please tick the appropriate box (i), (ii), or (iii)

Please tick one box (✓)

- (i) **Direct – No Intermediary:** This is a direct investment (i.e. you are not submitting this application through an Intermediary) – please go to Section 6. ☐
- (ii) **Execution only:** This investment is being processed through your Intermediary who is not providing you with advice – please leave the rest of this section blank and ensure Section 5 contains the details of your Intermediary (if Section 5 is completed by you on behalf of your Intermediary, we will need to contact your Intermediary to confirm the information provided). ☐
- (iii) **Advised:** You have been advised on this investment by an Intermediary – please complete the Adviser Charge box below, if applicable, and ensure Section 5 contains the details of your Intermediary (if Section 5 is completed by you on behalf of your Intermediary, we will need to contact your Intermediary to confirm the information provided). ☐

Adviser Charge

If you have agreed an Adviser Charge with your Intermediary and request that the Companies pay that fee, please insert the fee amount in this box. Please note that the number of Offer Shares issued to you will be reduced by the Adviser Charge. This payment is inclusive of VAT, if applicable.

State as either a sum of money in £ or as a % of the total amount invested in Section 2 above.

5

THE INFORMATION IN THIS SECTION TO BE COMPLETED OR CONFIRMED BY THE NAMED FCA AUTHORISED INTERMEDIARY

Contact name: (for administration)			
Intermediary name:			
Firm name:			
Address:			
Postcode:		Tel:	
FCA No:		Email:	
If you are permitted to receive commission in respect of this application in compliance with COBS 6.1A of the FCA Handbook, please tick the appropriate box and supply the reasons where necessary.		Execution only basis (tick box):	
		Other (tick box and specify reason):	
Tick this box if the Adviser Charge stated in box 4 has been agreed with your client and complies with COBS 6.1A of the FCA Handbook.			
Please provide details of your bank account so that the commission or the Adviser Charge (as applicable) can be paid via BACS.			
Name of bank:			
Branch:			
Account name:			
Sort code:	<input type="text"/>	Account number: (please quote all digits and zeros)	<input type="text"/>
Email address for commission statements:			
Signed:		Position:	
The Companies and NVM do not accept responsibility if any details provided by you are incorrect.			

6

BY SIGNING THIS FORM I HEREBY DECLARE THAT: (i) I have read the enclosed terms and conditions of application of the Offer Document dated 6 February 2017 and agree to be bound by them; (ii) I will be the beneficial owner of the Offer Shares in Northern Venture Trust PLC and/or Northern 2 VCT PLC and/or Northern 3 VCT PLC issued to me pursuant to this application; (iii) I have agreed the above Adviser Charge (if any) with my Intermediary and request that the Companies pay that fee; and (iv) to the best of my knowledge and belief, the particulars I have given to Northern Venture Trust PLC and/or Northern 2 VCT PLC and/or Northern 3 VCT PLC are correct.

IF THIS FORM IS COMPLETED AND SIGNED BY AN ATTORNEY ON BEHALF OF THE APPLICANT:

By signing this form on behalf of the Applicant whose details are shown above, I make a declaration (on behalf of such Applicant) on the terms of (i) to (iv) in the above paragraph and confirm that the original power of attorney or a copy thereof duly certified by a solicitor is enclosed with this Application Form.

IF THIS FORM IS COMPLETED AND SIGNED BY AN INTERMEDIARY ON BEHALF OF THE APPLICANT:

By signing this form on behalf of the Applicant whose details are shown above, we confirm that the Applicant is a customer of our company and that the information provided on this form is, to the best of our knowledge and belief, accurate and complete. We make a declaration (on behalf of such Applicant) on the terms of (i) to (iv) in the first paragraph of this section. We also confirm we have verified the identity of the Applicant in accordance with the Money Laundering Regulations 2007 and confirm that documentary evidence has been obtained and identity checks have been undertaken to confirm that the Applicant's name and address as shown on this application form are correct. We agree to provide to NVM Private Equity LLP, if requested upon reasonable notice, copies of such documentary evidence we hold for the Applicant and now enclose the original authority (or a copy thereof duly certified by a solicitor) under which we have signed and completed the Application Form on behalf of the Applicant.

HM Revenue & Customs may inspect this Application Form. It is a serious offence to make a false declaration.

Signature

Date

 / / 2017

7

CREST (Complete this box only if you require your Shares to be issued electronically to a CREST account)

CREST Member Account ID:	
Participant name:	
Participant address and postcode:	
Contact name for CREST queries:	
Contact telephone:	
Signed:	
The Companies and NVM do not accept responsibility if any details provided by you are incorrect.	

Northern Venture Trust PLC

Northern 2 VCT PLC

Northern 3 VCT PLC

Time Central

32 Gallowgate

Newcastle upon Tyne NE1 4SN

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F 0191 244 6001

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