

January 2022

# Northern Venture Trust PLC

## Northern 2 VCT PLC

## Northern 3 VCT PLC

### Prospectus

Offers for subscription in the  
2021/22 tax year to raise a  
total of

**£40million**

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### Offer statistics and timetable

Gross proceeds of the Offers, if fully subscribed (£6 million for Northern Venture Trust and £17 million for each of Northern 2 VCT and Northern 3 VCT)	£40,000,000
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 VCT tax reliefs are available	£200,000
Offers open	8.00am on 10 January 2022
Offers close (unless fully subscribed at an earlier date)	12 noon on 31 March 2022

### Financial calendar for Northern Venture Trust

Financial year end	30 September
Annual results announcement and annual report published	November and December
Annual general meeting	January
Dividends paid (first dividend in respect of the Offer Shares expected July 2022)	July and January
Half-yearly results announcement and half-yearly report published	June

### Financial calendar for Northern 2 VCT

Financial year end	31 March
Annual results announcement and annual report published	June
Annual general meeting	August
Dividends paid (first dividend in respect of the Offer Shares expected August 2022)	January and August
Half-yearly results announcement and half-yearly report published	November and December

### Financial calendar for Northern 3 VCT

Financial year end	31 March
Annual results announcement and annual report published	June
Annual general meeting	August
Dividends paid (first dividend in respect of the Offer Shares expected August 2022)	January and August
Half-yearly results announcement and half-yearly report published	November and December

This document comprises a Prospectus relating to Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC (the “Companies” and each individually a “Company”), prepared in accordance with the prospectus regulation rules (the “Prospectus Regulation Rules”) of the Financial Conduct Authority (the “FCA”) made under section 73A of the Financial Services and Markets Act 2000 (the “FSMA”). The Prospectus has been approved by the FCA as competent authority under the UK version of Regulation (EU) 2017/1129 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “UK Prospectus Regulation”) and in accordance with section 87A of FSMA and has been made available to the public in accordance with Prospectus Regulation Rule 3.2.2. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of any Company or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation.

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 set out on pages 5 to 9 of this document. The Prospectus has been filed with the FCA in accordance with the Prospectus Regulation Rules and you are advised to read it in full.

The Companies and their Directors (whose names are set out on pages 27 and 28) each accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Companies and the Directors the information contained in the Prospectus is in accordance with the facts and makes no omission likely to affect its import.

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 31 March 2022. 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 2021/22 tax year to raise up to £6 million for Northern Venture Trust and up to £17 million for each of 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 capital will be as follows:

	<b>Issued and to be issued fully paid</b>	
	<b>No. of Shares</b>	<b>Nominal value</b>
Northern Venture Trust – Ordinary Shares of 25p each (ISIN GB0006450703)	168,640,803	£42,160,201
Northern 2 VCT – Ordinary Shares of 5p each (ISIN GB0005356430)	187,227,320	£9,361,366
Northern 3 VCT – Ordinary Shares of 5p each (ISIN GB0031152027)	125,636,342	£6,281,817

The Existing Shares issued by the Companies are listed on the premium segment of the Official List of the FCA and are traded on the London Stock Exchange’s main market for listed securities. Application will be made to the FCA for all of the Offer Shares to be issued pursuant to the Offers to be listed on the premium segment of 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).

Copies of this document are available (and any supplementary prospectus published by the Companies will be available) free of charge from the offices of Mercia Fund Management Limited at Forward House, 17 High Street, Henley-in-Arden B95 5AA (website: [www.mercia.co.uk](http://www.mercia.co.uk)) and from the offices of Howard Kennedy Corporate Services LLP at 1 London Bridge, London SE1 9BG (website: [www.howardkennedy.com](http://www.howardkennedy.com)).

This document is not a KID (key information document) for the purposes of the UK PRIIPS Laws ("PRIIPs")

**Your attention is drawn to the risk factors set out on pages 10 and 11 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 found in the UK Prospectus Regulation. This summary contains all of the requirements to be included in a summary for this type of security and issuer.

Introduction, containing Warnings	
Name and ISIN of the Securities	<p>Northern Venture Trust PLC: Ordinary Shares of 25p each (ISIN GB0006450703)</p> <p>Northern 2 VCT PLC: Ordinary Shares of 5p each (ISIN GB0005356430)</p> <p>Northern 3 VCT PLC: Ordinary Shares of 5p each (ISIN GB0031152027)</p>
Identity and Contact Details of Issuers	<p>The issuers are:</p> <p>Northern Venture Trust PLC (registered number 03090163 and legal entity identifier 213800HR3R4WFICYFN46);</p> <p>Northern 2 VCT PLC (registered number 03695071 and legal entity identifier 213800K2EJ4CM6G9K687); and</p> <p>Northern 3 VCT PLC (with registered number 04280530 and legal entity identifier 213800MWOA6W221PI432)</p> <p>and their principal place of business and registered offices are at Forward House, 17 High Street, Henley-in-Arden B95 5AA (telephone no: 0330 223 1430).</p>
Competent Authority approving the Prospectus	The Financial Conduct Authority, 12 Endeavour Square, London E20 1JN.
Date of Approval of the Prospectus	10 January 2022
Warnings	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. Investors could lose all or part of their invested capital. Civil liability attaches to those persons who have tabled the summary, 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.
Key information on the Issuers	
Who are the Issuers of the Securities?	
Domicile and legal form	Each of the Companies is domiciled in England. The Companies are public limited liability companies which are registered in England and Wales with registered numbers 03090163 (Northern Venture Trust PLC), 03695071 (Northern 2 VCT PLC) and 04280530 (Northern 3 VCT PLC) respectively. The principal legislation under which the Companies operate is the Companies Act 2006 (the “2006 Act”) and the regulations made thereunder. The Companies have the following legal entity identifiers: Northern Venture Trust PLC-213800HR3R4WFICYFN46; Northern 2 VCT PLC-213800K2EJ4CM6G9K687; and Northern 3 VCT PLC-213800MWOA6W221PI432.
Principal activities	The Companies are Venture Capital Trusts and as such seek to invest in VCT-qualifying investments in accordance with their stated investment policy.
Major shareholders, including whether they are directly or indirectly owned or controlled, and by whom	As at 7 January 2022 (this being the latest practicable date prior to publication of this document), none of the Companies is aware of any person who directly or indirectly is interested in 3% or more of the capital of any of the Companies or who, directly or indirectly, jointly or severally, exercises or could exercise control over any of the Companies.
Identity of key Directors	<p>The Directors of the Companies (all of whom are non-executive) are:</p> <p><b>Northern Venture Trust PLC</b></p> <ul style="list-style-type: none"> <li>• Simon Constantine</li> <li>• Richard Green</li> <li>• Deborah Hudson</li> </ul>

	<ul style="list-style-type: none"><li>• Tim Levett</li><li>• David Mayes</li></ul> <p><b>Northern 2 VCT PLC</b></p> <ul style="list-style-type: none"><li>• David Gravells</li><li>• Alastair Conn</li><li>• Simon Devonshire</li><li>• Cecilia McAnulty</li><li>• Frank Neale</li></ul> <p><b>Northern 3 VCT PLC</b></p> <ul style="list-style-type: none"><li>• James Ferguson</li><li>• Anna Brown</li><li>• Christopher Fleetwood</li><li>• Tim Levett</li><li>• John Waddell</li></ul>																																																																																
Identity of statutory auditor	The statutory auditor of all of the Companies is Mazars LLP, Tower Bridge House, St Katherine’s Way, London E1W 1DD.																																																																																
<b>What is the key financial information regarding the issuers?</b>																																																																																	
Selected financial information	<table><tr><td><b>Northern Venture Trust</b></td><td colspan="3"><b>Audited for year ended 30 September 2021</b></td></tr><tr><td></td><td colspan="3"><b>£ million</b></td></tr><tr><td>Net Assets</td><td colspan="3">119.3</td></tr><tr><td>Return on activities before tax</td><td colspan="3">22.1</td></tr><tr><td></td><td colspan="3"><b>Pence</b></td></tr><tr><td>Return per Share</td><td colspan="3">13.9</td></tr><tr><td>Net Asset Value per Share</td><td colspan="3">74.1</td></tr><tr><td>Dividends per Share</td><td colspan="3">10.0</td></tr><tr><td><b>Northern 2 VCT</b></td><td><b>Half-yearly report and unaudited accounts for six months ended 30 September 2021</b></td><td><b>Audited for year ended 31 March 2021</b></td><td><b>Half-yearly report and unaudited accounts for six months ended 30 September 2020</b></td></tr><tr><td></td><td><b>£ million</b></td><td><b>£ million</b></td><td><b>£ million</b></td></tr><tr><td>Net Assets</td><td>112.7</td><td>115.5</td><td>104.8</td></tr><tr><td>Return on activities before tax</td><td>5.4</td><td>35.4</td><td>20.8</td></tr><tr><td></td><td><b>Pence</b></td><td><b>Pence</b></td><td><b>Pence</b></td></tr><tr><td>Return per Share</td><td>3.4</td><td>21.8</td><td>12.8</td></tr><tr><td>Net Asset Value per Share</td><td>69.2</td><td>71.3</td><td>64.3</td></tr><tr><td>Dividends per Share</td><td>2.0</td><td>7.5</td><td>2.0</td></tr><tr><td><b>Northern 3 VCT</b></td><td><b>Half-yearly report and unaudited accounts for six months ended 30 September 2021</b></td><td><b>Audited for year ended 31 March 2021</b></td><td><b>Half-yearly report and unaudited accounts for six months ended 30 September 2020</b></td></tr><tr><td></td><td><b>£ million</b></td><td><b>£ million</b></td><td><b>£ million</b></td></tr><tr><td>Net Assets</td><td>116.8</td><td>117.5</td><td>103.3</td></tr><tr><td>Return on activities before tax</td><td>6.7</td><td>37.4</td><td>20.4</td></tr></table>	<b>Northern Venture Trust</b>	<b>Audited for year ended 30 September 2021</b>				<b>£ million</b>			Net Assets	119.3			Return on activities before tax	22.1				<b>Pence</b>			Return per Share	13.9			Net Asset Value per Share	74.1			Dividends per Share	10.0			<b>Northern 2 VCT</b>	<b>Half-yearly report and unaudited accounts for six months ended 30 September 2021</b>	<b>Audited for year ended 31 March 2021</b>	<b>Half-yearly report and unaudited accounts for six months ended 30 September 2020</b>		<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	Net Assets	112.7	115.5	104.8	Return on activities before tax	5.4	35.4	20.8		<b>Pence</b>	<b>Pence</b>	<b>Pence</b>	Return per Share	3.4	21.8	12.8	Net Asset Value per Share	69.2	71.3	64.3	Dividends per Share	2.0	7.5	2.0	<b>Northern 3 VCT</b>	<b>Half-yearly report and unaudited accounts for six months ended 30 September 2021</b>	<b>Audited for year ended 31 March 2021</b>	<b>Half-yearly report and unaudited accounts for six months ended 30 September 2020</b>		<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	Net Assets	116.8	117.5	103.3	Return on activities before tax	6.7	37.4	20.4
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Return per Share	6.1	33.9	18.5
Net Asset Value per Share	106.1	107.0	93.6
Dividends per Share	2.0	9.0	2.0

#### What are the key risks that are specific to the issuers?

Set out opposite is a summary of the most material risk factors specific to the issuers

- There can be no assurances that the Companies will meet their objectives, identify suitable investment opportunities or be able to diversify their portfolios.
- 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.
- 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.
- The successful implementation of each Company's investment policy is dependent on the expertise of the Manager and its ability to attract and retain suitable staff.
- 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.

#### Key Information on the Securities

##### What are the main features of the Securities?

Types, class and ISIN of securities	The securities being offered pursuant to the Offers are Northern Venture Trust PLC ordinary shares of 25 pence each ("NVT Shares") (ISIN: GB0006450703), Northern 2 VCT PLC ordinary shares of 5 pence each ("N2 Shares") (ISIN: GB0005356430) and Northern 3 VCT PLC ordinary shares of 5 pence each ("N3 Shares") (ISIN: GB0031152027) (collectively known as the "Offer Shares").
Currency, denomination, par value and number to be issued	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). As at the date of this document, Northern Venture Trust has 160,510,722 Ordinary Shares in issue, Northern 2 VCT has 162,482,051 Ordinary Shares in issue and Northern 3 VCT has 109,673,901 Ordinary Shares in issue (all fully paid up). The maximum numbers of Offer Shares to be issued pursuant to the Offers are 8,130,081 for Northern Venture Trust, 24,745,269 for Northern 2 VCT and 15,962,441 for Northern 3 VCT.
Rights attaching to the securities, and restrictions on their free transferability	The Offer Shares in each Company will rank equally in all respects with each other and with the existing Shares in that Company. The Offer Shares will be listed on the premium segment of the Official List and will be freely transferable.
Seniority of securities	The Offer Shares will rank equally with the existing ordinary shares in the relevant Company in the event of an insolvency of the relevant issuer.
Dividend policy	The Companies each have a medium term aim to generate a return on ordinary activities sufficient to support their target annual dividend yield, whilst avoiding as far as possible erosion of NAV per share. The level of future dividends is not guaranteed and will have regard to the level of returns generated by each Company, the availability of distributable reserves and ongoing compliance with the VCT Rules.

Where will the securities be traded?	Applications will be made to the FCA for the Offer Shares to be listed on the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is expected that dealings in the Offer Shares will commence three Business Days following allotment.
What are the key risks that are specific to the securities?	<p>Set out below is a summary of the most material risk factors specific to the securities:</p> <ul style="list-style-type: none"> <li>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 fully reflect their net asset value and therefore any disposal of such shares may be at a price below their respective net asset value.</li> <li>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 &amp; Customs of any income tax reliefs originally claimed.</li> <li>Investments in smaller unquoted companies, such as those in which the Companies invest, involves a higher degree of risk than investments in larger listed companies, because they generally have limited product lines, markets and financial resources and may be more dependent on their management teams or key individuals.</li> <li>It is the intention of the Directors that each Company be managed so as to qualify as a VCT, but there can be no guarantee that such status will be maintained. If any of the Companies fails to meet the qualifying requirements for VCTs, this could result in adverse tax consequences for Investors, including being required to repay the 30% income tax relief.</li> <li>Although the Companies' existing Ordinary Shares have been (and it is expected that the Offer Shares will be) admitted to the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities, there may not be a liquid market and Investors may find it difficult to realise their investments.</li> <li>The securities of smaller companies in which the Companies invest are typically unlisted and illiquid, which may cause difficulties in valuing and divesting the securities.</li> </ul>
<b>Key information on the offer of securities to the public and/or the admission to trading on a regulated market</b>	
Under which conditions and timetable can I invest in this security?	<p>The Companies are proposing to raise up to £40 million (£6 million for Northern Venture Trust and £17 million for each of Northern 2 VCT and Northern 3 VCT) 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 4.5% of the gross proceeds and the total net proceeds are, therefore, estimated to be £5.7 million for Northern Venture Trust and £16.2 million for each of Northern 2 VCT and Northern 3 VCT, if their Offers are fully subscribed.</p> <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> $\text{Number of Offer Shares} = \left[ \begin{array}{l} \text{Amount subscribed, less:} \\ \text{(i) initial Promoter's Fee}^1 \\ \text{and (ii) Initial Adviser} \\ \text{Charge (if any)} \end{array} \right] \div \left[ \begin{array}{l} \text{Latest published} \\ \text{NAV} \\ \text{per Offer Share}^2 \end{array} \right]$ <p><sup>1</sup> less any reduction for commission waived by Intermediaries (where applicable) and any reduction for Investors (or their spouse or civil partner) on the register of members of any of the Northern VCTs as at close of business on 29 November 2021</p> <p><sup>2</sup> after deducting any dividends declared but not receivable by Investors and not already deducted from the NAV</p> <p>The proceeds of the Offers will be invested in accordance with each Company's investment policy.</p> <p>The subscription for the Offers will open on 10 January 2022 and may close at any time thereafter but, in any event, not later than 12 noon on 31 March 2022 (unless, in any case, the relevant Offer has been fully subscribed by an earlier date). The</p>



	<p>closing date of each Offer, and the deadline for receipt of applications for the final allotment with respect to that Offer, may be extended by the Directors at their absolute discretion. It is expected that the admission to trading on the London Stock Exchange's main market for listed securities of the Shares that are the subject of the Offer will become effective within three business days of their allotment.</p> <p>For applications received from Execution-Only Investors and/or Professional Client Investors only, the cost of the Offers will be 4.5% of the total amount of the subscription (save for permissible trail commission of which the Manager will pay 0.2% and the Companies will pay the balance).</p> <p>For applications received from Retail Client Investors and/or Direct Investors, the cost of the Offers will be 2.5% of the total amount of the subscription and the Company 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. The total amount of the subscription in this case will be the application proceeds gross of any Applicable Adviser Charge.</p> <p>If the Investor is an existing shareholder in any of the Northern VCTs, they will be entitled to a discount of 0.5% of the total amount of the subscription, provided they (or their spouse or civil partner) were a registered shareholder on 29 November 2021, by way of a reduction in the Promoter's Fee applicable to their application.</p>
<p>Why is this Prospectus being produced?</p>	<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"> <li>• The UK has a large population of entrepreneurial companies and has consistently been identified as one of the best environments in the world for entrepreneurs to form businesses to commercialise their ideas.</li> <li>• The Northern VCTs have a strong pipeline of investment opportunities from which it is expected that companies with high growth potential will be identified and supported through to realisation.</li> <li>• VCTs are well placed 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 (£10 million for a knowledge intensive company), with a limit of £12 million overall (£20 million for a knowledge intensive company). This provides scope for VCTs to follow their money and attract other investors in later rounds.</li> <li>• High growth early stage companies sometimes take 5-10 years or more to mature and need investors that are aligned to this timescale. VCTs are closed-ended funds, subject to periodic continuation votes by the shareholders, and are well placed to be patient and supportive.</li> <li>• The additional funds raised will allow the Companies to pursue their investment strategies of investing in a diverse range of companies and allow them to provide follow-on funding rounds to their existing portfolio, while enhancing the Companies' flexibility when determining future policy as to dividend payments, tender offers and share buy-backs.</li> <li>• 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.</li> </ul> <p>The Companies are proposing to raise up to £40 million (£6 million in Northern Venture Trust and £17 million in each of Northern 2 VCT and Northern 3 VCT) pursuant to the Offers. The total expenses of the Offers (assuming full subscription by Execution-Only Investors and/or Professional Client Investors only) will be 4.5% of the gross proceeds and the total net proceeds are therefore estimated to be £5.7 million for Northern Venture Trust and £16.2 million for each of Northern 2 VCT and Northern 3 VCT, if their Offers are fully subscribed.</p> <p>The Offers are not subject to an underwriting agreement.</p> <p>No conflict of interest is material to either the Offers or the admission to trading.</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:**

- 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.
- 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. 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 divesting 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 and this may result in shares being sold at less than their underlying net asset value.
- 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, Investors being liable to pay income tax on dividends received from the Companies and, in certain circumstances, 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 successful implementation of each Company's investment policy is dependent on the expertise of the Manager and its ability to attract and retain suitable staff. Each Company's ability to achieve its investment objectives is largely dependent on the performance of the Manager in the acquisition and disposal of assets and the management of such assets. Each Board has broad discretion to monitor the performance of the Manager and the power to appoint a replacement, but the Manager's performance or that of any replacement cannot be guaranteed. 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.
- The Companies hold a number of financial instruments and cash deposits and are dependent on the counterparties discharging their commitments. A failure to honour such commitments could affect the returns to Investors.
- Investment in the Companies may expose Investors to additional risks associated with the UK's decision to leave the European Union ("Brexit"). The impact of the UK's withdrawal from the EU remains uncertain and may still have an impact on the business models, business operations and financial results of, or sales demand, material and labour costs, availability and cost of finance for, the businesses in which the Companies invest.
- The COVID-19 pandemic and measures taken by the UK Government to contain the spread of COVID-19 have resulted in significant disruption and ongoing uncertainty for businesses and consumers and the effects of the pandemic may continue to present significant challenges in the future. The impact that this may have on existing portfolio companies, and those in which the Companies may invest in the medium and long term, is difficult to predict. Existing and future

portfolio companies may lose value or fail as a result of the ongoing effects or aftermath of the current pandemic (including any variants to COVID-19) or any future pandemic, resulting in a reduction in the Net Asset Value of the Companies.

- Any change of governmental, economic, fiscal, monetary, regulatory or political policy or climate change legislation could materially affect, directly or indirectly, the operation of the Companies and/or the performance of the Companies and the value of and returns from Shares and/or the Companies' ability to achieve or maintain VCT status.
- In 2015, as a condition of the European Commission's State Aid approval of the UK's VCT and EIS schemes, a sunset clause for the current schemes was passed into UK law through the Finance (No 2) Act 2015. This clause provides that income tax relief will no longer be given to investors in relation to new VCT shares issued on or after 6 April 2025, unless the current schemes are renewed by an HM Treasury order. This may make it difficult for the Companies to raise additional capital and, accordingly, the Directors are monitoring this risk and the potential impact on the Companies.

#### **Risks material to the Shares:**

- 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 fully reflect their Net Asset Value and therefore any disposal of such shares may be at a price below its Net Asset Value.
- 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). 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.
- Investments in smaller unquoted companies, such as those in which the Companies invest, involves a higher degree of risk than investments in larger listed companies, because they generally have limited product lines, markets and financial resources and may be more dependent on their management teams or key individuals.
- It is the intention of the directors that each of the Companies will be managed so as to qualify as a VCT, but there can be no guarantee that such status will be maintained. If any of the Companies fails to meet the qualifying requirements for VCTs, this could result in adverse tax consequences for Investors, including being required to repay the 30% income tax relief.
- Although the Offer Shares will be admitted to the Official List of the FCA 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.
- The changes to the VCT Rules introduced in November 2015 mean that the Companies are required to invest mainly in relatively young businesses and that such investment will consist largely of equity rather than income-yielding debt instruments, which may impact on the level of future dividends paid by the Companies.
- The securities of smaller companies in which the Companies invest are typically unlisted and illiquid, which may cause difficulties in valuing and divesting the securities.
- Changes in legislation concerning VCTs may limit the number of qualifying investment opportunities, reduce the level of returns which would otherwise have been achievable or result in a Company not being able to meet its investment objective.
- 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 FCA, 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.
- The COVID-19 pandemic and measures taken by the UK Government to contain the spread of coronavirus have resulted in significant disruption and ongoing uncertainty for businesses and consumers and the effects of the pandemic may continue to present significant challenges in the future. The impact that this may have on existing portfolio companies and those in which the Companies may invest in the medium and long term, is difficult to predict. Existing and future portfolio companies may lose value or fail as a result of the ongoing effects or aftermath of the pandemic, resulting in a reduction in the value of Investors' shares.

# ***Letter from the Chairmen of the Companies***

10 January 2022

Dear Investor

Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC (“the Northern VCTs” or “the Companies”) announced in July 2021 that they intended to launch linked offers for subscription in the 2021/22 tax year (“the Offers”). We intend to raise £40 million in total between the Companies. The Offers are now open and we are pleased to invite you to subscribe for Offer Shares in the Companies. The executives of Mercia Asset Management PLC (“Mercia”) intend to invest an aggregate of £71,000 in the Offers and certain directors of the Northern VCTs intend to invest an aggregate of £313,000 in the Offers.

## **Background to the Offers**

The three Northern VCTs currently have combined net assets of £349 million. Following the far-reaching changes to the VCT investment rules in 2015, the Companies’ investment focus is on providing growth capital to young, fast-growing companies. The Companies together aim to invest around £50 million per year in VCT-qualifying holdings, not only by finding new investment opportunities but also by providing additional rounds of funding for existing investee companies. This approach requires the Companies to maintain a strong reserve of liquid assets, so that sufficient cash resources are available to meet expected future requirements over an extended period.

The present fundraising follows on from the £40 million prospectus issue in January 2020, the £20 million “top-up” share issue in January 2019 and the £60 million prospectus issue in September 2017.

## **Investment performance and returns to shareholders**

The Northern VCTs are among the longest-established VCTs. As at 30 November 2021, the total return on a net asset basis over ten years for each of the Companies was between 141% and 148% assuming dividends were reinvested throughout the period (*source: Association of Investment Companies*). These ten year returns are stated on the basis that shares were acquired at the NAV of each Company ten years ago. Newly allotted shares acquired via an Offer or via the Companies’ dividend investment schemes benefit from up to 30% income tax relief, significantly enhancing the potential returns available when combined with the underlying Company performance.

## **Investment manager and investment strategy**

Mercia is an AIM-quoted specialist asset management group, focused on making UK-wide high-growth investments, both from managed funds and directly from its own balance sheet. Mercia currently has £948 million of funds under management of which £762 million is represented by third-party growth funds, including the Northern VCTs’ net assets, totalling £349 million (representing 45.8% of Mercia’s total funds under management). Mercia has become one of the leading UK venture fund management groups. As part of Mercia’s managed funds, the VCTs have the opportunity to invest alongside other Mercia funds that are able to make larger investments and also provide replacement capital.

Mercia took on the Northern VCT management contracts in December 2019 and the original NVM investment team, led by Tim Levett, transferred across. With subsequent further recruitment, Mercia’s VCT investment team has grown to 13. Tim will be retiring from Mercia in March 2022 and by then will have passed the responsibility for managing the Northern VCTs to Peter Dines and the three investment partners; Ishaan Chilkoti, Aaron Lawson Clark and Jason Warren, who have been building the portfolio with Tim for the past three years. On behalf of the Boards, we would like to take this opportunity to thank Tim for his extraordinary contribution to the success of the Northern VCTs over more than two decades and, in particular, for his tireless efforts over the past two years to develop the VCT team within Mercia. We will continue to benefit from his wisdom as he remains on the Boards of both Northern Venture Trust and Northern 3 VCT.

Over the past five years, the Northern VCTs have invested over £170 million in a diversified portfolio of 43 high-growth companies, in fields ranging from software and technology to leisure and healthcare. Since 1 January 2020, 9 successfully realised or partially realised unquoted investments have generated £126 million in cash proceeds and £29 million of retained equity value from £37 million invested.

**Tax benefits**

VCTs continue to offer attractive tax reliefs to qualifying investors. 30% income tax relief is available on up to £200,000 subscribed in any one tax year, under the Offers or any other VCT share offers, so long as the shares are held for at least five years, and dividends and capital gains from VCTs are tax free.

**Investing in the Offers**

The Offers allow investors to select which of the Northern VCTs they wish to invest in. Investors can choose to invest in any or all of the funds, subject to a minimum investment of £2,000 per VCT and £6,000 overall.

Existing Shareholders in any of the Northern VCTs as at 29 November 2021 will be entitled to a 0.5% reduction in the cost of Shares subscribed by them under the Offers.

The Offers are available only for the 2021/22 tax year, and will close on 31 March 2022, or earlier if fully subscribed before then or for any other reason at the discretion of the Directors. Applications for Shares will be dealt with on a 'first come first served' basis.

We look forward to welcoming new investors to the Northern VCTs, and we thank them and our existing shareholders for their support.

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

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### *The investment opportunity*

The Offers represent an opportunity to subscribe for new shares in the Northern VCTs, which are managed or (in the case of Northern Venture Trust) advised by Mercia through their VCT investment and management team. The Companies will invest in a portfolio mainly comprising VCT-qualifying investments in smaller UK unquoted companies, with a view to long-term capital growth. Eligible Investors will be able to benefit from the tax reliefs available to VCT subscribers, including initial income tax relief at 30%, exemption from income tax on dividends and exemption from capital gains tax on the disposal of VCT shares.

#### **Track record**

The Northern VCTs were established between 1995 and 2001 and are among the longest established VCTs in the market. Since inception they have invested over £500 million in more than 250 companies, achieving an unaudited total return (net asset value plus cumulative dividends) of between 200p and 256p per share.

#### **Well resourced Manager**

Mercia is an AIM-quoted specialist asset management group, focused on making high-growth investments throughout the UK, both from managed funds and directly from its own balance sheet. Mercia currently has £948 million of funds under management of which £762 million is represented by third-party growth funds, including the Northern VCTs' net assets totalling £349 million (representing 45.8% of Mercia's total funds under management). The combination of the Northern VCT team's long-established position as a successful investor and Mercia's venture credentials has created one of the leading UK venture fund management groups. In being managed by Mercia, the VCTs have the opportunity to invest alongside other Mercia funds that are able to make larger investments and also provide replacement capital.

Mercia is now a leading provider of complete, connected capital throughout the UK. Including the VCT team, Mercia now has 65 investment professionals working from a network of eight offices located across the UK as well as a team of value creating specialists from various disciplines including talent management, in-house legal counsel and operating partners.

#### **Building on existing scale**

Currently the three Northern VCTs have venture capital investment portfolios valued (unaudited) at £232 million, of which £143 million is represented by venture investments made after the introduction of the 2015 VCT Rules. The return on these investments comes mainly from capital received upon realisation. Eight 'post-2015' investments have been realised since 1 January 2020, returning £50 million on an investment cost of £30 million. Since becoming part of Mercia, the Northern VCTs have benefitted from an enhanced deal flow of earlier stage investments from Mercia's other (earlier stage) funds, which have already been prepared for larger fundraising within the wider Mercia stable, and the ability to co-invest with Mercia's own funds to provide opportunities to make larger investments and provide replacement capital from the Mercia balance sheet. In the year to 30 September 2021, two investments were made into existing Mercia assets and three investments were made alongside existing Mercia funds.

#### **Diversification**

Diversification is critical to successful growth capital funding and over the next five years the funds raised in the Offers will be used to continue to build and support a portfolio of growing companies across a wide range of different industry sectors.

#### **Liquidity**

Shareholders may, from time to time, wish to sell some of their shares to assist with personal and financial estate planning. It is currently the policy of each Company to maintain the capability to buy back its shares in the market, at a discount of 5% to the most recently announced Net Asset Value (see page 19 for further details).

### *Investment strategy*

The Companies' strategy is to:

- **Have a UK-wide footprint.** Mercia is one of the foremost asset managers providing capital to UK high-growth SMEs. It has eight offices with coverage across the UK. By operating as part of Mercia, the VCT investment team has access to a proprietary deal flow, and benefits from access to the local teams in Mercia's network of offices who can build long-term relationships in these regions.

- **Be diversified.** Investment in smaller and unquoted companies under VCT rules carries increased risk compared with investments in more mature businesses. The Companies' strategy is to mitigate these risks for Shareholders by investing in a diversified portfolio.
- **Be growth focused, providing scale-up development capital.** The Companies typically make equity investments of up to £10 million (of which £2-5 million is typically invested initially) into companies that have high growth potential. The VCTs will seek to back both experienced and new management teams who demonstrate a capability and potential to grow their businesses. These are companies which, in the majority of cases, have demonstrated initial validation of their product, market or otherwise demonstrated the viability of their business plan in their chosen market sector. The VCTs also back earlier stage businesses that can demonstrate significant compensating risk mitigation, such as proven technology, or barriers to entry such as intellectual property, established contracts or embedded market relationships.
- **Be long-term and supportive.** The Companies have a growing portfolio of high-growth businesses, many of which will require further rounds of follow-on capital investment to achieve the scale and returns targeted. The Companies are committed to holding sufficient liquidity to support these businesses through their capital growth requirements. VCTs are well placed to support the scale-up of high-growth companies. Under the VCT Rules, up to £5 million can be invested in a company in a twelve-month period (£10 million for a knowledge intensive company) with a limit of £12 million overall (£20 million for a knowledge intensive company).

This provides scope for VCTs to follow their money and attract other investors in later financing rounds. High-growth companies sometimes take five to ten years or longer to mature and need investors that are aligned to this timescale, recognising that in many cases these companies may require follow-on funding. VCTs are closed-ended funds, subject to periodic continuation votes by the shareholders, and are well placed to be patient and supportive. As the VCT portfolio develops there are already incidences of needing to provide replacement capital to facilitate management change and to fund acquisitions. This is precluded under the VCT rules and has previously necessitated raising external funding. Mercia has funds on its balance sheet and under management (that are not governed by the rules that bind the VCTs), which are able to provide replacement funding to the companies in the VCT portfolio.

- **Syndicate.** The Companies' intention is to grow the portfolio of high-growth businesses and to look to support growth by raising additional capital acting as a lead investor and continuing to provide growth capital in further funding rounds ('B' series and beyond) as part of a syndicate.

## ***Reasons for the Offers and use of proceeds***

The Northern VCTs are building a portfolio of growth capital investments in companies in which they 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 the Companies are expecting to commit around £50 million per year in both new and follow-on investments. The Companies are now seeking to raise £40 million to provide additional 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 large population of entrepreneurial companies and has consistently been identified as one of the best environments in the world for entrepreneurs to form businesses to commercialise their ideas.
- The Northern VCTs have a strong pipeline of investment opportunities from which companies with high growth potential will be identified and supported through to realisation. The Directors and Mercia see the investment rate growing, driven by an increasing number of companies in the portfolio and an expectation that the fast growth companies in which the Companies invest will require multiple rounds of investment.
- The Companies have a growing portfolio of high-growth businesses, many of which will require further rounds of follow-on capital investment to scale-up and achieve target returns. The Companies are committed to holding sufficient liquidity to support these businesses through their capital growth requirements where the VCT Rules permit this.
- VCTs are well placed to support the scale-up of high-growth companies. Under the VCT Rules, up to £5 million can be invested in a company in a twelve month period (£10 million for a knowledge intensive company) with a limit of £12 million overall (£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 companies sometimes take five to ten years or more to mature and need investors that are aligned to this dynamic, recognising that in many cases these companies may require follow-on funding.
- The additional funds raised will allow the Companies to pursue their investment strategy of investing in a diverse range of companies and allow them to provide follow-on funding rounds to their existing portfolio, while enhancing the Companies' flexibility when determining future policy as to dividend payments, tender offers and share buy-backs.

## ***Summary of current portfolio***

The three Northern VCTs currently have 48 unquoted investee companies with a combined unaudited directors' valuation of £196 million, with a further 12 quoted companies valued at £36 million in aggregate. There are 37 qualifying investments (including two quoted) under the new VCT Rules valued at £142 million and 23 investments made prior to 2015, predominantly in management buy-outs but also including 10 quoted companies, currently valued at £90 million. All investments are held with a view to generating a capital gain on disposal; however the structure of the pre-November 2015 investments gives rise in many cases to dividend and interest income as well.

The following information is included by way of summary information of the VCTs' combined portfolio. Additional information relating to each Company's investment portfolio is included in Part II, Part III and Part IV of this Prospectus.

### **The Portfolio**

The portfolio comprises 60 companies valued at a combined £232 million, spread across a diverse range of industry sectors and regions:

Industry sector	Number of companies	Directors' valuation £ million
Consumer	9	63.0
Healthcare	9	25.8
Industrial	3	10.4
Services	6	19.1
Technology	33	114.1
<b>Total</b>	<b>60</b>	<b>232.4</b>

Locations	Number of companies
Scotland	5
North	20
Midlands	6
Wales	1
South	28

Information and valuations as at 30 September 2021 adjusted for additions and disposals since this date and unaudited in the case of Northern 2 VCT and Northern 3 VCT.

### **Investment Realisations**

Exits over the past five years are set out below:

Year	Number of exits	Investment cost £ million	Proceeds £ million
2017	5	10.0	23.2
2018	7	18.2	47.6
2019	3	8.4	16.6
2020	8	16.7	54.4
2021	8	30.1	79.3
<b>Total</b>	<b>31</b>	<b>83.4</b>	<b>221.1</b>



Part realisations offer the opportunity to keep a stake in a business where there is still conviction in future growth, but realise part of the investment in order to crystallise some of the growth in value already generated. Included in the 2021 exits data is the Northern VCTs' part-realizations in the following portfolio companies:

	Realisation Date	Initial cost £ million	Proceeds on realised holding £ million	Value of holding not realised £ million	Combined value £ million	Multiple return
Entertainment Magpie Group / musicMagpie	April 2021	4.5	28.1	23.8	51.9	11.8x
Oddbox	July 2021	2.0	9.8	11.9	21.7	10.9x
Currentbody.com	November 2021	5.8	12.0	5.0	17.0	2.9x

Since March 2020, the Northern VCTs have also realised their investments in the following companies: Agilitas IT Holdings, It's All Good, Mojo Mortgages and Intelling Group.

## ***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 liquid assets. The Companies are entitled to participate in each qualifying investment opportunity identified by the Manager *pro rata* to their respective Net Assets.

**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 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 are designed to focus investment on earlier stage 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 5% of the relevant Company's total assets at the time of initial investment. 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 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

The Companies each have a medium term aim to generate a return on ordinary activities sufficient to support their target annual dividend yield, whilst avoiding as far as possible erosion of NAV per share. In the financial year ended 30 September 2021, Northern Venture Trust paid a dividend of 10.0p (representing a yield of 5.7% of opening NAV, excluding special dividends); and in the financial year ended 31 March 2021, Northern 2 VCT paid a dividend of 7.5p (representing a yield of 6.5% of opening NAV, excluding special dividends) and Northern 3 VCT paid a dividend of 9.0p (representing a yield of 5.8% of opening NAV, excluding special dividends), with the objective of enabling Shareholders to benefit from tax-free income. Following the changes in the VCT Rules which took effect in November 2015, the Companies are required to invest mainly in relatively young businesses which need funding for growth and development. Typically, this funding has consisted, and will continue to consist, largely of equity rather than income-yielding debt instruments, which has made and (the Directors believe) will in future make returns to the Companies more dependent on the timing of exits and capital gains. As a result, future dividend payments by the Companies will 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 and ongoing compliance with the VCT Rules.

Set out below is a table illustrating the income yields to Investors, assuming the target yield of 5% of opening net assets for Northern Venture Trust and Northern 2 VCT and 4.5% of opening net assets for Northern 3 VCT continues 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 and no forecast or projection is implied.

Illustrative Annual Yield per Offer Share (after 30% income tax relief)						
Company	NAV at 30 September 2021 (adjusted for 2.0p dividend payable subsequently) <sup>4</sup>	Illustrative Offer Price after 30% tax relief <sup>2</sup>	Target yield on opening NAV <sup>1</sup>	Equivalent tax-free yield	Gross equivalent yield <sup>3</sup>	
					Higher rate taxpayer <sup>2</sup>	Additional rate taxpayer <sup>2</sup>
Northern Venture Trust	72.1p	51.7p	5.0%	7.0% pa	10.6% pa	11.5% pa
Northern 2 VCT	67.2p	48.1p	5.0%	7.0% pa	10.6% pa	11.5% pa
Northern 3 VCT	104.1p	74.6p	4.5%	6.3% pa	9.5% pa	10.4% pa
<sup>1</sup> The target dividend yields are expressed as a percentage of NAV per annum, are not guaranteed and are subject to regular review by the Directors of each Company. <sup>2</sup> The returns listed are based on an illustrative Offer Price of 73.8p for Northern Venture Trust, 68.7p for Northern 2 VCT and 106.5p 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. The Offer Price may differ as it depends on the level of Promoter's Fee payable and will be based on the most recently published NAV per share at the point of allotment. <sup>3</sup> The gross equivalent yield is the yield on a non-VCT UK dividend that would result in a net yield of 7.0% for Northern Venture Trust, 7.0% for Northern 2 VCT and 6.3% for Northern 3 VCT, assuming a higher rate taxpayer and an additional rate taxpayer respectively with at least £2,000 of other dividend income from April 2022. <sup>4</sup> The stated NAV is unaudited for Northern 2 VCT and Northern 3 VCT.						
The above table is an illustration of yields 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 July 2022 in respect of Northern Venture Trust and August 2022 in respect of Northern 2 VCT and Northern 3 VCT. The Companies all intend to pay dividends bi-annually, usually in July and January in respect of Northern Venture Trust, and January and August in respect of Northern 2 VCT and Northern 3 VCT.

The Companies' medium-term aim is to set a sustainable level of base annual dividend, having regard to the changing investment environment, which the Directors hope will be augmented from time to time by additional payments where investment gains permit. The Directors remain conscious of the importance that Shareholders attach to a reliable flow of tax-free income.

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 benefits as set out on page 88.

## 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 buy-back policy. Each Company will endeavour to buy back in the market 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 (although each of the Companies currently does not hold shares in treasury and all shares bought back have been cancelled). 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 in VCTs of £200,000 per individual in the 2021/22 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	
Gross investment	£10,000
30% income tax relief	£(3,000)
Net investment	£7,000
Assumed costs of 2.5%	£(250)
Initial value of holding*	£9,750
<b>Initial uplift on the net investment (£)</b>	<b>+£2,750</b>
<b>Initial uplift on the net investment (%)</b>	<b>+39%</b>

\*Based on Net Asset Value

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.

**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 and to have not sold any shares in the Company for at least six months before or after the issue of the Offer Shares.**

**The tax legislation of an investor's country of domicile and the Companies' country of incorporation may have an impact on the income received from the Offer Shares.**

**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 recommended to consult a financial adviser 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. The financial performance of the Companies over their last five financial years is summarised below (source: announcements made by the relevant Company through an RNS).

### Northern Venture Trust

Year ended	30 September 2021	30 September 2020	30 September 2019	30 September 2018	30 September 2017
Dividends per Share	10.0p	4.0p	4.0p	4.0p	11.0p
Cumulative dividends per Share paid since inception†	182.5p	172.0p	168.5p	164.5p	159.5p
NAV per Share	74.1p	70.7p	68.9p	70.8p	72.6p
Total Return per Share	256.6p	242.7p	237.4p	235.3p	232.1p

### Northern 2 VCT

Year ended	30 September 2021 (six month period)	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Dividends per Share	2.0p	7.5p	3.5p	4.0p	5.5p	10.5p
Cumulative dividends per Share paid since inception†	130.4p	124.9p	121.4p	117.4p	111.9p	101.4p
NAV per Share	69.2p	71.3p	53.5p	64.7p	66.9p	76.6p
Total Return per Share	199.6p	196.2p	174.9p	182.1p	178.8p	178.0p

### Northern 3 VCT

Year ended	30 September 2021 (six month period)	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Dividends per Share	2.0p	9.0p	4.0p	4.0p	5.5p	10.5p
Cumulative dividends per Share paid since inception†	106.4p	99.4p	95.4p	91.4p	85.9p	75.4p
NAV per Share	106.1p	107.0p	78.1p	94.2p	94.0p	106.2p
Total Return per Share	212.5p	206.4p	173.5p	185.6p	179.9p	181.6p

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

The most recently published NAV per Share as at 30 September 2021 for Northern 2 VCT and Northern 3 VCT is unaudited.

### 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 MFM as their Alternative Investment Fund Manager.

## ***The Manager***

### ***Mercia Asset Management***

The Northern VCTs are managed by Mercia Fund Management Limited (“MFM”), which is a wholly-owned subsidiary of Mercia Asset Management PLC (“Mercia”). Mercia is a specialist alternative asset manager with over 15 years’ experience of providing capital to high-growth UK SMEs, meeting a large, growing and under-served need for long-term investment capital. Mercia offers high-growth UK SMEs a complete capital solution including private equity, debt, seed and venture capital (the latter category accounting for the majority of its investment activity).

### ***Mercia’s approach***

The dedicated VCT team of 13 within Mercia is responsible for deploying capital and delivering returns. Investment opportunities are sourced directly and from existing Mercia investee companies in other funds wishing to scale up. The expectation is that the Northern VCTs will invest around £50 million each year. The benefits of operating alongside the other Mercia funds are threefold.

Firstly, Mercia has a long track record of managing both EIS and regional funds in companies which are at an earlier stage than those in the VCT portfolio. Currently Mercia’s EIS and regional funds have £252 million invested. Each year a number of promising companies within these funds seek scale-up capital, providing valuable proprietary deal flow for the VCTs. In 2021 the Northern VCTs have already backed two existing Mercia portfolio companies.

Secondly, Mercia Asset Management PLC uses its proprietary capital to provide scale-up capital with a mandate to invest by way of purchasing existing shares and providing new money. There can be demand from some business owners for some cash realisation as well as new investment in those businesses looking to grow quickly. As VCTs are precluded from purchasing existing shares themselves, the ability to co-invest with Mercia gives the Northern VCTs a competitive advantage.

Thirdly, scale. The combination of the Northern VCTs and other Mercia funds provides the opportunity for the first funding round to be around £10 million, of which the VCTs could invest the total amount, and follow-on rounds in which the combination of all the Mercia funds could exceed the individual ceiling for VCT investment of £12 million (or £20 million for a knowledge intensive company).

### ***Mercia added value***

Value is created for shareholders by active management of the portfolio and to deliver this Mercia invests heavily in the following areas:

#### ***Talent management***

A dedicated team has created an extensive network of suitable people to act as both non-executive and executive chairs and non-executive directors for Mercia’s investee companies. The talent team is involved in deals at an early stage identifying the right people to add value to the companies Mercia backs.

#### ***Operating partners***

The talent team maintains a smaller database of people focussed on taking executive positions in companies looking to accelerate growth or which are not meeting expectations. Mercia’s policy is to put operating partners in place initially funded by Mercia with a view to long term employment by the investee companies if successful in driving change.

#### ***In house legal support***

It is the nature of the growth capital market that there are multiple rounds of investment and complicated preference structures. Having an in-house team to negotiate on behalf of the Companies facilitates consistent structuring across the portfolio and speedy resolution of negotiations.

## Deal flow

The Boards consider a strong deal flow to be of vital importance to the future performance of the Companies. The venture teams typically focus on earlier, smaller deals. Mercia sources deals throughout the UK, with offices in Edinburgh, Newcastle upon Tyne, Leeds, Preston, Manchester, Sheffield, London, and the West Midlands (Henley-in-Arden).

Mercia's VCT team deal statistics:

- In an average year, Mercia's VCT team generates around 400 investment opportunities and over the past five years has invested over £170 million in 43 companies; and
- The VCT team completed nine new deals in 2021; and of these, two investments were introduced by other Mercia funds.

## Track record of the Manager

Mercia has a track record of managing third-party funds across venture and private equity investment and lending to SMEs over the period from 2002 to date.

## Recent portfolio activity

### Recent investments

Set out below are the new investments made by the Northern VCTs in 2021:

Investee company	Date	Activity	Invested £ million
Moonshot	March 2021	Counter extremism consultancy services	2.5
Naitive Technologies*	May 2021	Technology platform to detect undiagnosed disease	2.3
Locate Bio**	August 2021	Developer of orthobiologics	2.5
Adludio	August 2021	Online marketing content	4.0
Forensic Analytics*	October 2021	Digital forensic analysis software	2.7
Pimberly**	October 2021	Product information management software	2.9
Broker Insights	December 2021	Software platform connecting insurers	4.1
Intechnica*	December 2021	Web traffic management software	5.0
Synthesized	December 2021	Deep tech software business	1.5

\*Co-invested with Mercia

\*\*Existing Mercia investment

**Adludio:** The Northern VCTs invested £4 million in August 2021. The company is a provider of online marketing content, producing sensory mobile adverts for agencies and brands. The company intends to use the capital to grow the businesses to reach profitability.

**Locate Bio:** The Northern VCTs invested £2.5 million in August 2021. The company is developing a range of orthobiologics, which are biological substances that help musculoskeletal injuries to heal. The company will use the capital to continue its research.

**Forensic Analytics:** The Northern VCTs invested £2.7 million in October 2021. The company is a provider of software products and supporting services to help police forces undertake digital forensic analysis in investigations. The company will use the capital for growth initiatives including scale up of its sales team and exploration of new markets.

**Naitive Technologies:** The Northern VCTs invested £2.3 million in June 2021. The company was set up to improve preventative medicine by building a technology platform to detect undiagnosed chronic disease by analysing medical images using their machine learning software. The company intends to use the capital to develop a proof of concept, collate and publish clinical data and gain regulatory approval for one of its products.





### Follow-on investment



Since November 2015, £63.8 million of follow-on funding has been invested by the Northern VCTs in 28 different portfolio companies. In 2020, £14.8 million follow-on funding was invested and in 2021 £17.6 million. The top five portfolio companies receiving follow-on funding over the last two years are:

Investee company	Activity	Invested £ million
GRIP-UK (The ClimbingHangar)	Indoor climbing wall facility operator	4.0
Newcells Biotech	Assay products for drug and chemical development markets	3.5
Clarilis	Automated document preparation software	2.5
Tutora (Tutorful)	Website to help parents and students find private tutors	2.5
Rockar	E-commerce and fulfilment platform for new car sales	2.1

### Recent exits

Over the past 18 months, the Northern VCTs have partially or fully exited from 10 unquoted portfolio companies, including the following:

	<p><b>The Northern VCTs invested £4.5 million of development capital in September 2015.</b> Stockport-based <b>musicMagpie</b> specialises in re-commerce in the UK and USA focussing on the circular economy of consumer technology (smartphones, tablets, consoles, personal computers), books and disc media (CDs, DVDs and video games). Under the leadership of Steve Oliver (CEO and co-founder) the company has evolved significantly. In <b>April 2021</b> the company launched its shares on AIM at a valuation of £208 million. The Northern VCTs partially exited on flotation but retained an 11.5% shareholding, making an <b>11.8x return</b> at the IPO price.</p>
	<p><b>In June 2014 the Northern VCTs invested £4.8 million in Agilitas IT Holdings as part of a management buyout.</b> Nottingham-based Agilitas is one of the UK's leading channel services providers, delivering managed inventory solutions as well as technical, lifecycle and training services to businesses in over 60 countries. This funding facilitated the automation of systems which fuelled growth both nationally and internationally. Over the next six years the company delivered year-on-year double digit growth through the expansion of its channel service propositions and geographic footprint. In <b>November 2020</b>, the Northern VCTs sold their stake in Agilitas to private equity firm Perwyn, providing a <b>8.1x return</b> for the Companies.</p>
	<p><b>The Northern VCTs provided £3.5 million of growth funding in February 2014.</b> Gateshead-based <b>It's All Good</b> is a high quality snack manufacturer of retailer-branded tortilla chips, pitta chips and rice cakes, as well as the premium tortilla brand 'Manomasa'. The investment was used to build the Manomasa brand and develop the innovation team and manufacturing facilities. The business experienced significant yearly sales growth, eventually becoming the largest independent private label tortilla manufacturer in the UK. The company was sold to Valeo Foods in <b>December 2020</b>, providing a <b>3.3x return</b> for the Companies.</p>
	<p><b>The Northern VCTs provided £2.0 million of funding in March 2020.</b> London-based <b>Oddbox</b> is a leading purpose-led supplier of fruit and vegetables that aims to reduce food waste by selling mis-shapen and excess produce. The investment was used to launch the concept in new UK regions. The business experienced significant growth, notably during the COVID-19 pandemic. A portion of the Northern VCT's stake in the company was sold to Burda Principal Investments in <b>July 2021</b>, with the remaining portion of the investment retained, providing a <b>10.9x return</b> for the Companies.</p>

	<p><b>The Northern VCTs provided £5.8 million of funding over two funding rounds in March 2018 and December 2019.</b> Cheadle-based <b>Currentbody.com</b> is an online retailer for home-use beauty products. The company's sales have grown significantly, increasing by 100% in 2020 alone. In <b>November 2021</b> the Northern VCTs realised part of their investment for cash proceeds of £17.1 million and retained an investment of £5.0 million in the new owner's holding vehicle. This represented a <b>2.9x return</b> for the Northern VCTs.</p>
	<p><b>The Northern VCTs provided £3.5 million of funding in March 2017 and March 2018.</b> Manchester-based <b>Intelling</b> is a communications specialist providing customer support solutions. The company secured a significant contract, initially to respond to NHS 111 calls, which then evolved into part of the Track and Trace initiative during the COVID-19 pandemic. In <b>October 2021</b> the Northern VCTs realised their investment for proceeds of £12.1 million, representing a <b>3.9x return</b>.</p>

In addition to the above case studies, the Companies have also in the last 12 months realised their investments in Hello Soda, Mojo Mortgages and Avid Technology for 1.1x, 1.6x and 0.5x returns respectively (original cost £4.5m, £4.5m and £5.4m) in 2021.



### **VCT Investment team**

The Manager's VCT investment team has grown from a dedicated team of 9 in 2019 to now comprise 13 investment executives. The team is expected to grow further during 2022. The background and experience of the current team is as follows:

**Peter Dines, MD of Mercia Fund Management** joined Mercia in 2015 as Head of Life Sciences & Biosciences, with over 20 years' experience in this sector. He is managing director of Mercia Fund Management, the subsidiary of Mercia with £426 million under management, with responsibility for the VCT and EIS divisions. He has been involved with a number of turnarounds and exits within the sector, including the acquisition of Surgicraft's loss-making business where, while he was managing director, sales quadrupled within three years and the business was subsequently sold to a private equity backed business; and Diagnostic World, a fast-growing diagnostic provider to the NHS now rebranded as C7 Health.

**Ishaan Chilkoti, Investment Partner** joined the VCT team in 2018 and is responsible for sourcing, transacting and managing investments across all sectors but has a specific interest in software, engineering and social businesses. Additionally, as Investment Partner he focusses on recruitment and training of the investment team. He has over 10 years' experience, initially in investment banking and at a mid-market private equity fund. For the past seven years, both as part of the Mercia and NVM teams, and also whilst at Nesta, he has been working with, and leading investments in, high-growth businesses. Ishaan has a BA in Engineering from the University of Cambridge and a Masters in Engineering Management from Duke University in the United States.

**Aaron Lawson-Clark, Investment Partner** joined the VCT team in 2017 following nine years in corporate banking with Barclays and NatWest. Additionally, as Investment Partner he focusses on marketing and deal origination. In his previous roles, the majority of his time was spent supporting the needs of corporate banking customers across the North of England where he built a specialty technology, media and telecoms portfolio. Following this, Aaron was the lead for Barclays' venture debt proposition in the North East, working with a series of fast growth and private equity backed businesses. During his time in banking Aaron won the award for North East Insider Dealmakers Award for Corporate Banker of the Year three times and prior to banking he had a successful career with the Foreign & Commonwealth Office and HM Revenue & Customs. Aaron has a degree in Business Finance from Northumbria University.

**Jason Warren, Investment Partner** joined the VCT team in 2017. Additionally, as Investment Partner he focusses on portfolio strategy and research. 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. His software skills are valuable in assessing IT business opportunities and in identifying growth sectors and future developments to enable informed investment decisions. He studied Mathematics and Computer Science at the University of Oxford, where he obtained a Masters degree.

**Alex Wilson, Investment Manager** joined the VCT team in 2019 and is responsible for identifying investment opportunities in the North West and working with the team in sourcing, transacting and managing investments across all sectors and regions. Recently he has led the profitable disposals of Currentbody.com and Soda Software Labs. He joined NVM from North West corporate finance advisers Rickitt Mitchell & Partners, and before that spent five years in the assurance and business recovery services team at PricewaterhouseCoopers. He has a first class degree in Economics from the University of Nottingham.

**Stephen Johnson, Investment Manager** joined the VCT team in 2019 after a career in IT consulting with Capgemini and as a senior consultant with Agile Solutions. He is responsible for sourcing investment activity in the Midlands and has a specific interest in deep tech, IT and IT enabled business, SaaS and technology based solutions to business challenges. Stephen has a BSc degree in Information Management with Business Studies from Loughborough University.

**Hugo Lough, Investment Manager** joined the VCT team in 2021, following four years working in the growth capital team at finnCap, advising private UK businesses on their funding options. During this time Hugo advised numerous companies across the consumer and technology sectors on funding for both organic and acquisitive growth. He has a BSc degree in Economics from Warwick University.

**Daniela Tsoneva, Investment Manager** joined the VCT team in 2021 and has a specific interest in technology and life science businesses. Daniela specialises in medtech and lifescience opportunities and has been a venture capital investor since 2016, having started her career in investment banking in the United States. Daniela has a BA degree in International Politics and Economics from Middlebury College in the USA and an MBA from Oxford University.

**Sue Bromham, Research Manager** joined Mercia in 2021 after 16 years working for NVM. Before joining NVM in 2005 she worked for The Go-Ahead Group PLC for a number of years as group financial controller. Sue is a qualified chartered

accountant who carries out market research and financial analysis projects as well as helping other members of the VCT team on portfolio matters.

**Alex Gwyther, Investment Associate** joined the VCT team in 2021 after seven years in the world of science and technology: first as a science policy adviser for the UK government, and then as a consultant and client manager at IBM. He specialises in supporting on lifescience opportunities. Alex has a first-class undergraduate degree in Biological Sciences from the University of Oxford and an MSc in Science Communication from Imperial College London.

**Lee Lindley, Investment Associate** joined the VCT team in 2021 after seven years working in corporate finance at PricewaterhouseCoopers; firstly advising public and private sector bodies across the healthcare, telecoms and transport sectors, and then as an assistant director advising digital infrastructure and energy businesses on growth equity fundraising and M&A transactions. He holds a BA in Natural Sciences from the University of Cambridge and a Masters (Distinction) in Research Methods from the University of Manchester.

**Adam Lovell, Investment Associate** joined the VCT team in 2021, following three years working at Rickitt Mitchell & Partners, advising UK businesses and private equity clients on strategic acquisitions and disposals. Based in Manchester, he now focuses on sourcing, transacting and managing investments through to broader roles with portfolio companies. He has recently led the Northern VCTs' investment in Forensic Analytics. He holds an undergraduate degree in Accounting and Finance from Loughborough University.

**Adam Watts, Investment Associate** joined the VCT team in 2021, following two and a half years working in the investment team at Wealth Club. Previously, Adam trained at EY in Bristol as a chartered accountant, working in financial services audit before spending two years with Deloitte's financial advisory team in restructuring. He has joined the investment team to source new opportunities. Adam graduated from the University of Southampton with a BSc in Economics.

### ***Mercia VCT management team***

The wider Mercia team working with the Northern VCTs consists of:

**Dr Mark Payton, Chief Executive Officer** is the co-founder of Mercia and has extensive venture investment experience. Prior to joining Mercia he played a leading role within Oxford University Innovation, the technology transfer operation of the University of Oxford, spinning out several technology companies, following which he was vice president responsible for corporate development at Oxon Therapeutics Inc prior to its sale to Oxford BioMedica plc. He has an MBA from the University of Warwick and is a Sainsbury Management Fellow for Life Sciences.

**Julian Viggars, Chief Investment Officer** joined Mercia through the acquisition in 2016 of Enterprise Ventures, where he was head of technology investments. He has over 20 years venture capital experience, including the successful listings of Blue Prism Group plc and OptiBiotix Health plc. Julian leads the equity investment team as well as managing the pipeline of Mercia's direct investments. He has a Geology with Chemistry degree from the University of Southampton and qualified as a chartered accountant with Smith & Williamson.

**Tim Levett, Consultant to the VCT Division** co-founded NVM in 1988 and was chief investment officer until 2008 and is now non-executive chairman. As a consultant to Mercia he has been responsible for leading the VCT investment team since the acquisition of the VCT management contracts in 2019. Tim will be retiring from Mercia in March 2022 and by then will have passed the responsibility for managing the Northern VCTs to Peter Dines and the three investment partners; Ishaan Chilkoti, Aaron Lawson-Clark and Jason Warren, who have been building the portfolio with Tim for the past three years. He will remain as a non-executive director of Northern Venture Trust and Northern 3 VCT, and as an adviser to Mercia.

**James Sly, Finance Director – Mercia Fund Management** joined Mercia in 2021 and was previously Finance Director, Housing at Gresham House plc, where he was responsible for several listed and limited partnership vehicles. Prior to Gresham House, he led the team responsible for financial control and reporting at United Trust Bank. James has a BA in Economics and Management from the University of Oxford and qualified as a chartered accountant with PricewaterhouseCoopers.

**Graham Venables, Company Secretary – Mercia Fund Management** joined Mercia in 2021 from Octopus Investments where he was responsible for providing Company Secretarial services to the Octopus Venture Capital Trusts. Prior to this he was the head of the investment trust department at Northern Trust. Graham is a qualified chartered company secretary and a qualified chartered accountant. He was appointed as company secretary of the Northern VCTs with effect from 1 January 2022.

**Sarah Williams, General Counsel** joined Mercia in July 2020. She works closely with the VCT team to provide legal advice, and manages the Group's relationships with external legal advisers. Sarah qualified in 2007 with Shoosmiths LLP and has a LLB (Hons) Law from Liverpool University.

**Lisa Ward, Head of Portfolio Resourcing** joined Mercia in 2011 from the business growth services team at Grant Thornton. She leads Mercia's portfolio resourcing functions and its non-executive director networks. Lisa has a science and technology background, with a BSc (Hons) in Human Bioscience from Sheffield Hallam University.

## **Directors**

The Directors of the Companies are as follows:

<sup>A</sup> Member of the Audit Committee

<sup>M</sup> Member of the Management Engagement Committee

<sup>N</sup> Member of the Nomination Committee

### **Northern Venture Trust PLC**

**Simon Constantine MA ACA** (Chairman) (62) <sup>A M N</sup> has extensive business management experience at board level, particularly in the healthcare and life sciences sectors and co-led the management buy-in and subsequent trade sale of Life Sciences International plc. He has served as a non-executive director of a number of venture capital and private equity-backed businesses and is currently chairman of Capstone Foster Care Limited and a non-executive director of SourceBio International plc. He was appointed to the Board in 2012 and became chairman in 2014. He is also chairman of the Nomination Committee and Management Engagement Committee.

**Richard Green BA FCA CF** (59) <sup>A M N</sup> joined Kleinwort Benson Development Capital in 1988 and was a founder in 2001 of the spin-out business which became August Equity LLP, where he was managing partner until 2009 and then chairman until his retirement in 2014. He is a past chairman of the British Private Equity & Venture Capital Association and is currently a member of the North East Fund Advisory Panel, the non-executive chairman of Technology Venture Partners LLP and a non-executive director of BGH Capital Offshore GP I Limited and BGH Capital Offshore GP II Limited. He was appointed to the Board in 2014 and is chairman of the Audit Committee.

**Deborah Hudson MEng MBA** (56) <sup>A M N</sup> has considerable operational and investment experience in technology and software businesses, which represent an important and growing area of focus for Northern Venture Trust PLC. She is a founding director of Shackleton Ventures, which specialises in secondary venture and development capital investments and has served on the boards of a number of their investments and other earlier stage companies. She was appointed to the Northern Venture Trust Board on 1 January 2022.

**Tim Levett MBA** (72) <sup>N</sup> is a consultant to Mercia and non-executive chairman of NVM Private Equity LLP, whose business he co-founded in 1988. He is a non-executive director of Northern 3 VCT 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** (57) <sup>A M N</sup> is an experienced investment professional and investor with a long-standing involvement in financial markets. He previously managed an emerging markets investment team for Credit Suisse Securities (Europe) Limited. He was formerly a trustee director of a major pension fund and is a member of the Salvation Army International Trust Investment Committee. He was appointed to the Northern Venture Trust Board in 2014.

The Directors of Northern Venture Trust have indicated that they intend to invest a total of £230,000 in the Company under the Offers.

### **Northern 2 VCT PLC**

**David Gravells MSc JP** (Chairman) (72) <sup>AMN</sup> is an experienced entrepreneur who has been involved in a wide range of private equity financed businesses. He is a portfolio consultant to a number of developing companies and has interests in the public sector. He was appointed to the Board in 2007 and became chairman in 2008. He is also chairman of the Nomination Committee and the Management Engagement Committee.

**Alastair Conn MA FCA** (66) co-founded NVM Private Equity in 1988 and was managing director and then the financial director before retiring from the firm in March 2018, continuing as a consultant until 2020. He is a non-executive director of North East Access to Finance and North East Social Investment Company. He was appointed to the Board in 1999 and has indicated that he does not intend to seek re-election at the Company's annual general meeting in August 2022.

**Simon Devonshire OBE** (54) <sup>AMN</sup> has extensive business experience in corporate leadership, financial governance, strategy, communications and sales and marketing. He has a portfolio of business interests including currently serving as chairman of Ploughshare Innovations and was previously an entrepreneur in residence at the Department for Business, Energy and Industrial Strategy. He was appointed to the Board in 2017.

**Cecilia McAnulty CA** (58) <sup>AMN</sup> 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 is a non-executive director of Polar Capital Global Financials Trust plc and Alcentra Limited and also a member of the Industrial Development Advisory Board of the Department of Business, Energy and Industrial Strategy. She was appointed to the Board in 2014 and is chair of the Audit Committee.

**Frank Neale MBA** (71) <sup>AMN</sup> is a partner in IRRfc, a private equity advisory business. He is a former vice-chairman of the British Private Equity & Venture Capital Association. He was appointed to the Board in 1999.

The Directors of Northern 2 VCT have indicated that they intend to invest a total of £41,000 in the Company under the Offers.

### **Northern 3 VCT PLC**

**James Ferguson BA** (Chairman) (74) <sup>AMN</sup> was chairman and managing director of Stewart Ivory Limited from 1989 until 2000. He is chairman of Value & 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 and North American Income Trust plc. He was appointed to the Board in 2001 and became chairman in 2009. He is also chairman of the Nomination Committee and the Management Engagement Committee.

**Anna Brown LLB (Hons) Dip LP** (55) <sup>AMN</sup> is a partner with international law firm Addleshaw Goddard LLP specialising in mergers and acquisitions, investments and equity capital markets work. Prior to that she was a partner at Pinsent Masons LLP and McGrigors LLP (until its merger with Pinsent Masons). She was appointed to the Board in 2020.

**Chris Fleetwood BA FCA** (70) <sup>AMN</sup> was formerly chairman of Darlington Building Society, group chief executive of Whesoe plc, a governor of Teesside University and a non-executive director of NCFE Limited. He was appointed to the Board in 2001 and is chairman of the Audit Committee.

**Tim Levett MBA** (72) <sup>N</sup> is a consultant to Mercia and non-executive chairman of NVM Private Equity LLP, whose business he co-founded in 1988. He is a non-executive director of Northern Venture Trust 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** (65) <sup>AMN</sup> was until 2015 chief executive of Archangel Investors Limited, a Scottish-based syndicate of individual private investors, and sits on the boards of numerous 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 have indicated that they intend to invest a total of £42,000 in the Company under the Offers.

## *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 Code of Governance Guide, 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 Boards of each of Northern Venture Trust, Northern 2 VCT and Northern 3 VCT comprise five 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 Tim Levett (Northern Venture Trust and Northern 3 VCT), who is a consultant to the Manager and non-executive chairman of NVM, and Alastair Conn (Northern 2 VCT) who is a former partner in and consultant to NVM.

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 Richard Green and its other members are Simon Constantine, Deborah Hudson and David Mayes. It normally meets three times a year. Northern Venture Trust's auditor and senior executives of the Manager 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 periodic NAV announcements, 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 Regulation 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 Richard Green, Deborah Hudson, Tim Levett and David Mayes. 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 Simon Constantine and its other members are Richard Green, Deborah Hudson and David Mayes. The committee undertakes a periodic review of the performance of the Manager 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 the Manager 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 periodic NAV announcements, 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 Regulation 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 McAnulty 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 McAnulty and Frank Neale. The committee undertakes a periodic review of the performance of the Manager 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 Anna Brown, James Ferguson and John Waddell. It normally meets three times a year. Northern 3 VCT's auditor and senior executives of the Manager 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 periodic NAV announcements, 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 Regulation 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 Anna Brown, 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 Anna Brown, Chris Fleetwood and John Waddell. The committee undertakes a periodic review of the performance of the Manager and of the terms of the management agreement and performance incentive arrangements.

(e) Dividend Policy

The Companies each have a medium term aim to generate a return on ordinary activities sufficient to support their target annual dividend yield, whilst avoiding as far as possible erosion of NAV per share. Northern Venture Trust and Northern 2 VCT both have a target dividend yield of 5% of opening NAV for each financial year and Northern 3 VCT a target dividend yield of 4.5% of opening NAV for each financial year. Since these targets were introduced in 2018, each of the VCTs has achieved its target dividend yield in each financial year, with additional special dividends paid in 2021 as a result of successful realisations during the year. The level of future dividends is not guaranteed and will have regard to the level of returns generated by each Company, the availability of distributable reserves and ongoing compliance with the VCT Rules.

(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 interim dividend for the financial year ending 30 September 2022 for Northern Venture Trust, which is expected to be paid in July 2022, and the final dividends for the financial year ending 31 March 2022 for Northern 2 VCT and Northern 3 VCT, which are expected to be paid in August 2022. 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 as 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 that 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 2.5% of the gross proceeds of the Offers in respect of subscriptions received either direct or through a financial adviser, or 4.5% 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 upfront costs associated with the Offers. Assuming the costs of the Offers are 4.5% of the gross proceeds of the Offers, the net proceeds of the Offers would be approximately £5.7 million for Northern Venture Trust and £16.2 million for each of Northern 2 VCT and Northern 3 VCT if the Offers are fully subscribed.

Investors who are an existing shareholder in any of the Northern VCTs will be entitled to a 0.5% (of the amount invested) reduction in the offer costs applicable to their subscription, providing they (or their spouse or civil partner) were a shareholder on 29 November 2021. This discount will apply for any of the Northern VCTs and not just the VCT to which the shareholder is already 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 additional Offer Shares will be allotted to the Investor at the relevant Offer Price. Execution only brokers must indicate on the Application 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 for five years, of which the Companies will pay 0.2% and the balance will be paid by the Manager. Trail commission will be paid annually in April (commencing in 2023).

### ***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 A of section 7 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 in the Pricing Formula. The Adviser Charge stated on the Application Form is deemed to be inclusive of VAT. If, however, VAT remains payable then the Investor is liable for that payment of VAT.

The total amount subscribed will be the application proceeds gross of the adviser charges. Income tax relief should 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 fee due on the value of liquid assets above a threshold of £20 million in each of the Companies is reduced to the rate of 1% per annum. The Manager also provides secretarial and administration services to each of the Companies for annual fees of £75,400, £62,000 and £59,000 for Northern Venture Trust, Northern 2 VCT and Northern 3 VCT respectively (rising annually with any increase 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. Please see paragraph 7(a) of the Material Contracts section on page 64 for more details.

## ***Other information***

### ***The Offers and minimum and maximum subscription***

The Offers are open to existing Shareholders and new investors. You may complete and submit your Application Form online (please refer to the instructions at [www.mercia.co.uk/vcts/](http://www.mercia.co.uk/vcts/) or by contacting the Receiving Agent on 01484 240 910 or by email at [northernvcts@city.uk.com](mailto:northernvcts@city.uk.com)). Alternatively you can complete and submit the Application Form at the end of this document or download an Application Form from [www.mercia.co.uk/vcts/](http://www.mercia.co.uk/vcts/) and post/email it to the Receiving Agent. The Companies encourage investors to use the online Application facility and bank transfers to reduce their carbon footprint and, as the Offers are likely to fill up quickly, from a speed of processing perspective.

The Offer opens on 10 January 2022 and will close for Applications at 12 noon on 31 March 2022 (or, if earlier, as soon as the Offer is fully subscribed or otherwise at the Directors' discretion).

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.

If you post your Application Form, you are recommended to send it first class, use recorded delivery and to allow at least two Business Days for delivery. Applications submitted (in particular with a cheque) should allow at least three Business Days for funds to clear (in particular in relation to ensuring the Receiving Agent is in receipt of cleared funds prior to the Offer being closed).

Applications under the Offer will otherwise normally be accepted on a first come, first served basis (provided cheques are not post-dated and with priority being given to Applications with cleared funds), subject always to the discretion of the Directors.

Please note: If there is a query over an Application Form there is no guarantee that it will be resolved in the order of receipt or before any subsequent Subscriptions are received/processed. Also, if multiple Application Forms are received that take the total subscription amount over £12,500 and the Applicant is investing directly via the Investment Manager, further identification and verification checks will need to be carried out. This may delay processing.

All Applications, whether made online or submitted by email or post, will receive an acknowledgement from the Receiving Agent. If the Applicant has provided an email address (in Section 1 of the Application Form), the Receiving Agent will send the Subscriber an email acknowledging receipt of the Application, together with a PDF copy of the completed Application Form. An email acknowledgment will also be issued to any applicable financial intermediary.

An acknowledgement is only issued when an Application Form is valid in all respects. Where applicable, the Receiving Agent will attempt to contact the Applicant (or intermediary) to resolve any missing or invalid information. If an Applicant's email address has not been provided, the Receiving Agent will send a letter.

Regarding payments, if the Applicant has provided an email address on the Subscription Form, the Receiving Agent will send an email acknowledging receipt of payment to the Applicant once the payment has been matched to the Application Form (please note that, in respect of a cheque payment, an acknowledgement is only issued when the cheque has cleared). An email acknowledgment will also be issued to any applicable financial intermediary of receipt of their client's payment.

Please note that an Applicant or financial intermediary will not receive any further communications from the Receiving Agent after the acknowledgement email/letter correspondence noted above, other than where the Receiving Agent needs to request additional information (including to verify the Applicant's identity) or monies to process the Application.

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 20 business 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 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 Company or Companies in which the Applicant wishes to invest. 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 in respect of the closed Offers 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. After each allotment, the results of each allotment (including details of the Offer Shares allotted and issued and the Offer Price paid) will be announced through an RIS announcement.

### **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):

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

<sup>1</sup> less any reduction for commission waived by Intermediaries (where applicable) and any reduction for Investors (or their spouse or civil partner) on the register of members of any of the Northern VCTs as at close of business on 29 November 2021

<sup>2</sup> 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 NAVs as at 30 September 2021 is set out below:

NAV per Share as at 30 September 2021 (adjusted for 2.0p dividend paid subsequently)	Illustrative Offer Price* Direct or through a financial adviser	Illustrative Offer Price* Execution only platform or broker
Northern Venture Trust – 72.1p (audited)	74.0p	75.5p
Northern 2 VCT – 67.2p (unaudited)	68.9p	70.4p
Northern 3 VCT – 104.1p (unaudited)	106.8p	109.0p

\*The illustrative Offer Prices shown above may differ from the prices at which Offer Shares are actually allotted under the Offers 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 2.0% 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 2.0%)	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
Initial Promoter's Fee	(£250)	(£250)	(£450)	(£450)
Adviser Charge	-	(£200)	-	-
Commission waived by the Intermediary	-	-	-	£225
Amount invested in Shares	£9,750	£9,550	£9,550	£9,775
Number of Offer Shares to be allotted	13,522	13,245	13,245	13,557

#### **Northern 2 VCT**

	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2.0%)	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
Initial Promoter's Fee	(£250)	(£250)	(£450)	(£450)
Adviser Charge	-	(£200)	-	-
Commission waived by the Intermediary	-	-	-	£225
Amount invested in Shares	£9,750	£9,550	£9,550	£9,775
Number of Offer Shares to be allotted	14,508	14,211	14,211	14,546

#### **Northern 3 VCT**

	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2.0%)	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
Initial Promoter's Fee	(£250)	(£250)	(£450)	(£450)
Adviser Charge	-	(£200)	-	-
Commission waived by the Intermediary	-	-	-	£225
Amount invested in Shares	£9,750	£9,550	£9,550	£9,775
Number of Offer Shares to be allotted	9,365	9,173	9,173	9,390

## ***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 and 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 Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, as appropriate.

## ***Governing Law***

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales.

## ***Non-Mainstream Pooled Investment Status and UK MIFID Laws***

As the Companies are closed-ended investment companies, the Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments. The Companies each intend to conduct their affairs so that the Shares can be recommended by financial managers to retail investors in accordance with the rules on the distribution of financial instruments under the UK MiFID Laws. The Directors consider that the Shares should be considered “non-complex” for the purposes of UK MiFID Laws.

## ***Websites***

Without limitation, neither the contents of the Companies' or the Investment Manager's website (or any other website referred to in this Prospectus) nor the content of any website accessible from hyperlinks on the Companies' or the Investment Manager's website (or any other website referred to in this Prospectus) is incorporated into, or forms part of this Prospectus.

## ***Withdrawal***

The Companies may update the information provided in this Prospectus by means of a supplement if a significant new factor that may affect the evaluation by prospective investors occurs after the publication of this Prospectus or if this Prospectus contains any material mistake or substantial inaccuracy. Any such supplement will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulations. In the event that the Companies are required to publish a supplemental prospectus prior to Admission, applicants who have applied for Offer Shares shall have the right to withdraw their applications for Shares made prior to the publication of the supplemental prospectus. Such withdrawal must be made within the time limits and in the manner set out in any such supplemental prospectus (which shall be at least two clear Business Days following the publication of the relevant supplement prospectus). If the application is not withdrawn within the stipulated period, any offer to apply for Offer Shares will remain valid and binding.

## Part II – Financial information on Northern Venture Trust

### 1. Introduction

Audited statutory accounts of the Company for the financial year ended 30 September 2021, in respect of which the Company's auditor, Mazars LLP, Tower Bridge House, St Katherine's Way, London E1W 1DD, registered auditors under the Statutory Audit Directive (2006/43/EC) and registered by the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such report did not contain any statement 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 Forward House, 17 High Street, Henley-in-Arden B95 5AA.

The audited statutory accounts of the Company for the year ended 30 September 2021 were prepared under FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. These financial statements also contain a description of the Company's financial condition, changes in financial condition and results of operations for the financial year.

The most recent announced audited NAV was 74.1p per Ordinary Share as at 30 September 2021.

### 2. Historical Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the published annual report and audited statutory accounts of the Company for the year ended 30 September 2021 (which are hereby incorporated by reference) as follows:

Annual report and audited accounts for year ended 30 September 2021	
<i>Nature of information</i>	<i>Page No.</i>
Income statement	34
Dividend per share	41
Balance sheet	35
Statement of cash flows	37
Notes to the financial statements	38
Accounting policies	38
Independent auditors' report	30

### 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 annual report and audited statutory accounts of the Company for the year ended 30 September 2021.

Annual report and audited accounts for year ended 30 September 2021	
<i>Nature of Information</i>	<i>Page No.</i>
Chairman's statement	4
Strategic report	10
Investment portfolio	15

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 September 2021, being the date of the last published financial information of the Company (annual report and audited accounts), there have been no significant changes in the financial position of the Company.

### 5. Historical Financial Information Incorporated by Reference

The audited statutory accounts of the Company for the year ended 30 September 2021 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: [www.mercia.co.uk/vcts/nvt/](http://www.mercia.co.uk/vcts/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

Information on Northern Venture Trust's investment portfolio 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, representing in aggregate over 50% of the Company's total net assets, are set out below. The valuations are as at 30 September 2021

	Year of original investment	Cost £000	Valuation £000	% of net assets by value	Sector
musicMagpie (Quoted on AIM) <i>Re-commerce website for pre-owned media and electronics</i>	2015	238	7,600	6.4%	Consumer
Lineup Systems <i>Multi-channel advertising and media software</i>	2011	975	5,968	5.0%	IT services
Currentbody.com <i>Online marketplace for home-use beauty devices</i>	2018	2,050	5,846	4.9%	Consumer
Oddbox <i>Supply and delivery of fruit and vegetable boxes</i>	2020	386	4,216	3.5%	Consumer
Evotix Holdings (formerly SHE Software Group) <i>Health and safety platform provider</i>	2018	2,412	4,032	3.4%	IT services
GRIP-UK (Climbing Hangar) <i>Indoor climbing wall facility operator</i>	2018	3,530	3,530	3.0%	Leisure
Intelling Group <i>Customer handling and support specialist</i>	2017	1,222	3,505	2.9%	Services
Volumatic Holdings <i>Manufacturer of intelligent cash handling equipment</i>	2012	216	2,797	2.3%	Industrial
Buoyant Upholstery <i>Design and manufacture of upholstered furniture</i>	2013	1,173	2,773	2.3%	Consumer
Clarilis <i>Automated document preparation software</i>	2018	1,972	2,553	2.1%	IT services
Life's Great Group (Mojo Mortgages) <i>Digital mortgage broker</i>	2019	1,592	2,466	2.1%	IT services
IDOX (Quoted on AIM) <i>Document content software</i>	2000	238	2,210	1.9%	IT services
Biological Preparations Group <i>Environmental biotechnology products</i>	2015	2,366	2,197	1.9%	Services
Newcells Biotech <i>Assay products for drug and chemical development markets</i>	2018	1,771	2,115	1.8%	Healthcare
Tutora (Tutorful) <i>Website to help parents and students find private tutors</i>	2019	2,015	2,003	1.7%	IT services
Rockar <i>E-commerce and fulfilment platform for new car sales</i>	2016	1,800	1,964	1.6%	IT services
Knowledgemotion (boclips) <i>Online education content platform</i>	2017	1,903	1,938	1.6%	IT services
Weldex (International) Offshore Holdings <i>Crawler crane hire and lifting equipment</i>	2010	3,262	1,927	1.6%	Construction
Sorted Holdings <i>Delivery management software platform</i>	2016	3,022	1,694	1.4%	IT services
<b>19 largest venture capital investments</b>		<b>32,143</b>	<b>61,334</b>	<b>51.4%</b>	
<b>Net assets</b>			<b>119,298</b>	<b>100.0%</b>	

## Part III – Financial information on Northern 2 VCT

### 1. Introduction

Audited statutory accounts of the Company for the financial year ended 31 March 2021, in respect of which the Company's auditor, Mazars LLP, Tower Bridge House, St Katherine's Way, London E1W 1DD, registered auditors under the Statutory Audit Directive (2006/43/EC) and registered by the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such report 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 Forward House, 17 High Street, Henley-in-Arden B95 5AA.

The audited statutory accounts of the Company for the year ended 31 March 2021 were prepared under FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

The most recent announced unaudited NAV was 69.2p per Ordinary Share as at 30 September 2021.

### 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 and half-yearly unaudited report 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 2021	Half-yearly report and unaudited accounts for six months ended 30 September 2021
<i>Nature of information</i>	<i>Page No.</i>	<i>Page No.</i>
Income statement	32	6
Dividend per share	39	1
Balance sheet	33	8
Statement of cash flows	35	10
Notes to the financial statements	36	11
Accounting policies	36	N/A
Independent auditor's report	28	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 31 March 2021	Half-yearly report and unaudited accounts for six months ended 30 September 2021
<i>Nature of Information</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	4	N/A
Strategic report / Half-yearly management report	8	2
Investment portfolio	13	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 September 2021, being the date of the last published financial information of the Company (half yearly report and unaudited accounts), there have been no significant changes in the financial position of the Company.

### 5. Historical Financial Information Incorporated by Reference

The audited statutory accounts of the Company for the year ended 31 March 2021 and the half-yearly unaudited report for the period to 30 September 2021 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: [www.mercia.co.uk/vcts/n2vct/](http://www.mercia.co.uk/vcts/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 and the half-yearly unaudited report for the period to 30 September 2021 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

Information on Northern 2 VCT's investment portfolio 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, representing in aggregate over 50% of the Company's total net assets, are set out below. The unaudited valuations are as at 30 September 2021.

	Year of original investment	Cost £000	Valuation £000	% of net assets by value	Sector
musicMagpie (Quoted on AIM) <i>Re-commerce website for pre-owned media and electronics</i>	2015	222	7,093	6.3%	Consumer
Lineup Systems <i>Multi-channel advertising and media software</i>	2011	975	5,970	5.3%	IT services
Currentbody.com <i>Online marketplace for home beauty devices</i>	2018	1,867	5,325	4.7%	Consumer
Oddbox <i>Supply and delivery of fruit and vegetable boxes</i>	2020	355	3,879	3.4%	Consumer
Evotix Holdings (formerly SHE Software Group) <i>Health and safety platform provider</i>	2018	2,195	3,670	3.3%	IT services
Intelling Group <i>Customer handling and support specialist</i>	2017	1,142	3,272	2.9%	Services
GRIP-UK (Climbing Hangar) <i>Indoor climbing wall facility operator</i>	2018	3,213	3,213	2.9%	Leisure
Volumatic Holdings <i>Manufacturer of intelligent cash handling equipment</i>	2012	216	2,796	2.5%	Industrial
Buoyant Upholstery <i>Design and manufacture of upholstered furniture</i>	2013	1,057	2,500	2.2%	Consumer
Clarilis <i>Automated document preparation software</i>	2018	1,828	2,366	2.1%	IT services
Biological Preparations Group <i>Environmental biotechnology products</i>	2015	2,166	2,008	1.8%	Services
Life's Great Group (Mojo Mortgages) <i>Digital mortgage broker</i>	2019	1,441	2,231	2.0%	IT services
Newcells Biotech <i>Assay products for drug and chemical development markets</i>	2018	1,612	1,925	1.7%	Healthcare
Rockar <i>E-commerce and fulfilment platform for new car sales</i>	2016	1,693	1,848	1.6%	Consumer
Tutora (Tutorful) <i>Website to help parents and students find private tutors</i>	2019	1,843	1,833	1.6%	IT services
Knowledgemotion (boclips) <i>Online education content platform</i>	2017	1,778	1,811	1.6%	IT services
Sorted Holdings <i>Delivery management software platform</i>	2016	2,715	1,523	1.4%	IT services
Fresh Approach (UK) Holdings <i>Events management and ancillary services</i>	2014	1,454	1,392	1.2%	Services
Pure Pet Food <i>Manufacturer of dehydrated pet food</i>	2019	1,284	1,344	1.2%	Consumer
Medovate <i>Medical services developer</i>	2017	1,450	1,332	1.2%	Healthcare
<b>20 largest venture capital investments</b>		<b>30,506</b>	<b>57,331</b>	<b>50.9%</b>	
<b>Net assets</b>			<b>112,715</b>	<b>100.0%</b>	

## Part IV – Financial information on Northern 3 VCT

### 1. Introduction

Audited statutory accounts of the Company for the financial year ended 31 March 2021, in respect of which the Company's auditor, Mazars LLP, Tower Bridge House, St Katherine's Way, London E1W 1DD, registered auditors under the Statutory Audit Directive (2006/43/EC) and registered by the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such report did not contain any statement 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 Forward House, 17 High Street, Henley-in-Arden B95 5AA.

The audited statutory accounts of the Company for the year ended 31 March 2021 were prepared under FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

The most recent announced unaudited NAV was 106.1p per Ordinary Share as at 30 September 2021.

### 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 and half-yearly unaudited accounts for the periods stated (which are each hereby incorporated by reference) as follows:

	Annual report and audited accounts for year ended 31 March 2021	Half-yearly report and unaudited accounts for six months ended 30 September 2021
<i>Nature of information</i>	<i>Page No.</i>	<i>Page No.</i>
Income statement	32	6
Dividend per share	39	1
Balance sheet	33	8
Statement of cash flows	35	10
Notes to the financial statements	36	11
Accounting policies	36	N/A
Independent auditor's report	28	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 and half-yearly unaudited accounts of the Company for the periods stated.

	Annual report and audited accounts for year ended 31 March 2021	Half-yearly report and unaudited accounts for six months ended 30 September 2021
<i>Nature of Information</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	4	N/A
Strategic report / Half-yearly management report	8	2
Investment portfolio	13	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 September 2021, being the date of the last published financial information of the Company (half yearly report and unaudited accounts), there have been no significant changes in the financial position of the Company.

### 5. Historical Financial Information Incorporated by Reference

The audited statutory accounts of the Company for the year ended 31 March 2021 and half-yearly unaudited accounts for the period ended 30 September 2021 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:

www.mercia.co.uk/vcts/n3vct/. 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 and half-yearly unaudited 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

Information on Northern 3 VCT's investment portfolio 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, representing in aggregate over 50% of the Company's total net assets, are set out below. The unaudited valuations are as at 30 September 2021.

	Year of original investment	Cost £000	Valuation £000	% of net assets by value	Sector
musicMagpie (Quoted on AIM) <i>Re-commerce website for pre-owned media and electronics</i>	2015	201	6,418	5.5%	Consumer
Lineup Systems <i>Multi-channel advertising and media software</i>	2011	974	5,970	5.1%	IT services
Currentbody.com <i>Online marketplace for home beauty devices</i>	2018	1,843	5,256	4.5%	Consumer
Oddbox <i>Supply and delivery of fruit and vegetable boxes</i>	2020	350	3,819	3.3%	Consumer
Evotix Holdings (formerly SHE Software Group) <i>Health and safety platform provider</i>	2018	2,168	3,625	3.1%	IT services
Intelling Group <i>Customer handling and support specialist</i>	2017	1,118	3,201	2.7%	Services
GRIP-UK (Climbing Hangar) <i>Indoor climbing wall facility operator</i>	2018	3,174	3,174	2.7%	Leisure
Ideagen (Quoted on AIM) <i>Software management solutions</i>	2015	352	3,075	2.6%	IT services
IDOX (Quoted on AIM) <i>Document content software</i>	2000	530	3,060	2.6%	IT services
Volumatic <i>Manufacturer of intelligent cash handling equipment</i>	2012	216	2,796	2.4%	Industrial
Clarilis <i>Automated document preparation software</i>	2018	1,772	2,294	2.0%	IT services
Life's Great Group (Mojo Mortgages) <i>Digital mortgage broker</i>	2019	1,437	2,225	1.9%	IT services
Buoyant Upholstery <i>Design and manufacture of upholstered furniture</i>	2013	907	2,140	1.8%	Consumer
Newcells Biotech <i>Assay products for drug and chemical development markets</i>	2018	1,592	1,901	1.6%	Healthcare
Tutora (Tutorful) <i>Website to help parents and students find private tutors</i>	2019	1,813	1,802	1.5%	IT services
Knowledgemotion (boclips) <i>Online education content platform</i>	2017	1,740	1,771	1.5%	IT services
Biological Preparations Group <i>Environmental biotechnology products</i>	2015	1,915	1,770	1.5%	Services
Rockar <i>E-commerce and fulfilment platform for new car sales</i>	2016	1,591	1,737	1.5%	IT services
Sorted Holdings <i>Delivery management software platform</i>	2016	2,542	1,425	1.3%	IT services
Pure Pet Food <i>Manufacturer of dehydrated pet food</i>	2019	1,281	1,341	1.2%	Consumer
<b>20 largest venture capital investments</b>		<b>27,516</b>	<b>58,800</b>	<b>50.3%</b>	
<b>Net assets</b>			<b>116,819</b>	<b>100.0%</b>	

## **Part V – General information on the Companies**

### **1. Listing**

This Prospectus relating to the Companies has been prepared in accordance with the Prospectus Regulation Rules made under section 73A and in accordance with section 84 of FSMA. Copies of the Prospectus are available from Mercia Fund Management Limited, at Forward House, 17 High Street, Henley-in-Arden B95 5AA and from the offices of Howard Kennedy Corporate Services LLP at No. 1 London Bridge, London SE1 9BG.

### **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) There are no, nor have there 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.
- (c) 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 Regulation 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 AIFMD. Northern Venture Trust is not otherwise regulated.
- (d) The principal activity of Northern Venture Trust is to operate as a VCT.
- (e) Northern Venture Trust's Articles require that the Directors shall procure that at the annual general meeting in 2027 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 on page 53.
- (f) 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 2021, Northern Venture Trust raised an additional £126 million.

#### **3. Share Capital**

3.1 The following resolutions, *inter alia*, were passed at the annual general meeting held on 7 January 2022:

- (a) That, in addition to the authority conferred on the Directors at the annual general meeting held on 15 January 2021, the Directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "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 £2,500,000 in connection with the Offer (as defined in the circular to shareholders dated 14 December 2021 (the "Circular")) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on 30 April 2022, 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 paragraph (a) above and in addition to the authority granted by the resolution set out in paragraph (a), the Directors be generally and unconditionally authorised pursuant to Section 551 of the 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 £8,110,265 or, if lower, such amount as shall represent 20% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer 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 April 2023, 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.
- (c) That, subject to the passing of paragraph (a) above and in addition to the authority conferred on the Directors at the annual general meeting held on 15 January 2021, the Directors may:
  - a. allot equity securities (as defined in Section 560 of the Act) pursuant to the authorisation for the purposes of Section 551 of the Act conferred by paragraph (a) above; and
  - b. 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 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 £2,500,000 in connection with the Offer (as defined in the Circular) 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 April 2022, 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.

- (d) That, subject to the passing of paragraph (b) above, the Directors may:
- a. allot equity securities (as defined in Section 560 of the Act) pursuant to the authorisation for the purposes of Section 551 of the Act conferred by paragraph (b) above; and
  - b. 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 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 £8,110,265 or, if lower, such amount as shall represent 20% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer 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 April 2023, 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.
- (e) 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:
- a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 16,220,530 or, if lower, such amount as shall represent 10% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer;
  - b. the minimum price (excluding expenses) which may be paid for an ordinary share shall be 25p per share;
  - c. 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
  - d. unless previously renewed, varied or revoked, the authority hereby conferred shall expire on 30 April 2023, 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.

- 3.2 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 the 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 paragraphs 3.1(c) and 3.1(d) above.
- 3.3 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.
- 3.4 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.
- 3.5 As at 7 January 2022, the last practicable date prior to the publication of this document, the issued share capital of the Company was 160,510,722 Ordinary Shares.

#### **4. The Company**

- (a) 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 3.1 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 at a general meeting.
- (b) 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 a public limited company under the Companies Act 1985 with the name Northern 2 VCT PLC and with registered number 03695071.
- (b) There are no, nor have there 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.
- (c) 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 Regulation 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.
- (d) The principal activity of Northern 2 VCT is to operate as a VCT.
- (e) Northern 2 VCT's Articles require that the Directors shall procure that at the annual general meeting in 2027 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 on page 53.
- (f) 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 2021, Northern 2 VCT raised an additional £118 million.

### **3. Share Capital**

3.1 The following resolutions, *inter alia*, were passed at the annual general meeting held on 31 August 2021:

- (a) That, in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent that any power has been relied upon prior to the passing of this resolution), the Directors be generally and unconditionally authorised pursuant to Section 551 of the 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 £1,575,931 in connection with the Offer (as defined in the circular to shareholders dated 30 July 2021 (the "Circular")) 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 October 2022, 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 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 be generally and unconditionally authorised pursuant to Section 551 of the 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 £1,925,182 or, if lower, such amount as shall represent 20% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer 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 October 2022, 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.
- (c) That, subject to the passing of paragraph (a) above, the Directors may:
  - a. allot equity securities (as defined in Section 560 of the Act) pursuant to the authorisation for the purposes of Section 551 of the Act conferred by paragraph (a) above; and
  - b. 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 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 £1,575,931 in connection with the Offer (as defined in the Circular) 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 October 2022, 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.
- (d) That, subject to the passing of paragraph (a) above, the Directors may:
  - a. allot equity securities (as defined in Section 560 of the Act) pursuant to the authorisation for the purposes

of Section 551 of the Act conferred by paragraph (b) above; and

- b. 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 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 £1,925,182 or, if lower, such amount as shall represent 20% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer 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 October 2022, 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.
- (e) 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:
  - a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 19,251,827 or, if lower, such amount as shall represent 10% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer;
  - b. the minimum price (excluding expenses) which may be paid for an ordinary share shall be 5p per share;
  - c. 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
  - d. 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 October 2022, 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.

3.2 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 the 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 paragraphs 3.1(c) and 3.1 (d) above.

3.3 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.

3.4 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.

3.5 As at 7 January 2022, the last practicable date prior to the publication of this document, the issued share capital of the Company was 162,482,051 Ordinary Shares.

#### 4. The Company

- (a) The Company is not regulated to conduct investment business under the FSMA. The Company is a small AIF for the purposes of the AIFMD.
- (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 3.1 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 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) There are no, nor have there 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.

- (c) 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 Regulation 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.
- (d) The principal activity of Northern 3 VCT is to operate as a VCT.
- (e) Northern 3 VCT's Articles require that the Directors shall procure that at the annual general meeting in 2027 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 on page 53.
- (f) 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 2021, Northern 3 VCT raised an additional £106 million.

### 3. Share Capital

3.1 The following resolutions, *inter alia*, were passed at the general meeting held on 19 August 2021:

- (a) That, in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent that any power has been relied upon prior to the passing of this resolution), the Directors be generally and unconditionally authorised pursuant to Section 551 of the 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 £986,328 in connection with the Offer (as defined in the circular to shareholders dated 20 July 2021 (the "Circular")) 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 October 2022, 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 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 be generally and unconditionally authorised pursuant to Section 551 of the 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 £1,290,851.44 or, if lower, such amount as shall represent 20% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer 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 October 2022, 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.
- (c) That, subject to the passing of paragraph (a) above, the Directors may:
  - a. allot equity securities (as defined in Section 560 of the Act) pursuant to the authorisation for the purposes of Section 551 of the Act conferred by paragraph (a) above; and
  - b. 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 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 £986,328 in connection with the Offer (as defined in the Circular) 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 October 2022, 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.
- (d) That, subject to the passing of paragraph (b) above, the Directors may:
  - a. allot equity securities (as defined in Section 560 of the Act) pursuant to the authorisation for the purposes of Section 551 of the Act conferred by paragraph (b) above; and
  - b. 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 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 £1,290,851.44 or, if lower, such amount as shall represent 10% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer 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 October 2022, 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.

(e) 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:

- a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 12,908,514 or, if lower, such amount as shall represent 10% of the issued ordinary share capital of the Company following the issue of Ordinary Shares pursuant to the Offer;
- b. the minimum price (excluding expenses) which may be paid for an ordinary share shall be 5p per share;
- c. 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
- d. 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 October 2022, 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.

3.2 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 the 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 paragraphs 3.1(c) and 3.1(d) above.

3.3 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.

3.4 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.

3.5 As at 7 January 2022, the last practicable date prior to the publication of this document, the issued share capital of the Company was 109,673,901 Ordinary Shares.

#### **4. The Company**

- (a) The Company is not regulated to conduct investment business under the FSMA. The Company is a small AIF for the purposes of the AIFMD.
- (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 3.1 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.

#### **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 forgo;
  - 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 or her discretion, the proxy has one vote in one direction and may, at his or her 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.

(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 or she 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 or she 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 or her 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 or her 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 or she becomes bankrupt or makes any arrangement or composition with his or her creditors generally, or he or she is certified as physically or mentally incapable of acting as a director and may remain so for over three months, or he or she shall for more than six consecutive months have been absent without permission of the Directors from meetings of the Board, or he or she resigned his or her office by notice in writing to the Company, or he or she offers in writing to resign and the Directors accept, or he or she 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 £200,000 in the case of Northern Venture Trust and £150,000 in the case of each of Northern 2 VCT and Northern 3 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 or her 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 or her 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 or 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 or her own appointment or termination.
- (xvi) If a question of materiality of a Director's interest or his or her entitlement to vote and/or count in the quorum is not resolved by his or her voluntarily agreeing to abstain from voting, the question shall be referred to the chairman and his or her 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 2027 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 or her 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 7 January 2022 (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	376,335	0.23%
Richard Green	296,247	0.18%
Deborah Hudson	-	0.00%
Tim Levett	467,785	0.29%
David Mayes	1,010,850	0.63%

The Directors of the Company have given undertakings to invest a total of £230,000 in the Company under the Offers.

Following the Offers, assuming full subscription and based on an Offer Price of 74.0p per Offer Share adjusted for a Promoter's Fee of 2.5% 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	376,335	0.22%
Richard Green	296,247	0.18%
Deborah Hudson	40,568	0.02%
Tim Levett	467,785	0.28%
David Mayes	1,281,307	0.76%

\*Based on an initial Offer Price of 74.0p

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 2021 amounted to £137,000 (plus applicable employer's National Insurance contributions). Each Director is currently entitled to receive during the year ending 30 September 2022 the fees listed below:

Director	£
Simon Constantine (Chairman)	37,500
Richard Green (Chairman of Audit Committee <sup>1</sup> )	30,461
Deborah Hudson <sup>2</sup>	21,250
Tim Levett <sup>3</sup>	15,000
David Mayes	27,500
	<u>131,711</u>

<sup>1</sup>Richard Green appointed Chairman of Audit Committee 7 January 2022

<sup>2</sup>Deborah Hudson appointed to the Board (and committees) 1 January 2022

<sup>3</sup>Tim Levett has waived his entitlement to a director's fee from 1 October 2021 to 31 March 2022

- (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:

Director	Current	Past 5 Years
<b>Simon Constantine</b>	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 Excel Fostering Limited Fostercare UK Limited SourceBio International plc Vision Fostering Agency Limited Welcome Foster Care Limited	Bioquell Limited Oxford Photovoltaics Limited Worktalk Learning
<b>Richard Green</b>	August Equity Partners II Executives Partnership LP August Equity Partners III Executives Partnership LP Barwood Investor 2019 LLP BGH Capital Offshore GP I Limited	Hydrogen Group PLC Qannas Investments Limited

	BGH Capital Offshore GP II Limited BRIP0319 LLP BRIP4 LLP Technology Venture Partners LLP	
<b>Deborah Hudson</b>	B & S Bailiff Services Limited Cheerful People Limited CIO Connect Limited FinLeap GmbH IRT Surveys Limited HEERO Technologies Limited Mathern Limited Paninsight Limited Shackleton Finance Limited Shackleton FP Limited Shackleton Return #5 GP Limited Shackleton Ruffena Return #5 GP Limited Shackleton Ruffena Return Fund #5 FP LP Shackleton Secondaries 3 GP Limited Shackleton Secondaries General Partner Limited Shackleton Secondaries II General Partner Limited Shackleton Secondaries II LP Shackleton Secondaries LP Shackleton Ventures Limited Sigma GP No 3 Limited SS3FP LP SSVFP LP SSVGP Limited Warwick Cranes Limited	Buy IT Sell IT Limited Panintelligence Limited Trutac Limited
<b>Tim Levett</b>	14 Belsize Square Management Limited Customs Connect Group Limited Form Ventures II LP Gentronix Limited GRIP-UK Limited Intuitive Holding Limited Levett Ventures LLP Newcells Biotech Limited Northern Venture Managers Limited Northern 3 VCT PLC Rockar 2016 Limited	Acuant UK Limited Channel Mum Limited Clarilis Limited Currentbody.com Limited Graza Limited Hunley Limited Northern VCT Managers Limited (Dissolved) NV1 CP Limited NV1 GP Limited NV2 CP Limited NV2 Nominees Limited NV3 CP Limited NVM Group Limited NVM Nominees Limited NVM PE Limited NVM Private Equity LLP Oceanos Limited Project NVM Limited Ridge Pharma Limited Saluda Limited Seawise Limited Sorted Holdings Limited Turbina Limited
<b>David Mayes</b>	Coutts Middle East & North Africa Private Equity LP Cumberland House BPRA Property Fund LLP D & M No. 1 LLP	Airbeem Limited <sup>(1)</sup> British Country Inns PLC British Country Inns 2 PLC British Country Inns 3 Limited



	<p>Docklands 2005 Plan, L.P.  Docklands 2006 Plan, L.P.  Docklands 2007 Plan, L.P.  Fenkle Street BPRA Property Fund LLP  Inside Track LLP  Inside Track 1 LLP  Inside Track 2 LLP  Inside Track Productions LLP  Maven Capital (Maidenhead) LP  Maven Capital (Marlow) Limited  Maven Capital (Westerhill Road) LP  Maven Co-invest CBT LP  Maven Co-invest DEF LP  Maven Co-invest Design LP  Maven Co-invest Design 2 LP  Maven Co-invest DPP LP  Maven Co-invest Endeavour LP  Maven Co-Invest Energy A2 LP  Maven Co-invest Fathom LP  Maven Co-invest Fibre LP  Maven Co-invest HCS LP  Maven Co-invest Horizon LP  Maven Co-invest Illume LP  Maven Co-invest Lima LP  Maven Co-invest Orchid 2 LP  Maven Co-invest Platinum LP  Maven Co-Invest Pura LP  Maven Co-invest R&amp;M LP  Maven Co-invest RMEC LP  Maven Co-invest Rock LP  Maven Co-invest Ropley LP  Maven Co-invest Soc LP  Maven Co-invest Sputnik LP  Maven Co-invest Vodat LP  Maven Co-invest XK LP  Maven Co-invest (Ouseburn) LP  Maven MIP Regional Buyout Co-invest  LPMaven Property (Barrow HIEX) LP  Maven Property (Carters Yard) LP  Maven Property (Greenock) LP  Maven Property (HBH Manchester) LP  Maven Property (Mansfield) LP  Maven Property (Middleton St George) LP  Maven Property (Nottingham) LP  MCP Co-invest Grouse LP  The 2010/11 Brookfields Thetford LP  The 2010/11 Cortonwood Retail LP  PB China Harvest II Offshore Feeder LP  Tritax Aberdeen HQ Office LP  Valere Capital Partners LLP</p>	<p>British Country Inns 4 PLC  Credit Suisse First Boston Trustees Limited  Docklands 2001 Plan, L.P.  Docklands 2002 Plan, L.P.  Docklands 2004 Plan, L.P.  Maven Capital (Ambassador Homes) LP  Maven Capital (Courthouse Apartments Dundee) LP  Maven Co-invest DMack LP  Maven Co-invest Fletcher LP  Maven Co-invest Geneva LP  Maven Co-invest Incremental LP  Maven Co-invest Lambert LP  Maven Co-invest Prime LP  Maven Co-invest Space LP  Maven Property (Allanvale Land) LP  Osprey Income &amp; Growth 9 LP  Osprey Supermarket Income &amp; Growth 1 LP  Osprey Income &amp; Growth 2 LP  Tritax Amazon A LP  Tritax Prime Distribution Income LP  The Salvation Army International Trustee Company</p>
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<sup>(1)</sup> Airbeem Limited was dissolved on 7 November 2021

(h) None of the Directors nor any director of the Manager has for at least the previous five years:

- (i) had any convictions in relation to fraudulent offences; or
- (ii) save as set out above 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 duties carried out on behalf of the Company by any Director or any member of the Company's administrative, management or supervisory bodies and the private interests and/or other duties he may also have. With the exception of Tim Levett, all of the Company's Directors are independent of the Manager.
- (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 for Directors.
- (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 paragraph 7(a), (b) and (e) below the Company has not entered into any related party transactions since the date of its 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 7 January 2022 (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	44,668	0.03%
Alastair Conn	542,142	0.33%
Simon Devonshire	-	0.00%
Cecilia McAnulty	85,884	0.05%
Frank Neale	176,082	0.11%

The Directors of the Company have given undertakings to invest a total of £41,000 in the Company under the Offers.

Following the Offers, assuming full subscription and based on an Offer Price of 68.9p per Offer Share adjusted for a Promoter's Fee of 2.5% 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 (Chairman)	53,373	0.03%
Alastair Conn	556,650	0.30%
Simon Devonshire	-	0.00%
Cecilia McAnulty	107,647	0.06%
Frank Neale	190,590	0.10%

\*Based on an initial Offer Price of 68.9p

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 2021 amounted to £119,500 (plus applicable employer's National Insurance contributions). Each Director is currently entitled to receive during the year ending 31 March 2022 the fees listed below:

Director	Annual remuneration (with effect from 1 April 2021) £
David Gravells (Chairman)	27,500
Alastair Conn	22,000
Simon Devonshire	22,000
Cecilia McNulty (Chair of Audit Committee)	24,000
Frank Neale (Senior Independent Director)	24,000
	<hr/> 119,500

- (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:

Director	Current	Past five years
David Gravells		Paraclete Limited Student Loans Company Limited The Grammar School At Leeds
Alastair Conn	Form Ventures II LP North East Social Investment Community Interest Company North East Access to Finance Limited NEA2F Subco Limited The North East Regional Investment Fund Partner Limited	CNE General Partner Limited 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 The Northern Baptist Association Tyne & Wear Foundation Limited
Simon Devonshire	Celsius Health Limited Intelesant Limited Ploughshare Innovations Limited RHP Develop Limited RHP Property Limited Student Loans Company Limited	Talent Cupboard Limited Tall Man Business Limited
Cecilia McAnulty	Alcentra Limited Celtica Investments LLP Polar Capital Global Financials Trust plc	European Capital Advisers Limited
Frank Neale	Croxton Park Farm Limited IRRfc Ongosa Limited <sup>(1)</sup>	Francis Combe Academy Futurelearn Limited West Herts College

<sup>(1)</sup> Placed into liquidation following appointment of a liquidator 3 June 2019.

- (h) None of the Directors nor any director of the Manager has for at least the previous five years:
- (i) had any convictions in relation to fraudulent offences; or
  - (ii) save as set out above, 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 duties carried out on behalf of the Company by any Director or any member of the Company's administrative, management or supervisory bodies and the private interests and/or other duties he/she may also have. A majority of the Company's Directors are independent of the Manager.

(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 for Directors.

(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 paragraph 7(a),(c) and (f) below the Company has not entered into any related party transactions since the date of its 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 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 7 January 2022 (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	929,290	0.85%
Anna Brown	-	0.00%
Chris Fleetwood	90,001	0.08%
Tim Levett	341,917	0.31%
John Waddell	25,331	0.02%

The Directors of the Company have given undertakings to invest a total of £42,000 in the Company under the Offers.

Following the Offers, assuming full subscription and based on an Offer Price of 106.8p per Offer Share adjusted for a Promoter's Fee of 2.5% 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	929,290	0.74%
Anna Brown	5,619	0.00%
Chris Fleetwood	94,683	0.08%
Tim Levett	360,648	0.29%
John Waddell	34,696	0.03%

\*Based on an initial Offer Price of 106.8p

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 2021 amounted to £85,525 (plus applicable employer's National Insurance Contributions). Each Director is currently entitled to receive during the year ending 31 March 2022 the fees listed below.

Director	Annual remuneration (with effect from 1 April 2021) £
James Ferguson (Chairman)	27,500
Anna Brown	22,000
Chris Fleetwood (Chairman of Audit Committee)	24,000
Tim Levett <sup>1</sup>	-
John Waddell	22,000
	<u>95,500</u>

<sup>1</sup>Tim Levett has waived his entitlement to a director's fee for the year ended 31 March 2022

- (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:

Director	Current	Past five years
James Ferguson	Amadeus and Angels Seed Fund Amadeus III Affiliates Fund LP Penicuik House Preservation Trust The Independent Investment Trust PLC The Scottish Oriental Smaller Companies Trust PLC Value And Indexed Property Income Services Limited Value And Indexed Property Income Trust PLC	Amati Global Investors Limited Amati Global Partners LLP Archangels Investments LLP Lloyds TSB Foundation For Scotland Monks Investment Trust Public Limited Company (The) National Galleries of Scotland Foundation The North American Income Trust PLC
Anna Brown	Addleshaw Goddard (Scotland) Secretarial Limited Addleshaw Goddard (Scotland) Services Limited Addleshaw Goddard LLP Aghoco 5006 Limited Aghoco 5021 Limited	Addleshaw Goddard (Scotland) LLP
Chris Fleetwood		Digitalcity Business Trading Limited IO Solutions NCFE
Tim Levett	14 Belsize Square Management Limited Customs Connect Group Limited Form Ventures II LP Gentronix Limited	Acuant UK Limited Channel Mum Limited Clarilis Limited Currentbody.com Limited

	GRIP-UK Limited Intuitive Holding Limited Levett Ventures LLP Newcells Biotech Limited Northern Venture Managers Limited Northern Venture Trust PLC Rockar 2016 Limited	Graza Limited Hunley Limited Northern VCT Managers Limited (Dissolved) 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 Oceanos Limited Project NVM Limited Ridge Pharma Limited Saluda Limited Seawise Limited Sorted Holdings Limited Turbina Limited
John Waddell	Abbotsford Trust (The) Amadeus III Affiliates LP Amadeus IV Early Stage Fund LP Amadeus V Technology Fund LP Amadeus and Angels Seed Fund Assure APM Limited City Health Clinic Group Limited Forrit Holdings Limited Forrit Technology Limited Indigo Lighthouse Group Limited Indigo Lighthouse Solutions Limited Indigo Lighthouse Solutions (Europe) Limited JWEB Limited Map Magazine Limited (The) MGB Biopharma Limited Qorex Limited 00338299 Limited	Aquila Biomedical Limited Archangel Investments LLP Biogelx Limited City Health Clinic Limited NCTECH Ltd Photonic Solutions (Holdings) Limited Terry Trim Limited Ulpian Systems Limited

- (h) None of the Directors nor any director 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 or her duties to the Company and the private interests and/or duties he or she may also have. With the exception of Tim Levett, all of the Company's Directors are independent of the Manager.
- (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 for Directors.

- (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 paragraph 7(a), (d) and (g) below the Company has not entered into any related party transactions since the date of its 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.

## 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) Co-investment agreements dated 3 December 2019 between each of the Companies and MFM, pursuant to which investment executives employed or engaged (whether as consultants or sub-contractors) 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 invest, 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.

- (b) A Management and Investment Advisory Deed ("Northern Venture Trust IMA") dated 26 January 2015, as amended on 15 December 2016 (made between Northern Venture Trust and NVM) pursuant to which NVM was originally 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, and a deed of novation ("Deed of Novation") and amendment of the Northern Venture Trust IMA, dated 3 December 2019, under the terms of which MFM has assumed, with effect from 23 December 2019, all responsibility 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 and subject to the terms of the Northern Venture Trust IMA. 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. MFM has agreed to offer investment opportunities to Northern Venture Trust, the Companies and the certain other funds it manages, *pro rata* to the Net Assets of each fund at the time of investment. The Northern Venture Trust IMA continues without limitation in point of time unless terminated by either party on giving one year's notice.

MFM receives: (1) 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; provided that the annual fee for cash balances in excess of £20 million shall be 1%; and (2) a performance-related management fee equivalent to 15% 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, 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 MFM will pay the fees of Brewin Dolphin Limited, who manage the Company's non-VCT qualifying listed investments. MFM also provides secretarial and administration services to Northern Venture Trust, for which it receives an annual fee of £75,400 (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 secretarial and administration services are sub-contracted to and provided by NVM under the terms of a transitional services agreement, until March 2022, and such sub-contracting services may be extended in certain circumstances agreed between MFM and NVM.

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 trail commission payments, 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 2.33% of its average net assets.

MFM is entitled to receive arrangement fees (i.e. fees to cover costs of due diligence and implementing investments – typically 3% of the amount invested) and monitoring/directors' fees from companies in which Northern Venture Trust invests. Costs incurred on abortive investment proposals are the responsibility of MFM.

- (c) A Management and Administration Deed dated 30 July 2014, as amended on 8 November 2016, made between Northern 2 VCT and NVM ("Northern 2 IMA"), pursuant to which NVM was originally responsible for managing Northern 2 VCT and its investment portfolio in line with the investment policy determined by the Board of Northern 2 VCT; and a deed of novation ("Deed of Novation") and amendment of the Northern 2 IMA, dated 3 December 2019, under the terms of which MFM has assumed, with effect from 23 December 2019, all responsibility for managing Northern 2 and advising on its investment portfolio in line with the investment policy determined by the Board of Northern 2 and subject to the terms of the Northern 2 IMA. The Board retains overall responsibility for the conduct of Northern 2 VCT's affairs. MFM has agreed to offer investment opportunities to Northern 2 and to the Companies and to certain 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.

MFM receives: (1) 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, provided that the annual fee for cash balances in excess of £20 million shall be 1%; and (2) a performance-related management fee equivalent to 12% 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 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 MFM will pay the fees of Brewin Dolphin Limited, who manage the Company's non-VCT qualifying listed investments. MFM also provides secretarial and administration services to Northern 2 VCT, for which it receives an annual fee of £62,000 (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 secretarial and administration services are sub-contracted to and provided by NVM under the terms of a transitional services agreement, until March 2022, and such sub-contracting services may be extended in certain circumstances agreed between MFM and NVM.

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 trail commission payments, 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 2.39% of its average net assets.

MFM is entitled to receive arrangement fees (i.e. fees to cover costs of due diligence and implementing investments – typically 3% of the amount invested) and monitoring/directors' fees from companies in which Northern 2 VCT invests. Costs incurred on abortive investment proposals are the responsibility of MFM.

- (d) A Management and Administration Deed dated 21 May 2014 made between Northern 3 VCT and NVM, as amended on 10 November 2016 ("Northern 3 IMA"), pursuant to which NVM was originally responsible for managing Northern

3 VCT and its investment portfolio in line with the investment policy determined by the Board of Northern 3 VCT; and a deed of novation ("Deed of Novation") and amendment of the Northern 3 IMA, dated 3 December 2019, under the terms of which MFM has assumed, with effect from 23 December 2019, all responsibility for managing Northern 3 and advising on its investment portfolio in line with the investment policy determined by the Board of Northern 3 and subject to the terms of the Northern 3 IMA. The Board retains overall responsibility for the conduct of Northern 3 VCT's affairs. MFM has agreed to offer investment opportunities to Northern 3 and to the Companies and the certain 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.

MFM receives: (1) 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; provided that the annual fee for cash balances in excess of £20 million shall be 1%; and (2) 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 MFM will pay the fees of Brewin Dolphin Limited, who manage the Company's non-VCT qualifying listed investments. MFM also provides secretarial and administration services to Northern 3 VCT, for which it receives an annual fee of £59,000 (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 secretarial and administration services are sub-contracted to and provided by NVM under the terms of a transitional services agreement, until March 2022, and such sub-contracting services may be extended in certain circumstances agreed between MFM and NVM.

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 trail commission payments, 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 2.39% of its average net assets.

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

- (e) 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	7 January 2022	January 2023
Richard Green	7 January 2022	January 2023
Deborah Hudson	7 January 2022	January 2023
David Mayes	7 January 2022	January 2023
Tim Levett	7 January 2022	January 2023

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 or her 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 or she has served. None of the Directors has entered into any service contract with Northern Venture Trust.

- (f) 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	31 August 2021	August 2022
Alastair Conn	31 August 2021	August 2022
Simon Devonshire	31 August 2021	August 2022
Cecilia McNulty	31 August 2021	August 2022
Frank Neale	31 August 2021	August 2022

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 or her 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 or she has served. None of the Directors has entered into any service contract with Northern 2 VCT.

- (g) Each of the Directors of Northern 3 VCT has entered into a letter of appointment with Northern 3 VCT plc 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	19 August 2021	August 2022
Anna Brown	19 August 2021	August 2022
Chris Fleetwood	19 August 2021	August 2022
Tim Levett	19 August 2021	August 2022
John Waddell	19 August 2021	August 2022

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 or her 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 or she has served. None of the Directors has entered into any service contract with Northern 3 VCT.

- (h) Under the Offer Agreement dated 10 January 2022 between the Companies, the Directors, MFM and the Sponsor, the Sponsor has agreed to act as sponsor to the Offers and MFM has undertaken, as agent of the Companies, to use its reasonable endeavours to procure subscribers for up to £6 million in Northern Venture Trust's offer under the Offers, £17 million in Northern 2 VCT's offer under the Offers and £17 million in Northern 3 VCT's offer under the Offers. Neither the Sponsor nor MFM is obliged to subscribe for Offer Shares.

Under the Offer Agreement the Companies are obliged to pay MFM an amount equal to 4.5% (or 2.5% 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, MFM 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 MFM in certain circumstances, certain warranties have been given by each Company and the Directors to the Sponsor and MFM, subject to certain limitations, and MFM has given certain warranties to each Company. Each Company has also agreed to indemnify the Sponsor and MFM. The warranties and indemnity are in usual form for a contract of this type. The Offer Agreement may be terminated by the Sponsor and/or MFM if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

## 8. General

- (a) The legal names 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 Forward House, 17 High Street, Henley-in-Arden, B95 5AA (telephone no: 0330 223 1430) and their websites are [www.mercia.co.uk/vcts/nvt/](http://www.mercia.co.uk/vcts/nvt/), [www.mercia.co.uk/vcts/n2vct/](http://www.mercia.co.uk/vcts/n2vct/) and [www.mercia.co.uk/vcts/n3vct/](http://www.mercia.co.uk/vcts/n3vct/) respectively. Information on those websites does not form part of this Prospectus unless that information is incorporated by reference into the Prospectus. The Companies have not, nor have had since incorporation, any employees other than their current and former Directors. The Companies do not have any subsidiaries or associated companies. Northern Venture Trust PLC is domiciled in England and has the legal entity identifier 213800HR3R4WFICYFN46. Northern 2 VCT PLC is domiciled in England and has the legal entity identifier 213800K2EJ4CM6G9K687. Northern 3 VCT PLC is domiciled in England and has the legal entity identifier 213800MWOA6W221PI432.
- (b) The principal place of business and registered office of Mercia Fund Management Limited is at Forward House, 17 High Street, Henley-in-Arden B95 5AA. The Manager is UK domiciled and was incorporated in England and Wales on 17 September 2014 with registered number 09223445.
- (c) Mazars LLP of Tower Bridge House, St Katherine's Way, London E1W 1DD has been the registered auditor of Northern Venture Trust since 2021. From incorporation until 2021 KPMG LLP (formerly KPMG Audit Plc) of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG was the registered auditor of Northern Venture Trust.
- Mazars LLP of Tower Bridge House, St Katherine's Way, London E1W 1DD has been the registered auditor of Northern 2 VCT since 2021. KPMG LLP (formerly KPMG Audit Plc) of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG was the registered auditor of Northern 2 VCT from 2003 to 2021. From incorporation until 2003, PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH was the registered auditor of Northern 2 VCT.
- Mazars LLP of Tower Bridge House, St Katherine's Way, London E1W 1DD has been the registered auditor of Northern 3 VCT since 2021. KPMG LLP (formerly KPMG Audit Plc) of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG was the registered auditor of Northern 3 VCT from 2003 to 2021. From incorporation until 2003, PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH 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 propose 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 announce 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 Forward House, 17 High Street, Henley-in-Arden B95 5AA. The custodian of the Companies' quoted venture capital assets and non-VCT qualifying listed investments 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 2013900. Brewin Dolphin Limited was incorporated in England and Wales on 1 June 1987 with registered number 02135876.
- (g) Valuation of investments: Listed investments and investments traded on AIM will be stated at closing bid prices. Unquoted investments 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 December and July 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 July and December as applicable.
- (i) Save for payments made under the agreements described in paragraphs (b) to (d) of the Material Contracts section on pages 64 to 66 above and investments in which Co-Investors have invested (as described on page 64), there have

been no related party transactions since 30 September 2021 to the date of this document in respect of Northern Venture Trust and since 31 March 2021 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 Forward House, 17 High Street, Henley-in-Arden B95 5AA. 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 £6,000 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 affected 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 objectives and investment policy" 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.
- (p) The total initial expenses of the Offers (assuming full subscription by Execution-Only Investors and/or Professional Client Investors only) will be 4.5% of the gross proceeds and the total net proceeds are therefore estimated to be £5.7 million for Northern Venture Trust and £16.2 million for each of Northern 2 VCT and Northern 3 VCT, if the Offers are fully subscribed.

#### **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 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 Memorandum of Association and Articles of the Companies 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 Forward House, 17 High Street, Henley-in-Arden B95 5AA during normal business hours on any weekday (public holidays excepted) and on [www.mercia.co.uk](http://www.mercia.co.uk) from the date of this document until the closing date of the Offers.

## 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 2021/22 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 one or more of 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 in that Company or Companies 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 2021/22 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 or 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 or 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 Aid Risk Finance in a rolling 12 month period (£10 million for a knowledge intensive company), 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;
- (vi) no funds received from an investment by the VCT into a company can be used to acquire another existing business or trade;
- (vii) at least 30% of the funds raised by a VCT must be invested in qualifying holdings by the anniversary of the end of the accounting period in which those funds are raised; and
- (viii) the VCT must not make a non-qualifying investment other than those specified in section 274 ITA 2007.

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

The VCT must not in respect of any share capital or share premium account 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 80% by value of its investments is represented by shares or securities comprising qualifying investments;
- (ii) at least 70% by value of its qualifying investments is represented by "eligible shares" which are 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 (investments made prior to 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement).

Disposals of Qualifying Companies, which have been a qualifying holding throughout the twelve months prior to disposal, are disregarded for the purposes of the 80% test for a period of twelve months.

"Qualifying investments" comprise shares or securities (these are unsecured loans with a five year or greater maturity period and which do not have a rate of return which exceeds a commercial rate of return, but excluding guaranteed loans) 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, nor £16 million immediately after 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. Qualifying Companies or groups must have fewer than 250 employees (500 for a knowledge intensive company). 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 (£10 million for a knowledge intensive company). There is also a disqualifying purpose test designed to exclude companies set up for the purpose of accessing the tax reliefs, and investments must meet a risk-to-capital requirement. 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 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

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<b>2006 Act</b>	Companies Act 2006, as amended from time to time
<b>Admission</b>	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
<b>Adviser Charge</b>	a 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 the Offer Shares, and detailed on the Application Form
<b>AIF</b>	an alternative investment fund
<b>AIFM(s)</b>	manager(s) of AIF(s) for the purposes of the AIFMD
<b>AIFMD</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (as it forms part of domestic law by virtue of the European (Withdrawal) Act 2018)
<b>AIM</b>	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
<b>Annual Running Costs</b>	annual running costs incurred by the Companies in the ordinary course of their business (including irrecoverable VAT)
<b>Applicant</b>	person who applies for Offer Shares under the Offers through means of completing an Application Form
<b>Application Form(s)</b>	form of application for Offer Shares
<b>Articles</b>	articles of association of the Companies as at the date of this document
<b>Board or Directors</b>	board of directors of one or more of the Companies, as applicable
<b>Business Day</b>	any day (other than a Saturday or Sunday) on which clearing banks in London are open for normal banking business in Sterling
<b>Closing Date</b>	31 March 2022 (or earlier at the discretion of the Directors)
<b>Company or Companies or Northern VCTs</b>	either individually, or any combination of Northern Venture Trust, Northern 2 VCT and/or Northern 3 VCT, as applicable
<b>CREST</b>	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)
<b>Direct Investor</b>	an Investor with no adviser
<b>Disclosure Guidance and Transparency Rules or DGTR</b>	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
<b>Dividend Investment Scheme(s) or Scheme(s)</b>	the respective dividend investment scheme for each Company as detailed in Annex I of this document, as amended from time to time
<b>Execution-Only Investor</b>	an Investor who has not sought advice from an independent financial adviser
<b>Existing Shares</b>	the Ordinary Shares in issue at the date of this Prospectus
<b>FCA</b>	Financial Conduct Authority or its successor
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended from time to time
<b>Initial Adviser Charge</b>	a one-off Adviser Charge to be paid at the time of or shortly after the investment being made
<b>ITA</b>	Income Tax Act 2007, as amended from time to time

<b>Intermediary</b>	financial intermediary or adviser, authorised under FSMA, who signs the Application Form and whose details are set out in Section 6 on the Application Form
<b>Investor</b>	individual who subscribes for Offer Shares pursuant to the Offers
<b>Listed</b>	admitted to the premium segment of the Official List and to trading on the London Stock Exchange
<b>Listing Rules</b>	listing rules of the FCA
<b>London Stock Exchange or LSE</b>	London Stock Exchange plc
<b>Mandate Form</b>	the form that enables shareholders in the Companies to participate in the Dividend Investment Scheme, available on Mercia's website at <a href="http://www.mercia.co.uk/vct/">www.mercia.co.uk/vct/</a>
<b>Mercia</b>	Mercia Asset Management PLC
<b>MFM or the Manager</b>	Mercia Fund Management Limited which is authorised and regulated by the FCA
<b>ML Regulations</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>Net Assets</b>	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 calculation
<b>NAV or Net Asset Value</b>	net asset value in pence per Share
<b>Northern 2 VCT</b>	Northern 2 VCT PLC (registered number 03695071)
<b>Northern 3 VCT</b>	Northern 3 VCT PLC (registered number 04280530)
<b>Northern Venture Trust</b>	Northern Venture Trust PLC (registered number 03090163)
<b>NVM or NVM Private Equity</b>	NVM Private Equity LLP which is authorised and regulated by the FCA
<b>Offers</b>	offer for subscription to raise in aggregate up to £40 million by issues of Ordinary Shares by the Companies pursuant to the Prospectus
<b>Offer Price</b>	price paid by an Investor for Offer Shares
<b>Offer Shares</b>	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)
<b>Official List</b>	official list of the FCA maintained in accordance with section 74(1) FSMA
<b>Ordinary Shares or Shares</b>	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)
<b>Ordinary Shareholders or Shareholders</b>	holders of Ordinary Shares
<b>Pricing Formula</b>	the pricing formula by which the number of Offer Shares issued under the Offers is determined for each investor
<b>Professional Client Investor</b>	an investor who is either a professional client or an elective professional client under rule 3.5 of the conduct of business sourcebook as published in the FCA's handbook.
<b>Promoter</b>	the Manager
<b>Promoter's Fee</b>	2.5% or 4.5% of the gross proceeds of the Offers
<b>Prospectus</b>	this document

<b>Qualifying Company</b>	unquoted (including an AIM-quoted) company which satisfies the requirements of Part 4 of Chapter 6 of the ITA
<b>Qualifying Investments</b>	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
<b>Receiving Agent</b>	The City Partnership (UK) Limited
<b>Retail Client Investor</b>	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
<b>RIS</b>	regulatory information service
<b>RPI</b>	inflation measured by the Retail Price Index
<b>SME</b>	small to medium sized enterprise
<b>Sponsor</b>	Howard Kennedy Corporate Services LLP
<b>Total Return</b>	NAV, plus cumulative dividends paid, including tax credits where reclaimable
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code issued by the Financial Reporting Council and as updated from time to time
<b>UK MiFID Laws</b>	(i) the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), The Data Reporting Services Regulations 2017 (SI 2017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488), and any other implementing measure which operated to transpose EU MiFID II in to UK law before 31 January 2020 (as amended and supplemented from time to time including by: (1) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (2) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (3) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (4) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019; and (ii) the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by: (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (b) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019
<b>UK PRIIPs Laws</b>	the UK version of the EU Packaged Retail Investment and Insurance Products Regulations which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Packaged Retail and Insurance-based Investment Products (Amendment)(EU Exit) Regulations 2019 (February 2019) and the Cross-Border Distribution of Funds, Proxy Advisors, Prospectus and Gibraltar (Amendment) (EU Exit) Regulations 2019
<b>UK Prospectus Regulation</b>	the UK version of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including by but not limited to, The Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234 and The Financial Services and Markets Act 2000 (Prospectus) Regulations 2019))
<b>VCT Regulations 2004</b>	Venture Capital Trust (Winding Up and Mergers) (Tax) Regulations SI 2004 No. 2199
<b>VCT Rules</b>	legislation, rules and HM Revenue & Customs interpretation and practice regulating the establishment and operation of venture capital trusts
<b>Venture Capital Trust or VCT</b>	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 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.

#### 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 NAV 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 2022 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 values were obtained at the following general meetings of the Companies:

Company	Aggregate nominal value of Offer Shares	Date of general meeting
Northern Venture Trust	£2,500,000	7 January 2022
Northern 2 VCT	£1,575,931	31 August 2021
Northern 3 VCT	£986,328	19 August 2021

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 8,130,081 ordinary shares of 25 pence each in the capital of Northern Venture Trust (ISIN: GB0006450703), up to approximately 31,518,620 ordinary shares of 5 pence each in the capital of Northern 2 VCT (ISIN: GB0005356430) or up to approximately 19,726,560 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 September 2021, the most recent date in respect of which audited financial information of Northern Venture Trust has been published.

	£000
<b>Total current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
<b>Total non-current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
<b>Shareholders' equity</b>	
Share capital	40,268
Other reserves	79,030
	<b>119,298</b>

There has been no material change in the capitalisation of Northern Venture Trust, total debt or shareholder equity since 30 September 2021.

The following table shows the net indebtedness of Northern Venture Trust as at 30 September 2021, the most recent date in respect of which audited financial information of Northern Venture Trust has been published. There has been no material change in the net indebtedness of Northern Venture Trust since 30 September 2021.

	£000
A Cash	25,106
B Cash equivalent	-
C Trading Securities	10,368
<b>D Liquidity (A+B+C)</b>	<b>35,474</b>
<b>E Current financial receivables</b>	<b>-</b>
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
<b>I Current financial debt (F+G+H)</b>	<b>-</b>
<b>J Net current financial indebtedness (I-E-D)</b>	<b>(35,474)</b>
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
<b>N Non-current financial indebtedness (K+L+M)</b>	<b>-</b>
<b>O Net financial indebtedness (J+N)</b>	<b>(35,474)</b>

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 September 2021, the most recent date in respect of which unaudited financial information of Northern 2 VCT has been published.

	£000
<b>Total current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
<b>Total non-current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
<b>Shareholders' equity</b>	
Share capital	8,150
Other reserves	104,566
	<b>112,716</b>

There has been no material change in the capitalisation of Northern 2 VCT, total debt or shareholder equity since 30 September 2021.

The following table shows the net indebtedness of Northern 2 VCT as at 30 September 2021, the most recent date in respect of which unaudited financial information of Northern 2 VCT has been published. There has been no material change in the net indebtedness of Northern 2 VCT since 30 September 2021.

	£000
A Cash	26,349
B Cash equivalent	-
C Trading Securities	8,406
<b>D Liquidity (A+B+C)</b>	<b>34,755</b>
<b>E Current financial receivables</b>	<b>-</b>
F Current bank debt	-
G Current position of non-current debt	-
OH Other current financial debt	-
<b>I Current financial debt (F+G+H)</b>	<b>-</b>
<b>J Net current financial indebtedness (I-E-D)</b>	<b>(34,755)</b>
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
<b>N Non-current financial indebtedness (K+L+M)</b>	<b>-</b>
<b>O Net financial indebtedness (J+N)</b>	<b>(34,755)</b>

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 September 2021, the most recent date in respect of which unaudited financial information of Northern 3 VCT has been published.

	£000
<b>Total current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
<b>Total non-current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
<b>Shareholders' equity</b>	
Share capital	5,504
Other reserves	111,315
	<b>116,819</b>

There has been no material change in the capitalisation of Northern 3 VCT, total debt or shareholder equity since 30 September 2021.

The following table shows the net indebtedness of Northern 3 VCT as at 30 September 2021, the most recent date in respect of which unaudited financial information of Northern 3 VCT has been published. There has been no material change in the net indebtedness of Northern 3 VCT since 30 September 2021.

	£000
A Cash	21,389
B Cash equivalent	-
C Trading Securities	13,235
<b>D Liquidity (A+B+C)</b>	<b>34,624</b>
<b>E Current financial receivables</b>	<b>-</b>
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
<b>I Current financial debt (F+G+H)</b>	<b>-</b>
<b>J Net current financial indebtedness (I-E-D)</b>	<b>(34,624)</b>
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
<b>N Non-current financial indebtedness (K+L+M)</b>	<b>-</b>
<b>O Net financial indebtedness (J+N)</b>	<b>(34,624)</b>

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(y) 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 7 January 2022, 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).

10 January 2022



## Part IX - Terms and conditions of application

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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 or by electronic transfer at the risk of the Applicant. In the meantime application monies will be retained in a separate bank account with Bank of Scotland PLC.
3. You may pay for your application for Offer Shares by cheque or banker’s draft submitted with the Application form, or by electronic payment to the bank account for which details are given in the Application Form.
4. The contract created by the acceptance of applications under the Offers will be conditional on the receipt of cleared funds into the relevant bank account and on the completion of relevant anti-money laundering and identification checks, by one of the means set out in this Prospectus and the Application Form.
5. Offer Shares will be allotted on a “first come first served” basis, subject to the discretion of the relevant Board. The right is reserved in the absolute discretion of the Companies to reject any such application or to accept any application in whole or part only. The Offers will remain open until 12 noon on 31 March 2022, unless fully subscribed at an earlier date and subject to the Directors’ right to close, or extend, the Offers at any time (in which case the Companies will publish notification of such closure or extension), but not to a date later than 9 January 2023.
6. The Promoter’s Fee payable in respect of a valid application for Shares from an Investor who is (or whose spouse or civil partner is) a shareholder in any of the Northern VCTs on the register of members at close of business on 29 November 2021 will be reduced by 0.5% of the total amount of the subscription. If the shareholder (or spouse or civil partner) is the beneficial holder of Shares which are registered in the name of a nominee and wishes to take advantage of the 0.5% discount for existing shareholders, evidence may be required to prove entitlement (e.g. a letter of confirmation from the nominee or a statement from your nominee confirming your holding as at 29 November 2021).
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 the Receiving Agent and/or the Promoter (or its designated sub-contractor) to carry out such anti-money laundering checks and procedures as it requires or deems reasonably necessary, including an on-line identification check with a provider of credit referencing;
  - (d) authorise your financial adviser (or whoever he or she may direct), the Registrar or the Companies to send (i) a document of title for the number of Offer Shares for which your application is accepted, and/or (ii) 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;
  - (e) 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;
  - (f) 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 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);
- (g) 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;
  - (h) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Companies, the Receiving Agent and (if required) the Promoter) to ensure compliance with the ML Regulations;
  - (i) 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 the Receiving Agent or the Registrar to enter your name on the share register;
  - (j) 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 postal or email address, each as set out in the Application Form;
  - (k) 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;
  - (l) 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;
  - (m) 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;
  - (n) irrevocably authorise the Companies, the Registrar, the Manager or the Receiving Agent, 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, the Manager or the Receiving Agent to execute any documents required therefore and to enter your name on the registers of members of the relevant Company;
  - (o) 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;
  - (p) 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, the Receiving Agent or the Sponsor (or any of their designated agents or sub-contractors) acting in breach of the regulatory or legal requirements of any territory in connection with the Offers or your application;
  - (q) confirm that you have read and complied with paragraph 4 above;
  - (r) confirm that you have reviewed the restrictions contained in paragraphs 8 and 9 below;
  - (s) warrant that you are not under the age of 18 years;
  - (t) 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, the Manager, the Receiving Agent 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;
  - (u) agree that the Manager, the Receiving Agent 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;
  - (v) 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;
  - (w) 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;
  - (x) 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;

- (y) 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;
  - (z) warrant that the information contained in the Application Form is accurate; and
  - (aa) 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.
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. Neither the Manager or the Receiving Agent will 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. The application is addressed to the Companies, the Manager, the Receiving Agent and the Sponsor. The rights and remedies of the Companies, the Manager, the Receiving Agent 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: [www.mercia.co.uk/vct/](http://www.mercia.co.uk/vct/). 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 signed and bearing their 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 by them or their firm 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 by them or their firm to substantiate any claim for their commission.
15. The document entitled “Application Form and Guidance Notes”, including the sections headed “Guidance notes on the Application Form” forms part of these Terms and Conditions of Application.
16. It is a condition of the Offers that each Applicant complies with the ML Regulations. The Companies, the Manager, the Receiving Agent or Sponsor, are each 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; (ii) electronic transfer or (iii) 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.

17. The Applicant acknowledges and agrees that the information contained in the Application Form will constitute Personal Data for the purposes of the EU General Data Protection Regulation 2-16/697 ("**GDPR**") and that the Manager and the Companies will act as "controllers" and "processors" of that data for the purposes of discharging their obligations under these terms and conditions. Copies of data protection and privacy policies are available from the Manager on request. The Companies and/or the Manager or the Receiving Agent may use the information you give for administration, research and/or statistical purposes. Your details may be used by the Companies and/or the Manager and/or the Receiving Agent (but will not be transferred to or used by any third parties other than contracted sub-processors of data).
18. The right is 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.
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 Schemes

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## INTRODUCTION

Each of the Companies is 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 relevant Mandate Form from [www.mercia.co.uk/vcts/](http://www.mercia.co.uk/vcts/) 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 DRIS at any time.

## PART A - DRIS TERMS AND CONDITIONS

The following definitions apply throughout this document, 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	as appropriate, Northern Venture Trust PLC, Northern 2 VCT PLC and/or Northern 3 VCT PLC
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	as appropriate, the Northern Venture Trust PLC, Northern 2 VCT PLC and/or Northern 3 VCT PLC Dividend Investment Scheme established in 2004
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/or 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 legislation). 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 in respect of Northern Venture Trust PLC and 1 July annually for Northern 2 VCT PLC and/or Northern 3 VCT PLC (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 in respect of Northern Venture Trust PLC and 1 July annually for Northern 2 VCT PLC and/or Northern 3 VCT PLC;
  - (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, which are in no particular order. 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 liable to pay income tax on dividends received from the Company and, in certain circumstances, being required to repay the 30% income tax relief on their investment, and any such change could affect the net return to Shareholders.
- 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. Such a discount may be exacerbated if the Company lacks sufficient cash reserves to effect share buybacks and during prohibited periods when the Company is unable to purchase its own shares.
- The Ordinary Shares are 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 be subject to clawback by HM Revenue & Customs of any 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 Company's continuing status and operation as a VCT is subject to approval by shareholders at a continuation vote to be tabled at the AGM of the Company to be held in 2027, at which (if the Company has not been liquidated, unitised or reconstructed) the Directors shall propose a resolution that the Company should continue as a venture capital trust

for a further five year period. In the event that shareholders voted not to continue as a venture capital trust, then this could result in adverse tax consequences for investors, including being liable to pay income tax on dividends received from the Company and, in certain circumstances, being required to repay the 30% income tax relief on their investment.

- Investment in smaller and unquoted companies, such as those in which the Company invests, 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 Company invests are typically unlisted, making them illiquid and this may cause difficulties in valuing and divesting the securities. The Company 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.
- 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 legislation. The Government introduced changes to the VCT legislation effective from November 2015 which, *inter alia*, imposed an age limit for companies receiving investment from VCTs, a cap on cumulative investment received and restrictions on the uses to which investments by VCTs may be put. Further changes are to be introduced following the Patient Capital Review, including the introduction of a principles based risk-to-capital test to ensure invested capital is genuinely at risk, an increase to the proportion of funds that must be held in Qualifying Investments and a new condition which requires 30% of new monies raised to be invested in qualifying holdings within 12 months of the end of the accounting period in which the relevant shares were issued. Whilst the Company has taken these legislative changes into account there remains a risk these changes may restrict or adversely affect the ability of the Company to meet its objective and/or reduce the level of returns which would otherwise have been achievable. The requirement to invest 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. In addition, these changes may make it more difficult for the Company to meet the conditions to maintain VCT status.
- There is no guarantee that the Company's objectives will be met or that suitable investment opportunities will be identified.
- The Company's ability to obtain maximum value from its investments (for example, through their sale) may be limited by the requirements of the relevant VCT legislation in order to maintain the VCT status of the Company (such as the obligation to have at least 70% by value of its investments in Qualifying Investments).
- The impact of the UK's decision to leave the EU remains uncertain and may still have an impact on the business models, business operations and financial results of, or sales demand, material and labour costs, availability and cost of finance for the business in which the Companies invest.
- The past performance of investments made by the Company or other funds managed or advised by the Manager should not be regarded as an indication of the future performance of investments made by the Company.
- 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.
- The COVID-19 pandemic, and measures taken by the UK Government to contain the spread of coronavirus, has resulted in significant disruption and ongoing uncertainty for businesses and consumers and the effects of the pandemic may continue to present significant challenges going forward. The impact that this has on existing portfolio companies and those in which the Companies may invest in the medium and long term, is difficult to predict. Existing and future portfolio companies may lose value or fail as a result of the ongoing effects or aftermath of the pandemic, resulting in a reduction in the value of Investors' shares.

## ***Directors and advisers***

### **Northern Venture Trust Directors (all non-executive)**

Simon Constantine  
Richard Green  
Deborah Hudson  
Tim Levett  
David Mayes  
(in each case whose business address is Forward House,  
17 High Street, Henley-in-Arden B95 5AA)

### **Northern 2 VCT Directors (all non-executive)**

David Gravells  
Alastair Conn  
Simon Devonshire  
Cecilia McAnulty  
Frank Neale  
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### **Northern 3 VCT Directors (all non-executive)**

James Ferguson  
Anna Brown  
Christopher Fleetwood  
Tim Levett  
John Waddell  
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### **Company Secretary and Registered Office**

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### **Promoter and Investment Manager**

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### **Receiving Agent**

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