

# Northern VCTs

Northern Venture Trust PLC  
Northern 2 VCT PLC  
Northern 3 VCT PLC

Offers for subscription  
in the 2024/25 tax year



# Important notice

**Your attention is drawn to the risk factors, as set out on page 18 of this Investment Brochure.**

This document (the “Investment Brochure”) is an advertisement and not a prospectus. An investment in shares in the offers referred to in this advertisement should be made solely on the basis of information set out in the prospectus (the “Prospectus”) (available at [www.mercia.co.uk](http://www.mercia.co.uk)) published on or around 9 January 2025 by Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC (together the “Northern VCTs”, or the “Companies”, and each a “Northern VCT” or “Company”). Prospective investors should read the Prospectus in full, including the Risk Factors (which are summarised in this advertisement), before applying under the Offers (as such term is defined in the Prospectus), and should seek professional financial advice if in any doubt as to whether a VCT is a suitable investment. Capitalised terms not defined in this Investment Brochure shall have the meaning given to them in the Prospectus.

This document amounts to a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2020 and has been approved by Mercia Fund Management Ltd which is authorised and regulated by the Financial Conduct Authority (FRN 524856).

The Northern VCTs are managed or advised by Mercia Fund Management Ltd (“Mercia” or “the Manager” or “the Promoter”), which is a wholly owned subsidiary of Mercia Asset Management PLC (“Mercia Group”). Throughout this document there are references to “Mercia” or the “Mercia Group”. Where the context of the reference to Mercia or the Mercia Group relates directly or indirectly to

regulatory issues, this relates to Mercia Fund Management Limited. Nothing in this investment Brochure constitutes investment, tax, legal or other advice by the Companies, the Manager or the Mercia Group.

This document does not constitute a prospectus, as defined in the glossary of the FCA Handbook, and has not been prepared in accordance with the requirements of the FSMA, the UK Prospectus Regulation or the Prospectus Regulation Rules. Neither the Mercia Group nor the Manager offer investment or tax advice or make recommendations regarding investments. Mercia is acting for the Companies and no one else in connection with the Offers, and will not be responsible to anyone other than the Companies for providing the protections afforded to customers of Mercia (other than as required by the FCA rules) or for providing financial advice in relation to the Offers.

This advertisement does not constitute a direct offer to sell or a solicitation of an offer to purchase securities and, in particular, does not constitute an offering in any state, country or other jurisdiction where, or to any person or entity to whom, an offer or sale would be prohibited.

All statements of opinion or belief contained in this Investment Brochure and all views expressed and statements made regarding future events represent Mercia’s own assessment and interpretation of information available to them as at the date of this Investment Brochure.

No representation is made or assurance given that such statements or views are correct or that the objectives of the Offers will be achieved. Investors must determine for themselves what reliance (if any) they should place on such statements or views and no responsibility is accepted

by the Manager or the Mercia Group in respect thereof. All information contained in this Investment Brochure has been sourced by Mercia unless otherwise stated.

We would like to take the opportunity to remind you that VCT investments are high risk and an investment in Offer Shares will not be appropriate for all recipients of this Investment Brochure. Your attention is drawn to the risk factors, as set out on page 18 of this Investment Brochure. An investment in any one or more of the Companies is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might arise. Please also remember that the value of an investment may go down as well as up. There is no guarantee that the Companies’ investment objectives will be met and you may not get back the full amount invested. The levels and bases of reliefs from taxation described in this document are those currently available and their value depends on an Investor’s individual circumstances. Tax rules and regulations are subject to change.

If you have any questions, please call Mercia on 0330 223 1430. Mercia cannot provide any investment, tax, legal or other advice.

For UK investors only. Information correct as at 8 January 2025.

# Welcome

**This is an opportunity to invest in three established VCTs, at an exciting time, with the benefit of attractive VCT tax reliefs.**

**The Companies are seeking to raise up to £36 million, with £15 million available for subscription in each of Northern Venture Trust and Northern 2 VCT, and £6 million in Northern 3 VCT.**

These new Offers will build on the Northern VCTs’ successful track record taking into account the investment pipeline, while providing scale-up funding and follow-on investment for the current venture portfolio of over 60 companies with growth potential.

The Offers have been designed for Investors seeking a long-term tax-free return through a combination of dividend yield and capital growth, with the added benefit of VCT tax reliefs.



**Peter Dines,**  
Managing Director  
Mercia Fund Management

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# Key information



Target raise  
**£36 million**

Closing date  
**31 March 2025**

Further information, including the Prospectus, Application Form, Key Information Document and Annual Report for each Company, is available at: [www.mercia.co.uk/vcts](http://www.mercia.co.uk/vcts)

If you have any questions regarding the Northern VCTs, please contact Mercia on: **0330 223 1430** or by email at: [vctshareholderenquiries@mercias.co.uk](mailto:vctshareholderenquiries@mercias.co.uk)

If you have any administrative questions regarding the completion and return of the Application Form, please contact the Receiving Agent: **01484 240 910** or by email: [northernvcts@city.uk.com](mailto:northernvcts@city.uk.com)

# Key features

Offer size  
**£15 million**  
in each of Northern Venture Trust and Northern 2 VCT and  
**£6 million** in Northern 3 VCT

Minimum individual investment  
**£6,000**  
in total (minimum £2,000 in any one Company if you are splitting your application across the Offers).

Maximum individual investment  
**£200,000**  
on which VCT tax reliefs are available in the 2024/25 tax year.

## 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 the Net Asset Value ("NAV"). 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.

## TARGET DIVIDEND YIELDS\*

Northern Venture Trust – 5% per annum of opening NAV

Northern 2 VCT – 5% per annum of opening NAV

Northern 3 VCT – 4.5% per annum of opening NAV

\* The target dividend yields are expressed as a percentage of the opening net asset value of each Company and are subject to regular review and are not guaranteed.

## TIMETABLE OF OFFERS

**14 January 2025**

Offers open to all applicants

**31 March 25**

Application deadline, unless fully subscribed at an earlier date or previously extended

**3 April 25**

Date all offer shares are expected to be allotted on or around

Tax certificates will be available shortly after allotment



# The Northern VCTs

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 to September 2024 they have invested over £585 million in more than 190 companies, achieving an unaudited total return (net asset value plus cumulative dividends) of between 197.5p and 253.6p per share.

### Well-resourced Manager

The Mercia Group is an AIM-quoted specialist asset management group, focused on making high-growth investments throughout the UK. As at 30 September 2024, the Mercia Group had c.£1.8 billion of assets under management (source: Mercia Group’s unaudited interim results for the six months ended 30 September 2024) of which c.£1.7bn is represented by third-party funds, including the Northern VCTs’ net assets totalling £377 million. The combination of the Northern VCTs’ 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 Northern VCTs have the opportunity to invest alongside other Mercia Group funds that are able to satisfy larger investment rounds and also provide replacement capital. This combined experience aligns with the published investment policy of the Companies.

The Mercia Group is a leading provider of complete, connected capital throughout the UK. Including the VCT team, the Mercia Group employs approximately 140 people working from a network of 11 locations 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

As at 30 September 2024, the three Northern VCTs had venture capital investment portfolios valued (unaudited) at £244 million, of which £212 million was 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. 19 ‘post-2015’ investments have been realised since 1 January 2020, returning £152 million on an investment cost of £84 million. Since becoming part of Mercia, the Northern VCTs have benefitted from an enhanced deal flow of investments and from the ability to co-invest alongside Mercia Group’s other funds.

### Diversification

Diversification is critical to successful risk management 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 intentionally selected industry sectors.

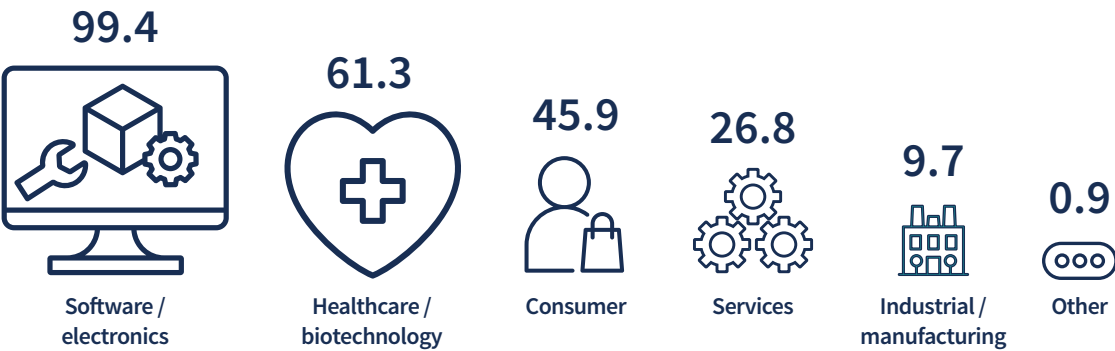
### Liquidity

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.

# Current portfolio

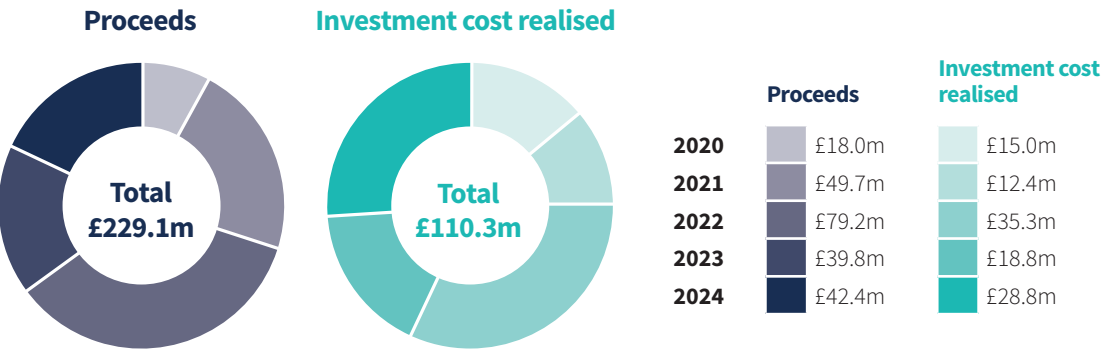


### Sectors by value – £ million

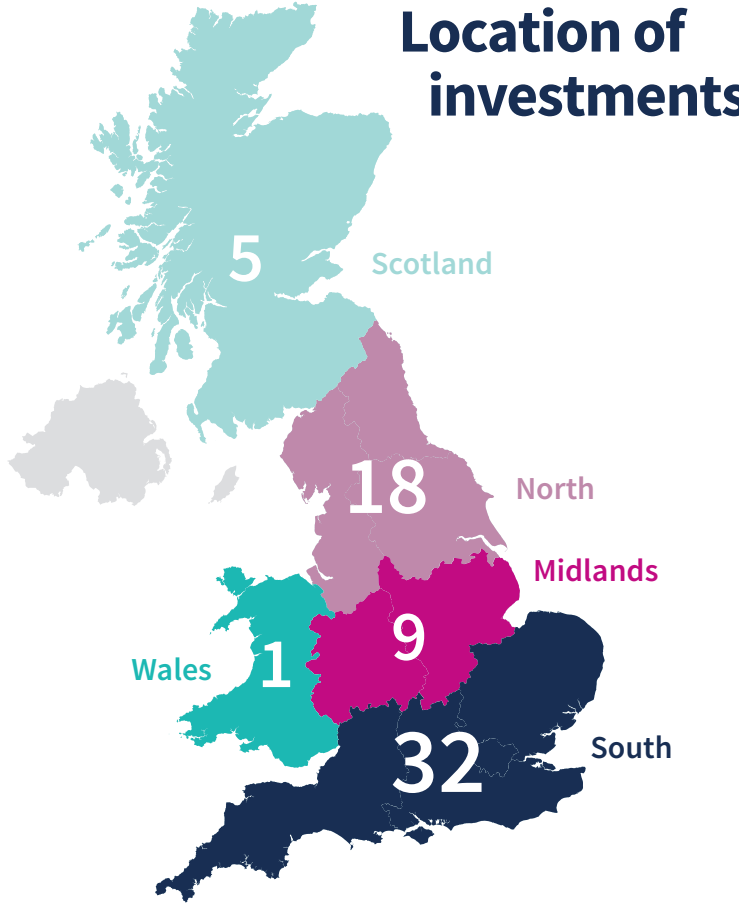


### Investment Realisations – £ million

Exits over the past five years are set out below:



Information and valuations as at 30 September 2024



# Northern VCTs' investment strategy



## Growth focused

The Companies typically make equity investments of up to £10 million in aggregate (of which £3-6 million is the typical target investment) into companies that have high growth potential. The Northern VCTs will seek to back both experienced and new management teams who demonstrate a capability and potential to grow their businesses.



## 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.



## Syndication

The Companies' intention is to grow the value of the portfolios of high-growth businesses by adopting a lead investor role, where feasible, and bringing in additional capital from syndicate partners.



## 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. The Companies are generalist investors with large allocations in software/electronics, healthcare/biotechnology and consumer sectors, and they will also look at other opportunities on a case by case basis.



## UK-wide reach

The Mercia Group is an asset manager providing capital to UK high-growth SMEs. It has 11 locations with nationwide coverage. By operating as part of the Mercia Group, the VCT investment team has access to a proprietary deal flow, and has local teams in the Mercia Group's network of offices who can build long-term relationships in these regions.

# About Mercia



**£1.8 billion**

Group assets under management



**16 dedicated**

VCT investment professionals



**11 locations**

around the UK

**The Northern VCTs are managed by Mercia Fund Management Limited ("Mercia"), which is a wholly-owned subsidiary of Mercia Asset Management PLC. The Mercia Group is a specialist asset manager group 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. The Mercia Group 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 investment team of 16 within Mercia is responsible for deploying capital and delivering returns. Investment opportunities are sourced both externally and from existing Mercia Group investee companies in other funds wishing to scale up. The expectation is that the Northern VCTs will invest around £55 million each year. The benefits of operating alongside the other Mercia Group funds are threefold.

## Track record

The Mercia Group 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 the Mercia Group's EIS and regional funds have £951 million invested. Each year a number of promising companies within these funds seek scale-up capital, providing valuable proprietary deal flow for the Northern VCTs.

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 Group managed funds gives the Northern VCTs a competitive advantage.

## Scale

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

## Additional Capital

Some Mercia Group managed funds are able to provide money for scale-up capital and to purchase existing shares. There can be demand from some business owners for some

## Mercia added value

Mercia seeks to create value for shareholders by active management of the portfolio. To deliver this the Mercia Group 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 the Mercia Group's investee companies. The talent team is involved in deals at an early stage identifying the right people to add value to the companies that the Mercia Group backs through its managed funds.

Group, with a view to long-term employment by the investee companies if the operating partner is 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.

## Operating partners

The VCT talent team maintains a database of people focused on taking executive positions in companies looking to accelerate growth or to help investee companies meet expectations. The Mercia Group's practice is to put operating partners in place, initially funded by the Mercia



# The Northern VCTs

## Investment team



Peter Dines,  
Managing Director



Martijn Kleibergen,  
Portfolio Director



Nigel Owens,  
Portfolio Director



Victoria Wiesener,  
Portfolio Director



Lisa Ward,  
Head of Portfolio  
Resourcing



Stephen Johnson,  
Investment Director



Hugo Lough,  
Investment Director



Alex Gwyther,  
Investment Manager



Dr Marina Fuentes,  
Investment Manager



Henry Hamilton,  
Investment Manager



Lee Lindley,  
Investment Manager



Adam Lovell,  
Investment Manager



Jan Oosthuizen,  
Investment Manager



Adam Watts,  
Investment Manager




Jonathan Kruger,  
Investment Associate




Sue Bromham,  
Research Manager

# The Northern VCTs


## Sales and distribution team




Dr Paul Mattick,  
Head of Sales and  
Private Investor  
Relations



Russell Fryer,  
Business  
Development  
Manager



Stefan Helm,  
Business  
Development  
Manager



Clare Houghton,  
Business  
Development  
Manager

## Wider Mercia team



James Sly,  
Finance Director



Sarah Williams,  
Company Secretary  
and Group General  
Counsel



Gina Hood,  
Assistant Company  
Secretary and EIS/VCT  
Operations Manager



Julian Viggars,  
Mercia Chief  
Investment Officer



Jack Atkins,  
VCT/EIS  
Operations  
Associate



Zara Alexandra,  
Client Services  
Administrator



Joanna Bayes,  
Fund Administrator



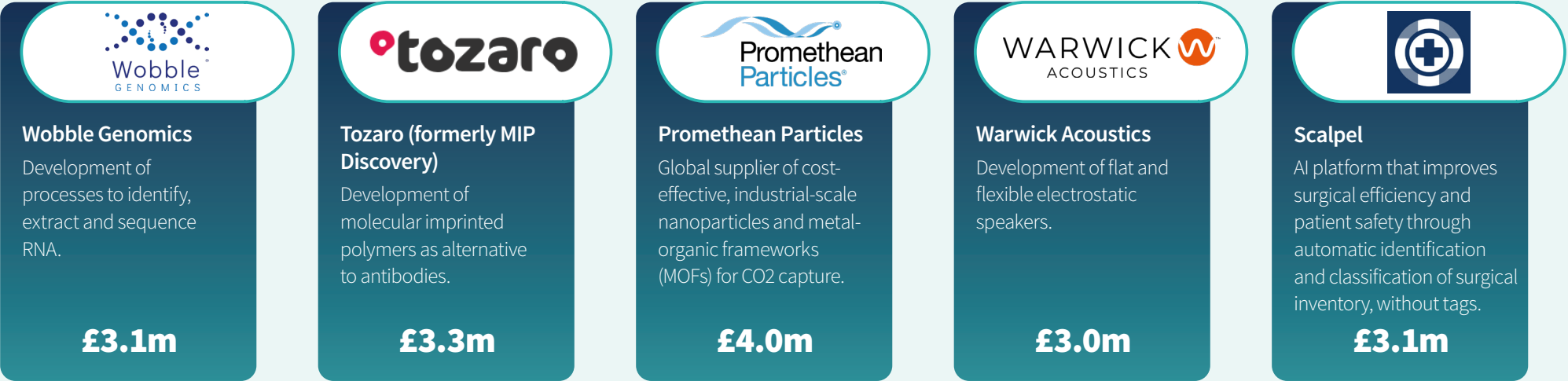
Ben Carless,  
Financial Controller



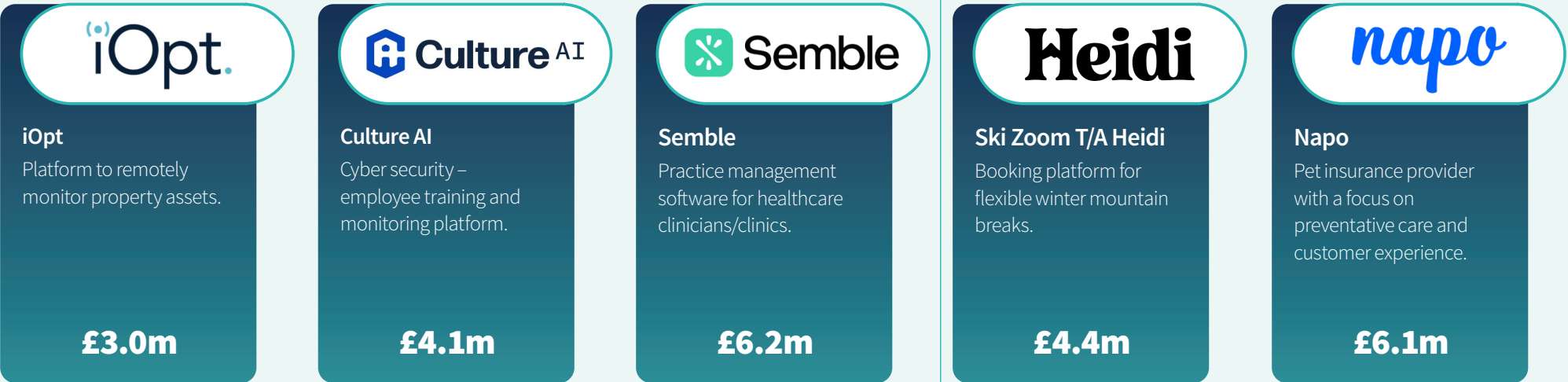
Grace Drohan,  
Senior Legal  
Counsel

# Northern VCTs' recent investments

## Life Sciences and Deep Tech

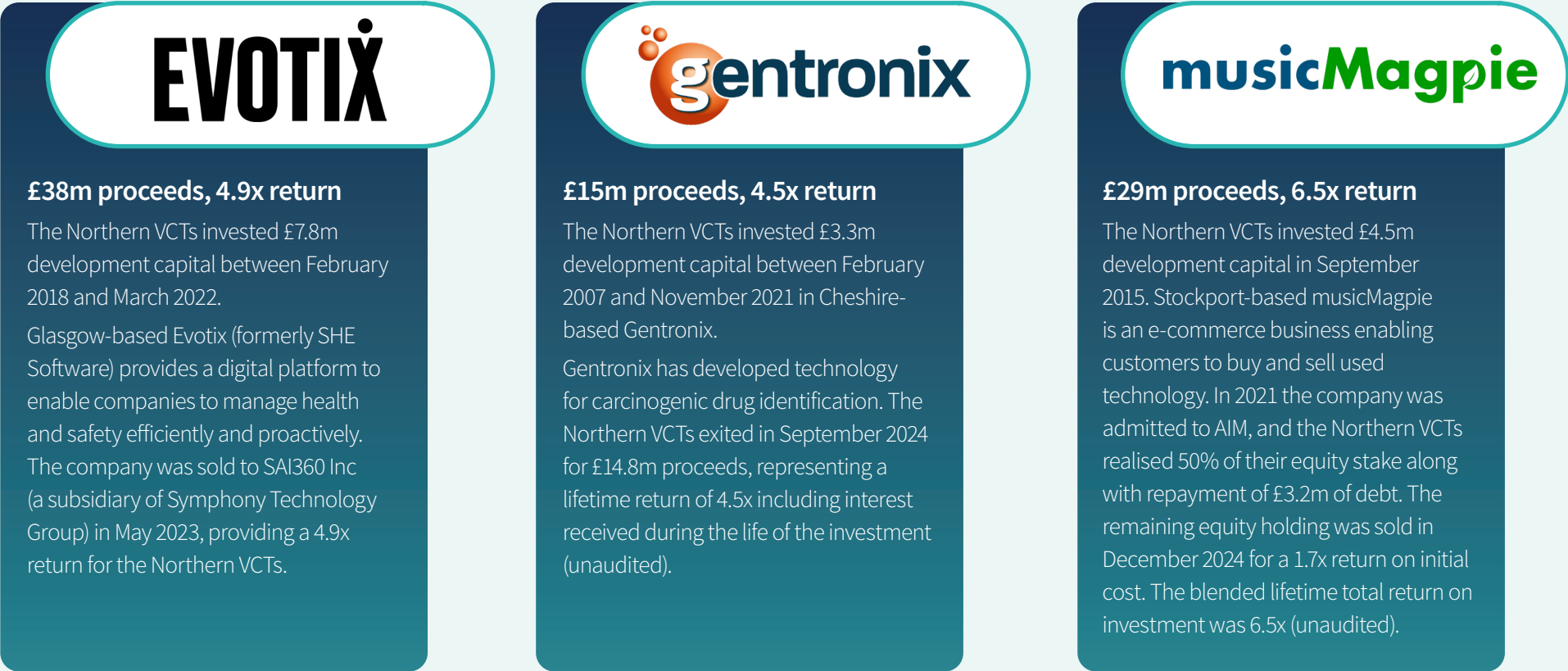


## Software



# Northern VCTs' recent exits

Since 1 April 2023, the Northern VCTs have fully exited from nine portfolio companies, including the following:



The Northern VCTs also exited The Climbing Hangar, Haystack Dryers, Medovate, Weldex, and Nutshell Software for aggregate proceeds of £15.5m, a combined return of 0.7x on an aggregate investment of £23.0m.





# Northern VCTs' track record

## Northern Venture Trust

Year ended	6 months to 30 September 2024*	12 months to 31 March 2024	18 months to 31 March 2023	12 months to 30 September 2021	12 months to 30 September 2020	12 months to 30 September 2019
Dividends per Share declared	1.6p	3.2p	6.0p	10.0p	4.0p	4.0p
Cumulative dividends per Share paid since inception†	193.7p	192.1p	188.5p	182.5p	172.0p	168.5p
NAV per Share	59.9p	60.3p	62.1p	74.1p	70.7p	68.9p
<b>Total Return per Share</b>	<b>253.6p</b>	<b>252.4p</b>	<b>250.6p</b>	<b>256.6p</b>	<b>242.7p</b>	<b>237.4p</b>

## Northern 2 VCT

Year ended	6 months to 30 September 2024*	12 months to 31 March 2024	12 months to 31 March 2023	12 months to 31 March 2022	12 months to 31 March 2021	12 months to 31 March 2020
Dividends per Share declared	1.7p	3.0p	3.3p	3.6p	7.5p	3.5p
Cumulative dividends per Share paid since inception†	140.3p	139.1p	136.0p	132.4p	124.9p	121.4p
NAV per Share	57.2p	57.3p	59.0p	64.4p	71.3p	53.5p
<b>Total Return per Share</b>	<b>197.5p</b>	<b>196.4p</b>	<b>195.0p</b>	<b>196.8p</b>	<b>196.2p</b>	<b>174.9p</b>

## Northern 3 VCT

Year ended	6 months to 30 September 2024*	12 months to 31 March 2024	12 months to 31 March 2023	12 months to 31 March 2022	12 months to 31 March 2021	12 months to 31 March 2020
Dividends per Share declared	2.0p	4.2p	4.5p	5.0p	9.0p	4.0p
Cumulative dividends per Share paid since inception†	120.1p	117.9p	113.4p	108.4p	99.4p	95.4p
NAV per Share	88.5p	89.3p	91.6p	97.9p	107.0p	78.1p
<b>Total Return per Share</b>	<b>208.6p</b>	<b>207.2p</b>	<b>205.0p</b>	<b>206.3p</b>	<b>206.4p</b>	<b>173.5p</b>

\* Unaudited

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

Notes:

1) the most recently published NAV per share as at 30 September is unaudited.

2) special dividends of 6.0p, 4.0p and 4.5p per share respectively were paid in 2021. Past performance is not a reliable indicator of future performance.

New investment:  
**Scalpel AI**



## Revolutionising Surgical Logistics

AI platform that improves surgical efficiency and patient safety through automatic identification and classification of surgical inventory, without tags.

**£3.1m**  
Recently invested



# Attractive tax benefits

Listed below are the main VCT tax reliefs available under the Offers (up to a maximum investment in VCTs of £200,000 in the 2024/25 tax year).

### Income tax relief at 30% of the amount subscribed

This is conditional upon VCT shares being held for at least five years and not having sold any shares in the Company for six months before or after the issue of the new Shares. Relief is restricted to the amount which reduces your income tax liability to nil.

### Tax-free dividends and capital distributions

Dividends and capital distributions from a VCT are tax-free.

### Capital gains tax exemption on any gains arising on the disposal of VCT shares

In the example opposite the effect of any Adviser Charges has been ignored (see page 15 for information on Adviser Charges). You should note that because investors are required to hold the Shares for at least five years in order to retain the income tax relief, this initial uplift cannot be immediately realised.

This is only a very brief summary of the UK tax position for investors in VCTs, based on the Companies’ and Mercia’s understanding of current law and practice. Investors are recommended to consult their own appropriate professional advisers before investing in the Offers and remember that the availability of the VCT tax reliefs is subject to personal circumstances and relies on the relevant Company maintaining its VCT qualifying status.

Please refer to the HMRC website for further guidance on VCT tax reliefs.

To help you understand the benefits of investing in a VCT, here is an example which shows the effect of the initial 30% income tax relief (based on a notional investment of £10,000):

<b>Your gross investment:</b>	<b>£10,000</b>
30% income tax relief:	£(3,000)
Your net investment:	£7,000
Assumed issue costs of 2.5%:	£(250)
Initial value of holding:	£9,750
Initial uplift on the net investment (£):	+£2,750
Initial uplift on the net investment (%):	+39%

# 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 5.0% 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 5.0% of the gross proceeds of the Offers, the net proceeds of the Offers would be approximately £14.2 million for each of Northern Venture Trust and Northern 2 VCT and £5.7 million for Northern 3 VCT, if fully subscribed.

### Existing Northern VCTs shareholder discount

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, provided they (or their spouse or civil partner) were a shareholder on 20 September 2024. This discount will apply for any of the Northern VCTs and not just the VCT to which the shareholder is already subscribed.

### Initial Commissions

Initial commissions may be payable by the Companies in respect of subscriptions received through execution only brokers, or in respect of subscriptions where the Applicant is a Professional Client Investor who has received restricted advice from an Intermediary. Those Intermediaries that are permitted to receive commission will receive an initial commission of 2.5% 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. Such Intermediaries must indicate on the Application Form the basis on which they wish to receive their commission. The cost of such commissions will ultimately be paid by the Promoter on behalf of the Companies.

### Trail Commissions

Additionally, for execution only brokers, 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 0.2% will be paid by the Manager. Trail commission will be paid annually in April (commencing in 2026).

### 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 (up to 4.5% of the amount invested), 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 8 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.

# Offer pricing

The number of Shares issued to each successful Applicant under the Offers is based on the Pricing Formula.

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):

Number of Offer Shares

=

Amount subscribed, plus interest<sup>1</sup> less:  
(i) initial Promoter’s Fee<sup>2</sup> and  
(ii) Adviser Charge (if any)

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Latest published  
NAV per Share<sup>3</sup>

1.

To the extent possible, applicants will receive additional Offer Shares equivalent to receiving the prevailing interest rate offered by the interest-bearing Bank of Scotland segregated account on funds awaiting allotment, equivalent to 3.35 per cent per annum return as of the date of publication of the prospectus. The number of shares will be calculated by reference to the number of days between the acceptance of an application (including full receipt of cleared funds and up to five working days to process) and the date of allotment. This rate is subject to change.
2.

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 20 September 2024.
3.

After deducting any dividends declared but not receivable by Investors and not already deducted from the NAV.

## 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. Where applicable these examples assume an Adviser Charge (to an Intermediary) of 2.0%, 4.5% or commission waived by an execution only broker of 2.5%.

Northern Venture Trust	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2.0%)	Through a financial adviser (Adviser Charge of 4.5%)	Execution only platform or broker – no commission waived by an Intermediary	Execution only platform or broker – 2.50% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000	£10,000
Initial Promoter’s Fee	(£250)	(£250)	(£250)	(£500)	(£500)
Adviser Charge	–	(£200)	(£450)	–	–
Commission waived by the Intermediary	–	–	–	–	£250
Amount invested in Shares	£9,750	£9,550	£9,300	£9,500	£9,750
Number of Offer Shares to be allotted	16,723	16,380	15,951	16,295	16,723

Northern 2 VCT	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2.0%)	Through a financial adviser (Adviser Charge of 4.5%)	Execution only platform or broker – no commission waived by an Intermediary	Execution only platform or broker – 2.50% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000	£10,000
Initial Promoter’s Fee	(£250)	(£250)	(£250)	(£500)	(£500)
Adviser Charge	–	(£200)	(£450)	–	–
Commission waived by the Intermediary	–	–	–	–	£250
Amount invested in Shares	£9,750	£9,550	£9,300	£9,500	£9,750
Number of Offer Shares to be allotted	17,567	17,207	16,756	17,117	17,567

Northern 3 VCT	Direct or through a financial adviser (no Adviser Charge)	Through a financial adviser (Adviser Charge of 2.0%)	Through a financial adviser (Adviser Charge of 4.5%)	Execution only platform or broker – no commission waived by an Intermediary	Execution only platform or broker – 2.50% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000	£10,000
Initial Promoter’s Fee	(£250)	(£250)	(£250)	(£500)	(£500)
Adviser Charge	–	(£200)	(£450)	–	–
Commission waived by the Intermediary	–	–	–	–	£250
Amount invested in Shares	£9,750	£9,550	£9,300	£9,500	£9,750
Number of Offer Shares to be allotted	11,271	11,040	10,751	10,982	11,271

It should be noted that in the examples set out above, it is assumed that the valid application has been received from a new Northern VCT shareholder. The NAV per share is as at 30 September 2024 less any dividends declared but not yet reflected in the NAV per share. It should also be noted that the Adviser Charges set out above have been provided to illustrate the effect on the number of Shares to be issued and should not be considered as a recommendation as to the appropriate levels of Adviser Charges.



# The risks of investing

Although it is normal for equity investments to carry risk, it is important you know what the risks of investing in a VCT are so you can make an informed decision.

Please note that VCT investments are high risk. Prospective Investors should carefully consider the following risk factors in addition to the other information presented in this document and the Prospectus. If any of the risks described below, and/or the risk factors and other key risks set out in the Prospectus, were to materialise, they could have a material effect on the respective businesses, financial condition, and results or operations of any of the Companies.

The risks and uncertainties described here 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 businesses, 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 independent financial adviser authorised under the Financial Services and Markets Act, who specialises in advising on the acquisition of shares.

### You cannot rely on past performance

There can be no assurances that the Companies will meet their objectives or identify suitable investment opportunities. The past performance of the Companies is not a guide to future performance.

### Capital is at risk

The value of the Shares and income derived from them can fluctuate. There is no guarantee Investors will get back the amount invested. Investors could lose all or part of their investment.

### Investments in VCTs are long term in nature

Investors should be prepared to hold their shares for a minimum of five years. Investments in smaller and unquoted companies are high risk and illiquid.

Investments in smaller unquoted companies, such as those in which the Companies will invest, involve a higher degree of risk and company failure 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 teams or key individuals.

The securities of smaller companies in which the Companies invest are typically unlisted and illiquid, which may cause difficulties in valuing and disposing of such securities.

### Tax reliefs are not guaranteed

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. Changes may apply retrospectively, which could affect tax reliefs obtained by Investors and the VCT status of the Companies. If an Investor disposes of his or her Offer Shares within five years of issue, he or she will be subject to claw-back by HMRC of any income tax reliefs originally claimed.

### Maintaining VCT status is not guaranteed

There can be no guarantee that the Companies will retain their status as a VCT. The loss of this status could lead to adverse tax consequences for Investors, including a requirement to repay the 30% initial income tax relief.

### Offer Shares may be difficult to sell

Although the Companies' Offer Shares are traded on the London Stock Exchange, there may not be a liquid market in the Offer Shares and Investors may find it difficult to sell them. In addition, the price at which Shares are traded may not reflect their underlying net asset value (NAV) and Shares are usually traded at a discount to their underlying NAV.

### There are investment restrictions

The Companies' ability to obtain maximum value from their investments may be limited by the VCT Rules. Changes in the VCT Rules may be applied retrospectively and may reduce the level of returns for Investors. A number of investment restrictions came into force in 2015, which focus investment on funding growth and development in companies that have been trading for seven years or less in a VCT-qualifying trade. In addition, the maximum lifetime amount a company can receive from VCTs has been restricted to £12 million (£20 million for a knowledge-intensive company).

### There are market risks

The investments the Companies hold and will make in quoted investments will be subject to normal market fluctuations and other risks inherent in investing in securities.

### Dividends will be subject to fluctuations

The Northern VCTs are investing in young businesses requiring growth and development capital, largely in equity shares. Future returns will, therefore, be more dependent on outright exits and future dividends will be subject to fluctuations.

# Dividend and share buy-back policies

### 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 the NAV per Share. The level of future dividend distributions 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. 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 dividend payment dates following the allotment of Offer Shares are expected to be August 2025 for each of the Companies.

The Companies all intend to pay dividends bi- annually, usually in January and August.

### Share buy-back policy

We understand that, from time to time, Shareholders may wish to sell some of their Shares to assist with personal and financial estate planning. The Companies wish to ensure that there is liquidity in their Shares and, accordingly, each Company currently intends to pursue an active Share buy-back policy. Each Company currently maintains a policy of regularly buying back Shares in the market, at a discount of around 5% to the latest published NAV (subject to regular review, VCT regulations and guidance, shareholder approval, market conditions at the time and the relevant Company having both cash resources and distributable reserves available for the purpose).

### Dividend investment schemes

The Companies have established dividend investment schemes under which Shareholders are given the opportunity to reinvest dividend payments by way of subscription for new Shares, with the benefit of the tax reliefs currently available to VCT subscribers. The terms for participation in those schemes are available from the Mercia website [www.mercia.co.uk/vcts](http://www.mercia.co.uk/vcts).

Set out below is a table illustrating the current income yields to Investors assuming that the dividend yield target is met in each case.

The below table is an illustration of yields and no forecast or projection is implied or should be inferred.

### Illustrative Annual Yield per Offer Share (after 30% income tax relief)

Company	NAV at 30 September 2024 (adjusted for dividend payable subsequently) <sup>1</sup>	Illustrative Offer Price after 30% tax relief <sup>2</sup>	Target yield on opening NAV <sup>4</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	58.3p	41.9p	5.0%	7.0% pa	10.6% pa	11.5% pa
Northern 2 VCT	55.5p	39.8p	5.0%	7.0% pa	10.6% pa	11.5% pa
Northern 3 VCT	86.5p	62.1p	4.5%	6.3% pa	9.5% pa	10.4% pa

1.

The stated NAV is unaudited.
2.

The returns listed are based on an illustrative Offer Price of 58.3p for Northern Venture Trust, 55.5p for Northern 2 VCT and 86.5p 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.
3.

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 £500 of other dividend income from April 2024.
4.

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.

# Additional information

## Boards of directors

Biographical summaries of the directors may be viewed in the prospectus.

### Northern Venture Trust

Deborah Hudson (Chair)  
David Mayes  
John Milad  
Brigid Sutcliffe

### Northern 2 VCT

David Gravells (Chair)  
Thomas Chambers  
Simon Devonshire OBE  
Cecilia McAnulty  
Ranjan Ramparia

### Northern 3 VCT

James Ferguson (Chairman)  
Anna Brown  
Chris Fleetwood  
Tim Levett  
John Waddell

## Annual fees

**Basic management fee:** The Manager receives a basic annual management fee from the Companies at the rate of 2.06% of net assets, calculated half-yearly on 31 March and 30 September. The basic management fee payable in respect of the level of cash and liquid investments over and above £20 million in each Company is reduced to 1%.

**Accounting and secretarial fee:** The Manager provides accounting, administrative and secretarial services to each of the Companies for an annual fee which is adjusted annually by reference to the movement in the UK Index of Consumer Prices. The fees payable for the Companies’ current financial years are £95,700 by Northern Venture Trust, £78,700 by Northern 2 VCT and £73,200 by Northern 3 VCT.

**Performance-related management fee:** The Manager is entitled to receive a performance-related management fee equivalent to 14.0% of the amount, if any, by which the Total Return in each financial year (expressed as a percentage of opening NAV) exceeds the greater of i) a 5.0% performance hurdle based on opening NAV, or ii) the return required to return performance to the previous “high water mark”. Following a year in which the NAV declines, a “high water mark” will apply to the calculation of the performance-related fee, based on the highest total return ever recorded at 31 March. The performance-related fee payable by Northern Venture Trust is subject to an overall annual cap of 2.25% of net assets, with any fee above this being held in reserves until the next time the high water mark is met.

## Pricing of the Offers

The Offer price for each Company is calculated based on the latest NAV adjusted to reflect the fees applicable to your applications and, if applicable, any Adviser Charges, or waived commission. A loyalty discount of 0.5% is available for existing Northern VCT shareholders.

## Deadline for receipt of applications

12.00 noon on 31 March 2025 (unless fully subscribed earlier)

Offer Shares will be allotted on a “first-come, first-served” basis, subject to the discretion of the relevant Board. Please see prospectus for full details.

## Usual dividend payment dates

January and August

## Financial reporting

Annual results to 31 March announced in June and interim results to 30 September announced in November each year.

# Next steps

## How to apply

**It is easy to invest, either by applying online using the online application portal, which enables investors to apply for Offer Shares quickly and securely, at any time of the day, or by posting or emailing an application to the Receiving Agent.**

**Applications can only be submitted to the Receiving Agent (City Partnership) and not to Mercia, but can be submitted either by an applicant directly or by a financial adviser or execution only broker.**



### Apply online

Further details and a link to apply can be found at [www.mercia.co.uk/vcts/](http://www.mercia.co.uk/vcts/)



### Apply by post

A paper application form and instructions can be found on [www.mercia.co.uk/vcts/](http://www.mercia.co.uk/vcts/), or requested from the Receiving Agent. Existing shareholders that have elected to receive hard copy notifications will be sent a copy automatically. Completed forms should be sent to: Northern VCTs Offer, The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.



### Apply through an adviser or broker

With an applicant’s permission, the online / paper application form can be completed by an intermediary on behalf of an applicant, with details of the adviser / broker provided in the relevant sections of the application form.





**The Northern VCTs**

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**[www.mercia.co.uk](http://www.mercia.co.uk)**