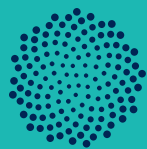


Northern VCTs

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

**Offers for subscription
in the 2023/24 tax year**



Northern VCTs



Important Notice

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) published on or around 18 September 2023 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 2000 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 21 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 15 September 2023.

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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 £42 million, with £14 million available for subscription in each of Northern Venture Trust, Northern 2 VCT and Northern 3 VCT. There are over-allotment facilities totalling £18 million (£6 million for each Company).

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 50 companies with growth potential.

The independent non-executive directors of the Companies have indicated that they will be investing an aggregate of £293,000 into the Companies through the Offers, and Mercia employees (including the Investment Executives) will be investing an aggregate of £27,000 into the Companies through the Offers.

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.



KEY INFORMATION

Target raise

£42 million

Over-allotment facilities

£18 million

Closing date

28 March 2024

Further information, including the Prospectus, Application Form, Key Information Document and Annual Report for each Company, is available at: 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@mercia.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 at: northernvcts@city.uk.com

TIMETABLE OF OFFERS

○	27 September 23	Offers open to all applicants
○	30 November 23	First application deadline, unless fully subscribed at an earlier date or previously extended
○	28 March 24	Final application deadline, unless fully subscribed at an earlier date or previously extended
○	4 April 24	Date all offer shares are expected to be allotted on or around

Tax certificates will be available shortly after allotment

KEY FEATURES

Offer size per Northern VCT

£14 million

in Northern Venture Trust, Northern 2 VCT and Northern 3 VCT, with Over-Allotment Facilities of £6 million for each.

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 2023/24 tax year.

You may elect to split your application equally across the Companies, or in a different allocation on the Application Form.

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.

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 they have invested over £580 million in more than 260 companies, achieving an unaudited total return (net asset value plus cumulative dividends) of between 195p and 250p 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, both from managed funds and directly from its own balance sheet. The Mercia Group currently has c.£1.4 billion of funds under management (*source: Mercia Group's audited accounts*) of which c.£1.2bn is represented by third-party growth funds, including the Northern VCTs' net assets totalling £343 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 over 140 people working from a network of 12 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

Currently the three Northern VCTs have venture capital investment portfolios valued (unaudited) at £197 million, of which £160 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. Twelve 'post-2015' investments have been realised since 1 January 2020, returning £99 million on an investment cost of £47 million. Since becoming part of the Mercia Group, the Northern VCTs have benefitted from an enhanced deal flow of earlier stage investments from the Mercia Group's other (earlier stage) funds, which have already been prepared for larger fundraising within the wider Mercia Group stable, and the ability to co-invest with the Mercia Group's own funds to provide opportunities to make larger investments and provide replacement capital from the Mercia balance sheet.

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.

Current portfolio



£49 million
amount deployed in year to March 2023



62 companies
in the VCT portfolio



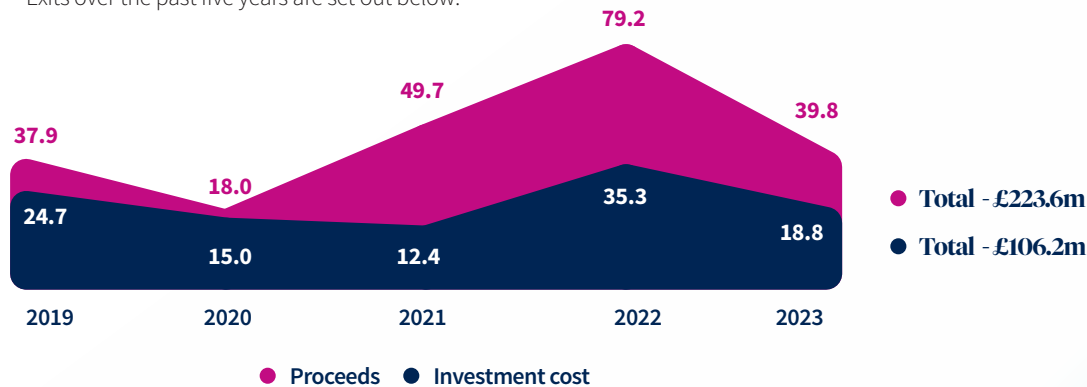
£343 million
Net asset value

Sectors by value – £ million



Investment Realisations – £ million

Exits over the past five years are set out below:



Location of investments



The Northern VCTs' investment strategy



Growth focused

The Companies typically make equity investments of up to £10 million in aggregate (of which £3-5 million is typically invested initially) 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' main sectors of focus are consumer, life sciences and software, 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 12 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

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 £50 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 £630 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.

Proprietary Capital

The Mercia Group uses its proprietary capital to provide new money for scale-up capital and to purchase existing shares. 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 the Mercia Group gives the Northern VCTs a competitive advantage.

Scale

The combination of the Northern VCTs and other Mercia Group 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).



£1.4 billion
Group assets under management



16 dedicated
VCT investment professionals



12 locations
around the UK

Mercia added value

Value is created for shareholders by active management of the portfolio and 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.

Operating partners

The talent team maintains a smaller 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 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.



The Northern VCTs

Investment team



Peter Dines, Managing Director



Martijn Kleibergen, Portfolio Director



Nigel Owens, Portfolio Director



Lisa Ward, Head of Portfolio Talent



Stephen Johnson, Investment Director



Daniela Tsoneva, Investment Director



Sue Bromham, Research Manager



Alex Gwyther, Investment Manager



Henry Hamilton, Investment Manager



Lee Lindley, Investment Manager



Hugo Lough, Investment Manager



Adam Lovell, Investment Manager



Jan Oosthuizen, Investment Manager



Adam Watts, Investment Manager



Dr Marina Fuentes, Investment Associate



Jonathan Kruger, Investment Associate

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



Joanna Bayes, Fund Administrator



Ben Carless, Financial Controller



Grace Drohan, Senior Legal Counsel



Gemma Niblett, Client Services Administrator

The Northern VCTs' track record

Northern Venture Trust

	3 months to 30 June 2023	12 months to 31 March 2023	12 months to 31 March 2022	12 months to 31 March 2021	12 months to 31 March 2020	12 months to 31 March 2019
Dividends per share declared	–	4.0p	4.0p	10.0p	4.0p	4.0p
Cumulative dividends per share paid since inception†	188.5p	188.5p	184.5p	174.5p	170.5p	166.5p
NAV per share	62.0p	62.1p	68.4p	79.8p	58.2p	70.4p
Total Return per share	250.5p	250.6p	252.9p	254.3p	228.7p	236.9p

Northern 2 VCT

	3 months to 30 June 2023	12 months to 31 March 2023	12 months to 31 March 2022	12 months to 31 March 2021	12 months to 31 March 2020	12 months to 31 March 2019
Dividends per share declared	–	3.3p	3.6p	7.5p	3.5p	4.0p
Cumulative dividends per share paid since inception†	136.0p	136.0p	132.4p	124.9p	121.4p	117.4p
NAV per share	59.0p	59.0p	64.4p	71.3p	53.5p	64.7p
Total Return per share	195.0p	195.0p	196.8p	196.2p	174.9p	182.1p

Northern 3 VCT

	3 months to 30 June 2023	12 months to 31 March 2023	12 months to 31 March 2022	12 months to 31 March 2021	12 months to 31 March 2020	12 months to 31 March 2019
Dividends per share declared	–	4.5p	5.0p	9.0p	4.0p	4.0p
Cumulative dividends per share paid since inception†	113.4p	113.4p	108.4p	99.4p	95.4p	91.4p
NAV per share	91.6p	91.6p	97.9p	107.0p	78.1p	94.2p
Total Return per share	205.0p	205.0p	206.3p	206.4p	173.5p	185.6p

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

Note: the most recently published NAV per share as at 30 June 2023 is unaudited.

Note: 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.

The Northern VCTs' top 10 investments

Company	Sector	Year of original investment	Cost (£000)	Valuation (£000)	% of net assets by value
Grip-UK (t/a Climbing Hangar) Indoor climbing wall facility operator	Consumer	2018	10,912	10,912	3.2%
Gentronix Technology for carcinogenic drug identification	Healthcare	2007	3,331	8,415	2.5%
Volumatic Holdings Manufacturer of intelligent cash handling equipment	Industrial	2010	647	9,271	2.7%
Tutora (t/a Tutorful) Website to help parents and students find private tutors	Consumer	2019	7,662	7,984	2.3%
Rockar E-commerce and fulfilment platform for new car sales	IT Services	2016	5,302	7,896	2.3%
Newcells Biotech Assay products for drug and chemical development markets	Healthcare	2018	6,965	7,077	2.1%
Project Glow Topco (t/a Currentbody.com) Online marketplace for home-use beauty products	Consumer	2021	4,749	6,445	1.9%
Biological Preparations Group Environmental biotechnology products	Healthcare	2015	6,447	6,157	1.8%
Adludio Marketing services helping brands run online campaigns	IT Services	2021	5,970	5,970	1.7%
Netacea AI-powered cyber security consultancy	IT Services	2021	5,954	5,954	1.7%
Largest venture capital investments			57,939	76,081	22.2%
Net assets				342,929	100.0%

The Northern VCTs' recent investments



The Northern VCTs invested £3.0 million in January 2023.

The company developed a platform for workplace learning and will use the capital to continue expanding its platform.



The Northern VCTs invested £2.5 million in June 2022.

The company is a provider of social care management software for care homes for the elderly or disabled and will use the money to continue developing the platform and access additional segments of its chosen markets.



The Northern VCTs invested £3.0 million in October 2022, investing alongside Mercia's EIS funds, which have supported the company for a number of years.

The company is in the process of developing the next generation of spinal implants, and will use the capital to continue its research.



The Northern VCTs invested £5.0 million in February 2023, alongside £1.5 million from other Mercia funds.

The company developed a platform to enable corporate and public sector organisations to measure, report and enhance the social value they create. The company will use the capital for growth initiatives and continue to grow its customer base.

The Northern VCTs' recent exits

Over the past 18 months, the Northern VCTs have fully exited from eight portfolio companies, including the following:

EVOTIX

The Northern VCTs invested £7.8 million development capital between February 2018 and March 2022.

Glasgow-based Evotix (formerly SHE Software) provides a digital platform to enable companies to manage health and safety efficiently and proactively. The company was sold to SAI360 Inc (a subsidiary of Symphony Technology Group) in May 2023, **providing a 4.6x return (unaudited)** for the Northern VCTs.



In 2011 the Northern VCTs invested £2.9 million of development capital in London-based Lineup Systems.

Lineup Systems is a multi-channel advertising and media company. The Northern VCTs exited in March 2023 for £21.9 million proceeds, **representing a lifetime return of 7.8x** including interest received during the life of the investment.



The Northern VCTs initially invested in AIM-listed Ideagen plc in 2015.

The Nottingham-based business is a provider of quality audit and risk management software solutions. In July 2022, the company was acquired by private equity firm Hg Capital.

The Northern VCTs received £4.2 million proceeds, which **represented a 9.8x return.**



The Northern VCTs invested £5.4 million in Knowledgemotion, with the initial investment in July 2017.

Greater Manchester-based Knowledgemotion (t/a Boclips) is an online educational and podcast platform.

In June 2022, the Northern VCTs realised their investment for £9.8 million, **representing a return of 1.8x.**



The Northern VCTs initially invested in Intechnica in December 2021.

The Manchester-based cyber security company demerged into two entities in May 2022 – Intechnica, and Netacea, a provider of AI-powered consultancy. In January 2023, Intechnica was acquired by Crosslake Technologies.

The proceeds received of £1.9 million **represents a 2.4x return** on the Northern VCTs' investment of £0.8 million.

The Northern VCTs' exit history

Below is a summary of all exits since December 2019, when Mercia took over as adviser / manager of the Northern VCTs.

Investment	Exit	Original investment	Lifetime return*
Nasstar	February 2020	January 2014	2.6x
Primal Pantry	March 2020	March 2018	-
Cello	August 2020	November 2004	2.2x
Agilitas	November 2020	June 2014	7.7x
Collagen Solutions	November 2020	December 2014	0.9x
It's All Good (Manomasa)	December 2020	February 2014	3.4x
Lending Works	December 2020	June 2016	0.3x
Hello Soda	April 2021	October 2017	1.6x
musicMagpie (Partial Realisation)	April 2021	September 2015	6.9x
Avid	June 2021	July 2016	0.5x
Oddbox (Partial Realisation)	July 2021	March 2020	2.5x
Mojo	July 2021	February 2019	1.6x
Vectura	October 2021	April 2001	2.1x

Investment	Exit	Original investment	Lifetime return*
Intelling	October 2021	March 2017	4.1x
Currentbody.com	November 2021	March 2018	2.9x
No.1 Lounges	January 2022	March 2014	0.2x
Knowledgemotion	June 2022	July 2017	1.8x
Ideagen	July 2022	January 2015	9.8x
Intechnica Holdings	January 2023	December 2021	2.4x
Lineup Systems	March 2023	December 2011	7.8x
Axial Systems Holdings	March 2023	March 2008	0.6x
Channel Mum	March 2023	August 2016	-
Adept Technology	April 2023	February 2006	1.4x
Evotix	May 2023	February 2018	4.6x

* Values above are unaudited. Includes sale proceeds and interest received over course of investment.

MANOMASA[®]

£164 million in proceeds have been generated over the period, based on an initial cost of **£75 million**, an average **2.2X** return.

Manomasa was a brand name of It's All Good Ltd, which was sold in December 2020 for a 3.4x return

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 2023/24 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 20 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):

Your gross investment:	£10,000
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%



**VCT investors benefit from
income tax relief, tax-free
dividends and capital
gains tax exemption.**

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):

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

- 1.** 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 14 June 2023
- 2.** 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 above. Where applicable these examples assume an Adviser Charge (to an Intermediary) of 2.0% or commission waived by an execution only broker of 2.5%.

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 – 2.50% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000
Initial Promoter's Fee	(£250)	(£250)	(£500)	(£500)
Adviser Charge	–	(£200)	–	–
Commission waived by the Intermediary	–	–	–	£250
Amount invested in Shares	£9,750	£9,550	£9,500	£9,750
Number of Offer Shares to be allotted	16,250	15,916	15,833	16,250

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 – 2.50% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000
Initial Promoter's Fee	(£250)	(£250)	(£500)	(£500)
Adviser Charge	–	(£200)	–	–
Commission waived by the Intermediary	–	–	–	£250
Amount invested in Shares	£9,750	£9,550	£9,500	£9,750
Number of Offer Shares to be allotted	16,897	16,551	16,464	16,897

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 – 2.50% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000
Initial Promoter's Fee	(£250)	(£250)	(£500)	(£500)
Adviser Charge	–	(£200)	–	–
Commission waived by the Intermediary	–	–	–	£250
Amount invested in Shares	£9,750	£9,550	£9,500	£9,750
Number of Offer Shares to be allotted	10,942	10,718	10,662	10,942

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 June 2023 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.

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 £13.3 million for each of the Companies, if fully subscribed, excluding the Over-Allotment Facilities, and £19.0 million for each of the Companies, including the Over-Allotment Facilities.

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 14 June 2023. 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 (although the Promoter ultimately bears the costs of such commissions) 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.

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 2025).

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 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.

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 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 are expected to be January 2024 and August 2024 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.

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

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

Company	NAV at 30 June 2023 (adjusted for dividend paid subsequently) ⁴	Illustrative Offer Price after 30% tax relief ²	Target yield on opening NAV ¹	Equivalent tax-free yield	Gross equivalent yield ³	
					Higher rate taxpayer ²	Additional rate taxpayer ²
Northern Venture Trust	60.0p	43.1p	5.0%	7.0% pa	10.6% pa	11.5% pa
Northern 2 VCT	57.7p	41.4p	5.0%	7.0% pa	10.6% pa	11.5% pa
Northern 3 VCT	89.1p	64.0p	4.5%	6.3% pa	9.5% pa	10.4% pa

1. 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.
2. The returns listed are based on an illustrative Offer Price of 61.5p for Northern Venture Trust, 59.2p for Northern 2 VCT and 91.4p for Northern 3 VCT, multiplied by 70%, to reflect initial income tax relief of 30%. Investors should note that they will be required to pay the full Offer Price and claim the income tax relief separately. 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 £2,000 of other dividend income from April 2023.
4. The stated NAV is unaudited.

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

Additional information

Boards of directors

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

Northern Venture Trust

Simon Constantine (Chairman)
Richard Green
Deborah Hudson
David Mayes

Northern 2 VCT

David Gravells (Chairman)
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 RPI. The fees payable for the Companies' current financial years are £92,800 by Northern Venture Trust, £76,300 by Northern 2 VCT and £69,600 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 2.5% 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 28 March 2024 (unless fully subscribed earlier)

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/



Apply by post

A paper application form and instructions can be found on 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.



