

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Circular or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are taking advice in the United Kingdom or, if you are taking advice in another jurisdiction, from another appropriately authorised independent financial adviser. All Shareholders are advised to consult their professional advisers regarding their own tax position.

If you have sold or otherwise transferred all of your Shares in Northern Investors Company PLC you should pass this Circular as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. This Circular and all accompanying documents should not, however, be forwarded or transmitted in or into any Restricted Jurisdiction.

This Circular should be read as a whole and in conjunction with the accompanying Form of Proxy. Your attention is drawn to the Chairman's letter which is set out in Part 1 of this Circular. The letter contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

This Circular has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The distribution of this Circular in certain jurisdictions may be restricted by law and therefore persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Northern Investors Company PLC

(incorporated and registered in England and Wales with registered number 1822966, an investment company within the meaning of Section 833 of the Companies Act 2006)

Proposed introduction of a B Share Scheme to facilitate capital returns to Shareholders

Proposed Return of Capital to Shareholders of 250 pence per Ordinary Share by way of the issue and redemption of 5 redeemable B Shares for each Ordinary Share held on the Return of Capital Record Date

Notice of a General Meeting of the Company to be held at the offices of Stifel Nicolaus Europe Limited at 150 Cheapside, London EC2V 6ET at 3.00pm on 19 January 2017 is set out at the end of the Circular. To be valid, Forms of Proxy for use at the meeting must be completed and returned in accordance with the notes to the Notice of Meeting and the Form of Proxy itself.

No application will be made to the UK Listing Authority or to the London Stock Exchange for any of the B Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares be listed or admitted to trading on any other securities or investment exchange.

The availability of the B Share Scheme and the Return of Capital to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" set out in Part II of this Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements.

None of the B Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is not subject to the registration requirements of the US Securities Act and the state securities laws, either due to an exemption therefrom or otherwise.

Neither the B Shares nor this Circular have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non US securities commission or regulatory authority, nor have such authorities passed upon or endorsed the merits of the B Share Scheme or the Return of Capital or confirmed the accuracy or determined the adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

This Circular does not constitute an invitation to participate in the B Share Scheme or the Return of Capital in or from any jurisdiction in or from which, or to or from whom, it is unlawful to make such offer or participate under applicable securities laws or otherwise.

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Expected Timetable of Events

Publication of Circular	21 December 2016
Latest time for receipt of Forms of Proxy	3.00pm on 17 January 2017
General Meeting	3.00pm on 19 January 2017
Record date for entitlement to B Shares in connection with the Return of Capital	6.00pm on 19 January 2017
Ordinary Shares trade ex entitlement to the B Share Entitlement and the associated B Share Dividend	20 January 2017
Issue of B Shares in connection with the Return of Capital	8.00am on 20 January 2017
Record date for the B Share Dividend	6.00pm on 20 January 2017
Redemption of B Shares	6.30pm on 24 January 2017
Settlement of the capital payments linked to the redemption of the B Shares into CREST and by cheque	31 January 2017
Income payment of the B Share Dividend to mandated bank accounts or by cheque	3 February 2017

The above times and/or dates are indicative only and may change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service and through the publication of a supplementary circular if required.

All references to times in this Circular are to London times unless otherwise stated.

Definitions

In this Circular, unless the context otherwise requires, the following expressions bear the following meanings:

Act	the Companies Act 2006
Articles	the current articles of association of the Company as adopted on 6 July 2012
B Share Dividend	the fixed rate dividend to be paid on the B Shares in accordance with the rights described in Part III of this Circular
B Share Dividend Record Date	6.00pm on 20 January 2017
B Share Entitlement	the entitlement of the holders of the B Shares to participate in the Return of Capital and to receive the B Share Dividend
B Share Scheme	the proposed mechanism to enable returns of capital through the issue and redemption of B Shares
B Share Scheme Resolution	Resolution 1 as set out in the Notice of General Meeting contained in this Circular
B Shares	the unlisted redeemable fixed rate preference shares of 50 pence each in the capital of the Company carrying the rights and restrictions set out in Part III of this Circular
Business Day	any day (excluding Saturdays, Sundays and public holidays) on which banks are open for normal banking business in the City of London
CGT	United Kingdom taxation of capital gains and corporation tax on chargeable gains
Circular	this document dated 21 December 2016, addressed to Shareholders
Company	Northern Investors Company PLC
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear
Directors or Board	the directors of the Company, whose names are set out on page 7 of this Circular
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
FCA	the UK Financial Conduct Authority or its successor from time to time

FSMA	the Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto
General Meeting	the general meeting of the Company to be held at the offices of Stifel Nicolaus Europe Limited at 150 Cheapside, London EC2V 6ET at 3.00pm on 19 January 2017
HMRC	HM Revenue & Customs
Listing Rules	the rules and regulations made by the FCA under Part VI of FSMA
London Stock Exchange	London Stock Exchange plc
Manager	NVM Private Equity LLP which is authorised and regulated by the FCA
NAV	net asset value in pence per Ordinary Share
New Articles of Association	the new articles of association of the Company, which it is proposed are adopted to replace in their entirety the Articles, to be proposed for approval by Shareholders at the General Meeting pursuant to Resolution 1
Notice of General Meeting	the notice convening the General Meeting set out on pages 28 to 30 of this Circular
Official List	the Official List of the FCA
Overseas Shareholders	Shareholders resident in, or citizens or nationals of, jurisdictions outside the United Kingdom
Registrars	Equiniti Limited
Resolutions	the Resolutions to be put to the General Meeting as detailed on page 28 of this Circular and in the Notice of General Meeting
Restricted Jurisdictions	the United States, Canada, Australia, New Zealand, Japan and South Africa and any other jurisdiction where the mailing of this Circular into or inside such jurisdiction would constitute a violation of the laws of such jurisdiction
Return of Capital	the return of approximately £6.2 million of capital by way of the issue and redemption of B Shares in January 2017
Return of Capital Record Date	6.00pm on 19 January 2017
RIS Announcement	an announcement to a regulatory information service that is approved by the FCA as meeting the primary information provider criteria and that is on the list of regulatory information service providers maintained by the FCA

Shareholders

holders of Ordinary Shares

Shares or Ordinary Shares

ordinary shares of 25p each in the capital of the Company

UK Listing Authority

the FCA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

Northern Investors Company PLC

Registered office:
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4SN

21 December 2016

Directors:
Nigel Guy, *Chairman*
John Barnsley
Philip Marsden
Mark Nicholls

Dear Shareholder

Proposed B Share Scheme and Return of Capital

Introduction

In July 2011, Shareholders approved a change in investment strategy whereby the Company ceased making new investments and began an orderly realisation of its portfolio with a view to returning capital to Shareholders. The Company's objective is to realise its assets in a manner that achieves a balance between an efficient return of cash to Shareholders and maximising the value of the Company's investments. Since July 2011, the Company has distributed £77.3 million to Shareholders by way of tender offers and dividend payments.

The Company currently has cash and near-cash balances totalling £7.3 million and the Directors have been considering how best to return a substantial part of this to Shareholders. Tender offers have served the Company well to date as a means of returning capital to Shareholders, particularly while a small number of larger Shareholders have been keen to sell down their holdings but other Shareholders have been willing to maintain their size of investment. However, there are some disadvantages to this method as the Company decreases in size and liquidity. In particular, Shareholders who are unable or unwilling to take part in a tender offer process are left with a less liquid investment in a less diversified portfolio, and tender offers are also relatively costly and labour intensive. The Directors are also conscious that the most recent tender offer, in March 2016, was only 75% taken up by Shareholders, with £15.3 million worth of Ordinary Shares tendered compared with a maximum available of £20.0 million.

The Board is therefore proposing to introduce a mechanism to enable capital to be returned to Shareholders through a compulsory procedure involving a bonus issue, on a pro rata basis, of B Shares followed by the redemption of such B Shares at the option of the Company. The introduction of the B Share Scheme will require Shareholder approval, which will be sought at a general meeting of the Company to be held at 3.00pm on 19 January 2017. Subject to the approvals being obtained at the General Meeting, the Company will be able to make future capital returns through the issue and redemption of B Shares without the need for further Shareholder approval. This will be a less costly way

of returning capital than tender offers and can be achieved more quickly. It also ensures that all Shareholders are treated equally as capital is returned to all Shareholders on a pro rata basis.

Subject to the approvals being obtained at the General Meeting, the Company proposes to return £6.2 million to Shareholders, representing 250 pence for each Ordinary Share currently in issue, by the issue of 5 B Shares for each Ordinary Share held on the Return of Capital Record Date. The B Shares will be redeemed compulsorily by the Company shortly after their issue.

On completion of the Return of Capital, the cumulative amount returned to Shareholders since July 2011 by way of tender offers, dividends and the B Share Scheme will be approximately £83.5 million, equivalent to 141% of the net assets of the Company at the commencement of the realisation process. The Directors currently estimate that the ultimate cash return to Shareholders could be in the range from £95 million to £100 million, equivalent to between 160% and 170% of the net assets at the commencement of the realisation process.

This Circular sets out further details of the B Share Scheme.

The B Share Scheme

How will capital be returned via the B Shares?

Subject to the B Share Scheme Resolution being passed, the Company will have a mechanism to enable the continued return of capital to Shareholders by capitalising the appropriate amount standing to the credit of its special reserve account (which was created through the cancellation of the Company's share premium account) and then applying the resulting amount for the purpose of paying up the nominal value of the appropriate number of B Shares. Such B Shares would then be issued to Shareholders on a pro rata basis as determined from time to time by the Directors and, shortly thereafter, the Company would then redeem and cancel the B Shares in accordance with their terms for an amount not exceeding the amount treated as paid up on the issue of the B Shares.

Following the redemption and cancellation of the B Shares, the redemption proceeds would then be sent to Shareholders, either through CREST to uncertificated Shareholders or via cheque to certificated Shareholders. The redemption proceeds received should, under current legislation, be taxed as capital for UK individual Shareholders – please see Part V below for further details on taxation. Any accrued B Share Dividend, which would be an income payment, would be paid separately, either to mandated bank accounts or by cheque.

Subject to the B Share Scheme Resolution being passed at the General Meeting, the Company may use this mechanism to issue and redeem B Shares at the discretion of the Company, without the need for additional Shareholders' approval. Future capital returns under the B Share Scheme will be notified to Shareholders by means of an RIS Announcement.

Advantage of returning capital via B Shares

The advantages of returning capital via the B Share Scheme rather than via a tender offer (the mechanism previously used by the Company) are that:

- (a) it reduces costs for the Company, as there would be no need to prepare further circulars to give effect to future capital returns as is the case with tender offers;
- (b) there is greater certainty for the Company regarding the rate of return of capital to Shareholders (unlike tender offers, capital returns under the B Share Scheme would be mandatory and would apply to all Shareholders on a pro rata basis);
- (c) all Shareholders would be able to participate in the redemption process and they would be treated equally; and

- (d) subject to the B Share Scheme Resolution being passed at the General Meeting, Shareholders should not be required to take any further action to give effect to this mechanism.

However, for some Shareholders, there may be some disadvantages in returning capital via the B Share Scheme, relating to the timing and mandatory nature of the scheme. Unlike a tender offer, Shareholders would not be given a choice as to whether or not to participate in the return of capital and, for those Shareholders who hold Shares through a number of different vehicles, they would not be given the choice of which of their vehicles should participate in the return of capital. This could potentially lead to adverse tax consequences for Shareholders as they may not be able to structure their returns in the most tax efficient manner.

Taxation of the B Share Scheme compared to taxation of tender offers

Broadly speaking (based on current United Kingdom tax law), the redemption of the B Shares or the repurchase of shares pursuant to a tender offer that is conducted through a broker acting as principal (as has been the case with the tender offers conducted by the Company) should be treated as a disposal by the Shareholder of their shares for United Kingdom tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom taxation of capital gains and corporation tax on chargeable gains.

For further information regarding taxation on the redemption of the B Shares please see Part V of this Circular.

Further information on the B Shares

No share certificates will be issued in relation to the B Shares and the B Shares will not be listed or traded on the London Stock Exchange or any other recognised exchange.

The B Shares will have limited rights, including a right to a dividend at a fixed rate. The rights and restrictions attached to the B Shares are set out more fully in Part III below.

The Return of Capital

Subject to the B Share Scheme Resolution being passed at the General Meeting, the Company proposes to return £6.2 million to Shareholders utilising the B Share Scheme. Under these proposals, Shareholders will receive 5 B Shares for each Ordinary Share held by them on the Return of Capital Record Date by way of a bonus issue. Shortly after their issue, the B Shares will be redeemed by the Company in accordance with their terms at a price of 50 pence for each B Share then in issue. Shareholders are expected to receive the proceeds of the redemption by 31 January 2017. In addition, Shareholders will receive a small fixed rate dividend on the B Shares as explained more fully in Part III of this Circular.

Performance and prospects of the Company

Net asset value, investment portfolio and share price

On 15 November 2016 the Company published its half-yearly results for the six months ended 30 September 2016. The unaudited NAV as at 30 September 2016 was 728.6 pence, an increase of 6.3% compared with the audited NAV of 685.4 pence as at 31 March 2016. The Directors reported that no further investment exits had been completed since 31 March 2016 but that they expected further developments during the second half of the current financial year. Cash and near-cash balances at 30 September 2016 totalled £7.5 million.

Since 30 September 2016 the Company has made no new investments, nor has it entered into any new investment commitments, in line with the revised investment policy approved by Shareholders in July 2011.

As at the close of business on 19 December 2016 (being the latest practicable date prior to the publication of this Circular) the mid-market share price was 840.0 pence, representing an increase of 32.3% since 31 March 2016.

Investment realisation profile

At the time of the change in investment policy in July 2011, the Company's portfolio comprised 29 holdings with a carrying value of £47.6 million. Between July 2011 and 19 December 2016 cash proceeds totalling £74.0 million were realised from investment sales, loan stock repayments etc. As at 19 December 2016 the remaining portfolio comprised seven holdings with a carrying value of £13.5 million.

In the half-yearly report to Shareholders for the six months ended 30 September 2016, published on 15 November 2016, the Directors provided an updated indication of the possible range of outcomes of the process of realising the Company's assets and returning cash to Shareholders. It was estimated that the realisation of the portfolio would be substantially completed by December 2017 and that the ultimate cash return to Shareholders could be in the range from £95 million to £100 million, equivalent to between 160% and 170% of the net assets at commencement. The Directors consider that this estimate remains valid.

Shareholders should note that whilst this is the best estimate of the Board and Manager as at the date of this Circular, it cannot be relied on and is subject to a number of uncertainties including, without limitation, general market conditions, the future performance of investee companies, the behaviour of other shareholders in investee companies and the level of activity in the mergers and acquisitions market.

The Board will continue to keep Shareholders informed as to progress through the Company's periodic half-yearly and annual reports and quarterly NAV announcements, in addition to which significant individual realisations will be announced as appropriate.

Prospects of the Company following the Return of Capital

As the realisation process continues, the Company's portfolio (which now comprises only seven holdings) will be less diversified than has previously been the case. This will increase the proportionate impact of changes in the value of individual investments on the value of the Company as a whole. Moreover, in the later stages of the process, it may become more difficult to achieve exits at prices equal to or greater than the Directors' valuation of individual investments. The Board and Manager will continue to pursue an orderly realisation strategy, but where necessary will take a pragmatic approach to the investments at the lower end of the valuation range in order to keep the realisation process on track.

As the size of the Company's portfolio diminishes, the level of investment income is also likely to reduce, which, together with the possibility of reduced valuations on exit, may have an impact on the levels of distributions to Shareholders. Based on an issued capital of 2,496,767 Shares, and with £77.3 million already returned to Shareholders, the range of projected outcomes implies future distributions of between approximately 720 pence and 920 pence per Share in total (including the 250 pence per Share to be distributed in January 2017 pursuant to the B Share Scheme). However, it should be noted that these figures are likely to change as realisation proceeds continue to be distributed, firstly as the projected amounts to be distributed change over time, and secondly as the projected distributions may accrue to a reducing number of Shares in issue if Shares are re-purchased by the Company as a means of returning capital to Shareholders. The estimates also remain subject to significant uncertainties including timing, market conditions, individual company performance and the behaviour of other shareholders in investee companies.

Although the Company's Shares are traded on the main market of the London Stock Exchange, the market in the Shares is likely to become increasingly illiquid as the realisation process continues. Therefore, it may prove difficult for Shareholders to sell their Shares in the market. In addition, there is

no guarantee that the market price of the Shares will reflect their underlying NAV or the ability to buy and sell at that price.

Investment management fee

The Manager provides investment management and secretarial services to the Company under an agreement dated 18 April 1990, as amended by a side letter dated 16 February 2016. The agreement runs until terminated by not less than six months' notice given by either party. The Company may also terminate the agreement without notice in the event of a change of control of the Manager.

Under the management agreement the Manager is entitled, with effect from 1 April 2016, to receive an annual advisory fee comprising a fixed basic fee and a variable fee.

The fixed basic fee, which is payable quarterly in advance, is £100,000 per annum for periods commencing on or after 1 April 2016.

In addition a variable fee is payable to the Manager at the rate of 1.0% per annum of the Company's net assets as shown in its published financial statements. The net assets figure used to calculate the variable fee will be updated every six months as at 31 March and 30 September each year. The variable fee will accrue from day to day and will be payable quarterly in arrears on 30 June, 30 September, 31 December and 31 March in each year in respect of the quarters ending on those dates and will be based on the net assets calculated on the immediately preceding calculation day.

The total management fees payable to the Manager, excluding the performance fee referred to below, will not exceed £275,000 per annum.

The Manager also receives an annual fee of £35,000 for the provision of administrative and company secretarial services to the Company.

Performance fee

When Shareholders approved the revised investment policy of the company in July 2011, the terms of the management agreement with the Manager were amended with a view to aligning, as far as possible, the interests of the Manager with those of Shareholders during the period of the orderly realisation process. Accordingly the Manager is entitled to receive a performance incentive once the Company has made cash distributions to Shareholders subsequent to 31 March 2011 equivalent to £58,988,000 (the Company's net assets as at 31 March 2011), plus a hurdle at the rate of 7% per annum compound applied to net assets as adjusted for cash distributions. Once this target has been achieved, the Manager's performance fee for each financial year will be an amount equivalent to 12.5% of all amounts capable of distribution to Shareholders in excess of £58,988,000, based on the audited accounts for the relevant financial year, less any performance fees paid in respect of earlier years.

An initial performance fee instalment of £2.8 million was paid to the Manager in May 2016, the underlying cash distributions hurdle having been achieved during the year ended 31 March 2016. The remaining performance fee provision at 30 September 2016 was £2.4 million. The Directors consider that the incentive scheme continues to achieve an effective alignment of the Manager's interests with those of shareholders, as demonstrated by the success of the portfolio run-off process to date.

Following the proposed issue and redemption of the B Shares, a further £6.2 million will be distributed to Shareholders by 31 January 2017 and the cumulative distributions will increase to £83.5 million. The Directors estimate that this will result in a further performance fee payment of £0.2 million becoming due to the Manager on the publication of the audited financial statements for the year ending 31 March 2017, expected to take place in May 2017. The Directors have taken account of this financial obligation when determining the amount of cash which is available to be distributed to Shareholders through the B Share Scheme.

Contingent assets

At the date of this Circular there was a contingent asset of £1,187,000 not recognised in the Company's financial statements in respect of potential deferred proceeds from sales of investee companies which occurred prior to that date. The extent to which these proceeds will be received in due course is dependent on future events, for example, possible warranty claims by acquirers.

In 2013 the Company, in common with a number of other investment trust companies, brought a claim against HMRC to recover VAT paid on investment management fees in the period from 1990 to 2009, to the extent that the amounts overpaid had not been previously recovered by the Company, together with compound interest. The claim arises from a decision by the European Court of Justice that the UK Government had breached EC law by levying VAT on the provision of investment management services to investment trust companies in the relevant period. The Company's claim has, by agreement with HMRC, been stayed pending the outcome of similar litigation involving other investment trust companies which is currently in progress. The Directors consider that the outcome of the claim, and if successful the timing and quantum of any recovery by the Company, cannot be foreseen with any certainty at this stage. The lead litigation was heard in the Supreme Court in May 2016 and we are still awaiting the outcome. No value has been ascribed to this claim for the purposes of calculating the range of possible distributions to Shareholders set out on pages 8 and 10 of this Circular.

Dividend policy

Annual dividends are paid in the form of a single final dividend. It is the Directors' present intention to continue distributing substantially all of the revenue surplus available in each financial year, but Shareholders should be aware that the level of investment income, and hence the amount available for distribution by way of annual dividend, is likely to reduce as the Company's income-producing investments are realised and cash is returned to Shareholders. The Directors will in any case declare annual dividends sufficient to maintain the Company's authorised investment trust status by complying with the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010 as to the distribution of investment income.

Cash distributions to Shareholders

Following the issue and redemption of the B Shares, the cumulative cash returned to Shareholders by the Company subsequent to the change in investment policy and up to 31 March 2017 will be approximately £83.5 million, comprising the following:

Form of distribution	Date	Amount £000
Final dividend of 5.8 pence per Share for the year ended 31 March 2011	22 July 2011	1,125
Purchase of 4,267,000 Shares at 300 pence per Share by tender offer	7 December 2011	12,801
Interim dividend of 2.2 pence per Share for the year ended 31 March 2012	6 January 2012	333
Final dividend of 6.8 pence per Share for the year ended 31 March 2012	13 July 2012	1,029
Purchase of 3,000,000 Shares at 335 pence per Share by tender offer	12 December 2012	10,050
Final dividend of 9.5 pence per Share for the year ended 31 March 2013	5 July 2013	1,152
Purchase of 3,400,000 Shares at 415 pence per Share by tender offer	4 March 2014	14,110
Final dividend of 10.0 pence per Share for the year	25 July 2014	873

ended 31 March 2014		
Purchase of 3,828,440 Shares at 500 pence per Share by tender offer	31 March 2015	19,142
Final dividend of 17.0 pence per Share for the year ended 31 March 2015	24 July 2015	833
Purchase of 2,403,233 Shares at 635 pence per Share by tender offer	31 March 2016	15,260
Final dividend of 24.0 pence per Share for the year ended 31 March 2016	22 July 2016	599
Return of Capital under the B Share Scheme	31 January 2017	6,242
Total cash returned to Shareholders		83,549

The audited net assets of the Company as at 31 March 2011 were £59.0 million. Based on the unaudited net assets of the Company as at 30 September 2016, adjusted to exclude the amount returned to Shareholders by the B Share Scheme and the related costs, the residual net assets of the Company following the redemption of the B Shares will be approximately £11.9 million. The aggregate of the cumulative cash returned to Shareholders since July 2011 (£83.5 million) and the residual net assets (£11.9 million) will therefore be £95.4 million.

General Meeting

Set out on pages 28 to 30 at the end of this Circular is the Notice of General Meeting which contains the full text of the Resolutions. The General Meeting is scheduled to be held at the offices of Stifel Nicolaus Europe Limited at 150 Cheapside, London EC2V 6ET at 3.00pm on 19 January 2017.

Resolution 1 is proposed as a special resolution and seeks approval for the proposed B Share Scheme, the B Share Scheme Resolution. Paragraph (a) of the B Share Scheme Resolution relates to the adoption of the New Articles of Association, which set out the rights of the B Shares as described in Part III of this Circular. Paragraph (b) of the B Share Scheme Resolution authorises the Directors to issue the B Shares on a pro rata basis by way of a bonus issue, using the amount standing to the credit of the Company's special reserve from time to time. If passed, the B Share Scheme Resolution will allow the Company to return capital to Shareholders through a bonus issue of B Shares which would then, shortly after their date of issue, be redeemed at the option of the Company and cancelled in accordance with their terms. The redemption proceeds would then be sent to Shareholders, as set out more fully in Parts II and III of this Circular. The B Shares carry a right to a small fixed rate dividend. Subject to the B Share Scheme Resolution being passed, the Return of Capital will be implemented shortly after the General Meeting to return capital to Shareholders by 31 January 2017.

Resolution 2 is conditional upon the passing of the B Share Scheme Resolution and is proposed as a special resolution. Resolution 2 seeks approval for the cancellation of the capital redemption reserve which will arise on the redemption of the B Shares under the Return of Capital. Subject to the approval of the Court, this will create additional distributable reserves in order to facilitate further capital returns. The Return of Capital is not conditional upon Resolution 2 being passed, but future capital returns may not be possible if Resolution 2 is not passed.

Shareholders will find enclosed a Form of Proxy for use in connection with the General Meeting including approval of the B Share Scheme and Return of Capital. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it by post to Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6DA so as to arrive as soon as possible, but in any event by no later than 3.00pm on 17 January 2017.

Recommendation

In the opinion of the Board, the proposals described in this Circular are in the best interests of Shareholders as a whole.

The Board strongly and unanimously recommends Shareholders to vote in favour of the Resolutions, as those Directors who hold Shares intend to do in respect of their own holdings comprising 32,937 Shares (in total representing 1.3% of the Company's total voting rights).

Yours sincerely

Nigel Guy

Chairman

Part II – Details of the B Share Scheme

1 Conditions to the implementation of the B Share Scheme

The B Share Scheme is conditional on the approval by Shareholders of the B Share Scheme Resolution to be proposed at the General Meeting. If the B Share Scheme Resolution is not passed then the Return of Capital will not proceed.

2 Issue of B Shares and rights attached to the B Shares

It is proposed that the Company be authorised to capitalise a sum not exceeding £12.67 million standing to the credit of the “special reserve” which was created through the cancellation of the Company’s share premium account. This amount will be used from time to time to pay up in full B Shares with a nominal value of 50 pence each, on the basis that the aggregate nominal value of the B Shares so issued shall not exceed £12.67 million.

The B Shares will be allotted and issued to Shareholders on a pro rata basis as determined by the Directors from time to time.

The B Shares will have only very limited rights, including a right to a small fixed rate dividend. The rights and restrictions to be attached to the B Shares are more fully set out in Part III of this Circular.

No share certificates will be issued for any B Shares issued and no CREST accounts will be credited with any such shares.

No application has been, or will be, made for the B Shares to be admitted to listing on the Official List or admitted to trading on the London Stock Exchange’s main market for listed securities, nor will the B Shares be listed or admitted to trading on any other recognised investment exchange.

3 Redemption

The redemption of B Shares will be undertaken at the option of the Company. It is expected that redemption will occur shortly after the date of issue of the B Shares, when all B Shares then in issue will be compulsorily redeemed. The Company will redeem and cancel the B Shares in accordance with their terms for an amount not exceeding the amount treated as paid up on the B Shares.

Following the redemption and cancellation of the B Shares, the redemption proceeds will be sent to Shareholders either through CREST to uncertificated Shareholders or via cheque to certificated Shareholders. As the B Share Dividend payment is an income payment, it will be paid separately either to mandated bank accounts or by cheque. The cash received, other than the small dividend, should, under current legislation, be taxed as capital for UK individual Shareholders.

4 Overseas Shareholders

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the B Share Scheme (including, as may be relevant in each case, the issue, holding, redemption or disposal of the B Shares) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Overseas Shareholder to satisfy himself/herself as to full observance of the laws of each relevant jurisdiction in connection with the B Share Scheme, including the obtaining of any government, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this Circular in certain jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe

any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither this Circular nor any other document issued or to be issued by or on behalf of the Company in connection with the B Share Scheme constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The provisions of this paragraph 4 relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by the Company in its absolute discretion.

5 Securities law considerations in the United States

None of the B Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is not subject to the registration requirements of the US Securities Act and the state securities laws, either due to an exemption therefrom or otherwise.

6 Approval of the B Share Scheme

The B Share Scheme requires Shareholder approval of the B Share Scheme Resolution at the General Meeting which will be held at the offices of Stifel Nicolaus Europe Limited at 150 Cheapside, London EC2V 6ET at 3.00pm on 19 January 2017. A Notice of General Meeting is set out at the end of this Circular and a summary explanation of the B Share Scheme Resolution is set out in paragraph 7 below.

Shareholders will find enclosed with this Circular a Form of Proxy for use at the General Meeting (including approval of the B Share Scheme Resolution).

Whether or not you intend to attend the General Meeting in person, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6DA, so as to arrive as soon as possible, but in any event by no later than 3.00pm on 17 January 2017.

Completion and return of a Form of Proxy, the giving of CREST Proxy Instruction, or the completion of a proxy form online will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish to do so (and are so entitled).

7 Summary explanation of the B Share Scheme Resolution

The B Share Scheme Resolution will be proposed as resolution 1 at the General Meeting, as a special resolution (the passing of which requires at least 75% of the votes cast (whether in person or by proxy) to be in favour).

A summary of the paragraphs comprising the B Share Scheme Resolution follows below:

- (a) this paragraph proposes the adoption of New Articles of Association incorporating the rights and restrictions to be attached to the B Shares (as set out in Part III of this Circular);
- (b) this paragraph proposes to authorise the Directors to:
 - (i) capitalise a sum or sums from time to time not exceeding £12.67 million in aggregate standing to the credit of the special reserve (which was created through the cancellation of the Company's share premium account), and to apply such sum from time to time in paying up in full up to 25,346,666 redeemable shares of 50 pence each in the capital of the Company carrying the rights and restrictions set out in article 150 of the New Articles of Association (the "B Shares") that may be allotted pursuant to the authority given by sub paragraph (b) (ii) below; and

- (ii) allot and issue B Shares up to an aggregate nominal amount of £12.67 million, on a pro rata basis as determined by the Directors from time to time.

8 Amendments to the Articles of Association

Amendments to the Articles are required in order to implement the B Share Scheme and require approval at the General Meeting. Therefore it is proposed that the Articles be amended by the adoption of the New Articles of Association which include an insertion that contains the rights and restrictions attaching to the B Shares, as set out in Part III of this Circular.

Part III – Rights and Restrictions attached to the B Shares

Set out below is the proposed insertion to the Articles, which contains the rights and restrictions attached to the B Shares. The following Article 150 is to be inserted into the Articles of Association of the Company immediately following the existing Article 149, thereby forming the New Articles of Association. The Company is seeking Shareholder approval to adopt the New Articles of Association pursuant to Resolution 1:

150 Rights and restrictions attaching to the B Shares

- 150.1 Subject to the Companies Acts, the Directors may issue B Shares provided that such B Shares are fully paid up out of the reserves of the Company.
- 150.2 Notwithstanding any other provisions in these Articles, the B Shares shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 150 and any other provision in these Articles, the provisions in this Article 150 shall prevail.

Income

- 150.3 The profits available for distribution shall be applied first in paying to the holders of the B Shares (in priority to any payment of dividend to the holders of any other class of shares in the capital of the Company) a fixed rate cumulative preferential cash dividend (“Preferential Dividend”) at the rate of 3% per annum on every B Share held by them, such dividend to accrue from day to day and, subject to Article 150.14, to be paid half-yearly on 31 March and 30 September (“Fixed Dividend Dates”) in each year in respect of the half-years ending on those respective dates. Payments of Preferential Dividend shall be made to holders on the Register at any date selected by the Directors up to 42 days prior to the relevant Fixed Dividend Date. Every Preferential Dividend shall be distributed to the holders of the B Shares pro rata according to the amounts paid up or credited as paid up on the B Shares held by them respectively.

Capital

- 150.4 Except as provided in Article 150.14 below, on a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company, to 50 pence per B Share held by them.
- 150.5 On a winding up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 150.4 above. In the event that there is a winding-up to which Article 150.4 applies and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their pro rata proportion of the amounts to which they would otherwise be entitled.
- 150.6 The aggregate entitlement of each holder of B Shares on a winding-up in respect of all the B Shares held by him shall be rounded up to the nearest whole penny.
- 150.7 The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of B Shares.

Attendance and voting at general meeting

- 150.8 The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company (excluding any intragroup reorganisation on a solvent basis), in

which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote on any such resolution only.

- 150.9 If the holders of the B Shares are entitled to vote at a general meeting of the Company in their capacity as holders of such B Shares, then, subject to any other provisions of these Articles, each holder thereof shall be entitled to vote at such general meeting whether on a show of hands or on a poll as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a show of hands, this shall be treated as an instruction by the relevant holder of B Shares to vote in the way in which the proxy elects to exercise that discretion.

Class rights

- 150.10 The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- 150.11 A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- 150.12 Without prejudice to the generality of the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such redemption (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares.
- 150.13 If at any time a currency other than sterling is accepted as legal tender in the United Kingdom in place of or in addition to sterling, the directors shall be entitled, without the consent of holders of Ordinary Shares or B Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of B Shares under these Articles as the directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the B Shares. Any such arrangements and adjustments shall not involve a variation of any rights attaching to the B Shares for any purpose.

Redemption of B Shares

- 150.14 Subject to the provisions of the Companies Acts and these Articles, the Company shall redeem the B Shares as follows:
- (a) The B Shares shall be redeemed at such time as the directors may in their absolute discretion determine (the "Redemption Time"). There shall be paid on each B Share redeemed under this Article 150.14 the amount paid up thereon together with a sum equal to all arrears, deficiencies and accruals of the Preferential Dividend to be calculated on a daily basis up to and including the Redemption Time and to be payable irrespective of whether or not such dividend has been declared or earned or otherwise become due and payable.
 - (b) As from the Redemption Time, the Preferential Dividend shall cease to accrue on the B Shares.
 - (c) In the absence of bad faith or wilful default, neither the Company nor any of its directors, officers or employees shall have any liability to any person for any loss or

damage arising as a result of the determination of the Redemption Time in accordance with Article 150.14(a) above.

- (d) The receipt of the registered holder for the time being of any B Shares (or in the case of joint registered holders the receipt of any of them) for the monies payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.

Transfer

150.15 The B Shares shall not be transferable.

Part IV – Risk Factors

1 Risks related to the B Share Scheme and Return of Capital

Shareholders should be aware of the following risks associated with the B Share Scheme and Return of Capital:

- There is no guarantee that the B Share Scheme or Return of Capital will take place. The B Share Scheme and Return of Capital are conditional on, among other things, the approval of Shareholders and will not proceed if the B Share Scheme Resolution is not passed. The approval of the B Share Scheme Resolution requires not less than 75% of those voting at the General Meeting in person or by proxy to vote in favour of the Resolution. It is possible that Shareholders may not approve the B Share Scheme Resolution. If the B Share Scheme Resolution is not passed and the Return of Capital does not proceed, the Company will have larger cash and near-cash balances and there is a risk that the return of cash as part of the revised corporate strategy approved by Shareholders in July 2011 will be delayed. It is not clear when another capital return or other distribution would take place. In addition, the cash balances may not be able to be returned to Shareholders in a tax-efficient manner.
- Any future distributions could be at a higher or lower amount per Share than the current Return of Capital. The amount of cash that the Company will be able to return to Shareholders in the future will depend on the performance of the Company's remaining investments and the proceeds eventually realised from them.

2 Risks related to continued investment in the Company

The Company's business, financial condition or results could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Shares may decline because of any of these risks and Shareholders may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company. The Directors consider the following to be all the material known risks for the Company, but the risks listed do not necessarily comprise all those associated with the Company:

- The majority of the Company's investments are in small and medium-sized unquoted companies, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. The Manager aims to limit the risk attaching to the portfolio as a whole by close monitoring of individual holdings, including appointment of investor directors where appropriate. The Board reviews the portfolio with the Manager on a regular basis.
- Following the adoption of the Company's revised investment policy in July 2011, the portfolio has and will continue to become more concentrated as investments are realised and cash is returned to Shareholders. This will increase the proportionate impact of changes in the value of individual investments on the value of the Company as a whole. The Directors' valuation of the Company's investments represents their best assessment of the fair value of the investments as at the valuation date and the amounts eventually realised from such investments may be more or less than the Directors' valuation.
- The investments held by the Company are all minority equity holdings in unquoted companies. The realisation of these investments may depend on the agreement of a number of parties over whom the Company has no control.
- As cash is progressively returned to Shareholders, the net assets of the Company will progressively reduce. The Company's annual running costs will not necessarily reduce by the same proportion, if at all, and consequently the costs as a percentage of net assets may increase.

- As most of the Company's investments involve a medium to long-term commitment and are relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing except on an occasional short-term basis. Accordingly they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to meet expenditure commitments, including any investments which may be made under the Company's revised investment policy. If the Company does not maintain sufficient cash or cash equivalents then these expenditure commitments may impact on the value of the Company and ultimately the return provided to Shareholders. The Company has very little exposure to foreign currency risk and does not enter into derivative transactions.
- Events such as economic recession or general fluctuations in stock markets and interest rates may affect the valuation of investee companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and premium/discount to NAV.
- The Company's investments may be difficult to realise. Unquoted investments are not traded on a recognised stock exchange and are inherently illiquid. Investments quoted on a recognised stock exchange may nevertheless be illiquid and there may be a large spread between bid and offer prices.
- As the realisation process continues, it may become more difficult to achieve exits at prices equal to or greater than the Directors' valuation of individual investments. The Board and Manager will continue to pursue an orderly realisation, but where necessary will take a pragmatic approach to the investments at the lower end of the valuation range in order to keep the realisation process on track.
- Although the Company's Shares are traded on the main market of the London Stock Exchange, the market in the Shares is unlikely to be liquid, particularly if the number of Shares in issue reduces as a result of future tender offers if the B Share Scheme Resolution is not passed; it may, therefore, prove difficult for Shareholders to sell their Shares in the market. In addition, there is no guarantee that the market price of the Shares will reflect their underlying NAV or the ability to buy and sell at that price.
- The past performance of investments made by the Company or other funds managed by the Manager should not be regarded as an indication of the future performance of investments made by the Company.

Part V – United Kingdom Taxation

United Kingdom taxation

The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and HM Revenue & Customs' published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the United Kingdom for United Kingdom tax purposes and who are and will be the absolute beneficial owners of their Ordinary Shares and B Shares and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade) other than under an ISA. They may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from taxation. The position may be different for future transactions and may alter between the date of this Circular and the implementation of the B Share Scheme.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.

Receipt of B Shares

For the purposes of CGT, the receipt of the B Shares will constitute a reorganisation of the share capital of the Company. Accordingly, the B Shares will be treated as the same asset as the Shareholder's holding of existing Ordinary Shares, and as having been acquired at the same time as the Shareholder's holding of existing Ordinary Shares was acquired. A Shareholder's combined holding of Ordinary Shares and B Shares will have the same aggregate base cost as the Shareholder's holding of Ordinary Shares immediately before the issue of B Shares. The aggregate base cost will be apportioned between the B Shares and the Ordinary Shares held by the Shareholder by reference to their respective market values on the first day of trading after the issue of B Shares. The apportionment ratio between the B Shares and Ordinary Shares will be published on the Company's website at the earliest practicable time following a quotation or publication of a price or market valuation in respect of the Ordinary Shares following the issue of the B Shares.

On the basis that the B Shares will be treated, for United Kingdom tax purposes, as being paid up for "new consideration" received by the Company, the issue of the B Shares should not give rise to any liability to United Kingdom income tax or corporation tax in a Shareholder's hands.

Redemption of the B Shares

On redemption of all or any of the B Shares, an individual Shareholder may, depending on his or her individual circumstances, be subject to CGT on the amount of any chargeable gain realised. Any gain will be measured by reference to the excess of the redemption price above the Shareholder's allowable expenditure for the B Shares redeemed. The Shareholder's allowable expenditure in relation to his or her existing Ordinary Shares will be apportioned between the Ordinary Shares and the B Shares in the manner described above.

The amount of CGT, if any, payable by an individual Shareholder in relation to the chargeable gain will depend on his or her personal tax position. No tax will be payable on any gain realised on the redemption if the amount of the chargeable gain, when aggregated with other chargeable gains realised by the Shareholder in the year of assessment in question, does not exceed the annual allowance of tax-free gains (£11,100 for the tax year ending 5 April 2017). Broadly, any gains in excess of this amount will be taxed at the individual's relevant capital gains tax rate. Assuming the Finance Bill is enacted in its current form, the rates of capital gains tax for chargeable gains accruing on or after 6 April 2016 and on or before 5 April 2017 will be 20% or 10%. The gain will be taxable at 10% if the individual is a basic rate income taxpayer only. If the gain exceeds the unused part of an individual's basic rate band for income tax the gain will be taxed at 10% to the extent of the unused element and 20% for the excess. If an

individual is subject to income tax at a rate in excess of the basic rate then the net gain will be taxable at 20%

Redemptions will be recognised for CGT purposes in the tax year in which they occur.

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

The proceeds received by a Shareholder on redemption of the B Shares for an amount equal to their nominal value should not be an income distribution in the Shareholder's hands.

The Finance Act 2015 enacted legislation which, broadly, treats amounts paid on the redemption of shares as income in the hands of an individual shareholder, rather than a capital gain, where a company gives the shareholder a choice of whether to receive either a distribution or an "alternative receipt" of broadly the same value but which is not charged to income tax. The Company has been advised that this legislation does not apply to the Return of Capital on the basis that it does not provide Shareholders with a choice as to the form of any amounts they are entitled to receive.

Other disposals

On any subsequent disposal (otherwise than by way of redemption) of the whole or part of a Shareholder's holding of Ordinary Shares or B Shares, a Shareholder may, depending on his or her circumstances, be subject to CGT on the amount of any chargeable gain realised. Please refer to the paragraphs above for details of the manner in which a Shareholder's allowable expenditure will be apportioned between Ordinary Shares and B Shares and for details of how a gain will be taxed.

Taxation of Dividends

The Company is not required to withhold tax at source from dividend payments that it makes.

Individual Shareholders

Shareholders who are individuals and who receive a dividend from the Company will in principle be liable to UK income tax on the amount of that dividend, depending on the amount of dividend income received in total by (and other taxable income of) that Shareholder (whether from the Company or other sources) in the relevant tax year.

Individual Shareholders will not be liable to UK income tax in respect of a dividend from the Company if the Shareholder's total dividend income from any source in the relevant tax year does not exceed £5,000. In the case of an individual Shareholder who receives dividends in excess of £5,000 in a tax year, the excess amount of any such dividends will be subject to UK tax at 7.5% for basic rate and non-taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

Company Shareholders

Shareholders within the charge to UK corporation tax which are a 'small company' (for the purposes of the UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and do not fall within certain specified anti-avoidance provisions and the Shareholder has not elected for the dividends not to be exempt. It is expected that dividends paid by the Company or the B Shares would fall within an exempt class.

Stamp duty and stamp duty reserve tax ("SDRT")

No stamp duty or SDRT will be payable by Shareholders on the issue of the B Shares or the redemption of the B Shares.

Transactions in securities

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals), HM Revenue & Customs can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the proposed B Share Scheme, in broad terms, Shareholders might be liable to taxation as if they had received an income amount rather than a capital amount. However, these provisions only apply in the case of close company transactions. The Directors do not consider that the Company is a close company, and consequently these provisions should not be relevant.

Part VI – Additional Information

1 Directors and registered office

1.1 The names and principal functions of the Directors are as follows:

Name	Position
Nigel Guy	Non-executive chairman of the Board and of the Nomination and Management Engagement Committees
John Barnsley	Senior non-executive director and chairman of the Audit Committee
Philip Marsden	Non-executive director
Mark Nicholls	Non-executive director

1.2 The Company was incorporated and registered in England and Wales on 8 June 1984 with number 1822966. The registered office of the Company is at Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN, United Kingdom.

2 Directors' and others' interests

2.1 As at the date of this Circular, the interests of the Directors (and their connected persons under the Companies Act 2006) in the issued share capital of the Company (all of which interests, unless otherwise stated, are beneficial) which have been notified by each Director to the Company pursuant to the Disclosure and Transparency Rules were as follows:

Name of Director	Number of Shares held	Percentage of issued share capital	Capital to be returned
John Barnsley	25,795	1.03%	£64,487.50
Nigel Guy	Nil	Nil%	£Nil
Philip Marsden	3,571	0.14%	£8,927.50
Mark Nicholls	3,571	0.14%	£8,927.50
TOTAL	32,937	1.31%	£82,342.50

3 Shareholdings of members of Manager

3.1 As at the date of this Circular, the interests of the members of the Manager in the Company are indicated in the table below:

Name of Member of the Manager	Number of Shares held	Percentage of issued share capital	Capital to be returned
Alastair Conn	128,674	5.15%	£321,685.00
Martin Green	2,519	0.10%	£6,297.50
Timothy Levett	76,319	3.06%	£190,797.50
Christopher Mellor	19,694	0.79%	£49,235.00
TOTAL	227,206	9.10%	£568,015.00

4 Major interests in Shares

4.1 As at 19 December 2016 (being the latest practicable date prior to the publication of this Circular), the total voting rights of the Company were 2,496,767. So far as the Company is aware, the following persons were interested, directly or indirectly, in 3% or more of the Company's issued share capital as at 19 December 2016 (being the latest practicable date prior to the publication of this Circular):

Name of Shareholder	Number of Shares held	Percentage of issued share capital
Tyne & Wear County Pension Fund	175,937	7.05%
Brewin Dolphin Limited	173,670	6.96%
Alastair Conn	128,674	5.15%
Church Commissioners for England	105,650	4.23%
Timothy Levett	76,319	3.06%

5 Significant change

There has been no significant change in the financial or trading position of the Company since 30 September 2016, being the date to which the most recent half-yearly financial statements have been made up.

Northern Investors Company PLC

Notice of General Meeting

Notice is hereby given that a General Meeting of the Company will be held at the offices of Stifel Nicolaus Europe Limited at 150 Cheapside, London EC2V 6ET at 3.00pm on 19 January 2017 for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions:

SPECIAL RESOLUTIONS

1

- (a) THAT the draft articles of association produced to the meeting and signed by the Chairman (the "New Articles of Association") be approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, all existing articles of association of the Company;
- (b) THAT the directors be generally and unconditionally authorised:
 - i. To capitalise a sum or sums from time to time not exceeding £12.67 million in aggregate standing to the credit of the special reserve (which was created through the cancellation of the Company's share premium account), and to apply such sum from time to time in paying up in full up to 25,346,666 redeemable shares of 50 pence each in the capital of the Company carrying the rights and restrictions set out in article 150 of the New Articles of Association (the "B Shares") that may be allotted pursuant to the authority given by sub paragraph (b) (ii) below; and
 - ii. Pursuant to section 551 of the Act, to exercise all powers of the Company to allot and issue credited as fully paid up B Shares up to an aggregate nominal amount of £12.67 million to the holders of the Ordinary Shares on a pro rata basis as determined by the Directors from time to time.

- 2** THAT, conditional on the passing of Resolution 1 above and subject to the confirmation of the Court, the balance standing to the credit of the capital redemption reserve of the Company following the redemption of 12,483,835 B shares in January 2017 be cancelled and the amount so cancelled be credited to a special reserve of the Company.

By order of the Board

C D Mellor
Secretary
Time Central
32 Gallowgate
Newcastle upon Tyne NE1 4SN

21 December 2016

NOTES:

- 1 A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so. A Form of Proxy which may be used is attached.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her.
- 3 To be valid, a Form of Proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6DA not later than 3.00pm on 17 January 2017.
- 4 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.30pm on 17 January 2017 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after 6.30pm on 17 January 2017 (or after 6.30pm on the day which is two working days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 5 As at 19 December 2016 (being the last business day prior to the date of this Notice of General Meeting) the Company's issued share capital consisted of 2,496,767 Ordinary Shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 19 December 2016 was 2,496,767.
- 6 CREST members who wish to appoint a proxy or proxies for the meeting or any adjournment thereof by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual (www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 7 In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this Notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 8 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 9** The above statement as to proxy rights does not apply to a person who receives this Notice of General Meeting as a person nominated to enjoy “information rights” under Section 146 of the Companies Act 2006. If you have been sent this Notice of General Meeting because you are such a nominated person, the following statements apply: (a) you may have a right under an agreement between you and the member of the Company by whom you were nominated to be appointed or to have someone else appointed as a proxy for this general meeting; and (b) if you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to that member as to the exercise of voting rights.
- 10** A copy of this Notice of General Meeting, and the other information required by Section 311A of the Companies Act 2006, can be found at www.nvm.co.uk/nicgmjan2017.
- 11** Any member attending the meeting has the right to ask questions.
- 12** You may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.