

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you have sold or transferred all your ordinary shares in the company, please forward this letter, together with the company's unaudited half-yearly report for the six months ended 30 September 2009, to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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20 November 2009

Dear Shareholder

Share buyback policy, proposed share issue, and new dividend investment scheme

Introduction

You will find enclosed with this letter the company's unaudited half-yearly report to shareholders for the six months ended 30 September 2009, which was published on 4 November 2009.

The half-yearly management report explained that your Directors were considering measures with the objective of reducing the share price discount to net asset value per share (NAV) and were also planning a new issue of shares. The purpose of this letter is to update you, and to inform you that I will be writing to you again in December when it is your Directors' current intention to give notice of a shareholders' meeting to be held in early January 2010 to consider resolutions to facilitate the proposals outlined in this letter and to adopt new articles of association.

The share issue would bring about a material change in the company's size, which your Directors believe would be beneficial. It would also provide an additional reserve of funds giving the company greater scope to take advantage of the attractively valued investment opportunities which are now beginning to emerge.

Share buyback policy - normal market purchases at a 15% discount to NAV

Your Directors have today announced a new buyback policy, which will be effective as from 25 November 2009, whereby the company will endeavour to buy back its shares in the market at a discount of 15% to the latest published NAV, subject to the conditions mentioned below and to market conditions.

The timing of any buyback will be at the discretion of the company. The conditions to any buyback effected under this policy are that the company has the necessary shareholder authority and the acquisition meets the price and other conditions of that authority, the company has sufficient distributable reserves at the relevant time, the company will continue to qualify as a VCT following the acquisition and in relation to the acquisition will comply with the Listing Rules (in particular in relation to the price payable and to times the company is prohibited from buying its own shares) and other applicable laws and regulations, and the company has sufficient cash to settle the transaction relative to its projected cash requirements.

Your Directors were given authority at the July 2009 AGM to acquire in the market up to 2,893,903 shares (10% of the then issued shares) and 84,509 shares were subsequently purchased in the market on 3 July 2009. The remaining authority continues until the 2010 AGM or 30 September 2010 if earlier. The authority specifies that the maximum price which can be paid for an ordinary share is 105% of the average market value for the ordinary shares of the company for the five business days before the purchase.

The most recently published NAV is 90.5p per share, as at 30 September 2009. The average market value for the company's ordinary shares for the five business days prior to 20 November 2009 was 64.4p.

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Enhanced share buyback at a 1% discount to NAV by way of a tender offer

Your Directors propose that, subject to obtaining shareholder approval at the January 2010 general meeting, a tender offer will then be made to purchase up to 10% of the then issued share capital of the company at a price representing a discount of 1% to the then published NAV adjusted for any declared but unpaid dividends. It is expected that the tender offer will be made after the announcement of the NAV as at 31 December 2009. The tender offer will give all shareholders the right to tender up to 10% of their ordinary shares on a pro rata basis and the opportunity to tender more than their pro rata entitlement subject to the take up of the offer by other shareholders. Cash arising on the sale of shares in the tender offer will not be released to shareholders but will be applied in taking up new shares in the proposed share issue referred to below. The tender offer will open at or about the same time as applications can be made under the share issue but will close after 21 days, in early February 2010.

Shareholders who subscribed for new ordinary shares before 6 April 2006 will have an opportunity to invest the net proceeds of selling those ordinary shares in the tender offer and subscribing for new ordinary shares without losing the initial income tax relief granted in respect of their initial subscription. Shareholders who tender shares which were issued on or after 6 April 2006 under the dividend investment scheme will lose the income tax relief granted in respect of the initial subscription; shares issued on or after 6 April 2006 must be held for five years from the date of issue in order for the shareholder to retain the initial income tax relief granted in respect of the initial subscription.

Share issue to raise up to £13.5 million – 30% income tax relief available on subscriptions

Your Directors propose that, subject to obtaining shareholder approval at the January 2010 general meeting, there should be an issue of ordinary shares to raise up to £13.5 million (before expenses) and expect that a prospectus will be issued in January 2010.

Applications for the new shares will be considered on a first come first served basis subject to your Directors' discretion. Investors will be allowed to make applications for shares in either or both of the 2009/10 and the 2010/11 tax years. The share issue will remain open until the tender offer closes in early February 2010 in any event and will close at any time thereafter when sufficient subscription applications have been received so as to raise £13.5 million, subject to your Directors' right to close the share issue at any time. If, on the closing of the tender offer, subscription applications have been received so as to raise more than £13.5 million, your Directors will consider extending the share issue to allow all received applications to be accepted.

To encourage early applications an "early bird" incentive equivalent to 2% of the issue price will be given to applicants who satisfy the company that they, or their spouses, are shareholders of the company or of Northern Venture Trust PLC, Northern 2 VCT PLC or Northern AIM VCT PLC.

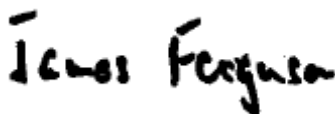
The new shares will be issued at a premium to the then last published NAV to allow for issue costs of 5.5% of the amount raised and to avoid any material dilution in the NAV attributable to each existing share when the new shares are issued.

Dividend investment scheme - new plan and discontinuance of existing scheme

Your Directors have decided that a new dividend reinvestment plan should be introduced in 2010 and that the existing dividend investment scheme will be withdrawn immediately following the issue of shares in relation to the interim dividend to be paid on 15 January 2010. It is expected that the new plan will operate first in relation to the final dividend for the current financial year which normally would be paid in July 2010. The new plan will rely on market purchases of shares and not on the subscription of new shares as under the existing scheme. On the basis of current law, plan participants will not qualify for income tax relief on the amount applied in acquiring new shares and so will not have to hold the shares for the five year qualifying period applicable to new subscriptions.

Your Directors expect that the adoption of the new plan may help to stimulate the secondary market in the company's shares. Further information on the new scheme and how to join will be given when I write to you again in December.

Yours sincerely



JAMES FERGUSON
Chairman