

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult an appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately. If you have sold or transferred all your Ordinary Shares in the Company, please forward this Circular together with the Form of Proxy to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice of a General Meeting of the Company to be held at the offices of SJ Berwin LLP at 10 Queen Street Place, London EC4R 1BE at 11.00am on Tuesday 12 January 2010 is set out on pages 5 and 6 of the Circular. A Form of Proxy for use at the meeting is enclosed. To be valid, Forms of Proxy should be completed and returned in accordance with the notes to the Notice of Meeting and the Form of Proxy itself.

Northern 3 VCT PLC

Northumberland House	Telephone:	0191 244 6000
Princess Square	Facsimile:	0191 244 6001
Newcastle upon Tyne	E-mail:	n3vct@nvm.co.uk
NE1 8ER	Website:	www.nvm.co.uk

Directors (*all non-executive*):
James Ferguson, *Chairman*
Christopher Fleetwood
John Hustler
Timothy Levett
John Waddell

17 December 2009

Dear Shareholder

Proposed extension of the life of the Company, enhanced buyback offer, proposed share issue and proposed amendments to articles of association

Introduction

On 20 November 2009, I wrote to you outlining the Company's new share buyback policy, a proposed share buyback on enhanced terms, a proposed new issue of shares and the introduction of a new dividend reinvestment plan. The share issue would bring about a material change in the Company's size, which your Board believes would be beneficial because it would 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. Your Board expects to send to Shareholders in January 2010 further information on the new dividend reinvestment plan including the terms and conditions of the plan and an application form.

The proposals announced by your Board on 20 November 2009 require Shareholders to authorise the Company to purchase existing Ordinary Shares under the enhanced buyback offer and to authorise the Company to issue new Ordinary Shares under the proposed share issue.

Pages 5 and 6 of this Circular contain a notice convening a General Meeting of the Company to be held at 11.00am on Tuesday 12 January 2010 at the offices of SJ Berwin LLP at 10 Queen Street Place, London EC4R 1BE where the following resolutions will be proposed:

- 1 to amend the Articles by postponing the date on which Shareholders have an opportunity to vote that the Company should continue as a VCT to the first annual general meeting of the Company on or after 1 July 2015;
- 2 to authorise the Company to purchase Ordinary Shares from Shareholders so as to facilitate the enhanced buyback offer;
- 3 to authorise your Board to allot up to 20,000,000 Ordinary Shares for cash as if Section 561 of the Act did not apply; and
- 4 to amend the Articles by removing provisions formerly contained in the Company's memorandum of association and introducing a new Article specifying the limited liability of members.

Each of these resolutions will be proposed as a special resolution. Further information on the Proposals is given later in this letter.

Action to be taken by Shareholders

It is important that you complete the Form of Proxy and return it to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing BN99 6ZR by no later than 11.00am on Sunday 10 January 2010. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

Extension of the life of the Company

The Articles presently require that a resolution for the continuation of the Company be put to the tenth annual general meeting of the Company (expected to be held in July 2012) and, unless defeated, at five-yearly intervals thereafter. It is now proposed that the Articles be amended so as to require the continuation resolution to be considered at the first annual general meeting held on or after 1 July 2015 and every five years thereafter. This amendment will have the effect of postponing the continuation resolution until a period of five years has elapsed from the allotment of Ordinary Shares under the proposed offer, five years being the minimum holding period to ensure that investors retain the initial income tax relief on their subscription.

Enhanced share buyback

Your Board intends that, subject to obtaining Shareholder approval at the General Meeting, an enhanced buyback offer will be made to purchase in aggregate 10% of the issued share capital of the Company on the Record Date at a price representing a discount of 1% to the most recent published NAV adjusted for any declared but unpaid dividends. It is expected that the enhanced buyback offer will be made in mid-January 2010, after the announcement of the NAV as at 31 December 2009. Under the terms of the enhanced buyback offer, each Shareholder will be entitled to apply for 10% of his or her qualifying shareholding to be purchased by the Company at the enhanced buyback price. Shareholders may make applications under the enhanced buyback in respect of more than 10% of their total shareholding on the basis that some Shareholders may not wish to participate in the enhanced buyback. In this case, any such entitlements not taken up will be allocated on a pro rata basis to Shareholders making applications in respect of more than 10% of their shareholding. Cash arising on the sale of shares in the enhanced buyback 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 enhanced buyback offer will open at the same time as applications can be made under the share issue but will close after 28 days.

In arriving at the proposal to buy back a maximum of 10% rather than a higher proportion of the issued share capital, your Board has taken into account the desirability of preserving the benefit of funds raised through issues of Ordinary Shares prior to 6 April 2006, which can be invested in VCT qualifying holdings under less restrictive conditions than funds raised subsequently.

Share issue to raise up to £13.5 million

Despite the severity of the current economic downturn, your Board is aware that there is still demand for new shares. Your Board therefore proposes that, subject to obtaining Shareholder approval at the General Meeting, there should be an issue of Ordinary Shares to raise up to £13.5 million (before expenses) and expects 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 Board's discretion. Investors will be allowed to make applications for shares in either or both of the 2009/10 and 2010/11 tax years. The share issue will remain open until the enhanced buyback closes and will close at any time thereafter when sufficient subscription applications have been received to raise £13.5 million, subject to your Board's right to close the share issue at any time. If, on the closing of the enhanced buyback, subscription applications have been received so as to raise more than £13.5 million, your Board will consider extending the share issue to allow all received applications to be accepted.

To encourage early applications an "early bird" incentive of additional shares 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 and whose valid applications are received within 28 days of the publication date of the prospectus.

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 dilution in the NAV attributable to each existing share when the new shares are issued.

Any new Ordinary Shares will rank *pari passu* in all respects with the existing Ordinary Shares and will rank for all dividends which are both declared and paid following Admission. Application will be made for Admission of any new Ordinary Shares issued under the authority and it is proposed that Admission will be effected at the earliest practicable opportunity for each tranche of Ordinary Shares so issued.

It is your Board's current objective to pay dividends of at least 4p per share in respect of each financial year. Notwithstanding the expected benefits of the Offer mentioned earlier, existing Shareholders should note that in the short term the net income per share available for distribution by way of dividend may be diluted by the issue of new shares.

Amendments to articles of association

As a result of changes in the Companies Act 2006, since 1 October 2009 most of the provisions of what was the Company's memorandum of association have been treated as provisions of the Company's Articles. The proposed resolution to amend the Articles will have the effect of removing restrictions on the Company's objects and the maximum amount of shares that may be allotted by the Company. Your Board intends in due course to recommend to Shareholders new Articles reflecting changes in the Act and current practice.

Recommendation

Your Board considers that the Proposals are in the best interests of the Company and its Shareholders as a whole and unanimously recommends Shareholders to vote in favour of all the resolutions to be proposed at the General Meeting, as your Directors intend to do in respect of their own beneficial holdings which, in aggregate, amount to 265,500 Ordinary Shares representing approximately 0.92% of the issued Ordinary Share capital of the Company.

Yours sincerely

A handwritten signature in black ink that reads "James Ferguson". The signature is written in a cursive, slightly slanted style.

JAMES FERGUSON
Chairman

Definitions

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

Act	the Companies Act 2006 as amended
Admission	admission of Ordinary Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities
Articles	the articles of association of the Company as amended from time to time
Circular	this document dated 17 December 2009, addressed to the Shareholders
Company	Northern 3 VCT PLC
CREST	relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited
Directors or Board	the directors of the Company, whose names are set out on page 1 of this document
General Meeting	the general meeting of the Company to be held at the offices of SJ Berwin LLP at 10 Queen Street Place, London EC4R 1BE at 11.00am on Tuesday 12 January 2010
Form of Proxy	the form of proxy for use at the General Meeting
London Stock Exchange	London Stock Exchange plc
Manager	NVM Private Equity Limited, which is authorised and regulated in the conduct of investment business by the Financial Services Authority
NAV	net asset value in pence per Ordinary Share
Ordinary Shares	ordinary shares of 5p each in the capital of the Company
Proposals	collectively the proposed extension of the life of the Company, the proposed purchase of Ordinary Shares, the proposed authority to issue Ordinary Shares and to disapply pre-emption rights for such issue and the proposed amendments to the Articles
Record Date	12 January 2010
Shareholders	holders of Ordinary Shares
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
VCT	a venture capital trust as defined in section 259 of the Income Tax Act 2007 (as amended)

Northern 3 VCT PLC

Notice of General Meeting

Notice is hereby given that a general meeting of the Company will be held at the offices of SJ Berwin LLP at 10 Queen Street Place, London EC4R 1BE at 11.00am on Tuesday 12 January 2010 to consider and, if thought fit, to pass each of the following resolutions, each as a special resolution:

RESOLUTIONS

- 1 That Article 27 of the Company's articles of association be amended by deleting the words "At the tenth annual general meeting of the Company following the admission of the Ordinary Shares to the Official List of the London Stock Exchange" and inserting the words "At the first annual general meeting of the Company held on or after 1 July 2015" in their place.
- 2 That, in addition to the authority given to the Company at the annual general meeting held on 2 July 2009 to make market purchases, the Company be authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 5p each in the Company in connection with an enhanced buyback offer (full details of which will be provided to Shareholders at a later date) provided that:
 - (a) the maximum number of ordinary shares hereby authorised to be purchased is 2,888,028 ordinary shares;
 - (b) the minimum price which may be paid for an ordinary share shall be 5p;
 - (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be an amount representing a 1% discount to the latest published net asset value per share adjusted for any declared but unpaid dividends.

The authority conferred by this resolution shall expire on 31 March 2010 or, if earlier, at the conclusion of the next annual general meeting of the Company save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

- 3 That, in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors may:
 - (a) allot equity securities (as defined in Section 560 of the Companies Act 2006 ("the Act")) pursuant to the authorisation for the purposes of Section 80 of the Companies Act 1985 conferred by Resolution 8 passed at the 2009 Annual General Meeting; and
 - (b) sell equity securities which immediately before the sale are held by the company as treasury shares;

in each case as if Section 561(1) of the Act (existing Shareholders' right of pre-emption) did not apply to the allotment or sale provided that the power conferred by this resolution shall be limited to the allotment or sale of equity securities up to an aggregate nominal value of £1,000,000 and shall expire on the conclusion of the next annual general meeting of the company after the passing of this resolution or, if earlier, 30 September 2010, save that the company may before this power expires make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after the power expires.

- 4 That the articles of association of the Company be amended by:
 - (a) deleting all the provisions contained in the Company's memorandum of association (including those relating to the objects of the Company and the share capital of the Company) which, by virtue of Section 28 of the Companies Act 2006, are treated as provisions of the Company's articles of association; and
 - (b) adding a new Article 2A as follows: "The liability of members is limited to the amount, if any, unpaid on the shares held by them."

By order of the Board

C D MELLOR

Secretary

Northumberland House

Princess Square

Newcastle upon Tyne NE1 8ER

17 December 2009

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 proxy form which may be used is set out on page 7.
- 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 6ZR not later than 11.00am on Sunday 10 January 2010.
- 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 6.00pm on 10 January 2010 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 6.00pm on 10 January 2010 (or after 6.00pm on the day which is two 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 16 December 2009 (being the last business day prior to the date of this notice) the company's issued share capital consisted of 28,880,287 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the company as at 16 December 2009 was 28,880,287.
- 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). 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.

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. 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.

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.
- 7 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 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.
- 8 A copy of this notice, and the other information required by Section 311A of the Companies Act 2006, can be found at www.nvm.co.uk/n3vctgmjan10.
- 9 Any member attending the meeting has the right to ask questions.

Northern 3 VCT PLC

Form of Proxy for the General Meeting on 12 January 2010

I/We

(block capitals please)

of

being a member of Northern 3 VCT PLC, hereby appoint (see notes 1 and 2)

or failing him/her the chairman of the meeting to be my/our proxy and exercise all or any of my/our rights to attend, speak and vote for me/us in respect of my/our voting entitlement on my/our behalf at the general meeting of the company to be held on 12 January 2010, notice of which was sent to Shareholders on 17 December 2009, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number		For	Against	Vote withheld
1	To amend the articles of association so as to extend the life of the Company until the conclusion of the 2015 annual general meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To authorise the Company to make an offer to purchase ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To disapply Section 561 of the Companies Act 2006 in relation to certain allotments of equity securities and the sale of treasury shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To amend the articles of association by deletion of the provisions of the memorandum of association which by virtue of Section 28 of the Companies Act 2006 are treated as provisions of the articles of association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/> Please indicate by placing an X in this box if this proxy appointment is one of multiple appointments being made (see note 2 below)			

Signed: Date:

NOTES

- Every member has the right to appoint some other person(s) of his/her choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak or vote on his/her behalf at the meeting. A member wishing to appoint a person other than the chairman of the meeting as proxy should insert the name of such person in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter alongside the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a Shareholder, the full voting entitlement for that designated account). Any alteration or deletion must be signed or initialled.
- A member may appoint more than one proxy in relation to a meeting, provided that the proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, please contact Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6ZR for (an) additional form(s), or you may photocopy this form. Please indicate alongside the proxy holder's name the number of shares in relation to which the proxy holder is authorised to act as your proxy. Please also indicate by placing an **X** in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- Use of the form of proxy does not preclude a member from attending and voting in person.
- Where the form of proxy is executed by an individual it must be signed by that individual or his or her attorney.
- Where the form of proxy is executed by joint Shareholders it may be signed by any of the members, but the vote of the member whose name stands first in the register of members of the company will be accepted to the exclusion of the votes of the other joint holders.
- Where the form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
- If the form of proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes, as he/she will on any other matters to arise at the meeting.
- To be valid, the 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 6ZR not later than 11.00am on 10 January 2010.
- The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the resolution.

Attendance indication

Shareholders who intend to attend the general meeting are requested to place a tick in the box below in order to assist with administrative arrangements.

I/we intend to attend the general meeting at 11.00 am on 12 January 2010 at the offices of SJ Berwin LLP, 10 Queen Street Place, London EC4R 1BE

Signed: Date:

FOLD THREE AND TUCK IN

BUSINESS REPLY SERVICE
Licence No. SEA 10850



EQUINITI LIMITED
ASPECT HOUSE
SPENCER ROAD
LANCING
BN99 6ZR

FOLD TWO

FOLD ONE