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Northern 3 VCT announces new share issue

Northern 3 VCT PLC has announced that it will be launching a public offer of new ordinary shares in January 2010, with a target of raising up to £13.5 million. The fund is managed by NVM Private Equity (NVM), one of the longest-established VCT managers.

NVM managing director Martin Green said: *“We feel that this is an excellent time to come to the market with a new share issue. We have had a tremendous 2009 in terms of selling investments, and all of our funds have a good level of balance sheet liquidity. However the next phase in the economic cycle will be one in which we focus our attention on new investments. We believe that fund-raising by VCTs will be buoyant over the next few months, as high earners seek to generate a better yield from their holdings whilst sheltering their income from the new 50% income tax rate. This is an ideal opportunity to take the size of Northern 3 VCT up towards £40 million and put it on a more equal footing with NVM’s other generalist VCTs, Northern Venture Trust and Northern 2 VCT.”*

NVM has announced a string of successful exits from investments over the past nine months, including DxS, Pivotal Laboratories, Liquidlogic and Abermed – generating realised gains of £4.9 million for Northern 3 VCT and reinforcing the company’s ability to meet its objective of paying an annual tax-free dividend of at least 4 pence per share.

The new share issue will be promoted by VCT marketing experts Downing Corporate Finance, one of the leading fund-raising specialists in the VCT sector, who have been working with NVM in this role since 1999.

To encourage early applications an “**early bird**” incentive equivalent to 2% of the issue price will be given to existing shareholders in the Northern VCTs or 1% to new investors, who apply before early February 2010.

The key points of the offer are expected to be as follows:

- Funds sought – up to £13.5 million (before expenses)
- Offer price per share – will be based on net asset value as at 31 December 2009 plus an allowance to cover issue costs
- 30% income tax relief on subscriptions up to £200,000 in 2009/10 & 2010/11 tax years
- Minimum investment £5,000
- Maximum investment (per tax year) £200,000
- Active share buy-back policy – normal market purchases at a 15% discount to NAV
- “Early bird” incentives until early February 2010 – equivalent to 2% of the issue price for existing shareholders and 1% for new investors.

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Notes to editors:

NVM Private Equity Limited (NVM)

NVM is one of the UK's leading independent private equity businesses focussed on making equity investments of between £2 million and £10 million in unquoted UK companies. NVM manages over £175 million of funds and is differentiated by having executives living and working in regional business communities throughout the UK.

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