

If you are in any doubt as to the action you should take in relation to this Mandate Form, you should consult an appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 before completing this Mandate Form. The attention of DRIS participants and those Shareholders who are considering participating in the DRIS is drawn to the risk factors set out on page 8. Shareholders should take advice from an independent financial adviser as to whether to take up additional Ordinary Shares in the Company in this way. Shareholders who are in any doubt as to their eligibility for VCT tax reliefs should consult their professional advisers. Nothing in this document should be regarded as a recommendation to buy or hold Ordinary Shares.

# Northern 2 VCT PLC

Time Central 32 Gallowgate Newcastle upon Tyne NE1 4SN T 0191 244 6000 F 0191 244 6001 E n2vct@nvm.co.uk

Registered in England no 03695071

## DIVIDEND INVESTMENT SCHEME (“DRIS”)

### Mandate Form

If you wish to apply to join, amend your participation in, or withdraw from, the Dividend Investment Scheme, this Mandate Form should be completed in full and returned to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA. Before completing this Mandate Form you should read the DRIS Terms and Conditions as modified from time to time.

Where Ordinary Shares are registered in the name of a Nominee Shareholder, the Nominee Shareholder should complete the first page of this Mandate Form and the Nominee Shareholder and the Beneficial Shareholder should both complete the “Nominee Shareholder” section on the reverse of this Mandate Form.

### Applications and amendments

Please tick the appropriate box if you wish to apply to join, or amend your participation in, the DRIS. I, the undersigned, being the registered holder from time to time of Ordinary Shares in Northern 2 VCT PLC, elect to receive:

**ALL FUTURE DIVIDENDS** including all annual dividends and special dividends (if any) in respect of which the DRIS is available in the form of new Ordinary Shares.

**ONLY THOSE DIVIDENDS TO BE PAID ON 24 JULY 2015** to the extent to which the DRIS is available in the form of new Ordinary Shares and withdraw my participation in respect of all dividends after 24 July 2015.

In respect of the above option, if you wish to make a mandate to receive new Ordinary Shares in respect of the full number of Ordinary Shares in your holding, enter “All” in Box 1 and complete the information required below. If, however, you wish your mandate to apply in respect of a lesser number of Ordinary Shares you should write that number in Box 1 below. If the number entered in Box 1 is greater than your full holding your mandate will be deemed to be for the number of Ordinary Shares in your full holding.

<b>Box 1:</b> Enter here the number of Ordinary Shares to which your mandate is to apply	
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### Withdrawals

Please tick the following box if you wish to withdraw from the DRIS. I, the undersigned, being the registered holder from time to time of Ordinary Shares in Northern 2 VCT PLC, elect to withdraw my participation in the DRIS in respect of **ALL FUTURE DIVIDENDS** including all annual dividends and special dividends.

### Shareholder Details

Shareholder reference number (shown on share certificate and dividend stationery)	<input type="text"/>		
First Name:	<input type="text"/>	Surname:	<input type="text"/>
Address:	<input type="text"/>		
Daytime phone number (for queries only):	<input type="text"/>	Postcode:	<input type="text"/>
Signature:	<input type="text"/>	Date:	<input type="text"/>

In case of a corporation, this Mandate Form should be executed under the common seal (or otherwise executed as a deed) or be signed by a duly authorised official whose capacity should be stated. All enquiries regarding this Mandate Form should be addressed to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA (telephone number 0871 384 2268).

**/ continued overleaf**

## Nominee Shareholder

Please note that this page 2 should only be completed where Ordinary Shares are registered in the name of a Nominee Shareholder. If the Ordinary Shares are held in the name of the Beneficial Shareholder then only page 1 of the Mandate Form should be completed.

### To be completed by the Beneficial Shareholder

I confirm that the dividends attributable to the number of Ordinary Shares set out in Box 1 overleaf shall be applied towards subscription for new Ordinary Shares in accordance with the terms and conditions of the DRIS as modified from time to time.

First Name:	<input type="text"/>	Surname:	<input type="text"/>
Date of Birth:	<input type="text"/>	National Insurance no:	<input type="text"/>
Address:	<input type="text"/>		
		Postcode:	<input type="text"/>
Signature:	<input type="text"/>	Date:	<input type="text"/>

Tick box if Ordinary Shares are to be issued in your name (otherwise they will be issued to the Nominee Shareholder identified below)

### To be completed by the Nominee Shareholder

Name of Nominee Shareholder appearing on register	<input type="text"/>		
Address:	<input type="text"/>		
		Postcode:	<input type="text"/>
Authorised Signature:	<input type="text"/>	Date:	<input type="text"/>

# ***Northern 2 VCT PLC***

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Time Central 32 Gallowgate Newcastle upon Tyne NE1 4SN

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Registered in England no 03695071

12 June 2015

## **Dividend Investment Scheme (“DRIS”)**

Under the DRIS, which was introduced in 2004, Shareholders may elect to have dividends receivable by them from the Company re-invested in new Ordinary Shares allotted for the purpose. This provides the Company with additional funds for investment and also enables Shareholders participating in the DRIS who are “eligible investors” to obtain the tax reliefs available to subscribers under the current VCT legislation, including 30% income tax relief on their investment (subject to the terms of the VCT legislation).

Shareholders can elect, by completing the Mandate Form on pages 1 and 2 of this document, to re-invest all future dividends, or just the dividends payable on 24 July 2015 in new Ordinary Shares allotted for the purpose. The Mandate Form also enables those Shareholders who have already elected to re-invest dividends in new Ordinary Shares to cancel their elections if they would prefer to receive all future dividends, including those payable on 24 July 2015, in the form of cash.

Where a valid election is in place, new Ordinary Shares will be issued at a price equivalent to the greatest of (a) the latest published net asset value per Ordinary Share (net of all dividends previously declared but not yet paid), (b) the nominal value per Ordinary Share and (c) the mid-market price per Ordinary Share as quoted on the London Stock Exchange, each as at the close of business on the tenth Business Day preceding the date of issue of such Ordinary Shares.

The annual aggregate nominal value for each offer of Ordinary Shares made in respect of dividends announced and paid in each period shall not exceed 10% of the Company’s issued ordinary share capital at the date of the most recent notice convening an annual general meeting of the Company issued prior to 1 July annually. If the limit is reached, subscriptions using the relevant dividends will be scaled back on a pro rata basis.

Where Ordinary Shares are registered in the name of a Nominee Shareholder, the Nominee Shareholder should complete the first page of the Mandate Form together with the “To be completed by the Nominee Shareholder” section on the reverse of the Mandate Form. The Beneficial Shareholder should then complete the “To be completed by the Beneficial Shareholder” section on the reverse of the Mandate Form and confirm that the dividends attributable to such Beneficial Shareholder shall be applied towards participation in the DRIS and indicate in whose name the New Ordinary Shares should be registered. This process is intended to record that the Beneficial Shareholder is authorising the Nominee Shareholder to subscribe for new shares to be held in the Nominee Shareholder’s name whilst still enabling the Beneficial Shareholder to obtain income tax relief on the subscription for new Ordinary Shares.

Mandate Forms must be received no later than 10 Business Days before an Investment Day to participate in or withdraw from the DRIS in respect of that Investment Day. The DRIS is managed by the Company’s registrars, Equiniti Limited.

Your attention is drawn to the Appendix, which contains the DRIS Terms and Conditions (and related definitions) in Part A and certain risk factors relating to the Company in Part B. The Mandate Form for those Shareholders wishing to participate in the DRIS is contained on pages 1 and 2 of this document.

If you have any queries in connection with the DRIS or if you require another Mandate Form, please contact the Company Secretary, Christopher Mellor, on 0191 244 6000.

**Shareholders may choose to participate in or withdraw from the DRIS at any time by returning a completed Mandate Form to the DRIS Manager. Appropriate action must be taken so that any Mandate Form is received by the DRIS Manager no later than 10 Business Days before the next Investment Day.**

## APPENDIX

### PART A - DRIS TERMS AND CONDITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

Admission	admission of the Shares to the Official List and to trading on the premium segment of the London Stock Exchange's main market for listed securities becoming effective, and "Admitted" shall be construed accordingly
Applicant	a Shareholder participating in the DRIS or, where a Shareholder holds Ordinary Shares as a Nominee Shareholder, the person, being the Beneficial Shareholder
Beneficial Shareholder	an individual entitled to the economic benefit of any Ordinary Shares which are held by a Nominee Shareholder
Board or Directors	the directors of the Company
Business Day	a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in the City of London
Company	Northern 2 VCT PLC
CREST	the computerised settlement system to facilitate the transfer of title to securities in uncertificated form operated by Euroclear UK & Ireland Limited
Dividend Investment Scheme or DRIS	the Northern 2 VCT PLC Dividend Investment Scheme established in 2004
DRIS Manager	Equiniti Limited, or such other person or persons who may from time to time be appointed by the Company to manage the DRIS
DRIS Terms and Conditions	the terms and conditions relating to the DRIS as amended from time to time, the latest version of which is set out in this document
Investment Day	a day on which a special dividend or an annual dividend on Ordinary Shares is credited to the account of Shareholders or, if such day is not a dealing day on the London Stock Exchange, the next dealing day thereafter
ITA	Income Tax Act 2007
London Stock Exchange	London Stock Exchange plc
Mandate Form	the form to be completed by a Shareholder in respect of his or her application for participation in or withdrawal from the DRIS
Nominee Shareholder	the registered owner of any Ordinary Shares as appointed by the Beneficial Shareholder
Nominee Shareholding	Ordinary Shares held by a Beneficial Shareholder but registered in the name of a Nominee Shareholder
Official List	the Official List maintained by the Financial Conduct Authority in accordance with Part VI of the Financial Services and Markets Act 2000 (as amended from time to time)
Ordinary Shares	ordinary shares of 5p each in the capital of the Company
Qualifying Companies	has the meaning set out in the ITA
Qualifying Investments	has the meaning set out in the ITA
Shareholders	registered holders of Ordinary Shares
venture capital trust or VCT	a venture capital trust as defined in Section 259 of ITA

- 1 The Company shall apply the monies held within the DRIS (being dividends paid, or to be paid, on Ordinary Shares held by, or on behalf of, Applicants participating in the DRIS) in the subscription of Ordinary Shares. The DRIS Manager shall not have the discretion, and Applicants may not instruct the DRIS Manager, to apply such monies towards any investments other than investments in further Ordinary Shares. Applicants may join the DRIS by giving notice in writing to the DRIS Manager. The Company, acting through the DRIS Manager, shall have absolute discretion to accept or reject applications to participate in the DRIS. An Applicant shall become a member of the DRIS upon acceptance of his or her application by the DRIS Manager on the Company's behalf. The DRIS Manager will provide written notification if an application is rejected. Only Shareholders or their applicable Nominee Shareholder may join the DRIS. Where an Applicant joins the DRIS in respect of all Shares registered in his or her name, the number of Ordinary Shares held by any such Applicant which are mandated to the DRIS shall be altered immediately following any change to the number of Ordinary Shares in respect of which such Shareholder is the registered holder as entered onto the share register of the Company from time to time. Applicants who are not Shareholders may join the DRIS in respect of the number of Ordinary Shares of the Company specified as Nominee Shareholdings and notified to the DRIS Manager by the Applicant and the Shareholder in whose name the Ordinary Shares are held. The right to participate in the DRIS in respect of any Investment Day shall only be available to those Applicants who have notified the DRIS Manager of their wish to participate in the DRIS, and have not withdrawn or cancelled such notification, at least 10 Business Days prior to the relevant Investment Day.
- 2 On or as soon as practicable after an Investment Day, the funds held within the DRIS on behalf of an Applicant shall, subject to the conditions at paragraphs 18 and 20 below and the Company having the requisite Shareholder authorities to allot Ordinary Shares and to the Ordinary Shares falling within an exception to Section 85(2) of the Financial Services and Markets Act 2000, be applied on behalf of that Applicant in the subscription for the maximum number of whole new Shares as can be acquired with those funds.
- 3 The number of new Ordinary Shares to be allotted to an Applicant pursuant to the condition at paragraph 2 shall be calculated by dividing the funds held within the DRIS on behalf of the Applicant by the greatest of (a) the latest published net asset value per Ordinary Share (net of all unpaid dividends declared on or before an Investment Day), (b) the nominal value per Ordinary Share and (c) the mid-market price per Ordinary Share as quoted on the London Stock Exchange, each at the close of business on the tenth Business Day preceding the date of issue of such Ordinary Shares. Fractions of new Ordinary Shares will not be allotted to Applicants and their entitlement will be rounded down to the nearest whole number of new Ordinary Shares. The new Ordinary Shares will rank equally with all existing Ordinary Shares.
- 4 Any balance of cash remaining within the DRIS for the account of an Applicant after a subscription is made pursuant to the condition at paragraph 2 shall be held by the Company on behalf of the relevant Applicant and added to the cash available in respect of that Applicant for the subscription of Ordinary Shares on the next Investment Day. No interest shall accrue or be payable in favour of any Applicant on any such cash balances carried forward. All cash balances held by the Company will be held as banker and not trustee and as a result will not be held in accordance with any client money rules made by the Financial Conduct Authority from time to time.
- 5 The Company shall immediately after the subscription of Ordinary Shares in accordance with the condition at paragraph 2 above take all necessary steps to ensure that those Ordinary Shares shall be admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange, provided that at the time of such subscription the existing Ordinary Shares in issue are so admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange. The DRIS Manager shall as soon as practicable after the subscription of Ordinary Shares in accordance with the condition at paragraph 2 take all necessary steps to ensure that the Applicants (or, where an Applicant is not a Shareholder, the Shareholder on whose behalf the Ordinary Shares mandated to the DRIS are held) are entered onto the share register of the Company as the registered holders of the Ordinary Shares issued to them in accordance with the condition at paragraph 3 above, and that share certificates (unless such Ordinary Shares are to be uncertificated in which case the new Ordinary Shares will be credited to the Applicant's CREST account) in respect of such Ordinary Shares are issued and delivered to Applicants at their own risk. Shareholders (or such other person as aforesaid) will receive with their share certificates (if any) a statement detailing:
- (a) the total number of Ordinary Shares held at the Investment Day in respect of which a valid election to participate in the DRIS was made;
  - (b) the dividend available for investment and participation in the DRIS;
  - (c) the price per Ordinary Share subscribed pursuant to the condition at paragraph 2 ;
  - (d) the number of Ordinary Shares issued and the date of issue; and
  - (e) the amount of cash to be carried forward for investment on the next Investment Day.
- 6 All costs and expenses incurred by the DRIS Manager and the Company in administering the DRIS will be borne by the Company.
- 7 By completing and delivering a Mandate Form, each Applicant (and in the case of (b) and (c) below the Shareholder in whose name the Ordinary Shares are mandated to the DRIS are held, if not the Applicant) warrants to the Company and the DRIS Manager that:
- (a) during the continuance of his or her participation in the DRIS, he or she will remain the sole Beneficial Shareholder of the Ordinary Shares mandated to the DRIS free from encumbrances or security interests;
  - (b) all information set out in the Mandate Form to participate in the DRIS is correct and to the extent any of the information changes, he or she will notify the DRIS Manager of such changes; and
  - (c) during the continuance of his or her participation in the DRIS, he or she will comply with the provisions of paragraph 8 below.
- Mandate forms current at the time the DRIS Terms and Conditions are amended shall apply in respect of the DRIS. Each Shareholder or other person to whom such a mandate form relates shall be deemed to have given the warranties set out in this paragraph 7.
- 8 The right to participate in the DRIS will not be available to any person who is a citizen, resident or national of, or has a registered address in, any jurisdiction outside the United Kingdom, unless such right could properly be made available to such person. It is the responsibility of any Applicant wishing to participate in the DRIS to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).

- 9 Each Applicant acknowledges that neither the DRIS Manager nor the Company is providing a discretionary management service to him or her. Neither the DRIS Manager nor the Company shall be responsible for any loss or damage suffered by any Applicant as a result of his or her participation in the DRIS unless due to the negligence or wilful default of the DRIS Manager or the Company (respectively), or their employees or their respective agents.
- 10 An Applicant may at any time by completing a Mandate Form and sending it to the DRIS Manager:
- (a) terminate his or her participation in the DRIS and withdraw any monies held by the Company on his or her behalf in relation thereto; or
  - (b) vary the number of Ordinary Shares registered in the name of the Applicant in respect of which he or she is entitled to receive dividends pursuant to the DRIS.
- 11 If an Applicant who is a Shareholder shall at any time cease to hold Ordinary Shares, he or she shall be deemed to have submitted a Mandate Form under paragraph (a) above in respect of his or her participation in the DRIS. Whenever a Nominee Shareholder sells Ordinary Shares on behalf of the Beneficial Shareholder, the Nominee Shareholder agrees to notify the DRIS Manager of the full details of the sale as soon as practicable. Neither the Company nor the DRIS Manager shall be responsible for any loss or damage as a result directly or indirectly of a failure by a Nominee Shareholder to comply with such obligation. If a Shareholder in whose name Ordinary Shares are held on behalf of an Applicant shall at any time cease to hold any Ordinary Shares on behalf of that Applicant, he or she shall be deemed to have submitted a Mandate Form under paragraph (a) above in respect of his or her participation in the DRIS. If notice of termination is served or deemed to have been served, all of the monies held by the Company on the Applicant's behalf shall be delivered to the Applicant as soon as reasonably practicable at the address set out in the Mandate Form, subject to any deductions which the Company may be entitled or bound to make hereunder. Any Mandate Form submitted or deemed to have been submitted under the condition at this paragraph 10 shall not be effective in respect of the next forthcoming Investment Day unless it is received by the DRIS Manager at least 10 Business Days prior to such Investment Day. Cash balances of less than £1 held on behalf of Applicants who have withdrawn from, or otherwise cease to participate in, the DRIS will not be repaid, but will be donated to a recognised registered charity at the discretion of the Company.
- 12 The Company and the DRIS Manager shall be entitled, at their absolute discretion at any time and from time to time, to suspend the operation of the DRIS and/or to terminate the DRIS without notice to the Applicants and/or to resolve to pay dividends to Applicants partly by way of cash and partly by way of new Ordinary Shares and/or to refuse to invest dividends due on Ordinary Shares held by a Nominee Shareholder where the DRIS Manager is unable to obtain confirmation of the identity and shareholdings of the relevant Beneficial Shareholder. In the event of termination, the Company shall, subject to the condition at paragraph 11 above, pay to each Applicant all of the monies held by the Company on his or her behalf under the DRIS.
- 13 All Mandate Forms and any other notices and instructions to be given to the DRIS Manager shall be in writing and delivered or posted to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.
- 14 The Company and the DRIS Manager shall be entitled to amend the DRIS Terms and Conditions on giving one month's notice in writing to all Applicants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Applicants unless in the Company's and the DRIS Manager's opinion, the change materially affects the interests of Applicants. Amendments to the DRIS Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Applicants may be effected without notice.
- 15 By completing and delivering the Mandate Form, the Applicant:
- (a) agrees to provide the Company and the DRIS Manager with any information which they may request in connection with such application and to comply with the applicable legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
  - (b) declares that a loan has not been made to the Applicant or, where the Applicant is not a Shareholder, the Shareholder on whose behalf the Ordinary Shares mandated to the DRIS are held, or any associate of either of them, which would not have been made, or would not have been made on the same terms, but for the Applicant offering to subscribe for, or acquiring, Ordinary Shares pursuant to the DRIS and that the Ordinary Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is avoidance of tax.
- 16 Subscriptions by individuals or their nominees for eligible shares in a venture capital trust should (depending on individual circumstances) attract applicable VCT tax reliefs for the tax year in which the new shares are allotted provided that such subscriptions for eligible shares do not exceed £200,000 (including subscriptions pursuant to dividend reinvestment schemes) in any tax year. Where Ordinary Shares are registered in the name of a Nominee Shareholder, the Nominee Shareholder shall notify the Beneficial Shareholder of the amount of the dividend to which he or she is entitled and which is eligible for participation in the DRIS. Each of the Nominee Shareholder and the Beneficial Shareholder shall complete the Mandate Form and the Beneficial Shareholder shall further confirm that the dividends attributable to the Ordinary Shares held on behalf of such individual shall be applied towards participation in the DRIS and indicate in whose name the Ordinary Shares should be registered.
- 17 Applicants will be treated as having received a cash dividend. Shareholders qualifying for VCT tax relief should not be liable to income tax on new Ordinary Shares allotted in respect of dividends from qualifying VCT shares (subject to the terms of the VCT legislation). Applicants are responsible for ascertaining their own tax status and liabilities and neither the DRIS Manager nor the Company accepts any liability in the event that tax reliefs are not obtained.
- 18 Since dividends on Ordinary Shares acquired in excess of £200,000 in any tax year will not be exempt from income tax in the same way as Ordinary Shares acquired within this limit, Applicants will generally be liable to tax on such dividends. The Company will nevertheless invest the whole of such dividends unless the DRIS Manager is notified to the contrary in writing at least 10 Business Days before an Investment Day.
- 19 For capital gains tax purposes, Shareholders who elect to receive new Ordinary Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Ordinary Shares. The new Ordinary Shares will be treated as a separate asset for capital gains purposes.

- 20 The Company will, subject to the conditions at paragraphs 2, 3, 4, and 10, issue such number of Ordinary Shares in the manner specified in the Mandate Form completed by the Applicant (for the avoidance of doubt in the case of an allotment of further Ordinary Shares irrespective of whether the amount of allotment is greater than any maximum investment limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless notified to the contrary in writing at least 10 Business Days before an Investment Day.
- 21 The Company shall not be obliged to accept any application or issue Ordinary Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirement of any regulatory authority or other body which is binding upon the Company or the DRIS Manager.
- 22 The amount of any claim or claims an Applicant has against the Company or the DRIS Manager shall not exceed the value of such Applicant's Shares in the DRIS. Neither the Company nor the DRIS Manager will be responsible for:
- (a) acting or failing to act in accordance with a court order of which the DRIS Manager has not been notified (regardless of the jurisdiction which may govern the relevant court order);
  - (b) forged or fraudulent instructions from or on behalf of a Shareholder (the Company and the DRIS Manager will be entitled to assume that instructions purporting to be from a Shareholder (or, where relevant, a Nominee Shareholder), are genuine);
  - (c) losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a Nominee Shareholder) by reason of industrial action or any cause beyond the control of the Company or the DRIS Manager, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these DRIS Terms and Conditions resulting from breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or
  - (d) any indirect or consequential loss.
- Nothing in these DRIS Terms and Conditions shall exclude the Company or the DRIS Manager from any liability caused by fraud, wilful default or negligence.
- 23 Notwithstanding any other provision of the DRIS Terms and Conditions:
- (a) a separate offer of Ordinary Shares is made in respect of dividends announced and paid in each period of 12 months commencing 1 July annually (irrespective of the number of dividends announced or paid in each such period);
  - (b) the offer for each period of 12 months shall be made on the date the first dividend to be paid within the relevant period is announced except if it is announced at the same time that the DRIS is not to apply in respect of that dividend;
  - (c) the total nominal value of Ordinary Shares for each offer shall not exceed 10% of the Company's issued ordinary share capital at the date of the most recent notice convening an annual general meeting of the Company prior to 1 July annually;
  - (d) upon payment of a dividend and application of the dividend in subscribing Ordinary Shares under the DRIS the offer shall be closed to the extent of the Ordinary Shares issued; and
  - (e) if in relation to any dividend which is announced the amount to be applied in subscribing Ordinary Shares under the DRIS would result in the relevant limit being exceeded, then all the applications utilising the monies arising on that dividend (or carried forward in accordance with these DRIS Terms and Conditions) shall be reduced pro rata so that the total subscription monies then used arising from that particular dividend (but not any previous dividend) together with the amount of all monies already applied in the relevant period in subscribing Ordinary Shares under the DRIS is an amount not exceeding the relevant limit, and the balance shall be paid in cash to the Applicants.
- 24 The provision and implementation of the DRIS should not be taken as a recommendation by the Company or the DRIS Manager to any Shareholder to acquire or hold Ordinary Shares in the Company; the value of Ordinary Shares can go down as well as up and the Shareholder may not get back the full value of his or her investment. It may be difficult to sell Ordinary Shares and investment in the Company involves a higher degree of risk than certain other investments. It is the responsibility of Shareholders to decide whether to participate in the DRIS; if the Shareholder has any doubts, he or she should ask for advice from an appropriately qualified financial adviser. On acceptance of an application for participation in the DRIS from an Applicant, the DRIS Terms and Conditions and the instruction set out in the Mandate Form shall constitute an agreement between the Applicant and the Company.
- 25 These DRIS Terms and Conditions shall be governed by, and construed in accordance with, English law and each Applicant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company or the DRIS Manager to bring any action, suit or proceeding arising out of or in connection with the DRIS in any other manner permitted by law or in any court or competent jurisdiction.

**Shareholders in any doubt about their tax position should consult their independent professional adviser.**

## PART B

### RISK FACTORS

**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 Ordinary Shares may decline due to any of these risks and Investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company. The Directors consider the following to be all the material risks for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority:**

- Although it is intended that the Company will be managed so as to continue qualifying as a VCT, there is no guarantee that such status will be maintained. Failure to do so could result in adverse tax consequences for Investors, including being required to repay the 30% income tax relief.
- The levels and bases of reliefs from taxation may change and could apply retrospectively. The value of the tax reliefs depends on the individual circumstances of Investors.
- Although the Ordinary Shares will be admitted to the Official List, there may not be a liquid market in the Ordinary Shares and there may never be two competitive market makers. It may, therefore, prove difficult for Shareholders to sell their Ordinary Shares. In addition, there is no guarantee that the market price of the Ordinary Shares will fully reflect their underlying net asset value or the ability to buy and sell at that price. It should be noted that shares held in VCTs usually trade at a discount to the VCT's net asset value per share.
- The Ordinary Shares are being issued at a price calculated on the basis of a formula based on, amongst other things, the latest published net asset value of the Company. Shareholders should be aware that if a revised net asset value is published on or before the day 10 Business Days prior to the Investment Day, Shareholders may receive a different allocation of Ordinary Shares from that anticipated.
- Shareholders should be aware that the sale of Ordinary Shares within five years of their subscription will require the repayment of some or all of the 30% income tax relief obtained upon investment. Accordingly, investment in the Company is not suitable as a short or medium term investment.
- The majority of the Company's investments will be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. Such businesses may well be in high risk sectors and would therefore be exposed to greater risks than established businesses.
- Any Qualifying Companies in which the Company invests the proceeds of new Ordinary Shares issued under the DRIS must comply with certain conditions imposed by VCT legislation, including a requirement that a Qualifying Company must have gross assets of not more than £15 million prior to such investment. Such companies generally have a higher risk profile than larger companies.
- There is no guarantee that the Company's objectives will be met or that suitable investment opportunities will be identified.
- The Company's ability to obtain maximum value from its investments (for example, through their sale) may be limited by the requirements of the relevant VCT legislation in order to maintain the VCT status of the Company (such as the obligation to have at least 70% by value of its investments in Qualifying Investments).
- The past performance of investments made by the Company or other funds managed or advised by NVM Private Equity LLP should not be regarded as an indication of the future performance of investments made by the Company.
- Changes in legislation concerning VCTs in general, and Qualifying Investments and qualifying trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives and/or reduce the level of returns which would otherwise have been achievable.
- The value of Ordinary Shares and the income derived from them may go down as well as up and Shareholders may not receive back the full amount invested.