

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 Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS at 2.00pm on Monday 18 September 2017 is set out on pages 4 to 6 of the Circular. A Form of Proxy for use at the meeting is attached. 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 2 VCT PLC

Registered office: 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 3695071

Directors:

David Gravells, *Chairman*

Alastair Conn

Simon Devonshire

Cecilia McAnulty

Frank Neale

23 August 2017

Dear Shareholder

Proposed public share offer and extension of the life of the Company

Introduction

The purpose of this letter is to provide further information about, and to seek your consent to, proposals to issue new Ordinary Shares under a public share offer by the Company and to extend the life of the Company.

A General Meeting, at which Shareholders will be asked to approve the proposals referred to in the first paragraph above, is to be held at 2.00pm on Monday 18 September 2017 at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS. The formal Notice of General Meeting is set out on pages 4 to 6 of this Circular, which includes a map showing the location of the offices of Reed Smith LLP.

Further information on the proposals is set out below. In addition, explanatory notes on all the business to be considered at the General Meeting appear on page 3 of this Circular.

Share Offer

Your Board has considered the likely funding requirements of the Company over the next two to three years, taking into account the flow of potential investment opportunities and the Company's dividend policy, and proposes that there should be a public share offer by the Company to raise a total of up to £20 million for future investment. On 26 July 2017 the Company announced that it intends, in conjunction with Northern Venture Trust PLC ("NVT") and Northern 3 VCT PLC ("N3VCT"), to launch a joint prospectus offer of new Ordinary Shares for subscription in the 2017/18 tax year (the "Offer"). It is envisaged that the Offer will seek to raise a total of £20 million for the Company, £20 million for NVT and £20 million for N3VCT. Subject to obtaining the requisite approvals, including Shareholder approval at the General Meeting, it is expected that a prospectus will be issued in September 2017.

Applications for the new Ordinary Shares will be dealt with on a "first come first served" basis. However, applications from shareholders on the Company's register of members as at the close of business on 25 July 2017 will have priority for a period of twenty one days from the date of publication of the prospectus. Thereafter, applications received by the Company during the 21 day priority period from shareholders on the registers of members of NVT and N3VCT as at the close of business on 25 July 2017 will be satisfied prior to the Offer becoming open to all applicants. It is envisaged that the Offer will remain open until 5 April 2018, unless fully subscribed at an earlier date and subject to your Board's right to close the Offer at any time.

The new Ordinary Shares will be issued at a premium to the most recent NAV published prior to the allotment date, such that the net proceeds per new Ordinary Share, after deducting issue costs, will be equivalent to the NAV attributable to the existing Ordinary Shares.

All new Ordinary Shares will rank equally 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 the Admission of any new Ordinary Shares allotted and it is proposed that Admission will be effected at the earliest practicable opportunity.

Extension of the life of the Company

The Articles presently require that a resolution for the continuation of the Company be put to the annual general meeting of the Company held in 2019 and, unless defeated, at five-yearly intervals thereafter. The proposed amendment to the Articles requires the continuation resolution to be considered at the annual general meeting of the Company expected to be held in July 2023 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 Offer, five years being the minimum holding period to ensure that investors retain the initial income tax relief on their subscription.

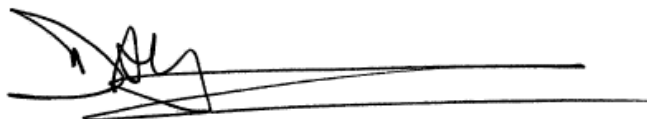
Action to be taken by Shareholders

If you would like to vote on the Resolutions but cannot attend the General Meeting, please complete the Form of Proxy attached to this notice and return it to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing BN99 6DA as soon as possible. They must receive it no later than 2.00pm on Thursday 14 September 2017. 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.

Recommendation

Your Board considers that all the resolutions to be put to the meeting are in the best interests of the Company and its Shareholders as a whole and are most likely to promote the success of the Company for the benefit of its Shareholders, and unanimously recommends that you vote in favour of the resolutions. Those Directors who hold shares in the Company will be voting in favour of the resolutions.

Yours sincerely



David Gravells
Chairman

Definitions

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

| | |
|-------------------------------|--|
| Act | the Companies Act 2006 |
| Admission | admission of the Ordinary Shares to the Official List and to trading on the premium segment of the London Stock Exchange's market for listed securities |
| Annual General Meeting or AGM | the annual general meeting of the Company held at 12 noon on Wednesday 12 July 2017 |
| Articles | the articles of association of the Company as amended from time to time |
| Circular | this document dated 23 August 2017, addressed to the Shareholders |
| Company | Northern 2 VCT PLC |
| Directors or Board | the directors of the Company, whose names are set out on page 1 of this Circular, or any duly authorised committee thereof |
| FCA | the Financial Conduct Authority of the United Kingdom or any successor authority |
| Form of Proxy | the form of proxy for use at the General Meeting |
| General Meeting | the general meeting of the Company to be held at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS at 2.00pm on Monday 18 September 2017 |
| NAV | net asset value in pence per Ordinary Share |
| Offer | has the meaning set out on page 1 of this Circular |
| Official List | the Official List of the FCA |
| Ordinary Shares | ordinary shares of 5p each in the capital of the Company |
| Resolutions | resolutions 1 to 4 to be proposed at the General Meeting and each such resolution shall be a "Resolution" |
| Shareholders | registered holders of Ordinary Shares |

EXPLANATION OF THE BUSINESS TO BE CONSIDERED AT THE GENERAL MEETING

All Resolutions will be proposed as ordinary resolutions, unless otherwise mentioned. For an ordinary resolution to be passed, more than half of the votes cast (in person or by proxy) must be in favour of the Resolution. For a special resolution to be passed, at least three-quarters of the votes cast (in person or by proxy) must be in favour of the Resolution.

Resolutions 1 and 2: Authority to allot shares and disapplication of Shareholders' statutory pre-emption rights

Resolution 1

In addition to the authority conferred on the Directors at the AGM in respect of 10% of the issued ordinary share capital of the Company at 16 June 2017 being the date of the notice convening the AGM, Shareholders are being asked to grant the Directors authority to allot Ordinary Shares in the Company up to a maximum nominal value of £1,550,000 representing approximately 30.6% of the issued ordinary share capital of the Company at the date of the notice convening the General Meeting. No shares are currently held in treasury. The authority is intended to be used for the purposes of the Offer.

This authority will be effective until the conclusion of the next annual general meeting of the Company (expected to be held in July 2018) or, if earlier, 30 September 2018 except insofar as commitments to allot shares have been entered into before that date.

Resolution 2

This Resolution supplements the Directors' authority to allot shares in the Company given to them by Resolution 1 and authorises the Directors to allot equity Ordinary Shares, or sell treasury shares, for cash (otherwise than pro rata to existing Shareholders) up to an aggregate nominal value of £1,550,000 (representing approximately 30.6% of the Company's issued ordinary share capital at the date of the notice convening the General Meeting). The authority is intended to be used for the purposes of the Offer.

The authority will be effective until the conclusion of the next annual general meeting of the Company (expected to be held in July 2018) or, if earlier, 30 September 2018, 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.

Resolution 2 will be proposed as a special resolution.

Resolution 3: Extension of the life of the Company

The Articles presently require that a resolution for the continuation of the Company be put to the annual general meeting of the Company held in 2019 and, unless defeated, at five-yearly intervals thereafter. The proposed amendment to Article 147 requires the continuation resolution to be considered at the annual general meeting of the Company expected to be held in July 2023 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 Shares under the Offer, five years being the minimum holding period to ensure that investors retain the initial income tax relief on their subscription.

Article 147 of the Articles in its current form is set out below:

147 *At the annual general meeting of the Company held in 2019 and, if the Company has not then been liquidated, unitised or reconstructed, at each fifth subsequent annual general meeting of the Company convened by the Directors thereafter, the Directors shall propose a resolution that the Company should continue as a venture capital trust for a further five year period, on which resolution the vote shall be decided on a show of hands unless on declaration of the result of the show of hands a poll is duly demanded. A poll may be demanded only by those persons set out in Article 63. For the purpose of this Article only, the resolution that the Company should continue as a venture capital trust shall not be passed only where the vote is held on a poll and the votes against the resolution:*

- a) constitute a majority of the votes cast in respect of the resolution (votes withheld shall be ignored); and*
- b) represent not less than 25 per cent of the total number of votes then exercisable in respect of that resolution by the holders of the issued share capital of the Company. If such resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Directors for a date not more than nine months after the date of the meeting at which such ordinary resolution was not passed. The Directors shall use all reasonable endeavours to ensure that such proposals for the liquidation, unitisation or reorganisation of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after the passing of such resolution.*

Resolution 3 will be proposed as a special resolution.

Resolution 4: Cancellation of share premium account

This resolution seeks approval for the cancellation of the share premium account arising on the issue of new Ordinary Shares, including those shares to be issued in connection with the Offer. Subject to the approval of the Court, this will create additional distributable reserves in order to facilitate the buyback of the Company's own shares and/or the payment of dividends.

Resolution 4 will be proposed as a special resolution.

Northern 2 VCT PLC

Notice of General Meeting

Notice is hereby given that a general meeting of the Company will be held at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS at 2.00pm on Monday 18 September 2017 for the following purposes:

RESOLUTIONS

- 1 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
“That in addition to the authority conferred on the Directors at the annual general meeting held on 12 July 2017, the Directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £1,550,000 in connection with the Offer (as defined in the circular to shareholders dated 23 August 2017 (the “Circular”) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2018, save that the Company may before expiry of this authority make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of that offer or agreement as if this authority had not expired.”
- 2 To consider and, if thought fit, to pass the following resolution as a special resolution:
“That, subject to the passing of Resolution 1 above and in addition to the authority conferred on the Directors at the annual general meeting held on 12 July 2017, the Directors may:
 - (a) allot equity securities (as defined in Section 560 of the Act) pursuant to the authorisation for the purposes of Section 551 of the Act conferred by Resolution 1 above; 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 £1,550,000 in connection with the Offer (as defined in the Circular) 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 2018, 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.”
- 3 To consider and, if thought fit, to pass the following resolution as a special resolution:
“That the articles of association of the Company be amended in the first sentence of Article 147 by deleting the date ‘2019’ and substituting the date ‘2023’.”
- 4 To consider and, if thought fit, to pass the following resolution as a special resolution:
“That, subject to the confirmation of the Court, the amount standing to the credit of the share premium account of the Company following the conclusion of the Offer 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

23 August 2017

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 2.00pm on Thursday 14 September 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 Thursday 14 September 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 Thursday 14 September 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 22 August 2017 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 101,400,355 ordinary shares each carrying one vote per share. Accordingly, the total number of voting rights in the Company as at 22 August 2017 was 101,400,355.
- 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.

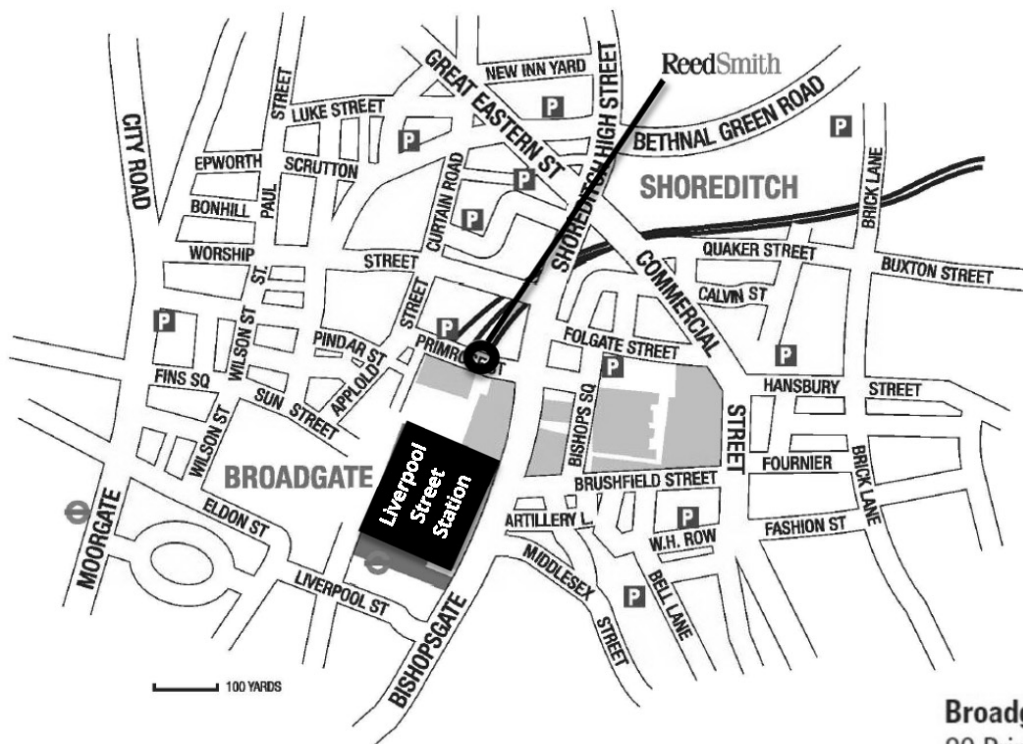
In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, 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 meeting as a person nominated to enjoy "information rights" under Section 146 of the Act. 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 the 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 Act, can be found at www.nvm.co.uk/n2vct/meetings.
- 9 Any member attending the meeting has the right to ask questions. Section 319A of the Act requires the Directors to answer any question raised at the General Meeting which relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the proceedings of the General Meeting or involve disclosure of confidential information (b) if the answer has already been given on the Company's website or (c) if it is undesirable in the best interests of the Company or the good order of the General Meeting that the question be answered.

- 10 You may not use any electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- 11 If the total number of voting rights that the Chairman will be able to vote (taking into account any proxy appointments from Shareholders over which he is given discretion and any voting rights in respect of his own Shares) is such that he will have a notifiable obligation under the Disclosure and Transparency rules of the Financial Conduct Authority (the "DTRs"), the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. Therefore, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs, need not make a separate notification to the Company and to the Financial Conduct Authority. However, any member holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as proxy will need to ensure that both the member and the proxy comply with the respective disclosure obligations under the DTRs.
- 12 The General Meeting will be held at the offices of Reed Smith LLP, shown on the location map below.



Broadgate Tower
 20 Primrose Street
 London EC2A 2RS
 T: 0203 116 3000

ReedSmith

Northern 2 VCT PLC

Form of Proxy for the General Meeting on 18 September 2017

I/We

(block capitals please)

of

being a member of Northern 2 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 at 2.00pm on Monday 18 September 2017, notice of which was sent to shareholders on 23 August 2017, 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 authorise the Directors to allot shares pursuant to Section 551 of the Companies Act 2006 in connection with the Offer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | To disapply Section 561(1) of the Companies Act 2006 in relation to allotments of equity securities pursuant to the Offer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | To amend the articles of association of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | To cancel the share premium account of the Company | <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).

Please refer to the notes overleaf

Signed: Date:2017

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 2.00pm on Monday 18 September 2017 at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS

Signed: Date:2017

NORTHERN 2 VCT PLC

NOTES RELATING TO FORM OF PROXY

- 1 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.
- 2 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 on 0800 028 2349 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.
- 3 Use of the form of proxy does not preclude a member from attending and voting in person.
- 4 Where the form of proxy is executed by an individual it must be signed by that individual or his or her attorney.
- 5 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.
- 6 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.
- 7 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.
- 8 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 6DA not later than 2.00pm on Thursday 14 September 2017.
- 9 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.