

Northern 3 VCT PLC

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To shareholders in Northern 3 VCT PLC

10 June 2016

Dear Shareholder

Annual report for the year ended 31 March 2016

I am pleased to enclose your copy of the company's annual report for the year ended 31 March 2016, together with details of our annual general meeting which will take place at 3.00pm on Wednesday 6 July 2016 at the offices of Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4BF. I also enclose documentation in respect of the company's Dividend Investment Scheme, whereby dividends may be re-invested in new ordinary shares with the benefit of the tax reliefs normally available on new VCT subscriptions.

Final dividend and special dividend

It remains our policy to pay an annual dividend that is sustainable, using the company's reserves where necessary to smooth out fluctuations in annual results. Accordingly we propose an unchanged final dividend of 3.5p in respect of the year ended 31 March 2016, maintaining the total normal dividend for the year at 5.5p. In view of the successful investment realisations in the year, your board has also decided to declare a special dividend of 5.0p per share, which takes the total payable in respect of the year to 10.5p. The special dividend will take the form of a second interim dividend for the year ended 31 March 2016, which will be paid on 15 July 2016 to shareholders on the register on 17 June 2016. The proposed final dividend of 3.5p per share, subject to approval by shareholders at the annual general meeting, will also be payable on 15 July 2016 to shareholders on the register on 17 June 2016.

Dividend Investment Scheme

The enclosed documentation in respect of the company's Dividend Investment Scheme allows shareholders participating in the Scheme to re-invest all future dividends (including annual dividends and special dividends), or, if preferred, just the aggregate dividend payment of 8.5p per share payable on 15 July 2016.

Any shareholder who wishes to join the Scheme prior to payment of the dividends on 15 July 2016 should complete the enclosed Mandate Form and return it to the company's registrars, Equiniti Limited, so that they receive it by 1 July 2016. Shareholders who have already elected to re-invest their dividends through the Scheme do not need to return a new Mandate Form unless they wish to amend their existing participation in the Scheme.

Electronic communications

The company continues to provide the option to shareholders to receive communications from the company electronically rather than by paper copy. Shareholders who wish to join the scheme, which is operated by the company's registrars, Equiniti Limited, should visit www.shareview.co.uk, register for a Shareview portfolio and select 'Email' as their preferred method of delivery of company communications.

Thank you for your continuing support of Northern 3 VCT PLC.

Yours sincerely



James Ferguson
Chairman