

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product: Ordinary Shares of 5 pence each nominal value issued by Northern 2 VCT PLC (registered number 03695071) ("Shares")

ISIN GB0005356430

Name of PRIIP manufacturer: NVM Private Equity LLP (registered number OC 3922610)

Website for the PRIIP manufacturer: www.nvm.co.uk

Call this telephone number for more information: +44(0) 191 244 6000

Competent Authority of the PRIIP Manufacturer in relation to the KID: UK Financial Conduct Authority

Date of production of this Key Information Document: 3 January 2019

Comprehension alert:

YOU ARE ABOUT TO PURCHASE A PRODUCT THAT IS NOT SIMPLE AND MAY BE DIFFICULT TO UNDERSTAND.

What is this product?

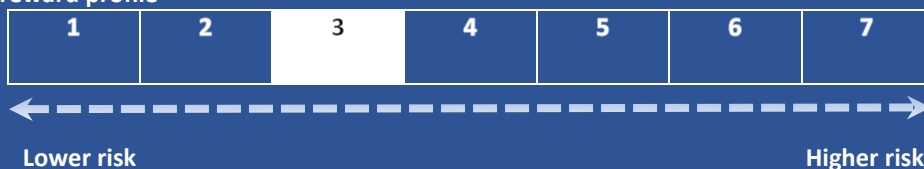
Type: Venture Capital Trust

Objectives: To provide high long-term tax-free returns to investors through a combination of dividend yield and capital growth, by investing primarily in smaller unquoted UK manufacturing, service and technology businesses which meet the Company's key criteria of good value, growth potential, strong management and ability to generate cash in the medium to long term and on all of which the return will depend. **Bid-offer spread:** Shares can be bought and sold via markets. Typically, at any given time on any given day, the price you pay for a Share will be higher than the price at which you could sell it. **The recommended holding period:** is in the range from five to ten years but at the annual general meeting in 2023 and at each fifth subsequent annual general meeting the PRIIP may be subject to proposals for its liquidation, unitisation or reorganisation if shareholders cast 25% or more of the total votes against the directors' proposal that the Company should continue as a venture capital trust. There are no other potential maturity dates but it is always open for a majority of shareholders to resolve that the Company should be liquidated. If you subscribe for Shares at issue and hold them for less than five years you will lose any tax reliefs for which you may have been eligible in respect of that subscription. **Intended retail investor:** a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £6,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.

What are the risks and what could I get in return?

Risk Indicator

Description of the risk-reward profile



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 3 out of 7 which is a medium-low risk class. This rates the potential losses from future performance at a medium low level and poor market conditions are unlikely to impact the capacity of the Company to pay you but the risk indicator assumes you keep the product for ten years. The actual risk can vary significantly if you cash in at an

early stage and you may get back less. This investment offers no capital guarantee against credit risk. If the underlying companies in which the Company invests do not pay what they owe the Company you could lose part of the capital you invest (but you do not bear the risk of incurring additional financial obligations or commitments). If you cash in at an early stage you may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back. This liquidity risk is not contractual but is due to there being a limited secondary market for shares in venture capital trusts. This investment offers no capital protection against future market performance so you could lose all or part of your investment if you sell in a poor market.

Performance scenarios

The table below shows the money you could get back over the next ten years under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Company is not able to pay you. This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before the end of the recommended holding period. You will either be unable to cash in early or you will have to pay high costs or make a large loss if you do. If you subscribe new Shares from the Company you may be entitled to 30% income tax relief on the cost of your investment subject to your personal circumstances. The table below does not show the benefit of this tax relief.

Investment Scenarios		1 year	5 years	10 years (recommended holding period)
Stress scenario	What you might get back after costs	£4,774	£3,371	£368
	Average return each year	(52.3%)	(17.3%)	(15.2%)
Unfavourable scenario	What you might get back after costs	£9,012	£9,619	£11,987
	Average return each year	(9.9%)	(0.7%)	1.6%
Moderate scenario	What you might get back after costs	£10,047	£12,745	£18,378
	Average return each year	0.5%	4.7%	5.7%
Favourable scenario	What you might get back after costs	£11,346	£16,975	£27,834
	Average return each year	13.5%	10.6%	10.0%

What happens if the PRIIP Manufacturer is unable to pay out?

The Company will invest in smaller and unquoted companies which involve a higher degree of risk than investment in larger listed companies because they generally have limited product lines, markets and financial resources and may be more dependent on their management or key individuals. The value of the Shares and the income derived from them is dependent on the performance of the Company's underlying investments and can fluctuate. Investors could lose all or part of their investment. Your capital is at risk. As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

What are the costs?

The Reduction in Yield (RIY) in the table below shows what impact the total costs you pay will have on the investment return you might get under the moderate scenario. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment Scenarios	If you cash in after 1 year*	If you cash in after 5 years*	If you cash after 10 years
Total costs	£731	£2,057	£3,714
Impact on return (RIY) per year	3.3%	2.9%	2.4%

*This product cannot be easily realised. This means it is difficult to estimate how much you would get back if you attempt to realise your investment early. You will either be unable to realise your investment early or you will have to pay high costs or make a large loss if you do so.

Composition of costs

The table below shows: the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact on return per year

One-off costs	Entry costs	0.4%	The impact of the costs you pay when entering your investment. In the case of Shares acquired through an Offer of new shares in the Company, a fee will be payable to the Promoter of the Offer, up to a maximum of 4% of your initial investment. Stamp duty reserve tax of 0.5% is payable if the Shares are purchased on the secondary market. You may also incur other costs, including broker commission and platform fees. The distributor will provide you with additional documents where necessary.
Recurring costs	Other ongoing costs	2.9%	The impact of the costs that we take each year for managing your investment and other recurring running costs of the Company, including the costs incurred by the Company when purchasing underlying investments.
Incidental costs	Performance fees	0.4%	The impact of the performance fee, which is equivalent to 15% of the amount by which the total return per share exceeds the hurdle return each year. The hurdle rate depends on the Company's asset allocation each year.

How long should I hold it and can I take money out early?

The recommended holding period is between 5 and 10 years because investing in smaller and unquoted companies involves a higher degree of risk and volatility and investments by the Company which prove to be successful may take longer to mature compared to those which prove to be less successful. Investments are likely to be realised by the sale of Shares back to the Company or in the market. The Company has a policy to buy back shares which its shareholders wish to sell, currently at a discount of 5% to the most recently announced NAV but its ability to do so may be limited by available cash, the rules of the UKLA, the Companies Act 2006 and the VCT Rules. Accordingly, it is unlikely there will be a liquid market as there is a limited secondary market for shares in VCTs and Investors may find it difficult to realise their investments.

How can I complain?

Complaints about the Company or the key information document should be sent to: Mr. James Bryce, NVM Private Equity LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne NE1 4SN

Other relevant information:

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. Performance has been based on share price total return with dividends reinvested. You are recommended to read the latest Offer Document published by the Company on 3 January 2019 and, in particular, the risk factors contained therein, before making an investment decision and to confirm with your independent financial adviser that you have the expertise, experience and knowledge to properly understand the risks of investing in the Company. Prospective investors should note that the value of an investment may not return the amount originally invested. Therefore, you should only make investments in the fund that you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances: independent advice should therefore be sought. Please note that it cannot be guaranteed that the companies invested in by the Company will be qualifying companies or that the Company will maintain its qualifying status as a venture capital trust.